STERIS plc

Directors' Report and Consolidated Financial Statements

For the Year Ended March 31, 2021

CONTENTS **PAGES**

Directors' Report	3
Director's Responsibility Statement	37
Independent Auditor's Report	39
Consolidated Profit and Loss Account	49
Consolidated Statement of Comprehensive Income	50
Consolidated Balance Sheets	51
Consolidated Statement of Shareholders' Equity	52
Consolidated Statement of Cash Flows	53
Notes to the Consolidated Financial Statements	54
Company Balance Sheet	109
Company Statement of Changes in Equity	110
Notes to the Company Financial Statements	111

DIRECTORS' REPORT

For the year ended March 31, 2021

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

The Directors present their report and financial statements of STERIS plc and its subsidiaries (“STERIS,” “the Company,” “we,” “us,” or “our") for the year ended March 31, 2021.

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

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

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

BASIS OF PRESENTATION

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

PRINCIPAL ACTIVITIES

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

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

STRATEGY AND BUSINESS TRENDS

STERIS plc is a leading provider of infection prevention and other procedural products and services. WE HELP OUR CUSTOMERS CREATE A HEALTHIER AND SAFER WORLD by providing innovative healthcare and life science products and services around the globe. Our dedicated employees around the world work together to supply a broad range of solutions by offering a combination of capital equipment, consumables, and services to healthcare, pharmaceutical, industrial, and governmental Customers.

The bulk of our revenues are derived from the healthcare and pharmaceutical industries. Much of the growth in these industries is driven by the aging of the population throughout the world, as an increasing number of individuals are entering their prime healthcare consumption years, and is dependent upon advancement in healthcare delivery, acceptance of new technologies, government policies, and general economic conditions. The pharmaceutical industry has been impacted by increased regulatory scrutiny of cleaning and validation processes, mandating that manufacturers improve their processes. Within healthcare, there is increased concern regarding the level of hospital acquired infections around the world; increased demand for medical procedures, including preventive screenings such as endoscopies and colonoscopies; and a desire by our Customers to operate more efficiently, all of which are driving increased demand for many of our products and services. During fiscal 2021, we experienced reduced demand for certain products and services resulting from the reduction of deferrable surgical procedures and increased demand for other products and services from our pharmaceutical Customers focused on vaccines and biologics and increased demand in the Applied Sterilization Technologies segment for personal protective equipment product services, as a result of the COVID-19 pandemic.

We believe we have opportunity to expand internationally, as we currently serve only a portion of the world that could benefit from our products and services. Through our subsidiaries, we operate in various international locations. United States revenues represented 72% of our fiscal 2021 revenues. Revenues from Ireland represented 2% and other Europe, Middle East and Africa ("EMEA") represented 16% of our fiscal 2021 revenues. The remaining 10% was generated in Canada, and in the Asia Pacific and Latin American regions.

Recent Developments In Our Business

Acquisitions. On November 18, 2020, we acquired all of the outstanding units and equity of Key Surgical, LLC ("Key Surgical"). Key Surgical is a global provider of sterile processing, operating room and endoscopy consumable products serving hospitals and surgical facilities. Key Surgical is being integrated into our Healthcare segment. The total purchase price of the acquisition was $853.2 million, net of cash acquired, and remains subject to customary working capital adjustments.

On January 4, 2021, we purchased the remaining outstanding shares of an equity investment that we initially made in fiscal 2019. Total consideration was approximately $78.0 million, net of cash acquired and subject to any working capital adjustments. Total non-cash consideration for this transaction was $41.8 million, which consisted of the settlement of outstanding principal and interest on a loan receivable, the initial equity investment, and receivables related to capital equipment purchases that existed at the acquisition date. The business is being integrated into our Applied Sterilization Technologies business segment and we funded the transaction through a combination of cash on hand and credit facility borrowings.

We also completed two other tuck-in acquisitions during fiscal 2021, which continued to expand our product and service offerings in the Healthcare segment. Total aggregate consideration for these transactions was approximately $20.9 million, net of cash acquired and including deferred consideration of $1.2 million.

On January 12, 2021, we announced the signing of a definitive agreement to acquire Cantel Medical Corp. (NYSE: CMD "Cantel"), through a U.S. subsidiary. Cantel is a global provider of infection prevention products and services primarily to endoscopy and dental Customers. Under the terms of the agreement, we will acquire Cantel in a cash and stock transaction valued at $84.66 per Cantel common share, based on STERIS's closing share price of $200.46 on January 11, 2021. This represents a total equity value of approximately $3.6 billion and a total enterprise value of approximately $4.6 billion. The agreement has been unanimously approved by the Boards of Directors of both companies. We expect to fund the cash portion of the transaction consideration and repay or otherwise satisfy a significant amount of Cantel's existing debt obligations with approximately $2.1 billion of new debt, which is described in Note 8 of our Consolidated Financial Statements, titled "Debt". Cantel shareholder vote and regulatory approvals have been obtained and the acquisition is expected to occur on June 2, 2021.

Divestitures. During fiscal 2021, we sold an Applied Sterilization Technologies laboratory that was located in the Netherlands. We recorded proceeds of $0.5 million, net of cash divested, and recognized a pre-tax loss on the sale of $2.0 million in the selling, general and administrative expense line of the Consolidated Statements of Income. The business generated annual revenues of approximately $6.0 million.

COVID-19 Pandemic. The COVID-19 pandemic began to impact our business late in fiscal 2020. The pandemic and related public health recommendations and mandated precautions to mitigate the spread of COVID-19, including deferral of surgical procedures and treatments and shelter-in-place orders or similar measures, have negatively affected and are expected to continue to negatively affect some of our operations, which may impact our financial position and cash flows. We have experienced and expect to continue to experience unpredictable fluctuations in demand for certain of our products and services, including some products and services that are experiencing increased demand. To date, we do not believe that the COVID-19 pandemic has had a material impact on our operations, as we have been able to continue to operate our manufacturing facilities and meet the demand for essential products and services of our Customers. During fiscal 2021, in response to the to the pandemic, we implemented several measures that we believe helped us protect the health and safety of our employees, preserve liquidity and enhance our financial flexibility.We allowed employees to work remotely when possible and implemented additional safety measures in compliance with applicable regulations to allow personnel to continue to work in our facilities. We suspended all non-essential travel and enacted a temporary hiring freeze on certain positions. To manage liquidity, we suspended our stock repurchase program and deferred certain planned capital expenditures; however, we continued to invest in expansion projects as planned. We do not believe that these actions will negatively impact our long-term ability to generate revenues or meet existing and future financial obligations.

Outlook. In fiscal 2022 and beyond, we expect to continue to manage our costs, grow our business with internal product and service development, invest in greater capacity, and augment these value creating methods with potential acquisitions of additional products and services. In this regard, we are working diligently on the closing of our acquisition of Cantel Medical, which we continue to expect to occur on June 2, 2021.

INFORMATION RELATED TO BUSINESS SEGMENTS

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

HEALTHCARE SEGMENT

Description of Business. Our Healthcare segment offers infection prevention and procedural products and services for healthcare providers worldwide, including consumable products, equipment maintenance and installation services, and capital equipment. These offerings aid our Customers in improving the safety, quality, productivity, and utility consumption of their surgical, sterile processing, gastrointestinal, and emergency environments. Our Healthcare segment also provides a range of products and managed services including: hospital sterilization services and instrument and scope repairs to acute care hospitals and other healthcare settings that aid our Customers in improving the safety, quality and productivity of their operations.

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

Services Offered. Our Healthcare segment service associates install, maintain, upgrade, repair, and troubleshoot capital equipment throughout the world. We offer various preventive maintenance programs and repair services to support the effective operation of capital equipment over its lifetime. Our Healthcare segment also provides comprehensive instrument and endoscope repair and maintenance services (on-site or at one of our dedicated facilities), custom process improvement consulting and outsourced instrument sterile processing (on-site at the hospital and in off-site reprocessing centers).

Customer Concentration. Our Healthcare segment sells consumables, services and capital equipment, to Customers in many countries throughout the world. For the year ended March 31, 2021, no Customer represented more than 10% of the Healthcare Product segment's total revenues.

Competition. We compete with a number of large companies that have significant product portfolios and global reach, as well as a number of small companies with very limited product offerings and operations in one or a limited number of countries. On a product basis, competitors include 3M, Belimed, Cantel Medical, Ecolab, Getinge, Hill-Rom, Fortive, Stryker and Skytron. On a service line basis, competitors include BBraun, Berendsen plc, CleanLease (Clean Lease Fortex), Karl Storz, Mobile, Northfield, Olympus, Owens & Minor, Pentax, Rentex Awé and Rentex Floren and Sterilog Limited.

APPLIED STERILIZATION TECHNOLOGIES SEGMENT

Description of Business. Our Applied Sterilization Technologies ("AST") segment provides contract sterilization and testing services for medical device and pharmaceutical manufacturers. Our Customers are primarily medical device and pharmaceutical manufacturers.

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

Customer Concentration. Our Applied Sterilization Technologies segment’s services are offered to Customers throughout the world. For the year ended March 31, 2021, no Customer represented more than 10% of the segment’s revenues.

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

LIFE SCIENCES SEGMENT

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

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

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

Customer Concentration. Our Life Sciences segment sells consumables, services and capital equipment, to Customers in many countries throughout the world. For the year ended March 31, 2021, no Customer represented more than 10% of the Life Sciences segment's total revenues.

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

INFORMATION CONCERNING FORWARD-LOOKING STATEMENTS

This Annual Report contains forward-looking statements within the meaning of the federal securities laws about STERIS, and the acquisition of Cantel. 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. These forward-looking statements are based on current expectations, estimates or forecasts about our businesses, the industries in which we operate and current beliefs and assumptions of management and are subject to uncertainty and changes in circumstances. These statements are not guarantees of performance or results. Many important factors could affect actual financial results and cause them to vary materially from the expectations contained in the forward-looking statements. 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. 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. These risks and uncertainties that could cause actual results to differ materially from those in the forward-looking statements include, without limitation:

- the failure to obtain Cantel stockholder approval of acquisition of Cantel;
- the possibility that the closing conditions to the acquisition of Cantel may not be satisfied or waived, including that a governmental entity may prohibit, delay or refuse to grant a necessary regulatory approval and any conditions imposed on the combined entity in connection with consummation of the acquisition of Cantel;
- delay in closing the acquisition of Cantel or the possibility of non-consummation of the acquisition of Cantel;
- the risk that the cost savings and any other synergies from the acquisition of Cantel may not be fully realized or may take longer to realize than expected, including that the acquisition of Cantel may not be accretive within the expected timeframe or to the extent anticipated;
- the occurrence of any event that could give rise to termination of the merger agreement;
- the risk that shareholder/stockholder litigation in connection with the acquisition of Cantel may affect the timing or occurrence of the acquisition of Cantel or result in significant costs of defense, indemnification and liability;
- risks related to the disruption of the acquisition of Cantel to STERIS, Cantel and our respective managements;
- risks relating to the value of the STERIS shares to be issued in the transaction;
- the effect of announcement of the acquisition of Cantel on our ability to retain and hire key personnel and maintain relationships with customers, suppliers and other third parties;
- the impact of the COVID-19 pandemic on STERIS's or Cantel's operations, performance, results, prospects, or value;
- STERIS's ability to achieve the expected benefits regarding the accounting and tax treatments of the redomiciliation to Ireland ("Redomiciliation");
- operating costs, Customer loss and business disruption (including, without limitation, difficulties in maintaining relationships with employees, Customers, clients or suppliers) being greater than expected following the Redomiciliation;
- STERIS's ability to meet expectations regarding the accounting and tax treatment of the Tax Cuts and Jobs Act ("TCJA") or the possibility that anticipated benefits resulting from the TCJA will be less than estimated;
- 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;
- the potential for increased pressure on pricing or costs that leads to erosion of profit margins;
- 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;
- the possibility that application of or compliance with laws, court rulings, certifications, regulations, 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, 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 or otherwise affect STERIS's or Cantel's performance, results, prospects or value;

- the potential of international unrest, economic downturn or effects of currencies, tax assessments, tariffs and/or other trade barriers, adjustments or anticipated rates, raw material costs or availability, benefit or retirement plan costs, or other regulatory compliance costs;
- the possibility of reduced demand, or reductions in the rate of growth in demand, for STERIS's or Cantel's products and services;
- the possibility of delays in receipt of orders, order cancellations, or delays in the manufacture or shipment of ordered products or in the provision of services;
- the possibility that anticipated growth, cost savings, new product acceptance, performance or approvals, or other results may not be achieved, or that transition, labor, competition, timing, execution, regulatory, governmental, or other issues or risks associated with STERIS's and Cantel's businesses, industry or initiatives including, without limitation, those matters described in STERIS's Form 10-K, and other securities filings, may adversely impact STERIS's and/or Cantel's performance, results, prospects or value;
- the impact on STERIS and its operations, or tax liabilities, of Brexit or the exit of other member countries from the EU, and STERIS's ability to respond to such impacts;
- the impact on STERIS, Cantel and their respective operations of any legislation, regulations or orders, including but not limited to any new trade or tax legislation, regulations or orders, that may be implemented by the U.S. administration or Congress, or of any responses thereto;
- the possibility that anticipated financial results or benefits of recent acquisitions, including the acquisition of Key Surgical, or of STERIS's restructuring efforts, or of recent divestitures, or of restructuring plans will not be realized or will be other than anticipated;
- the effects of contractions in credit availability, as well as the ability of STERIS's and Cantel's Customers and suppliers to adequately access the credit markets when needed;

PRINCIPAL RISKS AND UNCERTAINTIES

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

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

LEGAL, REGULATORY AND TAX RISKS

Market Risks

Doing Business Internationally

Compliance with multiple, and potentially conflicting, international laws and regulations, import and export limitations, anti-corruption laws, and exchange controls may be difficult, burdensome or expensive.

We are subject to compliance with various laws and regulations, including the U.S. Foreign Corrupt Practices Act, the U.K. Bribery Act, and similar anti-bribery laws, which generally prohibit companies and their intermediaries from making improper payments to officials for the purpose of obtaining or retaining business. We are also subject to limitations on trade with persons in sanctioned countries. While our employees and agents are required to comply with these laws, we cannot assure you that our internal policies and procedures will always protect us from violations of these laws, despite our commitment to legal compliance and corporate ethics.

The COVID-19 pandemic has disrupted our operations and could have a material adverse effect on our business and financial condition.

The COVID-19 pandemic, along with the response to the pandemic by governmental and other actors, has disrupted our operations. We have experienced temporary mandatory and voluntary facility closures in certain jurisdictions in which we operate. Furthermore, we have experienced less demand for certain of our products and services as a result of deferrals of certain medical procedures, and other factors, which we believe was exacerbated by the impact of stay-at-home orders. Additionally, the COVID-19 outbreak has caused temporary disruptions in our supply chain.

Long-term facility closures or other restrictions could materially adversely affect our ability to adequately staff, supply or otherwise maintain our operations. Such restrictions also may have a substantial impact on our Customers and our sales cycles. The COVID-19 pandemic may put pressure on overall spending for our products and services, and may cause our Customers to modify spending priorities or delay or abandon purchasing decisions. Moreover, because a large number of our employees have been working from home, we may be subject to increased vulnerability to cyber and other information technology risks. We have modified, and may further modify, our business practices in response to the risks and negative impacts associated with the COVID-19 pandemic. However, there can be no assurance that these measures will be temporary or successful.

The impact of the COVID-19 pandemic continues to evolve and its ultimate duration, severity and disruption to our business, Customers and supply chain, and the related financial impact to us, cannot be accurately forecasted at this time. Should such disruption continue for an extended period, the adverse effect on our business, results of operations and financial condition could be more severe. Additionally, weak economic conditions, the pace for economic recovery, and raising inflation, could result in extended weak demand for our products and services. Furthermore, future public health crises are possible and could involve some or all of the risks discussed above.

Changes in economic climate may adversely affect us.

Adverse economic cycles or conditions, and Customer, regulatory or government response to those cycles or conditions, have affected and could further affect our results of operations. The onset of these cycles or conditions may not be foreseeable and there can be no assurance when they will begin to improve after they occur. There also can be no assurance as to the strength or length of any recovery from a business downturn or recession. Credit and liquidity problems may make it difficult for some businesses to access credit markets and obtain financing and may cause some businesses to curtail spending to conserve cash in anticipation of persistent business slowdowns and liquidity needs. If our Customers have difficulty financing their purchases due to tight credit markets or related factors or because of other operational or utilization problems they may be experiencing or otherwise decide to curtail their purchases, our business could be adversely affected. Our exposure to bad debt losses could also increase if Customers are unable to pay for products previously ordered and delivered.

Many of our Customers are governmental entities or other entities that rely on government healthcare systems or government funding. If government funding for healthcare becomes limited or restricted in countries in which we operate, including as a result of the impacts of the COVID-19 pandemic, our Customers may be unable to pay their obligations on a timely basis or to make payment in full and it may become necessary to increase reserves. In addition, there can be no assurance that there will not be an increase in collection difficulties. Prospectively, additional adverse effects resulting from these conditions may include decreased healthcare utilization, further pricing pressure on our products and services, and/or weaker overall demand for our products and services, particularly capital products.

***Our acquisition activity and ability to grow organically may be adversely affected if we are unable to continue to access the financial markets*.**

Our recent acquisitions have been financed largely through cash on hand and borrowings under our bank credit facilities and through public note offerings in early April of fiscal 2022. Future acquisitions, including the pending acquisition of Cantel Medical Corp ("Cantel"), or other capital requirements will necessitate additional cash. To the extent our existing sources of cash are insufficient to fund these or other future activities, we have and may need to raise additional funds through new or expanded borrowing arrangements or equity. There can be no assurance that we will be able to obtain additional funds beyond those available under existing bank credit facilities on terms favorable to us, or at all, or that such facilities can be replaced when they terminate.

Healthcare Laws and Reimbursement

Changes in healthcare laws or government and other third-party payor reimbursement levels to healthcare providers, or failure to meet healthcare reimbursement or other requirements, might negatively impact our business.

We sell many of our products and services to hospitals and other healthcare providers and pharmaceutical manufacturers. Many of these Customers are subject to or supported by government programs or receive reimbursement for services from third-party payors, such as government programs, including Medicare and Medicaid in the U.S., private insurance plans, and managed care programs. Reimbursement systems vary significantly by country. Government-managed healthcare systems control reimbursement for healthcare services in many countries. Public budgetary constraints may significantly impact the ability of hospitals, pharmaceutical manufacturers, and other Customers supported by such systems to purchase our products. Government or other third-party payors may deny or change coverage, reduce their current levels of reimbursement for healthcare services, or otherwise implement measures to regulate pricing or contain costs. In addition, our costs may increase more rapidly than reimbursement levels or permissible pricing increases or we may not satisfy the standards or requirements for reimbursement.

Among other provisions, the U.S. Patient Protection and Affordable Care Act, as amended by the Health Care and Education Affordability Reconciliation Act, imposed an excise tax on medical devices manufactured or offered for sale in the United States. Late in 2019, U.S. Congress enacted legislation that repealed the excise tax, which had been suspended during calendar years 2016 through 2019. In addition, we have been required to commit significant resources to "Sunshine Act" compliance. Various additional health care reform proposals have emerged at the federal and state level, and we are unable to predict which, if any, of those proposals will be enacted.

Product and Service Related Regulations and Claims

We are subject to extensive regulatory requirements and must receive and maintain regulatory clearance or approval for many products and operations. Failure to receive or maintain, or delays in receiving, clearance or approvals may hurt our revenues, profitability, financial condition, or value.

Our operations are subject to extensive regulation in the countries where we do business. In the United States, our products and services are regulated by the FDA and other regulatory authorities. In many foreign countries, sales of our products and services are subject to extensive regulations that may or may not be comparable to those of the FDA. In Europe, our products are regulated primarily by country and community regulations of those countries within the European Economic Area and must conform to the requirements of those authorities.

Government regulation applies to nearly all aspects of testing, manufacturing, safety, labeling, storing, recordkeeping, reporting, promoting, distributing, and importing or exporting of medical devices, products, and services. In general, unless an exemption applies, a sterilization, decontamination or medical device or product or service must receive regulatory approval or clearance before it can be marketed or sold. Modifications to existing products or the marketing of new uses for existing products also may require regulatory approvals, approval supplements or clearances. If we are unable to obtain any required approvals, approval supplements or clearances for any modification to a previously cleared or approved device, we may be required to cease manufacturing and sale, or recall or restrict the use of such modified device, pay fines, or take other action until such time as appropriate clearance or approval is obtained.

Regulatory agencies may refuse to grant approval or clearance, or review and disagree with our interpretation of approvals or clearances, or with our decision that regulatory approval is not required or has been maintained. Regulatory submissions may require the provision of additional data and may be time consuming and costly, and their outcome is uncertain. Regulatory agencies may also change policies, adopt additional regulations, or revise existing regulations, each of which could prevent or delay approval or clearance of devices, or could impact our ability to market a previously cleared, approved, or unregulated device. Our failure to comply with the regulatory requirements of the FDA or other applicable regulatory requirements in the United States or elsewhere might subject us to administratively or judicially imposed sanctions. These sanctions include, among others, warning letters, fines, civil penalties, criminal penalties, injunctions, debarment, product seizure or detention, product recalls and total or partial suspension of production, sale and/or promotion.

The COVID-19 pandemic may disrupt the operations of regulatory bodies with responsibility for oversight of healthcare and health and medical products. Such disruptions could result in the focus and prioritization of regulatory resources on emergent matters, which could divert regulatory resources away from more routine regulatory matters that are not COVID-19 related but that have the potential to impact our business. For example, there could be delays in FDA review of applications for marketing authorization, including those which may be necessary for or in connection with proposed changes to our products or the changes to the processes by which they are manufactured. It is unknown how long these disruptions could continue, were they to occur. Any elongation or de-prioritization or delay in regulatory review resulting from such disruptions could materially affect our ongoing device design, development, and commercialization plans.

Our products are subject to recalls and restrictions, even after receiving United States or foreign regulatory clearance or approval.

Ongoing medical device reporting regulations require that we report to appropriate governmental authorities in the United States and/or other countries when our products cause or contribute to a death or serious injury or malfunction in a way that would be reasonably likely to contribute to a death or serious injury if the malfunction were to recur. Governmental authorities can require product recalls or impose restrictions for product design, manufacturing, labeling, clearance, or other issues. For the same reasons, we may voluntarily elect to recall or restrict the use of a product. Any recall or restriction could divert managerial and financial resources and might harm our reputation among our Customers and other healthcare professionals who use or recommend our products and services.

We may be adversely affected by product liability claims or other legal actions or regulatory or compliance matters.

We face an inherent business risk of exposure to product liability claims and other legal and regulatory actions. A significant increase in the number, severity, amount, or scope of these claims and actions may, as described above with respect to recalls and restrictions, result in substantial costs and harm our reputation or otherwise adversely affect product sales and our business. Product liability claims and other legal and regulatory actions may also distract management from other business responsibilities.

We are also subject to a variety of other types of claims, proceedings, investigations, and litigation initiated by government agencies or third parties and other potential risks and liabilities. These include compliance matters, product regulation or safety, taxes, employee benefit plans, employment discrimination, health and safety, environmental, antitrust, customs, import/export, government contract compliance, financial controls or reporting, intellectual property, allegations of misrepresentation, false claims or false statements, commercial claims, claims regarding promotion of our products and services, or other similar or different matters. Any such claims, proceedings, investigations or litigation, regardless of the merits, might result in substantial costs, restrictions on product use or sales, or otherwise injure our business.

