UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D. C. 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2024

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _______ to _______

Commission File Number 001-38848

STERIS plc

(Exact name of registrant as specified in its charter)

Ireland	**98-1455064**
(State or other jurisdiction of incorporation or organization)	**(IRS Employer Identification No.)**
70 Sir John Rogerson's Quay, Dublin 2, Ireland	**D02 R296**
(Address of principal executive offices)	**(Zip code)**

353 1 232 2000
(Registrant’s telephone number, including area code)

SECURITIES REGISTERED PURSUANT TO SECTION 12(B) OF THE ACT:

Title of each class	Trading symbol(s)	Name of Exchange on Which Registered
Ordinary Shares, $0.001 par value	STE	New York Stock Exchange
2.700% Senior Notes due 2031	STE/31	New York Stock Exchange
3.750% Senior Notes due 2051	STE/51	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company,” and “emerging growth company,” in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer	☒	Accelerated Filer	☐
Non-Accelerated Filer	☐	Smaller Reporting Company	☐
		Emerging Growth Company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The number of ordinary shares outstanding as of November 4, 2024: 98,707,327

STERIS plc and Subsidiaries

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PART 1—FINANCIAL INFORMATION

As used in this Quarterly Report on Form 10-Q, STERIS plc and its consolidated subsidiaries together are called “STERIS,” the “Company,” “we,” “us,” or “our,” unless otherwise noted.

ITEM 1. FINANCIAL STATEMENTS

STERIS PLC AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(in thousands)

	September 30, 2024	March 31, 2024
	(Unaudited)	
Assets		
Current assets:		
Cash and cash equivalents	**$ 172,195**	$ 207,020
Accounts receivable (net of allowances of $24,480 and $22,984 respectively)	**923,340**	1,008,315
Inventories, net	**688,933**	674,535
Prepaid expenses and other current assets	**153,401**	174,349
Current assets held for sale	**—**	804,904
Total current assets	**1,937,869**	2,869,123
Property, plant, and equipment, net	**1,929,666**	1,765,180
Lease right-of-use assets, net	**159,237**	173,201
Goodwill	**4,151,437**	4,070,712
Intangibles, net	**2,003,669**	2,119,282
Other assets	**60,267**	66,199
Total assets	**$ 10,242,145**	$ 11,063,697
Liabilities and equity		
Current liabilities:		
Accounts payable	**$ 235,070**	$ 251,723
Accrued income taxes	**5,850**	13,640
Accrued payroll and other related liabilities	**146,575**	164,831
Short-term lease obligations	**30,509**	31,239
Short-term indebtedness	**80,000**	85,938
Accrued expenses and other	**307,479**	319,744
Current liabilities held for sale	**—**	64,012
Total current liabilities	**805,483**	931,127
Long-term indebtedness	**2,156,158**	3,120,162
Deferred income taxes, net	**462,741**	479,688
Long-term lease obligations	**133,148**	145,828
Other liabilities	**74,153**	71,546
Total liabilities	**$ 3,631,683**	$ 4,748,351
Commitments and contingencies (see Note 10)		
Ordinary shares, with $0.001 par value; 500,000 shares authorized; 98,708 and 98,883 ordinary shares issued and outstanding, respectively	**4,490,999**	4,543,176
Retained earnings	**2,268,326**	2,087,645
Accumulated other comprehensive loss	**(165,836)**	(328,657)
Total shareholders’ equity	**6,593,489**	6,302,164
Noncontrolling interests	**16,973**	13,182
Total equity	**6,610,462**	6,315,346
Total liabilities and equity	**$ 10,242,145**	$ 11,063,697

See notes to consolidated financial statements.

STERIS PLC AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME
(in thousands, except per share amounts)
(Unaudited)

	Three Months Ended September 30,		Six Months Ended September 30,	
	2024	2023	2024	2023
Revenues:				
Product	$ 695,908	$ 658,180	$ 1,352,201	$ 1,270,882
Service	633,004	580,024	1,256,213	1,150,708
Total revenues	1,328,912	1,238,204	2,608,414	2,421,590
Cost of revenues:				
Product	368,720	350,377	709,140	670,856
Service	381,401	341,599	748,053	675,502
Total cost of revenues	750,121	691,976	1,457,193	1,346,358
Gross profit	578,791	546,228	1,151,221	1,075,232
Operating expenses:				
Selling, general, and administrative	329,298	328,430	664,924	634,960
Research and development	27,031	26,268	52,604	50,962
Restructuring expenses (credits)	2,796	(23)	28,496	(4)
Total operating expenses	359,125	354,675	746,024	685,918
Income from operations	219,666	191,553	405,197	389,314
Non-operating expenses, net:				
Interest expense	19,668	36,938	50,052	69,295
Interest and miscellaneous income	(1,126)	(1,237)	(2,435)	(2,614)
Loss (gain) on sale of business and equity investment, net	6,232	—	(12,571)	—
Total non-operating expenses, net	24,774	35,701	35,046	66,681
Income from continuing operations before income tax expense	194,892	155,852	370,151	322,633
Income tax expense	43,506	35,055	78,816	71,255
Income from continuing operations, net of income tax	151,386	120,797	291,335	251,378
(Loss) income from discontinued operations, net of income tax	(213)	(4,451)	5,379	(11,242)
Net income	151,173	116,346	296,714	240,136
Less: Net income attributable to noncontrolling interests	1,139	1,027	1,279	1,263
Net income attributable to shareholders	$ 150,034	$ 115,319	$ 295,435	$ 238,873
Net income (loss) per share attributable to shareholders - Basic:				
Continuing Operations	$ 1.52	$ 1.21	$ 2.94	$ 2.53
Discontinued Operations	$ —	$ (0.05)	$ 0.05	$ (0.11)
Total	$ 1.52	$ 1.17	$ 2.99	$ 2.42
Net income (loss) per share attributable to shareholders - Diluted:				
Continuing Operations	$ 1.51	$ 1.20	$ 2.92	$ 2.52
Discontinued Operations	$ —	$ (0.04)	$ 0.05	$ (0.11)
Total	$ 1.51	$ 1.16	$ 2.98	$ 2.41
Cash dividends declared per share ordinary outstanding	$ 0.57	$ 0.52	$ 1.09	$ 0.99

See notes to consolidated financial statements.

STERIS PLC AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(in thousands)
(Unaudited)

	Three Months Ended September 30,		Six Months Ended September 30,	
	2024	**2023**	**2024**	**2023**
Net income	**$ 151,173**	$ 116,346	**$ 296,714**	$ 240,136
Less: Net income attributable to noncontrolling interests	**1,139**	1,027	**1,279**	1,263
Net income attributable to shareholders	**150,034**	115,319	**295,435**	238,873
Other comprehensive income (loss)				
Defined benefit plan changes (net of taxes of $(14), $18, $(28) and $35, respectively)	**43**	59	**(121)**	117
Change in cumulative foreign currency translation adjustment	**157,191**	(75,935)	**162,942**	(66,142)
Total other comprehensive income	**157,234**	(75,876)	**162,821**	(66,025)
Comprehensive income	**$ 307,268**	$ 39,443	**$ 458,256**	$ 172,848

See notes to consolidated financial statements.

STERIS PLC AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)
(Unaudited)

	Six Months Ended September 30, 2024	Six Months Ended September 30, 2023
Operating activities:		
Net income	**$ 296,714**	$ 240,136
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, depletion, and amortization	**227,953**	290,177
Deferred income taxes	**(22,085)**	(1,314)
Share-based compensation expense	**32,272**	32,295
Loss (gain) on the disposal of property, plant, equipment, and intangibles, net	**2,699**	(1,103)
Gain on sale of businesses and equity investment, net	**(4,458)**	—
Other items	**586**	113
Changes in operating assets and liabilities, net of effects of acquisitions:		
Accounts receivable, net	**82,506**	(2,464)
Inventories, net	**(18,677)**	(100,616)
Other current assets	**8,565**	(19,630)
Accounts payable	**(16,261)**	15,076
Accruals and other, net	**(35,346)**	(25,446)
Net cash provided by operating activities	**554,468**	427,224
Investing activities:		
Purchases of property, plant, equipment, and intangibles, net	**(209,975)**	(149,893)
Proceeds from the sale of property, plant, equipment, and intangibles	**—**	7,360
Proceeds from the sale of businesses	**809,919**	9,458
Acquisition of businesses, net of cash acquired	**(17,467)**	(539,758)
Net cash provided by (used in) investing activities	**582,477**	(672,833)
Financing activities:		
Payments on term loans	**(638,125)**	(30,000)
(Payments) proceeds under credit facilities, net	**(344,920)**	391,022
Acquisition related deferred or contingent consideration	**(177)**	(177)
Repurchases of ordinary shares	**(110,625)**	(9,213)
Cash dividends paid to ordinary shareholders	**(107,673)**	(97,795)
Contributions from noncontrolling interest holders	**2,532**	—
Stock option and other equity transactions, net	**19,092**	2,740
Net cash (used in) provided by financing activities	**(1,179,896)**	256,577
Effect of exchange rate changes on cash and cash equivalents	**8,126**	(5,568)
(Decrease) increase in cash and cash equivalents	**(34,825)**	5,400
Cash and cash equivalents at beginning of period	**207,020**	208,357
Cash and cash equivalents at end of period	**$ 172,195**	$ 213,757

See notes to consolidated financial statements.

STERIS PLC AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(in thousands, except per share amounts)
(Unaudited)

	Three Months Ended September 30, 2024					
	Ordinary Shares		Retained Earnings	Accumulated Other Comprehensive Loss	Non-controlling Interest	Total Equity
	Number	Amount				
Balance at June 30, 2024	**98,799**	**$ 4,499,580**	**$ 2,178,087**	**$ (323,070)**	**$ 15,848**	**$ 6,370,445**
Comprehensive income:						
Net income	—	—	150,034	—	1,139	151,173
Other comprehensive income	—	—	—	157,234	—	157,234
Repurchases of ordinary shares	(202)	(42,864)	(3,558)	—	—	(46,422)
Equity compensation programs and other	112	34,283	—	—	—	34,283
Cash dividends - $0.57 per ordinary share	—	—	(56,237)	—	—	(56,237)
Other changes in noncontrolling interest holders	—	—	—	—	(14)	(14)
Balance at September 30, 2024	**98,709**	**$ 4,490,999**	**$ 2,268,326**	**$ (165,836)**	**$ 16,973**	**$ 6,610,462**

	Six Months Ended September 30, 2024					
	Ordinary Shares		Retained Earnings	Accumulated Other Comprehensive Loss	Non-controlling Interest	Total Equity
	Number	Amount				
Balance at March 31, 2024	**98,883**	**$ 4,543,176**	**$ 2,087,645**	**$ (328,657)**	**$ 13,182**	**$ 6,315,346**
Comprehensive income:						
Net income	—	—	295,435	—	1,279	296,714
Other comprehensive income	—	—	—	162,821	—	162,821
Repurchases of ordinary shares	(524)	(103,544)	(7,081)	—	—	(110,625)
Equity compensation programs and other	350	51,367	—	—	—	51,367
Cash dividends – $1.09 per ordinary share	—	—	(107,673)	—	—	(107,673)
Contributions from noncontrolling interest	—	—	—	—	2,532	2,532
Other changes in noncontrolling interest	—	—	—	—	(20)	(20)
Balance at September 30, 2024	**98,709**	**$ 4,490,999**	**$ 2,268,326**	**$ (165,836)**	**$ 16,973**	**$ 6,610,462**

	Three Months Ended September 30, 2023					
	Ordinary Shares		Retained Earnings	Accumulated Other Comprehensive Loss	Non-controlling Interest	Total Equity
	Number	Amount				
Balance at June 30, 2023	98,781	$ 4,498,212	$ 1,980,933	$ (310,859)	$ 10,086	$ 6,178,372
Comprehensive income:						
Net income	—	—	115,319	—	1,027	116,346
Other comprehensive loss	—	—	—	(75,876)	—	(75,876)
Repurchases of ordinary shares	(6)	(1,502)	1,013	—	—	(489)
Equity compensation programs and other	14	22,201	—	—	—	22,201
Cash dividends – $0.52 per ordinary share	—	—	(51,368)	—	—	(51,368)
Other changes in noncontrolling interest	—	—	—	—	(18)	(18)
Balance at September 30, 2023	98,789	$ 4,518,911	$ 2,045,897	$ (386,735)	$ 11,095	$ 6,189,168

	Six Months Ended September 30, 2023					
	Ordinary Shares		Retained Earnings	Accumulated Other Comprehensive Loss	Non-controlling Interest	Total Equity
	Number	Amount				
Balance at March 31, 2023	98,629	$ 4,486,375	$ 1,911,533	$ (320,710)	$ 9,974	$ 6,087,172
Comprehensive income:						
Net income	—	—	238,873	—	1,263	240,136
Other comprehensive loss	—	—	—	(66,025)	—	(66,025)
Repurchases of ordinary shares	(57)	(2,499)	(6,714)	—	—	(9,213)
Equity compensation programs and other	217	35,035	—	—	—	35,035
Cash dividends – $0.99 per ordinary share	—	—	(97,795)	—	—	(97,795)
Other changes in noncontrolling interest	—	—	—	—	(142)	(142)
Balance at September 30, 2023	98,789	$ 4,518,911	$ 2,045,897	$ (386,735)	$ 11,095	$ 6,189,168

See notes to consolidated financial statements.

1. Nature of Operations and Summary of Significant Accounting Policies

STERIS is a leading global provider of products and services that support patient care with an emphasis on infection prevention. WE HELP OUR CUSTOMERS CREATE A HEALTHIER AND SAFER WORLD by providing innovative healthcare and life science products and services around the globe. We offer our Customers a unique mix of innovative products and services. These include: consumable products, such as detergents, endoscopy accessories, barrier products, instruments and tools; services, including equipment installation and maintenance, microbial reduction of medical devices, instrument and scope repair, laboratory testing, and outsourced reprocessing; capital equipment, such as sterilizers, surgical tables, and automated endoscope reprocessors; and connectivity solutions such as operating room (“OR”) integration.

We operate and report our financial information in three reportable business segments: Healthcare, Applied Sterilization Technologies ("AST"), and Life Sciences. Previously, we had four reportable business segments, however, as a result of the divestiture of our Dental segment, Dental is presented as discontinued operations. Historical information has been retrospectively adjusted to reflect these changes for comparability purposes, as required. We describe our business segments in Note 11 titled "Business Segment Information."

Our fiscal year ends on March 31. References in this Quarterly Report to a particular “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:

Interim Financial Statements

We prepared the accompanying unaudited consolidated financial statements of the Company according to accounting principles generally accepted in the United States (“U.S. GAAP”) for interim financial information and the instructions to the Quarterly Report on Form 10-Q and Rule 10-01 of Regulation S-X. This means that they do not include all of the information and footnotes required by U.S. GAAP for complete financial statements. Our unaudited interim consolidated financial statements contain all material adjustments (including normal recurring accruals and adjustments) management believes are necessary to fairly state our financial condition, results of operations, and cash flows for the periods presented.

These interim consolidated financial statements should be read together with the consolidated financial statements and related notes included in our Annual Report on Form 10-K for the year ended March 31, 2024, which was filed with the Securities and Exchange Commission ("SEC") on May 29, 2024. The Consolidated Balance Sheet at March 31, 2024 was derived from the audited consolidated financial statements at that date but does not include all of the information and footnotes required by U.S. GAAP for complete financial statements.

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 intercompany 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.

