STERIS plc

Directors' Report and Consolidated Financial Statements

For the Year Ended March 31, 2020

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DIRECTORS' REPORT

For the year ended March 31, 2020

Amounts are presented in thousands of dollars or in shares unless otherwise noted.

The Directors present their report and financial statements of STERIS plc and its subsidiaries (“STERIS,” “the Company,” “we,” “us,” or “our") for the year ended March 31, 2020.

The Directors have elected to prepare the consolidated financial statements in accordance with Section 279 of the Companies Act 2014, which provides that a true and fair view of the state of affairs and profit or loss may be given by preparing the financial statements in accordance with the accounting principles generally accepted in the United States of America (U.S. GAAP), as defined in section 279 Part 6 of the Companies Act 2014, to the extent that the use of those principles in the preparation of the financial statements does not contravene any provision of Part 6 of the Companies Act 2014.

The Directors have elected to prepare the Parent Company financial statements in accordance with Financial Reporting Standard 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland (“FRS 102”) taking advantage of reduced disclosure exemptions as noted in Parent Company Note 1.

STERIS plc (Company number 595593) has its registered office at 70 Sir John Rogerson's Quay, Dublin 2, Ireland.

BASIS OF PRESENTATION

The accompanying consolidated financial statements include the accounts of STERIS and our majority owned subsidiaries or affiliated companies where we have the ability to control the entity through voting or similar rights.

PRINCIPAL ACTIVITIES

STERIS plc is a leading provider of infection prevention and other procedural products and services. We offer our Customers a unique mix of innovative capital equipment products, such as sterilizers and washers, surgical tables, lights and equipment management systems and connectivity solutions such as operating room integration; consumable products such as detergents and gastrointestinal endoscopy accessories and other products; services, including equipment installation and maintenance, microbial reduction of medical devices, instrument and scope repair solutions, laboratory services and outsourced instrument reprocessing. STERIS has approximately 13,000 employees worldwide. Through our field sales and service and a network of dealers and distributors, we serve Customers in more than 100 countries around the world.

On March 28, 2019, STERIS plc, a public limited company organized under the laws of England and Wales (“STERIS UK”), completed a redomiciliation from the United Kingdom to Ireland (the “Redomiciliation”). The Redomiciliation was achieved through the insertion of a new Irish public limited holding company (“STERIS Ireland”) on top of STERIS UK pursuant to a court-approved scheme of arrangement under English law (the “Scheme”). Following the Scheme effectiveness, STERIS UK was re-registered as a private limited company with the name STERIS Limited, and STERIS Emerald IE Limited, a company established in Ireland and a wholly-owned direct subsidiary of STERIS Ireland, was interposed as the direct parent company of STERIS UK.

STRATEGY AND BUSINESS TRENDS

Our MISSION IS TO HELP OUR CUSTOMERS CREATE A HEALTHIER AND SAFER WORLD by providing innovative healthcare and life science product and service solutions around the globe. Our dedicated employees around the world work together to supply a broad range of solutions by offering a combination of capital equipment, consumables, and services to healthcare, pharmaceutical, industrial, and governmental Customers.

The bulk of our revenues are derived from the healthcare, medical device and pharmaceutical industries. Much of the growth in these industries is driven by the aging of the population throughout the world, as an increasing number of individuals are entering their prime healthcare consumption years, and is dependent upon advancement in healthcare delivery, acceptance of new technologies, government policies, and general economic conditions. The pharmaceutical industry has been impacted by increased regulatory scrutiny of cleaning and validation processes, mandating that manufacturers improve their processes. Within healthcare, there is increased concern regarding the level of hospital acquired infections around the world; increased demand for medical procedures, including preventive screenings such as endoscopies and colonoscopies; and a desire by our Customers to operate more efficiently, all which are driving increased demand for many of our products and services. The COVID-19 pandemic is resulting in the deferral of certain elective medical procedures, which is negatively impacting the demand for some of our products and services.

We believe we have opportunity to expand internationally, as we currently serve only a portion of the world that could benefit from our products. Through our subsidiaries, we operate in various international locations. United States revenues represented 73% of our fiscal 2020 revenues. Revenues from Ireland represented 2% and other Europe, Middle East and Africa

("EMEA") represented 15% of our fiscal 2020 revenues. The remaining 10% was generated in Canada, and in the Asia Pacific and Latin American regions.

Recent Developments In Our Business

Acquisitions and Divestitures. We completed several tuck in acquisitions and asset purchases in fiscal 2020 and 2019 that expanded our product and service offerings to our Customers. During fiscal 2020, we sold the operations of our Healthcare Specialty Services business that were located in China. For additional information see Note 2 of our Consolidated Financial Statements, titled "Business Acquisitions and Divestitures".

U.S. Tax Reform. On December 22, 2017, the U.S. government enacted comprehensive tax legislation commonly referred to as the Tax Cuts and Jobs Act (the "TCJA"). The TCJA made broad and complex changes to the U.S. tax code including, but not limited to, (1) reduction of the U.S. federal corporate income tax rate; (2) elimination of the corporate alternative minimum tax ("AMT"); (3) the creation of the base erosion anti-abuse tax ("BEAT"), a new minimum tax; (4) a general elimination of U.S. federal income taxes on dividends from non-U.S. subsidiaries; (5) a new provision designed to tax global intangible low-taxed income ("GILTI"), which allows for the possibility of using foreign tax credits ("FTCs") and a deduction of up to 50 percent to offset the income tax liability (subject to some limitations); (6) a new limitation on deductible interest expense; (7) the repeal of the domestic production activity deduction; (8) limitations on the deductibility of certain executive compensation; (9) limitations on the use of FTCs to reduce the U.S. income tax liability; and (10) limitations on net operating losses ("NOLs") generated after December 31, 2017, to 80.0 percent of taxable income.

Fiscal 2019 Restructuring Plan. During the third quarter of fiscal year 2019, we adopted and announced a targeted restructuring plan (the "Fiscal 2019 Restructuring Plan"), which included the closure of two manufacturing facilities, one in Brazil and one in England, as well as other actions including, the rationalization of certain products. Fewer than 200 positions were eliminated. The Company has relocated the production of certain impacted products to other existing manufacturing operations during fiscal 2020. These restructuring actions were designed to enhance profitability and improve efficiency. For additional information see Note 3 of our Consolidated Financial Statements, titled "Restructuring".

Outlook. In fiscal 2021 and beyond, we expect to continue to manage our costs, grow our business with internal product and service development, invest in greater capacity, and augment these value creating methods with potential acquisitions of additional products and services.

However, the COVID-19 pandemic began to impact our business late in fiscal 2020. The coronavirus pandemic and related public health recommendations and mandated precautions to mitigate the spread of COVID-19, including deferral of medical procedures and treatments and shelter-in-place orders or similar measures, is negatively affecting, and is expected to continue to affect some of our operations which would impact our financial position and cash flows in fiscal 2021. We have experienced and expect to continue to experience unpredictable fluctuations in demand for certain of our products and services, including some products and services that are experiencing increased demand.

We cannot predict the ultimate impact that the COVID-19 pandemic and related actions will have on our Customers' operations, financial position and cash flows and therefore, on the demand for our products and services.

Further, the broader economic impact of the COVID-19 pandemic response could cause interest rate variability and generate unanticipated fluctuations in currency rates that impact our revenues and costs outside of the United States, creating variability in our results.

As a result, we are unable to estimate the ultimate impact of the COVID-19 pandemic to our consolidated results of operations, financial position and cash flows for fiscal 2021 and beyond.

INFORMATION RELATED TO BUSINESS SEGMENTS

We operate and report our financial information in four reportable business segments: Healthcare Products, Healthcare Specialty Services, Life Sciences, and Applied Sterilization Technologies.

HEALTHCARE PRODUCTS SEGMENT

Description of Business. Our Healthcare Products segment provides a broad portfolio of infection prevention, procedural and GI solutions including: consumable products, equipment maintenance and installation services, and capital equipment to acute care hospitals, ambulatory surgery centers and GI clinics. These solutions aid our Customers in improving the safety, quality, productivity, and utility consumption of their surgical, sterile processing, gastrointestinal, and emergency environments.

Products Offered. Our solutions include cleaning chemistries and sterility assurance products, accessories for GI procedures, washers, sterilizers and other pieces of capital equipment essential to the operations of a sterile processing department ("SPD") and equipment used directly in the operating room, including surgical tables, lights, equipment management services, and connectivity solutions.

Services Offered. Our Healthcare Products segment service associates install, maintain, upgrade, repair, and troubleshoot capital equipment throughout the world. We offer various preventive maintenance programs and repair services to support the effective operation of capital equipment over its lifetime.

Customer Concentration. Our Healthcare Products segment sells consumables, services and capital equipment, to Customers in many countries throughout the world. For the year ended March 31, 2020, no Customer represented more than 10% of the Healthcare Product segment's total revenues.

Competition. We compete with a number of large companies that have significant product portfolios and global reach, as well as a number of small companies with very limited product offerings and operations in one or a limited number of countries. On a product basis, competitors include 3M, Belimed, Cantel Medical, Ecolab, Getinge, Hill-Rom, Fortive, Stryker and Skytron.

HEALTHCARE SPECIALTY SERVICES SEGMENT

Description of Business. Our Healthcare Specialty Services segment provides a range of solutions and managed services including: hospital sterilization services and instrument and scope repairs to acute care hospitals and other healthcare settings that aid our Customers in improving the safety, quality and productivity of their operations.

Services Offered. Our Healthcare Specialty Services segment provides comprehensive instrument and endoscope repair and maintenance solutions (on-site or at one of our dedicated facilities), custom process improvement consulting and outsourced instrument sterile processing (on-site at the hospital and in off-site reprocessing centers).

Customer Concentration. Our Healthcare Specialty Services segment offers an array of services to Customers in many countries throughout the world. For the year ended March 31, 2020, no Customer represented more than 10% of the Healthcare Specialty Services segment's total revenues.

Competition. We compete with a number of large companies that have significant product portfolios and global reach, as well as a number of small companies with very limited service offerings and operations in one or a limited number of countries. On a service line basis, competitors include BBraun, Berendsen plc, CleanLease (Clean Lease Fortex), Karl Storz, Mobile, Northfield, Olympus, Owens & Minor, Pentax, Rentex Awé and Rentex Floren and Sterilog Limited.

LIFE SCIENCES SEGMENT

Description of Business. Our Life Sciences segment designs, manufactures and sells consumable products, equipment maintenance, specialty services and capital equipment primarily to pharmaceutical manufacturers around the world.

Products Offered. These solutions include formulated cleaning chemistries, barrier products, sterility assurance products, steam and vaporized hydrogen peroxide sterilizers and washer disinfectors.

Services Offered. Our Life Sciences segment service associates install, maintain, upgrade, repair, and troubleshoot equipment throughout the world. We offer various preventive maintenance programs and repair services to support the effective operation of capital equipment over its lifetime.

Customer Concentration. Our Life Sciences segment sells consumables, services and capital equipment, to Customers in many countries throughout the world. For the year ended March 31, 2020, no Customer represented more than 10% of the Life Sciences segment's total revenues.

Competition. Our Life Sciences segment operates in highly regulated environments where the most intense competition results from technological innovations, product performance, convenience and ease of use, and overall cost-effectiveness. We compete for pharmaceutical Customers with a number of large companies that have significant product portfolios and global reach, as well as a number of small companies with very limited product offerings and operations in one or a limited number of countries. Competitors include Belimed, Ecolab, Fedegari, Getinge, MECO, Stilmas, and Techniplast.

APPLIED STERILIZATION TECHNOLOGIES SEGMENT

Description of Business. Our Applied Sterilization Technologies ("AST") segment provides contract sterilization and testing services for medical device and pharmaceutical manufacturers. As a technology neutral service provider, we offer unbiased technology assessments dependent on the individual requirements of each product. Our Customers are primarily medical device and pharmaceutical manufacturers.

Services Offered. We offer a wide range of sterilization modalities as well as an array of testing services that complements the manufacturing of sterile products. Our locations are in major population centers and core distribution corridors throughout the Americas, Europe and Asia. Our technical services group supports Customers in all phases of product development, materials testing, and process validation.

Customer Concentration. Our Applied Sterilization Technologies segment's services are offered to Customers throughout the world. For the year ended March 31, 2020, no Customer represented more than 10% of the segment's revenues.

Competition. Applied Sterilization Technologies operates in a highly regulated industry and competes with Sterigenics International, Inc., other smaller contract sterilization companies and manufacturers that sterilize products in-house.

INFORMATION CONCERNING FORWARD-LOOKING STATEMENTS

This report may contain statements concerning certain trends, expectations, forecasts, estimates, or other forward-looking information affecting or relating to STERIS or its industry, products or activities that are intended to qualify for the protections afforded “forward-looking statements” under the Private Securities Litigation Reform Act of 1995 and other laws and regulations. Forward-looking statements speak only as to the date the statement is made and may be identified by the use of forward-looking terms such as “may,” “will,” “expects,” “believes,” “anticipates,” “plans,” “estimates,” “projects,” “targets,” “forecasts,” “outlook,” “impact,” “potential,” “confidence,” “improve,” “optimistic,” “deliver,” “orders,” “backlog,” “comfortable,” “trend”, and “seeks,” or the negative of such terms or other variations on such terms or comparable terminology. Many important factors could cause actual results to differ materially from those in the forward-looking statements including, without limitation, disruption of production or supplies, changes in market conditions, political events, pending or future claims or litigation, competitive factors, technology advances, actions of regulatory agencies, and changes in laws, government regulations, labeling or product approvals or the application or interpretation thereof. Other risk factors are described herein and in STERIS’s other securities filings, including Item 1A of our Annual Report on Form 10-K. Many of these important factors are outside of STERIS’s control. No assurances can be provided as to any result or the timing of any outcome regarding matters described in STERIS’s securities filings or otherwise with respect to any regulatory action, administrative proceedings, government investigations, litigation, warning letters, cost reductions, business strategies, earnings or revenue trends or future financial results. References to products are summaries only and should not be considered the specific terms of the product clearance or literature. Unless legally required, STERIS does not undertake to update or revise any forward-looking statements even if events make clear that any projected results, express or implied, will not be realized. Other potential risks and uncertainties that could cause actual results to differ materially from those in the forward-looking statements include, without limitation, (a) the impact of the COVID-19 pandemic on STERIS’s operations, performance, results, prospects, or value, (b) STERIS's ability to achieve the expected benefits regarding the accounting and tax treatments of the Redomiciliation transaction, (c) operating costs, Customer loss and business disruption (including, without limitation, difficulties in maintaining relationships with employees, Customers, clients or suppliers) being greater than expected following the Redomiciliation, (d) STERIS’s ability to meet expectations regarding the accounting and tax treatment of the Tax Cuts and Jobs Act (“TCJA”) or the possibility that anticipated benefits resulting from the TCJA will be less than estimated, (e) changes in tax laws or interpretations that could increase our consolidated tax liabilities, including changes in tax laws that would result in STERIS being treated as a domestic corporation for United States federal tax purposes, (f) the potential for increased pressure on pricing or costs that leads to erosion of profit margins, (g) the possibility that market demand will not develop for new technologies, products or applications or services, or business initiatives will take longer, cost more or produce lower benefits than anticipated, (h) the possibility that application of or compliance with laws, court rulings, certifications, regulations, regulatory actions, including without limitation those relating to FDA warning notices or letters, government investigations, the outcome of any pending FDA requests, inspections or submissions, or other requirements or standards may delay, limit or prevent new product introductions, affect the production and marketing of existing products or services or otherwise affect STERIS’s performance, results, prospects or value, (i) the potential of international unrest, economic downturn or effects of currencies, tax assessments, tariffs and/or other trade barriers, adjustments or anticipated rates, raw material costs or availability, benefit or retirement plan costs, or other regulatory compliance costs, (j) the possibility of reduced demand, or reductions in the rate of growth in demand, for STERIS’s products and services, (k) the possibility of delays in receipt of orders, order cancellations, or delays in the manufacture or shipment of ordered products or in the provision of services, (l) the possibility that anticipated growth, cost savings, new product acceptance, performance or approvals, or other results may not be achieved, or that transition, labor, competition, timing, execution, regulatory, governmental, or other issues or risks associated with STERIS’s businesses, industry or initiatives including, without limitation, those matters described in our Form 10-K and other securities filings, may adversely impact STERIS’s performance, results, prospects or value, (m) the impact on STERIS and its operations, or tax liabilities, of Brexit or the exit of other member countries from the EU, and the Company’s ability to respond to such impacts, (n) the impact on STERIS and its operations of any legislation, regulations or orders, including but not limited to any new trade or tax legislation, regulations or orders, that may be implemented by the U.S. administration or Congress, or of any responses thereto, (o) the possibility that anticipated financial results or benefits of recent acquisitions, or of STERIS’s restructuring efforts, or of recent divestitures, or of the targeted restructuring plan will not be realized or will be other than anticipated, and (p) the effects of contractions in credit availability, as well as the ability of STERIS’s Customers and suppliers to adequately access the credit markets when needed.

PRINCIPAL RISKS AND UNCERTAINTIES

This section describes certain risk factors that could affect our business, financial condition and results of operations. You should consider these risk factors when evaluating the forward-looking statements contained in this Annual Report on Form 10-K, because our actual results and financial condition might differ materially from those projected in the forward-looking statements should these risks occur. We face other risks besides those highlighted below. These other risks include additional uncertainties not presently known to us or that we currently believe are immaterial, but may ultimately have a significant impact. In addition, the impact of the COVID-19 pandemic may also exacerbate any of these risks, which could have a material effect on us. Should any of these risks, described below or otherwise, actually occur, our business, financial condition, performance, prospects, value, or results of operations could be negatively affected.

Given the scale of our business, we recognize that the scope and potential impact of our principal risks and uncertainties are subject to constant change. The Board has ultimate ownership of risk management with responsibilities cascaded through the organization through the management team. We have implemented risk management programs and processes to ensure that the Board and management have sufficient oversight of our principal risks and uncertainties.

MARKET RISKS

Risk or uncertainty	Discussion
Doing business internationally	
We conduct manufacturing, sales and distribution operations on a worldwide basis and are subject to a variety of risks associated with doing business internationally. Implementation and achievement of international growth objectives also may be impeded by political, social, and economic uncertainties or unrest in countries in which we conduct operations or market or distribute our products.	We maintain significant international operations, including operations in the U.S., Canada, Mexico, Europe, Asia Pacific and Latin America. As a result, we are subject to a number of risks and complications associated with international manufacturing, sales, services, and other operations. These include: risks associated with currency exchange rate fluctuations; difficulties in enforcing agreements and collecting receivables through some foreign legal systems; enhanced credit risks in certain European countries as well as emerging market regions; Customers with longer payment cycles than Customers in the United States; significant variations in tax rates among the countries in which we do business, and tax withholding obligations in respect of our earnings; tax laws that restrict our ability to use tax credits, offset gains, or repatriate funds; tariffs, exchange controls or other trade restrictions including transfer pricing restrictions when products produced in one country are sold to an affiliated entity in another country; the impact of the COVID-19 pandemic on our supply chain and the industries in which we operate; general economic and political conditions in countries where we operate or where end users of our products are situated, including the potential implications of the COVID-19 pandemic, the U.K. "Brexit", for the U.K. and/or regional or global economies, or the withdrawal from the EU of other member countries; difficulties associated with managing a large organization spread throughout various countries; difficulties in enforcing intellectual property rights or weaker intellectual property right protections in some countries and difficulties associated with compliance with a variety of laws and regulations governing international trade, including the U.S. Foreign Corrupt Practices Act and the U.K. Bribery Act and laws and regulations dealing with trade with persons in sanctioned countries.
Compliance with multiple, and potentially conflicting, international laws and regulations, import and export limitations, anti-corruption laws, and exchange controls may be difficult, burdensome or expensive.	We are subject to compliance with various laws and regulations, including the U.S. Foreign Corrupt Practices Act, the U.K. Bribery Act, and similar anti-bribery laws, which generally prohibit companies and their intermediaries from making improper payments to officials for the purpose of obtaining or retaining business. We are also subject to limitations on trade with persons in sanctioned countries. While our employees and agents are required to comply with these laws, we cannot assure you that our internal policies and procedures will always protect us from violations of these laws, despite our commitment to legal compliance and corporate ethics.

Risk or uncertainty	Discussion
Economic conditions and financial market access	
The COVID-19 pandemic has disrupted our operations and could have a material adverse effect on our business and financial condition.	The COVID-19 pandemic, along with the response to the pandemic by governmental and other actors, has disrupted our operations. We have experienced temporary mandatory and voluntary facility closures in certain jurisdictions in which we operate. Furthermore, we have experienced less demand for some of our products and services as a result of official prohibitions or voluntary deferrals of certain medical procedures, and other factors, which we believe has been exacerbated by the impact of stay-at-home orders. Additionally, the COVID-19 outbreak has, caused temporary disruptions in our supply chain. Long-term facility closures or other restrictions could materially adversely affect our ability to adequately staff, supply or otherwise maintain our operations. Such restrictions also may have a substantial impact on our Customers and our sales cycles. The COVID-19 pandemic may put pressure on overall spending for our products and services, and may cause our Customers to modify spending priorities or delay or abandon purchasing decisions. Moreover, because a large number of our employees have transitioned to working from home, we may be subject to increased vulnerability to cyber and other information technology risks. We have modified, and may further modify, our business practices in response to the risks and negative impacts associated with the COVID-19 pandemic. However, there can be no assurance that these measures will be temporary or successful. The impact of the COVID-19 pandemic continues to evolve and its ultimate duration, severity and disruption to our business, Customers and supply chain, and the related financial impact to us, cannot be accurately forecasted at this time. Should such disruption continue for an extended period, the adverse effect on our business, results of operations and financial condition could be more severe. Additionally, continued weak economic conditions generally could result in extended weak demand for our products and services. Furthermore, future public health crises are possible and could involve some or all of the risks discussed above.

Changes in economic climate may adversely affect us.	Adverse economic cycles or conditions, and Customer, regulatory or government response to those cycles or conditions, have affected and could further affect our results of operations. The onset of these cycles or conditions may not be foreseeable and there can be no assurance when they will begin to improve after they occur. There also can be no assurance as to the strength or length of any recovery from a business downturn or recession. Credit and liquidity problems may make it difficult for some businesses to access credit markets and obtain financing and may cause some businesses to curtail spending to conserve cash in anticipation of persistent business slowdowns and liquidity needs. If our Customers have difficulty financing their purchases due to tight credit markets or related factors or because of other operational or utilization problems they may be experiencing or otherwise decide to curtail their purchases, our business could be adversely affected. Our exposure to bad debt losses could also increase if Customers are unable to pay for products previously ordered and delivered. Many of our Customers are governmental entities or other entities that rely on government healthcare systems or government funding. If government funding for healthcare becomes limited or restricted in countries in which we operate, including as a result of the impacts of the COVID-19 pandemic, our Customers may be unable to pay their obligations on a timely basis or to make payment in full and it may become necessary to increase reserves. In addition, there can be no assurance that there will not be an increase in collection difficulties. Prospectively, additional adverse effects resulting from these conditions may include decreased healthcare utilization, further pricing pressure on our products and services, and/or weaker overall demand for our products and services, particularly capital products.
Our acquisition activity and ability to grow organically may be adversely affected if we are unable to continue to access the financial markets.	Our recent acquisitions have been financed largely through cash on hand and borrowings under our bank credit facilities. Future acquisitions or other capital requirements will necessitate additional cash. To the extent our existing sources of cash are insufficient to fund these or other future activities, we may need to raise additional funds through new or expanded borrowing arrangements or equity. There can be no assurance that we will be able to obtain additional funds beyond those available under existing bank credit facilities on terms favorable to us, or at all, or that such facilities can be replaced when they terminate.

LEGAL, REGULATORY AND TAX RISKS

Risk or uncertainty	Discussion
Healthcare laws and reimbursement	
Changes in healthcare laws or government and other third-party payor reimbursement levels to healthcare providers, or failure to meet healthcare reimbursement or other requirements, might negatively impact our business.	We sell many of our products and services to hospitals and other healthcare providers and pharmaceutical manufacturers. Many of these Customers are subject to or supported by government programs or receive reimbursement for services from third-party payors, such as government programs, including Medicare and Medicaid in the U.S., private insurance plans, and managed care programs. Reimbursement systems vary significantly by country. Government-managed healthcare systems control reimbursement for healthcare services in many countries. Public budgetary constraints may significantly impact the ability of hospitals, pharmaceutical manufacturers, and other Customers supported by such systems to purchase our products. Government or other third-party payors may deny or change coverage, reduce their current levels of reimbursement for healthcare services, or otherwise implement measures to regulate pricing or contain costs. In addition, our costs may increase more rapidly than reimbursement levels or permissible pricing increases or we may not satisfy the standards or requirements for reimbursement. Among other provisions, the U.S. Patient Protection and Affordable Care Act, as amended by the Health Care and Education Affordability Reconciliation Act, imposed an excise tax on medical devices manufactured or offered for sale in the United States. Late in 2019, U.S. Congress enacted legislation that repealed the excise tax, which had been suspended during calendar years 2016 through 2019. In addition, we have been required to commit significant resources to “Sunshine Act” compliance. Various additional health care reform proposals have emerged at the federal and state level, and we are unable to predict which, if any, of those proposals will be enacted.

Risk or uncertainty	Discussion
Product and service related regulations and claims	
We are subject to extensive regulatory requirements and must receive and maintain regulatory clearance or approval for many products and operations. Failure to receive or maintain, or delays in receiving, clearance or approvals may hurt our revenues, profitability, financial condition, or value.	Our operations are subject to extensive regulation in the countries where we do business. In the United States, our products and services are regulated by the FDA and other regulatory authorities. In many foreign countries, sales of our products and services are subject to extensive regulations that may or may not be comparable to those of the FDA. In Europe, our products are regulated primarily by country and community regulations of those countries within the European Economic Area and must conform to the requirements of those authorities. Government regulation applies to nearly all aspects of testing, manufacturing, safety, labeling, storing, recordkeeping, reporting, promoting, distributing, and importing or exporting of medical devices, products, and services. In general, unless an exemption applies, a sterilization, decontamination or medical device or product or service must receive regulatory approval or clearance before it can be marketed or sold. Modifications to existing products or the marketing of new uses for existing products also may require regulatory approvals, approval supplements or clearances. If we are unable to obtain any required approvals, approval supplements or clearances for any modification to a previously cleared or approved device, we may be required to cease manufacturing and sale, or recall or restrict the use of such modified device, pay fines, or take other action until such time as appropriate clearance or approval is obtained. Regulatory agencies may refuse to grant approval or clearance, or review and disagree with our interpretation of approvals or clearances, or with our decision that regulatory approval is not required or has been maintained. Regulatory submissions may require the provision of additional data and may be time consuming and costly, and their outcome is uncertain. Regulatory agencies may also change policies, adopt additional regulations, or revise existing regulations, each of which could prevent or delay approval or clearance of devices, or could impact our ability to market a previously cleared, approved, or unregulated device. Our failure to comply with the regulatory requirements of the FDA or other applicable regulatory requirements in the United States or elsewhere might subject us to administratively or judicially imposed sanctions. These sanctions include, among others, warning letters, fines, civil penalties, criminal penalties, injunctions, debarment, product seizure or detention, product recalls and total or partial suspension of production, sale and/or promotion. The COVID-19 pandemic may disrupt the operations of regulatory bodies with responsibility for oversight of healthcare and health and medical products. Such disruptions could result in the focus and prioritization of regulatory resources on emergent matters, which could divert regulatory resources away from more routine regulatory matters that are not COVID-19 related but that have the potential to impact our business. For example, there could be delays in FDA review of applications for marketing authorization, including those which may be necessary for or in connection with proposed changes to our products or the changes to the processes by which they are manufactured. It is unknown how long these disruptions could continue, were they to occur. Any elongation or de-prioritization or delay in regulatory review resulting from such disruptions could materially affect our ongoing device design, development, and commercialization plans.

Our products are subject to recalls and restrictions, even after receiving United States or foreign regulatory clearance or approval.	Ongoing medical device reporting regulations require that we report to appropriate governmental authorities in the United States and/or other countries when our products cause or contribute to a death or serious injury or malfunction in a way that would be reasonably likely to contribute to a death or serious injury if the malfunction were to recur. Governmental authorities can require product recalls or impose restrictions for product design, manufacturing, labeling, clearance, or other issues. For the same reasons, we may voluntarily elect to recall or restrict the use of a product. Any recall or restriction could divert managerial and financial resources and might harm our reputation among our Customers and other healthcare professionals who use or recommend our products and services.
We may be adversely affected by product liability claims or other legal actions or regulatory or compliance matters.	We face an inherent business risk of exposure to product liability claims and other legal and regulatory actions. A significant increase in the number, severity, amount, or scope of these claims and actions may, as described above with respect to recalls and restrictions, result in substantial costs and harm our reputation or otherwise adversely affect product sales and our business. Product liability claims and other legal and regulatory actions may also distract management from other business responsibilities. We are also subject to a variety of other types of claims, proceedings, investigations, and litigation initiated by government agencies or third parties and other potential risks and liabilities. These include compliance matters, product regulation or safety, taxes, employee benefit plans, employment discrimination, health and safety, environmental, antitrust, customs, import/export, government contract compliance, financial controls or reporting, intellectual property, allegations of misrepresentation, false claims or false statements, commercial claims, claims regarding promotion of our products and services, or other similar or different matters. Any such claims, proceedings, investigations or litigation, regardless of the merits, might result in substantial costs, restrictions on product use or sales, or otherwise injure our business. Administratively or judicially imposed or agreed sanctions might include warning letters, fines, civil penalties, criminal penalties, loss of tax benefits, injunctions, product seizure, recalls, suspensions or restrictions, re-labeling, detention, and/or debarment. We also might be required to take actions such as payment of substantial amounts, or revision of financial statements, or to take, or be subject to, the following types of actions with respect to our products, services, or business: redesign, re-label, restrict, or recall products; cease manufacturing and selling products; seizure of product inventory; comply with a court injunction restricting or prohibiting further marketing and sale of products or services; comply with a consent decree, which could result in further regulatory constraints; dedication of significant internal and external resources and costs to respond to and comply with legal and regulatory issues and constraints; respond to claims, litigation, and other proceedings brought by Customers, users, governmental agencies, and others; disruption of product improvements and product launches; discontinuation of certain product lines or services; or other restrictions or limitations on product sales, use or operation, or other activities or business practices. Some product replacements or substitutions may not be possible or may be prohibitively costly or time consuming. The impact of any legal, regulatory, or compliance claims, proceeding, investigation, or litigation, is difficult to predict. We maintain product liability and other insurance with coverages believed to be adequate. However, product liability or other claims may exceed insurance coverage limits, fines, penalties and regulatory sanctions may not be covered by insurance, or insurance may not continue to be available or available on commercially reasonable terms. Additionally, our insurers might deny claim coverage for valid or other reasons or may become insolvent.

Our business and financial condition could be adversely affected by difficulties in acquiring or maintaining a proprietary intellectual ownership position.	To maintain our competitive position for our products, we need to obtain patent or other proprietary rights for new and improved products and to maintain and enforce our existing patents and other proprietary rights. We typically apply for patents in the United States and in strategic other countries. We may also acquire patents through acquisitions. We may encounter difficulties in obtaining or protecting patents. We rely on a combination of patents, trademarks, trade secrets, know-how, and confidentiality agreements to protect the proprietary aspects of our technology. These measures afford only limited protection, and competitors may gain access to our intellectual property and proprietary information. Litigation may be necessary to enforce or defend our intellectual property rights, to protect our trade secrets, and to determine the validity and scope of our proprietary rights. Litigation may also be brought against us claiming that we have violated the intellectual property rights of others. Litigation may be costly and may divert management's attention from other matters. Additionally, in some foreign countries with weaker intellectual property rights, it may be difficult to maintain and enforce patents and other proprietary rights or defend against claims of infringement.
Tax and trade risks	
Current economic and political conditions make tax rules in any jurisdiction subject to significant change.	The U.S. Tax Cuts and Jobs Act ("TCJA") was signed into law on December 22, 2017. Guidance continues to be issued clarifying the application of this new legislation. We cannot predict the overall impact that the additional guidance may have on our business. It is reasonable to expect that global taxing authorities will be reviewing current legislation for potential modifications in reaction to the implementation of the TCJA. In addition, further changes in the tax laws of other jurisdictions could arise, including as a result of the base erosion and profit shifting (BEPS) project undertaken by the Organization for Economic Cooperation and Development (OECD). The OECD, which represents a coalition of member countries, has issued recommendations that, in some cases, would make substantial changes to numerous long-standing tax positions and principles. These contemplated changes, to the extent adopted by OECD members and/or other countries, could increase tax uncertainty and may adversely impact our provision for income taxes.
Our tax rate is uncertain and may vary from expectations, which could have a material impact on our results of operations and earnings per share.	There can be no assurance that we will be able to maintain any particular worldwide effective corporate tax rate. We cannot give any assurance as to what our effective tax rate will be in the future because of, among other things, uncertainty regarding the tax policies of the jurisdictions in which we and our affiliates operate. Our actual effective tax rate may vary from our expectations, and such variance may be material. Additionally, tax laws or their implementation and applicable tax authority practices in any particular jurisdiction could change in the future, possibly on a retroactive basis, and any such change could have a material adverse impact on us and our affiliates.
Changes in tax treaties and trade agreements could negatively impact our costs, results of operations and earnings per share.	Legislative and regulatory action may be taken in the U.S. which, if ultimately adopted, could override or otherwise adversely impact tax treaties upon which we rely or broaden the circumstances under which STERIS plc would be considered a U.S. resident, each of which could materially and adversely affect our tax obligations. We cannot predict the outcome of any specific legislative or regulatory proposals. However, if proposals were adopted that had the effect of disregarding our organization in Ireland or limiting our ability as an Irish company to take advantage of tax treaties with the U.S., we could be subject to increased taxation and/or potentially significant expense. Existing free trade laws and regulations provide certain beneficial duties and tariffs for qualifying imports and exports, subject to compliance with the applicable classification and other requirements. Changes in laws and regulations or policies governing the terms of foreign trade, and in particular, increased trade restrictions, including as a result of the COVID-19 pandemic, tariffs or taxes on imports from countries where we manufacture products could have a material adverse impact on our business and financial results.

Proposed legislation relating to the denial of U.S. federal or state governmental contracts to U.S. companies that redomicile abroad could adversely affect our business.	Various U.S. federal and state legislative proposals that would deny governmental contracts to redomiciled companies may adversely affect us if adopted into law. We are unable to predict the likelihood that any such proposed legislation might become law, the nature of regulations that may be promulgated under any future legislative enactments, or the effect such enactments or increased regulatory scrutiny could have on our business.
The U.S. Internal Revenue Service (the "IRS") may not agree that we are a foreign corporation for U.S. federal tax purposes.	Although we are organized under the laws of Ireland and are a tax resident in Ireland for Irish tax purposes, the IRS may assert that we should be treated as a U.S. corporation (and, therefore, a U.S. tax resident) for U.S. federal tax purposes pursuant to Section 7874 of the Internal Revenue Code of 1986, as amended (the "Code" and such Section, "Section 7874"). For U.S. federal tax purposes, a company generally is considered to be a tax resident in the jurisdiction of its organization. Because we are organized under the laws of Ireland, we would generally be classified as a non-U.S. corporation (and, therefore, a non-U.S. tax resident) under these rules. Section 7874, however, provides an exception to this general rule under which a non-U.S. organized entity may be treated as a U.S. corporation for U.S. federal tax purposes. If we were to be treated as a U.S. corporation for U.S. federal tax purposes, we could be subject to substantial additional U.S. tax liability. Additionally, if we were treated as a U.S. corporation for U.S. federal tax purposes, non-U.S. holders of our ordinary shares would be subject to U.S. withholding tax on the gross amount of any dividends we paid to such shareholders. For Irish tax purposes, we are expected, regardless of any application of Section 7874, to be treated as an Ireland tax resident. Consequently, if we are treated as a U.S. corporation for U.S. federal tax purposes under Section 7874, we could be liable for both U.S. and Ireland taxes, which could have a material adverse effect on our financial condition and results of operations.