Administratively or judicially imposed or agreed sanctions might include warning letters, fines, civil penalties, criminal penalties, loss of tax benefits, injunctions, product seizure, recalls, suspensions or restrictions, re-labeling, detention, and/or debarment. We also might be required to take actions such as payment of substantial amounts, or revision of financial statements, or to take, or be subject to, the following types of actions with respect to our products, services, or business: redesign, re-label, restrict, or recall products; cease manufacturing and selling products; seizure of product inventory; comply with a court injunction restricting or prohibiting further marketing and sale of products or services; comply with a consent decree, which could result in further regulatory constraints; dedication of significant internal and external resources and costs to respond to and comply with legal and regulatory issues and constraints; respond to claims, litigation, and other proceedings brought by Customers, users, governmental agencies, and others; disruption of product improvements and product launches; discontinuation of certain product lines or services; or other restrictions or limitations on product sales, use or operation, or other activities or business practices.

Some product replacements or substitutions may not be possible or may be prohibitively costly or time consuming. The impact of any legal, regulatory, or compliance claims, proceeding, investigation, or litigation, is difficult to predict.

We maintain product liability and other insurance with coverages believed to be adequate. However, product liability or other claims may exceed insurance coverage limits, fines, penalties and regulatory sanctions may not be covered by insurance, or insurance may not continue to be available or available on commercially reasonable terms. Additionally, our insurers might deny claim coverage for valid or other reasons or may become insolvent.

Our business and financial condition could be adversely affected by difficulties in acquiring or maintaining a proprietary intellectual ownership position.

To maintain our competitive position for our products, we need to obtain patent or other proprietary rights for new and improved products and to maintain and enforce our existing patents and other proprietary rights. We typically apply for patents in the United States and in strategic other countries. We may also acquire patents through acquisitions. We may encounter difficulties in obtaining or protecting patents.

We rely on a combination of patents, trademarks, trade secrets, know-how, and confidentiality agreements to protect the proprietary aspects of our technology. These measures afford only limited protection, and competitors may gain access to our intellectual property and proprietary information. Litigation may be necessary to enforce or defend our intellectual property rights, to protect our trade secrets, and to determine the validity and scope of our proprietary rights. Litigation may also be brought against us claiming that we have violated the intellectual property rights of others. Litigation may be costly and may divert management's attention from other matters. Additionally, in some foreign countries with weaker intellectual property rights, it may be difficult to maintain and enforce patents and other proprietary rights or defend against claims of infringement.

Tax and Trade Risk

We might be adversely impacted by tax legislation or challenges to our tax positions.

We are subject to the tax laws at the federal, state or provincial, and local government levels in the many jurisdictions in which we operate or sell products or services. Tax laws might change in ways that adversely affect our tax positions, effective tax rate and cash flow. The tax laws are extremely complex and subject to varying interpretations. We are subject to tax examinations in various jurisdictions that might assess additional tax liabilities against us. Our tax reporting positions might be challenged by relevant tax authorities, we might incur significant expense in our efforts to defend those challenges, and we might be unsuccessful in those efforts. Developments in examinations and challenges might materially change our provision for taxes in the affected periods and might differ materially from our historical tax accruals. Any of these risks might have a materially adverse impact on our business operations, our cash flows and our financial position or results of operations.

Current economic and political conditions make tax rules in any jurisdiction subject to significant change.

The U.S. Tax Cuts and Jobs Act ("TCJA") was signed into law on December 22, 2017. Guidance continues to be issued clarifying the application of this new legislation and new changes have been proposed in the U.S. that could increase our total tax expense. We cannot predict the overall impact that the additional guidance and proposed changes may have on our business. Some jurisdictions have raised tax rates and it is reasonable to expect that other global taxing authorities will be reviewing current legislation for potential modifications in reaction to the implementation of the TCJA, current economic conditions, and COVID-19 response costs.

In addition, further changes in the tax laws of other jurisdictions could arise, including as a result of the base erosion and profit shifting (BEPS) project undertaken by the Organization for Economic Cooperation and Development (OECD). The OECD, which represents a coalition of member countries, has issued recommendations that, in some cases, would make substantial changes to numerous long-standing tax positions and principles. These contemplated changes, to the extent adopted by OECD members and/or other countries, could increase tax uncertainty and may adversely impact our provision for income taxes.

Our tax rate is uncertain and may vary from expectations, which could have a material impact on our results of operations and earnings per share.

There can be no assurance that we will be able to maintain any particular worldwide effective corporate tax rate. We cannot give any assurance as to what our effective tax rate will be in the future because of, among other things, uncertainty regarding the tax policies of the jurisdictions in which we and our affiliates operate. Our actual effective tax rate may vary from our expectations, and such variance may be material. Additionally, tax laws or their implementation and applicable tax authority practices in any particular jurisdiction could change in the future, possibly on a retroactive basis, and any such change could have a material adverse impact on us and our affiliates.

Changes in tax treaties and trade agreements could negatively impact our costs, results of operations and earnings per share.

Legislative and regulatory action may be taken in the U.S. which, if ultimately adopted, could override or otherwise adversely impact tax treaties upon which we rely or broaden the circumstances under which STERIS plc would be considered a U.S. resident, each of which could materially and adversely affect our tax obligations. We cannot predict the outcome of any specific legislative or regulatory proposals. However, if proposals were adopted that had the effect of disregarding our organization in Ireland or limiting our ability as an Irish company to take advantage of tax treaties with the U.S., we could be subject to increased taxation and/or potentially significant expense.

Existing free trade laws and regulations provide certain beneficial duties and tariffs for qualifying imports and exports, subject to compliance with the applicable classification and other requirements. Changes in laws and regulations or policies governing the terms of foreign trade, and in particular, increased trade restrictions, including as a result of the COVID-19 pandemic, tariffs or taxes on imports from countries where we manufacture products could have a material adverse impact on our business and financial results.

Proposed legislation relating to the denial of U.S. federal or state governmental contracts to U.S. companies that redomicile abroad could adversely affect our business.

Various U.S. federal and state legislative proposals that would deny governmental contracts to redomiciled companies may adversely affect us if adopted into law. We are unable to predict the likelihood that any such proposed legislation might become law, the nature of regulations that may be promulgated under any future legislative enactments, or the effect such enactments or increased regulatory scrutiny could have on our business.

The U.S. Internal Revenue Service (the "IRS") may not agree that we are a foreign corporation for U.S. federal tax purposes.

Although we are organized under the laws of Ireland and are a tax resident in Ireland for Irish tax purposes, the IRS may assert that we should be treated as a U.S. corporation (and, therefore, a U.S. tax resident) for U.S. federal tax purposes pursuant to Section 7874 of the Internal Revenue Code of 1986, as amended (the "Code" and such Section, "Section 7874"). For U.S. federal tax purposes, a company generally is considered to be a tax resident in the jurisdiction of its organization. Because we are organized under the laws of Ireland, we would generally be classified as a non-U.S. corporation (and, therefore, a non-U.S. tax resident) under these rules. Section 7874, however, provides an exception to this general rule under which a non-U.S. organized entity may be treated as a U.S. corporation for U.S. federal tax purposes.

If we were to be treated as a U.S. corporation for U.S. federal tax purposes, we could be subject to substantial additional U.S. tax liability. Additionally, if we were treated as a U.S. corporation for U.S. federal tax purposes, non-U.S. holders of our ordinary shares would be subject to U.S. withholding tax on the gross amount of any dividends we paid to such shareholders. For Irish tax purposes, we are expected, regardless of any application of Section 7874, to be treated as an Ireland tax resident. Consequently, if we are treated as a U.S. corporation for U.S. federal tax purposes under Section 7874, we could be liable for both U.S. and Ireland taxes, which could have a material adverse effect on our financial condition and results of operations.

BUSINESS AND OPERATIONAL RISKS

Competition

***Our businesses are highly competitive, and if we fail to compete successfully, our revenues and results of operations may be hurt*.**

We operate in a highly competitive global environment. Our businesses compete with other broad-line manufacturers, as well as many smaller businesses specializing in particular products or services, primarily on the basis of brand, design, quality, safety, ease of use, serviceability, price, product features, warranty, delivery, service, and technical support. We face increased competition from new infection prevention, sterile processing, contamination control, surgical support, cleaning consumables, gastrointestinal endoscopy accessories, contract sterilization, and other products and services entering the market. Competitors and potential competitors also are attempting to develop alternate technologies and sterilizing agents, as well as disposable medical instruments and other devices designed to address the risk of contamination.

***Consolidations among our healthcare and pharmaceutical Customers may result in a loss of Customers or more significant pricing pressures*.**

A number of our Customers have consolidated. These consolidations are due in part to healthcare cost reduction measures initiated by competitive pressures as well as legislators, regulators and third-party payors. This may result in greater pricing pressures on us and in some cases loss of Customers. Additional consolidations could result in a loss of Customers or more significant pricing pressures.

Decreased availability or increased costs of raw materials or energy supplies or other supplies might increase our production costs or limit our production capabilities or curtail our operations.

We purchase raw materials, fabricated and other components, and energy supplies from a variety of suppliers. Key materials include stainless steel, organic and inorganic chemicals, fuel, cobalt-60, EO, and plastic components. The availability and prices of raw materials and energy supplies are subject to volatility and are influenced by worldwide economic conditions, speculative action, world supply and demand balances, inventory levels, availability of substitute materials, currency exchange rates, anticipated or perceived shortages, and other factors. Also, certain of our key materials and components have a limited number of suppliers. Some are single-sourced in certain regions of the world, such as cobalt-60 and EO, which are necessary to our AST operations. Changes in regulatory requirements regarding the use of, the unavailability or short supply of these products might disrupt or cause shutdowns of portions of our AST operations or have other adverse consequences. We have developed a plan to expand our irradiation processing capacity with accelerator-based technologies which may reduce the potential supply risk. Shortages in supply, increased regulatory or security requirements, or increases in the price of raw materials, components and energy supplies may adversely affect us.

Our operations, and those of our suppliers, are subject to a variety of business continuity hazards and risks, any of which could interrupt production or operations or otherwise adversely affect our performance, results, or value.

Business continuity hazards and other risks include: explosions, fires, earthquakes, public health crises, inclement weather, and other disasters; utility or other mechanical failures; unscheduled downtime; labor difficulties; inability to obtain or maintain any required licenses or permits; disruption of communications; data security, preservation and redundancy disruptions; inability to hire or retain key management or employees; disruption of supply or distribution; and regulation of the safety, security or other aspects of our operations.

The occurrence of these types of events has disrupted and may in the future disrupt or shut down operations, or otherwise adversely impact the production or profitability of a particular facility, or our operations as a whole. Certain casualties also might cause personal injury and loss of life, or severe damage to or destruction of property and equipment, and for casualties occurring at our facilities, result in liability claims against us. Although we maintain property and casualty insurance and liability and similar insurance of the types and in the amounts that we believe are customary for our industries, our insurance coverages have limits and we are not fully insured against all potential hazards and risks incident to our business.

We may be adversely affected by global climate change or by legal, regulatory or market responses to such change.

The long-term effects of climate change are difficult to assess and predict. The impacts may include physical risks (such as rising sea levels or frequency and severity of extreme weather conditions), social and human effects (such as population dislocations or harm to health and well-being), compliance costs and transition risks (such as regulatory or technology changes) and other adverse effects. The effects could impair, for example, the availability and cost of certain products, commodities and energy (including utilities), which in turn may impact our ability to procure goods or services required for the operation of our business at the quantities and levels we require. We bear losses incurred as a result of, for example, physical damage to or destruction of our facilities (such as distribution or fulfillment centers), loss or spoilage of inventory, and business interruption due to weather events that may be attributable to climate change could materially adversely affect our business operations, financial position or results of operation.

Our operations are subject to regulations and permitting, which may be changed or amended by the relevant authorities, and which may limit or eliminate our current operations or increase the complexity, burden, or expense of compliance and regulated materials or processes that we use in our operations may become the focus of litigation.

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

We engage in acquisitions and affiliations, divestitures, and other business arrangements. Our growth may be adversely affected if we are unable to successfully identify, price, and integrate strategic business candidates or otherwise optimize our business portfolio.

Our success depends, in part, on strategic acquisitions and joint ventures, which are intended to complement or expand our businesses, divestiture of non-strategic businesses, and other actions intended to optimize our portfolio of businesses. This strategy depends upon our ability to identify, appropriately price, and complete these types of business development transactions or arrangements and to obtain any necessary financing. In the last several fiscal years we have made a number of acquisitions. We also completed several divestitures of non-strategic businesses or product lines during the last several years.

Our success with respect to these recent and future acquisitions will depend on our ability to integrate the businesses acquired, retain key personnel, realize identified cost synergies and otherwise execute our strategies. Our success will also depend on our ability to develop satisfactory working arrangements with our strategic partners in joint ventures or other affiliations, or to divest or realign businesses. Competition for strategic business candidates may result in increases in costs and price for acquisition candidates and market valuation issues may reduce the value available for divestiture of non-strategic businesses. These types of transactions are also subject to a number of other risks and uncertainties, including: delays in realizing or failure to realize anticipated benefits of the transactions; diversion of management's time and attention from other business concerns; difficulties in retaining key employees, Customers, or suppliers of the acquired or divested businesses; difficulties in maintaining uniform standards, controls, procedures and policies, or other integration or divestiture difficulties; adverse effects on existing business relationships with suppliers or Customers; other events contributing to difficulties in generating future cash flows; risks associated with the assumption of contingent or other liabilities of acquisition targets or retention of liabilities for divested businesses and difficulties in obtaining financing.

If our continuing efforts to create a lean business and in-source production to reduce costs are not successful, our profitability may be hurt or our business otherwise might be adversely affected.

We have undertaken various activities to create a lean business, including in-sourcing. We continue to look for opportunities to in-source production that is currently provided by third parties.These activities may not produce the full efficiencies and cost reduction benefits that we expect or efficiencies and benefits might be delayed. Implementation costs also might exceed expectations.

The COVID-19 pandemic or similar public health crises could have a material adverse impact on ability to staff our operations.

As supplier to Healthcare and Life Sciences Customers, we fall within a “critical infrastructure” sector, and are also considered an essential business and therefore exempt under various stay at home/shelter in place orders. Accordingly, our employees continue to work because of the importance of our operations to the health and well-being of citizens in the countries in which we operate. We have implemented telework policies wherever possible for appropriate categories of employees. However, our employees that are unable to telework continue to work at our facilities and those of our Customers, and we have implemented appropriate safety measures, such as social distancing and increased cleaning protocols. While we believe that we have taken appropriate measures to ensure the health and well-being of our employees, there can be no assurances that our measures will be sufficient to protect our employees in our workplace or that they may not otherwise be exposed to COVID-19 outside of our workplace. If a number of our essential employees become ill, incapacitated or are otherwise unable or unwilling to continue working during the current or any future health crises, our operations may be adversely impacted.

Our business and results of operations may be adversely affected if we are unable to recruit and retain qualified management and other personnel or other compliance matters adversely impact our personnel.

Our continued success depends, in large part, on our ability to hire and retain highly qualified people and if we are unable to do so, our business and operations may be impaired or disrupted. Competition for highly qualified people is intense and there is no assurance that we will be successful in attracting or retaining replacements to fill vacant positions, successors to fill retirements or employees moving to new positions, or other highly qualified personnel. In addition, legal, regulatory or compliance matters create significant distraction or diversion of significant or unanticipated resources or attention that could have a material adverse effect on the responsibilities and retention of qualified employees.

We could experience a failure of a key information technology system, process or site or a breach of information security, including a cybersecurity breach or failure of one or more key information technology systems, networks, processes, associated sites or service providers.

We rely extensively on information technology (IT) systems to conduct business. In addition, we rely on networks and services, including internet sites, data hosting and processing facilities and tools and other hardware, software and technical applications and platforms, some of which are managed, hosted, provided and/or used by third-parties or their vendors, to assist in conducting our business. Numerous and evolving cybersecurity threats pose potential risks to the security of our IT systems, networks and services, as well as the confidentiality, availability and integrity of our data. While we have made investments seeking to address these threats, including monitoring of networks and systems, hiring of experts, employee training and security policies for employees and third-party providers, the techniques used in these attacks change frequently and may be difficult to detect for periods of time and we may face difficulties in anticipating and implementing adequate preventative measures. If our IT systems are damaged or cease to function properly, the networks or service providers we rely upon fail to function properly, or we or one of our third-party providers suffer a loss or disclosure of our business or stakeholder information due to any number of causes ranging from catastrophic events or power outages to improper data handling or security breaches and our business continuity plans do not effectively address these failures on a timely basis, we may be exposed to reputational, competitive and business harm as well as litigation and regulatory action. In addition, the COVID-19 pandemic may increase the risk of such vulnerability and attacks, including unauthorized access or attacks exploiting the fact that a large number of employees are working remotely during government shutdowns and closures. Enforcement of the General Data Protection Regulation (“GDPR”) was effective as of May 2018. The GDPR is focused on the protection of personal data not merely the privacy of personal data. The GDPR creates a range of new compliance obligations and will significantly increase financial penalties for noncompliance (including possible fines of up to 4% of global annual revenues for the preceding financial year or €20 million (whichever is higher) for the most serious infringements).

RISKS RELATED TO THE PENDING ACQUISITION OF CANTEL MEDICAL, CORP.

The market price of STERIS Shares may continue to fluctuate after the mergers.

Upon completion of the mergers, holders of Cantel Common Stock will become holders of STERIS Shares. The market price of STERIS Shares may fluctuate significantly following completion of the mergers and holders could lose some or all of the value of their investment in STERIS Shares. In addition, the stock market has experienced significant price and volume fluctuations in recent times, which, if they continue to occur, could have a material adverse effect on the market for, or liquidity of, the STERIS Shares, regardless of STERIS's actual operating performance.

Failure to complete the mergers or delays could negatively impact the price of STERIS Shares, as well as STERIS's respective future business and financial results.

The anticipated completion date of the mergers is June 2, 2021. However, the merger agreement contains conditions that remain to be satisfied or waived prior to the completion of the mergers. There can be no assurance that the remaining conditions to the mergers will be so satisfied or waived. If the conditions to the mergers are not satisfied or waived, STERIS and Cantel will be unable to complete the mergers and the merger agreement may be terminated. Furthermore, the delay in the fulfillment of such conditions could result in unanticipated expenditures of funds and other resources and/or reduce the benefits of the acquisition of Cantel, even if ultimately consummated.

The mergers may not be accretive, and may be dilutive, to STERIS's earnings per share and cash flow from operations per share, which may negatively affect the market price of STERIS Shares.

The mergers may not be accretive, and may be dilutive, to STERIS's earnings per share and cash flow from operations per share. Future events and conditions could decrease or delay any expected accretion, result in dilution or cause greater dilution than is currently expected, including adverse changes in market conditions, production levels, operating results, competitive conditions, laws and regulations affecting STERIS, capital expenditure obligations, higher than expected integration costs, lower than expected synergies and general economic conditions.

Any dilution of, or decrease or delay of any accretion to, STERIS's earnings per share or cash flow from operations per share could cause the price of the STERIS Shares to decline.

STERIS will incur significant transaction and merger-related costs in connection with the mergers, which may be in excess of those anticipated.

STERIS has incurred and will incur substantial expenses in connection with the negotiation and completion of the transactions contemplated by the merger agreement.

STERIS expects to continue to incur a number of non-recurring costs associated with completing the mergers and combining the operations of the two companies and achieving desired synergies. These fees and costs have been, and will continue to be, substantial. Most of the non-recurring expenses will consist of transaction costs related to the mergers and include, among others, employee retention costs, fees paid to financial, legal and accounting advisors, fees paid to banks and other financial institutions in conjunction with obtaining financing and other related costs, severance and benefit costs and filing fees.

STERIS will also incur transaction fees and costs related to formulating and implementing integration plans, costs to consolidate facilities and systems and employment-related costs. STERIS will continue to assess the magnitude of these costs, and additional unanticipated costs may be incurred in the mergers and the integration of the two companies' businesses. Although STERIS expects that the elimination of duplicative costs, as well as the realization of other efficiencies related to the integration of the businesses, should allow STERIS to offset integration-related costs over time, this net benefit may not be achieved in the near term, or at all. See the risk factor entitled "The integration of Cantel into STERIS may not be as successful as anticipated" below.

The costs described above, as well as other unanticipated costs and expenses, could have a material adverse effect on the financial condition and operating results of STERIS following the completion of the mergers.

Many of these costs will be borne by STERIS even if the mergers are not completed.

Lawsuits have been filed against Cantel, STERIS and the members of the Cantel Board of Directors challenging the adequacy of the disclosures made in the proxy statement/prospectus and an adverse ruling in one or more of these lawsuits may prevent the mergers from being completed.

Lawsuits arising out of the mergers have been filed and may be filed in the future. There can be no assurance that any of the defendants will be successful in the outcome of any potential future lawsuits. A preliminary injunction could delay or jeopardize the completion of the mergers, and an adverse judgment granting permanent injunctive relief could indefinitely enjoin the completion of the mergers.

Completion of the mergers will trigger change in control or other provisions in certain agreements to which Cantel is a party**.**

Completion of the mergers will trigger change in control or other provisions in certain agreements to which Cantel is a party. To the extent STERIS and Cantel are unable to negotiate waivers of those provisions, the counterparties may exercise their rights and remedies under the agreements, potentially terminating the agreements or seeking monetary damages. Even if STERIS and Cantel are able to negotiate waivers, the counterparties may require a fee for such waivers or seek to renegotiate the agreements on terms less favorable to Cantel.

We will incur a substantial amount of additional debt to complete the mergers. Our debt after completion of the mergers may limit our financial and business flexibility.

We intend to fund the cash consideration of the merger consideration, as well as the refinancing, prepayment, replacement, redemption, repurchase, settlement upon conversion, discharge or defeasance of certain existing indebtedness of Cantel and its subsidiaries, transaction expenses, general corporate expenses and working capital needs, through the incurrence of approximately $2.1 billion of new indebtedness, which includes $1.350 billion of senior notes issued April 1, 2021 and a new delayed draw term loan agreement in the amount of $750 million to be borrowed upon completion of the mergers. As of January 31, 2021, Cantel had approximately $1.0 billion of long-term indebtedness, including convertible debt, outstanding.

As of March 31, 2021, STERIS had approximately $1.7 billion of long-term indebtedness outstanding. STERIS's ability to repay all the forgoing obligations will depend on, among other things, STERIS's financial position and performance, as well as prevailing market conditions and other factors beyond our control.

Our increased indebtedness after completion of the mergers could have important consequences to shareholders of STERIS Shares, including Cantel Stockholders who receive STERIS Shares as a result of the mergers, including increasing STERIS's vulnerability to general adverse economic and industry conditions, limiting our ability to obtain additional financing to fund future working capital, capital expenditures and other general corporate requirements, requiring the use of a substantial portion of our cash flow from operations for the payment of principal and interest on its indebtedness, thereby reducing its ability to use its cash flow to fund working capital, acquisitions, capital expenditures and general corporate requirements, including dividend payments and stock repurchases, limiting our flexibility in planning for, or reacting to, changes in its business and its industry and creating a disadvantage compared to our competitors with less indebtedness.

The integration of Cantel into STERIS may not be as successful as anticipated.

The mergers involve numerous operational, strategic, financial, accounting, legal, tax and other risks; potential liabilities associated with the acquired businesses; and uncertainties related to design, operation and integration of Cantel's internal control over financial reporting. Difficulties in integrating Cantel into STERIS may result in Cantel performing differently than expected, in operational challenges or in the failure to realize anticipated expense-related efficiencies. STERIS's and Cantel's existing businesses could also be negatively impacted by the mergers. Potential difficulties that may be encountered in the integration process include, among other factors:

- the inability to successfully integrate the business of Cantel into STERIS in a manner that permits STERIS to achieve the full revenue and cost savings anticipated from the mergers;
- complexities associated with managing the larger, more complex, integrated business;
- not realizing anticipated operating synergies or incurring unexpected costs to realize such synergies;
- integrating personnel from the two companies while maintaining focus on providing consistent, high-quality products and services;
- potential unknown liabilities and unforeseen expenses, delays or regulatory conditions associated with the mergers;
- loss of key employees;
- integrating relationships with Customers, vendors and business partners;
- performance shortfalls at one or both of the companies as a result of the diversion of management's attention caused by completing the mergers and integrating Cantel's operations into STERIS; and
- the disruption of, or the loss of momentum in, each company's ongoing business or inconsistencies in standards, controls, procedures and policies.