Discontinued Operations

On April 11, 2024, the Company announced its plan to sell substantially all of the net assets of its Dental segment for total cash consideration of $787,500, subject to customary adjustments, and up to an additional $12,500 in contingent payment should the Dental business achieve certain revenue targets in fiscal 2025. The transaction was structured as an equity sale and closed on May 31, 2024. A component of an entity is reported in discontinued operations after meeting the criteria for held for sale classification if the disposition represents a strategic shift that has (or will have) a major effect on the entity's operations and financial results. We analyzed the quantitative and qualitative factors relevant to the divestiture of our Dental segment and determined that those conditions for discontinued operations presentation had been met prior to March 31, 2024. The Dental segment results of operations were reclassified to income (loss) from discontinued operations in the Consolidated Statements of Income for all periods presented, and we classified the Dental segment's assets and liabilities as held for sale for the year ended March 31, 2024 in the accompanying Consolidated Balance Sheets. Due to the transaction closing in the first quarter of fiscal 2025, the held for sale assets and liabilities were classified as current as of March 31, 2024. Our Consolidated Statements of Cash Flows include the financial results of the Dental segment through the date of sale on May 31, 2024. For additional information regarding this transaction and its effect on our financial reporting, refer to Note 4 titled, "Discontinued Operations" and Note 11 titled, "Business Segment Information."

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. This means that operating results for the three and six month periods ended September 30, 2024 are not necessarily indicative of results that may be expected for future quarters or for the full fiscal year ending March 31, 2025.

Revenue Recognition and Associated Liabilities

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 September 30, 2024, assets related to costs to fulfill a contract were not material to our consolidated financial statements.

Refer to Note 11 titled, "Business Segment Information" for disaggregation of revenue.

Product Revenues

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 products 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 capital equipment products is deferred until installation is complete if the capital equipment and installation are highly integrated and form a single performance obligation.

Service Revenues

Within our Healthcare and Life Sciences segments, service revenues include 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. Healthcare service revenues also include 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.

We also offer preventive maintenance and separately priced extended warranty agreements to our Customers, which require us to maintain and repair products over the duration of the contract. Generally, these contract terms are cancellable 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 AST 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 the first six months of fiscal 2025, $52,122 of the March 31, 2024 deferred revenue balance was recorded as revenue. During the first six months of fiscal 2024, $64,241 of the March 31, 2023 deferred revenue balance was recorded as revenue.

Refer to Note 8 titled, "Additional Consolidated Balance Sheet Information" for deferred revenue balances.

Service Liabilities

Payments received in advance of performance for cancellable preventive 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.

Refer to Note 8 titled, "Additional Consolidated Balance Sheet Information" 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 orders for capital equipment and consumables where control of the products has not passed to the customer. With regard to service, these remaining performance obligations primarily include installation, certification, and outsourced reprocessing services. As of September 30, 2024, the transaction price allocated to remaining performance obligations was approximately $1,627,045. We expect to recognize approximately 54% of the transaction price within one year and approximately 37% beyond one year. The remainder has yet to be scheduled for delivery.

(dollars in thousands, except 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 not yet been adopted				
ASU 2023-07 "Segment Reporting (Topic 280) Improvements to Reportable Segment Disclosures."	November 2023	The standard provides guidance to enhance disclosures related to reportable segment expenses, including requirements to disclose significant segment expenses that are regularly provided to the Chief Operating Decision Maker ("CODM"), the title and position of the CODM and a description of how the CODM uses the information to make decisions regarding the allocation of resources. The standard also requires disclosure of certain segment information currently required annually to be reported on an interim basis. The amendments in this standard are effective for annual periods beginning after December 15, 2023 and interim periods within fiscal years beginning after December 15, 2024.	NA	We are currently assessing the impact of this standard update on our disclosures in the notes to the consolidated financial statements.
ASU 2023-09 "Income Taxes (Topic 740) Improvements to Income Tax Disclosures."	December 2023	The standard provides guidance to enhance disclosures related to income taxes paid (net of refunds), requiring disaggregation by federal, state, and foreign, and disclosure of income taxes paid (net of refunds received) by individual jurisdictions that represent greater than 5% of the total. The standard also requires disclosure of income (loss) from continuing operations before income taxes, disaggregated between domestic and foreign, and income tax expense (or benefit) disaggregated by federal, state, and foreign. Finally, the standard removes the requirement for certain disclosures related to changes in unrecognized tax benefits and certain amounts of temporary differences. The amendments in this standard are effective for annual periods beginning after December 15, 2024.	NA	We are currently assessing the impact of this standard update on our disclosures in the notes to the consolidated financial statements.
ASU 2024-03 "Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures (Subtopic 220-40) Disaggregation of Income Statement Expenses."	November 2024	The standard provides guidance to enhance disclosures related to the disaggregation of income statement expenses. The standard requires, in the notes to the financial statements, disclosure of specified information about certain costs and expenses which includes purchases of inventory, employee compensation, depreciation, and intangible asset amortization included in each relevant expense caption. The standard also requires amounts that are already required to be disclosed under U.S. GAAP in the same disclosure as the other disaggregation requirements, disclosure of a qualitative description of the amounts remaining in relevant expense captions that are not separately disaggregated quantitatively, and disclosure of the total amount of selling expenses and, in annual reporting periods, an entity's definition of selling expenses. The amendments in this standard are effective for annual periods beginning after December 15, 2026, and interim periods beginning after December 15, 2027.	NA	We are currently assessing the impact of this standard update on our disclosures in the notes to the consolidated financial statements.

(dollars in thousands, except as noted)

A detailed description of our significant and critical accounting policies, estimates, and assumptions is included in our consolidated financial statements included in our Annual Report on Form 10-K for the year ended March 31, 2024, which was filed with the SEC on May 29, 2024. Our significant and critical accounting policies, estimates, and assumptions have not changed materially from March 31, 2024.

2. Restructuring

In May 2024, we adopted and announced a targeted restructuring plan (the "Restructuring Plan"). This plan includes a strategic shift in our approach to the Healthcare surgical business in Europe, as well as other actions including the impairment of an internally developed X-ray accelerator, product rationalizations and facility consolidations. Fewer than 300 positions are being eliminated. These restructuring actions are designed to enhance profitability and improve efficiency, and we expect these actions to be substantially complete by the end of fiscal 2025.

The following tables summarize our total pre-tax restructuring expenses recorded in fiscal 2025 related to the Restructuring Plan:

Restructuring Plan	**Three Months Ended September 30,**	**Six Months Ended September 30,**
Severance and other compensation related costs	**$ 1,805**	**$ 23,285**
Lease and other contract termination and other costs	**991**	**3,961**
Product rationalization [1]	**—**	**2,382**
Accelerated depreciation and amortization	**—**	**1,250**
Total Restructuring Expense	**$ 2,796**	**$ 30,878**

(1) Recorded in Cost of revenues on the Consolidated Statements of Income.

The Restructuring Plan expenses incurred during the three and six months ended September 30, 2024 primarily related to actions taken within our Healthcare segment. Total pre-tax restructuring expense of $75,268 has been recorded relating to the Restructuring Plan since inception, of which $20,702 has been recorded in Cost of revenues. We expect to incur additional costs through the remainder of fiscal 2025 for severance and other compensation related costs and lease and other contract termination and other costs, of approximately $25,000.

Liabilities related to restructuring activities are recorded as current liabilities in the accompanying Consolidated Balance Sheets within "Accrued payroll and other related liabilities" and "Accrued expenses and other." The following table summarizes our restructuring liability balances:

	Restructuring Plan
Balance at March 31, 2024	$ 678
Fiscal 2025 Charges	27,246
Payments	(6,098)
Balance at September 30, 2024	**$ 21,826**

(dollars in thousands, except as noted)

3. Business Acquisitions and Divestitures

Acquisitions

During the first six months of fiscal 2025, we completed several tuck-in acquisitions, which continued to expand our product and service offerings in the Healthcare and AST segments. Total aggregate consideration was approximately $17,467.

On August 2, 2023, we purchased the surgical instrumentation, laparoscopic instrumentation and sterilization container assets from Becton, Dickinson and Company (NYSE: BDX) ("BD"). The acquired assets from BD were integrated into our Healthcare segment.

The purchase price of the BD acquisition was $539,758. The acquisition also qualified for a tax benefit related to tax deductible goodwill, with a present value of approximately $60,000. The purchase price of the acquisition was financed with borrowings from our Previous Revolving Credit Facility. For more information, refer to Note 7 titled, "Debt."

The table below summarizes the allocation of the purchase price to the net assets acquired from BD based on fair values at the acquisition date.

	September 30, 2023 (As Previously Reported)	Adjustments [2]	Final
Inventory	27,006	4,821	**31,827**
Property, plant, and equipment	6,755	1,109	**7,864**
Lease right-of-use assets, net	—	1,737	**1,737**
Intangible assets [1]	303,598	(598)	**303,000**
Goodwill	202,399	(5,332)	**197,067**
Total assets acquired	539,758	1,737	**541,495**
Lease obligations	—	1,737	**1,737**
Total liabilities assumed	—	1,737	**1,737**
Net assets acquired	$ 539,758	$ —	**$ 539,758**

[1] Includes estimated fair values of $238,000 for Customer relationships (13 years estimated useful life), $50,000 for Patents and technology (13 years estimated useful life), and $15,000 for Trademarks and trade names (15 years estimated useful life) as of the acquisition date.
[2] No additional adjustments made during fiscal 2025.

Acquisition and integration expenses totaled $3,205 and $5,459 for the three and six months ended September 30, 2024, respectively. Acquisition and integration expenses totaled $15,808 and $18,045 for the three and six months ended September 30, 2023, respectively. The decrease in acquisition and integration expenses for the three and six months ended September 30, 2024 is primarily due to charges related to the acquisition of assets from BD and a fair value adjustment related to a building held for sale from a previous acquisition during fiscal 2024. Acquisition and integration expenses are reported in the Selling, general and administrative expenses line of our Consolidated Statements of Income and include, but are not limited to, investment banker, advisory, legal and other professional fees, and certain employee-related expenses.

Divestitures

On April 11, 2024, the Company announced its plan to sell its Dental segment for total cash consideration of $787,500, subject to customary adjustments, and up to an additional $12,500 in contingent payment should the Dental business achieve certain revenue targets in fiscal 2025. The transaction was structured as an equity sale and closed on May 31, 2024. The disposal of the Dental segment met the criteria to be presented as a discontinued operation. For more information refer to Note 4 titled "Discontinued Operations."

On April 1, 2024, we completed the sale of the Controlled Environment Certification Services business. We recorded net proceeds of $41,894 and recognized a pre-tax gain on the sale of $19,151 in fiscal 2025. The business generated approximately $35,000 in revenues in fiscal 2024.

(dollars in thousands, except as noted)

4. Discontinued Operations

On April 11, 2024, the Company announced its plan to sell substantially all of the net assets of its Dental segment for total cash consideration of $787,500, subject to customary adjustments, and up to an additional $12,500 in contingent payment should the Dental business achieve certain revenue targets in fiscal 2025. The transaction was structured as an equity sale and closed on May 31, 2024. A component of an entity is reported in discontinued operations after meeting the criteria for held for sale classification if the disposition represents a strategic shift that has (or will have) a major effect on the entity's operations and financial results. We analyzed the quantitative and qualitative factors relevant to the divestiture of our Dental segment and determined that those conditions for discontinued operations presentation had been met prior to March 31, 2024. The Dental segment results of operations were reclassified to income (loss) from discontinued operations in the Consolidated Statements of Income for all periods presented, and we classified the Dental segment's assets and liabilities as held for sale as of March 31, 2024 in the accompanying Consolidated Balance Sheets. Due to the transaction closing in the first quarter of fiscal 2025, the held for sale assets and liabilities were classified as current as of March 31, 2024. Our Consolidated Statements of Cash Flows include the financial results of the Dental segment through the date of sale on May 31, 2024. A majority of the proceeds received from the sale were utilized to pay off existing debt.

The following table summarizes the major classes of assets and liabilities of the Dental business segment that were classified as held for sale in the Consolidated Balance Sheets as of March 31, 2024:

	March 31, 2024
Assets	
Assets held-for-sale:	
Accounts receivable, net	$ 48,590
Inventories, net	89,345
Property, plant, and equipment, net	73,395
Lease right-of-use assets, net	22,822
Intangibles, net	770,731
Prepaid expenses and other assets	2,953
Loss accrued on classification as held for sale	(202,932)
Total assets held-for-sale	$ 804,904
Liabilities	
Liabilities held-for-sale:	
Accounts payable	$ 10,580
Accrued income taxes	433
Accrued payroll and other related liabilities	13,683
Lease obligations	23,722
Accrued expenses and other	15,594
Total liabilities held-for-sale	$ 64,012

STERIS PLC AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)—(Continued)
For the Three and Six Months Ended September 30, 2024 and 2023
(dollars in thousands, except as noted)

The following table summarizes the major line items constituting pre-tax income of discontinued operations associated with the Dental segment for the three and six months ending September 30, 2024 and 2023:

	Three Months Ended September 30, 2024		Six Months Ended September 30,	
	2024	2023	2024	2023
Revenues:				
Product	$ —	$ 104,156	$ 63,936	$ 205,312
Cost of revenues:				
Product	—	56,855	35,146	113,554
Gross profit:	—	47,301	28,790	91,758
Operating expenses:				
Selling, general, and administrative	—	52,221	13,466	104,749
Research and development	—	776	369	1,584
(Loss) income from operations [1]	—	(5,696)	14,955	(14,575)
Non-operating expenses (income), net	—	2	1	(10)
Pre-tax loss on sale	(270)	—	(8,113)	—
(Loss) income before income tax expense	(270)	(5,698)	6,841	(14,565)
Income tax (benefit) expense	(57)	(1,247)	1,462	(3,323)
(Loss) income from discontinued operations, net of income tax	(213)	(4,451)	5,379	(11,242)

[1] Income from operations for the six month period ended September 30, 2024 includes two months of operating results prior to the transaction close on May 31, 2024 and excludes depreciation and amortization of property, plant, equipment, and intangible assets subsequent to the held for sale classification as of March 2, 2024.

The effective income tax rates for the three month periods ending September 30, 2024 and 2023 from discontinued operations were 21.1% and 21.9%, respectively. The effective income tax rates for the six month periods ending September 30, 2024 and 2023 from discontinued operations were 21.4% and 22.8%, respectively.