BUSINESS AND OPERATIONAL RISKS

Risk or uncertainty	Discussion
Competition	
Our businesses are highly competitive, and if we fail to compete successfully, our revenues and results of operations may be hurt.	We operate in a highly competitive global environment. Our businesses compete with other broad-line manufacturers, as well as many smaller businesses specializing in particular products or services, primarily on the basis of brand, design, quality, safety, ease of use, serviceability, price, product features, warranty, delivery, service, and technical support. We face increased competition from new infection prevention, sterile processing, contamination control, surgical support, cleaning consumables, gastrointestinal endoscopy accessories, contract sterilization, and other products and services entering the market. Competitors and potential competitors also are attempting to develop alternate technologies and sterilizing agents, as well as disposable medical instruments and other devices designed to address the risk of contamination.
Consolidations among our healthcare and pharmaceutical Customers may result in a loss of Customers or more significant pricing pressures.	A number of our Customers have consolidated. These consolidations are due in part to healthcare cost reduction measures initiated by competitive pressures as well as legislators, regulators and third-party payors. This may result in greater pricing pressures on us and in some cases loss of Customers. Additional consolidations could result in a loss of Customers or more significant pricing pressures.

Decreased availability or increased costs of raw materials or energy supplies or other supplies might increase our production costs or limit our production capabilities or curtail our operations.	We purchase raw materials, fabricated and other components, and energy supplies from a variety of suppliers. Key materials include stainless steel, organic and inorganic chemicals, fuel, cobalt-60, EO, and plastic components. The availability and prices of raw materials and energy supplies are subject to volatility and are influenced by worldwide economic conditions, speculative action, world supply and demand balances, inventory levels, availability of substitute materials, currency exchange rates, anticipated or perceived shortages, and other factors. Also, certain of our key materials and components have a limited number of suppliers. Some are single-sourced in certain regions of the world, such as cobalt-60 and EO, which are necessary to our AST operations. Changes in regulatory requirements regarding the use of, the unavailability or short supply of these products might disrupt or cause shutdowns of portions of our AST operations or have other adverse consequences. We have developed a plan to expand our irradiation processing capacity with accelerator-based technologies which may reduce the potential supply risk. Shortages in supply, increased regulatory or security requirements, or increases in the price of raw materials, components and energy supplies may adversely affect us.
Our operations, and those of our suppliers, are subject to a variety of business continuity hazards and risks, any of which could interrupt production or operations or otherwise adversely affect our performance, results, or value.	Business continuity hazards and other risks include: explosions, fires, earthquakes, public health crises, inclement weather, and other disasters; utility or other mechanical failures; unscheduled downtime; labor difficulties; inability to obtain or maintain any required licenses or permits; disruption of communications; data security, preservation and redundancy disruptions; inability to hire or retain key management or employees; disruption of supply or distribution; and regulation of the safety, security or other aspects of our operations. The occurrence of these types of events has disrupted and may in the future disrupt or shut down operations, or otherwise adversely impact the production or profitability of a particular facility, or our operations as a whole. Certain casualties also might cause personal injury and loss of life, or severe damage to or destruction of property and equipment, and for casualties occurring at our facilities, result in liability claims against us. Although we maintain property and casualty insurance and liability and similar insurance of the types and in the amounts that we believe are customary for our industries, our insurance coverages have limits and we are not fully insured against all potential hazards and risks incident to our business.

Our operations are subject to regulations and permitting, which may be changed or amended by the relevant authorities, and which may limit or eliminate our current operations or increase the complexity, burden, or expense of compliance and regulated materials or processes that we use in our operations may become the focus of litigation.	Our Applied Sterilization Technologies (“AST”) segment is a technology-neutral contract sterilization service that offers our Customers a wide range of sterilization modalities through a worldwide network of over 50 contract sterilization and laboratory facilities. One of the modalities offered by our AST operations is Ethylene Oxide (“EO”) sterilization. In the United States, several regulators, including the U.S. Environmental Protection Agency (“EPA”), U.S. Food and Drug Administration (“FDA”), and agencies at the state and local level, play a role in regulating the use of EO sterilization. In 2016, the EPA changed the cancer risk basis for EO and determined that EO is carcinogenic to humans. Recent announcements of the temporary or permanent closure of EO sterilization facilities operated by others have been associated with state and/or local regulatory or other legal action related to EO emissions at those facilities. Our AST operations have taken and will continue to take measures to comply with all applicable emissions regulations and to reduce emissions. However, no assurance can be given that current or future legislative or regulatory action, or current or future litigation to which we are or may become a party, will not significantly increase the costs of conducting our EO contract sterilization operations or curtail or eliminate the use of EO in our contract sterilization operations. A significant reduction in our EO contract sterilization activities may have a material adverse effect on our financial condition and results of operations. Further, we could be liable for damages and fines as a result of legislative or regulatory action or litigation, and any liability could exceed our insurance and indemnification coverage, if any, and have a material adverse effect on our financial condition. Additionally, for many medical devices, EO sterilization may be the only current method of sterilization that effectively sterilizes and does not damage the device during the sterilization process. In the event of regulatory, legislative, or legal action that curtails or eliminates EO sterilization, there could be a shortage of medical devices and consequently a decline in surgical procedures. A decline in surgical procedures could result in a decline in demand for the products and services provided by our Healthcare Products and Healthcare Specialty Services businesses, which may have a material adverse effect on our financial condition and results of operations.

We engage in acquisitions and affiliations, divestitures, and other business arrangements. Our growth may be adversely affected if we are unable to successfully identify, price, and integrate strategic business candidates or otherwise optimize our business portfolio.	Our success depends, in part, on strategic acquisitions and joint ventures, which are intended to complement or expand our businesses, divestiture of non-strategic businesses, and other actions intended to optimize our portfolio of businesses. This strategy depends upon our ability to identify, appropriately price, and complete these types of business development transactions or arrangements and to obtain any necessary financing. In the last several fiscal years we have made a number of acquisitions. We also completed several divestitures of non-strategic businesses or product lines during the last several years. Our success with respect to these recent and future acquisitions will depend on our ability to integrate the businesses acquired, retain key personnel, realize identified cost synergies and otherwise execute our strategies. Our success will also depend on our ability to develop satisfactory working arrangements with our strategic partners in joint ventures or other affiliations, or to divest or realign businesses. Competition for strategic business candidates may result in increases in costs and price for acquisition candidates and market valuation issues may reduce the value available for divestiture of non-strategic businesses. These types of transactions are also subject to a number of other risks and uncertainties, including: delays in realizing or failure to realize anticipated benefits of the transactions; diversion of management's time and attention from other business concerns; difficulties in retaining key employees, Customers, or suppliers of the acquired or divested businesses; difficulties in maintaining uniform standards, controls, procedures and policies, or other integration or divestiture difficulties; adverse effects on existing business relationships with suppliers or Customers; other events contributing to difficulties in generating future cash flows; risks associated with the assumption of contingent or other liabilities of acquisition targets or retention of liabilities for divested businesses and difficulties in obtaining financing.
If our continuing efforts to create a lean business and in-source production to reduce costs are not successful, our profitability may be hurt or our business otherwise might be adversely affected.	We have undertaken various activities to create a lean business, including in-sourcing. We continue to look for opportunities to in-source production that is currently provided by third parties.These activities may not produce the full efficiencies and cost reduction benefits that we expect or efficiencies and benefits might be delayed. Implementation costs also might exceed expectations.
The COVID-19 pandemic or similar public health crises could have a material adverse impact on ability to staff our operations.	As supplier to Healthcare and Life Sciences Customers, we fall within a "critical infrastructure" sector, and are also considered an essential business and therefore exempt under various stay at home/shelter in place orders. Accordingly, our employees continue to work because of the importance of our operations to the health and well-being of citizens in the countries in which we operate. We have implemented telework policies wherever possible for appropriate categories of employees. However, our employees that are unable to telework continue to work at our facilities and those of our Customers, and we have implemented appropriate safety measures, such as social distancing and increased cleaning protocols. While we believe that we have taken appropriate measures to ensure the health and well-being of our employees, there can be no assurances that our measures will be sufficient to protect our employees in our workplace or that they may not otherwise be exposed to COVID-19 outside of our workplace. If a number of our essential employees become ill, incapacitated or are otherwise unable or unwilling to continue working during the current or any future health crises, our operations may be adversely impacted.

Our business and results of operations may be adversely affected if we are unable to recruit and retain qualified management and other personnel or other compliance matters adversely impact our personnel.	Our continued success depends, in large part, on our ability to hire and retain highly qualified people and if we are unable to do so, our business and operations may be impaired or disrupted. Competition for highly qualified people is intense and there is no assurance that we will be successful in attracting or retaining replacements to fill vacant positions, successors to fill retirements or employees moving to new positions, or other highly qualified personnel. In addition, legal, regulatory or compliance matters create significant distraction or diversion of significant or unanticipated resources or attention that could have a material adverse effect on the responsibilities and retention of qualified employees.
We could experience a failure of a key information technology system, process or site or a breach of information security, including a cybersecurity breach or failure of one or more key information technology systems, networks, processes, associated sites or service providers.	We rely extensively on information technology (IT) systems to conduct business. In addition, we rely on networks and services, including internet sites, data hosting and processing facilities and tools and other hardware, software and technical applications and platforms, some of which are managed, hosted, provided and/or used by third-parties or their vendors, to assist in conducting our business. Numerous and evolving cybersecurity threats pose potential risks to the security of our IT systems, networks and services, as well as the confidentiality, availability and integrity of our data. While we have made investments seeking to address these threats, including monitoring of networks and systems, hiring of experts, employee training and security policies for employees and third-party providers, the techniques used in these attacks change frequently and may be difficult to detect for periods of time and we may face difficulties in anticipating and implementing adequate preventative measures. If our IT systems are damaged or cease to function properly, the networks or service providers we rely upon fail to function properly, or we or one of our third-party providers suffer a loss or disclosure of our business or stakeholder information due to any number of causes ranging from catastrophic events or power outages to improper data handling or security breaches and our business continuity plans do not effectively address these failures on a timely basis, we may be exposed to reputational, competitive and business harm as well as litigation and regulatory action. In addition, the COVID-19 pandemic may increase the risk of such vulnerability and attacks, including unauthorized access or attacks exploiting the fact that a large number of employees are working remotely during government shutdowns and closures. Enforcement of the General Data Protection Regulation ("GDPR") was effective as of May 2018. The GDPR is focused on the protection of personal data not merely the privacy of personal data. The GDPR creates a range of new compliance obligations and will significantly increase financial penalties for noncompliance (including possible fines of up to 4% of global annual revenues for the preceding financial year or €20 million (whichever is higher) for the most serious infringements).

RESULTS OF OPERATIONS

Definitions. We sometimes use the following financial measures in the context of this report: backlog; debt-to-total capital; days sales outstanding: and free cash flow. We define these financial measures as follows:

- Backlog – We define backlog as the amount of unfilled capital equipment purchase orders at a point in time. We use this figure as a measure to assist in the projection of short-term financial results and inventory requirements.
- Debt-to-total capital – We define debt-to-total capital as total debt divided by the sum of total debt and shareholders' equity. We use this figure as a financial liquidity measure to gauge our ability to borrow and fund growth.
- Days sales outstanding ("DSO") – We define DSO as the average collection period for accounts receivable. It is calculated as net accounts receivable divided by the trailing four quarters' revenues, multiplied by 365 days. We use this figure to help gauge the quality of accounts receivable and expected time to collect.
- Free cash flow – We define free cash flow as net cash provided by operating activities as presented in the Consolidated Statement of Cash Flows less purchases of property, plant, equipment, and intangibles plus proceeds from the sale of property, plant, equipment, and intangibles, which are also presented in the Consolidated Statement of Cash Flows. We use this as a measure to gauge our ability to pay cash dividends, fund growth outside of core operations, fund future debt principal repayments, and repurchase shares.

We separately present revenues generated as either product revenues or service revenues on our Consolidated Profit and Loss Account for each period presented. When we discuss revenues, we may, at times, refer to revenues summarized in other ways. The terminology, definitions, and applications of terms that we use to describe revenues may be different from terms used by other companies. We use the following terms to describe revenues:

- Revenues – Our revenues are presented net of sales returns and allowances.
- Product Revenues – We define product revenues as revenues generated from sales of consumable and capital equipment products.
- Service Revenues – We define service revenues as revenues generated from parts and labor associated with the maintenance, repair, and installation of our capital equipment. Service revenues also include hospital sterilization services, instrument and scope repairs well as revenues generated from contract sterilization and laboratory services offered through our Applied Sterilization Technologies segment.
- Capital Equipment Revenues – We define capital equipment revenues as revenues generated from sales of capital equipment, which includes steam sterilizers, low temperature liquid chemical sterilant processing systems, including SYSTEM 1 and 1E, washing systems, VHP® technology, water stills, and pure steam generators; surgical lights and tables; and integrated OR.
- Consumable Revenues – We define consumable revenues as revenues generated from sales of the consumable family of products, which includes SYSTEM 1 and 1E consumables, V-PRO consumables, gastrointestinal endoscopy accessories, sterility assurance products, skin care products, cleaning consumables, barrier product solutions and surgical instruments.
- Recurring Revenues – We define recurring revenues as revenues generated from sales of consumable products and service revenues.

Non-GAAP Financial Measures. We, at times, also refer to our results of operations excluding certain transactions or amounts that are non-recurring or are not indicative of future results, in order to provide meaningful comparisons between the periods presented. These non-GAAP financial measures are not intended to be, and should not be, considered separately from or as an alternative to the most directly comparable GAAP financial measures.

These 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.

We 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, provide 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.

The following table summarizes the calculation of our free cash flow for the years ended March 31, 2020 and 2019:

	Years Ended March 31,	
(dollars in thousands)	2020	2019
Net cash flows provided by operating activities	**$ 590,559**	$ 539,505
Purchases of property, plant, equipment and intangibles, net	**(214,516)**	(189,715)
Proceeds from the sale of property, plant, equipment and intangibles	**4,156**	5,567
Free cash flow	**$ 380,199**	$ 355,357

Highlights. Revenues increased $248.7 million, or 8.9%, to $3,030.9 million for the year ended March 31, 2020, as compared to $2,782.2 million for the year ended March 31, 2019. This increase reflects organic growth in all business segments, which was partially offset by unfavorable fluctuations in currencies.

Fiscal 2020 operating income increased 30.5% to $537.0 million over fiscal 2019 operating income of $411.5 million. The increase is primarily attributable to lower restructuring expenses, increased revenue volumes and higher gross margin attainment in fiscal 2020 over fiscal 2019.

Net cash flows from operations were $590.6 million and free cash flow was $380.2 million in fiscal 2020 compared to net cash flows from operations of $539.5 million and free cash flow of $355.4 million in fiscal 2019. The increase in free cash flow is primarily due to the improvement in cash from operations.

Our debt-to-total capital ratio was 25.3% at March 31, 2020. During the year, we increased our quarterly dividend for the fourteenth consecutive year to $0.37 per share per quarter.

The COVID-19 pandemic began to impact our business late in fiscal 2020 and therefore did not have a material impact on our fiscal 2020 results of operations.

In the following subsections, we discuss our earnings and the factors affecting them. We begin with a general overview of our operating results and then separately discuss earnings for our operating segments.

FISCAL 2020 AS COMPARED TO FISCAL 2019

Revenues. The following table compares our revenues, in total and by type and geography, for the year ended March 31, 2020 to the year ended March 31, 2019:

	Years Ended March 31,			Percent
(dollars in thousands)	2020	2019	Change	Change
Total revenues	**$ 3,030,895**	$ 2,782,170	$ 248,725	8.9%
Revenues by type:				
Service revenues	**1,628,107**	1,486,145	141,962	9.6%
Consumable revenues	**672,329**	605,631	66,698	11.0%
Capital equipment revenues	**730,459**	690,394	40,065	5.8%
Revenues by geography:				
Ireland revenues	**63,821**	56,784	7,037	12.4%
United States revenues	**2,211,722**	1,976,814	234,908	11.9%
Other foreign revenues	**755,352**	748,572	6,780	0.9%

Revenues increased $248.7 million, or 8.9%, to $3,030.9 million for the year ended March 31, 2020, as compared to $2,782.2 million for the year ended March 31, 2019. This increase reflects organic growth in all business segments and favorable pricing, which was partially offset by unfavorable fluctuations in currencies.

Service revenues for fiscal 2020 increased $142.0 million, or 9.6% over fiscal 2019, reflecting growth in all business segments. Consumable revenues for fiscal 2020 increased $66.7 million, or 11.0%, over fiscal 2019, reflecting growth in the Healthcare Products and Life Sciences segments. Capital equipment revenues for fiscal 2020 increased by $40.1 million, or 5.8%, over fiscal 2019, reflecting strong shipment volumes in the Healthcare Products and Life Science business segments.

Ireland revenues for fiscal 2020 were $63.8 million, representing an increase of $7.0 million, or 12.4%, over fiscal 2019 revenues of $56.8 million, reflecting strong growth in service revenues.

United States revenues for fiscal 2020 were $2,211.7 million, representing an increase of $234.9 million, or 11.9%, over fiscal 2019 revenues of $1,976.8 million, reflecting double digit growth in service, consumable and capital equipment revenues.

Revenues from other foreign locations for fiscal 2020 were $755.4 million, representing an increase of 0.9% over the fiscal 2019 revenues of $748.6 million, reflecting strength in Canada and the Latin America region. The Europe, Middle East and Africa ("EMEA") region slightly declined primarily due to actions taken in conjunction with the 2019 Restructuring Plan.

Gross Profit. The following table compares our gross profit for the year ended March 31, 2020 to the year ended March 31, 2019:

(dollars in thousands)	Years Ended March 31, 2020	2019	Change	Percent Change
Gross profit:				
Product	**$ 652,586**	$ 593,730	$ 58,856	9.9%
Service	**667,337**	581,697	85,640	14.7%
Total gross profit	**$ 1,319,923**	$ 1,175,427	$ 144,496	12.3%
Gross profit percentage:				
Product	**46.5%**	45.8%		
Service	**41.0%**	39.1%		
Total gross profit percentage	**43.5%**	42.2%		

Our gross profit is affected by the volume, pricing and mix of sales of our products and services, as well as the costs associated with the products and services that are sold. Our gross profit increased $144.5 million and gross profit percentage increased 130 basis points to 43.5% for fiscal 2020 as compared to 42.2% for fiscal 2019. The increase in gross margin percentage is primarily due to the favorable impact of pricing (50 basis points), lower current period expenses related to the Fiscal 2019 Restructuring Plan (20 basis points), our recent divestitures (10 basis points) and mix and other adjustments (50 basis points). Productivity enhancements fully offset material, labor and facility cost increases.

Operating Expenses. The following table compares our operating expenses for the year ended March 31, 2020 to the year ended March 31, 2019:

(dollars in thousands)	Years Ended March 31, 2020	2019	Change	Percent Change
Operating expenses:				
Selling, general, and administrative	**$ 716,731**	$ 669,937	$ 46,794	7.0%
Research and development	**65,546**	63,038	2,508	4.0%
Restructuring expenses	**673**	30,987	(30,314)	NM
Total operating expenses	**$ 782,950**	$ 763,962	$ 18,988	2.5%

NM - Not meaningful

Selling, General, and Administrative Expenses. Significant components of total selling, general, and administrative expenses ("SG&A") are compensation and benefit costs, fees for professional services, travel and entertainment, facilities costs, gains or losses from divestitures, and other general and administrative expenses. SG&A increased 7.0% in fiscal 2020 over fiscal 2019. Volume sensitive costs like commissions and third party purchasing organization fees increased 15% in fiscal 2020 over fiscal 2019, but continue to be approximately 3% of revenues. Higher compensation costs related to our annual employee bonus and additional operating expenses from our newly acquired businesses also contributed to the fiscal 2020 increase.

Research and Development. Research and development expenses increased $2.5 million during fiscal 2020, as compared to fiscal 2019, due primarily to increased spending within the Healthcare Products segment. Research and development expenses are influenced by the number and timing of in-process projects and labor hours and other costs associated with these projects. Our research and development initiatives continue to emphasize new product development, product improvements, and the development of new technological platform innovations. During fiscal 2020, our investments in research and development continued to be focused on, but were not limited to, enhancing capabilities of sterile processing combination technologies, procedural products and accessories, and devices and support accessories used in gastrointestinal endoscopy procedures.

Restructuring Expenses. During the third quarter of fiscal 2019, we adopted and announced a targeted restructuring plan (the "Fiscal 2019 Restructuring Plan"), which included the closure of two manufacturing facilities, one in Brazil and one in England, as well as other actions including the rationalization of certain products. Fewer than 200 positions were eliminated. The Company has relocated the production of certain impacted products to other existing manufacturing operations during fiscal 2020. These restructuring actions were designed to enhance profitability and improve efficiency.

We have incurred pre-tax expenses totaling $43.9 million related to these restructuring actions, of which $31.7 million was recorded as restructuring expenses and $12.2 million was recorded in cost of revenues, with a total of $31.2 million, $2.5 million, $0.7 million, and $7.8 million related to the Healthcare Products, Healthcare Specialty Services, Life Sciences, and Applied Sterilization Technologies segments, respectively. Corporate related restructuring charges were $1.7 million. Additional restructuring expenses related to this plan are not expected to be material to our results of operations.

The following table summarizes our total pre-tax restructuring expenses for fiscal 2020 and 2019:

Fiscal 2019 Restructuring Plan	Year Ended March 31, 2020	Year Ended March 31, 2019
(dollars in thousands)		
Severance and other compensation related costs	**$ 1,554**	$ 5,651
Accelerated depreciation and amortization	**—**	16,194
(Gain) on disposal of asset	**(1,164)**	—
Asset impairment	**—**	4,312
Lease termination costs and other	**283**	4,830
Product rationalization [1]	**2,470**	9,721
Total restructuring expenses	**$ 3,143**	$ 40,708

(1) Recorded in cost of revenues on the Consolidated Profit and Loss Account.

Non-Operating Expenses, Net. Non-operating expense (income), net consists of interest expense on debt, offset by interest earned on cash, cash equivalents, short-term investment balances, and other miscellaneous expense. The following table compares our non-operating expense (income), net for the year ended March 31, 2020 to the year ended March 31, 2019:

	Years Ended March 31,		
(dollars in thousands)	2020	2019	Change
Non-operating expenses, net:			
Interest expense	**$ 40,279**	$ 45,015	$ (4,736)
Interest income and miscellaneous expense	**(1,987)**	(3,020)	1,033
Non-operating expenses, net	**$ 38,292**	$ 41,995	$ (3,703)

Interest expense decreased $4.7 million during fiscal 2020, as compared to fiscal 2019, primarily due to lower outstanding debt levels in the fiscal 2020 period as compared to the same prior year period (refer to our Note 8 to our consolidated financial statements, titled "Debt", for more information). Interest income and miscellaneous expense is not material.

Additional information regarding our outstanding debt is included in Note 8 to our consolidated financial statements titled, “Debt,” and in the subsection of this Directors' Report titled, “Liquidity and Capital Resources.”

Income Tax Expense. The following table compares our income tax expense and effective income tax rates for the years ended March 31, 2020 and March 31, 2019:

	Years Ended March 31,			
(dollars in thousands)	2020	2019	Change	Percent Change
Income tax expense	**$ 90,876**	$ 64,394	$ 26,482	41.1%
Effective income tax rate	**18.2%**	17.4%		

The effective income tax rate for fiscal 2020 was 18.2% as compared to 17.4% for fiscal 2019. The fiscal 2020 effective tax rate increased when compared to fiscal 2019 primarily due to an increased percentage of profits earned and taxed in jurisdictions with a higher tax rate.

Business Segment Results of Operations. We operate and report in four reportable business segments: Healthcare Products, Healthcare Specialty Services, Life Sciences, and Applied Sterilization Technologies. Non-allocated operating costs that support the entire Company and items not indicative of operating trends are excluded from segment operating income.

Our Healthcare Products segment offers infection prevention and procedural solutions for healthcare providers worldwide, including consumable products, equipment maintenance and installation services, and capital equipment.

Our Healthcare Specialty Services segment provides a range of specialty services for healthcare providers including hospital sterilization services and instrument and scope repairs.

Our Life Sciences segment offers consumable products, equipment maintenance, specialty services and capital equipment primarily for pharmaceutical manufacturers.

Our Applied Sterilization Technologies ("AST") segment provides contract sterilization and testing services for medical device and pharmaceutical manufacturers.

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.

For more information regarding our segments please refer to Note 17 to our consolidated financial statements titled "Business Segment Information," and to this Director's Report under the heading, "Information Related to Business Segments".

The following table compares business segment and Corporate and other revenues and operating income for the year ended March 31, 2020 to the year ended March 31, 2019:

(dollars in thousands)	Years ended March 31, 2020	Years ended March 31, 2019	Change	Percent Change
Revenues:				
Healthcare Products	**$ 1,423,198**	$ 1,338,428	$ 84,770	6.3 %
Healthcare Specialty Services	**563,611**	510,057	53,554	10.5 %
Life Sciences	**416,939**	378,558	38,381	10.1 %
Applied Sterilization Technologies	**627,147**	555,127	72,020	13.0 %
Total revenues	**$ 3,030,895**	$ 2,782,170	$ 248,725	8.9 %
Operating income (loss):				
Healthcare Products	**356,419**	323,684	32,735	10.1 %
Healthcare Specialty Services	**64,217**	64,222	(5)	— %
Life Sciences	**144,088**	132,129	11,959	9.1 %
Applied Sterilization Technologies	**270,917**	221,828	49,089	22.1 %
Corporate	**(207,015)**	(184,900)	(22,115)	12.0 %
Total operating income before adjustments	**$ 628,626**	$ 556,963	$ 71,663	12.9 %
Less: Adjustments				
Amortization of acquired intangible assets [1]	**71,675**	86,878		
Acquisition and integration related charges [2]	**8,225**	8,901		
Redomiciliation and tax restructuring costs [3]	**3,699**	8,783		
(Gain) on fair value adjustment of acquisition related contingent consideration [1]	**—**	(842)		
Net loss (gain) on divestiture of businesses [1]	**1,770**	(1,370)		
Amortization of property "step up" to fair value [1]	**2,392**	2,440		
Restructuring charges [4]	**3,143**	40,708		
COVID-19 incremental costs [5]	**749**	—		
Total operating income	**$ 536,973**	$ 411,465		

[1] For more information regarding our recent acquisitions and divestitures see Note 2 titled, "Business Acquisitions and Divestitures". Amortization of purchased intangible assets fiscal 2019 total includes an impairment charge of $16.2 million, see Note 4 titled, "Goodwill and Intangible Assets", for more information.
[2] Acquisition and integration related charges include transaction costs and integration expenses associated with acquisitions.
[3] Costs incurred in connection with the Redomiciliation and subsequent tax restructuring.
[4] For more information regarding our restructuring activities see Note 3 titled, "Restructuring".
[5] COVID-19 incremental costs includes the additional costs attributable to COVID-19 such as enhanced cleaning protocols, personal protective equipment for our employees, event cancellation fees, and payroll costs associated with our response to COVID-19, net of any government subsidies available.

Healthcare Products revenues increased 6.3% in fiscal 2020, as compared to fiscal 2019, reflecting growth in consumable, service and capital equipment revenues of 9.5%, 6.1% and 4.2%, respectively. The increase reflects organic growth, which was partially offset by unfavorable fluctuations in currencies. At March 31, 2020, the Healthcare Products segment's backlog amounted to $170.1 million, increasing $15.6 million, or 10.1%, as compared to the backlog of $154.5 million at March 31, 2019.

Healthcare Specialty Services revenues increased 10.5% in fiscal 2020, as compared to fiscal 2019. The increase reflects organic growth, which was partially offset by the divestiture of our Healthcare Specialty Services business in China and unfavorable fluctuations in currencies.

Life Sciences revenues increased 10.1% in fiscal 2020, as compared to fiscal 2019, reflecting growth in consumable, capital equipment and service revenues of 14.9%, 9.8% and 3.7%, respectively. The increase reflects organic growth and favorable pricing, which were partially offset by unfavorable fluctuations in currencies. Life Sciences backlog at March 31, 2020 amounted to $72.4 million, increasing $11.7 million, or 19.3%, as compared to backlog of $60.7 million at March 31, 2019.

Applied Sterilization Technologies revenues increased 13.0% in fiscal 2020, as compared to fiscal 2019. The increase reflects organic growth, which was primarily attributable to increased demand from medical device Customers, which was partially offset by unfavorable fluctuations in currencies.

The Healthcare Products segment's operating income increased $32.7 million to $356.4 million in fiscal year 2020, as compared to $323.7 million in fiscal year 2019. The segment's operating margins were 25.0% for fiscal year 2020 and 24.2% for fiscal year 2019. The increases in the fiscal 2020 period were primarily due to increased volumes and favorable product mix.

The Healthcare Specialty Services segment's operating income was flat at $64.2 million in fiscal years 2020 and 2019. The segment's operating margins were 11.4% for fiscal year 2020 and 12.6% for fiscal year 2019. The fiscal 2020 operating margin benefited from increased volumes, which were more than offset by investments being made to add capacity in anticipation of continuing demand.

The Life Sciences business segment's operating income increased $12.0 million to $144.1 million in fiscal year 2020, as compared to $132.1 million in fiscal year 2019, primarily due to increased volumes. The segment's operating margins were 34.6% for fiscal year 2020 and 34.9% for fiscal year 2019. The decline in the fiscal 2020 operating margin was primarily due to unfavorable product mix.

The Applied Sterilization Technologies segment's operating income increased $49.1 million to $270.9 million in fiscal year 2020, as compared to $221.8 million in fiscal year 2019. The Applied Sterilization Technologies segment's operating margins were 43.2% for fiscal year 2020 and 40.0% for fiscal year 2019. The increases in the fiscal 2020 period were primarily due to increased volumes.

Effective April 1, 2020, and consistent with the way management will operate and view the business, the current Healthcare Products and Healthcare Specialty Services segments will be combined and reported as one segment, simply called Healthcare. Going forward we will operate and report in three business segments: Healthcare, Life Sciences and Applied Sterilization Technologies. Corporate will continue to be presented separately and contain the costs that are associated with being a publicly traded company and certain other corporate costs.

LIQUIDITY AND CAPITAL RESOURCES

The following table summarizes significant components of our cash flows for the years ended March 31, 2020 and 2019:

	Years Ended March 31,	
(dollars in thousands)	2020	2019
Net cash provided by operating activities	**$ 590,559**	$ 539,505
Net cash used in investing activities	**(319,735)**	(213,224)
Net cash used in financing activities	**(163,146)**	(294,792)
Debt-to-total capital ratio	**25.3%**	27.1%
Free cash flow	**$ 380,199**	$ 355,357

Net Cash Provided By Operating Activities – The net cash provided by our operating activities was $590.6 million for the year ended March 31, 2020 compared to $539.5 million for the year ended March 31, 2019. The following discussion summarizes the significant changes in our operating cash flows for the years ended March 31, 2020 and 2019:

- Net cash provided by operating activities increased in fiscal 2020 by 9.5%, as compared to fiscal 2019, primarily due to higher net income attainment in the fiscal 2020 period, which was partially offset by higher cash requirements to fund operating assets and liabilities.

Net Cash Used In Investing Activities – The net cash used in our investing activities was $319.7 million for the year ended March 31, 2020, compared to $213.2 million for the year ended March 31, 2019. The following discussion summarizes the significant changes in our investing cash flows for the years ended March 31, 2020 and 2019:

- Purchases of property, plant, equipment, and intangibles, net – Capital expenditures totaled $214.5 million and $189.7 million for fiscal 2020 and 2019, respectively. The fiscal 2020 increase was primarily due to our previously announced expansion projects in the Applied Sterilization Technologies and Healthcare Specialty Services segments.
- Proceeds from the sale of property, plant, equipment and intangibles – During fiscal 2020 and 2019 we received $4.2 million and $5.6 million respectively, for proceeds from the sale of property, plant, equipment and intangibles. The

majority of the fiscal 2020 and fiscal 2019 proceeds were related to the sale of Healthcare Products facilities located in the U.K.

- Proceeds from the sale of business – During fiscal 2020 and 2019 we received $0.4 million and $2.5 million, respectively, for proceeds from the sale of certain non-core businesses. For more information, refer to our Note 2 to our consolidated financial statements, titled "Business Acquisitions and Divestitures".
- Purchases of investments – During fiscal 2019, we completed an equity investment for approximately $5.0 million.
- Investments in business, net of cash acquired – During fiscal 2020 and 2019, we used $109.8 million and $13.3 million, respectively, for acquisitions. For more information on these acquisitions refer to Note 2 to our consolidated financial statements titled, "Business Acquisitions and Divestitures".
- Other – During fiscal 2019 we provided approximately $13.4 million under borrowing agreements. For more information on these agreements refer to our Note 2 to our consolidated financial statements, titled "Business Acquisitions and Divestitures".

Net Cash Used In Financing Activities – Net cash used in financing activities was $163.1 million for the year ended March 31, 2020, compared to net cash used in financing activities of $294.8 million for the year ended March 31, 2019. The following discussion summarizes the significant changes in our financing cash flows for the years ended March 31, 2020 and 2019:

- Payments on long-term obligations – During fiscal 2019 we repaid $85.0 million in private placement notes that matured on August 15, 2018. For more information on our debt refer to Note 8 to our consolidated financial statements titled, "Debt".
- (Payments) proceeds under credit facilities, net – At the end of fiscal 2020, $275.4 million of debt was outstanding under our bank credit facility, compared to $301.8 million of debt outstanding under this facility at the end of fiscal 2019. We provide additional information about our bank credit facility in Note 8 to our consolidated financial statements titled, “Debt”.
- Repurchases of shares – During fiscal 2020, we purchased 273,259 of our ordinary shares in the aggregate amount of $40.0 million. We also obtained 122,884 of our ordinary shares in connection with our stock-based compensation award programs in the amount of $11.2 million. During fiscal 2019, we purchased 659,393 of our ordinary shares in the aggregate amount of $73.2 million, which included $0.4 million of taxes and commissions. We also obtained 112,356 of our ordinary shares in connection with our stock-based compensation award programs in the amount $8.3 million. We provide additional information about our share repurchases in Note 12 to our consolidated financial statements titled, “Shareholders' Equity.”
- Deferred financing fees and debt issuance costs – We paid $1.3 million and $0.5 million in fiscal 2020 and 2019 respectively, for financing fees and debt issuance costs related to our Credit Agreement and Private Placement debt. For more information on our debt refer to Note 8 to our consolidated financial statements titled, "Debt".
- Cash dividends paid to ordinary shareholders – During fiscal 2020, we paid cash dividends totaling $123.0 million or $1.45 per outstanding share. During fiscal 2019, we paid cash dividends totaling $112.5 million or $1.33 per outstanding share.
- Stock option and other equity transactions, net – We generally receive cash for issuing shares upon the exercise of options under our employee stock option program. During fiscal 2020 and fiscal 2019, we received cash proceeds totaling $34.7 million and $13.3 million, respectively, under these programs. During fiscal 2020, we received contributions from noncontrolling interest holders of $6.1 million and paid $1.2 million in distributions to noncontrolling interest holders. During fiscal 2019 we paid $0.3 million in distributions to noncontrolling interest holders.

Cash Flow Measures. Free cash flow was $380.2 million in fiscal 2020 compared to $355.4 million in fiscal 2019. The increase in free cash flow is primarily due to the improvement in cash from operations.

Our debt-to-total capital ratio was 25.3% at March 31, 2020 and 27.1% at March 31, 2019.

Cash Requirements. We intend to use our existing cash and cash equivalent balances and cash generated from operations to fund capital expenditures and meet our other liquidity needs. Our capital requirements depend on many uncertain factors, including our rate of sales growth, our Customers’ acceptance of our products and services, the costs of obtaining adequate manufacturing capacities, the timing and extent of our research and development projects, changes in our operating expenses and other factors. To the extent that existing and anticipated sources of cash are not sufficient to fund our future activities, we may need to raise additional funds through additional borrowings or the sale of equity securities. There can be no assurance that our financing arrangements will provide us with sufficient funds or that we will be able to obtain any additional funds on terms favorable to us or at all.

Sources of Credit. Our sources of credit as of March 31, 2020 are summarized in the following table:

(dollars in thousands)	Maximum Amounts Available	Reductions in Available Credit Facility for Other Financial Instruments	March 31, 2020 Amounts Outstanding	March 31, 2020 Amounts Available
Sources of Credit				
Private placement	$ 878,409	$ —	$ 878,409	$ —
Credit Agreement [(1)]	1,000,000	6,768	275,449	717,783
Total Sources of Credit	**$ 1,878,409**	**$ 6,768**	**$ 1,153,858**	**$ 717,783**

(1) At March 31, 2020, there was $6.8 million of letters of credit outstanding under the Credit Agreement.