Our performance may suffer if we do not effectively manage our expanded operations following the mergers

Following completion of the mergers, our success will depend, in part, on our ability to manage the expansion, which poses numerous risks and uncertainties, including the need to integrate the operations and business of Cantel into our existing business in an efficient and timely manner, to combine systems and management controls and to integrate relationships with Customers, vendors and business partners.

Even if STERIS and Cantel complete the mergers, we may fail to realize all of the anticipated benefits of the proposed mergers, or those benefits may take longer to realize than expected.

The success of the mergers will depend, in part, on our ability to realize the anticipated benefits and cost savings from combining the businesses, including the approximately $110 million in annualized pre-tax cost synergies that we expect to realize within the first four fiscal years after the completion of the mergers. The anticipated benefits and cost savings of the mergers may not be realized fully or at all, may take longer to realize than expected, may require more non-recurring costs and expenditures to realize than expected or could have other adverse effects that we do not currently foresee. Some of the assumptions that we made such as with respect to anticipated operating synergies or the costs associated with realizing such synergies, significant long-term cash flow generation, and the continuation of our investment grade credit profile, may not be realized. The integration process may result in the loss of key employees, the disruption of ongoing business or inconsistencies in standards, controls, procedures, and policies. There could be potential unknown liabilities and unforeseen expenses associated with the mergers that were not discovered while performing due diligence.

Uncertainties associated with the mergers may cause a loss of management personnel and other employees, which could adversely affect the future business and operations of STERIS.

STERIS and Cantel are dependent on the experience and industry knowledge of their officers and other employees to execute their business plans. Each company's success until the mergers and our success after the mergers will depend in part upon our ability to retain management personnel and other employees. Current and prospective employees may experience uncertainty about their roles following the mergers, which may have an adverse effect on our ability to attract or retain management and other personnel. Accordingly, no assurance can be given that we will be able to attract or retain management, personnel and other employees that we would have previously been able to attract or retain.

The market price of STERIS Shares may decline in the future as a result of the sale of the STERIS Shares held by former Cantel Stockholders or current STERIS Shareholders.

Based on the number of shares of Cantel Common Stock outstanding as of February 28, 2021,, we expect to issue approximately 14,300,000 STERIS Shares to Cantel Stockholders in the mergers. Following their receipt of STERIS Shares as stock consideration in the mergers, former Cantel Stockholders may seek to sell STERIS Shares delivered to them. Other STERIS Shareholders may also seek to sell STERIS Shares held by them. These sales (or the perception that these sales may occur), coupled with the increase in the outstanding number of STERIS Shares, may affect the market for, and the market price of, STERIS Shares in an adverse manner.

After completion of the mergers, we will record goodwill and other intangible assets that could become impaired and result in material non-cash changes to our results of operation in the future.

The mergers will be accounted for as an acquisition by STERIS in accordance with accounting principles generally accepted in the U.S., which is referred to as GAAP. Under the acquisition method of accounting, the assets and liabilities of Cantel and its subsidiaries will be recorded, as of completion, at their respective fair values and added to those of STERIS. Our reported financial condition and results of operations for periods after completion of the mergers will reflect Cantel balances and results after completion of the mergers but will not be restated retroactively to reflect the historical financial position or results of operations of Cantel and its subsidiaries for periods prior to the mergers.

Under the acquisition method of accounting, the total purchase price will be allocated to Cantel's tangible assets and liabilities and identifiable intangible assets based on their fair values as of the date of completion of the mergers. The excess of the purchase price over those fair values will be recorded as goodwill. To the extent the value of goodwill or intangible becomes impaired, we may be required to incur material non-cash charges relating to such impairment. Our operating results may be significantly impacted from both the impairment and the underlying trends in the business that triggered the impairment.

RESULTS OF OPERATIONS

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

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

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

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

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

These non-GAAP financial measures are presented with the intent of providing greater transparency to supplemental financial information used by management and the Board of Directors in their financial analysis and operational decision-making. These amounts are disclosed so that the reader has the same financial data that management uses with the belief that it will assist investors and other readers in making comparisons to our historical operating results and analyzing the underlying performance of our operations for the periods presented.

We believe that the presentation of these non-GAAP financial measures, when considered along with our GAAP financial measures and the reconciliation to the corresponding GAAP financial measures, provide the reader with a more complete understanding of the factors and trends affecting our business than could be obtained absent this disclosure. It is important for the reader to note that the non-GAAP financial measure used may be calculated differently from, and therefore may not be comparable to, a similarly titled measure used by other companies.

The following table summarizes the calculation of our free cash flow for the years ended March 31, 2021 and 2020:

(dollars in thousands)	Years Ended March 31, 2021		Years Ended March 31, 2020	
Net cash flows provided by operating activities	**$**	**689,640**	$	590,559
Purchases of property, plant, equipment and intangibles, net		**(239,262)**		(214,516)
Proceeds from the sale of property, plant, equipment and intangibles		**569**		4,156
Free cash flow	**$**	**450,947**	$	380,199

Highlights. Revenues increased $76.6 million, or 2.5%, to $3,107.5 million for the year ended March 31, 2021, as compared to $3,030.9 million for the year ended March 31, 2020. The increase reflects organic growth in the Applied Sterilization Technologies and Life Sciences segments and favorable fluctuations in currencies, which were partially offset by a decline in the Healthcare segment. Growth in the Applied Sterilization Technologies segment was primarily due to volume. Growth in the Life Sciences segment was due to increased demand for our products and services from our pharmaceutical Customers focused on vaccines and biologics. The decline in the Healthcare segment was primarily due to reduced demand for our products and services resulting from the reduction of deferrable surgical procedures as a result of the COVID-19 pandemic and reduced capital spending by Customers in response to the uncertainty surrounding the COVID-19 pandemic. The Healthcare decline was partially offset by the impact of our recent acquisitions and the recognition of $14.6 million of capital equipment revenues that were previously deferred, recorded in the first quarter of fiscal 2021 (for more information regarding this change refer to Note 1 of the consolidated statements, titled "Nature of Operations and Summary of Significant Accounting Policies").

Our gross profit percentage decreased slightly to 43.2% for fiscal 2021 as compared to 43.6% for fiscal 2020. The unfavorable impact of incremental costs associated with COVID-19 (60 basis points), unfavorable fluctuations in currencies (10 basis points) and mix and other adjustments (20 basis points), more than offset favorable pricing (50 basis points).

Fiscal 2021 operating income increased 2.1% to $548.4 million over fiscal 2020 operating income of $537.0 million. This increase was primarily attributable to higher gross margin attainment. Additional expenses from our recent acquisitions were partially offset by reduced selling, general, and administrative (“SG&A”) expenses during fiscal 2021, as certain expenses were suspended or decreased as a result of the COVID-19 pandemic.

Net cash flows from operations were $689.6 million and free cash flow was $450.9 million in fiscal 2021 compared to net cash flows from operations of $590.6 million and free cash flow of $380.2 million in fiscal 2020 (see subsection of Directors' Report titled, "Non-GAAP Financial Measures" for additional information and related reconciliation of non-GAAP financial measures to the most comparable GAAP measures). The fiscal 2021 increases in cash flows from operations and free cash flow were primarily due to working capital improvements, somewhat offset by higher capital expenditures.

Our debt-to-total capital ratio was 29.8% at March 31, 2021. During the year, we increased our quarterly dividend for the fifteenth consecutive year to $0.40 per share per quarter.

FISCAL 2021 AS COMPARED TO FISCAL 2020

Revenues. The following table compares our revenues, in total and by type and geography, for the year ended March 31, 2021 to the year ended March 31, 2020:

	Years Ended March 31,			Percent
(dollars in thousands)	2021	2020	Change	Change
Total revenues	**$ 3,107,519**	$ 3,030,895	$ 76,624	2.5 %
Revenues by type:				
Service revenues	**1,663,979**	1,628,107	35,872	2.2 %
Consumable revenues	**725,951**	672,329	53,622	8.0 %
Capital equipment revenues	**717,589**	730,459	(12,870)	(1.8)%
Revenues by geography:				
Ireland revenues	**71,905**	63,821	8,084	12.7 %
United States revenues	**2,227,038**	2,211,722	15,316	0.7 %
Other foreign revenues	**808,576**	755,352	53,224	7.0 %

Revenues increased $76.6 million, or 2.5%, to $3,107.5 million for the year ended March 31, 2021, as compared to $3,030.9 million for the year ended March 31, 2020. The increase reflects organic growth in the Applied Sterilization Technologies and Life Sciences segments and favorable fluctuations in currencies, which were partially offset by a decline in the Healthcare segment. Growth in the Applied Sterilization Technologies segment was primarily due to increased volume. Growth in the Life Sciences segment was due to increased demand for our products and services from our pharmaceutical Customers focused on vaccines and biologics. The decline in the Healthcare segment was primarily due to reduced demand for our products and services resulting from the reduction of deferrable surgical procedures as a result of the COVID-19 pandemic and reduced capital spending by Customers in response to the uncertainty surrounding the COVID-19 pandemic. The Healthcare decline was partially offset by the impact of our recent acquisitions and the recognition of $14.6 million of capital equipment revenues that were previously deferred, recorded in the first quarter of fiscal 2021 (for more information regarding this change refer to Note 1 of the consolidated statements, titled "Nature of Operations and Summary of Significant Accounting Policies").

Service revenues for fiscal 2021 increased $35.9 million, or 2.2% over fiscal 2020, reflecting growth in the Applied Sterilization Technologies and Life Sciences business segments, which was partially offset by decline in the Healthcare business segment. Consumable revenues for fiscal 2021 increased $53.6 million, or 8.0%, over fiscal 2020, reflecting growth in the Healthcare and the Life Sciences segments. Capital equipment revenues for fiscal 2021 decreased by $12.9 million, or 1.8%, over fiscal 2020, reflecting decline in the Healthcare segment which was partially offset by growth in the Life Sciences business segment. In the first quarter of fiscal 2021, we recognized $14.6 million of capital equipment revenues that were previously deferred (for more information regarding this change refer to Note 1 of the consolidated statements, titled "Nature of Operations and Summary of Significant Accounting Policies").

Ireland revenues for fiscal 2021 were $71.9 million, representing an increase of $8.1 million, or 12.7%, over fiscal 2020 revenues of $63.8 million, reflecting growth in service, consumable and capital equipment revenues.

United States revenues for fiscal 2021 were $2,227.0 million, representing an increase of $15.3 million, or 0.7%, over fiscal 2020 revenues of $2,211.7 million, reflecting growth in consumable and service revenues, which were partially offset by a decline in capital equipment revenues.

Revenues from other foreign locations for fiscal 2021 were $808.6 million, representing an increase of $53.2 million, or 7.0% over the fiscal 2020 revenues of $755.4 million, reflecting strength in Canada and the Europe, Middle East and Africa ("EMEA") and Asia Pacific regions, which were partially offset by decline in the Latin American region.

Gross Profit. The following table compares our gross profit for the year ended March 31, 2021 to the year ended March 31, 2020:

(dollars in thousands)	Years Ended March 31, 2021	2020	Change	Percent Change
Gross profit:		**(as adjusted)***		
Product	**$ 678,464**	$ 652,659	$ 25,805	4.0 %
Service	**664,636**	667,337	(2,701)	(0.4)%
Total gross profit	**$ 1,343,100**	$ 1,319,996	$ 23,104	1.8 %
Gross profit percentage:				
Product	**47.0 %**	46.5 %		
Service	**39.9 %**	41.0 %		
Total gross profit percentage	**43.2 %**	43.6 %		

*Certain amounts have been adjusted to reflect the change in inventory accounting method, as described in Note 1 to our Consolidated Financial Statements.

Our gross profit is affected by the volume, pricing and mix of sales of our products and services, as well as the costs associated with the products and services that are sold. Our gross profit percentage decreased slightly to 43.2% for fiscal 2021 as compared to 43.6% for fiscal 2020. The unfavorable impact of incremental costs associated with COVID-19 (60 basis points), unfavorable fluctuations in currencies (10 basis points), and mix and other adjustments (20 basis points), more than offset favorable pricing (50 basis points).

Operating Expenses. The following table compares our operating expenses for the year ended March 31, 2021 to the year ended March 31, 2020:

(dollars in thousands)	Years Ended March 31, 2021	2020	Change	Percent Change
Operating expenses:				
Selling, general, and administrative	**$ 731,320**	$ 716,731	$ 14,589	2.0 %
Research and development	**66,326**	65,546	780	1.2 %
Restructuring expenses	**(2,914)**	673	(3,587)	NM
Total operating expenses	**$ 794,732**	$ 782,950	$ 11,782	1.5 %

NM - Not meaningful

Selling, General, and Administrative Expenses. Significant components of total selling, general, and administrative expenses ("SG&A") are compensation and benefit costs, fees for professional services, travel and entertainment, facilities costs, gains or losses from divestitures, and other general and administrative expenses. SG&A increased 2.0% in fiscal 2021 over fiscal 2020, largely due to our recent acquisitions. Volume and performance driven employee compensation costs and travel and meeting costs have declined in the fiscal 2021 as compared to fiscal 2020, as a result of the COVID-19 pandemic and measures we have taken in response to it.

Research and Development. Research and development expenses increased $0.8 million during fiscal 2021, as compared to fiscal 2020, due primarily to increased spending within the Healthcare Products segment. Research and development expenses are influenced by the number and timing of in-process projects and labor hours and other costs associated with these projects. Our research and development initiatives continue to emphasize new product development, product improvements, and the development of new technological platform innovations. During fiscal 2021, our investments in research and development continued to be focused on, but were not limited to, enhancing capabilities of sterile processing combination technologies, procedural products and accessories, and devices and support accessories used in gastrointestinal endoscopy procedures.

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

Since inception of the Fiscal 2019 Restructuring Plan we have incurred pre-tax expenses totaling $40.8 million related to these restructuring actions, of which $28.7 million was recorded as restructuring expenses and $12.1 million was recorded in cost of revenues, with a total of $33.9 million, $4.5 million and $0.7 million related to the Healthcare, Applied

Sterilization Technologies and Life Sciences segments, respectively. Corporate related restructuring charges were $1.8 million. Additional restructuring expenses related to this plan are not expected to be material to our results of operations.

Non-Operating Expenses, Net. Non-operating expense (income), net consists of interest expense on debt, offset by interest earned on cash, cash equivalents, short-term investment balances, and other miscellaneous expense. The following table compares our non-operating expense (income), net for the year ended March 31, 2021 to the year ended March 31, 2020:

(dollars in thousands)	Years Ended March 31, 2021	Years Ended March 31, 2020	Change
Non-operating expenses, net:			
Interest expense	**$ 37,180**	$ 40,279	$ (3,099)
Interest income and miscellaneous expense	**(6,345)**	(1,987)	(4,358)
Non-operating expenses, net	**$ 30,835**	$ 38,292	$ (7,457)

Interest expense decreased $3.1 million during fiscal 2021, as compared to fiscal 2020, primarily due to lower interest rates on floating rate debt and an increased amount of capitalized interest expensed (refer to our Note 8 to our consolidated financial statements, titled "Debt", for more information). Interest (income) and miscellaneous expense changed by $4.4 million primarily due to movement on our equity investments (refer to our Note 15 to our consolidated financial statements, titled "Fair Value Measurements" for more information).

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

Income Tax Expense. The following table compares our income tax expense and effective income tax rates for the years ended March 31, 2021 and March 31, 2020:

(dollars in thousands)	Years Ended March 31, 2021	Years Ended March 31, 2020	Change	Percent Change
		(as adjusted)*		
Income tax expense	**$ 120,663**	$ 90,895	$ 29,768	32.7%
Effective income tax rate	**23.3 %**	18.2 %		

*Certain amounts have been adjusted to reflect the change in inventory accounting method, as described in Note 1 to our Consolidated Financial Statements.

The effective income tax rate for fiscal 2021 was 23.3% as compared to 18.2% for fiscal 2020. The fiscal 2021 effective tax rate increased when compared to fiscal 2020 primarily due to an increased percentage of profits earned and taxed in jurisdictions with a higher tax rate.

Business Segment Results of Operations. We operate and report our financial information in three reportable business segments: Healthcare, Applied Sterilization Technologies and Life Sciences. 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 offers infection prevention and procedural products and services for healthcare providers worldwide, including consumable products, equipment maintenance and installation services, and capital equipment. The segment also provides a range of specialty services for healthcare providers including hospital sterilization services and instrument and scope repairs.

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

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

We disclose a measure of segment income that is consistent with the way management operates and views the business. The accounting policies for reportable segments are the same as those for the consolidated Company.

For more information regarding our segments please refer to Note 17 to our consolidated financial statements titled “Business Segment Information”.

The following table compares business segment and Corporate and other revenues and operating income for the year ended March 31, 2021 to the year ended March 31, 2020. The March 31, 2020 amounts have been adjusted to reflect the change in inventory accounting method, as described in Note 1 titled, "Nature of Operations and Summary of Significant Accounting Policies".

	Years ended March 31,			Percent
(dollars in thousands)	2021	2020	Change	Change
Revenues:		**(as adjusted)***		
Healthcare	**$ 1,954,055**	$ 1,986,809	$ (32,754)	(1.6)%
Applied Sterilization Technologies	**685,912**	627,147	58,765	9.4 %
Life Sciences	**467,552**	416,939	50,613	12.1 %
Total revenues	**$ 3,107,519**	$ 3,030,895	$ 76,624	2.5 %
Operating income (loss):				
Healthcare	**427,089**	420,709	6,380	1.5 %
Applied Sterilization Technologies	**310,648**	270,917	39,731	14.7 %
Life Sciences	**180,796**	144,088	36,708	25.5 %
Corporate	**(219,153)**	(207,015)	(12,138)	5.9 %
Total operating income before adjustments	**$ 699,380**	$ 628,699	$ 70,681	11.2 %
Less: Adjustments				
Amortization of acquired intangible assets (1)	**83,892**	71,675		
Acquisition and integration related charges (2)	**35,634**	8,225		
Redomiciliation and tax restructuring costs (3)	**1,592**	3,699		
(Gain) on fair value adjustment of acquisition related contingent consideration (1)	**(500)**	—		
Net loss (gain) on divestiture of businesses (1)	**2,030**	1,770		
Amortization of inventory and property "step up" to fair value (1)	**5,600**	2,392		
Restructuring charges (4)	**(3,029)**	3,143		
COVID-19 incremental costs (5)	**25,793**	749		
Total operating income	**$ 548,368**	$ 537,046		

*Certain amounts have been adjusted to reflect the change in inventory accounting method, as described in Note 1 to our Consolidated Financial Statements.

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

Healthcare revenues decreased 1.6% in fiscal 2021, as compared to fiscal 2020, reflecting declines in capital equipment and service revenues of 4.7% and 3.2%, respectively, which were partially offset by an increase in consumable revenues of 5.0%. The declines in capital equipment and services revenues were primarily due to reduced demand for our products and services resulting from the reduction of deferrable surgical procedures as a result of the COVID-19 pandemic and reduced capital spending by Customers in response to the uncertainty surrounding the COVID-19 pandemic. Fluctuations in currencies and the impact from our recent acquisitions were favorable during fiscal 2021. Consumable revenues increased during fiscal 2021, as procedure volumes continued to rebound during the second half of fiscal 2021. At March 31, 2021, the Healthcare segment's backlog amounted to $206.3 million, increasing 21.3%, as compared to the backlog of $170.1 million at March 31, 2020. Fiscal 2021 backlog was impacted by the recognition of capital equipment revenues that were previously deferred, recorded in the first quarter of fiscal 2021 (for more information regarding this change refer to Note 1 of the consolidated statements, titled "Nature of Operations and Summary of Significant Accounting Policies").

Applied Sterilization Technologies revenues increased 9.4% in fiscal 2021, as compared to fiscal 2020. The increase reflects organic growth and favorable fluctuations in currencies.

Life Sciences revenues increased 12.1% in fiscal 2021, as compared to fiscal 2020, reflecting growth in consumable, capital equipment and service revenues of 15.6%, 13.8% and 5.0%, respectively. The increase reflects organic growth, favorable pricing, and favorable fluctuations in currencies. Life Sciences backlog at March 31, 2021 amounted to $79.9 million, increasing 10.3%, as compared to backlog of $72.4 million at March 31, 2020.

The Healthcare segment’s operating income increased $6.4 million to $427.1 million in fiscal year 2021, as compared to $420.7 million in fiscal year 2020. The segment's operating margins were 21.9% for fiscal year 2021 and 21.2% for fiscal year 2020. The increases in the fiscal 2021 period were primarily due to favorable impact from our recent acquisitions and reduced expenditures, including reductions in travel and meeting spend due to the COVID-19 pandemic. Employee compensation associated with the Healthcare segment was also reduced due to lower volumes and measures taken in response to the COVID-19 pandemic.

The Applied Sterilization Technologies segment’s operating income increased $39.7 million to $310.6 million in fiscal year 2021, as compared to $270.9 million in fiscal year 2020. The Applied Sterilization Technologies segment's operating margins were 45.3% for fiscal year 2021 and 43.2% for fiscal year 2020. The increases in the fiscal 2021 period were primarily due to higher volumes and reduced expenditures, including reductions in travel and meeting spend due to the COVID-19 pandemic.

The Life Sciences business segment’s operating income increased $36.7 million to $180.8 million in fiscal year 2021, as compared to $144.1 million in fiscal year 2020. The segment’s operating margins were 38.7% for fiscal year 2021 and 34.6% for fiscal year 2020. These increases in the fiscal 2021 period were primarily due to higher volumes and favorable mix.

LIQUIDITY AND CAPITAL RESOURCES

The following table summarizes significant components of our cash flows for the years ended March 31, 2021 and 2020:

	Years Ended March 31,	
(dollars in thousands)	2021	2020
Net cash provided by operating activities	**$ 689,640**	$ 590,559
Net cash used in investing activities	**(1,154,159)**	(319,735)
Net provided by (cash used) in financing activities	**345,620**	(163,146)
Debt-to-total capital ratio	**29.8 %**	25.3 %
Free cash flow	**$ 450,947**	$ 380,199

Net Cash Provided By Operating Activities – The net cash provided by our operating activities was $689.6 million for the year ended March 31, 2021, compared to $590.6 million for the year ended March 31, 2020. The following discussion summarizes the significant changes in our operating cash flows for the years ended March 31, 2021 and 2020:

- Net cash provided by operating activities increased in fiscal 2021 by 16.8%, as compared to fiscal 2020, primarily due to working capital improvements and deferred tax payments under government COVID-19 relief programs.

Net Cash Used In Investing Activities – The net cash used in our investing activities was $1,154.2 million for the year ended March 31, 2021, compared to $319.7 million for the year ended March 31, 2020. The following discussion summarizes the significant changes in our investing cash flows for the years ended March 31, 2021 and 2020:

- Purchases of property, plant, equipment, and intangibles, net – Capital expenditures totaled $239.3 million and $214.5 million for fiscal 2021 and 2020, respectively. The fiscal 2021 increase was primarily due to expansion projects in the Applied Sterilization Technologies segment.
- Proceeds from the sale of property, plant, equipment and intangibles – During fiscal 2021 and 2020 we received $0.6 million and $4.2 million, respectively, for proceeds from the sale of property, plant, equipment and intangibles. The majority of the fiscal 2021 proceeds were related the sale of a manufacturing facility located in Brazil. The majority of the fiscal 2020 proceeds were related to the sale of Healthcare Products facilities that were located in the U.K.
- Proceeds from the sale of business – During fiscal 2021 and 2020 we received $0.5 million and $0.4 million, respectively, for proceeds from the sale of certain non-core businesses. For more information, refer to our Note 2 to our consolidated financial statements, titled "Business Acquisitions and Divestitures".
- Purchases of investments – During fiscal 2021, we purchased an equity investment for $4.4 million.