Significant non-cash operating items and capital expenditures related to discontinued operations are reflected in the statement of cash flows as follows:

	Six Months Ended September 30,	
	2024	2023
Operating activities of discontinued operations:		
Depreciation, depletion, and amortization	$ —	$ 60,837
Investing activities of discontinued operations:		
Purchases of property, plant, equipment, and intangibles, net	$ (433)	$ (2,720)

5. Inventories, Net

Inventories are stated at the lower of their cost and net realizable value determined by the first-in, first-out (“FIFO”) cost method. Inventory costs include material, labor, and overhead. Inventories, net consisted of the following:

	September 30, 2024	March 31, 2024
Raw materials	$ 235,594	$ 245,942
Work in process	107,371	98,304
Finished goods	388,606	374,182
Reserve for excess and obsolete inventory	(42,638)	(43,893)
Inventories, net	$ 688,933	$ 674,535

(dollars in thousands, except as noted)

6. Property, Plant, and Equipment

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

	September 30, 2024	March 31, 2024
Land and land improvements [1]	**$ 106,008**	$ 90,134
Buildings and leasehold improvements	**770,760**	724,492
Machinery and equipment	**1,148,329**	1,075,082
Information systems	**260,649**	256,671
Radioisotope	**732,755**	692,642
Construction in progress [1]	**577,443**	500,106
Total property, plant, and equipment	**3,595,944**	3,339,127
Less: accumulated depreciation and depletion	**(1,666,278)**	(1,573,947)
Property, plant, and equipment, net	**$ 1,929,666**	$ 1,765,180

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

7. Debt

Indebtedness was as follows:

	September 30, 2024	March 31, 2024
Short-term debt		
Term loan, current portion	**$ —**	$ 41,250
Delayed draw term loan, current portion	**—**	44,688
Private Placement Senior Notes	**80,000**	—
Total short-term debt	**$ 80,000**	$ 85,938
Long-term debt		
Private Placement Senior Notes	**$ 680,794**	$ 751,433
Revolving Credit Facility	**141,396**	484,529
Deferred financing costs	**(16,032)**	(17,988)
Term loan	**—**	3,750
Delayed draw term loan	**—**	548,438
Senior Public Notes	**1,350,000**	1,350,000
Total long-term debt	**$ 2,156,158**	$ 3,120,162
Total debt	**$ 2,236,158**	$ 3,206,100

On October 7, 2024, STERIS plc (“STERIS”), STERIS Corporation (the “Company”), STERIS Limited (“Limited”) and STERIS Irish FinCo Unlimited Company (“FinCo”), each as a borrower and guarantor, entered into a credit agreement with various financial institutions as lenders, and JPMorgan Chase Bank, N.A., as administrative agent (the “Revolving Credit Agreement”) providing for a $1,100,000 revolving credit facility (the “Revolving Credit Facility”), which replaced a prior credit agreement, dated as of March 19, 2021 (the “Previous Revolving Credit Facility”).

The Revolving Credit Agreement provides for revolving credit borrowings, swing line borrowings and letters of credit, with sublimits for swing line borrowings and letters of credit. The Revolving Credit Agreement may be increased in specified circumstances by up to $625,000 in the discretion of the lenders. The Revolving Credit Agreement matures on the date that is five years after October 7, 2024, and all unpaid borrowings, together with accrued and unpaid interest thereon, are repayable on that date. The Revolving Credit Facility bears interest from time to time, at either the Base Rate or the Relevant Rate, as defined in and calculated under and as in effect from time to time under the Revolving Credit Agreement, plus the Applicable Margin, as defined in the Revolving Credit Agreement. The Applicable Margin is determined based on the Debt Rating of STERIS, as defined in the Revolving Credit Agreement. Base Rate Advances are payable quarterly in arrears and Term Benchmark Advances are payable at the end of the relevant interest period therefor, but in no event less frequently than every three months.

(dollars in thousands, except as noted)

Swingline borrowings bear interest at a rate to be agreed by the applicable swingline lender and the applicable borrower, subject to a cap in the case of swingline borrowings denominated in U.S. Dollars equal to the Base Rate plus the Applicable Margin for Base Rate Advances plus the Facility Fee. There is no premium or penalty for prepayment of Base Rate Advances, but prepayments of Term Benchmark Advances are generally subject to a breakage fee. Advances may be extended in U.S. Dollars or in specified alternative currencies (“Alternative Currency Advances”). Alternative Currency Advances are limited in the aggregate to the equivalent of $625,000.

Additional information regarding our indebtedness is included in the notes to our consolidated financial statements included in our Annual Report on Form 10-K for the year ended March 31, 2024, which was filed with the SEC on May 29, 2024.

8. Additional Consolidated Balance Sheet Information

Additional information related to our Consolidated Balance Sheets is as follows:

	September 30, 2024	March 31, 2024
Accrued payroll and other related liabilities:		
Compensation and related items	**$ 66,282**	$ 48,152
Accrued vacation/paid time off	**16,660**	16,140
Accrued bonuses	**39,293**	61,669
Accrued employee commissions	**21,261**	35,980
Other postretirement benefit obligations-current portion	**994**	994
Other employee benefit plans obligations-current portion	**2,085**	1,896
Total accrued payroll and other related liabilities	**$ 146,575**	$ 164,831
Accrued expenses and other:		
Deferred revenues	**$ 72,643**	$ 70,460
Service liabilities	**101,446**	92,590
Self-insured risk reserves-current portion	**16,819**	13,303
Accrued dealer commissions	**34,064**	33,277
Accrued warranty	**15,010**	15,388
Asset retirement obligation-current portion	**572**	510
Accrued interest	**8,732**	11,109
Other	**58,193**	83,107
Total accrued expenses and other	**$ 307,479**	$ 319,744
Other liabilities:		
Self-insured risk reserves-long-term portion	**$ 21,647**	$ 21,646
Other postretirement benefit obligations-long-term portion	**5,401**	5,159
Defined benefit pension plans obligations-long-term portion	**3,262**	2,727
Other employee benefit plans obligations-long-term portion	**1,395**	1,321
Accrued long-term income taxes	**6,527**	6,508
Asset retirement obligation-long-term portion	**13,854**	13,148
Other	**22,067**	21,037
Total other liabilities	**$ 74,153**	$ 71,546

9. Income Taxes

Our effective tax rate is affected by (i) the tax rates in Ireland (our country of domicile), the United States, and other jurisdictions in which we operate, and (ii) the relative amount of income before income taxes by geography.

The effective income tax rates for the three month periods ended September 30, 2024 and 2023 from continuing operations were 22.3% and 22.5%, respectively. The effective income tax rates for the six month periods ended September 30, 2024 and

2023 from continuing operations were 21.3% and 22.1%, respectively. The fiscal 2025 effective tax rates decreased when compared to fiscal 2024, primarily due to changes in geographic mix of projected profits and an increase in favorable discrete items.

Income tax expense is provided on an interim basis based upon our estimate of the annual effective income tax rate, adjusted each quarter for discrete items. In determining the estimated annual effective income tax rate, we analyze various factors, including projections of our annual earnings and taxing jurisdictions in which the earnings will be generated, the impact of state and local income taxes, our ability to use tax credits and net operating loss carry forwards, and available tax planning alternatives.

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 2018 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 2018. We remain subject to tax authority audits in various jurisdictions wherever we do business.

In the fourth quarter of fiscal 2021, we completed an appeals process with the U.S. Internal Revenue Service (the "IRS") regarding proposed audit adjustments related to deductibility of interest paid on intercompany debt for fiscal years 2016 through 2017. An agreement was reached on final interest rates, which also impacted subsequent years through 2020. The total federal, state, and local tax impact of the settlement including interest is approximately $12,000 for the fiscal years 2016 through 2020, materially all of which has been paid through September 30, 2024.

In November 2023, we received two Notices of Deficiency from the IRS regarding the previously disclosed deemed dividend inclusions and associated withholding tax matter. The notices relate to the fiscal and calendar year 2018. The IRS adjustments would result in a cumulative tax liability of approximately $50,000. We are contesting the IRS's assertions and have filed petitions with the U.S. Tax Court. 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.

10. Commitments and Contingencies

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, gases, 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.

A subsidiary of the Company has been sued in Illinois state court by individual plaintiffs who work or reside near a facility in Lake County, Illinois, where the subsidiary provided sterilization services using ethylene oxide ("EO") from January 2005 to September 2008. The plaintiffs have filed separate suits in which each alleges that they have been diagnosed with one or more types of cancer, allegedly resulting from exposure to EO emissions from the facility into the ambient air. As of September 30, 2024, approximately 275 individual plaintiffs have filed such suits asserting individual personal injury claims and seeking compensatory and, if subsequently permitted by the court, punitive damages. The first trial of a plaintiff's claims is scheduled for November 2024. The Company disputes the allegations, is vigorously defending itself in these matters, and is pursuing potential contribution and indemnity from other parties. Nonetheless, management believes that based on the number of cases and the overall cost of defense, a loss is reasonably possible; however, a range of loss cannot be reasonably estimated at this time because the evaluation of each case is highly fact-driven, subject to lengthy court proceedings, and impacted by each plaintiff's alleged disease, time and proximity of exposure, and other factors. We 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.

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 above). 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, and we may also have contractual indemnification rights against certain liabilities, but there can be no assurance that either will be applicable or adequate to cover adverse outcomes of claims or legal proceedings against us.

Civil, criminal, regulatory or other proceedings involving our products or services, including the matters discussed above, 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 affect our business, performance, prospects, value, financial condition, and results of operations. Further, the Company may incur material defense costs as a result of such proceedings, which may also divert management attention from other priorities.

For additional information, see the following portions of our Annual Report on Form 10-K for the year ended March 31, 2024, which was filed with the SEC on May 29, 2024, Item 1 titled "Business - Information with respect to our Business in General - Government Regulation" and the "Risk Factors" in Item 1A titled "Product and service related regulations and claims."

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 9 to our consolidated financial statements titled, “Income Taxes” in this Quarterly Report on Form 10-Q.

11. Business Segment Information

We operate and report our financial information in three reportable business segments: Healthcare, AST, and Life Sciences. Previously, we had four reportable business segments, however, as a result of the divestiture of our Dental segment, Dental is presented as discontinued operations. Historical information has been retrospectively adjusted to reflect these changes for comparability, as required. For more information, refer to Note 4 titled, "Discontinued Operations." Non-allocated operating costs that support the entire Company and items not indicative of operating trends are excluded from segment operating income.

Our Healthcare segment provides a comprehensive offering for healthcare providers worldwide, focused on sterile processing departments and procedural centers, such as operating rooms and endoscopy suites. Our products and services range from infection prevention consumables and capital equipment, as well as services to maintain that equipment; to the repair of re-usable procedural instruments; to outsourced instrument reprocessing services. In addition, our procedural solutions also include endoscopy accessories, instruments, and capital equipment infrastructure used primarily in operating rooms, ambulatory surgery centers, endoscopy suites, and other procedural areas.

Our AST segment supports medical device and pharmaceutical manufacturers through a global network of contract sterilization and laboratory testing facilities, and integrated sterilization equipment and control systems. Our technology-neutral offering supports Customers every step of the way, from testing through sterilization.

Our Life Sciences segment provides a comprehensive offering of products and services designed to support biopharmaceutical and medical device research and manufacturing facilities, in particular those focused on aseptic manufacturing. Our portfolio includes a full suite of capital equipment, consumable products, equipment maintenance and specialty services.

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 the three and six months ended September 30, 2024 and 2023, revenues from a single Customer did not represent ten percent or more of the Healthcare, AST or Life Sciences segment revenues.

Additional information regarding our segments is included in our consolidated financial statements included in our Annual Report on Form 10-K for the year ended March 31, 2024, which was filed with the SEC on May 29, 2024.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)—(Continued)
For the Three and Six Months Ended September 30, 2024 and 2023
(dollars in thousands, except as noted)

Financial information for each of our segments is presented in the following table:

	Three Months Ended September 30,		Six Months Ended September 30,	
	2024	2023	2024	2023
Revenues:				
Healthcare	**$ 944,230**	$ 870,056	**$ 1,845,451**	$ 1,688,930
AST	**256,737**	235,053	**506,540**	468,152
Life Sciences	**127,945**	133,095	**256,423**	264,508
Total revenues	**$ 1,328,912**	$ 1,238,204	**$ 2,608,414**	$ 2,421,590
Operating income (loss):				
Healthcare	**$ 228,006**	$ 204,054	**$ 444,893**	$ 402,236
AST	**109,902**	110,783	**227,616**	220,373
Life Sciences	**53,700**	50,284	**106,284**	100,125
Corporate	**(97,129)**	(87,020)	**(198,877)**	(178,893)
Total operating income	**$ 294,479**	$ 278,101	**$ 579,916**	$ 543,841
Less: Adjustments				
Amortization of acquired intangible assets [(1)]	**$ 67,971**	$ 69,846	**$ 135,632**	$ 133,938
Acquisition and integration related charges [(2)]	**3,205**	15,808	**5,459**	18,045
Tax restructuring (credits) costs [(3)]	**(561)**	—	**(43)**	9
Amortization of inventory and property "step up" to fair value [(1)]	**1,402**	917	**2,793**	2,539
Restructuring charges (credits) [(4)]	**2,796**	(23)	**30,878**	(4)
Income from operations	**$ 219,666**	$ 191,553	**$ 405,197**	$ 389,314

[(1)] For more information regarding our recent acquisitions and divestitures, refer to Note 3 titled, "Business Acquisitions and Divestitures."
[(2)] Acquisition and integration related charges include transaction costs and integration expenses associated with acquisitions.
[(3)] Costs incurred in tax restructuring.
[(4)] For more information regarding our restructuring efforts, refer to Note 2 titled, "Restructuring."

Additional information regarding our fiscal 2025 and fiscal 2024 revenue is disclosed in the following tables:

	Three Months Ended September 30,		Six Months Ended September 30,	
	2024	2023	2024	2023
Healthcare:				
Capital equipment	**$ 249,732**	$ 254,905	**$ 464,371**	$ 493,004
Consumables	**341,707**	306,025	**685,061**	586,306
Service	**352,791**	309,126	**696,019**	609,620
Total Healthcare Revenues	**$ 944,230**	$ 870,056	**$ 1,845,451**	$ 1,688,930
AST:				
Capital equipment	**$ 8,805**	$ 1,754	**$ 9,893**	$ 2,628
Service	**247,932**	233,299	**496,647**	465,524
Total AST Revenues	**$ 256,737**	$ 235,053	**$ 506,540**	$ 468,152
Life Sciences:				
Capital equipment	**$ 23,012**	$ 35,438	**$ 49,488**	$ 66,429
Consumables	**72,125**	59,409	**141,943**	121,107
Service	**32,808**	38,248	**64,992**	76,972
Total Life Sciences Revenues	**$ 127,945**	$ 133,095	**$ 256,423**	$ 264,508
Total Revenues	**$ 1,328,912**	$ 1,238,204	**$ 2,608,414**	$ 2,421,590

	Three Months Ended September 30,		Six Months Ended September 30,	
	2024	2023	2024	2023
Revenues:				
Ireland	**$ 22,802**	$ 20,399	**$ 44,996**	$ 40,435
United States	**979,528**	909,651	**1,926,418**	1,765,439
Other locations	**326,582**	308,154	**637,000**	615,716
Total Revenues	**$ 1,328,912**	$ 1,238,204	**$ 2,608,414**	$ 2,421,590

12. Shares and Preferred Shares

Ordinary shares

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. Income from continuing operations is used as the benchmark to determine whether share equivalents are dilutive or anti-dilutive. Earnings per share is calculated independently for earnings per share from continuing operations and earnings per share from discontinued operations. The sum of earnings per share from continuing operations and earnings per share from discontinued operations may not equal total company earnings per share due to rounding.

The following is a summary of shares and share equivalents outstanding used in the calculations of basic and diluted earnings per share:

	Three Months Ended September 30,		Six Months Ended September 30,	
Denominator (shares in thousands):	2024	2023	2024	2023
Weighted average shares outstanding—basic	**98,669**	98,785	**98,769**	98,747
Dilutive effect of share equivalents	**535**	621	**521**	576
Weighted average shares outstanding and share equivalents—diluted	**99,204**	99,406	**99,290**	99,323

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:

	Three Months Ended September 30,		Six Months Ended September 30,	
(shares in thousands)	2024	2023	2024	2023
Number of share options	**599**	625	**632**	647

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.