Our sources of funding from credit as of March 31, 2020 are summarized below:

- On March 23, 2018, STERIS UK and certain of its subsidiaries entered into a Credit Agreement (the "Credit Agreement") with various financial institutions as lenders, and JPMorgan Chase Bank, N.A., as Administrative Agent. STERIS Ireland subsequently became a borrower and guarantor under the Credit Agreement. The Credit Agreement replaced a bank credit facility dated March 31, 2015. The Credit Agreement provides up to $1.0 billion of credit, in the form of a revolver facility, which may be utilized for revolving credit borrowings, swing line borrowings and letters of credit, with sublimits for swing line borrowings and letters of credit. The revolver facility may be increased in specified circumstances by up to $500.0 million. The Credit Agreement will mature on March 23, 2023, and all unpaid borrowings, together with accrued and unpaid interest thereon, are repayable on that date. The Credit Agreement contains leverage and interest coverage covenants. Borrowings may be taken in U.S. dollars, euros, and pounds sterling and certain other specified currencies and bear interest at our option based upon either the Base Rate or the Eurocurrency Rate, plus the Applicable Margin in effect from time to time under the Credit Agreement. The Applicable Margin is determined based on the ratio of Consolidated Total Debt to Consolidated EBITDA (as such terms are defined in the Credit Agreement). Interest on Base Rate Advances is payable quarterly in arrears and interest on Eurocurrency Rate Advances is payable at the end of the relevant interest period therefor, but in no event less frequently than every three months. Borrowings at closing were used to repay outstanding balances of debt outstanding under the former bank credit facility dated March 31, 2015 that was scheduled to mature on March 31, 2020 and for other general corporate purposes.
- The Credit Agreement was amended in March 2019, in connection with the Redomiciliation to permit the Redomiciliation. The amendments did not effect any material changes in the terms of the Credit Agreement regarding borrowings or the issuance of letters of credit.

Our outstanding Senior Notes at March 31, 2020 were as follows:

(dollars in thousands)	Applicable Note Purchase Agreement	Maturity Date	U.S. Dollar Value at March 31, 2020
$35,000 Senior notes at 6.43%	2008 Private Placement	August 2020	**35,000**
$91,000 Senior notes at 3.20%	2012 Private Placement	December 2022	**91,000**
$80,000 Senior notes at 3.35%	2012 Private Placement	December 2024	**80,000**
$25,000 Senior notes at 3.55%	2012 Private Placement	December 2027	**25,000**
$125,000 Senior notes at 3.45%	2015 Private Placement	May 2025	**125,000**
$125,000 Senior notes at 3.55%	2015 Private Placement	May 2027	**125,000**
$100,000 Senior notes at 3.70%	2015 Private Placement	May 2030	**100,000**
$50,000 Senior notes at 3.93%	2017 Private Placement	February 2027	**50,000**
€60,000 Senior notes at 1.86%	2017 Private Placement	February 2027	**66,342**
$45,000 Senior notes at 4.03%	2017 Private Placement	February 2029	**45,000**
€20,000 Senior notes at 2.04%	2017 Private Placement	February 2029	**22,114**
£45,000 Senior notes at 3.04%	2017 Private Placement	February 2029	**55,767**
€19,000 Senior notes at 2.30%	2017 Private Placement	February 2032	**21,008**
£30,000 Senior notes at 3.17%	2017 Private Placement	February 2032	**37,178**
Total Senior Notes			**$ 878,409**

- On February 27, 2017, STERIS UK issued and sold an aggregate principal amount of $95.0 million, €99.0 million, and £75.0 million, of senior notes in a private placement to certain institutional investors in an offering that was exempt from the registration requirements of the Securities Act of 1933. These notes have maturities of between 10 and 15 years from the issue date. The agreement governing these notes contains leverage and interest coverage covenants.
- On May 15, 2015, STERIS Corporation issued and sold $350.0 million of senior notes, in a private placement to certain institutional investors in an offering that was exempt from the registration requirements of the Securities Act of 1933. These notes have maturities of 10 to 15 years from the issue date. The agreement governing these notes contains leverage and interest coverage covenants.
- The agreements governing certain senior notes issued and sold in February 2013, December 2012, and August 2008, were amended and restated in their entirety on March 31, 2015. All of these notes were issued and sold in private placements to certain institutional investors in offerings that were exempt from the registration requirements of the Securities Act of 1933. The amended and restated agreements, which have been consolidated into a single agreement for the 2013 and 2012 notes, and a separate single agreement for the 2008 notes, contain leverage and interest coverage covenants.
- All of the note agreements were amended in March 2019, in connection with the Redomiciliation. The amendments waived certain repurchase rights of the note holders and increased the size of certain baskets to more closely align with Credit Agreement baskets.

As of March 31, 2020, a total of $275.4 million was outstanding under the Credit Agreement, based on currency exchange rates as of March 31, 2020. At March 31, 2020, we had $717.8 million of unused funding available under the Credit Agreement. The Credit Agreement includes a sub-limit that reduces the maximum amount available to us by letters of credit outstanding. At March 31, 2020, there was $6.8 million in letters of credit outstanding under the Credit Agreement.

At March 31, 2020, we were in compliance with all financial covenants associated with our indebtedness. We provide additional information regarding our debt structure and payment obligations in the section of this Directors' Report titled, “Liquidity and Capital Resources” in the subsection titled, “Contractual and Commercial Commitments” and in Note 8 to our consolidated financial statements titled, “Debt.”

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, radioisotope (cobalt-60), and information technology enhancements and research and development advances. During fiscal 2020, our capital expenditures amounted to $214.5 million. We use cash provided by operating activities and our cash and cash equivalent balances to fund capital expenditures. In fiscal 2021, we expect to continue to invest in facility expansions, particularly within the Applied Sterilization Technologies segment and in ongoing maintenance for existing facilities. The outbreak of COVID-19 has become a global pandemic. We may choose to temporarily defer planned capital expenditures due to fluctuations in demand for our products and services resulting from the COVID-19 pandemic and our Customers' needs.

CONTRACTUAL AND COMMERCIAL COMMITMENTS

At March 31, 2020, we had commitments under non-cancelable operating leases totaling $173.9 million.

Our contractual obligations and commercial commitments as of March 31, 2020 are presented in the following tables. Commercial commitments include standby letters of credit, letters of credit required as security under our self-insured risk retention policies, and other potential cash outflows resulting from events that require us to fulfill commitments.

	Payments due by March 31,					
(dollars in thousands)	2021	2022	2023	2024	2025 and thereafter	Total
Contractual Obligations:						
Debt	$ 35,000	$ —	$ 366,449	$ —	$ 752,409	$ 1,153,858
Operating leases	25,302	21,064	17,271	14,045	96,249	173,931
Purchase obligations	67,866	75,968	10,297	—	—	154,131
Benefit payments under defined benefit plans	5,872	6,025	6,600	6,336	41,810	66,643
Trust assets available for benefit payments under defined benefit plans	(5,872)	(6,025)	(6,600)	(6,336)	(41,810)	(66,643)
Benefit payments under other post-retirement benefits plans	1,510	1,392	1,252	1,115	4,733	10,002
Expected contributions to defined benefit plans	3,839	3,954	1,991	—	—	9,784
Total Contractual Obligations	$ 133,517	$ 102,378	$ 397,260	$ 15,160	$ 853,391	$ 1,501,706

The table above includes only the principal amounts of our contractual obligations. We provide information about the interest component of our long-term debt in the subsection of this Directors' Report titled, “Liquidity and Capital Resources,” Note 8 to our consolidated financial statements titled, “Debt.”

Purchase obligations shown in the table above relate to minimum purchase commitments with suppliers for materials purchases and long term construction contracts.

The table above excludes contributions we make to our defined contribution plans. Our future contributions to the defined contribution plans depend on uncertain factors, such as the amount and timing of employee contributions and discretionary employer contributions. We provide additional information about our defined benefit pension plans, defined contribution plan, and other post-retirement benefits plan in Note 18 to our consolidated financial statements titled, “Benefit Plans."

	Amount of Commitment Expiring March 31,					
(dollars in thousands)	2021	2022	2023	2024	2025 and thereafter	Totals
Commercial Commitments:						
Letters of credit and surety bonds	$ 56,899	$ 7,062	$ 1,118	$ 353	$ 2,324	$ 67,756
Letters of credit as security for self-insured risk retention policies	12,474	—	—	—	—	12,474
Total Commercial Commitments	$ 69,373	$ 7,062	$ 1,118	$ 353	$ 2,324	$ 80,230

Quantitative and Qualitative Disclosures Relative to Certain Risks

In the ordinary course of business, we are exposed to various risks, including, but not limited to, interest rate, foreign currency, and commodity risks. These risks are described in the sections that follow.

INTEREST RATE RISK

As of March 31, 2020, we had $878.4 million in fixed rate senior notes outstanding. As of March 31, 2020, we had $275.4 million in outstanding borrowings under our Credit Agreement which are exposed to changes in interest rates. We monitor our interest rate risk, but do not engage in any hedging activities using derivative financial instruments. For additional information regarding our debt structure, refer to Note 8 to our Consolidated Financial Statements titled, “Debt.”

FOREIGN CURRENCY RISK

We are exposed to the impact of foreign currency exchange fluctuations. This foreign currency exchange risk arises when we conduct business in a currency other than the U.S. dollar. For most operations, local currencies have been determined to be the functional currencies. The financial statements of subsidiaries are translated to their U.S. dollar equivalents at end-of-period exchange rates for assets and liabilities and at average currency exchange rates for revenues and expenses. Translation adjustments for subsidiaries whose local currency is their functional currency are recorded as a component of accumulated other comprehensive income (loss) within equity. Note 13 to our consolidated financial statements titled, “Other Reserves,” contains additional information about the impact of translation on accumulated other comprehensive income (loss) and equity. Transaction gains and losses arising from fluctuations in currency exchange rates on transactions denominated in currencies other than the functional currency are recognized in the Consolidated Profit and Loss Account. Since we operate internationally and approximately 30% of our revenues and 40% of our cost of revenues are generated outside the United States, foreign currency exchange rate fluctuations can significantly impact our financial position, results of operations, and competitive position.

We enter into foreign currency forward contracts to hedge monetary assets and liabilities denominated in foreign currencies, including inter-company transactions. We do not use derivative financial instruments for speculative purposes. At March 31, 2020, we held a foreign currency forward contract to buy 6.0 million Canadian dollars.

COMMODITY RISK

We are dependent on basic raw materials, sub-assemblies, components, and other supplies used in our operations. Our financial results could be affected by the availability and changes in prices of these materials. Some of these materials are sourced from a limited number of suppliers or only a single supplier. These materials are also key source materials for our competitors. Therefore, if demand for these materials rises, we may experience increased costs and/or limited or unavailable supplies. As a result, we may not be able to acquire key production materials on a timely basis, which could impact our ability to produce products and satisfy incoming sales orders on a timely basis. In addition, the costs of these materials can rise suddenly and result in significantly higher costs of production. We believe that we have adequate sources of supply for many of our key materials and energy sources. Where appropriate, we enter into long-term supply contracts as a basis to guarantee a reliable supply. We may also enter into commodity swap contracts to hedge price changes in a certain commodity that impacts raw materials included in our cost of revenues. At March 31, 2020, we held commodity swap contracts to buy 715,200 pounds of nickel.

ACCOUNTING RECORDS

The Directors are responsible for ensuring that the Company is keeping proper accounting records and appropriate accounting systems. On a periodic basis, regular reports, certifications and attestations on our financial matters and internal controls, including those established to monitor for non-compliance with relevant components of the Company's Business Code of Conduct and related policies, are made to the Audit Committee of the Board of Directors, who then, briefs the full Board of Directors on these matters. These measures ensure the compliance with requirements of Section 281 to 285 of the Companies Act 2014 in support of the Directors Compliance Statement included in this Directors' Report. The accounting records of the Company are maintained at our registered offices located at 70 Sir John Rogerson's Quay, Dublin 2, Ireland.

FUTURE DEVELOPMENTS

The Directors do not anticipate that the Company's significant/material activities will change in the foreseeable future.

SUBSEQUENT EVENTS

This report was issued on June 2, 2020. The Company has evaluated events and transactions subsequent to the balance sheet date. The Company is not aware of any events or transactions (other than those disclosed) that occurred subsequent to the balance sheet date but prior to June 2, 2020, that would require recognition or disclosure in its Consolidated Financial Statements or Company Balance Sheet.

The COVID-19 pandemic began to impact our business late in fiscal 2020. The coronavirus pandemic and related public health recommendations and mandated precautions to mitigate the spread of COVID-19, including deferral of medical procedures and treatments and shelter-in-place orders or similar measures, is negatively affecting, and is expected to continue to affect some of our operations which would impact our financial position and cash flows in fiscal 2021. We have experienced and expect to continue to experience unpredictable fluctuations in demand for certain of our products and services, including some products and services that are experiencing increased demand.

On April 30, 2020 the Board of Directors approved a quarterly interim dividend of $0.37 per share. The dividend is payable June 26, 2020 to shareholders of record at the close of business on June 12, 2020.

NON-FINANCIAL DISCLOSURES

In compliance with Statutory Instrument 360/2017 European Union (Disclosure of Non-Financial and Diversity Information by certain large undertakings and groups) we provide information on several non-financial matters.

Our Business Model

Information regarding our business model can be found in the Principal Activities section of this Directors' Report.

Key Performance Indicators

Our MISSION IS TO HELP OUR CUSTOMERS CREATE A HEALTHIER AND SAFER WORLD by providing innovative healthcare and life science product and service solutions around the globe. Inspired by our Customers' efforts to create a healthier and safer world, and guided by our legacy of leadership and innovation, we strive to be a Great Company. To STERIS, this means we will make a difference by providing world-class products and service solutions for our Customers, safe and rewarding work for our People, and superior returns for our Shareholders.

We have an Enterprise Risk Management process ("ERM") to manage risk. Identifying and managing key risks to our business operations are essential to our future growth, profitability, and successful execution of strategic plans. We are committed to understanding and managing these risks through a consistent approach to risk assessment, monitoring, reporting, and mitigation. Key management sponsors are responsible for participating in the risk assessment process, including a periodic review with the Board of Directors. The objective of ERM is to identify key risks, the potential impacts of compliance failure, identify key mitigating activities, develop potential improvements for managing the risks, and to ensure execution of oversight activities on a monthly, annual or as needed basis.

Key performance indicators and metrics have been established for those areas we believe to be relevant and potentially significant to our business. We describe below how we continuously monitor and track our policies and activities in the areas of ethical business practices, energy and conservation and people.

Ethical Business Practices

Code of Business Conduct. Our Code of Business Conduct sets the standard for legal and ethical behavior, addressing topics such as bribery and corruption, supply chain transparency, proper behavior in the workplace, and avoiding conflicts of interest. More information including the STERIS Code of Business Conduct is available at https://www.steris.com/sustainability/ethical-business-practices.

Anti-Bribery and Anti-Corruption. We are committed to conducting our business fairly, honorably, with integrity and in compliance with the law in all jurisdictions where it operates. Our policy prohibits bribery and corruption in any form, and we explain our commitment in our Statement on its Anti-Corruption Policies and Procedures. As an ongoing due diligence measure, we have established a program to recognize those sales and marketing intermediaries who demonstrate an elevated commitment to compliance. Through this Commercial Compliance Program, we formally commend organizations that have not only met STERIS's standard ethical requirements for inclusion in our network but have also taken additional steps, such as adopting their own code of conduct and training their employees on their own firm's ethical values, to ensure compliant behavior. Our Statement on Anti-Corruption Policies and Procedures is available at https://www.steris.com/sustainability/key-policies-supporting-sustainability/anti-bribery-and-anti-corruption.

Supplier Code of Conduct. Our expectations for ethical behavior extend beyond STERIS to our Suppliers as well. Our Supplier Code of Conduct defines the minimum requirements and expectations for all Suppliers and their subcontractors. Each year, taking a risk-based approach, we survey our suppliers for compliance with certain aspects of our Supplier Code of Conduct. Suppliers whose responses indicate a higher risk for violations are instructed to complete an online training module. We believe in conducting business with integrity and honesty and in accordance with all applicable laws and regulations of the countries in which we operate. We expect our suppliers to comply with the laws of the countries in which they operate, including but not limited to the European Union Customs Code, the EU Restriction of Hazardous Substances Directive, the UK Modern Slavery Act, the US Foreign Corrupt Practices Act, the UK Bribery Act, the US Dodd-Frank Conflict Minerals Rules, Data Privacy, and all applicable local labor and employment laws. Our Supplier Code of Conduct is available at https://www.steris.com/sustainability/key-policies-supporting-sustainability/supplier-code-of-conduct.

Conflict Minerals Sourcing Policy. We file reports with the SEC disclosing our use of tin, tantalum, tungsten, and gold ("conflict minerals" or "3TG") in products sold anywhere in the world. In accordance with these legal requirements and as a part of the overall commitment to responsible sourcing, we are working with our suppliers to ensure transparency to the smelter/refining source for 3TG materials used in our products. Furthermore, we seek to identify the countries of origin of the 3TG in our products and the smelter/refiners that process the 3TG in our products. We undertake this effort to promote responsible sourcing. Because of our general downstream position in the supply chain, we rely on our suppliers for information. We expect suppliers to respond to our requests for complete transparency about the sources whose 3TG materials are used in our products and to conduct due diligence measures to ensure the information provided is accurate, up-to-date and complete. This Policy applies to all suppliers of products and materials to the Company and to all our affiliates. We will consider taking various progressive actions with respect to suppliers who do not make reasonable efforts to cooperate with our requests for information or requests to take corrective actions to enable us to identify smelters and refiners in our supply chains.

Risks and Prevention. We regularly assess the risks associated with our business, including the risk of potential corruption or bribery in the environments where we do business, and we have designed our management systems to respond accordingly. As part of our anti-corruption program, our employees and third-party intermediaries complete mandatory comprehensive anti-bribery and anti-corruption training online and in-person. The training covers the various forms that corruption can take, red flags, and individuals' roles in our anti-bribery and anti-corruption efforts.

In accordance with our policy, we engage a third-party due diligence firm to perform background checks, including bribery and corruption, before entering into commercial relationships with sales and marketing intermediaries, and other service providers.

We communicate our bribery and corruption policies and expectations to our officers, Directors, employees, dealers, distributors and agents. It is the expectation of the Company that all of the aforementioned individuals comply with the requirements set forth in our and relevant rules and regulations.

Managing Compliance and Ethics. We require all associates to be lawful and ethically responsible in all business practices. We expect all employees to learn and comply with all Company policies, applicable laws, and the principles outlined in our Code of Business Conduct.

Senior members of STERIS's leadership team are involved in numerous industry associations that focus on setting the standards and driving change. We hold seats and actively participate on the Boards of AdvaMed, the Medical Device Manufacturers Association ("MDMA") and the Association for the Advancement of Medical Instrumentation ("AAMI"). AdvaMed has roughly 300 member companies and promotes policies that foster the highest ethical standards, timely patient access to safe and effective products, and economic policies that reward value creation. The AdvaMed Code of Ethics on Interactions with Health Care Professionals ("AdvaMed Code") facilitates ethical interactions between MedTech companies and health care professionals to ensure that medical decisions are based on the best interests of the patient. Our CEO is a standing board member of and has chaired a number of committees and work groups including, the AdvaMed Ethics Committee, which is responsible for the Code of Ethics. MDMA is the leading voice representing the interests of innovative and entrepreneurial medical technology companies. MDMA's goal is to provide patients and clinicians with timely access to safe and effective medical technologies that improve the quality of life. AAMI is a nonprofit organization founded in 1967. It is a diverse community of more than 8,000 healthcare technology professionals united by one important mission-supporting the healthcare community in the development, management, and use of safe and effective healthcare technology.

Using the STERIS Integrity Helpline or Webline, employees can anonymously report potential Code of Conduct concerns. A management Ethics Committee meets monthly to monitor and investigate reports of Code of Business Conduct violations and provides quarterly reporting to the Board of Director's Compliance Committee. With respect to financial matters, reports are provided to the Audit Committee.

Energy and Conservation

We pursue a discipline of Continuous Improvement that drives improvements in safety, quality, cost delivery, and innovation across the business. Our commitment to sustainability is explained on our website at https://www.steris.com/sustainability.

We offer several product upgrade opportunities designed to reduce water and power consumption, improve water quality and reduce water treatment chemical byproducts in wastewater. Some recent examples include:

- STERI-GREEN® and STERI-GREEN PLUS® water saving systems on steam sterilizers that save 35% and 99%, respectively, or more water used per cycle.
- New Cart Washer that can recycle up to 70% of its water.
- Upgraded Washer/Disinfectors that use up to 75% less water than previous models, saving over 700,000 liters of water per year with average use.
- At an average of 9.4 cycles per day, one STERIS Reliance® Vision Single Chamber Washer may save up to 535,800 liters of water per year versus previous models.
- STERIS AST launched the Sustainable EO sterilization services program in 2017, which aims to reduce the use of ethylene oxide gas per cubic meter of product processed by 50% over 5 years. Optimized sterilant input may lead to lower product residuals, improved occupational safety, and improved supply chain efficiencies.

With more than 100 facilities and thousands of vehicles on the road worldwide, our opportunity to be more efficient within our own operations is significant.

- Some examples of recent efforts have included adding recycling, encouraging employees to "Keep it on the Screen" to reduce paper usage, our "Ditch the Disposables" campaign aimed at eliminating single-use cups in our facilities, and implementing interior and exterior LED lighting at factories, offices, and distribution centers to reduce our overall energy consumption.
- As a result of our Lean training and ongoing improvement events, we have made significant strides in reducing waste, improving workflow and efficiencies and improving product quality.

- We focused on sustainability and reducing the use of fossil fuels through implementation of fleet technologies and more efficient vehicles. We continue to evaluate the use of energy efficient vehicles including hybrid, plug-in hybrids, and electric vehicles to reduce our impact on the environment and society.

Environmental Safety. We have a broad and comprehensive portfolio of sterilization and disinfection products that support the procedural spaces within hospitals and surgery centers as well as pharmaceutical and medical device Customers. When we think about new products or next generation products, part of our effort is to reduce the environmental impact of what we do. That can include anything from reformulating chemistries to eliminate metals-based ingredients or reducing the effluence going down the drains of our Customers; to creating ultra-concentrate chemistries such as Prolystica® Ultra Concentrate Cleaning Chemistries, which offer 10x the uses per container. That means 5 and 10-liter containers of concentrate replace 114-liter drums, creating benefits from safer lifting to less frequent deliveries with smaller trucks. We also work to ensure that our containers can be recycled and that we are building products with materials that can be recycled at the end of their life.

Risks and Prevention. Although we actively monitor the risks associated with environmental matters, we do not believe these matters present material risk to our financial performance or position.

People

Health and Safety ("HSE"). We are fully committed to providing a safe workplace. The safety of our employees, Customers and other people who may be affected by our activities is a key priority. We constantly strive to improve and adopt an approach of continuous review and enhancement. Our safety culture is based upon these beliefs:

- Training employees to work safely is essential.
- Frequent management audits are a must.
- All workplace exposures can be safeguarded.
- Working safely is a condition of employment.
- Prevention of personal injuries is good business.
- Promotion of off-the-job safety contributes to a safer workplace.

We believe that world class safety excellence is the strategy behind all HSE initiatives. We believe that safety excellence is interwoven in all our activities via employees working together, efficiently and effectively to reduce or eliminate incidents.

With a solid base of management commitment and employee involvement, we are well positioned to encourage employee ownership of our strong safety culture. To accomplish this task for U.S. facilities, we have chosen the Occupational Safety & Health Administration's ("OSHA") Star Level as our benchmark, via the Voluntary Protection Program ("VPP"), which ensures total employee ownership. The OSHA VPP Star is bestowed only upon companies with effective safety and health programs, injury and illness rates lower than the industry average, and managers and employees who work as a functional team to prevent incidents and eliminate hazards. Achieving VPP Star status demonstrates to employees and the community that we are a leader in safety and health. Currently ten of our U.S. facilities have achieved acceptance by OSHA into the VPP at the Star level, the highest level possible.

Our global operations work to implement and maintain suitable HSE management systems that are aligned with and equivalent to the ISO 45001 and ISO 14001 voluntary standards.

The ISO 45001:2018 is a replacement standard to the OHSAS 18001, Organizations already certified to OHSAS 18001 will have three years to comply with the new ISO 45001 standard, although certification of conformity to ISO 45001 is not a requirement of the standard. The standard sets out the requirements for occupational health and safety management best practices for any size of organization. They provide guidance in developing a robust health and safety framework, bringing all relevant controls and processes into an appropriate management system. The standard helps us to create the best possible working conditions. We currently have five facilities and 11 reprocessing locations that hold OHSAS 18001 Certification.

The ISO 14001 sets out the criteria that a company can follow to establish an effective environmental management system. Designed for any type of organization, regardless of its activity or sector, it can provide assurance that environmental impact is being measured, controlled and improved in a holistic manner. We currently have six facilities and 11 reprocessing locations that hold ISO 14001 Certification.

Tracking implementation of our safety standards in our facilities. During fiscal 2020 we implemented a HSE initiative to begin internal HSE management systems and compliance audits that will identify percent compliance of our global operations against our standards. Once the internal HSE audit process is fully implemented we will be positioned to track implementation and results.

We are committed to continuous improvement of the health and safety of our employees, contractors and Customers. Each employee is an integral part of our effort to promote a workplace fostered by employee engagement in safety, and desire to achieve a "Goal of Zero" adverse workplace and workforce safety events. Our "Goal of Zero" includes instances of injuries, spills, non-conformance, waste generation, and/or other similar issues.

We continue to make incremental and sustainable improvement of our Total Recordable Cases ("TRC") and Days Away From Work ("DAFW") incidents rates, which are presented in the table below. We have out-performed the industry sector benchmark on both TRC and DAFW normalized rates according to the current U.S. Bureau of Labor Statistics report.

	Fiscal 2020	Fiscal 2019
Total Recordable Cases Rate [1]	1.48	1.79
Days Away From Work Rate [1]	0.45	0.67

[1] We apply the U.S. Occupational Safety and Health Administration (OSHA) recordkeeping practices worldwide. All rates are based on 100 full-time employees ("FTE") working one year. 100 FTEs equals 200,000 work hours. TRC includes work-related injuries or illnesses requiring medical attention beyond first-aid. DAWF includes work-related injuries or illnesses that cause an employee to be away from work at least one full day after the date of the incident.

Employee Development, Retention and Engagement. Our success is based on our ability to attract, develop and retain quality talent at all levels of the organization. We care deeply about our people and their overall level of engagement. We routinely look to capture new ideas as well as other opportunities for improvement by soliciting feedback from our teams. As a Company:

We strive to protect our people's jobs whenever possible. We abhor layoffs, and even the smallest of layoffs must proceed through our normal chain of command, including final approval by executive management.

We care deeply about our people and their engagement. We routinely look to capture new ideas as well as other opportunities for improvement by soliciting feedback from our teams. Every 12-18 months, we encourage all associates to participate in our Employee Engagement Survey. This process has been valuable in helping us recognize things we do well and foster an open conversation about how we can make STERIS an even better place to work. We are pleased to report that 86% and 83% of our people completed our 2020 and 2018 surveys, respectively. Our employee turnover rate was 15% for fiscal 2020 and 2019, respectively.

STERIS University is an asset for employees and Customers. We are committed to educating and developing our people. This dedication to developing and retaining the best talent in the industry allows us to have a positive global impact on the healthcare and life science industries and the communities we serve. Our employees benefit from the Company's web-based learning management system, STERIS University. STERIS University also offers Customers the opportunity to obtain ongoing Continuing Education credits to help healthcare professionals stay abreast of current standards and research in the fields in which they practice.

Diversity. Diversity is a core belief of STERIS in how we succeed in our business. We recruit the best available people who are aligned with and embody our core values. We are committed to equality, assessing candidates based on qualifications. We believe that our future success is dependent on attracting and retaining people from a cross-section of our communities who understand their local markets, and in doing so we will create a competitive advantage for STERIS.

We give full and fair consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person. Where existing employees become disabled, it is our policy where practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion as appropriate.

Employee By Gender

	March 31, 2020		March 31, 2019	
	Male	Female	Male	Female
Directors	6	2	9	2
Senior Managers	492	176	467	154
Other employees of the Company	8,019	3,905	7,747	3,759

Communities. Throughout the communities in which we operate, we provide meaningful jobs with market-competitive wages and benefits.We focus on local programs that enhance the quality of life through STERIS and employee-funded financial support. Many of our people also apply their business expertise as volunteers, board members, and leaders of community organizations. We also provide assistance to communities where we have people working that have been adversely affected by natural disasters. We also fund the STERIS Foundation, which contributes support to health and health education activities. The Company and the STERIS Foundation have financially helped emergency responders and aid organizations do what they do best – save lives. We also work directly with our Customers to assist them in restoring the use of their procedural spaces and sterile processing operations, as hospitals within and around the disaster zone need to be functional to render urgently needed care.

Human Rights. We are committed to upholding human rights in all our operations globally and respect human rights as recognized by the principles of the United Nations Global Compact. This commitment is woven into the fabric of our core Values and is further described in our Code of Business Conduct, our Human and Labor Rights Policy, our business and operating policies, our health and safety governance, and our management systems. More information on our Human Rights and Labor Rights Policy can be found on our website at https://www.steris.com/sustainability/key-policies-supporting-sustainability/steris-human-rights-and-labor-rights-policy.

We strongly oppose all forms of slavery, servitude, forced labor, child labor and human trafficking. We are member of the Slavery and Trafficking Risk Template Development Committee, operating under the Social Responsibility Alliance initiative. We are utilizing this program to survey suppliers for risk of human trafficking. We have implemented and maintain systems and processes to avoid complicity in human trafficking and slavery related to our operations and those of our affiliates and subsidiaries, as well as any such activity occurring within our supply chains or the supply chains of our affiliates.

In addition to the risks related to non-financial matters discussed above also refer to the section titled, "Principal Risk and Uncertainties" of this Directors Report for further discussion on our principal risks and how management mitigates those risks.

DIRECTORS' INTEREST IN SHARES

The present Directors were appointed on March 28, 2019, on completion of the Redomiciliation and are listed in the following table and except as noted below, have served throughout the period to March 31, 2020 and since year end.

During the year ended March 31, 2020, Duncan K. Nichol, Loyal W. Wilson and Dr. Michael B. Wood were not nominated for election to the board as a result of their retirements and ceased to be board members on July 30, 2019.

Prior to the Redomiciliation on March 28, 2019, STERIS UK was the predecessor parent company of the group.

On May 4, 2018, Dr. Nirav Shah was appointed as a director of STERIS UK.

During the year ended March 31, 2019, Michael J. Tokich (resigned March 28, 2019), J. Adam Zangerle (resigned March 28, 2019) and Pat English (resigned November 1, 2018) served as Directors of STERIS plc (formally known as STERIS Limited).

No director, the secretary, assistant secretary or any member of their immediate families has any interest in shares or debentures of any subsidiary. Directors' remuneration is set forth in Note 21 to the Consolidated Financial Statements. The interests in ordinary share capital of STERIS plc of those persons serving as Directors of STERIS plc on March 31, 2020 and March 31, 2019 are presented in the following table:

	March 31, 2020			March 31, 2019		
	Stock Options	Ordinary Shares	CRSU's	Stock Options	Ordinary Shares	CRSU's
Executive Director						
Walter M Rosebrough, Jr.	411,577	72,632	—	614,608	61,895	—
Non-Executive Directors						
Richard C. Breeden	34,122	103,923	13,923	34,157	100,790	12,716
Cynthia L. Feldmann	16,542	9,003	5,475	15,444	8,663	5,449
Dr. Jacqueline B. Kosecoff	24,953	43,785	3,210	31,576	42,830	3,184
David B. Lewis	7,821	6,684	15,335	10,835	6,684	13,996
Duncan K. Nichol	N/A	N/A	N/A	—	—	5,662
Dr. Nirav Shah	—	—	3,108	—	—	1,743
Dr. Mohsen M. Sohi	28,515	22,361	1,646	30,420	22,361	688
Dr. Richard M. Steeves	8,394	—	4,932	8,275	536,469	3,593
Loyal W. Wilson	N/A	N/A	N/A	24,916	29,156	13,899
Dr. Michael B. Wood	N/A	N/A	N/A	29,500	22,331	5,192

N/A- not applicable

AUDIT COMMITTEE

The Audit Committee assists the Board in providing oversight relating to the integrity of the Company's financial statements and effectiveness of the Company's internal controls over financial reporting, including its systems of internal accounting and financial controls, the internal audit process, the annual independent audit of the Company's annual financial statements, compliance with legal and regulatory requirements, and the qualifications and independence of the Independent Auditors. The Audit Committee's activities relative to fiscal 2020 included confirmation that appropriate arrangements are in place to secure material compliance with relevant obligations in support of the Directors Compliance Statement included in this Directors' Report.

POLITICAL DONATIONS

No political donations that require disclosure under Irish law were made by the Company during fiscal 2020 or fiscal 2019.

RESULTS FOR THE YEAR AND STATE OF AFFAIRS

The results for the year are set out in the Consolidated Profit and Loss Account. The balance to be transferred to reserves is $407,605.

DIVIDENDS

During fiscal 2020, the Board of Director's declared and paid quarterly dividends totaling $123.0 million or $1.45 per outstanding share. During fiscal 2019, the Board of Director's declared and paid quarterly dividends totaling $112.5 million million or $1.33 per outstanding share.

RESEARCH AND DEVELOPMENT

Research and development is an important factor in our long-term strategy. We incurred these expenses primarily for the research and development of commercial products. We are focused on introducing products that increase efficiencies for our Customers. We have new products throughout our business, including hydrogen peroxide sterilizers, washer disinfectors, steam sterilizers, consumables, including sterility assurance products, accessories for use in GI procedures and surgical products including the latest generation of operating room integration products. The Company incurred $65.5 million and $63.0 of research and development costs that were expensed during fiscal 2020 and 2019, respectively.

SUBSIDIARY COMPANIES AND BRANCHES

Information regarding subsidiary undertakings, included information regarding branches, is provided in Note 25 to the consolidated financial statements.

GOING CONCERN

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they have adopted the going concern basis in preparing the financial statements.

The response to the impact of COVID-19 is set out in the Principal Risks and Uncertainties section above. Taking into account the financial resources available to the Company as outlined in the "Liquidity and Capital Resources" section on page 24, it is managements view, to the best of their current knowledge, that COVID-19 will not have a material adverse impact on the Company's ability to continue as a going concern.

DISCLOSURE OF INFORMATION TO THE AUDITOR

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made inquiries of fellow Directors and the group's auditor, each Director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

STATEMENT OF DIRECTORS' RESPONSIBILITES

Company law in the Republic of Ireland requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of the assets, liabilities and financial position of the Parent Company and of the Group and of the profit or loss of the Group for that period. The Directors at the date of this report are responsible for preparing the Directors' Report and the financial statements in accordance with applicable laws and regulations.

In preparing the financial statements of the Group, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;

- comply with applicable U.S. generally accepted accounting principles to the extent that the use of U.S. generally accepted accounting principles does not contravene any provision of the Companies Act 2014, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The considerations set out above for the Group are also required to be addressed by the Directors in preparing the financial statements of the Parent Company (which are also set out on pages 98 to 107), in respect of which the applicable accounting standards are those which are generally accepted in the Republic of Ireland.

The Directors have elected to prepare the Parent Company's financial statements in accordance with accounting standards issued by the Financial Reporting Council and promulgated by the Institute of Chartered Accountants in Ireland, including FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland (Generally Accepted Accounting Practice in Ireland).

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position, of the group and Parent Company as at the end of the financial year, and the profit or loss for the group for the financial year, and otherwise comply with the Companies Act 2014.

The Directors are responsible for keeping accounting records which disclose with reasonable accuracy the assets, liabilities, financial position and profit and loss of the Parent Company and which enable them to ensure that the financial statements of the Group are prepared in accordance with applicable U.S. generally accepted accounting principles and comply with the provisions of the Companies Acts 2014. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

DIRECTORS COMPLIANCE STATEMENT

The Directors acknowledge that they are responsible for securing compliance by the Company with its Relevant Obligations as defined in the Companies Act, 2014 (hereinafter called the Relevant Obligations). The Directors confirm that they have drawn up and adopted a compliance policy statement setting out the Company's policies that, in the Directors' opinion, are appropriate to the Company in respect of its compliance with its Relevant Obligations. The Directors further confirm the Company has put in place appropriate arrangements or structures that are, in the Directors' opinion, designed to secure material compliance with its Relevant Obligations and that they have reviewed the effectiveness of these arrangements or structures during the financial period to which this Report relates.

AUDITORS

In accordance with Section 383(2) of the Companies Act 2014, the auditor, Ernst & Young, Chartered Accountants, will continue in office.