- Investments in business, net of cash acquired – During fiscal 2021 and 2020, we used $909.2 million and $109.8 million, respectively, for acquisitions. For more information on these acquisitions refer to Note 2 to our consolidated financial statements titled, "Business Acquisitions and Divestitures".
- Other – During fiscal 2021, we provided approximately $2.4 million under borrowing agreements. For more information on these agreements refer to our Note 2 to our consolidated financial statements, titled "Business Acquisitions and Divestitures".

Net Cash Provided By (Used In) Financing Activities – Net cash provided by financing activities was $345.6 million for the year ended March 31, 2021, compared to net cash used in financing activities of $163.1 million for the year ended March 31, 2020. The following discussion summarizes the significant changes in our financing cash flows for the years ended March 31, 2021 and 2020:

- Payments on long-term obligations – During the second quarter of fiscal 2021, we repaid $35.0 million of principal for private placement notes that matured in August 2020. For more information on our debt refer to Note 8 to our consolidated financial statements titled, "Debt".
- (Payments) proceeds under credit facilities, net – At the end of fiscal 2021, $247.4 million of debt was outstanding under our bank credit facility, compared to $275.4 million of debt outstanding under this facility at the end of fiscal 2020. We provide additional information about our bank credit facility in Note 8 to our consolidated financial statements titled, “Debt”.
- Proceeds from the issuance of long-term obligations – During the third quarter of fiscal 2021, we received proceeds of $550.0 million under our Term Loan. On March 19, 2021, we entered into a new term loan agreement which provided for a $550.0 million term loan facility (the “New Term Loan”), which replaced the November 2020 Term Loan agreement. For more information refer to Note 8 of our consolidated financial statements, titled "Debt".
- Deferred financing fees and debt issuance costs – During fiscal 2021 and fiscal 2020, we paid $12.8 million and $1.3 million, respectively for financing fees and debt issuance costs. For more information on our debt refer to Note 8 to our consolidated financial statements titled, "Debt".
- Repurchases of shares – From the start of fiscal 2021 through April 9, 2020, we purchased 35,000 of our ordinary shares in the aggregate amount of $5.0 million. Due to the uncertainty surrounding the COVID-19 pandemic, share repurchases were suspended on April 9, 2020. During fiscal 2021 we obtained 91,567 of our ordinary shares in connection with our stock-based compensation award programs in the amount of $9.6 million. During fiscal 2020, we purchased 273,259 of our ordinary shares in the aggregate amount of $40.0 million. We also obtained 122,884 of our ordinary shares in connection with our stock-based compensation award programs in the amount $11.2 million. We provide additional information about our share repurchases in Note 12 to our consolidated financial statements titled, “Shareholders' Equity.”
- Acquisition related deferred or contingent consideration – During fiscal 2021 and 2020 we paid $2.4 million and $0.6 million, respectively, in acquisition related deferred or contingent consideration. For more information, refer to our Note 2 to our consolidated financial statements, titled "Business Acquisitions and Divestitures".
- Cash dividends paid to ordinary shareholders – During fiscal 2021, we paid cash dividends totaling $133.8 million or $1.57 per outstanding share. During fiscal 2020, we paid cash dividends totaling $123.0 million or $1.45 per outstanding share.
- Transactions with noncontrolling interest holders – During fiscal 2021, we received $2.3 million of contributions from noncontrolling interest holders and paid $4.1 million in distributions to noncontrolling interest holders. During fiscal 2020, we received $6.1 million of contributions from noncontrolling interest holders and paid $1.2 million in distributions to noncontrolling interest holders.
- Stock option and other equity transactions, net – We generally receive cash for issuing shares upon the exercise of options under our employee stock option program. During fiscal 2021 and fiscal 2020, we received cash proceeds totaling $26.7 million and $34.7 million, respectively, under these programs.

Cash Flow Measures. Free cash flow was $450.9 million in fiscal 2021, compared to $380.2 million in fiscal 2020. The fiscal 2021 increase in free cash flow was primarily due to working capital improvements, somewhat offset by higher capital expenditures.

Our debt-to-total capital ratio was 29.8% at March 31, 2021 and 25.3% at March 31, 2020.

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

Sources of Credit. Our sources of credit as of March 31, 2021 are summarized in the following table:

(dollars in thousands)	Maximum Amounts Available	Reductions in Available Credit Facility for Other Financial Instruments	March 31, 2021 Amounts Outstanding	March 31, 2021 Amounts Available
Sources of Credit				
Private placement	$ 860,308	$ —	$ 860,308	$ —
New Term loan	550,000	—	550,000	—
Revolving Credit Agreement [1]	1,250,000	9,824	247,423	992,753
Total Sources of Credit	$ 2,660,308	$ 9,824	$ 1,657,731	$ 992,753

[1] At March 31, 2021, there was $9.8 million of letters of credit outstanding under the Credit Agreement.

Our sources of funding from credit as of March 31, 2021 are summarized below:

- On March 19, 2021, STERIS plc ("the Company"), STERIS Corporation, STERIS Limited ("Limited"), and STERIS Irish FinCo Unlimited Company ("FinCo", "STERIS Irish 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 $1,250 million revolving credit facility (the "Revolver"), which replaced a prior revolving credit agreement.
- The Revolver provides for revolving credit borrowings, swing line borrowings and letters of credit, with sublimits for swing line borrowings and letters of credit. The Revolver may be increased in specified circumstances by up to $625 million in the discretion of the lenders. The Revolver matures on the date that is five years after March 19, 2021, and all unpaid borrowings, together with accrued and unpaid interest thereon, are repayable on that date. The Revolver bears interest from time to time, at either the Base Rate or the Eurocurrency 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 the Company, as defined in the Credit Agreement. Base Rate Advances are payable quarterly in arrears and Eurocurrency Rate Advances are payable at the end of the relevant interest period therefor, but in no event less frequently than every three months. 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. Advances may be extended in U.S. Dollars or in specified alternative currencies.
- On March 19, 2021, the Company, STERIS Corporation, Limited, and FinCo, each as a borrower and guarantor, entered into a term loan agreement with various financial institutions as lenders, and JPMorgan Chase Bank, N.A., as Administrative agent (the "Term Loan Agreement") providing for a $550 million term loan facility (the "Term Loan"), which replaced an existing term loan agreement, dated as of November 18, 2020 (the "Existing Term Loan Agreement"). The proceeds of the Term Loan were used to refinance the Existing Term Loan Agreement.
- The Term Loan matures on the date that is five years after March 19, 2021 (the "Term Loan Closing Date"). No principal payments are due on the Term Loan for the period beginning from the first full fiscal quarter ended after the Term Loan Closing Date to and including the fourth full fiscal quarter ended after the Term Loan Closing Date. For the period beginning from the fifth full fiscal quarter ended after the Term Loan Closing Date to and including the twelfth full fiscal quarter ended after the Term Loan Closing Date, quarterly principal payments, each in the amount of 1.25% of the original principal amount of the Term Loan, are due on the last business day of each fiscal quarter. For the period beginning from the thirteenth full fiscal quarter ended after the Term Loan Closing Date through the maturity of the loan, quarterly principal payments, each in the amount of 1.875% of the original principal amount of the Term Loan, are due on the last business day of each fiscal quarter. The remaining unpaid principal is due and payable on the maturity date.

- The Term Loan bears interest from time to time, at either the Base Rate or the Eurocurrency Rate, as defined in and calculated under and as in effect from time to time under the Term Loan Agreement, plus the Applicable Margin, as defined in the Term Loan Agreement. The Applicable Margin is determined based on the Debt Rating of STERIS, as defined in the Term Loan Agreement. Base Rate Advances are payable quarterly in arrears and Eurocurrency Rate Advances are payable at the end of the relevant interest period therefor, but in no event less frequently than every three months.
- Also on March 19, 2021, the Company, STERIS Corporation, Limited, and FinCo, each as a borrower and guarantor, entered into a delayed draw term loan agreement with various financial institutions as lenders, and JPMorgan Chase Bank, N.A., as administrative agent (the "Delayed Draw Term Loan Agreement") providing for a delayed draw term loan facility of up to $750 million (the "Delayed Draw Term Loan") in connection with STERIS's proposed acquisition of Cantel Medical Corp. ("Cantel"). The Delayed Draw Term Loan will be funded by the lenders upon the satisfaction of certain conditions, including the concurrent consummation of the acquisition (the "Acquisition Closing Date"). The proceeds of the Delayed Draw Term Loan are expected to be used, together with the proceeds from other new indebtedness, to fund the cash consideration for the acquisition, as well as for various other items.
- The Delayed Draw Term Loan matures on the date that is five years after the Acquisition Closing Date. No principal payments are due on the Delayed Draw Term Loan for the period beginning from the first full fiscal quarter ended after the Acquisition Closing Date to and including the fourth full fiscal quarter ended after the Acquisition Closing Date. For the period beginning from the fifth full fiscal quarter ended after the Acquisition Closing Date to and including the twelfth full fiscal quarter ended after the Acquisition Closing Date, quarterly principal payments, each in the amount of 1.25% of the original principal amount of the Delayed Draw Term Loan, are due on the last business day of each fiscal quarter. For the period beginning from the thirteenth full fiscal quarter ended after the Acquisition Closing Date through the maturity of the loan, quarterly principal payments, each in the amount of 1.875% of the original principal amount of the Delayed Draw Term Loan, are due on the last business day of each fiscal quarter. The remaining unpaid principal is due and payable on the maturity date.
- The Delayed Draw Term Loan bears interest from time to time, at either the Base Rate or the Eurocurrency Rate, as defined in and calculated under and as in effect from time to time under the Delayed Draw Term Loan Agreement, plus the Applicable Margin, as defined in the Delayed Draw Term Loan Agreement. The Applicable Margin is determined based on the Debt Rating of the Company, as defined in the Delayed Draw Term Loan Agreement. Interest on borrowings made at the Base Rate ("Base Rate Advances") is payable quarterly in arrears and interest on borrowings made at the Eurocurrency Rate ("Eurocurrency Rate Advances") is payable at the end of the relevant interest period therefor, but in no event less frequently than every three months. There is no premium or penalty for prepayment of Base Rate Advances, but prepayments of Eurocurrency Rate Advances are subject to a breakage fee.

Our outstanding Private Placement Senior Notes at March 31, 2021 were as follows:

(dollars in thousands)	Applicable Note Purchase Agreement	Maturity Date	U.S. Dollar Value at March 31, 2021
$91,000 Senior notes at 3.20%	2012 Private Placement	December 2022	**91,000**
$80,000 Senior notes at 3.35%	2012 Private Placement	December 2024	**80,000**
$25,000 Senior notes at 3.55%	2012 Private Placement	December 2027	**25,000**
$125,000 Senior notes at 3.45%	2015 Private Placement	May 2025	**125,000**
$125,000 Senior notes at 3.55%	2015 Private Placement	May 2027	**125,000**
$100,000 Senior notes at 3.70%	2015 Private Placement	May 2030	**100,000**
$50,000 Senior notes at 3.93%	2017 Private Placement	February 2027	**50,000**
€60,000 Senior notes at 1.86%	2017 Private Placement	February 2027	**70,426**
$45,000 Senior notes at 4.03%	2017 Private Placement	February 2029	**45,000**
€20,000 Senior notes at 2.04%	2017 Private Placement	February 2029	**23,475**
£45,000 Senior notes at 3.04%	2017 Private Placement	February 2029	**61,863**
€19,000 Senior notes at 2.30%	2017 Private Placement	February 2032	**22,302**
£30,000 Senior notes at 3.17%	2017 Private Placement	February 2032	**41,242**
Total Senior Notes			**$ 860,308**

The Private Placement Senior Notes were issued as follows:

- On February 27, 2017, Limited issued and sold an aggregate principal amount of $95.0 million, €99.0 million, and £75.0 million, of senior notes in a private placement to certain institutional investors in an offering that was exempt from the registration requirements of the Securities Act of 1933. These notes have maturities of between 10 and 15 years from the issue date. The agreement governing these notes contains leverage and interest coverage covenants.
- On May 15, 2015, STERIS Corporation issued and sold $350.0 million of senior notes, in a private placement to certain institutional investors in an offering that was exempt from the registration requirements of the Securities Act of 1933. These notes have maturities of 10 years to 15 years from the issue date. The agreement governing these notes contains leverage and interest coverage covenants.
- In December 2012, and in February 2013 STERIS Corporation issued and sold $200.0 million of senior notes, in a private placement to certain institutional investors in offerings that were exempt from the registration requirements of the Securities Act of 1933. The agreement governing the notes contains leverage and interest coverage covenants.
- All of the note agreements for the senior notes were amended in March 2019, in connection with the Redomiciliation. The amendments waived certain repurchase rights for of the note holders and increased the size of certain baskets to more closely align with other than current credit agreement baskets.
- In addition, STERIS's STERIS Irish FinCo Unlimited Company ("FinCo", "STERIS Irish FinCo") subsidiary issued $1.35 billion of 10 year and 30 year registered senior notes on April 1, 2021 (the "Senior Public Notes").
- On March 19, 2021, STERIS Corporation as issuer, and the Company, Limited and FinCo, as guarantors, entered into (1) a First Amendment to Amended and Restated Note Purchase Agreement dated March 5, 2019 (which had amended and restated certain note purchase agreements originally dated December 4, 2012) per the 2012 and 2013 senior notes (the “2012 Amendment”), and (2) a First Amendment to Amended and Restated Note Purchase Agreement dated March 5, 2019 (which had amended and restated certain note purchase agreements originally dated March 31, 2015) for the 2015 senior notes (the “2015 Amendment”). Also on March 19, 2021, Limited, as Issuer, and the Company, STERIS Corporation and FinCo, as guarantors, entered into a First Amendment to Amended and Restated Note Purchase Agreement dated March 5, 2019 (which had amended and restated a certain note purchase agreement originally dated January 23, 2017) for the 2017 senior notes (together with the 2012 Amendment and the 2015 Amendment, the “NPA Amendments”). The NPA Amendments provide for, among other things, the netting of cash proceeds received from qualifying capital markets events under certain circumstances for purposes of calculating the leverage ratio financial covenant.

As of March 31, 2021, a total of $247.4 million was outstanding under the Revolving Credit Agreement, based on currency exchange rates as of March 31, 2021. At March 31, 2021, we had $992.8 million of unused funding available under the Revolving Credit Agreement. The Revolving Credit Agreement includes a sub-limit that reduces the maximum amount available to us by letters of credit outstanding. At March 31, 2021, there was $9.8 million in letters of credit outstanding under the Credit Agreement. As of March 31, 2021, $550.0 million was outstanding under the Term Loan.

At March 31, 2021, we were in compliance with all financial covenants associated with our indebtedness. We provide additional information regarding our debt structure and payment obligations in the section of this Directors' Report titled, “Liquidity and Capital Resources” in the subsection titled, “Contractual and Commercial Commitments” and in Note 8 to our consolidated financial statements titled, “Debt.”

CAPITAL EXPENDITURES

Our capital expenditure program is a component of our long-term strategy. This program includes, among other things, investments in new and existing facilities, business expansion projects, radioisotope (cobalt-60), and information technology enhancements and research and development advances. During fiscal 2021, our capital expenditures amounted to $239.3 million. We use cash provided by operating activities and our cash and cash equivalent balances to fund capital expenditures. In fiscal 2022, we plan to continue to invest in facility expansions, particularly within the Applied Sterilization Technologies segment and in ongoing maintenance for existing facilities.

CONTRACTUAL AND COMMERCIAL COMMITMENTS

At March 31, 2021, we had commitments under non-cancelable operating leases totaling $195.1 million.

Our contractual obligations and commercial commitments as of March 31, 2021 are presented in the following tables. Commercial commitments include standby letters of credit, letters of credit required as security under our self-insured risk retention policies, and other potential cash outflows resulting from events that require us to fulfill commitments.

	Payments due by March 31,					
(dollars in thousands)	2022	2023	2024	2025	2026 and thereafter	Total
Contractual Obligations:						
Debt	$ —	$ 118,500	$ 27,500	$ 121,250	$ 1,390,481	$ 1,657,731
Operating leases	28,675	24,593	19,160	16,052	106,593	195,073
Purchase obligations	119,824	90,932	—	—	—	210,756
Benefit payments under defined benefit plans	5,137	5,731	5,388	5,543	36,672	58,471
Trust assets available for benefit payments under defined benefit plans	(5,137)	(5,731)	(5,388)	(5,543)	(36,672)	(58,471)
Benefit payments under other post-retirement benefits plans	1,327	1,198	1,072	969	4,089	8,655
Expected contributions to defined benefit plans	3,954	1,991	—	—	—	5,945
Total Contractual Obligations	$ 153,780	$ 237,214	$ 47,732	$ 138,271	$ 1,501,163	$ 2,078,160

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

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

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

	Amount of Commitment Expiring March 31,					
(dollars in thousands)	2022	2023	2024	2025	2026 and thereafter	Totals
Commercial Commitments:						
Letters of credit and surety bonds	$ 61,060	$ 3,569	$ 440	$ 1,466	$ 780	$ 67,315
Letters of credit as security for self-insured risk retention policies	11,807	—	—	—	—	11,807
Total Commercial Commitments	$ 72,867	$ 3,569	$ 440	$ 1,466	$ 780	$ 79,122

Quantitative and Qualitative Disclosures Relative to Certain Risks

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

INTEREST RATE RISK

As of March 31, 2021, we had $860.3 million in fixed rate senior notes outstanding. As of March 31, 2021, we had $247.4 million in outstanding borrowings under our Credit Agreement which are exposed to changes in interest rates. We monitor our interest rate risk, but do not engage in any hedging activities using derivative financial instruments. For additional information regarding our debt structure, refer to Note 8 to our Consolidated Financial Statements titled, “Debt.”

FOREIGN CURRENCY RISK

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

We enter into foreign currency forward contracts to hedge monetary assets and liabilities denominated in foreign currencies, including inter-company transactions. We do not use derivative financial instruments for speculative purposes. At March 31, 2021, we held a foreign currency forward contract to buy 41.5 million British pounds.

COMMODITY RISK

We are dependent on basic raw materials, sub-assemblies, components, and other supplies used in our operations. Our financial results could be affected by the availability and changes in prices of these materials. Some of these materials are sourced from a limited number of suppliers or only a single supplier. These materials are also key source materials for our competitors. Therefore, if demand for these materials rises, we may experience increased costs and/or limited or unavailable supplies. As a result, we may not be able to acquire key production materials on a timely basis, which could impact our ability to produce products and satisfy incoming sales orders on a timely basis. In addition, the costs of these materials can rise suddenly and result in significantly higher costs of production. We believe that we have adequate sources of supply for many of our key materials and energy sources. Where appropriate, we enter into long-term supply contracts as a basis to guarantee a reliable supply. We may also enter into commodity swap contracts to hedge price changes in a certain commodity that impacts raw materials included in our cost of revenues. At March 31, 2021, we held commodity swap contracts to buy 768,000 pounds of nickel.

ACCOUNTING RECORDS

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

FUTURE DEVELOPMENTS

Other than the pending acquisition and integration of the operations of Cantel, the Directors do not anticipate that the Company's significant/material activities will change in the foreseeable future.

SUBSEQUENT EVENTS

This report was issued on June 1, 2021. The Company has evaluated events and transactions subsequent to the balance sheet date. The Company is not aware of any events or transactions (other than those disclosed) that occurred subsequent to the balance sheet date but prior to June 1, 2021, that would require recognition or disclosure in its Consolidated Financial Statements or Company Balance Sheet.

On January 12, 2021, we announced the signing of a definitive agreement to acquire Cantel Medical Corp. (NYSE: CMD "Cantel"), through a U.S. subsidiary. Refer to Note 24, titled "Pending Acquisition of Cantel Medical" for more information.

On May 5, 2021, the Board of Directors approved a quarterly interim dividend of $0.40 per share. The dividend is payable June 25, 2021 to shareholders of record at the close of business on May 28, 2021.

NON-FINANCIAL DISCLOSURES

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

Our Business Model

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

Key Performance Indicators

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

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

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

Ethical Business Practices

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

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

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

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

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

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

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

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

Senior members of STERIS's leadership team are involved in numerous industry associations that focus on setting the standards and driving change. We hold seats and actively participate on the Boards of AdvaMed, the Medical Device Manufacturers Association ("MDMA") and the Association for the Advancement of Medical Instrumentation ("AAMI"). AdvaMed has roughly 400 member companies and promotes policies that foster the highest ethical standards, timely patient access to safe and effective products, and economic policies that reward value creation. The AdvaMed Code of Ethics on Interactions with Health Care Professionals ("AdvaMed Code") facilitates ethical interactions between MedTech companies and health care professionals to ensure that medical decisions are based on the best interests of the patient. Our CEO is a standing board member of and has chaired a number of committees and work groups including, the AdvaMed Ethics Committee, which is responsible for the Code of Ethics. MDMA is the leading voice representing the interests of innovative and entrepreneurial medical technology companies. MDMA's goal is to provide patients and clinicians with timely access to safe and effective medical technologies that improve the quality of life. AAMI is a nonprofit organization founded in 1967. It is a diverse community of more than 9,000 healthcare technology professionals united by one important mission-supporting the healthcare community in the development, management, and use of safe and effective healthcare technology.

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

Energy and Conservation

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

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

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

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

- Some examples of recent efforts have included increased recycling programs, encouraging employees to "Keep it on the Screen" to reduce paper usage, our "Ditch the Disposables" campaign aimed at eliminating single-use cups in our facilities, and installing interior and exterior LED lighting at factories, offices, and distribution centers increase lighting efficiency and reduce our overall carbon footprint energy.

- As a result of our Lean training and ongoing improvement events, we have made significant strides in reducing waste, improving workflow and efficiencies and improving product quality.
- We focused on sustainability and reducing the use of fossil fuels through implementation of fleet technologies and more efficient vehicles. We continue to evaluate the use of energy efficient vehicles including hybrid, plug-in hybrids, and electric vehicles to reduce our impact on the environment and society.

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

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

People

Strategy and Overview. People are the key to our success, which is reflected in our two core Values of People and Teamwork. We are committed to the safety and success of our people. We expect the performance of every person to continually improve with personal initiative and proper support. We expect our people to treat each other with mutual respect. Our ideal business team is engaged, diverse, inclusive and talented, and we create programs and policies in support of these goals.

We believe unity of purpose and teamwork enables us to do far more than we could individually. We draw strength from each other and encourage communication with fairness, candor, respect and courage. Our collaboration turns interesting ideas into great products and services for our Customers.

Our senior management team and Board receive regular updates on our people, including data and metrics on retention, engagement and safety which are used to determine our human resources priorities, programs and training.

We are committed to upholding human rights in all our operations globally and respects human rights as recognized by the principles of the United Nations Global Compact. We strongly oppose all forms of slavery, servitude, forced labor, child labor and human trafficking.

Employees by Segment. As of March 31, 2021, we had approximately 13,000 employees throughout the world including certain locations subject to collective bargaining agreements and works council representation. We believe we generally have good relations with our employees.

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

	Fiscal 2021	Fiscal 2020
Healthcare	8,529	8,352
Applied Sterilization Technologies	2,686	2,547
Life Sciences	868	837
Corporate	687	623
Total employees	12,770	12,359

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

Our success depends on our ability to attract and retain talented employees, and we intend to do so without regard to race, color, social or economic status, religion, national origin, marital status, age, veteran status, sexual orientation, gender identity, or any protected status. It is the policy of the Company to make all decisions regarding employment, including hiring, compensation, training, promotions, transfers, or lay-offs, based on the job requirements and skills of the individuals and utilizing the principle of equal employment opportunity without discrimination. STERIS has annual training on Anti-Harassment, and has provided training on Creating and Inclusive Environment and Unconscious Bias.