13. Repurchases of Ordinary Shares

On May 3, 2023 our Board of Directors terminated the previous share repurchase program and authorized a new share repurchase program for the purchase of up to $500,000 (net of taxes, fees and commissions). As of September 30, 2024, there was $400,000 (net of taxes, fees and commissions) of remaining availability under the Board authorized share repurchase program. The share repurchase program has no specified expiration date.

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

During the first six months of fiscal 2025, we repurchased 446,661 of our ordinary shares for the aggregate amount of $100,000 (net of fees and commissions) pursuant to authorizations, under the share repurchase program. During the first six months of fiscal 2024, we had no share repurchase activity.

During the first six months of fiscal 2025, we obtained 77,544 of our ordinary shares in the aggregate amount of $10,616 in connection with share-based compensation award programs. During the first six months of fiscal 2024, we obtained 57,161 of our ordinary shares in the aggregate amount of $9,213 in connection with share-based compensation award programs.

14. 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 and Organizational Development 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 option awards to employees generally vest and become nonforfeitable in increments of 25% per year over a four-year period, with full vesting four years after the date of grant. Historically, restricted stock awards to employee recipients generally cliff vested on the fourth anniversary of the grant date if the recipient remained in continuous employment through that date. Beginning with fiscal 2024 grants, Company restricted stock (and restricted stock units) generally cliff vest over a three year period after the grant date. However, employees who are grantees of restricted stock and have attained age 55 and been employed for at least five years at the time of the grant or meet these criteria during the term of the grant and are employed in the U.S. or in a few other foreign jurisdictions, or employees who have 25 years of service at the time of grant or meet that criterion during the term of the grant, will be subject to installment vesting rules over the applicable vesting period. Awards to certain employees in the U.S. or a few other jurisdictions may provide for continued vesting after “retirement,” if certain conditions are met. As of September 30, 2024, 2,020,289 ordinary 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 Statements of Income. The expense is classified as Cost of revenues or Selling, general, and administrative expenses in a manner consistent with the employee’s compensation and benefits.

(dollars in thousands, except as noted)

The following weighted average assumptions were used for options granted during the first six months of fiscal 2025 and 2024:

	Fiscal 2025	Fiscal 2024
Risk-free interest rate	**4.21 %**	3.59 %
Expected life of options	**6.1 years**	6.0 years
Expected dividend yield of stock	**0.94 %**	1.08 %
Expected volatility of stock	**28.42 %**	27.92 %

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 2.07% and 2.22% was applied in fiscal 2025 and 2024, 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 Per Share	Average Remaining Contractual Term	Aggregate Intrinsic Value
Outstanding at March 31, 2024	1,869,871	$ 168.22		
Granted	217,426	250.76		
Exercised	(188,205)	106.95		
Forfeited	(7,008)	237.49		
Expired	(512)	250.06		
Outstanding at September 30, 2024	**1,891,572**	**$ 183.52**	**6.2 years**	**$ 115,080**
Exercisable at September 30, 2024	**1,322,218**	**$ 160.66**	**5.1 years**	**$ 109,084**

We estimate that 556,678 of the non-vested stock options outstanding at September 30, 2024 will ultimately vest.

The aggregate intrinsic value in the table above represents the total pre-tax difference between the $242.54 closing price of our ordinary shares on September 30, 2024 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.

The total intrinsic value of stock options exercised during the first six months of fiscal 2025 and fiscal 2024 was $24,446 and $6,467, respectively. Net cash proceeds from the exercise of stock options were $19,092 and $2,740 for the first six months of fiscal 2025 and fiscal 2024, respectively.

The weighted average grant date fair value of stock option grants was $67.81 and $54.60 for the first six months of fiscal 2025 and fiscal 2024, respectively.

(dollars in thousands, except as noted)

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

	Number of Restricted Shares	Number of Restricted Share Units	Weighted Average Grant Date Fair Value
Non-vested at March 31, 2024	463,381	28,348	$ 200.04
Granted	156,202	16,367	228.77
Vested	(127,532)	(11,424)	185.66
Forfeited	(30,490)	(1,573)	206.80
Non-vested at September 30, 2024	**461,561**	**31,718**	**$ 213.79**

Restricted shares and restricted share unit grants are valued based on the closing stock price at the grant date. The value of restricted shares and units that vested during the first six months of fiscal 2025 at the time of grant was $25,968.

As of September 30, 2024, there was a total of $75,899 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 1.7 years.

15. 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 first six months of fiscal 2025 were as follows:

	Warranties
Balance at March 31, 2024	$ 15,388
Warranties issued during the period	8,479
Settlements made during the period	(8,857)
Balance at September 30, 2024	**$ 15,010**

(dollars in thousands, except as noted)

16. Derivatives and Hedging

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 intercompany 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. During the second quarter of fiscal 2025, we also held forward foreign currency contracts to hedge a portion of our expected non-U.S. dollar-denominated earnings against our reporting currency, the U.S. dollar. These foreign currency exchange contracts will mature in fiscal 2025. We did not elect hedge accounting for these forward foreign currency contracts; however, we may seek to apply hedge accounting in future scenarios. 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 Statements of Income. At September 30, 2024, we held net foreign currency forward contracts to buy 58.0 million British pounds sterling; and to sell 18.0 million Australian dollars, 6.0 million Canadian dollars, and 1.8 million euros. At September 30, 2024, we held commodity swap contracts to buy 394.5 thousand pounds of nickel.

	Asset Derivatives		Liability Derivatives	
Balance sheet location	Fair Value at September 30, 2024	Fair Value at March 31, 2024	Fair Value at September 30, 2024	Fair Value at March 31, 2024
Prepaid & other	**$ 1,028**	$ 208	**$ —**	**$ —**
Accrued expenses and other	$ —	$ —	**$ 929**	$ 1,014

The following table presents the impact of derivative instruments and their location within the Consolidated Statements of Income:

		Amount of gain (loss) recognized in income			
		Three Months Ended September 30,		Six Months Ended September 30,	
	Location of gain (loss) recognized in income	2024	2023	2024	2023
Foreign currency forward contracts	Selling, general and administrative	**$ 2,515**	$ 60	**$ 2,901**	$ 1,518
Commodity swap contracts	Cost of revenues	**$ (92)**	$ (358)	**$ 149**	$ (1,392)

(dollars in thousands, except as noted)

17. 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 September 30, 2024 and March 31, 2024:

	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	
	September 30,	March 31,	September 30,	March 31,	September 30,	March 31,	September 30,	March 31,
Assets:								
Cash and cash equivalents	**$ 172,195**	$ 207,020	**$ 172,195**	$ 207,020	**$ —**	$ —	**$ —**	$ —
Forward and swap contracts [1]	**1,028**	208	**—**	—	**1,028**	208	**—**	—
Equity investments [2]	**1,230**	4,767	**1,230**	4,767	**—**	—	**—**	—
Other investments	**3,004**	2,902	**3,004**	2,902	**—**	—	**—**	—
Liabilities:								
Forward and swap contracts [1]	**$ 929**	$ 1,014	**$ —**	$ —	**$ 929**	$ 1,014	**$ —**	$ —
Deferred compensation plans [2]	**1,276**	1,186	**1,276**	1,186	**—**	—	**—**	—
Debt [3]	**2,236,158**	3,206,100	**—**	—	**1,983,203**	2,895,784	**—**	—
Contingent consideration obligations [4]	**11,442**	11,000	**—**	—	**—**	—	**11,442**	11,000

(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)). Changes in the fair value of these investments are recorded in the "Interest and miscellaneous income" line of the Consolidated Statement of Income. During the first three and six months of fiscal 2025, we recorded gains of $51 and $104, respectively, related to these investments. During the first three and six months of fiscal 2024, we recorded gains of $65 and $138, respectively, related to these investments. We also held other equity investments in which we recorded a loss during the second quarter of fiscal 2025 in the "Loss (gain) on sale of business and equity investment, net" line of the Consolidated Statement of Income.

(3) We estimate the fair value of our debt using discounted cash flow analyses, based on estimated current incremental borrowing rates for similar types of borrowing arrangements. The fair values of our Senior Public Notes are estimated using quoted market prices for the Senior Public Notes.

(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 accrued expense (short-term) and other liabilities (long-term), as appropriate based on the contractual payment dates.

(dollars in thousands, except as noted)

The changes in Level 3 assets and liabilities measured at fair value on a recurring basis at September 30, 2024 are summarized as follows:

	Contingent Consideration
Balance at March 31, 2024	$ 11,000
Additions	447
Payments	(39)
Currency translation adjustments	34
Balance at September 30, 2024	**$ 11,442**

(dollars in thousands, except as noted)

18. Reclassifications Out of Accumulated Other Comprehensive Income (Loss)

Amounts in Accumulated Other Comprehensive Income (Loss) are presented net of the related tax. Currency Translation is not adjusted for income taxes. Changes in our Accumulated Other Comprehensive Income (Loss) balances, net of tax, for the three and six months ended September 30, 2024 and 2023 were as follows:

	Defined Benefit Plans [1]		Currency Translation [2]		Total Accumulated Other Comprehensive Loss	
	Three Months	Six Months	Three Months	Six Months	Three Months	Six Months
Beginning Balance	$ (888)	$ (724)	$ (322,182)	$ (327,933)	$ (323,070)	$ (328,657)
Other Comprehensive Income (Loss) before reclassifications	**120**	**29**	**157,191**	**135,849**	**157,311**	**135,878**
Amounts reclassified from Accumulated Other Comprehensive Income (Loss)	**(77)**	**(150)**	**—**	**27,093**	**(77)**	**26,943**
Net current-period Other Comprehensive Income (Loss)	**43**	**(121)**	**157,191**	**162,942**	**157,234**	**162,821**
Balance at September 30, 2024	**$ (845)**	**$ (845)**	**$ (164,991)**	**$ (164,991)**	**$ (165,836)**	**$ (165,836)**

(1) The amortization (gain) of defined benefit pension items is reported in the Interest and miscellaneous (income) expense line of our Consolidated Statements of Income.
(2) The amounts previously recognized in currency translation adjustments related to our Dental business were reclassified when realized and included in the calculation of the loss on sale, net of previous accrued losses, within (Loss) income from discontinued operations, net of tax, for the six month period ended September 30, 2024.

	Defined Benefit Plans [1]		Currency Translation [2]		Total Accumulated Other Comprehensive Loss	
	Three Months	Six Months	Three Months	Six Months	Three Months	Six Months
Beginning Balance	$ 70	$ 12	$ (310,929)	$ (320,722)	$ (310,859)	$ (320,710)
Other Comprehensive Income (Loss) before reclassifications	334	752	(75,935)	(66,142)	(75,601)	(65,390)
Amounts reclassified from Accumulated Other Comprehensive Loss	(275)	(635)	—	—	(275)	(635)
Net current-period Other Comprehensive Income (Loss)	59	117	(75,935)	(66,142)	(75,876)	(66,025)
Balance at September 30, 2023	$ 129	$ 129	$ (386,864)	$ (386,864)	$ (386,735)	$ (386,735)

1) The amortization (gain) of defined benefit pension items is reported in the Interest and miscellaneous (income) expense line of our Consolidated Statements of Income.

Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors of STERIS plc:

Results of Review of Interim Financial Statements

We have reviewed the accompanying consolidated balance sheet of STERIS plc and subsidiaries (the Company) as of September 30, 2024, the related consolidated statements of income, comprehensive income, and shareholders' equity for the three- and six- month periods ended September 30, 2024 and 2023 and the consolidated statement of cash flows for the six- month periods ended September 30, 2024 and 2023 and the related notes (collectively referred to as the "consolidated interim financial statements"). Based on our reviews, we are not aware of any material modifications that should be made to the consolidated interim financial statements for them to be in conformity with U.S. generally accepted accounting principles.

We have previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheet of the Company as of March 31, 2024, the related consolidated statements of income, comprehensive income (loss), shareholders' equity and cash flows for the year then ended, and the related notes and schedule (not presented herein); and in our report dated May 29, 2024, we expressed an unqualified audit opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying consolidated balance sheet as of March 31, 2024, is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

Basis for Review Results

These financial statements are the responsibility of the Company's management. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the SEC and the PCAOB. We conducted our review in accordance with the standards of the PCAOB. A review of interim financial statements consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the PCAOB, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

/s/ Ernst & Young LLP

Cleveland, Ohio
November 7, 2024

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Introduction

In Management's Discussion and Analysis of Financial Condition and Results of Operations (the "MD&A"), we explain the general financial condition and the results of operations for STERIS including:

- what factors affect our business;
- what our earnings and costs were in each period presented;
- why those earnings and costs were different from prior periods;
- where our earnings came from;
- how this affects our overall financial condition;
- what our expenditures for capital projects were; and
- where cash will come from to fund future debt principal repayments, growth outside of core operations, repurchases of shares, cash dividends and future working capital needs.

As you read the MD&A, it may be helpful to refer to information in our consolidated financial statements contained herein, which present the results of our operations for the second quarter and first half of fiscal 2025 and fiscal 2024. It may also be helpful to refer to our Annual Report on Form 10-K for the year ended March 31, 2024, which was filed with the Securities and Exchange Commission ("SEC") on May 29, 2024, including information in Item 1, "Business," Part I, Item 1A, "Risk Factors," and Note 12 to our consolidated financial statements titled, "Commitments and Contingencies," and Part II, Item 1A, "Risk Factors" of this Quarterly Report, for a discussion of some of the matters that can adversely affect our business and results of operations.

In the MD&A, we analyze and explain the period-over-period changes in the specific line items in the Consolidated Statements of Income. This information, discussion, and analysis may be important to you in making decisions about your investments in STERIS.

Financial Measures

In the following sections of the MD&A, we may, at times, refer to financial measures that are not required to be presented in the consolidated financial statements under accounting principles generally accepted in the United States ("U.S. GAAP"). We sometimes use the following financial measures in the context of this report: backlog; debt-to-total capital; and days sales outstanding. 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.

We, at times, may also refer to financial measures which are considered to be "non-GAAP financial measures" under SEC rules. We have presented these financial measures because we believe that meaningful analysis of our financial performance is enhanced by an understanding of certain additional factors underlying that performance. These financial measures should not be considered an alternative to measures required by accounting principles generally accepted in the United States. Our calculations of these measures may differ from calculations of similar measures used by other companies, and you should be careful when comparing these financial measures to those of other companies. Additional information regarding these financial measures, including reconciliations of each non-GAAP financial measure, is available in the subsection of MD&A titled, "Non-GAAP Financial Measures."

Revenues – Defined

As required by Regulation S-X, we separately present revenues generated as either product revenues or service revenues on our Consolidated Statements of Income for each period presented. When we discuss revenues, we may, at times, refer to revenues summarized differently than the Regulation S-X requirements. 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 outsourced reprocessing services and instrument and scope repairs, as well as revenues generated from contract sterilization and laboratory services offered through our Applied Sterilization Technologies ("AST") segment.
- Capital Equipment Revenues – We define capital equipment revenues as revenues generated from sales of capital equipment, which includes steam and gas sterilizers, low temperature liquid chemical sterilant processing systems, pure steam/water systems, surgical lights and tables, and integrated operating rooms ("OR").
- Consumable Revenues – We define consumable revenues as revenues generated from sales of the consumable family of products, which includes dedicated consumables used in our V-PRO sterilizers and automated endoscope reprocessors, SYSTEM 1 and 1E consumables, gastrointestinal endoscopy accessories, instruments and tools, sterility assurance products, barrier protection solutions, and cleaning consumables.
- Recurring Revenues – We define recurring revenues as revenues generated from sales of consumable products and service revenues.