On behalf of the Directors:

Mohsen M. Sohi	Walter M Rosebrough, Jr.
Chairman of the Board	Director

June 2, 2020

INDEPENDENT AUDITOR’S REPORT TO THE MEMBERS OF STERIS plc

Opinion

We have audited the financial statements of STERIS plc (‘the Parent Company’) and its subsidiaries (‘the Group’) for the year ended 31 March 2020, which comprise the Consolidated Profit and Loss Account, the Consolidated Statement of Comprehensive Income, the Consolidated Balance Sheet, the Consolidated Statement of Shareholders’ Equity, the Consolidated Statement of Cash Flows, the Parent Company Balance Sheet, the Parent Company Statement of Changes in Equity, the related notes 1 to 25 in respect of the Group financial statements and the related notes 1 to 12 in respect to the Parent Company financial statements, including a summary of significant accounting policies as set out therein. The financial reporting framework that has been applied in the preparation of the Group financial statements is Irish law and U.S. Generally Accepted Accounting Principles (U.S. GAAP), as defined in section 279 of Part 6 of the Companies Act 2014, to the extent that the use of those principles in the preparation of the financial statements does not contravene any provision of that Part of the Companies Act 2014. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable Irish law and accounting standards issued by the Financial Reporting Council, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (Generally Accepted Accounting Practice in Ireland).

In our opinion:

- the Group financial statements give a true and fair view of the assets, liabilities and financial position of the Group as at 31 March 2020 and of its profit for the year then ended, and have been properly prepared in accordance with U.S. Generally Accepted Accounting Principles (U.S. GAAP), as defined in section 279 of Part 6 of the Companies Act 2014, to the extent that the use of those principles in the preparation of the financial statements does not contravene any provision of that Part of the Companies Act 2014;
- the Parent Company financial statements gives a true and fair view of the assets, liabilities and financial position of the Parent Company as at 31 March 2020 and has been properly prepared in accordance with Generally Accepted Accounting Practice in Ireland; and
- the Group financial statements and Parent Company financial statements have been properly prepared in accordance with the requirements of the Companies Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) (‘ISAs (Ireland)’) and applicable law. Our responsibilities under those standards are described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group and the Parent Company in accordance with ethical requirements that are relevant to our audit of financial statements in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority (‘IAASA’), as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISA 570 (Ireland) ‘Going concern’ requires us to report to you where:

- The directors’ use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- The directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group and Parent Company’s ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

GROUP AUDIT MATTERS		
Risk	**Our response to the risk**	**Key observations communicated to the Audit Committee**
Revenue recognition - non-standard journal entries posted to increase revenues during the consolidation process at Corporate (2020: total revenues of $3,031 million, 2019: $2,782 million) Refer to Directors report on page 20 and the Accounting policies in Note 1 of the Consolidated Financial Statements. The Group's revenues are disaggregated into various types of contracts associated with product and service revenues across four reportable business segments and numerous geographical areas. Further, revenues can be recognized through posting non-standard journal entries during the consolidation process at Corporate. Auditing the non-standard journal entries posted to increase revenues during the consolidation process at Corporate was a matter that, in our professional judgement, was of most significance in our audit of the financial statements and was the most significant assessed risk of material misstatement	We obtained an understanding, evaluated the design, and tested the operating effectiveness of controls over the Group's process to recognize revenues including the controls over non-standard journal entries recorded by management and others during the consolidation process at Corporate. We also involved our IT specialists to test the design and operational effectiveness of the IT processes, the application controls, and the data and reports used in performing the IT dependent controls associated with recording non-standard journal entries during the consolidation process at Corporate. Our audit procedures also included, among others, evaluating the completeness of the population of entries recorded to revenue and performing a test of detail with regard to certain transactions. Such procedures included testing all non-routine transactions recorded to revenues during the consolidation process at Corporate and testing a sample of routine and non-routine transaction recorded to revenues outside of the consolidation process at Corporate to evaluate their propriety by inspecting the corroborating supporting documentation. We also evaluated the completeness and accuracy of the Group's revenue recognition disclosures included in Notes 1 and 17 to the consolidated financial statements.	Our observations included a summary of our audit procedures over revenue recognition including non-standard journal entries posted to revenue during the consolidation process, our consideration of the Group's revenue recognition policies and the related disclosures in the financial statements.

GROUP AUDIT MATTERS (continued)		
Risk	**Our response to the risk**	**Key observations communicated to the Audit Committee**
Auditing the tax positions associated with intercompany transactions that are subject to the more-likely-than-not recognition threshold Refer to the Accounting policies (Note 1); and Note 11 of the Consolidated Financial Statements. The Group operates in a complex multinational tax environment and is subject to on-going changes in tax laws. The measurement of income tax positions in a multinational tax environment is complex, judgmental and based on interpretations of tax laws. As discussed in Note 11 to the consolidated financial statements, the Company received three notices of proposed tax adjustments from the U.S. Internal Revenue Service (the "IRS") regarding the deductibility of interest paid on certain intercompany debt for the fiscal years 2016, 2017, and 2018. The IRS adjustments would result in a cumulative tax liability of approximately $40.0 million. The Company believes it is more-likely-than-not that they will be able to sustain the interest deductions taken in the U.S. and appropriately has not recorded a liability for an uncertain tax position related to this matter. Auditing the measurement of tax positions related to intercompany transactions was challenging because the measurement of the tax positions involves unique facts and circumstances that must be evaluated and such measurement is complex, highly judgmental and based on interpretations of tax laws and court rulings.	We obtained an understanding, evaluated the design and tested the operating effectiveness of controls over the Company's accounting process for uncertain tax positions. For example, we tested controls over management's identification of uncertain tax positions and its application of the recognition and measurement principles, including management's review of the facts and circumstances and the corresponding tax laws relied upon to conclude that it is currently more-likely-than-not that they will realize the benefit recorded. Our audit procedures included, among others, involving income tax subject matter professionals to assess the technical merits of the Company's tax positions related to certain intercompany and cross border transactions. We assessed the Company's correspondence with the relevant tax authorities and evaluated income tax opinions and other third-party advice obtained by the Company. We analyzed the Company's assumptions and data used to determine the amount of tax benefit to recognize and we tested the accuracy of the calculations performed. We also evaluated the completeness and accuracy of the Company's income tax disclosures included in Note 11 to the consolidated financial statements in relation to these matters.	Our observations included a summary of our audit procedures over income tax related accounts. We also communicated our consideration of the Group's related accounting policies and disclosures in the financial statements.

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality

Materiality is the magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the Group to be $25 million (2019: $21 million), which is approximately 5% of the Group profit before tax (2019: 5% of Group profit before tax adjusted for non-recurring items). We believe that profit before tax is a key performance indicator for the Group. We therefore considered profit before tax to be the most appropriate performance metric on which to base our materiality calculation as we consider it to be the most relevant performance measure to the main stakeholders of the Group.

During the course of our audit, we reassessed initial materiality and the only change in final materiality was to reflect the actual reported performance of the Group in the year.

Performance materiality

Performance materiality is the application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Group's overall control environment, our judgement was that performance materiality should be set at 75% (2019: 75%) of our planning materiality, namely $18 million (2019: $16 million). We have set performance materiality at this percentage due to the past history of a low number of misstatements, our ability to assess the likelihood of misstatements, both corrected and uncorrected, the effectiveness of the control environment and other factors affecting the entity and its financial reporting.

Audit work at component locations for the purpose of obtaining audit coverage over significant financial statement accounts is undertaken based on a percentage of total performance materiality. The performance materiality set for each component is based on the relative scale and risk of the component to the Group as a whole and our assessment of the risk of misstatement at that component. In the current year, the range of performance materiality allocated to components was $3.6 million to $18 million (2019: $3 million to $16 million).

Reporting threshold

Reporting Threshold is the amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of $1.2 million (2019: $1 million), which is set at approximately 5% (2019: 5%) of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

An overview of the scope of our audit report

Audit scope

We performed an audit of the complete financial information of 5 (2019: 4) full scope components and performed audit procedures on specific balances for a further 11 (2019: 9) components.

The components where we performed either full or specific audit procedures accounted for 76% (2019: 68%) of the Group's profit before tax, 84% (2019: 80%) of the Group's Revenue and 80% (2019: 82%) of the Group's Total Assets.

Components' represent business units across the Group considered for audit scoping purposes.

Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for each entity within the Group. Taken together, this enables us to form an opinion on the Consolidated Financial Statements. We take into account size, risk profile, the organisation of the Group and effectiveness of group-wide controls, changes in business environment and other factors when assessing the level of work to be performed at each entity.

In assessing the risk of material misstatement to the Group financial statements, and to ensure we had adequate quantitative coverage of significant accounts in the financial statements, of the 198 (2019: 184) reporting components of the Group, we selected 19 (2019: 13) components covering entities across the United States of America, the United Kingdom, Canada, Mexico and Finland, which represent the principal business units within the Group.

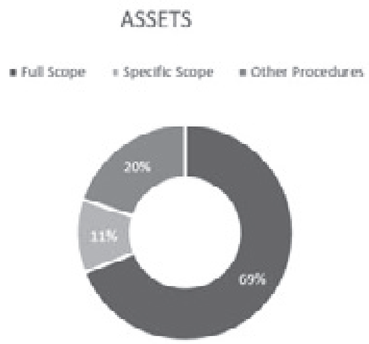
Of the 16 (2019: 13) components selected, we performed an audit of the complete financial information of 5 (2019: 4) components ("full scope components") which were selected based on their size or risk characteristics. For the remaining 11 (2019: 9) components ("specific scope components"), we performed audit procedures on specific accounts within those components that we considered had the potential for the greatest impact on the significant accounts in the financial statements either because of the size of these accounts or their risk profile.

The reporting components where we performed audit procedures accounted for 76% (2019: 68%) of the Group's profit before tax, 84% (2019: 80%) of the Group's revenue and 80% (2019: 82%) of the Group's total assets.

For the current year, the full scope components contributed 63% (2019: 38%) of the Group's profit before tax, 73% (2019: 60%) of the Group's revenue and 69% (2019: 72%) of the Group's total assets. The specific scope components contributed 13% (2019: 30%) of the Group's profit before tax, 11% (2019: 20%) of the Group's revenue and 11% (2019: 10%) of the Group's total assets. The audit scope of these components may not have included testing of all significant accounts of the component but will have contributed to the coverage of significant accounts tested for the Group.

The remaining components together represent 24% (2019: 32%) of the Group's profit before tax, none are individually greater than 5% (2019: 5%) of the Group's profit before tax. Included within the remaining components are 3 (2019: 4) components selected for specified procedures over certain accounts, such as inventory and cash. For these remaining components, we have evaluated the existence and effectiveness of group wide controls at a consolidated level over the preparation of the component financial information, including a number of monitoring and review controls which assess the overall performance of the group. Further to this we performed other procedures at a consolidated level, including gross margin analytical review, testing of consolidation journals, intercompany elimination and foreign currency translation recalculations to respond to potential risks of material misstatement to the group financial statements.

The charts below illustrate the coverage obtained from the work performed by our component audit teams.



Involvement with component teams

In establishing our overall approach to the group audit, we determined the type of work that needed to be undertaken at each of the components by us, as the primary audit engagement team, or by component auditors from other EY global network firms operating under our instruction. For all components we determined the appropriate level of involvement to enable us to determine that sufficient audit evidence had been obtained as a basis for our opinion on the group as a whole. The primary team interacted with component teams where appropriate during various stages of the audit, reviewed key working papers and were responsible for the scope and direction of the audit process. This, together with the additional procedures performed at a group level, gave us appropriate evidence for our opinion on the consolidated financial statements.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Directors’ Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by the Companies Act 2014

In our opinion, based solely on the work undertaken in the course of the audit:

- the information given in the directors' report, other than those parts dealing with the non-financial statement pursuant to the requirements of the European Union (Disclosure of non-financial and diversity Information by certain large undertakings and groups) Regulations 2017 (as amended) on which we are not required to report, for the financial year for which the statutory financial statements are prepared is consistent with the statutory financial statements in respect of the financial year concerned; and
- the directors' report, other than those parts dealing with the non-financial statement pursuant to the requirements of the European Union (Disclosure of non-financial and diversity Information by certain large undertakings and groups) Regulations 2017 (as amended) on which we are not required to report, has been prepared in accordance with applicable legal requirements.

We have obtained all the information and explanations which we consider necessary for the purposes of our audit.

In our opinion the accounting records of the Parent Company were sufficient to permit the financial statements to be readily and properly audited and the Parent Company Balance Sheet is in agreement with the accounting records.

Matters on which we are required to report by exception

Based on our knowledge and understanding of the Group and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report. We have nothing to report in respect of Sections 305 to 312 of the Companies Act 2014 which require us to report to you if, in our opinion, the disclosures of directors' remuneration and transactions specified by the Act are not made.

We have nothing to report in respect of section 13 of the European Union (Disclosure of Non-Financial and Diversity Information by certain large undertakings and groups) Regulations 2017 (as amended), which require us to report to you if, in our opinion, the Company has not provided in the non-financial statement the information required by Section 5(2) to (7) of those Regulations, in respect of year ended 31 March 2019.

Respective responsibilities

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement set on page 35 and 36, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group and Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group and Parent Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
A further description of our responsibilities for the audit of the financial statements is located on the IAASA's website at: http://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8fa98202dc9c3a/Description_of_auditors_responsibilities_for_audit.pdf.

This description forms part of our auditor's report.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Parent Company’s members, as a body, in accordance with section 391 of the Companies Act 2014. Our audit work has been undertaken so that we might state to the Parent Company’s members those matters we are required to state to them in an auditor’s report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Parent Company and the Parent Company’s members as a body, for our audit work, for this report, or for the opinions we have formed.

Breffni Maguire
for and on behalf of
Ernst & Young Chartered Accountants and Statutory Audit Firm

Dublin

2 June 2020

CONSOLIDATED PROFIT AND LOSS ACCOUNT
(in thousands, except per share amounts)

Years ended March 31,	Note	2020	2019
Revenues:			
Product	17	**$ 1,402,788**	$ 1,296,025
Service	17	**1,628,107**	1,486,145
Total revenues	17	**3,030,895**	2,782,170
Cost of revenues:			
Product		**750,202**	702,295
Service		**960,770**	904,448
Total cost of revenues		**1,710,972**	1,606,743
Gross profit		**1,319,923**	1,175,427
Operating expenses:			
Selling, general, and administrative		**714,961**	671,307
Net loss (gain) on divestitures	2	**1,770**	(1,370)
Research and development		**65,546**	63,038
Restructuring expenses	3	**673**	30,987
Total operating expenses		**782,950**	763,962
Income from operations		**536,973**	411,465
Non-operating expenses, net:			
Interest expense		**40,279**	45,015
Interest income and miscellaneous expense		**(1,987)**	(3,020)
Total non-operating expenses, net		**38,292**	41,995
Income before income tax expense		**498,681**	369,470
Income tax expense	11	**90,876**	64,394
Net income		**407,805**	305,076
Less: Net income attributable to noncontrolling interests		**200**	1,025
Net income attributable to shareholders		**$ 407,605**	$ 304,051
Net income per share attributable to ordinary shareholders			
Basic		**$ 4.81**	$ 3.59
Diluted		**$ 4.76**	$ 3.56
Weighted Average number of ordinary shares outstanding			
Basic	12	**84,778**	84,577
Diluted	12	**85,641**	85,468
Cash dividends declared per ordinary share outstanding	12	**$ 1.45**	$ 1.33

The accompanying notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(in thousands)

Years ended March 31,	Note	2020	2019
Net income		**$ 407,805**	$ 305,076
Less: Net income attributable to noncontrolling interests		**200**	1,025
Net income attributable to shareholders		**$ 407,605**	$ 304,051
Other comprehensive (loss) income			
Pension and postretirement benefit plan changes (net of taxes of $295 and $(423), respectively)	13	**(2,609)**	2,538
Change in cumulative foreign currency translation adjustment	13	**(73,076)**	(172,031)
Total other comprehensive income (loss) attributable to shareholders		**(75,685)**	(169,493)
Comprehensive income attributable to shareholders		**$ 331,920**	$ 134,558

The accompanying notes are an integral part of the consolidated financial statements.

CONSOLIDATED BALANCE SHEETS
(in thousands)

March 31,	Note	2020	2019
ASSETS			
Fixed Assets			
Intangible Assets - Goodwill	4	**$ 2,356,085**	$ 2,322,928
Intangible Assets - Other, net	4	**565,473**	604,614
Tangible Assets - Property, plant and equipment, net	5	**1,111,855**	1,031,582
Operating lease assets	10	**131,837**	—
Financial Assets - Other loans	2	**15,156**	15,959
Current Assets			
Inventory	6	**248,259**	208,243
Debtors	7	**665,205**	652,694
Investments	15	**12,131**	16,418
Cash		**319,581**	220,633
TOTAL ASSETS		**$ 5,425,582**	$ 5,073,071
LIABILITIES			
Shareholders' Equity	12		
Ordinary shares, with $0.001 and $75.00 par value, respectively; 500,000 shares authorized; 84,924 and 84,517 ordinary shares issued and outstanding, respectively		**$ 86**	$ 6,338,761
Share premium account		**34,731**	—
Capital redemption reserve		**483**	483
Share option and other reserves		**2,273,101**	(4,089,264)
Other reserves	13	**(235,463)**	(159,778)
Profit and loss account		**1,320,938**	1,087,608
Total Shareholders' Equity		**3,393,876**	3,177,810
Noncontrolling interests		**12,848**	7,988
Total Equity		**3,406,724**	3,185,798
Provisions for Liabilities			
Deferred income taxes	11	**160,270**	151,038
Retirement benefit obligations	18	**27,000**	35,364
Other provisions for liabilities	10	**59,111**	45,272
Creditors			
Debt	8	**1,150,521**	1,183,227
Creditors	9	**621,956**	472,372
Total for provision and creditors		**2,018,858**	1,887,273
TOTAL LIABILITIES		**$ 5,425,582**	$ 5,073,071

The accompanying notes are an integral part of the consolidated financial statements.

The financial statements were approved by the Audit Committee of the Board of Directors and the Board of Directors on June 2, 2020 and signed on its behalf by;

Mohsen M. Sohi
Chairman of the Board

Walter M Rosebrough, Jr.
Director

CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY

(in thousands, except per share amounts)	Called up share capital		Share premium	Capital redemption reserve	Share option and other reserves	Preferred shares, called up share capital	Other reserves	Profit and loss account	Non-controlling Interest	Total Equity
	Shares	Amount				Amount				
Balance at March 31, 2018	84,747	$ 13,095	$ 1,158,635	$ 274	$ 1,041,034	$ 15	$ 11,685	$ 981,222	$ 11,340	$ 3,217,300
Comprehensive income:										
Net income	—	—	—	—	—	—	—	304,051	1,025	305,076
Other comprehensive loss	—	—	—	—	—	—	(169,493)	—	—	(169,493)
Repurchases of ordinary shares	(763)	(209)	—	209	—	—	—	(81,494)	—	(81,494)
Equity compensation programs and other	533	327	13,014	—	23,601	—	—	—	—	36,942
Retirement of shares resulting from Redomiciliation	(84,514)	(12,988)	(1,171,649)	—	—	(15)	—	—	—	(1,184,652)
Issuance of shares resulting from Redomiciliation	84,514	6,338,536	—	—	(5,153,899)	—	—	—	—	1,184,637
Adoption of Accounting Standards (note 1)	—	—	—	—	—	—	(1,970)	(3,668)	—	(5,638)
Dividends – $1.33 per ordinary share	—	—	—	—	—	—	—	(112,503)	—	(112,503)
Distributions to noncontrolling interest	—	—	—	—	—	—	—	—	(255)	(255)
Other changes in noncontrolling interest	—	—	—	—	—	—	—	—	(4,122)	(4,122)
Balance at March 31, 2019	84,517	$ 6,338,761	$ —	$ 483	$ (4,089,264)	$ —	$ (159,778)	$ 1,087,608	$ 7,988	$ 3,185,798
Comprehensive income:										
Net income	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**407,605**	**200**	**407,805**
Other comprehensive loss	**—**	**—**	**—**	**—**	**—**	**—**	**(75,685)**	**—**	**—**	**(75,685)**
Repurchases of ordinary shares	**(396)**		**—**	**—**	**—**	**—**	**—**	**(51,241)**	**—**	**(51,241)**
Equity compensation programs and other	**803**	**1**	**34,731**	**—**	**23,689**	**—**	**—**	**—**	**—**	**58,421**
Dividends – $1.45 per ordinary share	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**(123,034)**	**—**	**(123,034)**
Share Capital Reduction	**—**	**(6,338,676)**	**—**	**—**	**6,338,676**	**—**	**—**	**—**	**—**	**—**
Distributions to noncontrolling interest	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**(1,245)**	**(1,245)**
Contributions from noncontrolling interest	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**6,050**	**6,050**
Other changes in noncontrolling interest	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**(145)**	**(145)**
Balance at March 31, 2020	**84,924**	**$ 86**	**$ 34,731**	**$ 483**	**$ 2,273,101**	**$ —**	**$ (235,463)**	**$ 1,320,938**	**$ 12,848**	**$ 3,406,724**

The accompanying notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
(in thousands)

Years Ended March 31,	2020	2019
Operating activities:		
Net income	**$ 407,805**	$ 305,076
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, depletion, and amortization	**197,235**	225,921
Deferred income taxes	**9,423**	(6,511)
Share-based compensation expense	**23,811**	23,965
Loss (gain) on the disposal of property, plant, equipment, and intangibles, net	**(174)**	924
Loss (gain) on sale of businesses	**1,770**	(1,370)
Other items	**426**	(18,397)
Changes in operating assets and liabilities, net of effects of acquisitions:		
Accounts receivable, net	**(17,866)**	(48,486)
Inventories, net	**(39,067)**	(14,617)
Other current assets	**3,784**	(7,371)
Accounts payable	**(2,779)**	21,244
Accruals and other, net	**6,191**	59,127
Net cash provided by operating activities	**590,559**	539,505
Investing activities:		
Purchases of property, plant, equipment, and intangibles, net	**(214,516)**	(189,715)
Proceeds from the sale of property, plant, equipment, and intangibles	**4,156**	5,567
Proceeds from the sale of businesses	**439**	2,478
Purchases of investments	**—**	(4,955)
Acquisition of business, net of cash acquired	**(109,814)**	(13,313)
Other	**—**	(13,286)
Net cash used in investing activities	**(319,735)**	(213,224)
Financing activities:		
Payments on long-term obligations	**—**	(85,000)
(Payments) proceeds under credit facilities, net	**(26,500)**	(27,087)
Deferred financing fees and debt issuance costs	**(1,281)**	(488)
Acquisition related deferred or contingent consideration	**(626)**	(1,327)
Repurchases of shares	**(51,241)**	(81,494)
Cash dividends paid to common shareholders	**(123,034)**	(112,503)
Contributions from noncontrolling interest	**6,050**	—
Distributions to noncontrolling interest	**(1,245)**	(255)
Stock option and other equity transactions, net	**34,731**	13,362
Net cash used in financing activities	**(163,146)**	(294,792)
Effect of exchange rate changes on cash and cash equivalents	**(8,730)**	(12,390)
Increase (decrease) in cash and cash equivalents	**98,948**	19,099
Cash and cash equivalents at beginning of period	**220,633**	201,534
Cash and cash equivalents at end of period	**$ 319,581**	$ 220,633

The accompanying notes are an integral part of the consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(amounts in thousands, except per share amounts and as noted)

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations. On March 28, 2019, STERIS plc (Company no. 595593), a public limited company organized under the laws of England and Wales ("STERIS UK"), completed a redomiciliation from the United Kingdom to Ireland (the "Redomiciliation"). The Redomiciliation was achieved through the insertion of a new Irish public limited holding company ("STERIS Ireland") on top of STERIS UK pursuant to a court-approved scheme of arrangement under English law (the "Scheme"). Following the Scheme effectiveness, STERIS UK was re-registered as a private limited company with the name STERIS Limited, and STERIS Emerald IE Limited, a company established in Ireland and a wholly-owned direct subsidiary of STERIS Ireland, was interposed as the direct parent company of STERIS UK.

STERIS plc is a leading provider of infection prevention and other procedural products and services. We offer our Customers a unique mix of innovative consumable products, such as detergents, gastrointestinal ("GI") endoscopy accessories, barrier product solutions, and other products and services, including: equipment installation and maintenance, microbial reduction of medical devices, instrument and scope repair solutions, laboratory testing services, on-site and off-site reprocessing, and capital equipment products, such as sterilizers and surgical tables, and connectivity solutions such as operating room ("OR") integration.

We operate and report in four reportable business segments: Healthcare Products, Healthcare Specialty Services, Life Sciences, and Applied Sterilization Technologies. We describe our business segments in Note 17 to our consolidated financial statements titled, "Business Segment Information."

Our fiscal year ends on March 31. References in this Annual Report to a particular "year," "fiscal," "fiscal year," or "year-end" mean our fiscal year. The significant accounting policies applied in preparing the accompanying consolidated financial statements of the Company are summarized below.

Basis of Presentation. The consolidated financial statements of the Company have been prepared in accordance with Section 279 of the Companies Act 2014, which provides that a true and fair view of the assets, liabilities, financial position and profit or loss may be given by preparing the financial statements in accordance with generally accepted accounting principles in the United States ("U.S. GAAP"), as defined in Section 279 (1) of the Companies Act 2014, to the extent that the use of those principles in the preparation of the consolidated financial statements does not contravene any provision of Part 6 of the Companies Act 2014.

These consolidated financial statements were prepared in accordance with Irish Company Law, to present to the shareholders of the Company and file with the Companies Registration Office in Ireland. Accordingly, these consolidated financial statements include presentation, inventory valuation and additional disclosures required by the "Republic of Ireland's Companies Act, 2014" ("Companies Act") in addition to those disclosures required under U.S. GAAP. However, there are no material differences to be reconciled between the two financial statements.

Terminology typically utilized in a set of U.S. GAAP financial statements has been retained for the benefit of those users of these financial statements who also access our Form 10-K U.S. GAAP financial statements, rather than utilizing the terminology set out under Irish Company Law. Accordingly, references to revenues, cost of revenues, interest income, interest expense, income tax expense, net income, property, plant and equipment, net, inventory and cash have the same meaning as references to turnover, cost of sales, other interest receivable and similar income, interest payable and similar charges, tax on profit on ordinary activities, profit on ordinary activities after taxation, tangible assets, stocks and cash at bank and in hand under Irish Company Law.

Preparation of the consolidated financial statements requires management to make estimates and assumptions that affect amounts reported in the consolidated financial statements and notes. Actual results could differ from these estimates. STERIS does not have off-balance sheet arrangements or financings with unconsolidated entities. In the ordinary course of business, the Company leases certain real properties and equipment, as described in Note 5, titled "Property, Plant and Equipment".

STERIS's functional currency is United States Dollars (USD). The functional currency for most subsidiaries is their local currency. We translate our non-U.S. operations' assets and liabilities denominated in foreign currencies into USD at current rates of exchange as of the balance sheet date and income and expense at the weighted average exchange rates. All resulting translation adjustments are recognized in Other Reserves.

Reconciliation to amounts reported in our annual report on Form 10-K filed with the United States Securities and Exchange Commission. These Consolidated Financial Statements are prepared using U.S. GAAP to the extent that the use of such principles does not contravene Irish Company Law. The Consolidated Financial Statements included in the annual report on Form 10-K as filed on May 29, 2020 with the United States Securities and Exchange Commission are prepared using U.S. GAAP. The primary differences between these financial statements and the Consolidated Financial Statements included on Form 10-K relate to the presentation format of the income statement and balance sheet and the inclusion of certain additional disclosures. There are no material differences present that would require reconciliation between the two financial statements.

(amounts in thousands, except per share amounts and as noted)

Principles of Consolidation. We use the consolidation method to report our investment in our subsidiaries. Therefore, the accompanying consolidated financial statements include the accounts of the Company and its wholly-owned and majority-owned subsidiaries. We eliminate inter-company accounts and transactions when we consolidate these accounts. Investments in equity of unconsolidated affiliates, over which the Company has significant influence, but not control, over the financial and operating polices, are accounted for primarily using the equity method. These investments are immaterial to the Company's Consolidated Financial Statements.

Use of Estimates. We make certain estimates and assumptions when preparing financial statements according to U.S. GAAP that affect the reported amounts of assets and liabilities at the financial statement dates and the reported amounts of revenues and expenses during the periods presented. These estimates and assumptions involve judgments with respect to many factors that are difficult to predict and are beyond our control. Actual results could be materially different from these estimates. We revise the estimates and assumptions as new information becomes available.

Cash Equivalents and Supplemental Cash Flow Information. Cash equivalents are all highly liquid investments with a maturity of three months or less when purchased. We invest our excess cash in short-term instruments including money market funds and time deposits with major banks and financial institutions. We select investments in accordance with the criteria established in our investment policy. Our investment policy specifies, among other things, maturity, credit quality and concentration restrictions with the objective of preserving capital and maintaining adequate liquidity.

Information supplementing our Consolidated Statements of Cash Flows is as follows:

Years Ended March 31,	2020	2019
Cash paid during the year for:		
Interest	**$ 38,021**	$ 44,118
Income taxes	**92,462**	64,668
Cash received during the year for income tax refunds	**4,378**	2,189

Revenue Recognition and Associated Liabilities. We adopted Accounting Standards Update ("ASU") 2014-09 “Revenue from Contracts with Customers” and the subsequently issued amendments on April 1, 2018 using the modified retrospective approach to contracts that were not completed as of April 1, 2018. Under this standard, certain capital equipment contracts are comprised of a single performance obligation, resulting in the deferral of the corresponding capital equipment revenue and cost of revenues until installation is complete. Previously, these capital equipment revenues and cost of revenues were recognized based upon shipping terms. We recorded a cumulative effect adjustment in the beginning of fiscal 2019 to Profit and Loss Account of $5,637, based on the terms and conditions for certain open capital equipment contracts as of March 31, 2018.

Revenue is recognized when obligations under the terms of the contract are satisfied and control of the promised products or services have transferred to the Customer. Revenues are measured at the amount of consideration that we expect to be paid in exchange for the products or services. Product revenue is recognized when control passes to the Customer, which is generally based on contract or shipping terms. Service revenue is recognized when the Customer benefits from the service, which occurs either upon completion of the service or as it is provided to the Customer. Our Customers include end users as well as dealers and distributors who market and sell our products. Our revenue is not contingent upon resale by the dealer or distributor, and we have no further obligations related to bringing about resale. Our standard return and restocking fee policies are applied to sales of products. Shipping and handling costs charged to Customers are included in Product revenues. The associated expenses are treated as fulfillment costs and are included in Cost of revenues. Revenues are reported net of sales and value-added taxes collected from Customers.

We have individual Customer contracts that offer discounted pricing. Dealers and distributors may be offered sales incentives in the form of rebates. We reduce revenue for discounts and estimated returns, rebates, and other similar allowances in the same period the related revenues are recorded. The reduction in revenue for these items is estimated based on historical experience and trend analysis to the extent that it is probable that a significant reversal of revenue will not occur. Estimated returns are recorded gross on the Consolidated Balance Sheets.

In transactions that contain multiple performance obligations, such as when products, maintenance services, and other services are combined, we recognize revenue as each product is delivered or service is provided to the Customer. We allocate the total arrangement consideration to each performance obligation based on its relative standalone selling price, which is the price for the product or service when it is sold separately.

Payment terms vary by the type and location of the Customer and the products or services offered. Generally, the time between when revenue is recognized and when payment is due is not significant. We do not evaluate whether the selling price contains a financing component for contracts that have a duration of less than one year.

We do not capitalize sales commissions as substantially all of our sales commission programs have an amortization period of one year or less.

Certain costs to fulfill a contract are capitalized and amortized over the term of the contract if they are recoverable, directly related to a contract and generate resources that we will use to fulfill the contract in the future. At March 31, 2020, assets related to costs to fulfill a contract were not material to our Consolidated Financial Statements.

Refer to Note 17, titled "Business Segment Information" for disaggregation of revenue.

Product Revenue

Product revenues consist of revenues generated from sales of consumables and capital equipment. These contracts are primarily based on a Customer's purchase order and may include a Distributor, Dealer or Group Purchasing Organization (GPO) agreement. We recognize revenue for sales of product when control passes to the Customer, which generally occurs either when the products are shipped or when they are received by the Customer. Revenue related to certain capital equipment products is deferred until installation is complete as the capital equipment and installation are highly integrated and form a single performance obligation.

Service Revenue

Within our Healthcare Products and Life Sciences segments, service revenues consist of revenue generated from parts and labor associated with the maintenance, repair and installation of capital equipment. These contracts are primarily based on a Customer's purchase order and may include a Distributor, Dealer, or GPO agreement. For maintenance, repair and installation of capital equipment, revenue is recognized upon completion of the service.

We also offer preventive maintenance and separately priced extended warranty agreements to our Customers, which require us to maintain and repair our products over the duration of the contract. Generally, these contract terms are cancelable without penalty and range from one to five years. Amounts received under these Customer contracts are initially recorded as a service liability and are recognized as service revenue ratably over the contract term using a time-based input measure.

Within our Healthcare Specialty Services segment, revenues relate primarily to outsourced reprocessing services and instrument repairs. Contracts for outsourced reprocessing services are primarily based on an agreement with a Customer, ranging in length from several months to 15 years. Outsourced reprocessing services revenue is recognized ratably over the contract term using a time-based input measure, adjusted for volume and other performance metrics, to the extent that it is probable that a significant reversal of revenue will not occur. Contracts for instrument repairs are primarily based on a Customer's purchase order, and the associated revenue is recognized upon completion of the repair.

Within our Applied Sterilization Technologies segment, service revenues include contract sterilization and laboratory services. Sales contracts for contract sterilization and laboratory services are primarily based on a Customer's purchase order and associated Customer agreement and revenues are generally recognized upon completion of the service.

Contract Liabilities

Payments received from Customers are based on invoices or billing schedules as established in contracts with Customers. Deferred revenue is recorded when payment is received in advance of performance under the contract. Deferred revenue is recognized as revenue upon completion of the performance obligation, which generally occurs within one year. During fiscal 2020, we recognized revenue of $48,602 that was included in our contract liability balance at the beginning of the period. During fiscal 2019, we recognized revenue of $30,169 that was included in our contract liability balance at the beginning of the period.

Refer to Note 9, titled, "Creditors" for Deferred revenue balances.

Service Liabilities

Payments received in advance of performance for cancelable preventative maintenance and separately priced extended warranty contracts are recorded as service liabilities. Service liabilities are recognized as revenue as performance is rendered under the contract. Prior to the adoption of Accounting Standards Codification ("ASC") 606, these amounts were included in Deferred revenues.

Refer to Note 9, titled "Creditors" for Service liability balances.

Remaining Performance Obligations

Remaining performance obligations reflect only the performance obligations related to agreements for which we have a firm commitment from a Customer to purchase, and exclude variable consideration related to unsatisfied performance obligations. With regard to products, these remaining performance obligations include capital equipment and consumable orders which have not shipped. With regard to service, these remaining performance obligations primarily include installation, certification, and outsourced reprocessing services. As of March 31, 2020, the transaction price allocated to remaining performance obligations was approximately $940,000. We expect to recognize approximately 49% of the transaction price within one year and approximately 45% beyond one year. The remainder has yet to be scheduled for delivery.

Accounts Receivable. Accounts receivable are presented at their face amount, less allowances for sales returns and uncollectible accounts. Accounts receivable consist of amounts billed and currently due from Customers and amounts earned but unbilled. We generally obtain and perfect security interest in products sold in the United States when we have a concern with the Customer's risk profile.

We maintain an allowance for uncollectible accounts receivable for estimated losses in the collection of amounts owed by Customers. We estimate the allowance based on analyzing a number of factors, including amounts written off historically, Customer payment practices, and general economic conditions. We also analyze significant Customer accounts on a regular basis and record a specific allowance when we become aware of a specific Customer's inability to pay. As a result, the related accounts receivable are reduced to an amount that we reasonably believe is collectible.

We maintain an allowance for sales returns based upon known returns and estimated returns for both capital equipment and consumables. We estimate returns of capital equipment and consumables based upon recent historical experience.

Inventories, net. Inventories are stated at the lower of their cost or market value. We determine cost based upon a combination of the last-in, first-out ("LIFO") and first-in, first-out ("FIFO") cost methods. For inventories valued using the LIFO method, we believe that the use of the LIFO method results in a matching of current costs and revenues. Inventories valued using the LIFO method represented approximately 25.3% and 25.2% of total inventories at March 31, 2020 and 2019, respectively. Inventory costs include material, labor, and overhead. If we had used only the FIFO method of inventory costing, inventories would have been $16,937 and $16,757 higher than those reported at March 31, 2020 and 2019, respectively.