Total directors and employee's distribution by gender is shown in the table below:

	March 31, 2021		March 31, 2020	
	Male	Female	Male	Female
Non-Executive Directors	6	2	5	2
Senior Managers	507	179	492	176
Other employees of the Company	8,420	3,970	8,019	3,905

Directors and United States employees by race is shown in the table below:

	March 31, 2021		March 31, 2020	
	White	Minority (1)	White	Minority (1)
Non-Executive Directors	75%	25%	71%	29%
Senior Managers	90%	10%	89%	11%
Other employees of the Company	68%	32%	67%	33%

(1) A minority person is defined as a person who identifies as American Indian/Alaskan Native, Asian, Black or African American, Hispanic or Latino, Native Hawaiian or Other Pacific Island, or two or more races.

Health, Safety & Environment. We realize the importance of Health, Safety & Environment (HSE) to the well-being of our Customers, employees, community, the environment, and ultimately our shareholders. To that end, our HSE teams and management are committed to supporting HSE programs with ongoing involvement through our continuous improvement process. Our ultimate goal is to be an incident-free company. The cornerstone of this initiative is the belief that incidents result from unsafe acts or conditions, both of which are preventable. We apply the U.S. Occupational Safety and Health Administration recordkeeping practices worldwide. Key metrics for purposes of benchmarking performance include Total Recordable Cases (TRC) and Days Away From Work (DAFW) injury and illness incident rates, both of which are presented in the table below:

	STERIS plc		Industry Benchmarks (2)	
	Fiscal 2021	Fiscal 2020	Average	Best in Class
Total Recordable Cases Rate (1)	0.91	1.48	2.5	1.28
Days Away From Work Rate (1)	0.37	0.45	1.25	0.42

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

(2) Our external benchmarks include the OSHA average and 1st Quartile injury/illness rates which are derived from the Bureau of Labor Statistics.

The ISO 14001 sets out the criteria that a company can follow to establish an effective environmental management system. Designed for any type of organization, regardless of its activity or sector, it can provide assurance that environmental impact is being measured, controlled and improved in a holistic manner. We currently have three facilities and 14 reprocessing locations that hold ISO 14001 Certification.

We utilize internal HSE management systems and compliance audits that will identify percent compliance of our global operations against our standards.

Employee Engagement and Development. We believe that engaged employees are more productive, innovative, and satisfied in their work. Examples of how we engage our employees include quarterly management meetings, a robust intranet for communication with our global teams and various communications efforts within each department. In addition, our global human resources team has programs focused on career development for employees at all levels.

Our employee turnover rate was 11% and 15% for fiscal 2021 and 2020, respectively and we are continuously working towards a goal of achieving 10% or under excluding retirements and reductions in force. Although reductions in force are sometimes necessary, we work to avoid them and they must always be approved by executive management. Every year we encourage all associates to participate in our Employee Engagement Survey which is administered by a third party on a confidential basis. This process has been valuable in helping us recognize things we do well and foster an open conversation about how we can make STERIS an even better place to work. We are pleased to report that 89% and 86% of our people completed our 2021 and 2020 surveys, respectively. In our most recent survey, overall employee engagement was 77%, and the fourteen principal factors that we measure all improved since 2020, and have generally for a decade. The results indicate that the majority of our people are committed to serving our Customers, are proud to work for STERIS, and have confidence in the stability of our business.

We are committed to supporting the development of our people. Employees benefit from hands-on continuous improvement (Lean) training, a web-based learning management system, and STERIS University. In addition, we provide annual Code of Conduct training, Harassment Prevention training and other key, required training at all levels of the Company. In our manufacturing and service organizations, we provide training for employees who do not have the appropriate experience or background. This training is conducted through a combination of hands-on and module-based training. Our focus is on safety, quality and consistency in approach and outcome. As a Lean organization, we have created standard work instructions for many processes and refresher courses are offered regularly for existing employees. Where possible, we look to provide cross-training for employees looking to expand their knowledge or grow into new roles. We encourage all employees to create individual development plans and provide the support to assist in that effort.

Compensation and Benefits. Our total rewards offerings include an array of programs to support our employees' financial, physical, and mental well-being, including providing competitive salaries, variable performance pay, healthcare benefits, tuition assistance, paid time off, annual merit increases, and incentive plans based on the national norms of their employment. Total employee compensation is presented in the table below:

(in thousands)	Fiscal 2021	Fiscal 2020
Wages and salaries	$ 943,503	$ 905,972
Social security costs	58,695	56,019
Share based compensation expense	25,966	23,811
Pension and post-retirement benefits expense	26,944	23,899
Other, primarily employee benefits	79,927	81,186
Total employee costs	$ 1,135,035	$ 1,090,887

COVID-19 Pandemic. Early in calendar year 2020, we implemented several measures to help protect our workforce during the COVID-19 pandemic, including the following:

- Implemented work from home for those employees whose role supported it and put programs in place to support those who did not have the flexibility to work remotely.
- Implemented paid furlough at 100% salary for all employees underutilized due to the pandemic.
- In the U.S., provided pandemic-related paid-time-off for factory and field based personnel who could not work from home and supported COVID vaccination efforts by offering paid-time-off for vaccinations and arranging on-site vaccination clinics where supported by employee interest.
- Implemented additional cleaning protocols in all facilities, limited travel, and discontinued in person meetings where practical.
- Provided additional personal protective equipment for field-based personnel supporting critical care environments.
- Regularly communicated with employees with regional and global updates.

DIRECTORS' INTEREST IN SHARES

During fiscal 2021 Christopher Holland and Daniel Carestio were appointed to the Board of Directors and Duncan K. Nichol was not renominated to the Board of Directors. The other Directors were appointed on March 28, 2019, on completion of the Redomiciliation and are listed in the following table and except as noted, have served throughout the period to March 31, 2021 and since year end. At the date of his appointment, Daniel Carestio had interest in 99,476 stock options, 26,314 ordinary shares and no interest in debentures in STERIS plc.

No director, secretary, assistant secretary or any member of their immediate families has any interest in shares or debentures of any subsidiary. Directors' remuneration is set forth in Note 21 to the Consolidated Financial Statements. The interests in ordinary share capital of STERIS plc of those persons serving as Directors of STERIS plc on March 31, 2021 and March 31, 2020 are presented in the following table:

	March 31, 2021			March 31, 2020		
	Stock Options	Ordinary Shares	CRSU's	Stock Options	Ordinary Shares	CRSU's
Executive Director						
Walter M Rosebrough, Jr.	**380,936**	**51,405**	—	411,577	72,632	—
Daniel Carestio	**99,476**	**26,314**	—	N/A	N/A	N/A
Non-Executive Directors						
Richard C. Breeden	**37,228**	**58,923**	**15,100**	34,122	103,923	13,923
Cynthia L. Feldmann	**19,648**	**9,368**	**5,475**	16,542	9,003	5,475
Christopher Holland	—	**60**	**1,316**	N/A	N/A	N/A
Dr. Jacqueline B. Kosecoff	**24,953**	**26,639**	**3,210**	24,953	43,785	3,210
David B. Lewis	**6,261**	**6,684**	**17,170**	7,821	6,684	15,335
Dr. Nirav Shah	—	—	**4,424**	—	—	3,108
Dr. Mohsen M. Sohi	**29,657**	**22,361**	**2,570**	28,515	22,361	1,646
Dr. Richard M. Steeves	**8,394**	—	**6,248**	8,394	—	4,932

N/A- not applicable

AUDIT COMMITTEE

The Audit Committee assists the Board in providing oversight relating to the integrity of the Company’s financial statements and effectiveness of the Company’s internal controls over financial reporting, including its systems of internal accounting and financial controls, the internal audit process, the annual independent audit of the Company’s annual financial statements, compliance with legal and regulatory requirements, and the qualifications and independence of the Independent Auditors. The Audit Committee's activities relative to fiscal 2021 included confirmation that appropriate arrangements are in place to secure material compliance with relevant obligations in support of the Directors Compliance Statement included in this Directors' Report.

POLITICAL DONATIONS

No political donations that require disclosure under Irish law were made by the Company during fiscal 2021 or fiscal 2020.

RESULTS FOR THE YEAR AND STATE OF AFFAIRS

The results for the year are set out in the Consolidated Profit and Loss Account. The balance to be transferred to reserves is $397,400.

DIVIDENDS

During fiscal 2021, the Board of Director's declared and paid quarterly dividends totaling $133.8 million or $1.57 per outstanding share. During fiscal 2020, the Board of Director's declared and paid quarterly dividends totaling $123.0 million million or $1.45 per outstanding share.

RESEARCH AND DEVELOPMENT

Research and development is an important factor in our long-term strategy. We incurred these expenses primarily for the research and development of commercial products. We are focused on introducing products that increase efficiencies for our Customers. We have new products throughout our business, including hydrogen peroxide sterilizers, washer disinfectors, steam sterilizers, consumables, including sterility assurance products, accessories for use in GI procedures and surgical products including the latest generation of operating room integration products. The Company incurred $66.3 million and $65.5 million of research and development costs that were expensed during fiscal 2021 and 2020, respectively.

SUBSIDIARY COMPANIES AND BRANCHES

Information regarding subsidiary undertakings, included information regarding branches, is provided in Note 26 to the consolidated financial statements.

GOING CONCERN

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

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

DISCLOSURE OF INFORMATION TO THE AUDITOR

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

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

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

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- comply with applicable U.S. generally accepted accounting principles to the extent that the use of U.S. generally accepted accounting principles does not contravene any provision of the Companies Act 2014, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The considerations set out above for the Group are also required to be addressed by the Directors in preparing the financial statements of the Parent Company (which are also set out on pages 108 -119), in respect of which the applicable accounting standards are those which are generally accepted in the Republic of Ireland.

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

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

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

DIRECTORS COMPLIANCE STATEMENT

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

AUDITORS

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

On behalf of the Directors:

Mohsen M. Sohi
Chairman of the Board

Walter M Rosebrough, Jr.
Director

June 1, 2021

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF STERIS PLC

Opinion

We have audited the financial statements of STERIS plc ('the Parent Company') and its subsidiaries ('the Group') for the year ended 31 March 2021, which comprise the Consolidated Profit and Loss Account, the Consolidated Statement of Comprehensive Income, the Consolidated Balance Sheet, the Consolidated Statement of Shareholders' Equity, the Consolidated Statement of Cash Flows, the Parent Company Statement of Financial Position, the Parent Company Statement of Changes in Equity, the related notes 1 to 26 in respect of the Group financial statements and the related notes 1 to 12 in respect to the Parent Company financial statements, including a summary of significant accounting policies as set out therein. The financial reporting framework that has been applied in the preparation of the Group financial statements is Irish law and U.S. Generally Accepted Accounting Principles (U.S. GAAP), as defined in section 279 of Part 6 of the Companies Act 2014, to the extent that the use of those principles in the preparation of the financial statements does not contravene any provision of that Part of the Companies Act 2014. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable Irish law and accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* issued in the United Kingdom by the Financial Reporting Council.

In our opinion:

- the Group financial statements give a true and fair view of the assets, liabilities and financial position of the Group as at 31 March 2021 and of its profit for the year then ended, and have been properly prepared in accordance with U.S. Generally Accepted Accounting Principles (U.S. GAAP), as defined in section 279 of Part 6 of the Companies Act 2014, to the extent that the use of those principles in the preparation of the financial statements does not contravene any provision of that Part of the Companies Act 2014;

- the Parent Company financial statements gives a true and fair view of the assets, liabilities and financial position of the Parent Company as at 31 March 2021 and has been properly prepared in accordance with FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and

- the Group financial statements and Parent Company financial statements have been properly prepared in accordance with the requirements of the Companies Act 2014.

Basis for opinion

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

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Arising from our evaluation of the directors' going concern assessment, we observed that the assessment included consideration of the financial impact of the Cantel acquisition, which is expected to close on 2 June 2021, as set out in Note 24 of the Consolidated Financial Statements. The assessment modelled a number of adverse scenarios, focused on the level of Consolidated EBITDA required to maintain compliance with leverage covenants applicable to the Group's debt facilities.

Our evaluation of the directors' assessment of the group and parent company's ability to continue to adopt the going concern basis of accounting included:

- In conjunction with our walkthrough of the Group's financial close process, we confirmed our understanding of management's going concern assessment process and also engaged with management early to ensure all key factors were considered in their assessment;

- We obtained the directors' going concern assessment, including the cash forecast and covenant calculation for the going concern period, and which covered at least a year from the date of signing this audit opinion;

- We tested the factors and assumptions included in each modelled scenario. We considered the appropriateness of the methods used to calculate the cash forecasts and covenant calculations and determined through inspection and testing of the methodology and calculations that the methods utilised were sufficiently robust to enable an assessment for the Group;

- We considered any mitigating factors that are within the control of the Group, including review of the Group's non-operating cash outflows and consideration of the Group's ability to control these outflows as mitigating actions, if required. We also considered credit facilities available to the Group;

- We performed reverse stress testing in order to identify what factors would lead to the Group breaching the leverage covenant during the going concern period; and

- We read the Group's going concern disclosures included in the financial statements in order to assess that the disclosures were appropriate and in conformity with financial reporting standards.

Conclusion

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group and parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's ability to continue as a going concern.

Key audit matters

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

<table>
<tr><th colspan="3"></th></tr>
<tr><th>Risk</th><th>Our response to the risk</th><th>Key observations communicated to the Audit Committee</th></tr>
<tr><td>Revenue recognition – non-standard journal entries posted to increase revenues during the consolidation process at Corporate (2021: total revenues of $3,107 million, 2020: $3,031 million)

Refer to Directors report on page 20 and the Accounting policies in Note 1 of the Consolidated Financial Statements.

The Group's revenues are disaggregated into various types of contracts associated with product and service revenues across three reportable business segments and numerous geographical areas.

Further, revenues can be recognized through posting non-standard journal entries during the consolidation process at Corporate.

Auditing the non-standard journal entries posted to increase revenues during the consolidation process at Corporate was a matter that, in our professional judgement, was of most significance in our audit of the financial statements and was the most significant assessed risk of material misstatement.</td><td>We obtained an understanding, evaluated the design, and tested the operating effectiveness of controls over the Group's process to recognize revenues including the controls over non-standard journal entries recorded by management and others during the consolidation process at Corporate.

We also involved our IT specialists to test the design and operational effectiveness of the IT processes, the application controls, and the data and reports used in performing the IT dependent controls associated with recording non-standard journal entries during the consolidation process at Corporate.

Our audit procedures also included, among others, evaluating the completeness of the population of entries recorded to revenue and performing a test of detail with regard to certain transactions. Such procedures included testing all non-routine transactions recorded to revenues during the consolidation process at Corporate and testing a sample of routine and non-routine transaction recorded to revenues outside of the consolidation process at Corporate to evaluate their propriety by inspecting the corroborating supporting documentation.

We also evaluated the completeness and accuracy of the Group's revenue recognition disclosures included in Notes 1 and 17 to the consolidated financial statements.</td><td>Our observations included a summary of our audit procedures over revenue recognition including non-standard journal entries posted to revenue during the consolidation process, our consideration of the Group's revenue recognition policies and the related disclosures in the financial statements</td></tr>
</table>

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Auditing the valuation of customer relationships intangible asset related to the Key Surgical acquisition (2021: $315 million) Refer to the Accounting policies Note 1; and Note 2 of the Consolidated Financial Statements. On November 18, 2020, the Company acquired all of the outstanding units and equity of Key Surgical, LLC ("Key Surgical") for $853 million. The acquisition of Key Surgical has been accounted for using the acquisition method of accounting which requires, among other things, the assets acquired, liabilities assumed and noncontrolling interests be recognized at their respective fair values as of the acquisition date. The Company preliminarily allocated $315 million of the purchase price to the fair value of the acquired customer relationships intangible asset. The purchase price allocation for Key Surgical is preliminary. The finalization of the purchase accounting assessment may result in changes in the valuation of assets acquired and liabilities assumed. Auditing management's preliminary valuation of the customer relationships intangible asset in the Key Surgical acquisition was complex and judgmental due to the significant estimation uncertainty in the Company's determination of the preliminary fair value of the customer relationships intangible asset under an income approach using discounted cash flows. The significant estimation uncertainty was primarily due to the sensitivity of the fair value to underlying assumptions including forecasted revenue growth rates, forecasted profit margin, and customer attrition rates. These significant assumptions are forward looking and could be affected by future economic and market conditions.	We obtained an understanding, evaluated the design and tested the operating effectiveness of controls over the Company's accounting process for the customer relationships intangible asset, including controls over management's review of the significant assumptions in the determination of fair value under the income approach. To test the estimated fair value of the acquired customer relationships intangible asset, our audit procedures included, among others, evaluating the Company's selection of the valuation method, testing significant assumptions used by the Company and testing the completeness and accuracy of the underlying data. For example, we performed analyses to evaluate the sensitivity of changes in assumptions to the fair value of the customer relationships intangible asset and compared the significant assumptions to current industry, market and economic trends, and historical results of the acquired business. In addition, we involved our valuation specialists to assist with our evaluation of the methodology and significant assumptions used by the Company to determine the preliminary fair value estimate of the customer relationship intangible asset, including the forecasted revenue growth rates, forecasted profit margins, and customer attrition rate.	Our observations included a summary of our audit procedures over customer relationships intangible asset recognised on the Key Surgical acquisition. We also communicated our consideration of the Group's related accounting policies and disclosures in the financial statements.

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Auditing management's analysis of tax positions related to the lack of deemed dividend inclusions and associated withholding tax that are subject to the more-likely-than-not recognition threshold Refer to the Accounting policies (Note 1); and Note 11 of the Consolidated Financial Statements. The Group operates in a complex multinational tax environment and is subject to on-going changes in tax laws. The measurement of income tax positions in a multinational tax environment is complex, judgmental and based on interpretations of tax laws. As discussed in Note 11 to the consolidated financial statements, the Company received two notices of proposed tax adjustments from the U.S. Internal Revenue Service (the "IRS") regarding deemed dividend inclusions and associated withholding tax for fiscal year 2018. The IRS adjustments would result in a cumulative tax liability of approximately $50 million. The Company believes it is more-likely-than-not that they will be able to sustain the tax benefit recognized in the U.S. and appropriately has not recorded a liability for an uncertain tax position related to this matter. Auditing management's analysis of tax positions related to the lack of deemed dividend inclusions and associated withholding tax was challenging as the analysis is highly judgmental due to complex interpretations of tax laws and legal rulings. This tax position must be evaluated, and there may be uncertainties around initial recognition and de-recognition of tax positions, including regulatory changes, litigation and examination activity.	We obtained an understanding, evaluated the design and tested the operating effectiveness of controls over the Company's accounting process for uncertain tax positions. For example, we tested controls over management's identification of uncertain tax positions and its application of the recognition and measurement principles, including management's review of the facts and circumstances and the corresponding tax laws relied upon to conclude that it is currently more-likely-than-not that they will realize the benefit recorded. Our audit procedures included, among others, involving income tax subject matter professionals to assess the technical merits of the Company's tax positions related to the deemed dividend inclusions and associated withholding tax. We assessed the Company's correspondence with the relevant tax authorities and evaluated income tax opinions and other third-party advice obtained by the Company. We analyzed the Company's assumptions and data used to determine the amount of tax benefit to recognize and we tested the accuracy of the calculations performed. We also evaluated the completeness and accuracy of the Company's income tax disclosures included in Note 11 to the consolidated financial statements in relation to these matters.	Our observations included a summary of our audit procedures over income tax related accounts. We also communicated our consideration of the Group's related accounting policies and disclosures in the financial statements.

In the prior year a further key audit matter was identified, being "Auditing the tax positions associated with intercompany transactions that are subject to the more-likely-than-not recognition threshold". This matter was identified as a key audit matter in the prior year as the Group had received notices of proposed tax adjustments from the U.S. Internal Revenue Service regarding the deductibility of interest paid on certain intercompany debt for the fiscal years 2016, 2017, and 2018. The Group believed that its ability to sustain the interest deductions was more-likely-than-not and therefore did not record a liability for an uncertain tax position related to this matter. These notices were closed in the current year and the related key audit matter is therefore no longer relevant.

Our application of materiality

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

Materiality

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

We determined materiality for the Group to be $25 million (2020: $25 million), which is approximately 5% of the Group profit before tax (2020: 5% of Group profit before tax adjusted for non-recurring items). We believe that profit before tax is a key performance indicator for the Group. We therefore considered profit before tax to be the most appropriate performance metric on which to base our materiality calculation as we consider it to be the most relevant performance measure to the main stakeholders of the Group.

Performance materiality

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

On the basis of our risk assessments, together with our assessment of the Group's overall control environment, our judgement was that performance materiality should be set at 75% (2020: 75%) of our planning materiality, namely $18 million (2020: $18 million). We have set performance materiality at this percentage due to the past history of a low number of misstatements, our ability to assess the likelihood of misstatements, both corrected and uncorrected, the effectiveness of the control environment and other factors affecting the entity and its financial reporting.

Audit work at component locations for the purpose of obtaining audit coverage over significant financial statement accounts is undertaken based on a percentage of total performance materiality. The performance materiality set for each component is based on the relative scale and risk of the component to the Group as a whole and our assessment of the risk of misstatement at that component. In the current year, the range of performance materiality allocated to components was $3.6 million to $18 million (2020: $3.6 million to $18 million).

Reporting threshold

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

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of $1.2 million (2020: $1.2 million), which is set at approximately 5% (2020: 5%) of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

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

An overview of the scope of our audit report

Audit scope

We performed an audit of the complete financial information of 5 (2020: 5) full scope components and performed audit procedures on specific balances for a further 12 (2020: 11) components.

The components where we performed either full or specific audit procedures accounted for 76% (2020: 76%) of the Group's profit before tax, 82% (2020: 84%) of the Group's Revenue and 88% (2020: 80%) of the Group's Total Assets.

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

Tailoring the scope

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

In assessing the risk of material misstatement to the Group financial statements, and to ensure we had adequate quantitative coverage of significant accounts in the financial statements, of the 213 (2020: 198) reporting components of the Group, we selected 32 (2020: 19) components covering entities across the United States of America, the United Kingdom, Canada and Finland, which represent the principal business units within the Group.

Of 17 (2020: 16) components selected, we performed an audit of the complete financial information of 5 (2020: 5) components ("full scope components") which were selected based on their size or risk characteristics. For the remaining 12 (2020: 11) components ("specific scope components"), we performed audit procedures on specific accounts within those components that we considered had the potential for the greatest impact on the significant accounts in the financial statements either because of the size of these accounts or their risk profile.

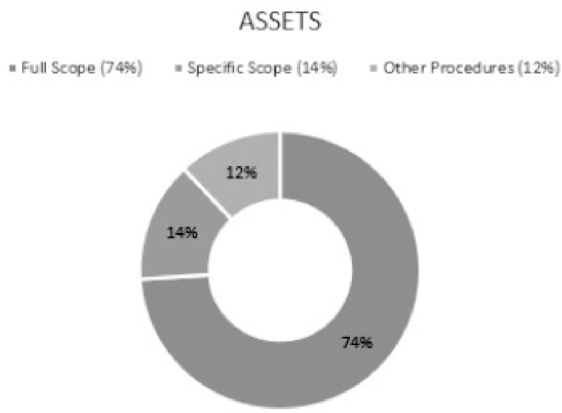
The reporting components where we performed audit procedures accounted for 76% (2020: 76%) of the Group's profit before tax, 82% (2020: 84%) of the Group's revenue and 88% (2020: 80%) of the Group's total assets.