General Company Overview and Executive Summary

STERIS is a leading global provider of products and services that support patient care with an emphasis on infection prevention. WE HELP OUR CUSTOMERS CREATE A HEALTHIER AND SAFER WORLD by providing innovative healthcare and life science products and services around the globe. We offer our Customers a unique mix of innovative products and services. These include: consumable products, such as detergents, endoscopy accessories, barrier products, instruments and tools; services, including equipment installation and maintenance, microbial reduction of medical devices, instrument and scope repair, laboratory testing, and outsourced reprocessing; capital equipment, such as sterilizers, surgical tables, and automated endoscope reprocessors; and connectivity solutions such as OR integration.

We operate and report our financial information in three reportable business segments: Healthcare, AST, and Life Sciences. Previously, we had four reportable business segments; however, as a result of the divestiture of our Dental segment, Dental is presented as discontinued operations. Historical information has been retrospectively adjusted to exclude discontinued operations for comparability, as required. For more information, refer to Note 4 to our consolidated financial statements titled, "Discontinued Operations." Non-allocated operating costs that support the entire Company and items not indicative of operating trends are excluded from segment operating income. We describe our business segments in Note 11 to our consolidated financial statements titled, "Business Segment Information."

The bulk of our revenues are derived from healthcare, medical device and pharmaceutical Customers. 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.

In addition, there is increased demand for medical procedures, including preventive screenings such as endoscopies and colonoscopies; and a desire by our Customers to operate more efficiently, all of which are driving increased demand for many of our products and services.

Acquisitions and Divestitures. During the first six months of fiscal 2025, we completed several tuck-in acquisitions, which continued to expand our product and service offerings in the Healthcare and AST segments. Total aggregate consideration was approximately $17.5 million.

On August 2, 2023, we purchased the surgical instrumentation, laparoscopic instrumentation and sterilization container assets from Becton, Dickinson and Company (NYSE: BDX) ("BD"). The acquired assets from BD were integrated into our Healthcare segment.

The purchase price of the BD acquisition was $539.8 million. The acquisition also qualified for a tax benefit related to tax deductible goodwill, with a present value of approximately $60.0 million. The purchase price of the acquisition was financed with borrowings from our Previous Revolving Credit Facility. For more information, refer to Note 7 titled, "Debt."

Acquisition and integration expenses totaled $3.2 million and $5.5 million for the three and six months ended September 30, 2024, respectively. Acquisition and integration expenses totaled $15.8 million and $18.0 million for the three and six months ended September 30, 2023, respectively. The decrease in acquisition and integration expenses for the three and six months ended September 30, 2024 is primarily due to charges related to the acquisition of assets from BD and a fair value adjustment related to a building held for sale from a previous acquisition during fiscal 2024. Acquisition and integration expenses are reported in the Selling, general and administrative expenses line of our Consolidated Statements of Income and include, but are not limited to, investment banker, advisory, legal and other professional fees, and certain employee-related expenses.

On April 1, 2024, we completed the sale of the Controlled Environment Certification Services business. We recorded net proceeds of $41.9 million and recognized a pre-tax gain on the sale of $19.2 million in fiscal 2025. The business generated approximately $35.0 million in revenues in fiscal 2024.

For more information regarding our recent acquisitions, see Note 3 to our consolidated financial statements titled, "Business Acquisitions and Divestitures."

Discontinued Operations. On April 11, 2024, the Company announced its plan to sell substantially all of the net assets of its Dental segment for total cash consideration of $787.5 million, subject to customary adjustments, and up to an additional $12.5 million in contingent payment should the Dental business achieve certain revenue targets in fiscal 2025. The transaction was structured as an equity sale and closed on May 31, 2024. A component of an entity is reported in discontinued operations after meeting the criteria for held for sale classification if the disposition represents a strategic shift that has (or will have) a major effect on the entity's operations and financial results. We analyzed the quantitative and qualitative factors relevant to the divestiture of our Dental segment and determined that those conditions for discontinued operations presentation had been met prior to March 31, 2024. The Dental segment results of operations were reclassified to income (loss) from discontinued operations in the Consolidated Statements of Income for all periods presented, and we classified the Dental segment's assets and liabilities as held for sale as of March 31, 2024 in the accompanying Consolidated Balance Sheets. Due to the transaction closing in the first quarter of fiscal 2025, the held for sale assets and liabilities were classified as current as of March 31, 2024. Our Consolidated Statements of Cash Flows include the financial results of the Dental segment through the date of sale on May 31, 2024. A majority of the proceeds received from the sale were utilized to pay off existing debt.

For more information, see Note 4 to our consolidated financial statements titled, "Discontinued Operations."

Highlights. Revenues increased 7.3% to $1,328.9 million for the three months ended September 30, 2024, as compared to $1,238.2 million for the same period in the prior year. Revenues increased 7.7% to $2,608.4 million for the six months ended September 30, 2024, as compared to $2,421.6 million for the same period in the prior year. The increases reflect higher volume, including the added volume from the acquisition of assets from BD in the Healthcare segment, and pricing.

Gross profit percentage for the second quarter of fiscal 2025 was 43.6% compared to the gross profit percentage for the second quarter of fiscal 2024 of 44.1%. Gross profit percentage for the first six months of fiscal 2025 was 44.1% compared to the gross profit percentage for the first six months of fiscal 2024 of 44.4%. The decrease in gross profit percentage for the three and six periods reflects unfavorable impacts from labor and overhead costs, productivity, and adjustments and other charges that were partially offset by favorable impacts from pricing.

Income from operations for the second quarter of fiscal 2025 was $219.7 million, compared to income from operations of $191.6 million for the second quarter of fiscal 2024. Income from operations for the first six months of fiscal 2025 was $405.2 million, compared to income from operations of $389.3 million for the first six months of fiscal 2024. The increase in income from operations for the three and six month periods is primarily due to increased volume, including added volume from the acquisition of assets from BD, and pricing, which was partially offset by increased labor costs.

Cash flows from operations were $554.5 million and free cash flow was $344.5 million for the first six months of fiscal 2025 compared to cash flows from operations of $427.2 million and free cash flow of $284.7 million for the first six months of fiscal 2024 (see the subsection below titled "Non-GAAP Financial Measures" for additional information and related reconciliation of cash flows from operations to free cash flow). The fiscal 2025 increase in cash flows from operations and free cash flow resulted from the increase in cash provided by working capital, primarily driven by higher collections on accounts receivable and improved inventory management when compared to the same prior year period.

Our debt-to-total capital ratio was 25.3% at September 30, 2024 and 33.7% at March 31, 2024. During the first six months of fiscal 2025, we declared and paid cash dividends totaling $1.09 per ordinary share.

Additional information regarding our financial performance during the second quarter of fiscal 2025 is included in the subsection below titled "Results of Operations."

NON-GAAP FINANCIAL MEASURES

We, at times, refer to financial measures which are considered to be "non-GAAP financial measures" under the Securities and Exchange Commission rules. 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 U.S. 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 U.S. GAAP financial measures and the reconciliation to the corresponding U.S. GAAP financial measures, provides the reader with a more complete understanding of the factors and trends affecting our business than could be obtained absent this disclosure. It is important for the reader to note that the non-GAAP financial measures used may be calculated differently from, and therefore may not be comparable to, similarly titled measures used by other companies.

We define free cash flow as net cash provided by operating activities as presented in the Consolidated Statements of Cash Flows less purchases of property, plant, equipment, and intangibles (capital expenditures) plus proceeds from the sale of property, plant, equipment, and intangibles, which are also presented within investing activities in the Consolidated Statements 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.

The following table summarizes the calculation of our free cash flow for the six months ended September 30, 2024 and 2023:

	Six Months Ended September 30,	
(dollars in thousands)	**2024**	**2023**
Net cash provided by operating activities	**$ 554,468**	$ 427,224
Purchases of property, plant, equipment, and intangibles, net	**(209,975)**	(149,893)
Proceeds from the sale of property, plant, equipment, and intangibles	**—**	7,360
Free cash flow	**$ 344,493**	$ 284,691

Results of Operations

In the following subsections, we discuss our earnings and the factors affecting them for the second quarter and first six months of fiscal 2025 compared to the same fiscal 2024 period. We begin with a general overview of our operating results and then separately discuss earnings for our operating segments.

Revenues. The following tables compare our revenues for the three and six months ended September 30, 2024 to the revenues for the three and six months ended September 30, 2023:

	Three Months Ended September 30,			
(dollars in thousands)	**2024**	**2023**	**Change**	**Percent Change**
Total revenues	**$ 1,328,912**	$ 1,238,204	$ 90,708	7.3 %
Revenues by type:				
Service revenues	**633,004**	580,024	52,980	9.1 %
Consumable revenues	**414,359**	366,083	48,276	13.2 %
Capital equipment revenues	**281,549**	292,097	(10,548)	(3.6)%
Revenues by geography:				
Ireland revenues	**22,802**	20,399	2,403	11.8 %
United States revenues	**979,528**	909,651	69,877	7.7 %
Other foreign revenues	**326,582**	308,154	18,428	6.0 %

Revenues increased 7.3% to $1,328.9 million for the three months ended September 30, 2024, as compared to $1,238.2 million for the same period in the prior year. The increase reflects organic growth, primarily driven by volume in the Healthcare segment, and pricing across all three segments.

Service revenues increased 9.1% for the three months ended September 30, 2024, as compared to the same period in the prior year, reflecting growth in the Healthcare and AST segments, which was partially offset by a decline in the Life Sciences segment caused by the divestiture of the Controlled Environment Certification Services ("CECS") business. Consumable revenues increased by 13.2% for the three months ended September 30, 2024, as compared to the same period in the prior year, reflecting growth in the Healthcare and Life Sciences segments. Capital equipment revenues decreased 3.6% for the three months ended September 30, 2024, as compared to the same period in the prior year, reflecting declines in the Life Sciences and Healthcare segments.

Ireland revenues increased 11.8% to $22.8 million for the three months ended September 30, 2024, as compared to $20.4 million for the same period in the prior year, reflecting growth in consumable and service revenues, partially offset by a decline in capital equipment revenues.

United States revenues increased 7.7% to $979.5 million for the three months ended September 30, 2024, as compared to $909.7 million for the same period in the prior year, reflecting growth in service and consumable revenues, partially offset by a decline in capital equipment revenues.

Revenues from other foreign locations increased 6.0% to $326.6 million for the three months ended September 30, 2024, as compared to $308.2 million for the same period in the prior year, reflecting growth in the Europe, Middle East & Africa ("EMEA"), Latin America, and Asia Pacific regions, partially offset by a decline in the Canadian region.

	Six Months Ended September 30,			
(dollars in thousands)	2024	2023	Change	Percent Change
Total revenues	**$ 2,608,414**	$ 2,421,590	$ 186,824	7.7 %
Revenues by type:				
Service revenues	**1,256,213**	1,150,708	105,505	9.2 %
Consumable revenues	**828,449**	708,821	119,628	16.9 %
Capital equipment revenues	**523,752**	562,061	(38,309)	(6.8)%
Revenues by geography:				
Ireland revenues	**44,996**	40,435	4,561	11.3 %
United States revenues	**1,926,418**	1,765,439	160,979	9.1 %
Other foreign revenues	**637,000**	615,716	21,284	3.5 %

Revenues increased 7.7% to $2,608.4 million for the six months ended September 30, 2024, as compared to $2,421.6 million for the same period in the prior year. The increase reflects organic growth, primarily in the Healthcare segment, due to the benefits of higher volume, including the added volume from the acquisition of assets from BD, and pricing.

Service revenues increased 9.2% for the six months ended September 30, 2024, as compared to the same period in the prior year, reflecting growth in the Healthcare and AST segments, which was partially offset by a decline in the Life Sciences segment caused by the divestiture of the CECS business. Consumable revenues increased by 16.9% for the six months ended September 30, 2024, as compared to the same period in the prior year, reflecting growth in the Healthcare and Life Sciences segments. Capital equipment revenues decreased 6.8% for the six months ended September 30, 2024, as compared to the same period in the prior year, reflecting declines in the Healthcare and Life Sciences segments.

Ireland revenues increased 11.3% to $45.0 million for the six months ended September 30, 2024, as compared to $40.4 million for the same period in the prior year, reflecting growth in consumable and service revenues, partially offset by a decline in capital equipment revenues.

United States revenues increased 9.1% to $1,926.4 million for the six months ended September 30, 2024, as compared to $1,765.4 million for the same period in the prior year, reflecting growth in consumable and service revenues, partially offset by a decline in capital equipment revenues.

Revenues from other foreign locations increased 3.5% to $637.0 million for the six months ended September 30, 2024, as compared to $615.7 million for the same period in the prior year. The increase reflects growth within the EMEA, Latin America, and Asia Pacific regions, which was partially offset by declines in the Canadian region.

Gross Profit. 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. The following tables compare our gross profit for the three and six months ended September 30, 2024 to the three and six months ended September 30, 2023:

	Three Months Ended September 30,			
(dollars in thousands)	2024	2023	Change	Percent Change
Gross profit:				
Product	**$ 327,188**	$ 307,803	$ 19,385	6.3 %
Service	**251,603**	238,425	13,178	5.5 %
Total gross profit	**$ 578,791**	$ 546,228	$ 32,563	6.0 %
Gross profit percentage:				
Product	**47.0 %**	46.8 %		
Service	**39.7 %**	41.1 %		
Total gross profit percentage	**43.6 %**	44.1 %		

Gross profit percentage for the second quarter of fiscal 2025 was 43.6% compared to the gross profit percentage for the second quarter of fiscal 2024 of 44.1%. Unfavorable impacts from labor and overhead costs (160 basis points), productivity (60 basis points), and adjustments and other charges (50 basis points) were partially offset by favorable impacts from pricing (130 basis points), mix (40 basis points), material costs (30 basis points), and divestitures (20 basis points).

	Six Months Ended September 30,			
(dollars in thousands)	2024	2023	Change	Percent Change
Gross profit:				
Product	**$ 643,061**	$ 600,026	$ 43,035	7.2 %
Service	**508,160**	475,206	32,954	6.9 %
Total gross profit	**$ 1,151,221**	$ 1,075,232	$ 75,989	7.1 %
Gross profit percentage:				
Product	**47.6 %**	47.2 %		
Service	**40.5 %**	41.3 %		
Total gross profit percentage	**44.1 %**	44.4 %		

Gross profit percentage for the first six months of fiscal 2025 was 44.1% compared to gross profit percentage for the first six months of fiscal of 2024 of 44.4%. Unfavorable impacts from labor and overhead costs (140 basis points), adjustments and other charges (60 basis points), productivity (40 basis points), and acquisitions (10 basis points) were partially offset by favorable impacts from pricing (140 basis points), material costs (50 basis points), divestitures (20 basis points), and mix (10 basis points).

Operating Expenses. The following table compares our operating expenses for the three and six months ended September 30, 2024 to the three and six months ended September 30, 2023:

	Three Months Ended September 30,			
(dollars in thousands)	2024	2023	Change	Percent Change
Operating expenses:				
Selling, general, and administrative	**$ 329,298**	$ 328,430	$ 868	0.3 %
Research and development	**27,031**	26,268	763	2.9 %
Restructuring expenses (credits)	**2,796**	(23)	2,819	nm
Total operating expenses	**$ 359,125**	$ 354,675	$ 4,450	1.3 %

	Six Months Ended September 30,			
(dollars in thousands)	2024	2023	Change	Percent Change
Operating expenses:				
Selling, general, and administrative	**$ 664,924**	$ 634,960	$ 29,964	4.7 %
Research and development	**52,604**	50,962	1,642	3.2 %
Restructuring expenses (credits)	**28,496**	(4)	28,500	nm
Total operating expenses	**$ 746,024**	$ 685,918	$ 60,106	8.8 %

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 expenses, facility costs, and other general and administrative expenses. SG&A increased 0.3% and 4.7% in the three and six month periods ended September 30, 2024, respectively, compared to the same prior year periods. The fiscal 2025 increase is primarily attributable to increased compensation, including benefit costs, as well as increases in professional fees.