We review inventory on an ongoing basis, considering factors such as deterioration, obsolescence, and other items. We record an allowance for estimated losses when the facts and circumstances indicate that particular inventories will not be usable. If future market conditions vary from those projected, and our estimates prove to be inaccurate, we may be required to write-down inventory values and record an adjustment to cost of revenues.

Property, Plant, and Equipment. Our property, plant, and equipment consists of land and land improvements, buildings and leasehold improvements, machinery and equipment, information systems, radioisotope (cobalt-60), and construction in progress. Property, plant, and equipment are presented at cost less accumulated depreciation and depletion. We capitalize additions and improvements. Repairs and maintenance are charged to expense as they are incurred.

Land is not depreciated and construction in progress is not depreciated until placed in service. Depreciation of most assets is computed on the cost less the estimated salvage value by using the straight-line method over the estimated remaining useful lives. Depletion of radioisotope is computed using the annual decay factor of the material, which is similar to the sum-of-the-years-digits method.

(amounts in thousands, except per share amounts and as noted)

We generally depreciate or deplete property, plant, and equipment over the useful lives presented in the following table:

Asset Type	Useful Life (years)
Land improvements	3-40
Buildings and leasehold improvements	2-50
Machinery and equipment	2-20
Information Systems	2-20
Radioisotope (cobalt-60)	20

When we sell, retire, or dispose of property, plant, and equipment, we remove the asset's cost and accumulated depreciation from our Consolidated Balance Sheet. We recognize the net gain or loss on the sale or disposition in the Consolidated Profit and Loss Account in the period when the transaction occurs.

Interest. We capitalize interest costs incurred during the construction of long-lived assets. We capitalized interest costs of $428 and $495 for the years ended March 31, 2020 and 2019, respectively. Total interest expense for the years ended March 31, 2020, and 2019, was $40,279, and $45,015, respectively.

Goodwill and Indefinite Life Intangible Assets. Irish Company Law requires that goodwill and indefinite-lived intangible assets be amortized over a period of time which does not exceed their useful lives. STERIS does not believe this presents a true and fair view because not all goodwill and intangible assets decline in value. In addition, since goodwill that does decline in value rarely does so on a straight-line basis, straight-line amortization of goodwill over an arbitrary period does not reflect the economic reality. Therefore, in order to present a true and fair view of the economic reality under U.S. GAAP, goodwill and certain other intangible assets are considered indefinite-lived and are not amortized; however, are subjected to annual impairment testing. The Company is not able to determine the financial effect of the impact of non-amortization of goodwill nor is the pattern in which goodwill diminishes known.

We perform our annual impairment test for goodwill in the third quarter of each year. We may consider qualitative indicators of the fair value of a reporting unit when it is unlikely that a reporting unit has impaired goodwill. We may also utilize a discounted cash flow analysis that requires certain assumptions and estimates be made regarding market conditions and our future profitability. We review the book value compared to the fair value at the reporting unit level. We calculate the fair value of our reporting units based on the present value of estimated future cash flows. Management's judgment is necessary to evaluate the impact of operating and macroeconomic changes and to estimate future cash flows to measure fair value. Assumptions used in our impairment evaluations, such as forecasted growth rates and cost of capital, are consistent with internal projections, strategic plans, and operating plans. We believe such assumptions and estimates are also comparable to those that would be used by other market place participants.

Identifiable Intangible Assets. Our identifiable intangible assets include product technology rights, trademarks, licenses, and Customer and vendor relationships. We record these assets at cost, or when acquired as part of a business acquisition, at estimated fair value. We generally amortize identifiable intangible assets over periods ranging from 5 to 20 years using the straight-line method. Our intangible assets also include indefinite lived assets including certain trademarks and tradenames that were acquired in connection with business combinations. These assets are tested at least annually for impairment.

Investments. Investments in marketable securities are stated at fair value and are included in "Investments" on the Consolidated Balance Sheets. Following the fiscal 2019 adoption of ASU 2016-01, "Financial Instruments - Overall - Recognition and Measurement of Financial Assets and Liabilities, changes in the fair value of these investments are recorded in the "Interest income and miscellaneous expense line" of the Consolidated Profit and Loss Account.

Asset Impairment Losses. Property, plant, equipment, and identifiable intangible assets are reviewed for impairment when indicators of impairment exist and circumstances indicate that the carrying value of such assets may not be recoverable. Impaired assets are recorded at the lower of carrying value or estimated fair value. We monitor for such indicators on an ongoing basis and if an impairment exists, we record the loss in the Consolidated Profit and Loss Account during that period.

Asset Retirement Obligations. We incur retirement obligations for certain assets. We record initial liabilities for the asset retirement obligations ("ARO") at fair value. Recognition of ARO includes: estimating the present value of a liability and offsetting asset, the subsequent accretion of that liability and depletion of the asset, and a periodic review of the ARO liability estimates and discount rates used in the analysis. We provide additional information about our asset retirement obligations in Note 5 to our consolidated financial statements titled, "Property, Plant and Equipment."

Acquisitions of Business. Assets acquired and liabilities assumed in a business combination are accounted for at fair value on the date of acquisition. Costs related to the acquisition are expensed as incurred.

Self-Insurance Liabilities. We record a liability for self-insured risks that we retain for general and product liabilities, workers' compensation, and automobile liabilities based on actuarial calculations. We use our historical loss experience and actuarial methods to calculate the liability. This liability includes estimates for both losses and incurred but not reported claims. We review the assumptions used to calculate the estimated liability at least annually to evaluate the adequacy of the amount recorded. We maintain insurance policies to cover losses greater than our estimated liability, which are subject to the terms and conditions of those policies. We are also self-insured for certain employee medical claims. We estimate a liability for incurred but not reported claims based upon recent claims experience.

Benefit Plans. We sponsor defined benefit pension plans. We also sponsor a post-retirement benefits plan for certain former employees. We determine our costs and obligations related to these plans by evaluating input from third-party professional advisers. These costs and obligations are affected by assumptions including the discount rate, expected long-term rate of return on plan assets, the annual rate of change in compensation for eligible employees, estimated changes in costs of healthcare benefits, and other factors. We review the assumptions used on an annual basis.

We recognize an asset for the overfunded status or a liability for the underfunded status of defined benefit pension and post-retirement benefits plans in our consolidated balance sheets. This amount is measured as the difference between the fair value of plan assets and the benefit obligation (the projected benefit obligation for pension plans and the accumulated post-retirement benefit obligation for other post-retirement benefit plans). Changes in the funded status of the plans are recorded in other comprehensive income in the year they occur. We measure plan assets and obligations as of the balance sheet date. We provide additional information about our pension and other post-retirement benefits plans in Note 18 to our consolidated financial statements titled, "Benefit Plans."

Fair Value of Financial Instruments. Except for long-term debt, our financial instruments are highly liquid or have short-term maturities. We provide additional information about the fair value of our financial instruments in Note 15 titled, "Fair Value Measurements.

Foreign Currency Translation. Most of our operations use their local currency as their functional currency. Financial statements of subsidiaries are translated into U.S. dollars using the exchange rate at each balance sheet date for assets and liabilities and a weighted average exchange rate for each period for revenues, expenses, gains and losses. Translation adjustments for subsidiaries whose local currency is their functional currency are recorded as a component of accumulated other comprehensive income (loss) within equity. Transaction gains and losses resulting from fluctuations in currency exchange rates on transactions denominated in currencies other than the functional currency are recognized as incurred in the accompanying Consolidated Profit and Loss Accounts, except for certain inter-company balances designated as long-term in nature.

Forward and Swap Contracts. We enter into foreign currency forward contracts to hedge assets and liabilities denominated in foreign currencies, including inter-company transactions.We may also enter into commodity swap contracts to hedge price changes in nickel that impact raw materials included in our cost of revenues. We do not use derivative financial instruments for speculative purposes. These contracts are marked to market, with gains and losses recognized within "Selling, general, and administrative expenses" or "Cost of revenues" in the Consolidated Profit and Loss Accounts.

Warranty. Warranties are provided on the sale of certain of our products and services and an accrual for estimated future claims is recorded at the time revenue is recognized. We estimate warranty expense based primarily on historical warranty claim experience.

Shipping and Handling. We record shipping and handling costs in costs of revenues. Shipping and handling costs charged to Customers are recorded as revenues in the period the product revenues are recognized.

Advertising Expenses. Costs incurred for communicating, advertising and promoting our products are generally expensed when incurred as a component of Selling, General and Administrative Expense. We incurred $12,652, and $10,691 of advertising costs during the years ended March 31, 2020, and 2019, respectively.

Research and Development. We incur research and development costs associated with commercial products and expense these costs as incurred. If a Customer reimburses us for research and development costs, the costs are charged to the related contracts as costs of revenues.

Income Taxes. We defer income taxes for all temporary differences between pre-tax financial and taxable income and between the book and tax basis of assets and liabilities. We record valuation allowances to reduce net deferred tax assets to an amount that we expect will more-likely-than-not be realized. In making such a determination, we consider all available information, including scheduled reversals of deferred tax liabilities, projected future taxable income, tax planning strategies, and if applicable, any carryback claims that can be filed. In the event we were to determine that we would be able to realize our deferred income tax assets in the future in excess of their net recorded amount, we would make an adjustment to the valuation allowance which would reduce the provision for income taxes and the effective tax rate.

We evaluate uncertain tax positions in accordance with a two-step process. The first step is recognition: The determination of whether or not it is more-likely-than-not that a tax position will be sustained upon examination, including resolution of any related appeals or litigation processes, based on the technical merits of the position. In evaluating whether a tax position has met the more-likely-than-not recognition threshold, we presume that the position will be examined by the appropriate tax authority and that the tax authority will have full knowledge of all relevant information. The second step is measurement: A tax position that meets the more-likely-than-not threshold is measured to determine the amount of benefit to recognize in the financial statements. The measurement process requires the determination of the range of possible settlement amounts and the probability of achieving each of the possible settlements. The tax position is measured at the largest amount of benefit that is greater than fifty percent likely of being realized upon ultimate settlement. No tax benefits are recognized for positions that do not meet the more-likely-than-not threshold. Tax positions that previously failed to meet the more-likely-than-not threshold are recognized in the first subsequent financial reporting period in which that threshold is met. Previously recognized tax positions that no longer meet the more-likely-than-not recognition threshold are derecognized in the first subsequent financial reporting period in which the threshold is no longer met. We describe income taxes further in Note 11 to our consolidated financial statements titled, “Income Taxes.”

Share-Based Compensation. We describe share-based compensation in Note 16 to our consolidated financial statements titled, “Share-Based Compensation.” We measure the cost of employee services received in exchange for an award of equity instruments based on the grant-date fair value of the award. We record liability awards at fair value each reporting period and the change in fair value is reflected as share-based compensation expense in our Consolidated Profit and Loss Accounts . The expense is classified as cost of goods sold, selling, general and administrative expenses or research and development expenses in a manner consistent with the employee’s compensation and benefits. These costs are recognized in the Consolidated Profit and Loss Accounts over the period during which an employee is required to provide service in exchange for the award.

Restructuring. We recognize restructuring expenses as incurred. Asset impairment and accelerated depreciation expenses primarily relate to inventory write-downs for rationalized products and adjustments in the carrying value of the related facilities and machinery and equipment to their estimated fair value. In addition, the remaining useful lives of other property, plant, and equipment associated with the related operations are reevaluated based on the respective restructuring plan, which may result in the acceleration of depreciation and amortization of certain assets.

(amounts in thousands, except per share amounts and as noted)

Recently Issued Accounting Standards Impacting the Company

Recently Issued Accounting Standards Impacting the Company are presented in the following table:

Standard	Date of Issuance	Description	Date of Adoption	Effect on the financial statements or other significant matters
Standards that have recently been adopted				
ASU 2016-02, "Leases" (Topic 842)	February 2016	The standard requires lessees to record all leases, whether finance or operating, on the balance sheet. An asset will be recorded to represent the right to use the leased asset, and a liability will be recorded to represent the lease obligation. The standard is effective for annual periods beginning after December 15, 2018 and interim periods within that period. Early adoption is permitted.	First Quarter Fiscal 2020	We adopted this standard, and related amendments, effective April 1, 2019 using the modified retrospective transition method and have not restated prior periods. We elected to use the package of practical expedients permitted under the transition guidance, which allows the carry forward of historical lease classification of existing leases. We also elected the practical expedient related to land easements, allowing us to carry forward our accounting treatment for land easements on existing or expired agreements. We made an accounting policy election to not recognize lease assets or liabilities for leases with a term of 12 months or less and elected to not separate non-lease components from lease components to which they relate for all asset classes. We recorded lease right-of-use assets and lease liabilities for operating leases totaling $120,562. The adoption of the standard did not have a material impact to the Consolidated Profit and Loss Account or Cash Flows. Additional information is disclosed in Note 10 under the heading "Leases".

(amounts in thousands, except per share amounts and as noted)

ASU 2017-12 "Targeted Improvements to Accounting for Hedging Activities" (Topic 815)	August 2017	The standard provides targeted improvements to accounting for hedging activities by expanding an entity's ability to hedge non-financial and financial risk components and reduce complexity in fair value hedges of interest rate risk. The guidance eliminates the requirement to separately measure and report hedge ineffectiveness and generally requires the entire change in the fair value of a hedging instrument to be presented in the same income statement line as the hedged item. The guidance also eases certain documentation and assessment requirements and modifies the accounting for components excluded from the assessment of hedge effectiveness. The standard is effective for fiscal years, and interim periods within those years, beginning after December 15, 2018. Early adoption is permitted in any interim period after issuance of the standard.	First Quarter Fiscal 2020	We adopted this standard effective April 1, 2019 with no material impact to our Consolidated Balance Sheets. The impact to our Consolidated Profit and Loss Account will depend on the value of future hedging activities.
ASU 2018-02 "Income Statement - Reporting Comprehensive Income" (Topic 220)	February 2018	The standard allows a reclassification from accumulated other comprehensive income to retained earnings for stranded tax effects resulting from the Tax Cuts and Jobs Act ("TCJA") and requires certain disclosures about stranded tax effects. The underlying guidance requiring that the effect of a change in tax laws or rates be included in income from continuing operations is not affected. This standard is effective for fiscal years beginning after December 15, 2018 and interim periods within those years. Early adoption is permitted.	First Quarter Fiscal 2020	We have elected not to reclassify the income tax effects of the TCJA from Accumulated Other Comprehensive Income ("AOCI") to retained earnings. Our policy is to release income tax effects from AOCI when individual units of account are sold or terminated.

Standards that have not yet been adopted				
ASU 2016-13, "Measurement of Credit Losses on Financial Instruments"	June 2016	The standard requires a financial asset (or group of financial assets) measured at amortized cost to be presented at the net amount expected to be collected. The allowance for credit losses is a valuation account that is deducted from the amortized cost basis of the financial asset(s) to present the net carrying value at the amount expected to be collected on the financial asset. Credit losses relating to available-for-sale debt securities should be recorded through an allowance for credit losses. The standard is effective for annual periods beginning after December 15, 2019. Early adoption is permitted.	N/A	We do not expect this standard to have a material impact on our consolidated financial statements.

(amounts in thousands, except per share amounts and as noted)

ASU 2018-13 "Fair Value Measurement (Topic 820) Disclosure Framework- Changes to Disclosure Requirements for Fair Value Measurement"	August 2018	The standard modifies the disclosure requirements by adding, removing, and modifying certain required disclosures for fair value measurements for assets and liabilities disclosed within the fair value hierarchy. The standard is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019 and early adoption is permitted.	N/A	We do not expect this standard to have a material impact on our consolidated financial statements as it modifies disclosure requirements only.
ASU 2018-14 "Compensation-Retirement Benefits - Defined Benefit Plans- General Topic (715-20): Disclosure Framework- Changes to the Disclosure Requirements for Defined Benefit Plans"	August 2018	The standard modifies the disclosure requirements by adding, removing, and modifying certain required disclosures for employers that sponsor defined benefit pension or other post-retirement benefit plans. The standard also clarifies disclosure requirements for defined benefit pension plans relating to the projected benefit obligation and accumulated benefit obligation. The standard is effective for fiscal years ending after December 15, 2019 and early adoption is permitted.	N/A	We do not expect this standard to have a material impact on our consolidated financial statements as it modifies disclosure requirements only.
ASU 2018-15 "Intangibles-Goodwill and Other- Internal Use Software (Subtopic 350-40): Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement that is a Service Contract"	August 2018	The standard aligns the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software. The standard is effective for fiscal years beginning after December 15, 2019 and early adoption is permitted.	N/A	We do not expect this standard to have a material impact on our consolidated financial statements.
ASU 2019-12 "Income Taxes (Topic 740)"	December 2019	The standard provides final guidance that simplifies the accounting for income taxes by eliminating certain exceptions to the guidance in ASC 740 related to the approach for intra-period tax allocation, the methodology for calculating income taxes in an interim period and the recognition of deferred tax liabilities for outside basis differences. The guidance simplifies accounting for franchise taxes and enacted changes in tax laws or rates and clarifies the accounting for transactions that result in a step-up in the tax basis of goodwill. The standard is effective for fiscal years ending after December 15, 2020 and early adoption is permitted.	N/A	We are in the process of evaluating the impact that the standard will have on our consolidated financial statements.

2. BUSINESS ACQUISITIONS AND DIVESTITURES

Fiscal 2020 Acquisitions

During fiscal 2020, we completed several tuck-in acquisitions which continued to expand our product and service offerings in the Healthcare Products, Healthcare Specialty Services and Applied Sterilization Technologies segments. The aggregate purchase price associated with these transactions was approximately $120,537, net of cash acquired and including potential contingent consideration of $9,830 and deferred consideration of $893.

Fiscal 2019 Acquisitions

During fiscal 2019, we completed a minor purchase to expand our service offerings in the Applied Sterilization Technologies segment. The total purchase price was $13,313, and was financed with both cash on hand and with credit facility borrowings. Purchase price allocations will be finalized within a measurement period not to exceed one year from closing.

Fair Value of Assets Acquired and Liabilities Assumed

The table below summarizes the allocation of the purchase price to the net assets acquired based on fair values at the acquisition dates for our fiscal 2020 and 2019 acquisitions.

	Fiscal Year 2020	Fiscal Year 2019
(dollars in thousands)	All Acquisitions (1)	All Acquisitions
Cash	$ **8,811**	$ —
Accounts receivable	**10,331**	750
Inventory	**8,999**	51
Property, plant and equipment	**9,241**	2,004
Lease right-of-use assets, net	**4,462**	—
Other assets	**1,133**	479
Intangible assets	**36,500**	4,070
Goodwill	**74,531**	6,614
Total Assets	**154,008**	13,968
Current liabilities	**(20,659)**	(146)
Non-current liabilities	**(4,000)**	(509)
Total Liabilities	**(24,659)**	(655)
Net Assets	$ **129,349**	$ 13,313

(1) Purchase price allocation is still preliminary as of March 31, 2020, as valuations have not been finalized.

Acquisition related transaction and integration costs totaled $8,225, and $8,901 for the fiscal years ended March 31, 2020 and 2019, respectively. These costs are included in Selling, general, and administrative expenses in the Consolidated Profit and Loss Account.

Divestitures

Fiscal 2020

During fiscal 2020, we sold the operations of our Healthcare Specialty Services business that were located in China. We recorded proceeds of $439, net of cash divested, and recognized a pre-tax loss on the sale of $2,365 in the selling, general and administrative expense line of the Consolidated Profit and Loss Account. The business generated annual revenues of approximately $5,000.

Loans Receivable

In connection with an equity investment of $4,955, we agreed to provide a credit facility of up to approximately $10,000 for a term of up to seven years ending in 2025. The loan carries an interest rate of 4% compounded daily and interest is payable annually. Outstanding borrowings under the agreement totaled $7,084 at March 31, 2020 and $7,465 at March 31, 2019.

(amounts in thousands, except per share amounts and as noted)

In connection with the fiscal 2017 divestiture of Synergy Health Netherlands Linen Management Services, we entered into a loan agreement to provide financing of up to €15,000 for a term of up to 15 years. The loan carried an interest rate of 4% for the first four years and 12% thereafter. The loan was renegotiated during the third quarter of fiscal 2020. According to the new terms of the loan agreement, the outstanding balance at October 31, 2019, of €7,300, will be repaid in six equal annual installments beginning on October 18, 2022. The loan carries an interest rate of 4% for the first four years and 8% thereafter. Outstanding borrowings under the agreement totaled \$8,072 (or €7,300) at March 31, 2020 and \$8,494 (or €7,550) at March 31, 2019.

Amounts for loan receivables as noted above are recorded in the "Financial Assets - Other loans" line of our Consolidated Balance Sheets. Interest income is not material.

3. RESTRUCTURING

Fiscal 2019 Restructuring Plan. During the third quarter of fiscal 2019, we adopted and announced a targeted restructuring plan (the "Fiscal 2019 Restructuring Plan"), which included the closure of two manufacturing facilities, one in Brazil and one in England, as well as other actions including the rationalization of certain products. Fewer than 200 positions were eliminated. The Company has relocated the production of certain impacted products to other existing manufacturing operations during fiscal 2020. These restructuring actions were designed to enhance profitability and improve efficiency.

Since inception of the Fiscal 2019 Restructuring Plan we have incurred pre-tax expenses totaling \$43,851 related to these restructuring actions, of which \$31,660 was recorded as restructuring expenses and \$12,191 was recorded in cost of revenues, with a total of \$31,162, \$2,518, \$668, and \$7,798 related to the Healthcare Products, Healthcare Specialty Services, Life Sciences, and Applied Sterilization Technologies segments, respectively. Corporate related restructuring charges were \$1,705. Additional restructuring expenses related to this plan are not expected to be material to our results of operations.

The following table summarizes our total pre-tax restructuring expenses for fiscal 2020 and 2019:

Fiscal 2019 Restructuring Plan	Year Ended March 31, 2020	Year Ended March 31, 2019
Severance and other compensation related costs	**$ 1,554**	$ 5,651
Accelerated depreciation and amortization	**—**	16,194
(Gain) on disposal of asset	**(1,164)**	—
Asset impairment	**—**	4,312
Lease termination costs and other	**283**	4,830
Product rationalization (1)	**2,470**	9,721
Total restructuring expenses	**$ 3,143**	$ 40,708

(1) Recorded in cost of revenues on the Consolidated Profit and Loss Account.

Liabilities related to restructuring activities are recorded as current liabilities on the accompanying Consolidated Balance Sheets within "Creditors". The following tables summarize our restructuring liability balances:

Fiscal 2019 Restructuring Plan	March 31, 2019	Provisions	Payments / Impairments (1)	March 31, 2020
Severance and termination benefits	$ 4,102	**$ 1,554**	**$ (4,659)**	**$ 997**
Lease termination obligations and other	2,029	**283**	**(2,292)**	**20**
Total	$ 6,131	**$ 1,837**	**$ (6,951)**	**$ 1,017**

(1) Certain amounts reported include the impact of foreign currency movements relative to the U.S. dollar.

Fiscal 2019 Restructuring Plan	March 31, 2018	Provisions	Payments / Impairments (1)	March 31, 2019
Severance and termination benefits	$ —	$ 5,651	$ (1,549)	$ 4,102
Lease termination obligations and other	—	4,830	(2,801)	2,029
Total	$ —	$ 10,481	$ (4,350)	$ 6,131

(amounts in thousands, except per share amounts and as noted)

(1) Certain amounts reported include the impact of foreign currency movements relative to the U.S. dollar.

4. GOODWILL AND INTANGIBLE ASSETS

Changes to the carrying amount of goodwill for the years ended March 31, 2020 and 2019 were as follows:

	Healthcare Products Segment	Healthcare Specialty Services Segment	Life Sciences Segment	Applied Sterilization Technologies Segment	Total
Balance at March 31, 2018	404,674	388,025	148,816	1,492,269	2,433,784
Goodwill acquired or allocated	(1,202)	(907)	—	5,341	3,232
Foreign currency translation adjustments	(6,188)	(12,208)	(1,021)	(94,671)	(114,088)
Balance at March 31, 2019	$ 397,284	$ 374,910	$ 147,795	$ 1,402,939	$ 2,322,928
Goodwill acquired or allocated	**65,222**	**1,364**	**—**	**7,945**	**74,531**
Divestitures	**—**	**(199)**	**—**	**—**	**(199)**
Foreign currency translation adjustments	**(3,499)**	**(7,816)**	**762**	**(30,622)**	**(41,175)**
Balance at March 31, 2020	**$ 459,007**	**$ 368,259**	**$ 148,557**	**$ 1,380,262**	**$ 2,356,085**

See Note 2, titled "Business Acquisitions and Divestitures" for additional information regarding our recent business acquisitions and divestitures.

We evaluate the recoverability of recorded goodwill amounts annually during the third fiscal quarter, or when evidence of potential impairment exists. As a result of our annual impairment review of goodwill for fiscal years 2020 and 2019 no indicators of impairment were identified.

Information regarding our intangible assets is as follows:

	2020		2019	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Customer relationships	**$ 614,162**	**$ 227,581**	$ 623,774	$ 189,752
Non-compete agreements	**4,646**	**4,012**	4,693	3,945
Patents and technology	**259,101**	**145,457**	226,520	126,149
Trademarks and tradenames	**62,543**	**39,942**	63,570	38,850
Supplier relationships	**54,800**	**12,787**	54,800	10,047
Total	**$ 995,252**	**$ 429,779**	$ 973,357	$ 368,743

(amounts in thousands, except per share amounts and as noted)

The table below contains additional information regarding our intangibles by category:

	Customer Relationships	Non-compete Agreements	Patents and Technology	Trademarks and Tradenames	Supplier Relationships	Other	Total
March 31, 2018							
Cost	$ 663,532	$ 4,738	$ 226,318	$ 83,509	$ 54,800	$ 10	$1,032,907
Accumulated amortization	150,358	3,790	107,598	36,864	7,307	10	305,927
Net book value	513,174	948	118,720	46,645	47,493	—	726,980
Additions and acquisitions	$ 4,070	$ —	$ 2,214	$ 4,835	$ —	$ —	$ 11,119
Amortization expense	(46,070)	(192)	(18,054)	(5,655)	(2,740)	—	(72,711)
Retirements and disposals	(695)	—	(31)	(616)	—	—	(1,342)
Restructuring expense	(3,855)	—	(602)	(2,426)	—	—	(6,883)
Impairment	—	—	—	(16,750)	—	—	(16,750)
Translation and other	(32,602)	(8)	(1,876)	(1,313)	—	—	(35,799)
March 31, 2019							
Cost	623,774	4,693	226,520	63,570	54,800	—	973,357
Accumulated amortization	189,752	3,945	126,149	38,850	10,047	—	368,743
Net book value	$ 434,022	$ 748	$ 100,371	$ 24,720	$ 44,753	$ —	$ 604,614
Additions and acquisitions	**$ 11,376**	**$ —**	**$ 29,659**	**$ 1,689**	**$ —**	**$ —**	**$ 42,724**
Amortization expense	**(54,594)**	**(80)**	**(13,576)**	**(3,538)**	**(2,740)**	**—**	**(74,528)**
Retirements and disposals	**(458)**	**—**	**—**	**—**	**—**	**—**	**(458)**
Translation and other	**(3,765)**	**(34)**	**(2,810)**	**(270)**	**—**	**—**	**(6,879)**
March 31, 2020							
Cost	**614,162**	**4,646**	**259,101**	**62,543**	**54,800**	**—**	**995,252**
Accumulated amortization	**227,581**	**4,012**	**145,457**	**39,942**	**12,787**	**—**	**429,779**
Net book value	**$ 386,581**	**$ 634**	**$ 113,644**	**$ 22,601**	**$ 42,013**	**$ —**	**$ 565,473**

Certain trademarks and tradenames obtained as a result of business combinations are indefinite-lived assets. The approximate carrying value of these assets at March 31, 2020 and March 31, 2019 was $14,250 and $13,000, respectively. We evaluate our indefinite-lived intangible assets annually during the third quarter, or when evidence of potential impairment exists. No impairment was recognized for fiscal year 2020. During the third quarter of fiscal 2019, management adopted a branding strategy that included phasing out the usage of a tradename associated with certain products in the Healthcare Products business segment. As a result, management recorded an impairment charge of $16,249, which is included within the Selling, general, and administrative line of the Consolidated Profit and Loss Account. The remaining fair value of the asset was calculated using an income approach (the relief from royalty method). The remaining fair value was not material and will be amortized over the asset's remaining useful life. Fair value calculated using this approach is classified within Level 3 of the fair value hierarchy and requires several assumptions.

Total amortization expense for intangible assets was $74,528 and $98,747 for the years ended March 31, 2020 and 2019, respectively. Based upon the current amount of intangible assets subject to amortization, the amortization expense for each of the five succeeding fiscal years is estimated to be as follows:

	2021	2022	2023	2024	2025
Estimated amortization expense	$ 71,049	$ 68,393	$ 62,808	$ 56,549	$ 54,772

(amounts in thousands, except per share amounts and as noted)

The estimated annual amortization expense presented in the preceding table has been calculated based upon March 31, 2020 currency exchange rates.

5. PROPERTY, PLANT, AND EQUIPMENT, NET

Information related to the major categories of our depreciable assets is as follows:

March 31,	2020	2019
Land and land improvements [1]	**$ 65,994**	$ 63,522
Buildings and leasehold improvements	**531,267**	480,359
Machinery and equipment	**682,488**	656,956
Information systems	**181,112**	169,711
Radioisotope	**508,593**	483,080
Construction in progress [1]	**159,731**	133,689
Total property, plant, and equipment	**2,129,185**	1,987,317
Less: accumulated depreciation and depletion	**(1,017,330)**	(955,735)
Property, plant, and equipment, net	**$ 1,111,855**	$ 1,031,582

[1] Land is not depreciated. Construction in progress is not depreciated until placed in service.

(amounts in thousands, except per share amounts and as noted)

The table below contains additional information regarding our property, plant and equipment by category:

	Land and Land Improvements	Building and Leasehold Improvements	Machinery and Equipment	Information Systems	Radioisotope	Construction in Progress	Total
March 31, 2018							
Cost	$ 55,417	$ 467,063	$ 631,623	$ 151,360	$ 458,440	$ 87,745	$ 1,851,648
Accumulated depreciation	6,872	153,975	330,913	112,490	236,874	—	841,124
Net book value	$ 48,545	$ 313,088	$ 300,710	$ 38,870	$ 221,566	$ 87,745	$ 1,010,524
Capital expenditures and transfers	$ 10,612	$ 25,100	$ 49,665	$ 19,904	$ 34,006	$ 50,428	$ 189,715
Acquisitions	—	1,386	588	30	—	—	2,004
Depreciation expense	(367)	(22,988)	(48,002)	(12,330)	(33,017)	—	(116,704)
Retirements and disposals	(328)	(1,102)	(1,782)	(329)	(328)	—	(3,869)
Restructuring expense	(938)	(738)	(9,381)	(164)	—	—	(11,221)
Translation and other	(1,350)	(9,158)	(15,971)	(520)	(7,384)	(4,484)	(38,867)
March 31, 2019							
Cost	63,522	480,359	656,956	169,711	483,080	133,689	1,987,317
Accumulated depreciation	7,348	174,771	381,129	124,250	268,237		955,735
Net book value	$ 56,174	$ 305,588	$ 275,827	$ 45,461	$ 214,843	$ 133,689	$ 1,031,582
Capital expenditures and transfers	**3,767**	**60,980**	**71,695**	**13,084**	**36,991**	**27,999**	**214,516**
Acquisitions	**—**	**3,589**	**4,856**	**—**	**—**	**796**	**9,241**
Depreciation expense	**(870)**	**(22,773)**	**(49,824)**	**(13,396)**	**(35,844)**	**—**	**(122,707)**
Retirements and disposals	**—**	**(3,576)**	**(4,402)**	**(165)**	**—**	**(167)**	**(8,310)**
Translation and other	**(991)**	**(4,382)**	**(6,332)**	**(42)**	**1,866**	**(2,586)**	**(12,467)**
March 31, 2020							
Cost	**65,994**	**531,267**	**682,488**	**181,112**	**508,593**	**159,731**	**2,129,185**
Accumulated depreciation	**7,914**	**191,841**	**390,668**	**136,170**	**290,737**	**—**	**1,017,330**
Net book value	**$ 58,080**	**$ 339,426**	**$ 291,820**	**$ 44,942**	**$ 217,856**	**$ 159,731**	**$ 1,111,855**

As of March 31, 2020, we also had commitments of $91,077 for long term construction contracts.

Depreciation and depletion expense were $122,707 and $127,174, for the years ended March 31, 2020 and 2019, respectively.

Asset Retirement Obligations

We provide contract sterilization services including Gamma irradiation which utilizes cobalt-60 in the form of cobalt pencils. We have incurred asset retirement obligations ("ARO") associated with the future disposal of these assets once depleted. Recognition of ARO includes: the present value of a liability and offsetting asset, the subsequent accretion of that liability and depletion of the asset, and the periodic review of the ARO liability estimates and discount rates used in the analysis.

The following table summarizes the activity in the liability for asset retirement obligations.

(amounts in thousands, except per share amounts and as noted)

		Asset Retirement Obligations
Balance at March 31, 2018	$	11,639
Liabilities incurred during the period		1,033
Accretion expense and change in estimate		385
Foreign currency and other		(671)
Balance at March 31, 2019	$	12,386
Liabilities incurred during the period		**94**
Liabilities settled during the period		**(168)**
Accretion expense and change in estimate		**453**
Foreign currency and other		**(251)**
Balance at March 31, 2020	**$**	**12,514**

6. INVENTORY

Inventory consisted of the following:

March 31,		2020		2019
Raw materials	**$**	**94,321**	$	83,009
Work in process		**35,643**		30,694
Finished goods		**151,381**		131,051
LIFO reserve		**(16,937)**		(16,757)
Reserve for excess and obsolete inventory		**(16,149)**		(19,754)
Inventories, net	**$**	**248,259**	$	208,243

Replacement cost is approximately equal to the total value of inventory excluding the LIFO reserve.

7. DEBTORS

Debtors consisted of the following:

March 31,		2020		2019
Debtors				
Amounts falling due within one year:				
Accounts receivable, net	**$**	**586,481**	$	564,830
Prepaid expenses and other		**54,430**		60,029
		640,911		624,859
Amounts falling due after one year:				
Other debtors		**24,294**		27,835
Total Debtors	**$**	**665,205**	$	652,694

(amounts in thousands, except per share amounts and as noted)

8. DEBT

Indebtedness as of March 31, 2020 and 2019 was as follows:

	2020	2019
Credit Agreement	**$ 275,449**	$ 301,846
Private Placement	**878,409**	884,967
Deferred financing fees	**(3,337)**	(3,619)
Other	**—**	33
Total long term debt	**$ 1,150,521**	$ 1,183,227

On March 23, 2018, STERIS UK and certain of its subsidiaries entered into a Credit Agreement (the "Credit Agreement") with various financial institutions as lenders, and JPMorgan Chase Bank, N.A., as Administrative Agent. STERIS Ireland subsequently became a borrower and guarantor under the Credit Agreement. The Credit Agreement replaced a bank credit facility dated March 31, 2015. The Credit Agreement provides up to $1,000,000 of credit, in the form of a revolver facility, which may be utilized for revolving credit borrowings, swing line borrowings and letters of credit, with sublimits for swing line borrowings and letters of credit. The revolver facility may be increased in specified circumstances by up to $500,000. The Credit Agreement will mature on March 23, 2023, and all unpaid borrowings, together with accrued and unpaid interest thereon, are repayable on that date. The Credit Agreement contains leverage and interest coverage covenants. Borrowings may be taken in U.S. dollars, euros, and pounds sterling and certain other specified currencies and bear interest at our option based upon either the Base Rate or the Eurocurrency Rate, plus the Applicable Margin in effect from time to time under the Credit Agreement. The Applicable Margin is determined based on the ratio of Consolidated Total Debt to Consolidated EBITDA (as such terms are defined in the Credit Agreement). Interest on Base Rate Advances is payable quarterly in arrears and interest on Eurocurrency Rate Advances is payable at the end of the relevant interest period therefor, but in no event less frequently than every three months. Borrowings at closing were used to repay outstanding balances of debt outstanding under the former bank credit facility dated March 31, 2015 that was scheduled to mature on March 31, 2020 and for other general corporate purposes. The Credit Agreement was amended in March 2019, in connection with the Redomiciliation to permit the Redomiciliation. The amendments did not effect any material changes in the terms of the Credit Agreement regarding borrowings or the issuance of letters of credit.

As of March 31, 2020 a total of $275,449 of Credit Agreement and Swing Line Facility borrowings were outstanding under the Credit Agreement, based on currency exchange rates as of March 31, 2020.