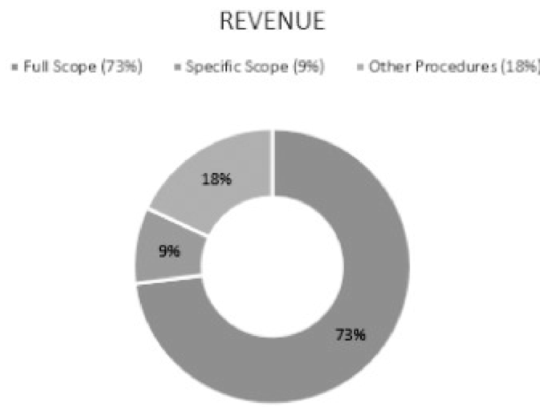
For the current year, the full scope components contributed 62% (2020: 63%) of the Group's profit before tax, 73% (2020: 73%) of the Group's revenue and 74% (2020: 69%) of the Group's total assets. The specific scope components contributed 14% (2020: 13%) of the Group's profit before tax, 9% (2020: 11%) of the Group's revenue and 14% (2020: 11%) of the Group's total assets. The audit scope of these components may not have included testing of all significant accounts of the component but will have contributed to the coverage of significant accounts tested for the Group.

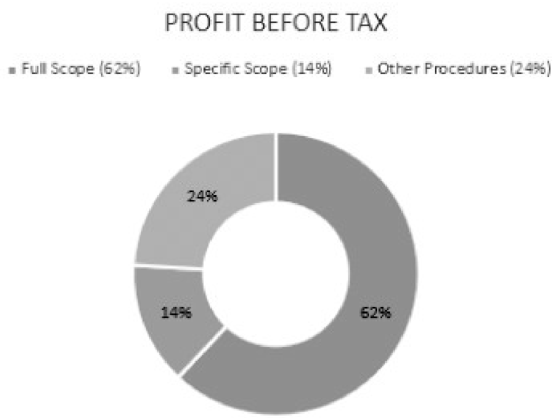
The remaining components together represent 24% (2020: 24%) of the Group's profit before tax, none are individually greater than 5% (2020: 5%) of the Group's profit before tax. Included within the remaining components are 15 (2020: 3) components selected for specified procedures over certain accounts, such as inventory and cash. For these remaining components, we have evaluated the existence and effectiveness of group wide controls at a consolidated level over the preparation of the component financial information, including a number of monitoring and review controls which assess the overall performance of the group. Further to this we performed other procedures at a consolidated level, including gross margin analytical review, testing of consolidation journals, intercompany elimination and foreign currency translation recalculations to respond to potential risks of material misstatement to the group financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF STERIS PLC (continued)

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







Involvement with component teams

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

Other information

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

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

We have nothing to report in this regard.

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

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

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

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

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

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

Matters on which we are required to report by exception

Based on our knowledge and understanding of the Group and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report. The Companies Act 2014 requires us to report to you if, in our opinion, the disclosures of Director's remuneration and transaction required by sections 305 to 312, which relate to disclosures of directors' remuneration and transaction, are not complied with by the Company. We have nothing to report in this regard.

We have nothing to report in respect of section 13 of the European Union (Disclosure of Non-Financial and Diversity Information by certain large undertakings and groups) Regulations 2017 (as amended), which require us to report to you if, in our opinion, the Company has not provided in the non-financial statement the information required by Section 5(2) to (7) of those Regulations, in respect of year ended 31 March 2020.

Respective responsibilities

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement set on page 37 and 38, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor’s responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the IAASA's website at: http://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8fa98202dc9c3a/Description_of_auditors_responsibilities_for_audit.pdf.

This description forms part of our auditor's report.

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

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

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

Dublin
1 June 2021

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

Years ended March 31,	Note	2021	2020 (as adjusted)*
Revenues:			
Product	17	**$ 1,443,540**	$ 1,402,788
Service	17	**1,663,979**	1,628,107
Total revenues	17	**3,107,519**	3,030,895
Cost of revenues:			
Product		**765,076**	750,129
Service		**999,343**	960,770
Total cost of revenues		**1,764,419**	1,710,899
Gross profit		**1,343,100**	1,319,996
Operating expenses:			
Selling, general, and administrative		**729,290**	714,961
Net loss (gain) on divestitures	2	**2,030**	1,770
Research and development		**66,326**	65,546
Restructuring expenses	3	**(2,914)**	673
Total operating expenses		**794,732**	782,950
Income from operations		**548,368**	537,046
Non-operating expenses, net:			
Interest expense		**37,180**	40,279
Interest income and miscellaneous expense		**(6,345)**	(1,987)
Total non-operating expenses, net		**30,835**	38,292
Income before income tax expense		**517,533**	498,754
Income tax expense	11	**120,663**	90,895
Net income		**396,870**	407,859
Less: Net income attributable to noncontrolling interests		**(530)**	200
Net income attributable to shareholders		**$ 397,400**	$ 407,659
Net income per share attributable to ordinary shareholders			
Basic		**$ 4.66**	$ 4.81
Diluted		**$ 4.63**	$ 4.76
Weighted Average number of ordinary shares outstanding			
Basic	12	**85,203**	84,778
Diluted	12	**85,898**	85,641
Cash dividends declared per ordinary share outstanding	12	**$ 1.57**	$ 1.45

*Certain amounts have been adjusted to reflect the change in inventory accounting method, as described in Note 1 to our Consolidated Financial Statements.

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(in thousands)

Years ended March 31,	Note	2021	2020 (as adjusted)*
Net income		**$ 396,870**	$ 407,859
Less: Net income attributable to noncontrolling interests		**(530)**	200
Net income attributable to shareholders		**$ 397,400**	$ 407,659
Other comprehensive (loss) income			
Pension and postretirement benefit plan changes (net of taxes of $667 and $295, respectively)	13	**1,294**	(2,609)
Change in cumulative foreign currency translation adjustment	13	**172,926**	(73,076)
Total other comprehensive income (loss) attributable to shareholders		**174,220**	(75,685)
Comprehensive income attributable to shareholders		**$ 571,620**	$ 331,974

*Certain amounts have been adjusted to reflect the change in inventory accounting method, as described in Note 1 to our Consolidated Financial Statements.

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

CONSOLIDATED BALANCE SHEETS
(in thousands)

March 31,	Note	2021	2020 (as adjusted)
ASSETS			
Fixed Assets			
Intangible Assets - Goodwill	4	**$ 3,026,049**	$ 2,356,085
Intangible Assets - Other, net	4	**898,406**	565,473
Tangible Assets - Property, plant and equipment, net	5	**1,235,400**	1,111,855
Operating lease assets	10	**150,142**	131,837
Financial Assets - Other loans	2	**8,568**	15,156
Current Assets			
Inventory	6	**315,067**	263,544
Debtors	7	**707,342**	665,205
Investments	15	**12,966**	12,131
Cash		**220,531**	319,581
TOTAL ASSETS		**$ 6,574,471**	$ 5,440,867
LIABILITIES			
Shareholders' Equity	12		
Ordinary shares, with $0.001 par value; 500,000 shares authorized; 85,353 and 84,924 ordinary shares issued and outstanding, respectively		**$ 87**	$ 86
Share premium account		**61,513**	34,731
Capital redemption reserve		**483**	483
Share option and other reserves		**2,298,809**	2,273,101
Other reserves	13	**(61,243)**	(235,463)
Profit and loss account		**1,581,341**	1,332,424
Total Shareholders' Equity		**3,880,990**	3,405,362
Noncontrolling interests		**10,478**	12,848
Total Equity		**3,891,468**	3,418,210
Provisions for Liabilities			
Deferred income taxes	11	**236,860**	164,069
Retirement benefit obligations	18	**18,771**	27,000
Other provisions for liabilities	10	**65,661**	59,111
Creditors			
Debt	8	**1,650,540**	1,150,521
Creditors	9	**711,171**	621,956
Total for provision and creditors		**2,683,003**	2,022,657
TOTAL LIABILITIES		**$ 6,574,471**	$ 5,440,867

*Certain amounts have been adjusted to reflect the change in inventory accounting method, as described in Note 1 to our Consolidated Financial Statements.

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

The financial statements were approved by the Audit Committee of the Board of Directors and the Board of Directors on June 1, 2021 and signed on its behalf by;

Mohsen M. Sohi
Chairman of the Board

Walter M Rosebrough, Jr.
Director

CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY

(in thousands, except per share amounts)	Called up share capital		Share premium	Capital redemption reserve	Share option and other reserves	Preferred shares, called up share capital	Other reserves	Profit and loss account	Non-controlling Interest	Total Equity
	Shares	Amount				Amount				
Balance at March 31, 2018 (as previously reported)	84,747	$ 13,095	$1,158,635	$ 274	$ 1,041,034	$ 15	$ 11,685	$ 981,222	$ 11,340	$ 3,217,300
Inventory accounting method change *	—	—	—	—	—		—	11,762	—	11,762
Balance at March 31, 2018 (as adjusted)*	84,747	$ 13,095	$1,158,635	$ 274	$ 1,041,034	$ 15	$ 11,685	$ 992,984	$ 11,340	$ 3,229,062
Comprehensive income:										
Net income (as adjusted)*	—	—	—	—	—	—	—	303,721	1,025	304,746
Other comprehensive loss	—	—	—	—	—	—	(169,493)	—	—	(169,493)
Repurchases of ordinary shares	(763)	(209)	—	209	—	—	—	(81,494)	—	(81,494)
Equity compensation programs and other	533	327	13,014	—	23,601	—	—	—	—	36,942
Retirement of shares resulting from Redomiciliation	(84,514)	(12,988)	(1,171,649)	—	—	(15)	—	—	—	(1,184,652)
Issuance of shares resulting from Redomiciliation	84,514	6,338,536	—	—	(5,153,899)	—	—	—	—	1,184,637
Adoption of Accounting Standards (note 1)	—	—	—	—	—	—	(1,970)	(3,668)	—	(5,638)
Dividends – $1.33 per ordinary share	—	—	—	—	—	—	—	(112,503)	—	(112,503)
Distributions to noncontrolling interest holders	—	—	—	—	—	—	—	—	(255)	(255)
Other changes in noncontrolling interest holders	—	—	—	—	—	—	—	—	(4,122)	(4,122)
Balance at March 31, 2019	84,517	$ 6,338,761	$ —	$ 483	$ (4,089,264)	$ —	$(159,778)	$ 1,099,040	$ 7,988	$ 3,197,230
Comprehensive income:										
Net income (as adjusted)*	—	—	—	—	—	—	—	407,659	200	407,859
Other comprehensive loss	—	—	—	—	—	—	(75,685)	—	—	(75,685)
Repurchases of ordinary shares	(396)	—	—	—	—	—	—	(51,241)	—	(51,241)
Equity compensation programs and other	803	1	34,731	—	23,689	—	—	—	—	58,421
Dividends – $1.45 per ordinary share	—	—	—	—	—	—	—	(123,034)	—	(123,034)
Share Capital Reduction	—	(6,338,676)	—	—	6,338,676	—	—	—	—	—
Distributions to noncontrolling interest holders	—	—	—	—	—	—	—	—	(1,245)	(1,245)
Contributions from noncontrolling interest holders	—	—	—	—	—	—	—	—	6,050	6,050
Other changes in noncontrolling interest holders	—	—	—	—	—	—	—	—	(145)	(145)
Balance at March 31, 2020	84,924	$ 86	$ 34,731	$ 483	$ 2,273,101	$ —	$(235,463)	$ 1,332,424	$ 12,848	$ 3,418,210
Comprehensive income:										
Net income	—	—	—	—	—	—	—	**397,400**	**(530)**	**396,870**
Other comprehensive loss	—	—	—	—	—	—	**174,220**	—	—	**174,220**
Repurchases of ordinary shares	**(127)**	—	—	—	—	—	—	**(14,646)**	—	**(14,646)**
Equity compensation programs and other	**556**	**1**	**26,782**	—	**25,708**	—	—	—	—	**52,491**
Dividends – $1.57 per ordinary share	—	—	—	—	—	—	—	**(133,837)**	—	**(133,837)**
Distributions to noncontrolling interest holders	—	—	—	—	—	—	—	—	**(4,179)**	**(4,179)**
Contributions from noncontrolling interest holders	—	—	—	—	—	—	—	—	**2,258**	**2,258**
Other changes in noncontrolling interest holders	—	—	—	—	—	—	—	—	**81**	**81**
Balance at March 31, 2021	**85,353**	**$ 87**	**$ 61,513**	**$ 483**	**$ 2,298,809**	**$ —**	**$ (61,243)**	**$ 1,581,341**	**$ 10,478**	**$ 3,891,468**

*Certain amounts have been adjusted to reflect the change in inventory accounting method, as described in Note 1 to our Consolidated Financial Statements.

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

CONSOLIDATED STATEMENT OF CASH FLOWS
(in thousands)

Years Ended March 31,	2021	2020 (as adjusted)*
Operating activities:		
Net income	**$ 396,870**	$ 407,859
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, depletion, and amortization	**219,237**	197,235
Deferred income taxes	**4,240**	9,442
Share-based compensation expense	**25,966**	23,811
Loss (gain) on the disposal of property, plant, equipment, and intangibles, net	**(1,982)**	(174)
Loss (gain) on sale of businesses	**2,030**	1,770
Other items	**24,273**	426
Changes in operating assets and liabilities, net of effects of acquisitions:		
Accounts receivable, net	**12,076**	(17,866)
Inventories, net	**3,769**	(39,140)
Other current assets	**458**	3,784
Accounts payable	**(7,213)**	(2,779)
Accruals and other, net	**9,916**	6,191
Net cash provided by operating activities	**689,640**	590,559
Investing activities:		
Purchases of property, plant, equipment, and intangibles, net	**(239,262)**	(214,516)
Proceeds from the sale of property, plant, equipment, and intangibles	**569**	4,156
Proceeds from the sale of businesses	**518**	439
Purchases of investments	**(4,400)**	—
Acquisition of businesses, net of cash acquired	**(909,192)**	(109,814)
Other	**(2,392)**	—
Net cash used in investing activities	**(1,154,159)**	(319,735)
Financing activities:		
Proceeds from Term Loan	**550,000**	—
Payments on long-term obligations	**(35,000)**	—
Payments under credit facilities, net	**(30,461)**	(26,500)
Deferred financing fees and debt issuance costs	**(12,846)**	(1,281)
Acquisition related deferred or contingent consideration	**(2,395)**	(626)
Repurchases of shares	**(14,646)**	(51,241)
Cash dividends paid to common shareholders	**(133,837)**	(123,034)
Contributions from noncontrolling interest holders	**2,258**	6,050
Distributions to noncontrolling interest holders	**(4,179)**	(1,245)
Stock option and other equity transactions, net	**26,726**	34,731
Net cash used in financing activities	**345,620**	(163,146)
Effect of exchange rate changes on cash and cash equivalents	**19,849**	(8,730)
Increase (decrease) in cash and cash equivalents	**(99,050)**	98,948
Cash and cash equivalents at beginning of period	**319,581**	220,633
Cash and cash equivalents at end of period	**$ 220,531**	$ 319,581

*Certain amounts have been adjusted to reflect the change in inventory accounting method, as described in Note 1 to our Consolidated Financial Statements.

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

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

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

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

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

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

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

Reconciliation to amounts reported in our annual report on Form 10-K filed with the United States Securities and Exchange Commission. These Consolidated Financial Statements are prepared using U.S. GAAP to the extent that the use of such principles does not contravene Irish Company Law. The Consolidated Financial Statements included in the annual report on Form 10-K as filed on May 28, 2021 with the United States Securities and Exchange Commission are prepared using U.S. GAAP. The primary differences between these financial statements and the Consolidated Financial Statements included on Form 10-K relate to the presentation format of the income statement and balance sheet and the inclusion of certain additional disclosures. There are no material differences present that would require reconciliation between the two financial statements.

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

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

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

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

Years Ended March 31,	2021	2020
Cash paid during the year for:		
Interest	**$ 36,257**	$ 38,021
Income taxes	**109,646**	92,462
Cash received during the year for income tax refunds	**4,631**	4,378

Revenue Recognition and Associated Liabilities. We adopted Accounting Standards Update ("ASU") 2014-09 “Revenue from Contracts with Customers” and the subsequently issued amendments on April 1, 2018. At the time of adoption, certain of our capital equipment contracts were comprised of a single integrated performance obligation, which resulted in the deferral of the corresponding capital equipment revenue and cost of revenues until installation was complete. Since the adoption of the standard, there have been changes made in our selling philosophy, product architecture, and manufacturing processes with respect to this product line, that impact whether the promises to transfer the individual goods or services to the Customer are separately identifiable from other promises in the contract. After review of these changes, we have concluded that these contracts consist of multiple performance obligations that are capable of being distinct and meet the criteria for revenue to be recognized when the Customer obtains control of the asset, which is upon delivery of each performance obligation. Revenues and costs of revenues related to these contracts totaling $14,609 and $7,560, respectively, that had previously been deferred were recognized in our fiscal 2021 first quarter.

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

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

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

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

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

Certain costs to fulfill a contract are capitalized and amortized over the term of the contract if they are recoverable, directly related to a contract and generate resources that we will use to fulfill the contract in the future. At March 31, 2021, assets related to costs to fulfill a contract were not material to our Consolidated Financial Statements.

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

Product 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 product when control passes to the Customer, which generally occurs either when the products are shipped or when they are received by the Customer. Revenue related to 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 consist of revenue generated from parts and labor associated with the maintenance, repair and installation of capital equipment. These contracts are primarily based on a Customer’s purchase order and may include a Distributor, Dealer, or Group Purchasing Organization ("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 our 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 Applied Sterilization Technologies segment, service revenues include contract sterilization and laboratory services. Sales contracts for contract sterilization and laboratory services are primarily based on a Customer’s purchase order and associated Customer agreement and revenues are generally recognized upon completion of the service.

Payments received from Customers are based on invoices or billing schedules as established in contracts with Customers. Deferred revenue is recorded when payment is received in advance of performance under the contract. Deferred revenue is recognized as revenue upon completion of the performance obligation, which generally occurs within one year. During fiscal 2021, we recognized revenue of $42,618 that was included in our contract liability balance at the beginning of the period. During fiscal 2020, we recognized revenue of $48,602 that was included in our contract liability balance at the beginning of the period.

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

Service Liabilities

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

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

Remaining Performance Obligations

Remaining performance obligations reflect only the performance obligations related to agreements for which we have a firm commitment from a Customer to purchase, and exclude variable consideration related to unsatisfied performance obligations. With regard to products, these remaining performance obligations include capital equipment and consumable orders which have not shipped. With regard to service, these remaining performance obligations primarily include installation, certification, and outsourced reprocessing services. As of March 31, 2021, the transaction price allocated to remaining performance obligations was approximately $1,058,768. We expect to recognize approximately 51% of the transaction price within one year and approximately 40% beyond one year. The remainder has yet to be scheduled for delivery.

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

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

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

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

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

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

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

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

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

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

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

Interest. We capitalize interest costs incurred during the construction of long-lived assets. We capitalized interest costs of $1,998 and $428 for the years ended March 31, 2021 and 2020, respectively. Total interest expense for the years ended March 31, 2021 and 2020 was $37,180 and $40,279, respectively.

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

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

Identifiable Intangible Assets. Our identifiable intangible assets include product technology rights, trademarks, licenses, and Customer and vendor relationships. We record these assets at cost, or when acquired as part of a business acquisition, at estimated fair value. Determining the fair value of identifiable intangible requires management's judgment and often involves the use of significant estimates and assumptions, including assumptions with respect to forecasted revenue growth rates, forecasted profit margins, and customer attrition rates, among other items. We generally amortize identifiable intangible assets over periods ranging from 5 to 20 years using the straight-line method. Our intangible assets also include indefinite lived assets including certain trademarks and tradenames that were acquired in connection with business combinations. These assets are tested at least annually for impairment.

Investments. Investments in marketable securities are stated at fair value and are included in "Investments" on the Consolidated Balance Sheets. Changes in the fair value of these investments are recorded in the "Interest income and miscellaneous expense line" of the Consolidated Profit and Loss Account.

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

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

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

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

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

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

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

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

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

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

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

Advertising Expenses. Costs incurred for communicating, advertising and promoting our products are generally expensed when incurred as a component of Selling, General and Administrative Expense. We incurred $6,795, and $12,652 of advertising costs during the years ended March 31, 2021, and 2020, respectively.

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

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

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

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

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

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

Recently Issued Accounting Standards Impacting the Company

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

Standard	Date of Issuance	Description	Date of Adoption	Effect on the financial statements or other significant matters
Standards that have been adopted in fiscal 2021				
ASU 2016-13, "Measurement of Credit Losses on Financial Instruments"	June 2016	The standard required a financial asset (or group of financial assets) measured at amortized cost to be presented at the net amount expected to be collected. The allowance for credit losses is a valuation account that is deducted from the amortized cost basis of the financial asset(s) to present the net carrying value at the amount expected to be collected on the financial asset. Credit losses relating to available-for-sale debt securities should be recorded through an allowance for credit losses. The standard was effective for annual periods beginning after December 15, 2019.	First Quarter Fiscal 2021	We adopted this standard effective April 1, 2020 with no material impact to our consolidated financial statements.
ASU 2018-13 "Fair Value Measurement (Topic 820) Disclosure Framework-Changes to Disclosure Requirements for Fair Value Measurement”	August 2018	The standard modified the disclosure requirements by adding, removing, and modifying certain required disclosures for fair value measurements for assets and liabilities disclosed within the fair value hierarchy. The standard was effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019.	First Quarter Fiscal 2021	We adopted this standard effective April 1, 2020 with no material impact on our consolidated financial statements as it modifies disclosure requirements only.
ASU 2018-14 "Compensation-Retirement Benefits - Defined Benefit Plans- General Topic (715-20): Disclosure Framework-Changes to the Disclosure Requirements for Defined Benefit Plans"	August 2018	The standard modified the disclosure requirements by adding, removing, and modifying certain required disclosures for employers that sponsor defined benefit pension or other post-retirement benefit plans. The standard also clarified disclosure requirements for defined benefit pension plans relating to the projected benefit obligation and accumulated benefit obligation. The standard was effective for fiscal years ending after December 15, 2019.	First Quarter Fiscal 2021	We adopted this standard effective April 1, 2020 with no material impact on our consolidated financial statements as it modifies disclosure requirements only.

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

Standard	Date of Issuance	Description	Date of Adoption	Effect on the financial statements or other significant matters
Standards that have been adopted in fiscal 2021				
ASU 2018-15 "Intangibles-Goodwill and Other- Internal Use Software (Subtopic 350-40): Customer’s Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement that is a Service Contract"	August 2018	The standard aligned the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software. The standard was effective for fiscal years beginning after December 15, 2019.	First Quarter Fiscal 2021	We adopted this standard on April 1, 2020 using the prospective method. The adoption of this standard did not have a material impact on our consolidated financial statements and disclosures.
ASU 2020-04 "Reference Rate Reform (Topic 848)"	March 2020	The standard provides optional expedients and exceptions for applying generally accepted accounting principles to contracts, hedging relationships, and other transactions affected by reference rate reform if certain criteria are met. The standard is effective for all entities as of March 12, 2020 through December 31, 2022.	Fourth Quarter Fiscal 2021	We adopted the standard effective January 1, 2021. The adoption of this standard did not have a material impact on our consolidated financial statements and disclosures.

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 2019-12 "Income Taxes (Topic 740)"	December 2019	The standard provides final guidance that simplifies the accounting for income taxes by eliminating certain exceptions to the guidance in ASC 740 related to the approach for intra-period tax allocation, the methodology for calculating income taxes in an interim period and the recognition of deferred tax liabilities for outside basis differences. The guidance simplifies accounting for franchise taxes and enacted changes in tax laws or rates and clarifies the accounting for transactions that result in a step-up in the tax basis of goodwill. The standard is effective for fiscal years beginning after December 15, 2020 and early adoption is permitted.	N/A	We are in the process of evaluating the impact that the standard will have on our consolidated financial statements.