Research and Development. Research and development expenses increased 2.9% and 3.2% in the three and six month periods ended September 30, 2024, respectively, compared to the same prior year periods. 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 2025, our investments in research and development have 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. In May 2024, we adopted and announced a targeted restructuring plan (the "Restructuring Plan"). This plan includes a strategic shift in our approach to the Healthcare surgical business in Europe, as well as other actions including the impairment of an internally developed X-ray accelerator, product rationalizations and facility consolidations. Fewer than 300 positions are being eliminated. These restructuring actions are designed to enhance profitability and improve efficiency, and we expect these actions to be substantially complete by the end of fiscal 2025. We anticipate improvements in income from operations of approximately $25.0 million per year, with the majority of the benefit being in fiscal 2026 and beyond due to timing of actions.

The following tables summarize our total pre-tax restructuring expenses recorded in fiscal 2025 related to the Restructuring Plan:

Restructuring Plan	**Three Months Ended September 30,**	**Six Months Ended September 30,**
Severance and other compensation related costs	**$ 1,805**	**$ 23,285**
Lease and other contract termination and other costs	**991**	**3,961**
Product rationalization [1]	**—**	**2,382**
Accelerated depreciation and amortization	**—**	**1,250**
Total Restructuring Expense	**$ 2,796**	**$ 30,878**

[1] Recorded in Cost of revenues on the Consolidated Statements of Income.

The Restructuring Plan expenses incurred during the three and six months ended September 30, 2024 primarily related to actions taken within our Healthcare segment. Total pre-tax restructuring expense of $75.3 million has been recorded relating to the Restructuring Plan since inception, of which $20.7 million has been recorded in Cost of revenues. We expect to incur additional costs through the remainder of fiscal 2025 for severance and other compensation related costs and lease and other contract termination and other costs, of approximately $25.0 million.

Liabilities related to restructuring activities are recorded as current liabilities in the accompanying Consolidated Balance Sheets within "Accrued payroll and other related liabilities" and "Accrued expenses and other." The following table summarizes our restructuring liability balances:

	Restructuring Plan
Balance at March 31, 2024	$ 678
Fiscal 2025 Charges	27,246
Payments	(6,098)
Balance at September 30, 2024	**$ 21,826**

Non-Operating Expenses, Net. The following tables compare our net non-operating expenses for the three and six months ended September 30, 2024 and 2023:

	Three Months Ended September 30,		
(dollars in thousands)	2024	2023	Change
Non-operating expenses, net:			
Interest expense	**$ 19,668**	$ 36,938	$ (17,270)
Interest and miscellaneous income	**(1,126)**	(1,237)	111
Loss on sale of business and equity investment, net	**6,232**	—	6,232
Non-operating expenses, net	**$ 24,774**	$ 35,701	$ (10,927)

	Six Months Ended September 30,		
(dollars in thousands)	2024	2023	Change
Non-operating expenses, net:			
Interest expense	**$ 50,052**	$ 69,295	$ (19,243)
Interest and miscellaneous income	**(2,435)**	(2,614)	179
Gain on sale of business and equity investment, net	**(12,571)**	$ —	(12,571)
Non-operating expenses, net	**$ 35,046**	$ 66,681	$ (31,635)

Non-operating expenses, net, consists of interest expense on debt, offset by interest earned on cash, cash equivalents, and short-term investment balances, and other miscellaneous income.

Interest expense decreased $17.3 million and $19.2 million during the second quarter and first six months of fiscal 2025, respectively, as compared to the prior year periods, primarily due to the lower principal amount of debt outstanding as well as lower interest rates on floating rate debt. For more information, refer to Note 7 to our consolidated financial statements titled, "Debt."

Interest and miscellaneous income decreased $0.1 million and $0.2 million during the second quarter and first six months of fiscal 2025, respectively.

Loss on sale of business and equity investment was $6.2 million during the second quarter of fiscal 2025 and relates to a loss recorded on an equity investment. Gain on sale of business and equity investment was $12.6 million for the first six months of fiscal 2025 and primarily relates to the sale of our CECS business, which was partially offset by a loss recorded on an equity investment. For more information on our equity investments, refer to Note 17 to our consolidated financial statements titled, "Fair Value Measurements." For more information on our divestiture activity, refer to Note 3 to our consolidated financial statements titled, "Business Acquisitions and Divestitures."

Income Taxes. The following tables compare our tax expense and effective income tax rates for the three and six months ended September 30, 2024 and 2023:

	Three Months Ended September 30,			
(dollars in thousands)	2024	2023	Change	Percent Change
Income tax expense	**$ 43,506**	$ 35,055	$ 8,451	24.1%
Effective income tax rate	**22.3 %**	22.5 %		

	Six Months Ended September 30,			
(dollars in thousands)	2024	2023	Change	Percent Change
Income tax expense	**$ 78,816**	$ 71,255	$ 7,561	10.6%
Effective income tax rate	**21.3 %**	22.1 %		

We record income tax expense during interim periods based on our estimate of the annual effective income tax rate, adjusted each quarter for discrete items. We analyze various factors to determine the estimated annual effective income tax rate, including projections of our annual earnings and taxing jurisdictions in which the earnings will be generated, the impact of state and local income taxes, our ability to use tax credits and net operating loss carryforwards, and available tax planning alternatives.

The effective income tax rates from continuing operations for the three month periods ended September 30, 2024 and 2023 were 22.3% and 22.5%, respectively. The effective income tax rates from continuing operations for the six month periods ended September 30, 2024 and 2023 were 21.3% and 22.1%, respectively. The fiscal 2025 effective tax rates decreased when compared to fiscal 2024, primarily due to changes in geographic mix of projected profits and an increase in favorable discrete items.

Business Segment Results of Operations.

We operate and report our financial information in three reportable business segments: Healthcare, AST, and Life Sciences. Previously, we had four reportable business segments; however, as a result of the divestiture of our Dental segment, Dental is presented as discontinued operations. Historical information has been retrospectively adjusted to reflect these changes for comparability, as required.

Our Healthcare segment provides a comprehensive offering for healthcare providers worldwide, focused on sterile processing departments and procedural centers, such as operating rooms and endoscopy suites. Our products and services range from infection prevention consumables and capital equipment, as well as services to maintain that equipment; to the repair of re-usable procedural instruments; to outsourced instrument reprocessing services. In addition, our procedural solutions also include endoscopy accessories, instruments, and capital equipment infrastructure used primarily in operating rooms, ambulatory surgery centers, endoscopy suites, and other procedural areas.

Our AST segment supports medical device and pharmaceutical manufacturers through a global network of contract sterilization and laboratory testing facilities, and integrated sterilization equipment and control systems. Our technology-neutral offering supports Customers every step of the way, from testing through sterilization.

Our Life Sciences segment provides a comprehensive offering of products and services designed to support biopharmaceutical and medical device research and manufacturing facilities, in particular those focused on aseptic manufacturing. Our portfolio includes a full suite of consumable products, equipment maintenance, specialty services, and capital equipment.

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 the three and six months ended September 30, 2024 and 2023, revenues from a single Customer did not represent ten percent or more of the Healthcare, AST or Life Sciences segment revenues.

Additional information regarding our segments is included in our consolidated financial statements included in our Annual Report on Form 10-K for the year ended March 31, 2024, which was filed with the SEC on May 29, 2024.

The following tables compare business segment revenues as well as impacts from acquisitions, divestitures, and foreign currency movements for the three and six months ended September 30, 2024 and 2023.

	Three Months Ended September 30, (unaudited)							
	As reported, GAAP		Impact of Acquisitions	Impact of Divestitures	Impact of Foreign Currency Movements	GAAP Growth	Organic Growth	Constant Currency Organic Growth
	2024	2023	2024	2023	2024	2024	2024	2024
Segment revenues:								
Healthcare	**$ 944,230**	$ 870,056	**$ 11,397**	**$ —**	**$ 748**	**8.5 %**	**7.2 %**	**7.1 %**
AST	**256,737**	235,053	**—**	**—**	**1,250**	**9.2 %**	**9.2 %**	**8.7 %**
Life Sciences	**127,945**	133,095	**—**	**$ (8,918)**	**59**	**(3.9)%**	**3.0 %**	**3.0 %**
Total	**$ 1,328,912**	$ 1,238,204	**$ 11,397**	**$ (8,918)**	**$ 2,057**	**7.3 %**	**7.2 %**	**7.0 %**

	Six Months Ended September 30, (unaudited)							
	As reported, U.S. GAAP		Impact of Acquisitions	Impact of Divestitures	Impact of Foreign Currency Movements	U.S. GAAP Growth	Organic Growth	Constant Currency Organic Growth
	2024	2023	2024	2023	2024	2024	2024	2024
Segment revenues:								
Healthcare	**$ 1,845,451**	$ 1,688,930	**$ 52,373**	**$ —**	**$ (449)**	**9.3 %**	**6.2 %**	**6.2 %**
AST	**506,540**	468,152	**—**	**—**	**(64)**	**8.2 %**	**8.2 %**	**8.2 %**
Life Sciences	**256,423**	264,508	**—**	**(16,800)**	**(307)**	**(3.1)%**	**3.5 %**	**3.6 %**
Total	**$ 2,608,414**	$ 2,421,590	**$ 52,373**	**$ (16,800)**	**$ (820)**	**7.7 %**	**6.3 %**	**6.3 %**

Organic revenue growth and constant currency organic revenue growth are non-GAAP financial measures of revenue performance. Organic revenue growth is calculated by removing the impact of acquisitions and divestitures for one year following the respective transaction from the GAAP revenue growth. Constant currency organic revenue growth is subject to a further adjustment to eliminate the impact of foreign currency movements.

Healthcare revenues increased 8.5% to $944.2 million for the three months ended September 30, 2024, as compared to $870.1 million for the same prior year period. This increase reflects growth in service and consumable revenues of 14.1% and 11.7%, respectively, which was partially offset by a decline in capital equipment revenues of 2.0%. The constant currency organic growth of 7.1% is primarily due to increased volume, impacting revenues by a mid-single digit percentage, as well as increased pricing. Healthcare revenues increased 9.3% to $1,845.5 million for the six months ended September 30, 2024, as compared to $1,688.9 million for the same prior year period. This increase reflects growth in consumable and service revenues of 16.8% and 14.2%, respectively, which was partially offset by a decline in capital equipment revenues of 5.8%. The constant currency organic growth of 6.2% is primarily due to increased volume, impacting revenues by a mid-single digit percentage, as well as increased pricing.

The Healthcare segment's backlog at September 30, 2024 was $405.3 million. The Healthcare segment's backlog at September 30, 2023 was $457.1 million. The decrease is due to shortened lead times in fiscal 2024 due to improving supply chains, which drove strong shipments throughout fiscal 2024.

AST revenues increased 9.2% to $256.7 million for the three months ended September 30, 2024, as compared to $235.1 million for the same prior year period. The constant currency organic growth of 8.7% is primarily due to increased pricing, impacting revenues by a mid-single digit percentage, as well as increased volume. AST revenues increased 8.2% to $506.5 million for the six months ended September 30, 2024, as compared to $468.2 million for the same prior year period. The constant currency organic growth of 8.2% is primarily due to increased pricing, impacting revenues by a mid-single digit percentage, as well as increased volume.

Life Sciences revenues decreased 3.9% to $127.9 million for the three months ended September 30, 2024, as compared to $133.1 million for the same prior year period. This decrease is partially due to the sale of the CECS business, resulting in a decline of 14.2% in service revenues. This decrease also reflects declines in capital equipment revenues of 35.1%, which was partially offset by growth in consumable revenues of 21.4%. The constant currency organic growth of 3.0% is primarily due to increased pricing, impacting revenues by a low single digit percentage. Life Sciences revenues decreased 3.1% to $256.4 million for the six months ended September 30, 2024, as compared to $264.5 million for the same prior year period. This decrease is partially due to the sale of the CECS business, resulting in a decline of 15.6% in service revenues. This decrease also reflects declines in capital equipment revenues of 25.5% which was partially offset by growth in consumable revenues of 17.2%. The constant currency organic growth of 3.6% is primarily due to increased pricing, impacting revenues by a low single digit percentage.

The Life Sciences backlog at September 30, 2024 was $75.6 million. The Life Sciences backlog at September 30, 2023 was $91.1 million. The decrease is primarily due to softening demand.

The following table compares business segment and Corporate operating income for the three and six months ended September 30, 2024 and 2023.

	Three Months Ended September 30,		Six Months Ended September 30,	
	2024	2023	2024	2023
Segment operating income (loss):				
Healthcare	**$ 228,006**	$ 204,054	**$ 444,893**	$ 402,236
AST	**109,902**	110,783	**227,616**	220,373
Life Sciences	**53,700**	50,284	**106,284**	100,125
Corporate	**(97,129)**	(87,020)	**(198,877)**	(178,893)
Total segment operating income	**$ 294,479**	$ 278,101	**$ 579,916**	$ 543,841
Less: Adjustments				
Amortization of acquired intangible assets [1]	**$ 67,971**	$ 69,846	**$ 135,632**	$ 133,938
Acquisition and integration related charges [2]	**3,205**	15,808	**5,459**	18,045
Tax restructuring costs [3]	**(561)**	—	**(43)**	9
Amortization of inventory and property "step up" to fair value [1]	**1,402**	917	**2,793**	2,539
Restructuring charges (credits) [4]	**2,796**	(23)	**30,878**	(4)
Total income from operations	**$ 219,666**	$ 191,553	**$ 405,197**	$ 389,314

[1] For more information regarding our recent acquisitions and divestitures, refer to Note 3 titled, "Business Acquisitions and Divestitures."
[2] Acquisition and integration related charges include transaction costs and integration expenses associated with acquisitions.
[3] Costs incurred in tax restructuring.
[4] For more information regarding our restructuring efforts, refer to Note 2 titled, "Restructuring."

The Healthcare segment's operating income increased 11.7% to $228.0 million for the three months ended September 30, 2024, as compared to $204.1 million in the same prior year period. The segment's operating margins were 24.1% and 23.5% for the second quarter of fiscal 2025 and 2024, respectively. The Healthcare segment's operating income increased 10.6% to $444.9 million for the six months ended September 30, 2024, as compared to $402.2 million in the same prior year period. The segment's operating margins were 24.1% and 23.8% for the first six months of fiscal 2025 and 2024, respectively. The increase in operating income and margin for the three and six month periods ended September 30, 2024 is primarily due to the benefits of higher volume, including added volume from the acquisition of assets from BD, and pricing, which were partially offset by increased compensation costs.