Our outstanding Senior Notes at March 31, 2020 and 2019 were as follows:

	Applicable Note Purchase Agreement	Maturity Date	U.S. Dollar Value at March 31, 2020	U.S. Dollar Value at March 31, 2019
$35,000 Senior notes at 6.43%	2008 Private Placement	August 2020	**35,000**	35,000
$91,000 Senior notes at 3.20%	2012 Private Placement	December 2022	**91,000**	91,000
$80,000 Senior notes at 3.35%	2012 Private Placement	December 2024	**80,000**	80,000
$25,000 Senior notes at 3.55%	2012 Private Placement	December 2027	**25,000**	25,000
$125,000 Senior notes at 3.45%	2015 Private Placement	May 2025	**125,000**	125,000
$125,000 Senior notes at 3.55%	2015 Private Placement	May 2027	**125,000**	125,000
$100,000 Senior notes at 3.70%	2015 Private Placement	May 2030	**100,000**	100,000
$50,000 Senior notes at 3.93%	2017 Private Placement	February 2027	**50,000**	50,000
€60,000 Senior notes at 1.86%	2017 Private Placement	February 2027	**66,342**	67,352
$45,000 Senior notes at 4.03%	2017 Private Placement	February 2029	**45,000**	45,000
€20,000 Senior notes at 2.04%	2017 Private Placement	February 2029	**22,114**	22,450
£45,000 Senior notes at 3.04%	2017 Private Placement	February 2029	**55,767**	58,702
€19,000 Senior notes at 2.30%	2017 Private Placement	February 2032	**21,008**	21,328
£30,000 Senior notes at 3.17%	2017 Private Placement	February 2032	**37,178**	39,135
Total Senior Notes			**$ 878,409**	$ 884,967

(amounts in thousands, except per share amounts and as noted)

On February 27, 2017, STERIS UK issued and sold an aggregate principal amount of $95,000, €99,000, and £75,000, of senior notes in a private placement to certain institutional investors in an offering that was exempt from the registration requirements of the Securities Act of 1933. These notes have maturities of between 10 years and 15 years from the issue date. The agreement governing these notes contains leverage and interest coverage covenants.

On May 15, 2015, STERIS Corporation issued and sold $350,000 of senior notes, in a private placement to certain institutional investors in an offering that was exempt from the registration requirements of the Securities Act of 1933. These notes have maturities of 10 years to 15 years from the issue date. The agreement governing these notes contains leverage and interest coverage covenants.

The agreements governing certain senior notes issued and sold in February 2013, December 2012, and August 2008, were amended and restated in their entirety on March 31, 2015. All of these notes were issued and sold in private placements to certain institutional investors in offerings that were exempt from the registration requirements of the Securities Act of 1933. The amended and restated agreements, which have been consolidated into a single agreement for the 2013 and 2012 notes, and a separate single agreement for the 2008 notes, contain leverage and interest coverage covenants.

All of the note agreements were amended in March 2019, in connection with the Redomiciliation. The amendments waived certain repurchase rights of the note holders and increased the size of certain baskets to more closely align with Credit Agreement baskets.

At March 31, 2020, we were in compliance with all financial covenants associated with our indebtedness.

The combined annual aggregate amount of maturities of our outstanding debt by fiscal year is as follows:

2021 [1]	$	35,000
2022		—
2023		366,449
2024		—
2025 and thereafter		752,409
Total	$	1,153,858

[1] This amount represents a senior note that matures in August 2020. In accordance with ASU 470-10-45, we have presented the note as a long-term liability based on our intention to refinance the note on a long-term basis under our credit facility.

Interest expense for fiscal 2020 and fiscal 2019 consisted of the following:

March 31,		2020		2019
Bank debt	**$**	**8,838**	$	11,798
Non-bank debt		**31,441**		33,217
	$	**40,279**	$	45,015

(amounts in thousands, except per share amounts and as noted)

9. CREDITORS

Creditors consisted of the following:

March 31,	2020	2019
Creditors		
Amounts falling due within one year:		
Accounts payable	**$ 149,341**	$ 152,913
Compensation and related items	**42,205**	37,251
Accrued vacation/paid time off	**9,917**	10,191
Accrued bonuses	**53,041**	40,194
Accrued employee commissions	**19,298**	17,854
Accrued income taxes	**14,013**	15,460
Accrued other taxes	**12,685**	18,243
Deferred revenues	**53,299**	55,333
Service liabilities	**47,505**	42,101
Accrued dealer commissions	**15,827**	15,283
Lease obligations	**19,809**	—
Other	**46,409**	41,658
	483,349	446,481
Amounts falling due after one year:		
Accrued income taxes	**$ 11,959**	$ 13,515
Lease obligations	**114,114**	—
Other long term liabilities	**12,534**	12,376
	138,607	25,891
Total Creditors	**$ 621,956**	$ 472,372

10. OTHER PROVISIONS AND COMMITMENTS AND CONTINGENCIES

Other provisions are presented in the following table:

Description	March 31, 2020	March 31, 2019
Asset retirement obligation (Note 5)	**$ 12,514**	$ 12,386
Contingent consideration liabilities (Note 15)	**15,988**	5,950
Warranty obligations (Note 19)	**7,381**	7,194
Self-insured risk reserves (see below)	**23,228**	19,742
Total	**$ 59,111**	$ 45,272

(amounts in thousands, except per share amounts and as noted)

Activity in our Self-insured risk reserves is shown in the following table:

	Self- Insured Risk Reserves
Balance at March 31, 2018	$ 20,949
Utilization	(4,505)
Charges to costs and expenses	3,298
Balance at March 31, 2019	$ 19,742
Utilization	**(5,521)**
Charges to costs and expenses	**9,007**
Balance at March 31, 2020	**$ 23,228**

We are, and will likely continue to be, involved in a number of legal proceedings, government investigations, and claims, which we believe generally arise in the course of our business, given our size, history, complexity, and the nature of our business, products, Customers, regulatory environment, and industries in which we participate. These legal proceedings, investigations and claims generally involve a variety of legal theories and allegations, including, without limitation, personal injury (e.g., slip and falls, burns, vehicle accidents), product liability or regulation (e.g., based on product operation or claimed malfunction, failure to warn, failure to meet specification, or failure to comply with regulatory requirements), product exposure (e.g., claimed exposure to chemicals, asbestos, contaminants, radiation), property damage (e.g., claimed damage due to leaking equipment, fire, vehicles, chemicals), commercial claims (e.g., breach of contract, economic loss, warranty, misrepresentation), financial (e.g., taxes, reporting), employment (e.g., wrongful termination, discrimination, benefits matters), and other claims for damage and relief.

We believe we have adequately reserved for our current litigation and claims that are probable and estimable, and further believe that the ultimate outcome of these pending lawsuits and claims will not have a material adverse effect on our consolidated financial position or results of operations taken as a whole. Due to their inherent uncertainty, however, there can be no assurance of the ultimate outcome or effect of current or future litigation, investigations, claims or other proceedings (including without limitation the matters discussed below). For certain types of claims, we presently maintain insurance coverage for personal injury and property damage and other liability coverages in amounts and with deductibles that we believe are prudent, but there can be no assurance that these coverages will be applicable or adequate to cover adverse outcomes of claims or legal proceedings against us.

On May 31, 2012, our Albert Browne Limited subsidiary received a warning letter from the FDA regarding chemical indicators manufactured in the United Kingdom. These devices are intended for the monitoring of certain sterilization and other processes. The FDA warning letter stated that the agency had concerns regarding operational business processes. In the second half of calendar 2019, the FDA conducted a comprehensive inspection of the Albert Browne facility in question. In a May 12, 2020 email, the FDA provided the Company with a copy of the Inspection Report. In that same email the FDA advised the Company that the email would serve as a "No Action Indicated" notice and that it was finalizing a Warning Letter Closeout to be provided to the Company. These actions bring this matter to a favorable conclusion for the Company.

Civil, criminal, regulatory or other proceedings involving our products or services could possibly result in judgments, settlements or administrative or judicial decrees requiring us, among other actions, to pay damages or fines or effect recalls, or be subject to other governmental, Customer or other third party claims or remedies, which could materially effect our business, performance, prospects, value, financial condition, and results of operations.

For additional information regarding these matters, see the risks and uncertainties described under the title "product related regulations and claims" in the Principal Risks and Uncertainties section of the Directors' Report.

From time to time, STERIS is also involved in legal proceedings as a plaintiff involving contract, patent protection, and other claims asserted by us. Gains, if any, from these proceedings are recognized when they are realized.

We are subject to taxation from United States federal, state and local, and foreign jurisdictions. Tax positions are settled primarily through the completion of audits within each individual jurisdiction or the closing of statutes of limitation. Changes in applicable tax law or other events may also require us to revise past estimates. We describe income taxes further in Note 11 to our consolidated financial statements titled, “Income Taxes”.

(amounts in thousands, except per share amounts and as noted)

As of March 31, 2020 and 2019, our commercial commitments totaled $80,230 and $73,765, respectively. Commercial commitments include standby letters of credit, letters of credit required as security under our self-insured risk retention policies, and other potential cash outflows resulting from an event that requires payment by us. Approximately $12,474 and $7,794 of the March 31, 2020 and 2019 totals, respectively, relate to letters of credit required as security under our self-insured risk retention policies.

As of March 31, 2020, we had minimum purchase commitments with suppliers for raw material purchases totaling $63,054. As of March 31, 2020, we also had commitments of $91,077 for long term construction contracts.

Leases

We lease manufacturing, warehouse and office space, service facilities, vehicles, equipment and communication systems. Certain leases contain options that provide us with the ability to extend the lease term. Such options are included in the lease term when it is reasonably certain that the option will be exercised. We made an accounting policy election to not recognize lease assets or lease liabilities for leases with a lease term of twelve months or less.

We determine if an agreement contains a lease and classify our leases as operating or finance at the lease commencement date. Finance leases are generally those leases for which we will pay substantially all the underlying asset's fair value or will use the asset for all or a major part of its economic life, including circumstances in which we will ultimately own the asset. Lease assets arising from finance leases are included in property, plant and equipment, net and the liabilities are included in other liabilities. For finance leases, we recognize interest expense using the effective interest method and we recognize amortization expense on the lease asset over the shorter of the lease term or the useful life of the asset. Our finance leases are not material as of March 31, 2020 and for the twelve month period then ended.

Operating lease assets and liabilities are recognized at the commencement date of the lease based on the present value of lease payments over the lease term. Lease assets represent the right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. As most leases do not provide an implicit interest rate, we estimate an incremental borrowing rate to determine the present value of lease payments. Our estimated incremental borrowing rate reflects a secured rate based on recent debt issuances, our estimated credit rating, lease term, as well as publicly available data for instruments with similar characteristics. For operating leases, we recognize lease cost on a straight-line basis over the term of the lease. When accounting for leases, we combine payments for leased assets, related services and other components of a lease.

The components of operating lease expense are as follows:

	Year Ended March 31, 2020
Fixed operating lease expense	**$ 28,252**
Variable operating lease expense	**5,449**
Total operating lease expense	**$ 33,701**

Supplemental cash flow information related to operating leases is as follows:

	Year Ended March 31, 2020
Cash paid for amounts included in the measurement of operating lease liabilities	**$ 27,613**
Right-of-use assets obtained in exchange for operating lease obligations, net	**$ 44,636**

(amounts in thousands, except per share amounts and as noted)

Maturities of lease liabilities at March 31, 2020 are as follows:

	March 31, 2020
2021	**$ 25,302**
2022	**21,064**
2023	**17,271**
2024	**14,045**
2025 and thereafter	**96,249**
Total operating lease payments	**173,931**
Less imputed interest	**40,008**
Total operating lease liabilities	**$ 133,923**

In the preceding table, the future minimum annual rentals payable under noncancelable leases denominated in foreign currencies have been calculated using March 31, 2020 foreign currency exchange rates.

Prior to the adoption of ASU 2016-02, " Leases" (Topic 842) future minimum annual rentals payable under noncancelable operating lease agreements in excess of one year as of March 31, 2019 were as follows:

	March 31, 2019
2020	$ 24,008
2021	18,567
2022	13,917
2023	11,929
2024 and thereafter	93,939
Total minimum lease payments	$ 162,360

In the preceding table, the future minimum annual rentals payable under noncancelable leases denominated in foreign currencies have been calculated using March 31, 2019 foreign currency exchange rates.

Supplemental information related to operating leases is as follows:

	March 31, 2020
Weighted-average remaining lease term of operating leases	**11.5 years**
Weighted-average discount rate of operating leases	**4.4%**

Changes in our operating lease is as follows:

	Operating Lease Assets
Balance, April 1, 2019	**$ 120,562**
Assets recognized for new leases	**36,805**
Amortization for the period	**(21,680)**
Other changes (terminations, modifications, impact of foreign currency)	**(3,850)**
Balance, March 31, 2020	**$ 131,837**

(amounts in thousands, except per share amounts and as noted)

11. INCOME TAXES

The Tax Cuts and Jobs Act (the "TCJA") was enacted on December 22, 2017. The TCJA reduced the maximum U.S. federal corporate income tax rate to 21.0%, required companies to pay a one-time transition tax on earnings of certain foreign subsidiaries that were previously tax deferred and created new taxes on certain foreign sourced earnings. The Company applied the guidance in Staff Accounting Bulletin No. 118, Income Tax Accounting Implications of the Tax Cut and Jobs Act when accounting for the enactment-date effects of the TCJA.

We consider the tax expense recorded for the TCJA to be complete at this time. However, it is possible that additional legislation, regulations, interpretations and/or guidance may be issued in the future that may result in additional adjustments to the tax expense recorded related to the TCJA. We have continued to monitor these as they are published. While none have resulted in material adverse impacts through fiscal 2020, there are certain items, which were not yet considered law as of March 31, 2020, that if finalized as proposed, could result in an adverse impact on our consolidated financial statements. Specifically, full retroactive application to April 1, 2019 of certain of the regulations relating to §267A, would require recognition of income tax expense up to $15,000 related to the period April 1, 2019 through December 4, 2019 when we restructured certain of our intercompany financing arrangements. This potential impact contains significant uncertainty and could be impacted by various factors, including any differences between the proposed and finalized regulations, issued in April 2020, and their retroactive application.

Income from continuing operations before income taxes was as follows:

Years Ended March 31,	2020	2019
United States operations	**$ 325,522**	$ 235,405
Ireland operations	**29,543**	13,693
Other locations operations	**143,616**	120,372
	$ 498,681	$ 369,470

The components of the provision for income taxes related to income from continuing operations consisted of the following:

Years Ended March 31,	2020	2019
Current:		
United States federal	**$ 42,032**	$ 29,943
United States state and local	**9,971**	12,484
Ireland	**5,036**	2,627
Other locations	**24,600**	26,824
	81,639	71,878
Deferred:		
United States federal	**10,073**	5,775
United States state and local	**2,363**	2,836
Ireland	**(899)**	(546)
Other locations	**(2,300)**	(15,549)
	9,237	(7,484)
Total Provision for Income Taxes	**$ 90,876**	$ 64,394

(amounts in thousands, except per share amounts and as noted)

The total provision for income taxes can be reconciled to the tax computed at the Ireland statutory tax rate for 2020 and 2019 is as follows:

Years Ended March 31,	2020	2019
National statutory tax rate	**12.5 %**	12.5 %
Increase (decrease) in accruals for uncertain tax positions	**(0.3)%**	— %
U.S. state and local taxes, net of federal income tax benefit	**2.0 %**	3.1 %
Increase in valuation allowances	**0.5 %**	0.4 %
U.S. research and development credit	**(0.5)%**	(0.6)%
U.S. foreign income tax credit	**(0.6)%**	(0.2)%
Difference in non-Ireland tax rates	**6.9 %**	4.5 %
Excess tax benefit for equity compensation	**(2.8)%**	(2.2)%
Tax rate changes on deferred tax assets and liabilities	**0.1 %**	(0.6)%
U.S. transition tax on foreign earnings	**— %**	(0.3)%
U.S. tax reform impact, GILTI and FDII	**0.1 %**	0.3 %
Capitalized acquisition, redomiciliation costs	**0.1 %**	0.5 %
All other, net	**0.2 %**	— %
Total Provision for Income Taxes	**18.2 %**	17.4 %

Unrecognized Tax Benefits. We classify uncertain tax positions and related interest and penalties as long-term liabilities within “Creditors” in our accompanying Consolidated Balance Sheets. We recognize interest and penalties related to unrecognized tax benefits within “Income tax expense” in our accompanying Consolidated Profit and Loss Account.

A reconciliation of the beginning and ending balances of the total amounts of unrecognized tax benefits is as follows:

	2020	2019
Unrecognized Tax Benefits Balance at April 1	**$ 2,314**	$ 2,500
Increases for tax provisions of current year	**176**	178
Decreases for tax provisions of prior year	**(1,570)**	(186)
Other, including currency translation	**(45)**	(178)
Unrecognized Tax Benefits Balance at March 31	**$ 875**	$ 2,314

We recognized interest and penalties related to uncertain tax positions in the provision for income taxes. As of March 31, 2020, and 2019 we had $243 and $360 accrued for interest and penalties, respectively. If all unrecognized tax benefits were recognized, the net impact on the provision for income tax expense would be $1,118. The decrease in unrecognized tax benefits from prior year is due to the release of expired positions. It is reasonably possible that during the next 12 months, there will be no material reductions in unrecognized tax benefits as a result of the expiration of various statutes of limitations or other matters.

We operate in numerous taxing jurisdictions and are subject to regular examinations by various United States federal, state and local, as well as foreign jurisdictions. We are no longer subject to United States federal examinations for years before fiscal 2016 and, with limited exceptions, we are no longer subject to United States state and local, or non-United States, income tax examinations by tax authorities for years before fiscal 2015. We remain subject to tax authority audits in various jurisdictions wherever we do business.

In May 2019, we received two notices of proposed tax adjustment from the U.S. Internal Revenue Service (the “IRS”) regarding the deductibility of interest paid on certain intercompany debt. The notices relate to fiscal years 2016 and 2017. In September 2019, we received another notice of proposed adjustment for the same issue, for the 2018 fiscal year. The IRS adjustments would result in a cumulative tax liability of approximately $40,000. Notices have not been received for subsequent periods. We are contesting the IRS’s assertions, and intend to pursue available remedies such as appeals and litigation, if necessary. We have not established reserves related to these notices. An unfavorable outcome is not expected to have a material adverse impact on our consolidated financial position but could be material to our consolidated results of operations and cash flows for any one period.

(amounts in thousands, except per share amounts and as noted)

We estimate that the tax benefit from our Costa Rican Tax Holiday is $1,900 (or $0.02 per fully diluted share), annually. The Tax Holiday runs fully exempt, from income tax, through 2025 and partially exempt through 2029.

Deferred Taxes. The significant components of the deferred tax assets and liabilities recorded in our accompanying balance sheets at March 31, 2020 and 2019 were as follows:

March 31,	2020	2019
Deferred Tax Assets:		
Post-retirement benefit accrual	**$ 2,871**	$ 3,142
Compensation	**12,560**	14,275
Net operating loss carryforwards	**16,149**	19,195
Accrued expenses	**5,490**	4,858
Insurance	**3,620**	3,187
Deferred income	**11,316**	7,509
Bad debt	**1,820**	1,386
Pension	**2,273**	3,364
Operating leases (1)	**28,945**	—
Other	**6,024**	7,707
Deferred Tax Assets	**91,068**	64,623
Less: Valuation allowance	**13,891**	13,478
Total Deferred Tax Assets	**77,177**	51,145
Deferred Tax Liabilities:		
Depreciation and depletion	**68,179**	61,060
Operating leases (1)	**29,268**	—
Intangibles	**129,951**	128,479
Other	**2,078**	2,197
Total Deferred Tax Liabilities	**229,476**	191,736
Net Deferred Tax Assets (Liabilities)	**$ (152,299)**	$ (140,591)

(1) For more information regarding our operating leases, see Note 10 titled, "Other Provisions and Commitments and Contingencies".

At March 31, 2020, we had U.S. federal operating loss carryforwards of $10,942, which remain subject to a 20 year carryforward period. Additionally, we had non-U.S. operating loss carry forwards of $41,450. Although the majority of the non-U.S. carryforwards have indefinite expiration periods, those carryforwards that have definite expiration periods will expire if unused between fiscal years 2021 and 2041. In addition, we have recorded pre-valuation allowance tax benefits of $2,042 related to state operating loss carryforwards. If unused, these state operating loss carryforwards will expire between fiscal years 2021 and 2040. At March 31, 2020, we had $2,547 of tax credit carryforwards. These credit carryforwards can be used through fiscal 2030.

We review the need for a valuation allowance against our deferred tax assets. A valuation allowance of $13,891 has been applied to a portion of the net deferred tax assets because we do not believe it is more-likely-than-not that we will receive future benefit. The valuation allowance increased during fiscal 2020 by $413.

Other than the tax expense recorded for the one-time transition tax on unremitted earnings of non-US subsidiaries, no additional provision has been made for income taxes on undistributed earnings of foreign subsidiaries as the Company's position is that these amounts continue to be indefinitely reinvested. The amount of undistributed earnings of subsidiaries was approximately $1,600,000 at March 31, 2020. It is not practicable to estimate the additional income taxes and applicable withholding taxes that would be payable on the remittance of such undistributed earnings.

In October 2015, the Organization for Economic Cooperation and Development (OECD), in conjunction with the G20, finalized broad-based international tax policy guidelines that involve transfer pricing and other international tax subjects. While some member jurisdictions automatically adopt the new OECD guidelines, most member countries can adopt the guidelines only by new law or regulations. We are currently adopting processes to comply with the reporting requirements specified by the guidelines and are evaluating the other parts of the guidelines.

12. SHAREHOLDERS' EQUITY

Ordinary Shares

In connection with the Redomiciliation, STERIS UK shareholders received STERIS plc shares pursuant to a scheme of arrangement under UK law. Each STERIS UK ordinary shareholder received one ordinary share, par value $75.00, of STERIS plc for each STERIS UK ordinary share held, which STERIS UK shares were canceled. On May 3, 2019, the par value of STERIS plc shares issued pursuit to the scheme of arrangement was reduced to $0.001 per share.

We calculate basic earnings per share based upon the weighted average number of shares outstanding. We calculate diluted earnings per share based upon the weighted average number of shares outstanding plus the dilutive effect of share equivalents calculated using the treasury stock method. The following is a summary of shares and share equivalents outstanding used in the calculations of basic and diluted earnings per share:

Years ended March 31,	2020	2019
Denominator (*shares in thousands*):		
Weighted average shares outstanding—basic	**84,778**	84,577
Dilutive effect of share equivalents	**863**	891
Weighted average shares outstanding and share equivalents—diluted	**85,641**	85,468

Options to purchase the following number of shares were outstanding but excluded from the computation of diluted earnings per share because the combined exercise prices, unamortized fair values, and assumed tax benefits upon exercise were greater than the average market price for the shares during the periods, so including these options would be anti-dilutive:

Years ended March 31,	2020	2019
Number of common share options (*shares in thousands*)	**285**	352

Additional Authorized Shares

The Company has an additional authorized share capital of 50,000,000 preferred shares of $0.001 par value each, plus 25,000 deferred ordinary shares of €1.00 par value each, in order to satisfy minimum statutory capital requirements for all Irish public limited companies.

Repurchases of Shares

On August 9, 2016, STERIS UK announced that its Board of Directors had authorized the purchase of up to $300,000 (net of taxes, fees and commissions) of our ordinary shares. As a result of the Redomiciliation, that share repurchase authorization terminated.

On May 7, 2019, our Board of Directors authorized the continuation of the share repurchase program resulting in a share repurchase authorization of $78,979 (net of taxes, fees and commissions).

On July 30, 2019, our Board of Directors approved an increase to the May 7, 2019 authorization of an additional amount of $300,000 (net of taxes, fees and commissions). As of March 31, 2020, there was approximately $338,979 (net of taxes, fees and commissions) of remaining availability under the authorization.

Under the authorizations, the Company may repurchase its shares from time to time through open market purchases, including 10b5-1 plans. Any repurchase program may be activated, suspended or discontinued at any time.

During fiscal 2020, we repurchased 273,259 of our ordinary shares for the aggregate amount of $40,000 (net of fees and commissions) pursuant to the 2019 authorizations. During fiscal 2019, we repurchased 651,093 of our ordinary shares for the aggregate amount of $72,082 (net of fees and commissions) pursuant to the 2016 authorization.

During fiscal 2020, we obtained 122,884 of our ordinary shares in the aggregate amount of $11,235 in connection with share based compensation award programs. During fiscal 2019, we obtained 112,356 of our ordinary shares in the aggregate amount of $8,262 in connection with share based compensation award programs. .

Dividends paid during fiscal 2020 and 2019 were as follows:

Years ended March 31,	2020	2019
Dividends paid (in thousands)	**$ 123,034**	$ 112,503
Dividends paid (per share)	**1.45**	1.33

On April 30, 2020 the Board of Directors approved a quarterly interim dividend of $0.37 per share. The dividend is payable June 26, 2020 to shareholders of record at the close of business on June 12, 2020.

13. OTHER RESERVES

Amounts in Other Reserves are presented net of the related tax. Foreign Currency Translation is not adjusted for income taxes. Accumulated other comprehensive income (loss) shown in our Consolidated Statements of Shareholders' Equity and changes in our balances, net of tax, for the years ended March 31, 2020 and 2019 were as follows:

	Gain (Loss) on Available for Sale Securities (1,3)		Defined Benefit Plans (1)		Foreign Currency Translation (2)		Total Accumulated Other Comprehensive Income (Loss)	
	2020	2019	2020	2019	2020	2019	2020	2019
Beginning Balance	**$ —**	$ 1,970	**$ (4,204)**	$ (6,742)	**$ (155,574)**	$ 16,457	**$ (159,778)**	$ 11,685
Other Comprehensive Income (Loss) before reclassifications	**—**	—	**1,505**	3,920	**(73,076)**	(172,031)	**(71,571)**	(168,111)
Reclassified from Accumulated Other Comprehensive Income (Loss)	**—**	—	**(4,114)**	(1,382)	**—**	—	**(4,114)**	(1,382)
Net current-period Other Comprehensive Income (Loss)	**—**	—	**(2,609)**	2,538	**(73,076)**	(172,031)	**(75,685)**	(169,493)
Cumulative adjustment to Retained Earnings	**$ —**	$ (1,970)	**$ —**	$ —	**$ —**	$ —	**$ —**	$ (1,970)
Ending Balance	**$ —**	$ —	**$ (6,813)**	$ (4,204)	**$ (228,650)**	$ (155,574)	**$ (235,463)**	$ (159,778)

(1) Amortization (gain) of defined benefit plan items are reported in the Interest income and miscellaneous expense line of our Consolidated Profit and Loss Account.

(2) The effective portion of gain or loss on net debt designated as non-derivative net investment hedging instruments is recognized in Accumulated Other Comprehensive Income and is reclassified to income in the same period when a gain or loss related to the net investment is included in income.

(3) As a result of the adoption of ASC 2016-01 we recorded a cumulative effect adjustment to our opening fiscal 2019 Profit and Loss Account balance that increased retained earnings and decreased accumulated other comprehensive income. See Note 1 titled, "Nature of Operation and Summary of Significant Accounting Policies" for further details.

(amounts in thousands, except per share amounts and as noted)

14. FORWARD AND SWAP CONTRACTS

From time to time, we enter into forward contracts to hedge potential foreign currency gains and losses that arise from transactions denominated in foreign currencies, including inter-company transactions. We may also enter into commodity swap contracts to hedge price changes in nickel that impact raw materials included in our cost of revenues. We do not use derivative financial instruments for speculative purposes. These contracts are not designated as hedging instruments and do not receive hedge accounting treatment; therefore, changes in their fair value are not deferred but are recognized immediately in the Consolidated Profit and Loss. At March 31, 2020, we held a foreign currency forward contract to buy 6.0 million Canadian dollars. At March 31, 2020, we held commodity swap contracts to buy 715.2 thousand pounds of nickel.

	Asset Derivatives		Liability Derivatives	
Balance Sheet Location	Fair Value at March 31, 2020	Fair Value at March 31, 2019	Fair Value at March 31, 2020	Fair Value at March 31, 2019
Debtors	**$ 124**	$ 552	**$ —**	$ —
Creditors	**$ —**	$ —	**$ 912**	$ 278

The following table presents the impact of derivative instruments and their location within the Consolidated Profit and Loss Account:

	Location of (loss) gain recognized in income	Amount of (loss) gain recognized in income Years Ended March 31, 2020	 2019
Foreign currency forward contracts	Selling, general and administrative	**$ 798**	$ 235
Commodity swap contracts	Cost of revenues	**$ (660)**	$ 434

Additionally, we hold our debt in multiple currencies to fund our operations and investments in certain subsidiaries. We designate portions of non-functional currency denominated intercompany loans as hedges of portions of net investments in foreign operations. Net debt designated as non-derivative net investment hedging instruments totaled $45,765 at March 31, 2020. These hedges are designed to be fully effective and any associated gain or loss is recognized in Accumulated Other Comprehensive Income and will be reclassified to income in the same period when a gain or loss related to the net investment in the foreign operation is included in income.

15. FAIR VALUE MEASUREMENTS

Fair value is defined as the price that would be received to sell an asset or that would be paid to transfer a liability in an orderly transaction between market participants at the measurement date. We estimate the fair value of financial assets and liabilities using available market information and generally accepted valuation methodologies. The inputs used to measure fair value are classified into three tiers. These tiers include Level 1, defined as observable inputs such as quoted prices in active markets; Level 2, defined as inputs other than quoted prices in active markets that are either directly or indirectly observable; and Level 3, defined as unobservable inputs in which little or no market data exists, therefore requiring the entity to develop its own assumptions. The following table shows the fair value of our financial assets and liabilities at March 31, 2020 and March 31, 2019:

(amounts in thousands, except per share amounts and as noted)

	Carrying Value		Fair Value Measurements: Quoted Prices in Active Markets for Identical Assets Level 1		Significant Other Observable Inputs Level 2		Significant Unobservable Inputs Level 3	
At March 31,	2020	2019	2020	2019	2020	2019	2020	2019
Assets:								
Cash and cash equivalents	**$ 319,581**	$ 220,633	**$ 319,581**	$ 220,633	**$ —**	$ —	**$ —**	$ —
Forward and swap contracts [1]	**124**	552	**—**	—	**124**	552	**—**	—
Equity investments [2]	**9,624**	13,873	**9,624**	13,873	**—**	—	**—**	—
Other investments	**2,507**	2,545	**2,507**	2,545	**—**	—	**—**	—
Liabilities:								
Forward and swap contracts [1]	**$ 912**	$ 278	**$ —**	$ —	**$ 912**	$ 278	**$ —**	$ —
Deferred compensation plans [2]	**1,475**	1,564	**1,475**	1,564	**—**	—	**—**	—
Long term debt [3]	**1,150,521**	1,183,227	**—**	—	**1,143,978**	1,200,558	**—**	—
Contingent consideration obligations [4]	**15,988**	5,950	**—**	—	**—**	—	**15,988**	5,950

[1] The fair values of forward and swap contracts are based on period-end forward rates and reflect the value of the amount that we would pay or receive for the contracts involving the same notional amounts and maturity dates.

[2] We maintain a frozen domestic non-qualified deferred compensation plan covering certain employees, which allowed for the deferral of payment of previously earned compensation for an employee-specified term or until retirement or termination. Amounts deferred can be allocated to various hypothetical investment options (compensation deferrals have been frozen under the plan). We hold investments to satisfy the future obligations of the plan. Employees who made deferrals are entitled to receive distributions of their hypothetical account balances (amounts deferred, together with earnings (losses)). We also hold an investment in the common stock of Servizi Italia, S.p.A, a leading provider of integrated linen washing and outsourced sterile processing services to hospital Customers. Beginning in fiscal 2019, changes in the fair value of these investments are recorded in the "Interest income and miscellaneous expense line" of the Consolidated Profit and Loss Account. During fiscal 2020 and fiscal 2019 we recorded losses of $3,579 and $2,731, respectively, related to these investments.

[3] We estimate the fair value of our long-term debt using discounted cash flow analyses, based on our current incremental borrowing rates for similar types of borrowing arrangements.

[4] Contingent consideration obligations arise from prior business acquisitions. The fair values are based on discounted cash flow analyses reflecting the possible achievement of specified performance measures or events and captures the contractual nature of the contingencies, commercial risk, and the time value of money. Contingent consideration obligations are classified in the consolidated balance sheets as "Creditors".

The changes in Level 3 assets and liabilities measured at fair value on a recurring basis are summarized as follows:

	Contingent Consideration
Balance at March 31, 2018	$ 8,068
Payments	(691)
Reductions and adjustments	(1,466)
Foreign currency translation adjustments	39
Balance at March 31, 2019	$ 5,950
Additions	**9,907**
Foreign currency translation adjustments	**131**
Balance at March 31, 2020	**$ 15,988**

Additions and payments of contingent consideration obligations during fiscal year 2020 and 2019 were primarily related to our fiscal year 2020 and 2019 acquisitions. Refer to Note 2, "Business Acquisitions and Divestitures" for more information.

(amounts in thousands, except per share amounts and as noted)

16. SHARE-BASED COMPENSATION

We maintain a long-term incentive plan that makes available shares for grants, at the discretion of the Board of Directors or Compensation Committee of the Board of Directors, to officers, directors, and key employees in the form of stock options, restricted shares, restricted share units, stock appreciation rights and share grants. We satisfy share award incentives through the issuance of new ordinary shares.

Stock options provide the right to purchase our shares at the market price on the date of grant, or for options granted to employees in fiscal 2019 and thereafter, 110% of the market price on the date of grant, subject to the terms of the plan and agreements. Generally, one-fourth of the stock options granted to employees become exercisable for each full year of employment following the grant date. Stock options granted generally expire 10 years after the grant date, or in some cases earlier if the option holder is no longer employed by us. Restricted shares and restricted share units generally cliff vest after a four year period or vest in tranches of one-fourth of the number granted for each year of employment after the grant date. As of March 31, 2020, 3,961,998 shares remained available for grant under the long-term incentive plan.

The fair value of share-based stock option compensation awards was estimated at their grant date using the Black-Scholes-Merton option pricing model. This model was developed for use in estimating the fair value of traded options that have no vesting restrictions and are fully transferable, characteristics that are not present in our option grants. If the model permitted consideration of the unique characteristics of employee stock options, the resulting estimate of the fair value of the stock options could be different. The value of the portion of the award that is ultimately expected to vest is recognized as expense over the requisite service periods in our Consolidated Profit and Loss Account. The expense is classified as cost of goods sold or selling, general and administrative expenses in a manner consistent with the employee's compensation and benefits.

The following weighted-average assumptions were used for options granted during fiscal 2020 and fiscal 2019:

	Fiscal 2020	Fiscal 2019
Risk-free interest rate	**2.26%**	2.64%
Expected life of options	**6.2 years**	6.2 years
Expected dividend yield of stock	**1.22%**	1.47%
Expected volatility of stock	**20.27%**	19.91%

The risk-free interest rate is based upon the U.S. Treasury yield curve. The expected life of options is reflective of historical experience, vesting schedules and contractual terms. The expected dividend yield of stock represents our best estimate of the expected future dividend yield. The expected volatility of stock is derived by referring to our historical stock prices over a time frame similar to that of the expected life of the grant. An estimated forfeiture rate of 2.77% and 2.37% was applied in fiscal 2020 and 2019,respectively. This rate is calculated based upon historical activity and represents an estimate of the granted options not expected to vest. If actual forfeitures differ from this calculated rate, we may be required to make additional adjustments to compensation expense in future periods. The assumptions used above are reviewed at the time of each significant option grant, or at least annually.

A summary of share option activity is as follows:

	Number of Options	Weighted Average Exercise Price	Average Remaining Contractual Term	Aggregate Intrinsic Value
Outstanding at March 31, 2019	2,104,685	$ 72.82		
Granted	345,138	147.22		
Exercised	(613,086)	57.29		
Forfeited	(40,611)	122.61		
Outstanding at March 31, 2020	**1,796,126**	**$ 91.29**	**6.8 years**	**$ 89,800**
Exercisable at March 31, 2020	**922,708**	**$ 69.52**	**5.6 years**	**$ 65,136**

We estimate that 857,860 of the non-vested stock options outstanding at March 31, 2020 will ultimately vest.

The aggregate intrinsic value in the table above represents the total pre-tax difference between the $139.97 closing price of our ordinary shares on March 31, 2020 over the exercise prices of the stock options, multiplied by the number of options outstanding or outstanding and exercisable, as applicable. The aggregate intrinsic value is not recorded for financial accounting purposes and the value changes daily based on the daily changes in the fair market value of our ordinary shares.