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

ASU 2020-06 "Debt—Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging—Contracts in Entity's Own Equity (Subtopic 815-40)"	August 2020	This standard simplifies the accounting for convertible instruments and its application of the derivatives scope exception for contracts in an entity's own equity. The standard reduces the number of accounting models that require separating embedded conversion features from convertible instruments. As a result, only conversion features accounted for under the substantial premium model and those that require bifurcation will be accounted for separately. For contracts in an entity's own equity, the new standard eliminates some of the current requirements for equity classification. The standard also addresses how convertible instruments are accounted for in the diluted earnings per share calculation and requires enhanced disclosures about the terms of convertible instruments and contracts in an entity's own equity. The standard is effective for annual periods beginning after December 15, 2021 and interim periods within that year. Early adoption is permitted for annual periods beginning after December 15, 2020 and interim periods within that year.	N/A	The adoption of the standard may have a material effect on our consolidated financial statements after the acquisition of Cantel Medical Corp.

Change in accounting principle. In the fourth quarter of fiscal 2021, we voluntarily changed our method of inventory costing for certain of our inventories from the last in first out ("LIFO") method to the first in first out ("FIFO") method. We believe that the FIFO method of inventory costing is preferable to the LIFO method because it improves comparability to our peers, more closely resembles the physical flow of our inventory and aligns with how we manage the business. Prior to the change in method, inventories valued on the LIFO cost method were approximately 25% of our total inventories.

The effects of the change in accounting principle from LIFO to FIFO have been retrospectively applied to all periods presented. As a result of the retrospective application of the change in accounting principle, certain financial statement line items in the Company's Consolidated Balance Sheets as of March 31, 2020, and the Consolidated Statements of Income, Comprehensive Income, Cash Flows and Shareholders' Equity for the years ended March 31, 2020 and 2019 were adjusted as necessary. As a result of the accounting change, profit and loss account as of March 31, 2018, was increased by $11,762, which is reflected as a cumulative change in accounting principle in the Consolidated Statements of Shareholders' Equity.

The following table reflects the effect of the change in the accounting principle on the fiscal 2021 Consolidated Financial Statements:

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

For the year ended March 31, 2021	As computed under LIFO	As reported under FIFO	Effect of change
Consolidated Profit and Loss Account			
Cost of revenues:			
Product	$ 767,102	**$ 765,076**	$ (2,026)
Cost of revenues	1,766,445	**1,764,419**	(2,026)
Gross profit	1,341,074	**1,343,100**	2,026
Income from operations	546,342	**548,368**	2,026
Income before income tax expense	515,507	**517,533**	2,026
Income tax (benefit) expense	120,152	**120,663**	511
Net income	395,355	**396,870**	1,515
Net income attributable to shareholders	395,885	**397,400**	1,515
Net income per share attributable to shareholders:			
Basic	$ 4.63	**$ 4.66**	$ 0.03
Diluted	$ 4.60	**$ 4.63**	$ 0.03

For the year ended March 31, 2021	As computed under LIFO	As reported under FIFO	Effect of change
Consolidated Statements of Comprehensive Income			
Net income	$ 395,355	**$ 396,870**	$ 1,515
Net income attributable to shareholders	395,885	**397,400**	1,515
Comprehensive income attributable to shareholders	570,105	**571,620**	1,515

As of March 31, 2021	As computed under LIFO	As reported under FIFO	Effect of change
Consolidated Balance Sheets			
Inventories, net	$ 297,088	**$ 315,067**	$ 17,979
Accrued income taxes	25,528	**27,561**	2,033
Deferred income taxes, net	239,198	**236,860**	(2,338)
Profit and Loss account	1,563,362	**1,581,341**	(17,979)

As of March 31, 2021	As computed under LIFO	As reported under FIFO	Effect of change
Consolidated Statement of Cash Flows			
Net income	$ 395,355	**$ 396,870**	$ 1,515
Changes in operating assets and liabilities, net of effects of acquisitions:			
Inventories, net	21,748	**3,769**	(17,979)
Accruals and other, net	(10,652)	**9,916**	20,568
Deferred income taxes	8,344	**4,240**	(4,104)

The following tables reflect the impact to the financial statement line items that result from the change in accounting principle on the prior periods presented in the accompanying financial statements.

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

Consolidated Profit and Loss Account	Year ended March 31, 2020			Year ended March 31, 2019		
	Previously reported	As adjusted	Adjustments	Previously reported	As adjusted	Adjustments
Cost of revenues:						
Product	$ 750,202	**$ 750,129**	$ (73)	$ 702,295	**$ 702,736**	$ 441
Cost of revenues	1,710,972	**1,710,899**	(73)	1,606,743	**1,607,184**	441
Gross profit	1,319,923	**1,319,996**	73	1,175,427	**1,174,986**	(441)
Income from operations	536,973	**537,046**	73	411,465	**411,024**	(441)
Income before income tax expense	498,681	**498,754**	73	369,470	**369,029**	(441)
Income tax expense (benefit)	90,876	**90,895**	19	64,394	**64,283**	(111)
Net income	407,805	**407,859**	54	305,076	**304,746**	(330)
Net income attributable to shareholders	407,605	**407,659**	54	304,051	**303,721**	(330)
Net income per share attributable to shareholders:						
Basic	$ 4.81	**$ 4.81**	$ —	$ 3.59	**$ 3.59**	$ —
Diluted	$ 4.76	**$ 4.76**	$ —	$ 3.56	**$ 3.55**	$ (0.01)

Consolidated Statements of Comprehensive Income	Year ended March 31, 2020			Year ended March 31, 2019		
	Previously reported	As adjusted	Adjustments	Previously reported	As adjusted	Adjustments
Net income	$ 407,805	**$ 407,859**	$ 54	$ 305,076	**$ 304,746**	$ (330)
Net income attributable to shareholders	407,605	**407,659**	54	304,051	**303,721**	(330)
Comprehensive income attributable to shareholders	331,920	**331,974**	54	134,558	**134,228**	(330)

Consolidated Balance Sheets	Year ended March 31, 2020			Year ended March 31, 2019		
	Previously reported	As adjusted	Adjustments	Previously reported	As adjusted	Adjustments
Inventories, net	$ 248,259	**$ 263,544**	$ 15,285	$ 208,243	**$ 223,455**	$ 15,212
Deferred income taxes, net	160,270	**164,069**	3,799	151,038	**154,818**	3,780
Profit and loss account	1,320,938	**1,332,424**	11,486	1,087,608	**1,099,040**	11,432

Consolidated Statement of Cash Flows	Year ended March 31, 2020			Year ended March 31, 2019		
	Previously reported	As adjusted	Adjustments	Previously reported	As adjusted	Adjustments
Net income	$ 407,805	**$ 407,859**	$ 54	$ 305,076	**$ 304,746**	$ (330)
Changes in operating assets and liabilities, net of effects of acquisitions:						
Deferred income taxes	9,423	**9,442**	19	(6,511)	**(6,622)**	(111)
Inventories, net	(39,067)	**(39,140)**	(73)	(14,617)	**(14,176)**	441

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

Fiscal 2021 Selected Data (Unaudited)

	First Quarter			Second Quarter		
	Previously reported	As adjusted	Adjustments	Previously reported	As adjusted	Adjustments
Cost of revenues:						
Product	$ 156,555	**$ 154,739**	$ (1,816)	$ 175,798	**$ 175,798**	**$** —
Cost of revenues	383,364	**381,548**	(1,816)	426,095	**426,095**	—
Gross profit	285,568	**287,384**	1,816	330,037	**330,037**	—
Income from operations	114,001	**115,817**	1,816	141,263	**141,263**	—
Income before income tax expense	106,798	**108,614**	1,816	133,786	**133,786**	—
Income tax expense (benefit)	18,674	**19,082**	408	27,778	**27,778**	—
Net income	88,124	**89,532**	1,408	106,008	**106,008**	—
Net income attributable to shareholders	88,190	**89,598**	1,408	105,858	**105,858**	—
Net income per share attributable to shareholders:						
Basic	$ 1.04	**$ 1.05**	$ 0.01	$ 1.24	**$ 1.24**	**$** —
Diluted	$ 1.03	**$ 1.05**	$ 0.02	$ 1.23	**$ 1.23**	**$** —

	Third Quarter			Fourth Quarter		
	Previously reported	As adjusted	Adjustments	As reported	As computed under LIFO	Adjustments
Cost of revenues:						
Product	$ 202,881	**$ 202,881**	**$** —	**$ 231,658**	$ 231,868	$ 210
Cost of revenues	463,063	**463,063**	—	**493,713**	493,923	210
Gross profit	345,861	**345,861**	—	**379,818**	379,608	(210)
Income from operations	147,030	**147,030**	—	**144,258**	144,048	(210)
Income before income tax expense	139,430	**139,430**	—	**135,703**	135,493	(210)
Income tax expense (benefit)	24,842	**24,842**	—	**48,961**	48,858	(103)
Net income	114,588	**114,588**	—	**86,742**	86,635	(107)
Net income attributable to shareholders	114,501	**114,501**	—	**87,443**	87,336	(107)
Net income per share attributable to shareholders:						
Basic	$ 1.34	**$ 1.34**	**$** —	**$ 1.02**	$ 1.02	$ —
Diluted	$ 1.33	**$ 1.33**	**$** —	**$ 1.02**	$ 1.01	$ 0.01

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

Fiscal 2020 Selected Data (Unaudited)	**First Quarter**			**Second Quarter**		
	Previously reported	**As adjusted**	**Adjustments**	**Previously reported**	**As adjusted**	**Adjustments**
Cost of revenues:						
Product	$ 160,959	$ 159,912	$ (1,047)	$ 183,600	$ 183,600	$ —
Cost of revenues	390,960	389,913	(1,047)	418,173	418,173	—
Gross profit	305,843	306,890	1,047	318,667	318,667	—
Income from operations	110,088	111,135	1,047	126,733	126,733	—
Income before income tax expense	99,410	100,457	1,047	117,307	117,307	—
Income tax expense (benefit)	14,633	14,899	266	22,165	22,165	—
Net income	84,777	85,558	781	95,142	95,142	—
Net income attributable to shareholders	84,590	85,371	781	94,769	94,769	—
Net income per share attributable to shareholders:						
Basic	$ 1.00	$ 1.01	$ 0.01	$ 1.12	$ 1.12	$ —
Diluted	$ 0.99	$ 1.00	$ 0.01	$ 1.11	$ 1.11	$ —

	Third Quarter			**Fourth Quarter**		
	As reported	**As adjusted**	**Adjustments**	**As reported**	**As adjusted**	**Adjustments**
Cost of revenues:						
Product	$ 195,105	$ 195,105	$ —	$ 210,539	$ 211,513	$ 974
Cost of revenues	442,908	442,908	—	458,931	459,905	974
Gross profit	331,353	331,353	—	364,060	363,086	(974)
Income from operations	142,387	142,387	—	157,765	156,791	(974)
Income before income tax expense	133,952	133,952	—	148,012	147,038	(974)
Income tax expense (benefit)	29,285	29,285	—	24,793	24,546	(247)
Net income	104,667	104,667	—	123,219	122,492	(727)
Net income attributable to shareholders	104,930	104,930	—	123,316	122,589	(727)
Net income per share attributable to shareholders:						
Basic	$ 1.24	$ 1.24	$ —	$ 1.45	$ 1.44	$ (0.01)
Diluted	$ 1.23	$ 1.23	$ —	$ 1.44	$ 1.43	$ (0.01)

2. BUSINESS ACQUISITIONS AND DIVESTITURES

Fiscal 2021 Acquisitions

On November 18, 2020, we acquired all of the outstanding units and equity of Key Surgical, LLC ("Key Surgical") with registered offices at CT Corporation, Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware 19801, United States. Key Surgical is a global provider of sterile processing, operating room and endoscopy consumable products serving hospitals and surgical facilities. Key Surgical is located Key Surgical is being integrated into our Healthcare segment. The total purchase price of the acquisition was $853,203, net of cash acquired and remains subject to customary working capital adjustments. The acquisition has been accounted for under the acquisition method of accounting. The purchase price for the acquisition was financed with a combination of cash on hand, credit facility borrowings and proceeds from the issuance of new long-term obligations. Please refer to Note 8 titled, "Debt" for more information.

On January 4, 2021, we purchased the remaining outstanding shares of an equity investment that we made in fiscal 2019. Total consideration was approximately $78,045, net of cash acquired and subject to any working capital adjustments. Total non-cash consideration for this transaction was $41,771, which consisted of the settlement of outstanding principal and interest on a loan receivable, the initial equity investment, and receivables related to capital equipment purchases that existed at the acquisition date. The business is being integrated into our Applied Sterilization Technologies business segment and we funded the transaction through a combination of cash on hand and credit facility borrowings.

We also completed two other tuck-in acquisitions during fiscal 2021, which continued to expand our product and service offerings in the Healthcare segment. Total aggregate consideration for these transactions was approximately $20,909, net of cash acquired and including deferred consideration of $1,194.

Purchase price allocations will be finalized within a measurement period not to exceed one year from closing.

Fiscal 2020 Acquisitions

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

Fair Value of Assets Acquired and Liabilities Assumed

The table below summarizes the allocation of the purchase price to the net assets acquired based on fair values at the acquisition dates for our fiscal 2021 and 2020 acquisitions.

	Fiscal Year 2021 [1]		**Fiscal Year 2020**
(dollars in thousands)	Key Surgical	Other Acquisitions	All Acquisitions
Cash	**$ 12,615**	**$ 9,159**	$ 8,811
Accounts receivable	**13,967**	**9,621**	10,331
Inventory	**21,414**	**22,123**	8,999
Property, plant and equipment	**6,030**	**26,363**	9,241
Lease right-of-use assets, net	**4,907**	**4,420**	4,462
Other assets	**6,680**	**3,378**	1,133
Intangible assets [2]	**356,999**	**28,188**	36,500
Goodwill [3]	**527,675**	**42,808**	74,531
Total Assets	**950,287**	**146,060**	154,008
Current liabilities	**(21,599)**	**(28,245)**	(20,659)
Non-current liabilities	**(62,870)**	**(9,704)**	(4,000)
Total Liabilities	**(84,469)**	**(37,949)**	(24,659)
Net Assets	**$ 865,818**	**$ 108,111**	$ 129,349

[1] Purchase price allocation is still preliminary as of March 31, 2021, as valuations have not been finalized, pending further analyses of the significant drivers of fair value.

(2) Includes $315,575, related to the fair value of the customer relationships intangible asset, obtained in the acquisition of Key Surgical. The estimation of fair value was determined under an income approach using discounted cash flows. The estimate requires assumptions including forecasted revenue growth rates, forecasted profit margins, and Customer attrition rates.
(3) Goodwill is the excess of the consideration transferred over the net assets recognized and represents the expected revenue and cost synergies of the combined company and assembled workforce. The deductible portion of goodwill for tax purposes recognized as a result of the fiscal 2021 acquisitions is $180,005.

Acquisition related transaction and integration costs totaled $35,634, and $8,225 for the fiscal years ended March 31, 2021 and 2020, respectively. The fiscal 2021 total includes $18,072 of costs related to the pending acquisition of Cantel Medical Corp. For more information see Note 24 titled, "Pending Acquisition of Cantel Medical Corp.". These costs are included in Selling, general, and administrative expenses in the Consolidated Statements of Income.

Divestitures

Fiscal 2021

During fiscal 2021, we sold an Applied Sterilization Technologies laboratory that was located in the Netherlands. We recorded proceeds of $518, net of cash divested, and recognized a pre-tax loss on the sale of $2,024 in the selling, general and administrative expense line of the Consolidated Statements of Income. The business generated annual revenues of approximately $6,000.

Fiscal 2020

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

Loans Receivable

In connection with an equity investment of $4,955, we agreed to provide a credit facility of up to approximately $11,606 for a term of up to seven years ending in 2025. The loan carried an interest rate of 4% compounded daily and interest was payable annually. Outstanding borrowings under the agreement totaled $7,084 at March 31, 2020. During fiscal 2021, we purchased the remaining shares of the equity investment. In addition to the purchase price, the acquisition agreement included the capitalization of the outstanding principal and accumulated interest under this credit facility in the amount of $11,708.

In connection with the fiscal 2017 divestiture of Synergy Health Netherlands Linen Management Services, we entered into a loan agreement to provide financing of up to €15,000 for a term of up to 15 years. The loan carried an interest rate of 4% for the first four years and 12% thereafter. The loan was renegotiated during the third quarter of fiscal 2020. According to the new terms of the loan agreement, the outstanding balance at October 31, 2019, of €7,300, will be repaid in six equal annual installments beginning on October 18, 2022. The loan carries an interest rate of 4% for the first four years and 8% thereafter. Outstanding principal borrowings under the agreement totaled $8,568 (or €7,300) at March 31, 2021 and $8,072 (or €7,300) at March 31, 2020.

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

3. RESTRUCTURING

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

Since inception of the Fiscal 2019 Restructuring Plan we have incurred pre-tax expenses totaling $40,822 related to these restructuring actions, of which $28,746 was recorded as restructuring expenses and $12,076 was recorded in cost of revenues, with a total of $33,862, $4,491 and $668 related to the Healthcare, Applied Sterilization Technologies and Life Sciences segments, respectively. Corporate related restructuring charges were $1,801. Additional restructuring expenses related to this plan are not expected to be material to our results of operations.

The following table summarizes our total pre-tax restructuring expenses for fiscal 2021 and 2020:

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

Fiscal 2019 Restructuring Plan	Year Ended March 31, 2021	Year Ended March 31, 2020
Severance and other compensation related (credits) costs	**$ (298)**	$ 1,554
(Gain) on disposal of asset	**(3,779)**	(1,164)
Lease termination costs and other	**1,163**	283
Product rationalization [1]	**(115)**	2,470
Total restructuring expenses (credit)	**$ (3,029)**	$ 3,143

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

Liabilities related to restructuring activities are recorded as current liabilities on 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. The remaining liability balances at March 31, 2021 were not material.

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

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

4. GOODWILL AND INTANGIBLE ASSETS

Changes to the carrying amount of goodwill for the years ended March 31, 2021 and 2020 were as follows:

	Healthcare Segment	Applied Sterilization Technologies Segment	Life Sciences Segment	Total
Balance at March 31, 2019	772,194	1,402,939	147,795	2,322,928
Goodwill acquired or allocated	66,586	7,945	—	74,531
Divestitures	(199)	—	—	(199)
Foreign currency translation adjustments and other	(11,315)	(30,622)	762	(41,175)
Balance at March 31, 2020	$ 827,266	$ 1,380,262	$ 148,557	$ 2,356,085
Goodwill acquired or allocated	**536,713**	**33,770**	**—**	**570,483**
Foreign currency translation adjustments and other	**20,784**	**78,207**	**490**	**99,481**
Balance at March 31, 2021	**$ 1,384,763**	**$ 1,492,239**	**$ 149,047**	**$ 3,026,049**

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

We evaluate the recoverability of recorded goodwill amounts annually during the third fiscal quarter, or when evidence of potential impairment exists. As a result of our annual impairment review of goodwill for fiscal years 2021 and 2020 no indicators of impairment were identified.

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

Information regarding our intangible assets is as follows:

	2021		2020	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Customer relationships	**$ 968,040**	**$ 291,802**	$ 614,162	$ 227,581
Non-compete agreements	**5,401**	**4,169**	4,646	4,012
Patents and technology	**318,424**	**171,952**	259,101	145,457
Trademarks and tradenames	**78,058**	**42,867**	62,543	39,942
Supplier relationships	**54,800**	**15,527**	54,800	12,787
Total	**$ 1,424,723**	**$ 526,317**	$ 995,252	$ 429,779

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

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

	Customer Relationships	Non-compete Agreements	Patents and Technology	Trademarks and Tradenames	Supplier Relationships	Total
March 31, 2019						
Cost	623,774	4,693	226,520	63,570	54,800	973,357
Accumulated amortization	189,752	3,945	126,149	38,850	10,047	368,743
Net book value	$ 434,022	$ 748	$ 100,371	$ 24,720	$ 44,753	$ 604,614
Additions and acquisitions	**$ 11,376**	**$ —**	**$ 29,659**	**$ 1,689**	**$ —**	**$ 42,724**
Amortization expense	**(54,594)**	**(80)**	**(13,576)**	**(3,538)**	**(2,740)**	**(74,528)**
Retirements and disposals	**(458)**	**—**	**—**	**—**	**—**	**(458)**
Translation and other	**(3,765)**	**(34)**	**(2,810)**	**(270)**	**—**	**(6,879)**
March 31, 2020						
Cost	**614,162**	**4,646**	**259,101**	**62,543**	**54,800**	**995,252**
Accumulated amortization	**227,581**	**4,012**	**145,457**	**39,942**	**12,787**	**429,779**
Net book value	**$ 386,581**	**$ 634**	**$ 113,644**	**$ 22,601**	**$ 42,013**	**$ 565,473**
Additions and acquisitions	**$ 332,105**	**$ 745**	**$ 50,477**	**$ 14,861**	**$ —**	**$ 398,188**
Amortization expense	**(57,851)**	**(164)**	**(20,709)**	**(5,048)**	**(2,740)**	**(86,512)**
Retirements and disposals	**(1,893)**	**—**	**(124)**	**—**	**—**	**(2,017)**
Translation and other	**17,296**	**17**	**3,184**	**2,777**	**—**	**23,274**
March 31, 2021						
Cost	**968,040**	**5,401**	**318,424**	**78,058**	**54,800**	**1,424,723**
Accumulated amortization	**291,802**	**4,169**	**171,952**	**42,867**	**15,527**	**526,317**
Net book value	**$ 676,238**	**$ 1,232**	**$ 146,472**	**$ 35,191**	**$ 39,273**	**$ 898,406**

Certain trademarks and tradenames obtained as a result of business combinations are indefinite-lived assets. The approximate carrying value of these assets at March 31, 2021 and March 31, 2020 was $14,250 and $14,250, respectively. We evaluate our indefinite-lived intangible assets annually during the third quarter, or when evidence of potential impairment exists. No impairment was recognized for fiscal year 2021 or 2020.

Total amortization expense for intangible assets was $86,512 and $74,528 for the years ended March 31, 2021 and 2020, respectively. Based upon the current amount of intangible assets subject to amortization, the amortization expense for each of the five succeeding fiscal years is estimated to be as follows:

	2022	2023	2024	2025	2025
Estimated amortization expense	$ 95,231	$ 89,023	$ 82,842	$ 78,141	$ 69,442

The estimated annual amortization expense presented in the preceding table has been calculated based upon March 31, 2021 currency exchange rates.