The AST segment's operating income decreased 0.8% to $109.9 million for the three months ended September 30, 2024, as compared to $110.8 million during the same prior year period. The segment's operating margins were 42.8% and 47.1% for the second quarter of fiscal 2025 and 2024, respectively. The AST segment's operating income increased 3.3% to $227.6 million for the six months ended September 30, 2024, as compared to $220.4 million during the same prior year period. The segment's operating margins were 44.9% and 47.1% for the first six months of fiscal 2025 and 2024, respectively. The decrease in operating income for the three month period ended September 30, 2024 as well as the decrease in operating margin for the three and six month periods ended September 30, 2024 reflects increased labor and energy costs, and a loss incurred on a large capital equipment sale. The increase in operating income for the six month period ended September 30, 2024 is primarily due to increased pricing.

The Life Sciences segment's operating income increased 6.8% to $53.7 million for the three months ended September 30, 2024, as compared to $50.3 million for the same prior year period. The segment's operating margins were 42.0% and 37.8% for the second quarter of fiscal 2025 and 2024, respectively. The Life Sciences segment's operating income increased 6.2% to $106.3 million for the six months ended September 30, 2024, as compared to $100.1 million for the same prior year period. The segment's operating margins were 41.4% and 37.9% for the first six months of fiscal 2025 and 2024, respectively. The increases in segment operating income and margin for the three and six month periods ended September 30, 2024 is primarily due to favorable pricing and mix.

Liquidity and Capital Resources

The following table summarizes significant components of our cash flows for the six months ended September 30, 2024 and 2023:

	Six Months Ended September 30,	
(dollars in thousands)	2024	2023
Net cash provided by operating activities	**$ 554,468**	$ 427,224
Net cash provided by (used in) investing activities	**$ 582,477**	$ (672,833)
Net cash (used in) provided by financing activities	**$ (1,179,896)**	$ 256,577
Debt-to-total capital ratio	**25.3 %**	35.7 %
Free cash flow	**$ 344,493**	$ 284,691

Net Cash Provided by Operating Activities – The net cash provided by our operating activities was $554.5 million for the first six months of fiscal 2025 and $427.2 million for the first six months of fiscal 2024. The fiscal 2025 increase in cash flows from operations resulted from the increase in cash provided by working capital, primarily driven by higher collections on accounts receivable and improved inventory management when compared to the same prior year period.

Net Cash Provided By/Used In Investing Activities – The net cash provided by investing activities totaled $582.5 million for the first six months of fiscal 2025 and net cash used in investing activities totaled $672.8 million for the first six months of fiscal 2024. The following discussion summarizes the significant changes in our investing cash flows for the first six months of fiscal 2025 and fiscal 2024:

- Purchases of property, plant, equipment, and intangibles, net – Capital expenditures totaled $210.0 million for the first six months of fiscal 2025 and $149.9 million during the same prior year period. The fiscal 2025 increase is due to the timing of capital spending.
- Proceeds from the sale of property, plant, and equipment - During the first six months of fiscal 2024, we received proceeds from the sale of property, plant, and equipment of $7.4 million. The fiscal 2024 proceeds were primarily from the sale of a facility previously used by the AST segment.
- Proceeds from the sale of businesses – During the first six months of fiscal 2025, we received proceeds of $809.9 million from the sale of our Dental segment and the sale of our CECS business. For more information, refer to Note 3 to our consolidated financial statements titled "Business Acquisitions and Divestitures" and Note 4 to our consolidated financial statements titled "Discontinued Operations." During the first six months of fiscal 2024, we received proceeds of $9.5 million from the release of funds held in escrow related to the sale of the Renal Care business during fiscal 2022.
- Acquisition of businesses, net of cash acquired – During the first six months of fiscal 2025 and 2024, we used $17.5 million and $539.8 million, respectively, to acquire businesses. For more information, refer to Note 3 to our consolidated financial statements titled, "Business Acquisitions and Divestitures."

Net Cash Used In/Provided By Financing Activities – The net cash used in financing activities amounted to $1,179.9 million for the first six months of fiscal 2025 compared to net cash provided by financing activities of $256.6 million for the first six months of fiscal 2024. The following discussion summarizes the significant changes in our financing cash flows for the first six months of fiscal 2025 and fiscal 2024:

- Payments on term loans – During the first six months of fiscal 2025 and 2024, we repaid $638.1 million and $30.0 million, respectively, of our term loans. The fiscal 2025 increase was primarily due to the use of proceeds from the sale of the Dental segment to pay off our outstanding term loans. For more information on our term loans, refer to Note 7 to our consolidated financial statements titled, "Debt" and to our Annual Report on Form 10-K for the year ended March 31, 2024, which was filed with the SEC on May 29, 2024. For more information regarding the sale of the Dental segment, refer to Note 4 to our consolidated financial statements titled "Discontinued Operations."
- Payments/Proceeds under credit facilities, net – Net payments under credit facilities totaled $344.9 million for the first six months of fiscal 2025 compared to net proceeds under credit facilities of $391.0 million for the first six months of fiscal 2024. The fiscal 2025 payments were primarily due to the use of proceeds from the sale of the Dental segment to pay down our Previous Revolving Credit Facility balance. The fiscal 2024 proceeds are attributable to funding of the acquisition of assets from BD. For more information on our indebtedness, refer to Note 7 to our consolidated financial statements titled, "Debt" and to our Annual Report on Form 10-K for the year ended March 31, 2024, which was filed with the SEC on May 29, 2024. For more information regarding the sale of the Dental segment, refer to Note 4 to our consolidated financial statements titled "Discontinued Operations."

- Repurchases of ordinary shares – During the first six months of fiscal 2025 and 2024, we obtained 77,544 and 57,161, respectively, of our ordinary shares in connection with share-based compensation award programs in the aggregate amount of $10.6 million and $9.2 million, respectively. During the first six months of fiscal 2025, we purchased 446,661 of our ordinary shares for the aggregate amount of $100.0 million through our share repurchase program. During the first six months of fiscal 2024, we did not purchase any ordinary shares through our share repurchase program. For more information on our share repurchases, refer to Note 13 to our consolidated financial statements titled, "Repurchases of Ordinary Shares" and to our Annual Report on Form 10-K for the year ended March 31, 2024, which was filed with the SEC on May 29, 2024.
- Cash dividends paid to ordinary shareholders – During the first six months of fiscal 2025, we paid total cash dividends of $107.7 million, or $1.09 per outstanding share. During the first six months of fiscal 2024, we paid total cash dividends of $97.8 million, or $0.99 per outstanding share.
- Transactions with noncontrolling interest holders – During the first six months of fiscal 2025, we received $2.5 million in contributions from noncontrolling interest holders.
- Stock option and other equity transactions, net – We generally receive cash for issuing shares under our stock option programs. During the first six months of fiscal 2025 and fiscal 2024, we received cash proceeds totaling $19.1 million and $2.7 million, respectively, under these programs.

Cash Flow Measures. The net cash provided by our operating activities was $554.5 million for the first six months of fiscal 2025 and $427.2 million for the first six months of fiscal 2024. Free cash flow was $344.5 million in the first six months of fiscal 2025 compared to $284.7 million in the first six months of fiscal 2024 (see the subsection above titled "Non-GAAP Financial Measures" for additional information and related reconciliation of cash flows from operations to free cash flow). The fiscal 2025 increase in free cash flow is primarily due to an increase in cash provided by working capital, primarily driven by higher collections on accounts receivable and improved inventory management when compared to the same prior year period, which was partially offset by increased capital spending.

Our debt-to-total capital ratio was 25.3% at September 30, 2024 and 35.7% at September 30, 2023.

Material Future Cash Obligations and Commercial Commitments. Information related to our material future cash obligations and commercial commitments is included in our Annual Report on Form 10-K for the year ended March 31, 2024, which was filed with the SEC on May 29, 2024. Our commercial commitments were approximately $120.6 million at September 30, 2024, reflecting a net increase of $10.2 million in surety bonds and other commercial commitments from March 31, 2024. Outstanding borrowings under our Previous Revolving Credit Facility as of September 30, 2024 were $141.4 million. We had $12.3 million of letters of credit outstanding under the Previous Revolving Credit Facility at September 30, 2024.

Cash Requirements. We intend to use our existing cash and cash equivalent balances and cash generated from operations for short-term and long-term capital expenditures and 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 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 existing 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.

Supplemental Guarantor Financial Information

STERIS plc ("Parent") and its wholly-owned subsidiaries, STERIS Limited and STERIS Corporation (collectively "Guarantors" and each a "Guarantor"), each have provided guarantees of the obligations of STERIS Irish FinCo Unlimited Company ("FinCo", "STERIS Irish FinCo", "Issuer") a wholly-owned subsidiary issuer, under Senior Public Notes issued by FinCo on April 1, 2021 and of certain other obligations relating to the Senior Public Notes. The Senior Public Notes are guaranteed, jointly and severally, on a senior unsecured basis. The Senior Public Notes and the related guarantees are senior unsecured obligations of FinCo and the Guarantors, respectively, and are equal in priority with all other unsecured and unsubordinated indebtedness of the Issuer and the Guarantors, respectively, from time to time outstanding, including, as applicable, under the Private Placement Senior Notes and borrowings under the Revolving Credit Facility.

All of the liabilities of non-guarantor direct and indirect subsidiaries of STERIS, other than STERIS Irish FinCo, STERIS Limited and STERIS Corporation, including any claims of trade creditors, are effectively senior to the Senior Public Notes.

STERIS Irish FinCo's main objective and source of revenues and cash flows is the provision of short- and long-term financing for the activities of STERIS plc and its subsidiaries.

The ability of our subsidiaries to pay dividends, interest and other fees to the Issuer and ability of the Issuer and Guarantors to service the Senior Public Notes may be restricted by, among other things, applicable corporate and other laws and regulations as well as agreements to which our subsidiaries are or may become a party.

The following is a summary of these guarantees:

Guarantees of Senior Notes

- Parent Company Guarantor – STERIS plc
- Subsidiary Issuer – STERIS Irish FinCo Unlimited Company
- Subsidiary Guarantor – STERIS Limited
- Subsidiary Guarantor – STERIS Corporation

The guarantee of a Guarantor will be automatically and unconditionally released and discharged:

- in the case of a Subsidiary Guarantor, upon the sale, transfer or other disposition (including by way of consolidation or merger) of such Subsidiary Guarantor, other than to the Parent or a subsidiary of the Parent and as permitted by the indenture;
- in the case of a Subsidiary Guarantor, upon the sale, transfer or other disposition of all or substantially all the assets of such Subsidiary Guarantor, other than to the Parent or a subsidiary of the Parent and as permitted by the indenture;
- in the case of a Subsidiary Guarantor, at such time as such Subsidiary Guarantor is no longer a borrower under or no longer guarantees any material credit facility (subject to restatement in specified circumstances);
- upon the legal defeasance or covenant defeasance of the Senior Public Notes or the discharge of the Issuer's obligations under the indenture in accordance with the terms of the indenture;
- as described in accordance with the terms of the indenture; or
- in the case of the Parent, if the Issuer ceases for any reason to be a subsidiary of the Parent; provided that all guarantees and other obligations of the Parent in respect of all other indebtedness under any material credit facility of the Issuer terminate upon the Issuer ceasing to be a subsidiary of the Parent; and
- upon such Guarantor delivering to the trustee an officer's certificate and an opinion of counsel, each stating that all conditions precedent provided for in the indenture relating to such transaction or release have been complied with.

The obligations of each Guarantor under its guarantee are expressly limited to the maximum amount that such Guarantor could guarantee without such guarantee constituting a fraudulent conveyance. Each Guarantor that makes a payment under its guarantee will be entitled upon payment in full of all guaranteed obligations under the indenture to a contribution from each Guarantor in an amount equal to such other Guarantor's pro rata portion of such payment based on the respective net assets of all the Guarantors at the time of such payment determined in accordance with U.S. GAAP.

The following tables present summarized results of operations for the six months ended September 30, 2024 and summarized balance sheet information at September 30, 2024 and March 31, 2024 for the obligor group of the Senior Public Notes. The obligor group consists of the Parent Company Guarantor, Subsidiary Issuer, and Subsidiary Guarantors for the Senior Public Notes. The summarized financial information is presented after elimination of (i) intercompany transactions and balances among the guarantors and issuer and (ii) equity in earnings from and investments in any subsidiary that is a non-guarantor or issuer. Transactions with non-issuer and non-guarantor subsidiaries have been presented separately.

Summarized Results of Operations
(in thousands)

	Six Months Ended September 30, 2024
Revenues	$ 1,466,032
Gross profit	808,032
Operating costs arising from transactions with non-issuers and non-guarantors, net	334,235
Income from operations	395,626
Non-operating income (expense) arising from transactions with subsidiaries that are non-issuers and non-guarantors, net	316,818
Net income	$ 293,921

Summarized Balance Sheet Information
(in thousands)

	September 30, 2024	March 31, 2024
Receivables due from non-issuers and non-guarantor subsidiaries	$ 19,577,497	$ 19,120,843
Other current assets	756,595	846,149
Total current assets	$ 20,334,092	$ 19,966,992
Non-current receivables due from non-issuers and non-guarantor subsidiaries	$ 1,330,328	$ 1,797,274
Goodwill	291,744	292,559
Other non-current assets	645,831	642,240
Total non-current assets	$ 2,267,903	$ 2,732,073
Payables due to non-issuers and non-guarantor subsidiaries	$ 22,664,496	$ 21,415,901
Other current liabilities	247,220	289,047
Total current liabilities	$ 22,911,716	$ 21,704,948
Non-current payables due to non-issuers and non-guarantor subsidiaries	$ 401,230	$ 598,730
Other non-current liabilities	2,278,220	3,247,978
Total non-current liabilities	$ 2,679,450	$ 3,846,708

Intercompany balances and transactions between the obligor group have been eliminated, and amounts due from, amounts due to, and transactions with non-issuer and non-guarantor subsidiaries have been presented separately. Intercompany transactions arise from internal financing and trade activities.

Critical Accounting Estimates and Assumptions

Information related to our critical accounting estimates and assumptions is included in our Annual Report on Form 10-K for the year ended March 31, 2024, which was filed with the SEC on May 29, 2024. Our critical accounting policies, estimates, and assumptions have not changed materially from March 31, 2024.

Contingencies

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, gases, 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 record a liability for such contingencies to the extent we conclude that their occurrence is both probable and estimable. We consider many factors in making these assessments, including the professional judgment of experienced members of management and our legal counsel. We have made estimates as to the likelihood of unfavorable outcomes and the amounts of such potential losses. In our opinion, the ultimate outcome of these proceedings and claims is not anticipated to have a material adverse effect on our consolidated financial position, results of operations, or cash flows. However, the ultimate outcome of proceedings, government investigations, and claims is unpredictable and actual results could be materially different from our estimates. We record expected recoveries under applicable insurance contracts when we are assured of recovery. Refer to Note 10 of our consolidated financial statements titled, "Commitments and Contingencies" for additional information.

We are subject to taxation from United States federal, state and local, and non-U.S. jurisdictions. Tax positions are settled primarily through the completion of audits within each individual tax jurisdiction or the closing of a statute of limitation. Changes in applicable tax law or other events may also require us to revise past estimates. The IRS routinely conducts audits of our federal income tax returns.

Refer to Note 9 of our consolidated financial statements titled, "Income Taxes" for more information.