(amounts in thousands, except per share amounts and as noted)

The total intrinsic value of stock options exercised during the years ended March 31, 2020 and 2019 was $57,683 and $25,371, respectively. Net cash proceeds from the exercise of stock options were $34,731 and $13,308 for the years ended March 31, 2020 and 2019, respectively. The tax benefit from stock option exercises was $16,440 and $8,306 for the years ended March 31, 2020 and 2019, respectively.

The weighted average grant date fair value of stock option grants was $23.52 and $18.12 for the years ended March 31, 2020 and 2019, respectively.

Stock appreciation rights ("SARS") carry generally the same terms and vesting requirements as stock options except that they are settled in cash upon exercise and therefore, are classified as liabilities. The fair value of the outstanding SARS as of March 31, 2020 and 2019 was $544 and $889, respectively. The fair value of outstanding SARS is revalued at each reporting date and the related liability and expense are adjusted appropriately.

A summary of the non-vested restricted share activity is presented below:

	Number of Restricted Shares	Number of Restricted Share Units	Weighted-Average Grant Date Fair Value
Non-vested at March 31, 2019	676,373	33,219	$ 80.86
Granted	156,901	14,553	135.86
Vested	(221,606)	(14,999)	74.63
Forfeited	(35,838)	(1,879)	93.56
Non-vested at March 31, 2020	**575,830**	**30,894**	**$ 98.07**

Restricted shares granted are valued based on the closing stock price at the grant date. The value of restricted shares and units that vested during fiscal 2020 was $17,657.

As of March 31, 2020, there was a total of $42,056 in unrecognized compensation cost related to non-vested share-based compensation granted under our share-based compensation plans. We expect to recognize the cost over a weighted average period of 2.1 years.

17. BUSINESS SEGMENT INFORMATION

We operate and report in four reportable business segments: Healthcare Products, Healthcare Specialty Services, Life Sciences, and Applied Sterilization Technologies. Corporate is presented separately and contains the costs that are associated with being a publicly traded company and certain other corporate costs.

Our Healthcare Products segment offers infection prevention and procedural solutions for healthcare providers worldwide, including consumable products, equipment maintenance and installation services, and capital equipment.

Our Healthcare Specialty Services segment provides a range of specialty services for healthcare providers including hospital sterilization services and instrument and scope repairs.

Our Life Sciences segment offers consumable products, equipment maintenance and specialty services for pharmaceutical manufacturers and research facilities, and capital equipment.

Our Applied Sterilization Technologies ("AST") segment provides contract sterilization and testing services for medical device and pharmaceutical manufacturers.

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. In fiscal 2019, we ceased the allocation of certain corporate costs to our segments to align with internal management measures. The prior period operating income measures have been recast for comparability.

For the year ended March 31, 2020, revenues from a single Customer did not represent ten percent or more of any reportable segment's revenues.

(amounts in thousands, except per share amounts and as noted)

Years Ended March 31,	2020	2019
Revenues:		
Healthcare Products	**$ 1,423,198**	$ 1,338,428
Healthcare Specialty Services	**563,611**	510,057
Life Sciences	**416,939**	378,558
Applied Sterilization Technologies	**627,147**	555,127
Total revenues	**$ 3,030,895**	$ 2,782,170
Operating income (loss):		
Healthcare Products	**356,419**	323,684
Healthcare Specialty Services	**64,217**	64,222
Life Sciences	**144,088**	132,129
Applied Sterilization Technologies	**270,917**	221,828
Total reportable segments	**835,641**	741,863
Corporate	**(207,015)**	(184,900)
Total operating income before adjustments	**$ 628,626**	$ 556,963
Less: Adjustments		
Amortization of acquired intangible assets [1]	**71,675**	86,878
Acquisition and integration related charges [2]	**8,225**	8,901
Redomiciliation and tax restructuring costs [3]	**3,699**	8,783
(Gain) on fair value adjustment of acquisition related contingent consideration [1]	**—**	(842)
Net loss (gain) on divestiture of businesses [1]	**1,770**	(1,370)
Amortization of property "step up" to fair value [1]	**2,392**	2,440
Restructuring charges [4]	**3,143**	40,708
COVID-19 incremental costs [5]	**749**	—
Total operating income	**$ 536,973**	$ 411,465

(1) For more information regarding our recent acquisitions and divestitures see Note 2 titled, "Business Acquisitions and Divestitures". Amortization of purchased intangible assets fiscal 2019 total includes an impairment charge of $16,249, see Note 4 titled, "Goodwill and Intangible Assets", for more information.
(2) Acquisition and integration related charges include transaction costs and integration expenses associated with acquisitions.
(3) Costs incurred in connection with the Redomiciliation and subsequent tax restructuring.
(4) For more information regarding our restructuring activities see Note 3 titled, "Restructuring".
(5) COVID-19 incremental costs includes the additional costs attributable to COVID-19 such as enhanced cleaning protocols, personal protective equipment for our employees, event cancellation fees, and payroll costs associated with our response to COVID-19, net of any government subsidies available.

Assets include the current and long-lived assets directly attributable to the segment based on the management of the location or on utilization. Certain corporate assets were allocated to the reportable segments based on revenues. Assets attributed to sales and distribution locations are only allocated to the Healthcare Products and Life Sciences segments.

(amounts in thousands, except per share amounts and as noted)

Individual facilities, equipment, and intellectual properties are utilized for production by both the Healthcare Products and Life Sciences segments at varying levels over time. As a result, an allocation of total assets, capital expenditures, and depreciation and amortization is not meaningful to the individual performance of the Healthcare Products and Life Sciences segments. Therefore, their respective amounts are reported together.

March 31,	2020	2019
Assets:		
Healthcare Products and Life Sciences	**$ 1,809,636**	$ 1,611,852
Healthcare Specialty Services	**895,741**	805,349
Applied Sterilization Technologies	**2,720,205**	2,655,870
Total assets	**$ 5,425,582**	$ 5,073,071

Years Ended March 31,	2020	2019
Capital Expenditures		
Healthcare Products and Life Sciences	**$ 44,029**	$ 49,688
Healthcare Specialty Services	**40,619**	39,950
Applied Sterilization Technologies	**129,868**	100,077
Total Capital Expenditures	**$ 214,516**	$ 189,715
Depreciation, Depletion, and Amortization		
Healthcare Products and Life Sciences [(1) (2)]	**$ 59,150**	$ 81,264
Healthcare Specialty Services	**33,043**	33,392
Applied Sterilization Technologies [(1)]	**105,042**	111,265
Total Depreciation, Depletion, and Amortization	**$ 197,235**	$ 225,921

[(1)] The fiscal 2020 and 2019 totals include the impact of Restructuring see Note 3 titled, "Restructuring" for additional information.
[(2)] The fiscal 2019 total includes an impairment charge see Note 4 titled, "Goodwill and Intangible Assets", for additional information.

Financial information for each of our United States and international geographic areas is presented in the following table. Revenues are based on the location of these operations and their Customers. Property, plant and equipment, net are those assets that are identified within the operations in each geographic area.

March 31,	2020	2019
Property, Plant, and Equipment, Net		
Ireland	**$ 47,459**	$ 41,137
United States	**632,333**	577,113
Other locations	**432,063**	413,332
Property, Plant, and Equipment, Net	**$ 1,111,855**	$ 1,031,582

Years Ended March 31,	2020	2019
Revenues:		
Ireland	**$ 63,821**	$ 56,784
United States	**2,211,722**	1,976,814
Other locations	**755,352**	748,572
Total Revenues	**$ 3,030,895**	$ 2,782,170

(amounts in thousands, except per share amounts and as noted)

Years Ended March 31,	2020	2019
Healthcare Products:		
Capital equipment	**$ 592,436**	568,811
Consumables	**454,518**	414,969
Service	**376,244**	354,648
Total Healthcare Products Revenues	**$ 1,423,198**	$ 1,338,428
Total Healthcare Specialty Services Revenues	**$ 563,611**	$ 510,057
Life Sciences:		
Capital equipment	**$ 112,747**	102,714
Consumables	**185,904**	161,780
Service	**118,288**	114,064
Total Life Sciences Revenues	**$ 416,939**	$ 378,558
Applied Sterilization Technologies Service Revenues	**$ 627,147**	$ 555,127
Total Revenues	**$ 3,030,895**	$ 2,782,170

Effective April 1, 2020, and consistent with the way management will operate and view the business, the current Healthcare Products and Healthcare Specialty Services segments will be combined and reported as one segment, simply called Healthcare. Going forward we will operate and report in three business segments: Healthcare, Life Sciences and Applied Sterilization Technologies. Corporate will continue to be presented separately and contain the costs that are associated with being a publicly traded company and certain other corporate costs.

18. BENEFIT PLANS

In the United States, we sponsor an unfunded post-retirement welfare benefits plan for two groups of United States retirees. Benefits under this plan include retiree life insurance and retiree medical insurance, including prescription drug coverage.

During the second quarter of fiscal 2009, we amended our United States post-retirement welfare benefits plan, reducing the benefits to be provided to retirees under the plan and increasing their share of the costs. The amendments resulted in a decrease of $46,001 in the accumulated post-retirement benefit obligation. The impact of this change was recognized in our Consolidated Balance Sheets in fiscal 2009 and is being amortized as a component of the annual net periodic benefit cost over a period of approximately thirteen years.

We sponsor several defined benefit pension schemes outside the United States: three in the UK, one in the Netherlands, two in Germany, and one in Switzerland. The Synergy Health plc Retirement Benefit Scheme is a defined benefit (final salary) funded pension scheme. In previous years, Synergy sponsored a funded defined benefit arrangement in the Netherlands. This was a separate fund holding the pension scheme assets to meet long-term pension liabilities for past and present employees. Accrual of benefits ceased under the scheme effective January 1, 2013. The Synergy Radeberg and Synergy Allershausen Schemes are unfunded defined pension schemes and are closed to new entrants. The Synergy Daniken Scheme is a defined benefit funded pension scheme.

We recognize the funded status of our defined benefit pension and post-retirement benefit plans in our Consolidated Balance Sheets, with a corresponding adjustment to accumulated other comprehensive income, net of tax. The funded status is measured as of March 31 each year and is calculated as the difference between the fair value of plan assets and the benefit obligation (which is the projected benefit obligation for pension plans and the accumulated post-retirement benefit obligation for post-retirement benefit plans). Accumulated comprehensive income (loss) represents the net unrecognized actuarial losses and unrecognized prior service cost. These amounts will be recognized in net periodic benefit cost as they are amortized. We will recognize future changes to the funded status of these plans in the year the change occurs, through other comprehensive income.

(amounts in thousands, except per share amounts and as noted)

Obligations and Funded Status. The following table reconciles the funded status of the defined benefit pension plans and the other post-retirement benefits plan to the amounts recorded on our Consolidated Balance Sheets at March 31, 2020 and 2019, respectively. Benefit obligation balances presented in the following table reflect the projected benefit obligations for our defined benefit pension plans and the accumulated other post-retirement benefit obligation for our post-retirement benefits plan. The measurement date of our defined benefit pension plans and other post-retirement benefits plan is March 31, for both periods presented.

	Other Defined Benefit Pension Plans		Other Post-Retirement Benefits Plan	
	2020	2019	2020	2019
Change in Benefit Obligations:				
Benefit Obligations at Beginning of Year	**$ 133,672**	$ 148,848	**$ 12,551**	$ 14,100
Service cost	**1,380**	2,394	—	—
Prior service cost	—	831	—	—
Interest cost	**2,955**	3,255	**408**	457
Actuarial loss (gain)	**(3,736)**	(4,402)	**181**	(106)
Benefits and expenses	**(6,466)**	(6,150)	**(1,772)**	(1,900)
Employee contributions	**1,046**	743	—	—
Impact of foreign currency exchange rate changes	**(5,661)**	(11,847)	—	—
Benefit Obligations at End of Year	**123,190**	133,672	**11,368**	12,551
Change in Plan Assets:				
Fair Value of Plan Assets at Beginning of Year	**117,504**	119,441	—	—
Actual return on plan assets	**228**	6,543	—	—
Employer contributions	**5,071**	5,005	**1,772**	1,900
Employee contributions	**1,045**	742	—	—
Benefits and expenses paid	**(6,466)**	(6,150)	**(1,772)**	(1,900)
Impact of foreign currency exchange rate changes	**(5,179)**	(8,077)	—	—
Fair Value of Plan Assets at End of Year	**112,203**	117,504	—	—
Funded Status of the Plans	**$ (10,987)**	$ (16,168)	**$ (11,368)**	$ (12,551)

The pre-tax amount of unrecognized actuarial net loss and unamortized prior service cost included in accumulated other comprehensive (loss) income at March 31, 2020, was approximately $14,405 and $7,463, respectively. During fiscal 2021, we will amortize the following pre-tax amounts from accumulated other comprehensive income:

	Defined Benefit Pension Plans	Other Post-Retirement Benefits Plan
Actuarial loss	**$ 20**	**$ 482**
Prior Service Cost	**69**	**(3,263)**

Defined benefit plans with an accumulated benefit obligation and projected benefit obligation exceeding the fair value of plan assets had the following plan assets and obligations at March 31, 2020 and 2019:

	Other Defined Benefit Pension Plans	
	2020	2019
Aggregate fair value of plan assets	**$ 112,203**	$ 117,504
Aggregate accumulated benefit obligations	**120,084**	130,669
Aggregate projected benefit obligations	**123,190**	132,672

(amounts in thousands, except per share amounts and as noted)

Components of Net Periodic Benefit Cost and Other Amounts Recognized in Other Comprehensive Income. Components of the annual net periodic benefit cost of our defined benefit pension plans and our other post-retirement benefits plan were as follows:

	Other Defined Benefit Pension Plans		Other Post-Retirement Benefits Plan	
	2020	2019	2020	2019
Service cost	**$ 1,380**	$ 2,394	**$ —**	$ —
Interest cost	**2,876**	3,139	**409**	457
Expected return on plan assets	**(4,735)**	(4,930)	**—**	—
Prior service cost recognition	**69**	51	**(3,263)**	(3,263)
Net amortization and deferral	**9**	474	**482**	552
Net periodic benefit (credit) cost	**$ (401)**	$ 1,128	**$ (2,372)**	$ (2,254)
Recognized in other comprehensive loss (income) before tax:				
Net loss (gain) occurring during year	**$ 890**	$ (6,545)	**$ (181)**	$ 106
Amortization of prior service credit	**(78)**	781	**3,263**	3,263
Amortization of net loss	**—**	(468)	**(482)**	(552)
Total recognized in other comprehensive loss (income)	**812**	(6,232)	**2,600**	2,817
Total recognized in total benefits cost and other comprehensive loss (income)	**$ 411**	$ (5,104)	**$ 228**	$ 563

(amounts in thousands, except per share amounts and as noted)

Assumptions Used in Calculating Benefit Obligations and Net Periodic Benefit Cost. The following table presents significant assumptions used to determine the projected benefit obligations at March 31:

	2020	2019
Discount Rate:		
Synergy Health plc Retirement Benefits Scheme	**2.40%**	2.50%
Isotron BV Pension Plan	**1.60%**	1.20%
Synergy Health Daniken AG	**0.20%**	0.85%
Synergy Health Radeberg	**1.60%**	1.60%
Synergy Health Allershausen	**0.50%**	1.60%
Harwell Dosimeters Ltd Retirement Benefits Scheme	**2.45%**	2.35%
Other post-retirement plan	**3.00%**	3.50%

The following table presents significant assumptions used to determine the net periodic benefit costs for the years ended March 31:

	2020	2019
Discount Rate:		
Synergy Health plc Retirement Benefits Scheme	**2.50%**	2.50%
Isotron BV Pension Plan	**1.20%**	1.60%
Synergy Health Daniken AG	**0.20%**	0.95%
Synergy Health Radeberg	**1.60%**	1.60%
Synergy Health Allershausen	**1.75%**	1.60%
Harwell Dosimeters Ltd Retirement Benefits Scheme	**2.45%**	2.55%
Other post-retirement plan	**3.50%**	3.50%
Expected Return on Plan Assets:		
Synergy Health plc Retirement Benefits Scheme	**4.80%**	5.02%
Isotron BV Pension Plan	**1.20%**	1.60%
Synergy Health Daniken AG	**0.65%**	1.20%

The net periodic benefit cost and the actuarial present value of projected benefit obligations are based upon assumptions that we review on an annual basis. These assumptions may be revised annually based upon an evaluation of long-term trends, as well as market conditions that may have an impact on the cost of providing benefits.

We develop our expected long-term rate of return on plan assets assumptions by evaluating input from third-party professional advisers, taking into consideration the asset allocation of the portfolios and the long-term asset class return expectations.

We develop our discount rate assumptions by evaluating input from third-party professional advisers, taking into consideration the current yield on country specific investment grade long-term bonds which provide for similar cash flow streams as our projected obligations.

We have made assumptions regarding healthcare costs in computing our other post-retirement benefit obligation. The assumed rates of increase generally decline ratably over a five-year period from the assumed current year healthcare cost trend rate to the assumed long-term healthcare cost trend rate noted below.

	2020	2019
Healthcare cost trend rate – medical	**6.75%**	6.75%
Healthcare cost trend rate – prescription drug	**6.75%**	6.75%
Long-term healthcare cost trend rate	**4.50%**	4.50%

To determine the healthcare cost trend rates, we evaluate a combination of information, including ongoing claims cost monitoring, annual statistical analyses of claims data, reconciliation of forecasted claims against actual claims, review of trend assumptions of other plan sponsors and national health trends, and adjustments for plan design changes, workforce changes, and changes in plan participant behavior.

A one-percentage-point change in assumed healthcare cost trend rates (including medical, prescription drug, and long-term rates) would have had the following effect on our other post-retirement benefit obligation at March 31, 2020:

	One-Percentage Point	
	Increase	Decrease
Effect on total service and interest cost components	**$ —**	**$ —**
Effect on other post-retirement benefit obligation	**7**	**(6)**

Plan Assets. The investment policies for our plans are generally established by the local pension plan trustees and seek to maintain the plans' ability to meet liabilities and to comply with local minimum funding requirements. Plan assets are invested in diversified portfolios that provide adequate levels of return at an acceptable level of risk. The investment policies are reviewed at least annually and revised, as deemed appropriate to ensure that the objectives are being met. At March 31, 2020, the targeted allocation for the plans were approximately 75% equity investments and 25% fixed income investments.

Financial instruments included in pension plan assets are categorized into three tiers. These tiers include a fair value hierarchy of three levels, based on the degree of subjectivity inherent in the valuation methodology as follows:

Level 1 - Quoted prices for identical assets in active markets.

Level 2 - Quoted prices for similar assets in active markets with inputs that are observable, either directly or indirectly.

Level 3 - Unobservable prices or inputs in which little or no market data exists.

The fair value of our pension benefits plan assets at March 31, 2020 and 2019 by asset category is as follows:

	Fair Value Measurements at March 31, 2020			
(In thousands)	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)
Cash	**$ 302**	**$ 302**	**$ —**	**$ —**
Insured annuities	**14,522**	**—**	**14,522**	**—**
Insurance contracts	**4,345**	**—**	**—**	**4,345**
Common and collective trusts valued at net asset value:				
Equity security trusts	**47,187**	**—**	**—**	**—**
Debt security trusts	**45,847**	**—**	**—**	**—**
Total Plan Assets	**$ 112,203**	**$ 302**	**$ 14,522**	**$ 4,345**

	Fair Value Measurements at March 31, 2019			
(In thousands)	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)
Cash	$ 450	$ 450	$ —	$ —
Insured annuities	14,720	—	14,720	—
Insurance contracts	5,089	—	—	5,089
Common and collective trusts valued at net asset value:				
Equity security trusts	73,532	—	—	—
Debt security trusts	23,713	—	—	—
Total Plan Assets	$ 117,504	$ 450	$ 14,720	$ 5,089

(amounts in thousands, except per share amounts and as noted)

Collective investment trusts are measured at fair value using the net asset value per share practical expedient. These trusts have not been categorized in the fair value hierarchy and are being presented in the tables above to permit a reconciliation of the fair value hierarchy to the total plan assets.

The fair value measurement of plan assets using significant unobservable inputs (Level 3) changed during fiscal year 2020 due to the following:

	Insurance contracts
Balance at March 31, 2018	$ 5,484
Gains (losses) related to assets still held at year-end	29
Transfers out of Level 3	(132)
Foreign currency	(292)
Balance at March 31, 2019	$ 5,089
Gains (losses) related to assets still held at year-end	**62**
Transfers out of Level 3	**(664)**
Foreign currency	**(142)**
Balance at March 31, 2020	**$ 4,345**

Cash Flows. We contribute amounts to our defined benefit pension plans at least equal to the minimum amounts required by applicable employee benefit laws and local tax laws. We expect to make contributions of approximately $3,839 during fiscal 2021.

Based upon the actuarial assumptions utilized to develop our benefit obligations at March 31, 2020, the following benefit payments are expected to be made to plan participants:

	Other Defined Benefit Pension Plans	Other Post-Retirement Benefits Plan
2021	$ 5,872	$ 1,510
2022	6,025	1,392
2023	6,600	1,252
2024	6,336	1,115
2025	6,518	1,007
2026-2031	35,292	3,726

The Medicare Prescription Drug, Improvement and Modernization Act of 2003 (the "Act") provides a prescription drug benefit for Medicare beneficiaries, a benefit we provide to Medicare eligible retirees covered by our post-retirement benefits plan. We have concluded that the prescription drug benefit provided in our post-retirement benefit plan is considered to be actuarially equivalent to the benefit provided under the Act and thus qualifies for the subsidy under the Act. Benefits are subject to a per capita per month cost cap and any costs above the cap become the responsibility of the retiree. Under the plan, the subsidy is applied to reduce the retiree responsibility. As a result, the expected future subsidy no longer reduces our accumulated post-retirement benefit obligation and net periodic benefit cost. We collected subsidies totaling approximately $708 and $706, during fiscal 2020 and fiscal 2019, respectively, which reduced the retiree responsibility for costs in excess of the caps established in the post-retirement benefit plan.

Defined Contribution Plans. We maintain a 401(k) defined contribution plan for eligible U.S. employees, a 401(k) defined contribution plan for eligible Puerto Rico employees and similar savings plans for certain employees in Canada, United Kingdom, Ireland, and Finland. We provide a match on a specified portion of an employee's contribution. The U.S. plan assets are held in trust and invested as directed by the plan participants. The Canadian plan assets are held by insurance companies. The aggregate fair value of the U.S. plan assets was $668,960 at March 31, 2020. At March 31, 2020, the U.S. plan held 555,080 STERIS ordinary shares with a fair value of $77,695. We paid dividends of $855 and $826 to the plan and participants on STERIS shares held by the plan for the years ended March 31, 2020 and 2019, respectively. We contributed approximately $27,818 and $25,935, to the defined contribution plans for the years ended March 31, 2020 and 2019, respectively.

(amounts in thousands, except per share amounts and as noted)

We also maintain a domestic non-qualified deferred compensation plan covering certain employees, which formerly allowed for the deferral of compensation for an employee-specified term or until retirement or termination. There have been no employee contributions made to this plan since fiscal 2012. The Plan was amended in fiscal 2012 to disallow deferrals of salary payable in 2012 and subsequent calendar years and of commissions and other incentive compensation payable in respect of the 2013 and subsequent fiscal years. We hold investments in mutual funds to satisfy future obligations of the plan. We account for these assets as available-for-sale securities and they are included in "Investments" on our accompanying Consolidated Balance Sheets, with a corresponding liability for the plan's obligation recorded in "Creditors." The aggregate value of the assets was $1,273 and $1,400 at March 31, 2020 and March 31, 2019, respectively. Realized gains and losses on these investments are recorded in "Interest and miscellaneous income" within "Non-operating expenses" on our accompanying Consolidated Profit and Loss Account. Changes in the fair value of the assets are recorded in other comprehensive income on our accompanying balance sheets.

Amounts shown in our Consolidated Balance Sheet include:

March 31,	2020	2019
Pensions and similar obligations:		
Other post-retirement benefit obligations	**$ 11,368**	$ 12,551
Other employee benefit plan obligations	**4,645**	6,645
Defined benefit plan obligations	**10,987**	16,168
Total pensions and similar obligations	**$ 27,000**	$ 35,364

19. FINANCIAL AND OTHER GUARANTEES

We generally offer a limited parts and labor warranty on capital equipment. The specific terms and conditions of those warranties vary depending on the product sold and the countries where we conduct business. We record a liability for the estimated cost of product warranties at the time product revenues are recognized. The amounts we expect to incur on behalf of our Customers for the future estimated cost of these warranties are recorded as a current liability on the accompanying Consolidated Balance Sheets. Factors that affect the amount of our warranty liability include the number and type of installed units, historical and anticipated rates of product failures, and material and service costs per claim. We periodically assess the adequacy of our recorded warranty liabilities and adjust the amounts as necessary.

Changes in our warranty liability during the periods presented are as follows:

Years Ended March 31,	2020	2019
Balance, Beginning of Year	**$ 7,194**	$ 6,872
Warranties issued during the period	**12,311**	11,177
Settlements made during the period	**(12,124)**	(10,855)
Balance, End of Year	**$ 7,381**	$ 7,194

20. EMPLOYEES

The average number of persons employed by STERIS plc and its subsidiaries during each fiscal year was as follows:

	Fiscal 2020	**Fiscal 2019**
Healthcare Products	**4,694**	4,388
Healthcare Specialty Services	**3,658**	3,447
Life Sciences	**837**	811
Applied Sterilization Technologies	**2,547**	2,382
Corporate	**623**	887
Total employees	**12,359**	11,915

Employee costs were as follows (in thousands):

	Fiscal 2020	Fiscal 2019
Wages and salaries	**$ 905,972**	$ 834,229
Social security costs	**56,019**	52,376
Share based compensation expense	**23,811**	23,965
Pension and post-retirement benefits expense	**23,899**	23,598
Other, primarily employee benefits	**81,186**	79,458
Total employee costs	**$ 1,090,887**	$ 1,013,626

We capitalized wages and salaries of $5 and $223, for fiscal 2020 and 2019, respectively.

21. DIRECTORS' REMUNERATION

Directors’ remuneration for fiscal 2020 and 2019 is set forth in the table below. Amounts shown are for persons who were Directors at the end of fiscal 2020. Mr. Rosebrough, in addition to serving as a Director of the Company, also serves as President and CEO of the Company and its subsidiary, STERIS Corporation. The amounts included below for Mr. Rosebrough include compensation for his services as President and CEO. Amounts included below for all non-executive Directors are compensation for service in such capacities.

	Fiscal 2020	Fiscal 2019
Aggregate emoluments in respect of qualifying services	**$ 3,050**	$ 3,187
Aggregate amount of the money or value of other assets (other than stock options) granted under long term incentive plans in respect of qualifying services	**2,722**	2,718
Aggregate gains on the exercise of stock options	**29,868**	7,355
Total	**$ 35,640**	$ 13,260

22. AUDITORS' REMUNERATION

The consolidated group obtained the following services from the auditor, Ernst & Young and its associates, at costs as detailed in the tables below (in thousands):

	Fiscal 2020	Fiscal 2019
Audit fees	**$ 4,344**	$ 4,570
Other assurance services	**480**	756
Taxation fees:		
Taxation compliance services	**—**	29
Taxation advisory services	**266**	3,016
Other non-audit services	**2**	2
	$ 5,092	$ 8,373

The fees paid to Ernst & Young Chartered Accountants (“EY Ireland”) related to the audit of the group accounts were $0.2 million and $0.2 million for fiscal 2020 and 2019, respectively. In addition, EY Ireland received $0.2 million and $0.3 million for fiscal 2020 and 2019, respectively, for other audit related services. EY Ireland received fees of $0.3 million for tax compliance and advisory services for fiscal 2019. EY Ireland received fees of nil and nil for other non-audit services for fiscal 2020 and fiscal 2019, respectively.

(amounts in thousands, except per share amounts and as noted)

23. RELATED PARTY TRANSACTIONS

Transactions between the Company and its wholly owned subsidiaries, which are related parties, are not disclosed in this note. Several subsidiaries have minority shareholders, and where the Company has transactions in the year, or outstanding balances receivable or payable with these parties, these are classified as related party transactions and shown in the table below.

	2020		2019	
As of or for the year ended March 31,	Revenue (costs) in the period	Receivable/ (Payable)	Revenue (costs) in the period	Receivable/ (Payable)
Minority shareholder, STERIS - Austar Pharmaceutical Systems Hong Kong Limited and subsidiaries	**$ 1,980**	**$ 688**	$ 919	$ 420
Minority shareholder, Synergy Health Allershausen GmbH	**70**	**(566)**	130	(519)
Minority shareholder of SATYATEK SA	**4**	**(300)**	4	(289)
Minority shareholder, Synergy Health True North LLC	**9,328**	**3,087**	601	418
Minority shareholder, Sterile Supplies Salisbury NHS Trust	**3,677**	**(2,711)**	3,509	(2,529)

(amounts in thousands, except per share amounts and as noted)

24. SUBSEQUENT EVENTS

The COVID-19 pandemic began to impact our business late in fiscal 2020. The coronavirus pandemic and related public health recommendations and mandated precautions to mitigate the spread of COVID-19, including deferral of medical procedures and treatments and shelter-in-place orders or similar measures, is negatively affecting, and is expected to continue to affect some of our operations which would impact our financial position and cash flows in fiscal 2021. We have experienced and expect to continue to experience unpredictable fluctuations in demand for certain of our products and services, including some products and services that are experiencing increased demand.

On April 30, 2020 the Board of Directors approved a quarterly interim dividend of $0.37 per share. The dividend is payable June 26, 2020 to shareholders of record at the close of business on June 12, 2020.

25. GROUP UNDERTAKINGS

As of March 31, 2020, STERIS Ireland's direct and indirect subsidiaries were as follows:

Name	Jurisdiction of incorporation	Registered Address	% Ownership
Albert Browne Limited	England and Wales	Chancery House Ryans Way, Watermead Business Park, Syston, Leicester, LE7 1PF, United Kingdom	100%
American Sterilizer Company	Pennsylvania	CT Corporation System, 600 North 2nd Street, Suite 401, Harrisburg, Pennsylvania 17101, United States	100%
Bioster Mottahedoon Egypt SAE	Egypt	Industrial Zone A3, lot no. 23, El Sharkeya, Egypt	65%
Birkova Products	Indiana	C T Corporation Systems Inc., 150 W. Market Street, Suite 800, Indianapolis, IN 46204, United States	100%
Bizworth Gammarad Sdn Bhd	Malaysia	Suite 18.01, 18th Floor, MWE Plaza 8, Lebuh Farquhar, 10200, Penang, Malaysia	70%
Black Diamond Video, Inc.	California	C T Corporation System Inc., 818 W. 7th Street, Suite 930, Los Angeles, California 90017, United States	100%
Bryton Corporation	Indiana	C T Corporation Systems Inc., 150 W. Market Street, Suite 800, Indianapolis, IN 46204, United States	100%
CLBV Limited	England and Wales	Bridgwater House, Jays Close, Viables 190, Basingsotke, Hampshire RG22 4AX, United Kingdom	100%
Controlled Environment Certification Services, Inc.	Ohio	C T Corporation System Inc., 4400 Easton Commons Way, Suite 125, Columbus, Ohio 43219	100%
Diagmed Healthcare Limited	England and Wales	Ground Floor Stella Windmill Hill Business Park, Whitehill Way, Swindon, Wiltshire, United Kingdom, SN5 6NX	100%
Dover UK I Limited	England and Wales	Bridgwater House, Jays Close, Viables 190, Basingsotke, Hampshire RG22 4AX, United Kingdom	100%
Dover UK II Limited	England and Wales	Bridgwater House, Jays Close, Viables 190, Basingsotke, Hampshire RG22 4AX, United Kingdom	100%
Dover UK III Limited	England and Wales	Bridgwater House, Jays Close, Viables 190, Basingsotke, Hampshire RG22 4AX, United Kingdom	100%
Electron Beam Sdn Bhd	Malaysia	Lot 7 Jalan Sungai Pinang 4/3 Taman Perindustrial Pulau Indah (FASA 2) Port Klang, MY37,42920, Malaysia	100%
Eschmann Holdings Limited	England and Wales	Eschmann House, Peter Road, Lancing, West Sussex, England BN15 8TJ, United Kingdom	100%
Genii, Inc.	Minnesota	1010 Dale Street North, St. Paul, MN 55117, United States	100%
Harwell Dosimeters Limited	England and Wales	Ground Floor Stella Windmill Hill Business Park, Whitehill Way, Swindon, Wiltshire, United Kingdom, SN5 6NX	100%
Herotron E-Beam Service GmbH	Germany	Guardianstrasse 6-10, D-06766 Bitterfeld-Wolfen, OT Thalheim, Germany	100%
Hungaroptics kft	Hungary	6000 Kecskemet, Matkoi, ut 34, Hungary	100%
Isomedix Inc.	Delaware	CT Corporation, Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware 19801, United States	100%
Isomedix Operations Inc.	Delaware	CT Corporation, Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware 19801, United States	100%
Isotron Limited	England and Wales	Ground Floor Stella, Windmill Hill Business Park, Whitehill Way, Swindon, England, SN5 6NX	100%
Massaro Limited Partnership (Victory Road) **	Pennsylvania	120 Delta Drive, Pittsburgh, Pennsylvania 15238	65%

(amounts in thousands, except per share amounts and as noted)

Medisafe America LLC	Florida	1200 South Pine Island Road, Plantation, Florida 33324, USA	100%
Medisafe Holdings Limited	England and Wales	Ground Floor Stella, Windmill Hill Business Park, Whitehill Way, Swindon, England, SN5 6NX	100%
Medisafe UK Limited	England and Wales	Ground Floor Stella, Windmill Hill Business Park, Whitehill Way, Swindon, England, SN5 6NX	100%
PeriOptimum, Inc.	Delaware	CT Corporation, Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware 19801, United States	100%
SATYAtek SA	Switzerland	Rue des Bosquets 18, 1800 Vevey, Vaud, Switzerland	51%
Sercon Industria E Comercio De Aparelhos Medicos E Hospitalares Ltda.	Brazil	Rua Tenente Onofre Rodrigues de Aguiar, 1201 S. 12 Q. 077, Un. 011 Villa Industrial, Mogi das Cruzes, State of Sao Paulo 08770-040, Brazil	100%
Shiloh Limited	England and Wales	Ground Floor Stella, Windmill Hill Business Park, Whitehill Way, Swindon, England, SN5 6NX	100%
Shiloh Properties Limited	England and Wales	Ground Floor Stella, Windmill Hill Business Park, Whitehill Way, Swindon, England, SN5 6NX	100%
Solar New US Holding Co, LLC	Delaware	CT Corporation, Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware 19801, United States	91%
Solar New US Parent Co, LLC	Delaware	CT Corporation, Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware 19801, United States	100%
Solar US Acquisition Co, LLC	Delaware	CT Corporation, Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware 19801, United States	100%
STE Hong Kong Limited	Hong Kong	Level 54, Hopewell Center, 183 Queens Road East, Hong Kong	100%
STE UK HoldCo Limited	England and Wales	Bridgwater House, Jays Close, Viables 190, Basingsotke, Hampshire RG22 4AX, United Kingdom	100%
STE UK Sub HoldCo Limited	England and Wales	Bridgwater House, Jays Close, Viables 190, Basingsotke, Hampshire RG22 4AX, United Kingdom	100%
STE No. Two Corporation	Delaware	CT Corporation, Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware 19801, United States	100%
Sterile Supplies Limited	England and Wales	Finance Department, Salisbury District Hospital, Odstock Road, Salisbury, Wiltshire, England, SP2 8BJ	50%
STERIS AB	Sweden	c/o John Goldie Advokatbyra AB, Box 5265, Stockholm, Sweden 102 46, Sweden	100%
STERIS Applied Sterilization Technologies ULC	Canada	400-725 Granville Street, P.O. Box 10325, Vancouver, BC V7Y 1G5, Canada	100%
STERIS Asia Pacific, Inc.	Delaware	CT Corporation, Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware 19801, United States	100%
STERIS AST CZ s.r.o.	Czech Republic	Kosikov 80, 595 01 Velka Bites, Czech Republic	100%
STERIS AST d.o.o.	Slovenia	Mala ulica 6, 1000 Ljubljana, Slovenia	100%
STERIS AST SK s.r.o.	Slovakia	Priemyselný park 6020/5 , Michalovce 071 01, Slovakia	100%
STERIS Barrier Products Solutions, Inc.	Pennsylvania	CT Corporation System, 600 North 2nd Street, Suite 401, Harrisburg, Pennsylvania 17101, United States	100%
STERIS Brazil Holdings, LLC	Delaware	CT Corporation, Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware 19801, United States	100%
STERIS (BVI) I Limited	British Virgin Islands	Trident Chambers, PO Box 146, Road Town, Tortola, British Virgin Islands	100%
STERIS Canada ULC	Canada	400-725 Granville Street, P.O. Box 10325, Vancouver, BC V7Y 1G5, Canada	100%
STERIS Canada Sales ULC.	Canada	400-725 Granville Street, P.O. Box 10325, Vancouver, BC V7Y 1G5, Canada	100%
STERIS CH Limited	England and Wales	Bridgwater House, Jays Close, Viables,Basingstoke, Hampshire RG22 4AX, United Kingdom	100%
STERIS China Holdings Limited	Hong Kong	31st Floor, Edinburgh Tower, The Landmark, 15 Queen's Road Central, Hong Kong, None, China	100%
STERIS Corporation	Ohio	5960 Heisley Road, Mentor, Ohio 44060, United States	100%
STERIS Corporation de Costa Rica, S.A.	San Jose	Avenida 11, calles 5 y 7, numero 517, San Jose, San Jose, Costa Rica	100%
STERIS Deutschland GmbH	Germany	Eupener Str. 70,Koln, Germany 50933, Germany	100%
STERIS Dover AST Holdings Limited	England and Wales	Rutherford House, Stephensons Way, Chaddesden, Derby, United Kingdom, DE21 6LY	100%