Forward-Looking Statements

This quarterly 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, statements related to the expected benefits of and timing of completion of the Restructuring Plan, 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. 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 public health crises on STERIS’s operations, supply chain, material and labor costs, performance, results, prospects, or value, (b) STERIS's ability to achieve the expected benefits regarding the accounting and tax treatments of the redomiciliation to Ireland, (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, (d) STERIS’s ability to successfully integrate acquired businesses into its existing businesses, including unknown or inestimable liabilities, impairments, or increases in expected integration costs or difficulties in connection with the integration of such businesses, (e) uncertainties related to tax treatments under the TCJA and the IRA, (f) the possibility that Pillar Two Model Rules could increase tax uncertainty and adversely impact STERIS's provision for income taxes and effective tax rate and subject STERIS to additional income tax in jurisdictions who adopt Pillar Two Model Rules, (g) STERIS's ability to continue to qualify for benefits under certain income tax treaties in light of ratification of more strict income tax treaty rules (through the MLI) in many jurisdictions where STERIS has operations, (h) 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, (i) the potential for increased pressure on pricing or costs that leads to erosion of profit margins, including as a result of inflation, (j) 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, (k) the possibility that application of or compliance with laws, court rulings, certifications, regulations, or regulatory actions, including without limitation any of the same relating to FDA, EPA or other regulatory authorities, government investigations, the outcome of any pending or threatened FDA, EPA or other regulatory warning notices, actions, requests, inspections or submissions, the outcome of any pending or threatened litigation brought by private parties, or other requirements or standards may delay, limit or prevent new product or service introductions, affect the production, supply and/or marketing of existing products or services, result in costs to STERIS that may not be covered by insurance, or otherwise affect STERIS’s performance, results, prospects or value, (l) the potential of international unrest, including the Russia-Ukraine or Israel-Hamas military conflicts, 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, (m) the possibility of reduced demand, or reductions in the rate of growth in demand, for STERIS’s products and services, (n) the possibility of delays in receipt of orders, order cancellations, or delays in the manufacture or shipment of ordered products, due to supply chain issues or otherwise, or in the provision of services, (o) 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, impairments, regulatory, governmental, or other issues or risks associated with STERIS’s businesses, industry or initiatives including, without limitation, those matters described in STERIS's various securities filings, may adversely impact STERIS’s performance, results, prospects or value, (p) 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, (q) the impact on STERIS and its operations of any legislation, regulations or orders, including but not limited to any new trade or tax legislation (including CAMT and excise tax on stock buybacks), regulations or orders, that may be implemented by the U.S. administration or Congress, or of any responses thereto, (r) the possibility that anticipated financial results or benefits of recent acquisitions, of STERIS’s restructuring efforts, or of recent divestitures, including anticipated revenue, productivity improvement, cost savings, growth synergies and other anticipated benefits, will not be realized or will be other than anticipated, (s) the level of STERIS’s indebtedness limiting financial flexibility or increasing future borrowing costs, (t) rating agency actions or other occurrences that could affect STERIS’s existing debt or future ability to borrow funds at rates favorable to STERIS or at all, (u) the effects of changes in credit availability and pricing, as well as the ability of STERIS’s Customers and suppliers to adequately access the credit markets, on favorable terms or at all, when needed, and (v) the possibility that our expectations about the pre-tax savings resulting from the Restructuring Plan, the number of positions eliminated pursuant to the Restructuring Plan and the costs, charges and cash expenditures associated with the announced restructuring plan may not be realized on the timeline or timelines we expect, or at all.

Availability of Securities and Exchange Commission Filings

We make available free of charge on or through our website our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and amendments to these reports as soon as reasonably practicable after we file such material with, or furnish such material to, the SEC. You may access these documents on the Investor Relations page of our website at *http://www.steris-ir.com*. The information on our website and the SEC's website is not incorporated by reference into this report.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

In the ordinary course of business, we are subject to interest rate, currency, and commodity risks. Information related to these risks and our management of these exposures is included in Part II, Item 7A, “Quantitative and Qualitative Disclosures about Market Risk,” in our Annual Report on Form 10-K for the year ended March 31, 2024, which was filed with the SEC on May 29, 2024. Our exposures to market risks have not changed materially since March 31, 2024.

Fluctuations in currency rates could affect our revenues, Cost of revenues and income from operations and could result in currency exchange gains and losses. During the second quarter of fiscal 2025, we held forward foreign currency contracts to hedge a portion of our expected non-U.S. dollar-denominated earnings against our reporting currency, the US dollar. These foreign currency exchange contracts will mature during fiscal 2025. We did not elect hedge accounting for these forward currency contracts; however, we may seek to apply hedge accounting in future scenarios. As a result, we may experience volatility due to (i) the timing mismatch of unrealized hedge gains or losses versus recognition of the underlying hedged earnings, and (ii) the impact of unrealized and realized hedge gains or losses being reported in selling, general and administrative expenses, whereas the offsetting economic gains and losses of the underlying hedged earnings are reported in the various line items of our Consolidated Statements of Income.

We also 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 September 30, 2024, we held net foreign currency forward contracts to buy 58.0 million British pounds sterling; and to sell 18.0 million Australian dollars, 6.0 million Canadian dollars, and 1.8 million euros.

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. The costs of these materials can rise suddenly and result in significantly higher costs of production. 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 September 30, 2024, we held commodity swap contracts to buy 394.5 thousand pounds of nickel.

ITEM 4. CONTROLS AND PROCEDURES

Under the supervision of and with the participation of our management, including the Principal Executive Officer ("PEO") and Principal Financial Officer ("PFO"), we evaluated the effectiveness of the design and operation of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) promulgated under the Securities Exchange Act of 1934, as of the end of the period covered by this Quarterly Report. Based on that evaluation, including the assessment and input of our management, the PEO and PFO concluded that, as of the end of the period covered by this Quarterly Report, our disclosure controls and procedures were effective.

There were no changes in our internal control over financial reporting, as defined in Rules 13a-15(f) and 15d-15(f) promulgated under the Securities Exchange Act of 1934, that occurred during the quarter ended September 30, 2024 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II—OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Information regarding our legal proceedings is included in this Form 10-Q in Note 10 to our consolidated financial statements titled, "Commitments and Contingencies" and in Item 7 of Part II, titled "Management's Discussion and Analysis of Financial Conditions and Results of Operations," of our Annual Report on Form 10-K for the year ended March 31, 2024, which was filed with the SEC on May 29, 2024.

ITEM 1A. RISK FACTORS

For a complete discussion of the Company's risk factors, you should carefully review the risk factors included in our Annual Report on Form 10-K for the fiscal year ended March 31, 2024, which was filed with the SEC on May 29, 2024.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES, USE OF PROCEEDS, AND ISSUER PURCHASES OF EQUITY SECURITIES

On May 3, 2023, our Board of Directors terminated the previous share repurchase program then in effect and authorized a new share repurchase program for the purchase of up to $500 million (net of taxes, fees and commissions). As of September 30, 2024, there was $400 million (net of taxes, fees and commissions) of remaining availability under the Board authorized share repurchase program. The share repurchase program has no specified expiration date.

Under the May 3, 2023 share repurchase program, the Company may repurchase its shares from time to time through open market purchases, including 10b5-1 plans. Any share repurchases may be activated, suspended or discontinued at any time.

During the first six months of fiscal 2025, we repurchased 446,661 of our ordinary shares for the aggregate amount of $100.0 million (net of fees and commissions) pursuant to authorizations under the share repurchase program.

During the first six months of fiscal 2025, we obtained 77,544 of our ordinary shares in the aggregate amount of $10.6 million in connection with share-based compensation award programs.

The following table summarizes the ordinary shares repurchase activity during the second quarter of fiscal 2025 under our ordinary share repurchase program:

(dollars in thousands)	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans	Maximum Dollar Value of Shares that May Yet Be Purchased Under the Plans at Period End (in thousands)
July 1-31	175,895	$ 223.22	175,895	$ 404,613
August 1-31	19,259	239.54	19,259	400,000
September 1-30	—	—	—	400,000
Total	195,154 (1)	$ 224.83 (1)	195,154	$ 400,000

(1) Does not include 8 shares purchased during the quarter at an average price of $234.20 per share by the STERIS Corporation 401(k) Plan on behalf of an executive officer of the Company who may be deemed to be an affiliated purchaser.

ITEM 5. OTHER INFORMATION

During the three months ended September 30, 2024, none of our directors or officers (as defined in Rule 16a-1(f) of the Exchange Act) adopted, modified or terminated a "Rule 10b5-1 trading arrangement" or a "non-Rule 10b5-1 trading arrangement" as such terms are defined under Item 408 of Regulation S-K.

ITEM 6. EXHIBITS

Exhibits required by Item 601 of Regulation S-K

Exhibit Number	Exhibit Description
3.1	STERIS plc Amended Memorandum and Articles of Association (filed as Exhibit 3.1 to STERIS plc Form 10-K for the fiscal year ended March 31, 2019 (Commission File No. 001-38848), and incorporated herein by reference).
10.1	Description of STERIS plc Non-Employee Director Compensation Program.*
15.1	Letter Re: Unaudited Interim Financial Information.
22.1	List of Guarantor Subsidiaries with respect to the 2.700% Notes due 2031 and 3.750% Notes due 2051 issued by STERIS Irish Finco Unlimited Company (filed as Exhibit 22.1 to Form 10-K for the fiscal year ended March 31, 2021 (Commission File No. 001-38848), and incorporated by reference).
31.1	Certification of the Principal Executive Officer Pursuant to Exchange Act Rule 13a-14(a)/15d-14(a).
31.2	Certification of the Principal Financial Officer Pursuant to Exchange Act Rule 13a-14(a)/15d-14(a).
32.1	Certification of the Principal Executive Officer and Principal Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.SCH	Inline Schema Document.
101.CAL	Inline Calculation Linkbase Document.
101.DEF	Inline Definition Linkbase Document.
101.LAB	Inline Labels Linkbase Document.
101.PRE	Inline Presentation Linkbase Document.
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).
*	A management contract or compensatory plan or arrangement required to be filed as an exhibit hereto

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

STERIS plc

/s/ KAREN L. BURTON

Karen L. Burton
Vice President, Chief Accounting Officer
November 7, 2024

Description of STERIS plc Non-Employee Director Compensation Program

Summarized below is the Director compensation program for STERIS plc ("STERIS") non-employee Directors for the term of office beginning August 1, 2024.

Director retainer fees have remained the same for the 2024-2025 term of office as for the prior term of office. An annual retainer of $323,000 is payable to each non-employee Director other than the Chairman of the Board. An annual retainer of $498,000 is payable to the Chairman. The retainer fees are payable in full at the beginning of each Director's term. Retainer fees are fully vested immediately, regardless of the form in which paid.

Committee membership fees, which are payable to Committee members (other than Committee Chairpersons) for the 2024-2025 term remain the same. These fees are as follows:

- $12,000 Audit Committee member,
- $7,500 Compensation and Organization Development Committee member, and
- $6,000 per Committee for members of other standing Committees.

Annual Committee Chair fees also remain unchanged and are payable in the following amounts, with payments to be made at the beginning of each term: $25,000 for the Audit Committee Chair, $20,000 for the Compensation and Organization Development Committee Chair, and $15,000 for the other standing Committee Chairs. Committee Chairs will receive their fees in cash, unless another form of payment is elected. There are no meeting fees.

The normal forms of retainer fees are payable as follows: $86,000 in cash ($123,000 for the Chairman), $118,500 in stock options ($187,500 for the Chairman) and $118,500 in CRSUs ($187,500 for the Chairman). Each Director (other than Directors who have not satisfied the Guidelines) is given the option to elect to receive all or a part of the cash or option portions of the fee in STERIS shares or CRSUs and, subject to the limited exception referred below, to elect to receive all or part of the CRSU portion of the fee in STERIS shares.

Notwithstanding the foregoing, the available forms of payment for Directors who have not satisfied the Company's Non-Employee Director Stock Ownership Guidelines are limited until such time as those Guidelines have been satisfied. A Director who has not met the Guidelines will receive a retainer fee of $86,000 in cash, with the remaining portion of such Director's retainer fee payable in CRSUs. The Director also may elect to receive additional CRSUs in lieu of all or part of the cash portion of the retainer fee, except in the case of the Director's first full term of office.

Permitted elections for incumbent Directors are required to be made on or before the December 31 that immediately precedes the beginning of the term for which the compensation will be paid. Elections for the term of office beginning in 2025 must be made by December 31, 2024.

The number of CRSUs or STERIS shares a Director is entitled to receive is determined based upon the dollar amount of the retainer fees elected to be received in CRSUs or STERIS shares, and the NYSE STERIS per share closing price on the effective date of grant. The number of options a Director is entitled to receive is determined based upon the same factors and a Black-Scholes calculation, and the option price is the NYSE per share closing price on the effective date of grant.

A Director's CRSUs will be settled in STERIS ordinary shares six months after the cessation of the Director's Board service. Directors will be paid cash dividend equivalents on their CRSUs as dividends are paid on STERIS ordinary shares.

The STERIS Director compensation program for non-employee Directors may be modified by the Board of Directors.

Exhibit 15.1

LETTER REGARDING UNAUDITED INTERIM FINANCIAL INFORMATION

Shareholders and Board of Directors
STERIS plc

We are aware of the incorporation by reference in the following STERIS plc Registration Statements of our review report dated November 7, 2024 relating to the unaudited consolidated interim financial statements of STERIS plc and subsidiaries that are included in its Form 10-Q for the quarter ended September 30, 2024:

Registration Number	Description
333-230557	Form S-8 Registration Statement of STERIS plc pertaining to the STERIS Corporation 401(k) Plan
333-230558	Form S-8 Registration Statement of STERIS plc pertaining to the STERIS plc 2006 Long-Term Equity Incentive Plan (As Assumed, Amended and Restated Effective March 28, 2019)
333-254608	Form S-3 Registration Statement of STERIS plc, STERIS Corporation, STERIS Ltd, and STERIS Irish FinCo Unlimited Co pertaining to the registration of debt securities, guarantees of debt securities, ordinary shares, preferred shares, warrants, and units
333-256700	Form S-8 Registration Statement of STERIS plc pertaining to the Cantel Medical Corp. 2020 Equity Incentive Plan (As assumed and amended effective June 2, 2021) and the Cantel Medical Corp. 2016 Equity Incentive Plan (As assumed and amended effective June 2, 2021)

/s/ Ernst & Young LLP

Cleveland, Ohio
November 7, 2024

Exhibit 31.1

CERTIFICATION OF THE PRINCIPAL EXECUTIVE OFFICER

I, Daniel A. Carestio, certify that:

1. I have reviewed this quarterly report on Form 10-Q of STERIS plc;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations, and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize, and report financial information; and
   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 7, 2024

/s/ DANIEL A. CARESTIO

Daniel A. Carestio
President and Chief Executive Officer

Exhibit 31.2

CERTIFICATION OF THE PRINCIPAL FINANCIAL OFFICER

I, Michael J. Tokich, certify that:

1. I have reviewed this quarterly report on Form 10-Q of STERIS plc;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations, and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize, and report financial information; and
    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 7, 2024

/s/ MICHAEL J. TOKICH

Michael J. Tokich
Senior Vice President and Chief Financial Officer

Exhibit 32.1

Certification Pursuant to § 906 of the Sarbanes-Oxley Act of 2002

Pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, in connection with the filing of the Form 10-Q of STERIS plc (the "Company") for the quarter ended September 30, 2024, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned officers of the Company certifies, that, to such officer's knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of the dates and for the periods expressed in the Report.

	/s/ DANIEL A. CARESTIO
Name:	**Daniel A. Carestio**
Title:	**President and Chief Executive Officer**
	/s/ MICHAEL J. TOKICH
Name:	**Michael J. Tokich**
Title:	**Senior Vice President and Chief Financial Officer**

Dated: November 7, 2024