(amounts in thousands, except per share amounts and as noted)

STERIS Dover Canada Holdings Limited	England and Wales	Rutherford House, Stephensons Way, Chaddesden, Derby, United Kingdom, DE21 6LY	100%
STERIS Dover Limited	England and Wales	Rutherford House, Stephensons Way, Chaddesden, Derby, United Kingdom, DE21 6LY	100%
STERIS Emerald IE Limited*	Ireland	70 Sir John Rogerson's Quay, Dublin, Ireland 2, Ireland	100%
STERIS Enterprises LLC	Russia	4, 4th Lesnoy pereulok,Moscow, Russia 125047, Russian Federation	100%
STERIS Europe, Inc.	Delaware	The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware 19801, United States	100%
STERIS FinCo S.à r.l.	Luxembourg	25A, Boulevard Royal, Luxembourg L-2449, Luxembourg	100%
STERIS FinCo II S.à r.l.	Luxembourg	25A, Boulevard Royal, Luxembourg L-2449, Luxembourg	100%
STERIS GmbH	Switzerland	Längfeldweg 116A,2504 Biel/Bienne, Switzerland 2504, Switzerland	100%
STERIS Holdings B.V.	Netherlands	Naritaweg 165, Telestone 8, Amsterdam, The Netherlands 1043 BW, Netherlands	100%
STERIS Iberia, S.A.	Spain	Jones Day, Paseo de Recolectos 37-41, Planta 5, 28004 Madrid, Spain, Spain	100%
STERIS IMS Canada Inc.	Canada	40 King Street West, Suite 5800,Toronto, Ontario M5H 3S1, Canada	100%
STERIS IMS Limited	England and Wales	Ground Floor Stella, Windmill House Business Park, Whitehill Way, Swindon, Wiltshire, England, SN5 6NX	100%
STERIS Inc.	Delaware	CT Corporation, Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware 19801, United States	100%
STERIS (India) Private Limited	India	302, Ace Business Center, L.B.S. Marg, Near Navneet Motor Showroom, Gokul Nagar, Thane (W), Maharashtra 400 602, India	100%
STERIS Instrument Management Services, Inc.	Delaware	CT Corporation, Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware 19801, United States	100%
STERIS Ireland Limited	Ireland	70 Sir John Rogerson’s Quay, Dublin, Ireland 2	100%
STERIS Irish FinCo Unlimited Company	Ireland	70 Sir John Rogerson's Quay,Dublin, Ireland 2, Ireland	100%
STERIS Irish FinCo II Unlimited Company	Ireland	70 Sir John Rogerson's Quay,Dublin, Ireland 2, Ireland	100%
STERIS Isomedix Puerto Rico LLC	Puerto Rico	CT Corporation Systems, 361 San Francisco St.,Old San Juan, Puerto Rico 00901, United States	100%
STERIS Japan Inc.	Japan	NK Shinwa Building, 5-1 Kojimachi, Chiyoda-ku, Tokyo, Japan	100%
STERIS LLC	Delaware	CT Corporation, Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware 19801, United States	100%
STERIS Laboratories, Inc.	Minnesota	C T Corporation System Inc., 100 South 5th Street, Suite 1075, Minneapolis, Minnesota 55402, United States	100%
STERIS Latin America, Inc.	Delaware	CT Corporation, Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware 19801, United States	100%
STERIS Limited	England and Wales	Rutherford House Stephensons Way, Chaddesden, Derby, England, DE21 6LY	100%
STERIS Luxembourg Finance S.à r.l.	Luxembourg	25A, boulevard Royal, Luxembourg L-2449, Luxembourg	100%
STERIS Luxembourg Holding S.à r.l.	Luxembourg	25A, boulevard Royal, Luxembourg L-2449, Luxembourg	100%
STERIS Mauritius Limited	Mauritius	5th Floor Barkly Wharf, Le Caudan Waterfront, Port Louis, Port Louis, Mauritius	100%
STERIS Mexico, S. de R.L. de C.V.	Mexico	Av. Avante #790 Parque Industrial Guadalupe,Cd. Guadalupe, N.L. 67190, Mexico, Mexico	100%
STERIS NV	Belgium	De Keyserlei 58-60, Box 19,Antwerp, Belgium 2018, Belgium	100%
STERIS Personnel Services Mexico, S. de R.L. de C.V.	Mexico	Av. Avante #790 Parque Industrial Guadalupe,Cd. Guadalupe, N.L. 67190, Mexico, Mexico	100%
STERIS Personnel Services, Inc.	Delaware	The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware 19801, United States	100%
STERIS SAS	France	116 avenue Magudas, 33185 Le Haillan,Bordeaux, France, France	100%
STERIS SEA SDN. BHD.	Malaysia	140, Ground Floor, Jalan Kelab Cinta Sayang, Taman Ria Jaya, Sungai Petani, Kedah, Malaysia 08000, Malaysia	100%

(amounts in thousands, except per share amounts and as noted)

STERIS Solutions Korea Limited	Korea	134 Teheran-ro, Gangnam- gu, Seoul, Republic of Korea	100%
STERIS (Shanghai) Trading Co., Ltd.	China	Suite 1504 Hong Kong New World Tower, Huai Hai Zhong Lu #300,Shanghai PRC, China, China	100%
STERIS Singapore Pte Ltd	Singapore	2 Shenton Way #18-01, SGX Centre 1,Singapore, Singapore 068804, Singapore	100%
STERIS Solutions Limited	England and Wales	Chancery House Ryans Way, Watermead Business Park, Syston, Leicester, LE7 1PF, United Kingdom	100%
STEIS Solutions PTE Limited	Singapore	2 Shenton Way #18-01, SGX Centre 1, Singapore 068804, Singapore	100%
STERIS Solutions S. de R.L. de C.V.	Mexico	Av. Avante #790, Parque Industrial,Guadalupe Nuevo Leon, 67190, Mexico 67190, Mexico	100%
STERIS S.p.A.	Italy	Via E. Alessandrini n. 16, Trezzo Sull'Adda, Italy	100%
STERIS S.r.l.	Italy	Strada Cassanese, 224, Centro Direzionale Milano Oltre, Palazzo Caravaggio, Segrate, Italy 20090, Italy	100%
STERIS TOMOE (Thailand) Ltd.	Thailand	700/644 Moo 3, Tambon Bankao, Amphur Panthong, Chonburi, 20160, Thailand	70%
STERIS UK Holding Limited	England and Wales	Bridgwater House, Jays Close, Viables, Basingstoke, Hampshire RG22 4AX, United Kingdom	100%
STERIS-Austar Pharmaceutical Systems Hong Kong Limited	Hong Kong	Unit 6.1/F Block B, New Trade Plaza, 6 on Ping Street, Shatin, Hong Kong, Hong Kong	51%
STERIS-AUSTAR Pharmaceutical Systems (Shanghai) Limited	China	No. 366 Yonghang Road, Songjiang District, Shanghai, China	51%
Strategic Technology Enterprises, Inc.	Delaware	The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware 19801, United States	100%
Synergy Health Allershausen GmbH	Germany	Kesselbodenstrasse 7, Allershausen 85391, Germany	62.5%
Synergy Health Amsterdam B.V.	The Netherlands	Morsestraat 3, 6716AH Ede, The Netherlands	100%
Synergy Health AST, LLC	Delaware	251 Little Falls Drive, Wilmington, Delaware 19808, USA	100%
Synergy Health AST S.r.l.	Costa Rica	Zona Franca Coyol B16, Alajuela, Costa Rica	100%
Synergy Health Däniken AG	Switzerland	Hogenweidstrasse 6, 4658 Däniken, SOLOTHURN, Switzerland	100%
Synergy Health Ede BV	The Netherlands	Morsestraat 3, 6716AH Ede, The Netherlands	100%
Synergy Health France SAS	France	Rue Jean Queillau, Min des Arnavaux, 13014 Marseille, France	100%
Synergy Health Holding B.V.	The Netherlands	Morsestraat 3, 6716AH Ede, The Netherlands	100%
Synergy Health Holdings Limited	England and Wales	Ground Floor Stella, Windmill Hill Business Park, Whitehill Way, Swindon, England, SN5 6NX	100%
Synergy Health Investments Limited	England and Wales	Ground Floor Stella, Windmill Hill Business Park, Whitehill Way, Swindon, England, SN5 6NX	100%
Synergy Health Ireland Limited	Republic of Ireland	1 Stokes Place, St. Stephen's Green, Dublin 2, Ireland	100%
Synergy Health Limited	England and Wales	Ground Floor Stella, Windmill Hill Business Park, Whitehill Way, Swindon, England, SN5 6NX	100%
Synergy Health Logistics B.V.	The Netherlands	Morsestraat 3, 6716AH Ede, The Netherlands	100%
Synergy Health Marseille SAS	France	Rue Jean Queillau, Min des Arnavaux, 13014 Marseille, France	100%
Synergy Health Nederland B.V.	The Netherlands	Morsestraat 3, 6716AH Ede, The Netherlands	100%
Synergy Health Radeberg GmbH	Germany	Juri-Gagarin-Strasse 15, 01454 Radeberg, Germany	100%
Synergy Health Sterilisation UK Limited	England and Wales	Ground Floor Stella, Windmill Hill Business Park, Whitehill Way, Swindon, England, SN5 6NX	100%
STERIS Sterilization Technologies (Suzhou) Ltd.	China	No. 26 Xingchang Road, SIP Suzhou Jiangsu Province, China, 215125	100%
Synergy Health Systems Limited	England and Wales	Ground Floor Stella, Windmill Hill Business Park, Whitehill Way, Swindon, England, SN5 6NX	100%
Synergy Health (Thailand) Limited	Thailand	700/465 Amata Nakorn Industrial, Moo 7, Tambon Donhuaroh, Amphur Muang Chonburi, CHONBURI 20000, Thailand	100%
Synergy Health True North, LLC	New York	2000 Marcus Avenue, New Hyde Park, New York, 11042, USA	51%
Synergy Health (UK) Limited	England and Wales	Ground Floor Stella, Windmill Hill Business Park, Whitehill Way, Swindon, England, SN5 6NX	100%
Synergy Health US Holdings, Inc.	Delaware	251 Little Falls Drive, Wilmington, Delaware 19808, USA	100%

(amounts in thousands, except per share amounts and as noted)

Synergy Health Utrecht B.V.	The Netherlands	Morsestraat 3, 6716AH Ede, The Netherlands	100%
Synergy Health Westport Limited	Ireland	Lodge Road, Westport, County Mayo, Ireland	100%
Synergy Sterilisation KL (M) Sdn Bhd	Malaysia	Suite 18.01, 18th Floor, MWE Plaza 8, Lebuh Farquhar, 10200, Penang, Malaysia	100%
Synergy Sterilisation Kulim (M) Sdn Bhd	Malaysia	Suite 18.01, 18th Floor, MWE Plaza 8, Lebuh Farquhar, 10200, Penang, Malaysia	100%
Synergy Sterilisation (M) Sdn Bhd	Malaysia	Suite 18.01, 18th Floor, MWE Plaza 8, Lebuh Farquhar, 10200, Penang, Malaysia	100%
Synergy Sterilisation Rawang (M) Sdn Bhd	Malaysia	Suite 18.01, 18th Floor, MWE Plaza 8, Lebuh Farquhar, 10200, Penang, Malaysia	100%
Synergy Sterilisation South Africa (Propietary) Limited	South Africa	5 Waterpas Street, Isando Ext 3, Kempton Park, 1620, South Africa	100%
United States Endoscopy Group, Inc.	Ohio	C T Corporation System Inc., 4400 Easton Commons Way, Suite 125, Columbus, Ohio 43219	100%
Vernon and Co. Limited	England and Wales	Ground Floor Stella, Windmill Hill Business Park, Whitehill Way, Swindon, England, SN5 6NX	100%
Vernon-Carus Limited	England and Wales	Ground Floor Stella, Windmill Hill Business Park, Whitehill Way, Swindon, England, SN5 6NX	100%

* Direct subsidiary of STERIS plc
** Not consolidated

STERIS plc

Parent Company Financial Statements

For the Year Ended March 31, 2020

COMPANY STATEMENT OF FINANCIAL POSTITION
(in thousands)

March 31,	Note	2020	2019
Fixed assets			
Financial assets- Investments in group undertakings	4	**$ 10,635,656**	$ 10,520,226
Current assets			
Cash at bank		**102**	—
Debtors (amounts falling due within one year)	5	**1,231,199**	175,225
Debtors (amounts falling due after one year)	5	**280**	—
Total current assets		**1,231,581**	175,225
Total assets		**$ 11,867,237**	$ 10,695,451
Capital and reserves			
Called up share capital	8	**$ 86**	$ 6,338,761
Share premium account	9	**34,731**	—
Merger reserve	9	**4,253,581**	4,253,581
Share option reserves	9	**127,384**	103,109
Profit and loss account	9	**7,375,576**	—
Total capital and reserves		**$ 11,791,358**	$ 10,695,451
Creditors			
Creditors (amounts falling due within one year)	6	**60,959**	—
Creditors (amounts falling due after one year)	6	**14,920**	—
Total liabilities		**75,879**	**—**
Total capital and reserves and liabilities		**$ 11,867,237**	$ 10,695,451

The Company has not presented a profit and loss account as permitted by section 304 of the Companies Act 2014.

The Company's profit for fiscal years 2020 and 2019 was $1,211.2 million and nil, respectively.

The financial statements of STERIS plc were approved by the Audit Committee of the Board of Directors and the Board of Directors on June 2, 2020.

Signed on behalf of the Board

Mohsen M. Sohi
Chairman of the Board

Walter M Rosebrough, Jr.
Director

The accompanying notes are an integral part of the financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY
(in thousands, except per share amounts)

	Share capital	Share premium account	Merger reserve	Share option reserve	Profit and loss account	Total
Balance, March 31, 2018	$ —	$ —	$ —	$ —	$ —	$ —
Issuance of shares in exchange for the shares of STERIS plc (84,513,819) shares issued at $75 par value)	6,338,536	—	4,253,581	—	—	10,592,117
Assumption of Long-term Incentive Plan	—	—	—	103,109	—	103,109
Equity compensation programs (3,000 shares at $75 par value)	225	—	—	—	—	225
Balance, March 31, 2019	6,338,761	—	4,253,581	103,109	—	10,695,451
Profit for year	—	—	—	—	**1,211,175**	**1,211,175**
Share capital reduction	**(6,338,676)**	—	—	—	**6,338,676**	—
Share based payment expense for the period	—	—	—	**24,275**	—	**24,275**
Issue of shares under equity compensation programs (803 shares)	**1**	**34,731**	—	—	—	**34,732**
Repurchase and cancellation of ordinary shares (309 shares)	—	—	—	—	**(40,006)**	**(40,006)**
Withholding tax on equity compensation programs (87 shares)	—	—	—	—	**(11,235)**	**(11,235)**
Ordinary cash interim dividends - $1.45 per share	—	—	—	—	**(123,034)**	**(123,034)**
Balance, March 31, 2020	**$ 86**	**$ 34,731**	**$ 4,253,581**	**$ 127,384**	**$ 7,375,576**	**$ 11,791,358**

The accompanying notes are an integral part of the financial statements.

NOTES TO THE COMPANY FINANCIAL STATEMENTS
(amounts in thousands, except per share amounts and as noted)

1. BASIS OF PRESENTATION

STERIS plc is a public limited company incorporated and domiciled in the Republic of Ireland. The registered office of the Company is 70 Sir John Rogerson's Quay, Dublin 2, Ireland. The Company's CRO number is 595593. The financial statements were prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102"), issued by the Financial Reporting Council (Generally Accepted Accounting Practice in Ireland). The Company has taken advantage of the following disclosure exemptions under FRS 102, as equivalent disclosure is included in the STERIS plc consolidated financial statements:

a. The requirements of Section 7 Statement of Cash Flows and Section 3 Financial Statement Presentation paragraph 3.17(d).
b. The requirements of Section 11 Basic Financial Instruments, paragraphs 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c), and Section 12 Other Financial Instruments Issues, paragraphs 12.26, 12.27, 12.29(a), 12.29(b), 12.29A.
c. The requirements of Section 26 Share-based Payment paragraphs 26.18(b), 26.19 to 26.21 and 26.23, and
d. The requirement of Section 33 Related Party Disclosures paragraph 33.7.

The financial statements have been prepared under historical cost convention in accordance with the Companies Act 2014, and are presented in U.S. dollars. Unless otherwise noted, amounts are presented in U.S. dollars in thousands.

The financial statements have been prepared on a going concern basis. The Directors have considered the appropriateness of the going concern basis in the "Directors' Report" included in this Annual Report.

Under section 304 of the Companies Act 2014, the Company is exempt from the requirements to present its own profit and loss account. The Company's profit for the financial year is presented underneath the Company Statement of Financial Position.

The financial statements of STERIS plc were approved and authorised for issuance by the Board of Directors on June 2, 2020.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Foreign currencies

Transactions in foreign currencies are initially recorded in the Company's functional currency by applying the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All exchange differences are taken to the profit and loss account.

Investments

Investments in subsidiaries are stated at cost less accumulated impairment losses. Cost is stated subject to any relief taken under the Act. The carrying value of investments are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Taxation

Current tax is provided at amounts expected to be paid or recovered using the tax rates and laws that have been enacted by the balance sheet date.

Deferred tax is recognized in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less, or to receive more, tax. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax returns in periods different from those in which they are recognized in the financial statements. Deferred tax assets are recognized when it is more likely than not that they will be recovered. Deferred tax is not discounted.

Dividends

Dividend income is recorded when the Company's right to receive payment is established.

Financial instruments

The Company is applying sections 11 and 12 of FRS 102 in accounting for financial instruments.

Financial assets and liabilities are recognized on the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

Loans to subsidiaries are initially recorded at fair value. Subsequently, loans to subsidiaries are measured at amortized cost. Finance charges are accounted for on an accrual basis to the profit and loss account using the effective interest method.

Debt is initially recorded in the balance sheet at the net proceeds, defined as the consideration received after deduction of issue costs. Subsequently, debt is measured at amortized cost. The difference between the amount recognized and the total payments required to be made under the debt represents the total finance cost, which is amortized into the profit and loss account using the effective interest rate method over the term of the loan.

Financial guarantees

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within the Group, the Company considers these to be insurance arrangements. Therefore, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

Share based compensation

The Company issues equity settled share based compensation to certain employees. Equity settled awards are measured at fair value at the date of grant. The fair value of shares and stock options granted is recognized as an employee expense with a corresponding increase in equity. These costs are recognized in the profit and loss account over the period during which an employee is required to provide service in exchange for the award.

Where the Company grants its shares or stock options over its own shares to the employees of its subsidiaries, it recognizes, in its individual financial statements, an increase in the cost of investment in its subsidiaries equivalent to the share based awards recognized in its consolidated financial statements, with the corresponding credit being recognized directly in equity.

The share based compensation expense is recognized as compensation by the entity which receives services in exchange for the share based compensation. In these Company only accounts, the profit and loss account is charged with the expense related to the services received by the Company. The remaining portion of the share based payments expense represent a contribution to group entities and is added to the carrying amount of those investments.

Related party transactions

Transactions between the Company and its wholly owned subsidiaries are not disclosed in line with FRS 102.33.1A. There were no other related party transactions during either period. Details of Directors' renumeration have been disclosed in Note 21 to the consolidated financial statements.

Judgment and Key Sources of Estimation Uncertainty

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the amounts reported for assets and liabilities as at the statement of financial position date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgments and estimates have had the most significant effect on amounts recognized in the financial statements.

Financial guarantees

The Company has treated outstanding financial guarantee contracts as contingent liabilities as it is not probable that the Company will be required to make a payment under the guarantees.

Share-based compensation

The cost of share-based compensation awards is measured at fair value at the date of grant. Specifically, the determination of the fair value of a share-based stock option involves the use of a pricing model and assumptions. Due to the complexity of the pricing model, assumptions required and the long-term nature of the plan awards, such estimates are subject to significant uncertainty. Refer to Note 9, titled "Reserves" for further details.

(amounts in thousands, except per share amounts and as noted)

Deferred tax assets and liabilities

We recognize deferred tax assets and liabilities based on the differences between the financial statement carrying amounts and the tax basis of assets and liabilities. We regularly review our deferred tax assets for recoverability and establish a valuation allowance based on historical taxable income, projected future taxable income, the expected timing of the reversals of existing temporary differences, and the implementation of tax planning strategies; these are considered important judgments in the deferred tax assessment. If we are unable to generate sufficient future taxable income in certain tax jurisdictions, or if there is a material change in the effective income tax rates or time period within which the underlying temporary differences become taxable or deductible which would increase our effective income tax rate and could result in an adverse impact on our consolidated financial position, results of operations, or cash flows.

3. HISTORY AND DESCRIPTION OF THE COMPANY

The Company was originally formed as a private company (initially named Joahville Limited and then renamed STERIS Limited) and was later converted to a public company under Section 1291 of the Companies Act 2014, for the purposes of facilitating the acquisition of all the shares of STERIS plc, a UK company (the "Acquisition") whose shares were listed on the New York Stock Exchange ("NYSE"). The acquisition was completed on March 29, 2019 and the shares of STERIS Limited (now renamed STERIS plc) are listed on the NYSE.

The principal activity of STERIS plc is an investment holding company. The Company's registered address is located at 70 Sir John Rogerson's Quay, Dublin 2, Ireland.

4. FINANCIAL ASSETS INVESTMENTS IN GROUP UNDERTAKINGS

	2020
Cost:	
Balance at April 1, 2018	$ —
Additions due to the Acquisition	10,592,117
Additions due to assumption of the Long-term Equity Incentive Plan	103,109
Distribution received	(175,000)
Balance at March 31, 2019	10,520,226
Additions due to share based compensation plan	**22,576**
Capital contribution to STERIS Emerald IE Limited	**92,854**
Balance at March 31, 2020	**$ 10,635,656**

In March 2019, the Company assumed the Long-term Equity Incentive Plan from the prior STERIS plc. The fiscal 2020 additions due to share based compensation plan total includes a $580 reduction in the fiscal 2019 additions due to the finalization of the assumption of the the Long-Term Equity Incentive Plan. Other additions due to share based compensation plan relate to the cost of share based payments issued to employees of subsidiaries. For more information about the share based compensation plan, see Note 16 to the Consolidated Financial Statements included in this Annual Report.

In March 2020, STERIS UK agreed to pay the Company $92,854, the total amount outstanding under an interest free loan made pursuant to a loan agreement dated March 29, 2019, owed to the Company. Following the receipt of the loan repayment the Company contributed the full amount to STERIS Emerald IE Limited as a capital contribution.

In March 2019, the Company acquired 100 percent of the shareholding in the existing STERIS Group and received a cash distribution of $175,000 from STERIS Emerald IE Limited on the same day. Given that both transactions were part of a wider restructuring involving the redomiciliation of the group to Ireland, and which took place on the same day, the Directors considered it appropriate to treat the receipt of the distribution STERIS Emerald IE Limited as a reduction in the carrying value of the investment in the STERIS Group.

(amounts in thousands, except per share amounts and as noted)

The Company holds directly the issued share capital of the following subsidiary:

Name	Ownership Percentage	Country of Incorporation	Principal Activity
STERIS Emerald IE Limited	100%	Ireland	Holding Company

During fiscal 2019, the Company acquired 100 percent of the share capital of STERIS Emerald IE Limited and STERIS Emerald UK Ltd which were subsequently merged on March 28, 2019. STERIS Emerald IE Limited, the surviving entity, is an investment holding company.

The merger was an element of a Court-approved scheme of arrangement that provided for the insertion of STERIS as the the new Irish Public limited company at the top of the STERIS group. Upon completion of such transactions, STERIS owned 100 percent of STERIS Emerald IE Limited and indirectly, all investments previously held by the predecessor STERIS plc.

STERIS has adopted an accounting treatment consistent with the requirements of section 2.8 of FRS 102, which requires transactions to be accounted for and presented in accordance with their substance as opposed to their legal form. The carrying value of the investments have been reclassified within the investment of STERIS and no movement has been recognized in the total value of investments as STERIS has the same total interest in subsidiaries before and after the merger.

A complete listing of direct and indirect subsidiaries is included in Note 25 to the Consolidated Financial Statements included in the Directors' Report and Consolidated Financial Statements for the year ended March 31, 2020.

5. DEBTORS

Amounts due from debtors are presented in the following table:

	2020	2019
Amounts due within one year		
Amounts due from group undertakings	**$ 1,230,533**	$ 175,225
Accrued tax foreign income	**627**	—
VAT vendor reclaimable	**39**	—
Total amounts due within one year	**1,231,199**	175,225
Amounts due after one year		
Long term deferred tax foreign asset	**$ 212**	$ —
Prepaid credit facility fees (see note 6)	**68**	—
Total amounts due after one year	**280**	—
Total debtors	**$ 1,231,479**	$ 175,225

Fiscal 2020 amounts due from group undertakings within a year consisted of the following: a loan to STERIS Emerald IE Limited of $40 (and accrued interest of $1), which bears a current annual interest rate of 3.51% and matures on July 7, 2020, a loan to STERIS Irish FinCo Unlimited Company of $1,150,000, which bears no interest and matures on October 26, 2025 (and is payable on demand). Other receivables due from group undertakings were $80,492.

Fiscal 2019 amounts due within a year consisted of a five year interest free loan to STERIS Ltd for $175,000, which was paid in fiscal 2020 and other amounts due from group undertakings of $225.

(amounts in thousands, except per share amounts and as noted)

6. CREDITORS AND BORROWINGS

Amounts due to creditors are presented in the following table:

	2020	2019
Amounts due within one year		
Amounts due to group undertakings	**$ 60,143**	$ —
VAT payable	**616**	—
Other creditors	**200**	—
Total amounts due within one year	**60,959**	—
Amounts due after one year		
Bank debt	**$ 14,920**	$ —
Total amounts due after one year	**14,920**	—
Total creditors	**$ 75,879**	$ —

Fiscal 2020 amounts due within a year consisted of a loans from STERIS Limited UK and accrued interest on those loans. The individual loans consisted of principal amounts of 30 € ($33) and $20 bearing current annual interest rates of 1.63% and 3.54%, respectively. The loans were due to be repaid in May of 2020. Other amounts due to group undertakings were $60,090. Other creditors included professional fees and loan and interest costs on external borrowings.

On March 23, 2018, STERIS UK and certain of its subsidiaries entered into a Credit Agreement (the "Credit Agreement") with various financial institutions as lenders, and JPMorgan Chase Bank, N.A., as Administrative Agent. STERIS Ireland subsequently became a borrower and guarantor under the Credit Agreement. The Credit Agreement replaced a bank credit facility dated March 31, 2015. Borrowings at closing were used to repay outstanding balances of debt outstanding under the former bank credit facility dated March 31, 2015 that was scheduled to mature on March 31, 2020 and for other general corporate purposes. The Credit Agreement provides up to $1,000,000 of credit, in the form of a revolver facility, which may be utilized for revolving credit borrowings, swing line borrowings and letters of credit, with sublimits for swing line borrowings and letters of credit. The revolver facility may be increased in specified circumstances by up to $500,000. The Credit Agreement will mature on March 23, 2023, and all unpaid borrowings, together with accrued and unpaid interest thereon, are repayable on that date. The Credit Agreement contains leverage and interest coverage covenants. Borrowings may be taken in U.S. dollars, euros, and pounds sterling and certain other specified currencies and bear interest at our option based upon either the Base Rate or the Eurocurrency Rate, plus the Applicable Margin in effect from time to time under the Credit Agreement. The Applicable Margin is determined based on the ratio of Consolidated Total Debt to Consolidated EBITDA (as such terms are defined in the Credit Agreement). Interest on Base Rate Advances is payable quarterly in arrears and interest on Eurocurrency Rate Advances is payable at the end of the relevant interest period therefor, but in no event less frequently than every three months. The Credit Agreement was amended in March 2019, in connection with the Redomiciliation. As of March 31, 2020 a total of $14,920 was outstanding under the Credit Agreement, based on currency exchange rates as of March 31, 2020.

7. CONTINGENT LIABILITIES

The Company guarantees the following subsidiary debt (which debt also is guaranteed by various other subsidiaries of the Company);

- $350,000 of senior notes issued May 15, 2015 by STERIS Corporation, of which $125,000 have a maturity of 10 years from the issue date at an annual interest rate of 3.45%, $125,000 have a maturity of 12 years from the issue date at an annual interest rate of 3.55% and $100,000 have a maturity of 15 years from the issue date at an annual interest rate of 3.70%.
- $98,000 of senior notes issued in February 2013 by STERIS Corporation, of which $45,500 have a maturity of nine years and 10 months from issuance and have a current annual interest rate of 3.20%, $40,000 have a maturity of 11 years and 10 months from issuance and have a current annual interest rate of 3.35%, and the remaining $12,500 have a maturity of 14 years and 10 months from issuance and have a current annual interest rate of 3.55%.
- $98,000 of senior notes issued by STERIS Corporation in December 2012, of which $45,500 have a maturity of 10 years from issuance and have a current annual interest rate of 3.20%, an additional $40,000 have a maturity of 12 years from issuance and have a current annual interest rate of 3.35%, and the remaining $12,500 have a maturity of 15 years from issuance and have a current annual interest rate of 3.55%.

- $35,000 of senior notes issued by STERIS Corporation on August 15, 2008, which have a maturity of 12 years from issuance and have a current annual interest rate of 6.43%.
- $95,000, €99,000, and £75,000, of senior notes issued February 27, 2017, by STERIS UK. These notes have maturities of between 10 years and 15 years from the issue date and annual interest rates that range from 1.86% to 4.03%.

The Company is also a Borrower, and guarantees the obligations of certain of our subsidiaries, under the Credit Agreement (as previously defined).

In addition to the Credit Agreement, the Company guarantees letters of credit obligations of its subsidiaries under other agreements with banks up to a maximum amount of $35,000 as of March 31, 2020.

8. SHARE CAPITAL

Authorized share capital consisted of the follow:

	March 31,	
(Shares in thousands)	**2020**	**2019**
Ordinary shares, par value $75.00, 500,000,000	**$ —**	$ 37,500,000
Ordinary shares, par value $.001, 500,000,000	**500,000**	500,000
Preferred shares, par value $.001, 50,000,000	**50**	50
Deferred ordinary shares, €1.00, par value, 25,000	**28**	28
	$ 500,078	$ 38,000,078

Allotted, called-up and fully paid is comprised of the following:

	March 31,	
(Shares in thousands)	**2020**	**2019**
Ordinary shares, par value $75.00, 84,516,819 issued and outstanding	**$ —**	$ 6,338,761
Ordinary shares, par value $.001 84,924,355 issued and outstanding	**86**	—
	$ 86	$ 6,338,761

On February 28, 2019, the shareholders of STERIS UK approved a special resolution authorizing a capital reduction of, and the creation of distributable profits for, STERIS Ireland through a reduction in the nominal value of its ordinary shares. To implement the approved proposal, STERIS Ireland authorized, subject to the confirmation of the High Court of Ireland, the creation of approximately $6,338,536 of distributable profits within STERIS Ireland by reducing the nominal value from $75.00 to $0.001 per share and cancelling the associated company capital paid-up on each of the ordinary shares of STERIS Ireland issued (1) pursuant to the Scheme, and (2) following the effective time of the Scheme and up to 11:59 a.m. on the day immediately prior to the High Court confirmation hearing (the "Par Value Reduction").

On May 2, 2019, the High Court of Ireland confirmed the creation of distributable profits of STERIS Ireland via the Par Value Reduction, such that the reserve resulting from the cancellation of paid-up company capital will be treated as distributable profits of STERIS Ireland, and made a related order (the "Order"). The Par Value Reduction took effect on May 3, 2019, upon the registration with the Irish Registrar of Companies of the Order and of an associated minute approved by the High Court with respect to the company capital of STERIS Ireland. In connection with the Par Value Reduction, the authorized share capital of STERIS Ireland was also amended to (a) 500,000,000 ordinary shares, $0.001 par value per share, (b) 50,000,000 preferred shares, $0.001 par value per share and (c) 25,000 deferred ordinary shares, €1.00 par value per share. The rights and obligations of the ordinary shares of STERIS Ireland otherwise remain unchanged.

During fiscal 2020, the Company issued 803,679 ordinary shares having a nominal value of $.001 each in capital of the Company for a total consideration of $34,732 related to employee share based compensation plans. Refer to Note 16 to the Consolidated Financial Statements included in this Annual Report for further discussion of share based compensation.

During fiscal 2020, the Company repurchased 273,259 ordinary shares for the aggregate amount of $40,000 (net of fees and commissions). During fiscal 2020, the Company obtained 35,994 ordinary shares due to forfeitures under share based compensation award programs. During fiscal 2020, the Company obtained 86,890 ordinary shares in the aggregate amount of $11,235 for tax withholding on exercised options under share based compensation award programs. Refer to Note 12 to the Consolidated Financial Statements included in this Annual Report for further discussion of share repurchases.

During fiscal 2019, we issued 84,513,819 of $75.00 par value ordinary shares in connection with the Acquisition. During fiscal 2019, the Company issued 3,000 ordinary shares for a total consideration of $225 related to employee share based compensation plans.

9. RESERVES

Share premium account. This reserve records the amount above the nominal value received for shares sold, less transaction costs.

Merger reserve. This reserve records the amount above the nominal value of the shares issued on the Redomiciliation and the fair value of the Group on that date.

Share capital reduction reserve. This reserve represents the nominal value of shares canceled.

Share option reserve. This reserve includes the amount recognized as a result of the assumption of the share based compensation plan at March 29, 2019 and the amounts recognized as expense during the subsequent period related to share based compensation programs.

Profit and loss account. The profit and loss account is comprised of the accumulated profits and is reduced by the distribution of dividends and the purchases of the Company's own shares out of the Company's profits.

Distributable reserves may be created through the earnings of the Company and through a reduction in share capital which may be achieved under certain methods.

During fiscal 2020, the Directors paid dividends totaling $123,034 or $1.45 per share.

Future dividends on STERIS plc ordinary shares, if any, and the timing of declaration of any such dividends, will be at the discretion of the Board of Directors of STERIS plc and will depend on, among other things, our results of operations, cash requirements and surplus, financial condition, contractual restrictions and other factors that the Board of Directors of STERIS plc may deem relevant, as well as our ability to pay dividends in compliance with the Act.

10. AUDITORS REMUNERATION

The fees paid to Ernst & Young Ireland in respect of the audit of the Company individual accounts were $0.1 and $0.1 million for the years ended March 31, 2020 and 2019, respectively. In addition, Ernst & Young Ireland received fees of $0.3 million (2019: $0.2 million) for other assurance services and $Nil (2019: $0.3 million) for tax advisory services for the years ended March 31, 2020 and 2019, respectively. These fees were borne by another group company. Note 22 to the Consolidated Financial Statements provides additional information regarding Auditors’ remuneration.

11. EMPLOYEES' REMUNERATION

Certain costs for the employees of the Company's subsidiaries are allocated to the Company in an amount commensurate with their services to the Company. These costs were $5,153 and $0 in fiscal 2020 and 2019, respectively.

12. SUBSEQUENT EVENTS

On April 30, 2020 the Board of Directors approved a quarterly interim dividend of $0.37 per share. The dividend is payable June 26, 2020 to shareholders of record at the close of business on June 12, 2020.