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

5. PROPERTY, PLANT, AND EQUIPMENT, NET

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

March 31,	2021	2020
Land and land improvements [1]	**$ 69,477**	$ 65,994
Buildings and leasehold improvements	**567,132**	531,267
Machinery and equipment	**779,044**	682,488
Information systems	**193,222**	181,112
Radioisotope	**565,681**	508,593
Construction in progress [1]	**211,381**	159,731
Total property, plant, and equipment	**2,385,937**	2,129,185
Less: accumulated depreciation and depletion	**(1,150,537)**	(1,017,330)
Property, plant, and equipment, net	**$ 1,235,400**	$ 1,111,855

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

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

	Land and Land Improvements	Building and Leasehold Improvements	Machinery and Equipment	Information Systems	Radioisotope	Construction in Progress	Total
March 31, 2019							
Cost	63,522	480,359	656,956	169,711	483,080	133,689	1,987,317
Accumulated depreciation	7,348	174,771	381,129	124,250	268,237		955,735
Net book value	$ 56,174	$ 305,588	$ 275,827	$ 45,461	$ 214,843	$ 133,689	$ 1,031,582
Capital expenditures and transfers	**3,767**	**60,980**	**71,695**	**13,084**	**36,991**	**27,999**	**214,516**
Acquisitions	**—**	**3,589**	**4,856**	**—**	**—**	**796**	**9,241**
Depreciation expense	**(870)**	**(22,773)**	**(49,824)**	**(13,396)**	**(35,844)**	**—**	**(122,707)**
Retirements and disposals	**—**	**(3,576)**	**(4,402)**	**(165)**	**—**	**(167)**	**(8,310)**
Translation and other	**(991)**	**(4,382)**	**(6,332)**	**(42)**	**1,866**	**(2,586)**	**(12,467)**
March 31, 2020							
Cost	**65,994**	**531,267**	**682,488**	**181,112**	**508,593**	**159,731**	**2,129,185**
Accumulated depreciation	**7,914**	**191,841**	**390,668**	**136,170**	**290,737**	**—**	**1,017,330**
Net book value	**$ 58,080**	**$ 339,426**	**$ 291,820**	**$ 44,942**	**$ 217,856**	**$ 159,731**	**$ 1,111,855**
Capital expenditures and transfers	**1,097**	**31,234**	**88,329**	**10,451**	**41,024**	**67,127**	**239,262**
Acquisitions	**700**	**4,921**	**8,812**	**730**	**—**	**17,231**	**32,394**
Depreciation expense	**(627)**	**(27,675)**	**(53,124)**	**(14,459)**	**(36,840)**	**—**	**(132,725)**
Retirements and disposals	**(152)**	**(4,032)**	**(3,604)**	**(280)**	**—**	**—**	**(8,068)**
Translation, elimination and other	**1,796**	**5,220**	**3,057**	**2,241**	**13,076**	**(32,708)**	**(7,318)**
March 31, 2021							
Cost	**69,477**	**567,132**	**779,044**	**193,222**	**565,681**	**211,381**	**2,385,937**
Accumulated depreciation	**8,583**	**218,038**	**443,754**	**149,597**	**330,565**	**—**	**1,150,537**
Net book value	**$ 60,894**	**$ 349,094**	**$ 335,290**	**$ 43,625**	**$ 235,116**	**$ 211,381**	**$ 1,235,400**

As of March 31, 2021, we also had commitments of $171,042 for long term construction contracts.

Depreciation and depletion expense were $132,725 and $122,707, for the years ended March 31, 2021 and 2020, respectively.

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

Asset Retirement Obligations

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

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

	Asset Retirement Obligations
Balance at March 31, 2019	$ 12,386
Liabilities incurred during the period	94
Accretion expense and change in estimate	453
Foreign currency and other	(251)
Balance at March 31, 2020	$ 12,514
Liabilities incurred during the period	**859**
Liabilities settled during the period	**(251)**
Accretion expense and change in estimate	**137**
Foreign currency and other	**71**
Balance at March 31, 2021	**$ 13,330**

6. INVENTORY

Inventory consisted of the following:

March 31,	2021	2020
		(as adjusted)
Raw materials	**$ 103,939**	$ 94,321
Work in process	**54,283**	35,643
Finished goods	**176,623**	149,729
Reserve for excess and obsolete inventory	**(19,778)**	(16,149)
Inventories, net	**$ 315,067**	$ 263,544

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

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

7. DEBTORS

Debtors consisted of the following:

March 31,		2021		2020
Debtors				
Amounts falling due within one year:				
Accounts receivable, net	**$**	**609,406**	$	586,481
Prepaid expenses and other		**66,750**		54,430
		676,156		640,911
Amounts falling due after one year:				
Other debtors		**31,186**		24,294
Total Debtors	**$**	**707,342**	$	665,205

8. DEBT

Indebtedness as of March 31, 2021 and 2020 was as follows:

		2021		2020
Revolving Credit Agreement	**$**	**247,423**	$	275,449
Private Placement		**860,308**		878,409
New Term Loan		**550,000**		—
Deferred Financing Fees		**(7,191)**		(3,337)
Total long term debt	**$**	**1,650,540**	$	1,150,521

On March 19, 2021, STERIS plc ("the Company"), STERIS Corporation, STERIS Limited (“Limited”), and STERIS Irish FinCo Unlimited Company ("FinCo", "STERIS Irish 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 $1,250,000 revolving credit facility (the “Revolver”), which replaced a prior revolving credit agreement.

The Revolver provides for revolving credit borrowings, swing line borrowings and letters of credit, with sublimits for swing line borrowings and letters of credit. The Revolver may be increased in specified circumstances by up to $625,000 in the discretion of the lenders. The Revolver matures on the date that is five years after March 19, 2021, and all unpaid borrowings, together with accrued and unpaid interest thereon, are repayable on that date. The Revolver bears interest from time to time, at either the Base Rate or the Eurocurrency 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 Credit Agreement. Base Rate Advances are payable quarterly in arrears and Eurocurrency Rate Advances are payable at the end of the relevant interest period therefor, but in no event less frequently than every three months. 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. Advances may be extended in U.S. Dollars or in specified alternative currencies.

On March 19, 2021, the Company, STERIS Corporation, Limited, and FinCo, each as a borrower and guarantor, entered into a term loan agreement with various financial institutions as lenders, and JPMorgan Chase Bank, N.A., as Administrative agent (the “Term Loan Agreement”) providing for a $550,000 term loan facility (the “Term Loan”), which replaced an existing term loan agreement, dated as of November 18, 2020 (the “Existing Term Loan Agreement”). The proceeds of the Term Loan were used to refinance the Existing Term Loan Agreement.

The Term Loan matures on the date that is five years after March 19, 2021 (the “Term Loan Closing Date”). No principal payments are due on the Term Loan for the period beginning from the first full fiscal quarter ended after the Term Loan Closing Date to and including the fourth full fiscal quarter ended after the Term Loan Closing Date. For the period beginning from the fifth full fiscal quarter ended after the Term Loan Closing Date to and including the twelfth full fiscal quarter ended after the Term Loan Closing Date, quarterly principal payments, each in the amount of 1.25% of the original principal amount of the

Term Loan, are due on the last business day of each fiscal quarter. For the period beginning from the thirteenth full fiscal quarter ended after the Term Loan Closing Date through the maturity of the loan, quarterly principal payments, each in the amount of 1.875% of the original principal amount of the Term Loan, are due on the last business day of each fiscal quarter. The remaining unpaid principal is due and payable on the maturity date.

The Term Loan bears interest from time to time, at either the Base Rate or the Eurocurrency Rate, as defined in and calculated under and as in effect from time to time under the Term Loan Agreement, plus the Applicable Margin, as defined in the Term Loan Agreement. The Applicable Margin is determined based on the Debt Rating of the Company, as defined in the Term Loan Agreement. Base Rate Advances are payable quarterly in arrears and Eurocurrency Rate Advances are payable at the end of the relevant interest period therefor, but in no event less frequently than every three months.

Also on March 19, 2021, the Company, STERIS Corporation, Limited, and FinCo, each as a borrower and guarantor, entered into a delayed draw term loan agreement with various financial institutions as lenders, and JPMorgan Chase Bank, N.A., as administrative agent (the “Delayed Draw Term Loan Agreement”) providing for a delayed draw term loan facility of up to $750,000 (the “Delayed Draw Term Loan”) in connection with STERIS’s proposed acquisition of Cantel Medical Corp. (“Cantel”). The Delayed Draw Term Loan will be funded by the lenders upon the satisfaction of certain conditions, including the concurrent consummation of the acquisition (the “Acquisition Closing Date”). The proceeds of the Delayed Draw Term Loan are expected to be used, together with the proceeds from other new indebtedness, to fund the cash consideration for the acquisition, as well as for various other items.

The Delayed Draw Term Loan matures on the date that is five years after the Acquisition Closing Date. No principal payments are due on the Delayed Draw Term Loan for the period beginning from the first full fiscal quarter ended after the Acquisition Closing Date to and including the fourth full fiscal quarter ended after the Acquisition Closing Date. For the period beginning from the fifth full fiscal quarter ended after the Acquisition Closing Date to and including the twelfth full fiscal quarter ended after the Acquisition Closing Date, quarterly principal payments, each in the amount of 1.25% of the original principal amount of the Delayed Draw Term Loan, are due on the last business day of each fiscal quarter. For the period beginning from the thirteenth full fiscal quarter ended after the Acquisition Closing Date through the maturity of the loan, quarterly principal payments, each in the amount of 1.875% of the original principal amount of the Delayed Draw Term Loan, are due on the last business day of each fiscal quarter. The remaining unpaid principal is due and payable on the maturity date.

The Delayed Draw Term Loan bears interest from time to time, at either the Base Rate or the Eurocurrency Rate, as defined in and calculated under and as in effect from time to time under the Delayed Draw Term Loan Agreement, plus the Applicable Margin, as defined in the Delayed Draw Term Loan Agreement. The Applicable Margin is determined based on the Debt Rating of STERIS, as defined in the Delayed Draw Term Loan Agreement. Interest on borrowings made at the Base Rate (“Base Rate Advances”) is payable quarterly in arrears and interest on borrowings made at the Eurocurrency Rate (“Eurocurrency Rate Advances”) is payable at the end of the relevant interest period therefor, but in no event less frequently than every three months. There is no premium or penalty for prepayment of Base Rate Advances, but prepayments of Eurocurrency Rate Advances are subject to a breakage fee.

As of March 31, 2021 a total of $247,423 of Credit Agreement and Swing Line Facility borrowings were outstanding under the Credit Agreement, based on currency exchange rates as of March 31, 2021.

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

Our outstanding Private Placement Senior Notes at March 31, 2021 and 2020 were as follows:

	Applicable Note Purchase Agreement	Maturity Date	U.S. Dollar Value at March 31, 2021	U.S. Dollar Value at March 31, 2020
$35,000 Senior notes at 6.43%	2008 Private Placement	August 2020	**—**	35,000
$91,000 Senior notes at 3.20%	2012 Private Placement	December 2022	**91,000**	91,000
$80,000 Senior notes at 3.35%	2012 Private Placement	December 2024	**80,000**	80,000
$25,000 Senior notes at 3.55%	2012 Private Placement	December 2027	**25,000**	25,000
$125,000 Senior notes at 3.45%	2015 Private Placement	May 2025	**125,000**	125,000
$125,000 Senior notes at 3.55%	2015 Private Placement	May 2027	**125,000**	125,000
$100,000 Senior notes at 3.70%	2015 Private Placement	May 2030	**100,000**	100,000
$50,000 Senior notes at 3.93%	2017 Private Placement	February 2027	**50,000**	50,000
€60,000 Senior notes at 1.86%	2017 Private Placement	February 2027	**70,426**	66,342
$45,000 Senior notes at 4.03%	2017 Private Placement	February 2029	**45,000**	45,000
€20,000 Senior notes at 2.04%	2017 Private Placement	February 2029	**23,475**	22,114
£45,000 Senior notes at 3.04%	2017 Private Placement	February 2029	**61,863**	55,767
€19,000 Senior notes at 2.30%	2017 Private Placement	February 2032	**22,302**	21,008
£30,000 Senior notes at 3.17%	2017 Private Placement	February 2032	**41,242**	37,178
Total Senior Notes			**$ 860,308**	$ 878,409

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

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

In December 2012, and in February 2013 STERIS Corporation issued and sold $200,000 of senior notes, in a private placement to certain institutional investors in offerings that were exempt from the registration requirements of the Securities Act of 1933. The agreement governing the notes contains leverage and interest coverage covenants.

All of the note agreements for the senior notes were amended in March 2019, in connection with the Redomiciliation. The amendments waived certain repurchase rights for of the note holders and increased the size of certain baskets to more closely align with other than current credit agreement baskets.

On March 19, 2021, STERIS Corporation as issuer, and the Company, Limited and FinCo, as guarantors, entered into (1) a First Amendment to Amended and Restated Note Purchase Agreement dated March 5, 2019 (which had amended and restated certain note purchase agreements originally dated December 4, 2012) per the 2012 and 2013 senior notes (the “2012 Amendment”), and (2) a First Amendment to Amended and Restated Note Purchase Agreement dated March 5, 2019 (which had amended and restated certain note purchase agreements originally dated March 31, 2015) for the 2015 senior notes (the “2015 Amendment”). Also on March 19, 2021, Limited, as Issuer, and the Company, STERIS Corporation and FinCo, as guarantors, entered into a First Amendment to Amended and Restated Note Purchase Agreement dated March 5, 2019 (which had amended and restated a certain note purchase agreement originally dated January 23, 2017) for the 2017 senior notes (together with the 2012 Amendment and the 2015 Amendment, the “NPA Amendments”). The NPA Amendments provide for, among other things, the netting of cash proceeds received from qualifying capital markets events under certain circumstances for purposes of calculating the leverage ratio financial covenant.

At March 31, 2021, we were in compliance with all financial covenants associated with our indebtedness.

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

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

2022	$ —
2023	118,500
2024	27,500
2025	121,250
2026 and thereafter	1,390,481
Total	$ 1,657,731

On April 1, 2021, STERIS Irish FinCo Unlimited Company ("FinCo", "STERIS Irish FinCo", the "Issuer") completed an offering of $1,350,000 in aggregate principal amount, of its senior notes in two separate tranches: (i) $675,000 aggregate principal amount of the Issuer's 2.70% Senior Notes due 2031 (the "2031 Notes") and (ii) $675,000 aggregate principal amount of the Issuer's 3.750% Senior Notes due 2051 (the "2051 Notes" and, together with the 2031 Notes, the "Senior Public Notes"). The Senior Public Notes were issued pursuant to an Indenture, dated as of April 1, 2021 (the "Base Indenture"), among FinCo, the Company, STERIS Corporation and Limited (the "Guarantors") and U.S. Bank National Association, as trustee (the "Trustee"), as supplemented by the First Supplemental Indenture, dated as of April 1, 2021, among FinCo, the Guarantors and the Trustee (the "Supplemental Indenture" and, together with the Base Indenture, the "Indenture"). Each of the Guarantors guaranteed the Senior Public Notes jointly and severally on a senior unsecured basis (the "Guarantees"). The 2031 Notes will mature on March 15, 2031 and the 2051 Notes will mature on March 15, 2051. The Senior Public Notes will bear interest at the rates set forth above. Interest on the Senior Public Notes is payable on March 15 and September 15 of each year, beginning on September 15, 2021 until their respective maturities.

Interest expense for fiscal 2021 and fiscal 2020 consisted of the following:

March 31,	2021	2020
Bank debt	**$ 8,225**	$ 8,838
Non-bank debt	**28,955**	31,441
	$ 37,180	$ 40,279

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

9. CREDITORS

Creditors consisted of the following:

March 31,	2021	2020
Creditors		
Amounts falling due within one year:		
Accounts payable	**$ 156,950**	$ 149,341
Compensation and related items	**47,157**	42,205
Accrued vacation/paid time off	**12,389**	9,917
Accrued bonuses	**62,530**	53,041
Accrued employee commissions	**24,022**	19,298
Accrued income taxes	**27,561**	14,013
Accrued other taxes	**19,183**	12,685
Deferred revenues	**62,492**	53,299
Service liabilities	**46,720**	47,505
Accrued dealer commissions	**27,348**	15,827
Lease obligations	**22,774**	19,809
Other	**46,120**	46,409
	555,246	483,349
Amounts falling due after one year:		
Accrued income taxes	**$ 13,242**	$ 11,959
Lease obligations	**129,673**	114,114
Other long term liabilities	**13,010**	12,534
	155,925	138,607
Total Creditors	**$ 711,171**	$ 621,956

10. OTHER PROVISIONS AND COMMITMENTS AND CONTINGENCIES

Other provisions are presented in the following table:

Description	March 31, 2021	March 31, 2020
Asset retirement obligation (Note 5)	**$ 13,330**	$ 12,514
Contingent consideration liabilities (Note 15)	**19,642**	15,988
Warranty obligations (Note 19)	**9,406**	7,381
Self-insured risk reserves (see below)	**23,283**	23,228
Total	**$ 65,661**	$ 59,111

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

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

	Self- Insured Risk Reserves
Balance at March 31, 2019	$ 19,742
Utilization	(5,521)
Charges to costs and expenses	9,007
Balance at March 31, 2020	$ 23,228
Utilization	**(8,037)**
Charges to costs and expenses	**8,092**
Balance at March 31, 2021	**$ 23,283**

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

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

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

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

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

As of March 31, 2021 and 2020, our commercial commitments totaled $79,122 and $80,230, respectively. Commercial commitments include standby letters of credit, letters of credit required as security under our self-insured risk retention policies, and other potential cash outflows resulting from an event that requires payment by us. Approximately $11,807 and $12,474 of the March 31, 2021 and 2020 totals, respectively, relate to letters of credit required as security under our self-insured risk retention policies.

As of March 31, 2021, we had minimum purchase commitments with suppliers for raw material purchases totaling $39,714. As of March 31, 2021, we also had commitments of $171,042 for long term construction contracts.

Leases

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

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

We determine if an agreement contains a lease and classify our leases as operating or finance at the lease commencement date. Finance leases are generally those leases for which we will pay substantially all the underlying asset's fair value or will use the asset for all or a major part of its economic life, including circumstances in which we will ultimately own the asset. Lease assets arising from finance leases are included in property, plant and equipment, net and the liabilities are included in other liabilities. For finance leases, we recognize interest expense using the effective interest method and we recognize amortization expense on the lease asset over the shorter of the lease term or the useful life of the asset. Our finance leases are not material as of March 31, 2021 and for the twelve month period then ended.

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

The components of operating lease expense are as follows:

	Year Ended March 31, 2021	Year Ended March 31, 2020
Fixed operating lease expense	**$ 31,087**	$ 28,252
Variable operating lease expense	**9,326**	5,449
Total operating lease expense	**$ 40,413**	$ 33,701

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

	Year Ended March 31, 2021	Year Ended March 31, 2020
Cash paid for amounts included in the measurement of operating lease liabilities	**$ 29,808**	$ 27,613
Right-of-use assets obtained in exchange for operating lease obligations, net	**$ 30,574**	$ 44,636

Maturities of lease liabilities at March 31, 2021 are as follows:

	March 31, 2021
2022	**$ 28,675**
2023	**24,593**
2024	**19,160**
2025	**16,052**
2026 and thereafter	**106,593**
Total operating lease payments	**195,073**
Less imputed interest	**42,626**
Total operating lease liabilities	**$ 152,447**

In the preceding table, the future minimum annual rentals payable under noncancelable leases denominated in foreign currencies have been calculated using March 31, 2021 foreign currency exchange rates.

Supplemental information related to operating leases is as follows:

	March 31, 2021	March 31, 2020
Weighted-average remaining lease term of operating leases	**11.6 years**	11.5 years
Weighted-average discount rate of operating leases	**4.1 %**	4.4 %

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

		Operating Lease Assets
Balance, March 31, 2019	$	120,562
Assets recognized for new leases		36,805
Amortization for the period		(21,680)
Other changes (terminations, modifications, impact of foreign currency)		(3,850)
Balance, March 31, 2020	$	131,837
Assets recognized for new leases		**30,574**
Amortization for the period		**(24,849)**
Other changes (terminations, modifications, impact of foreign currency)		**12,580**
Balance, March 31, 2021	**$**	**150,142**

11. INCOME TAXES

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

We consider the tax expense recorded for the TCJA to be complete at this time. However, it is possible that additional legislation, regulations, interpretations and/or guidance may be issued in the future that may result in additional adjustments to the tax expense recorded related to the TCJA. We will continue to monitor and assess the impact of any new developments.

Certain March 31, 2020 amounts have been adjusted to reflect the change in inventory accounting method, as described in Note 1 titled, "Nature of Operations and Summary of Significant Accounting Policies".

Income from continuing operations before income taxes was as follows:

Years Ended March 31,		2021		2020
				(as adjusted)
United States operations	**$**	**326,991**	$	325,595
Ireland operations		**73,442**		29,543
Other locations operations		**117,100**		143,616
	$	**517,533**	$	498,754

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

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

Years Ended March 31,	2021	2020
		(as adjusted)
Current:		
United States federal	**$ 57,550**	$ 42,032
United States state and local	**16,272**	9,971
Ireland	**9,244**	5,036
Other locations	**36,699**	24,600
	119,765	81,639
Deferred:		
United States federal	**7,523**	10,089
United States state and local	**(550)**	2,366
Ireland	**(787)**	(899)
Other locations	**(5,288)**	(2,300)
	898	9,256
Total Provision for Income Taxes	**$ 120,663**	$ 90,895

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

Years Ended March 31,	2021	2020
National statutory tax rate	**12.5 %**	12.5 %
Increase (decrease) in accruals for uncertain tax positions	**(0.1)%**	(0.3)%
U.S. state and local taxes, net of federal income tax benefit	**2.4 %**	2.0 %
Increase in valuation allowances	**0.3 %**	0.5 %
U.S. research and development credit	**(0.5)%**	(0.5)%
U.S. foreign income tax credit	**(0.3)%**	(0.6)%
Difference in non-Ireland tax rates	**8.3 %**	6.9 %
U.S. federal audit adjustments	**2.1 %**	— %
Excess tax benefit for equity compensation	**(1.9)%**	(2.8)%
Tax rate changes on deferred tax assets and liabilities	**0.4 %**	0.1 %
U.S. transition tax on foreign earnings	**— %**	— %
U.S. tax reform impact, GILTI and FDII	**(0.6)%**	0.1 %
Capitalized acquisition, redomiciliation costs	**0.6 %**	0.1 %
All other, net	**0.1 %**	0.2 %
Total Provision for Income Taxes	**23.3 %**	18.2 %

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

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

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

	2021	2020
Unrecognized Tax Benefits Balance at April 1	**$ 875**	$ 2,314
Increases for tax provisions of current year	**655**	176
Decreases for tax provisions of prior year	**(896)**	(1,570)
Balances related to acquired/disposed businesses	**1,640**	—
Other, including currency translation	**21**	(45)
Unrecognized Tax Benefits Balance at March 31	**$ 2,295**	$ 875

We recognized interest and penalties related to uncertain tax positions in the provision for income taxes. As of March 31, 2021, and 2020 we had $106 and $243 accrued for interest and penalties, respectively. If all unrecognized tax benefits were recognized, the net impact on the provision for income tax expense would be $2,401. The decrease in unrecognized tax benefits from prior year is due to the additions of new positions. It is reasonably possible that during the next 12 months, there will be no material reductions in unrecognized tax benefits as a result of the expiration of various statutes of limitations or other matters.

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

In 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 has been reached on final interest rates, and as of the end of the current fiscal year we are in the process of determining total impact on tax liability in each affected year. Fiscal years 2018 through 2020 will be addressed as part of the settlement, and the issue does not apply to years 2021 forward. We estimate the total federal, state, and local tax impact of the settlement to be approximately $12,000.

In May 2021, we received two notices of proposed tax adjustment from the IRS regarding deemed dividend inclusions and associated withholding tax. 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 intend to contest the IRS's assertions, and pursue available remedies such as appeals and litigation, if necessary. We have not established reserves related to these notices. An unfavorable outcome is not expected to have a material adverse impact on our consolidated financial position but could be material to our consolidated results of operations and cash flows for any one period.

We estimate that the tax benefit from our Costa Rican Tax Holiday is $2,300 (or $0.03 per fully diluted share), annually. The Tax Holiday runs fully exempt, from income tax, through 2025 and partially exempt through 2029.

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

Deferred Taxes. The significant components of the deferred tax assets and liabilities recorded in our accompanying balance sheets at March 31, 2021 and 2020 were as follows:

March 31,	2021	2020 (as adjusted)
Deferred Tax Assets:		
Post-retirement benefit accrual	**$ 2,422**	$ 2,871
Compensation	**13,208**	12,560
Net operating loss carryforwards	**15,151**	16,149
Accrued expenses	**6,360**	5,490
Insurance	**3,348**	3,620
Deferred income	**10,281**	11,316
Bad debt	**1,661**	1,820
Pension	**1,574**	2,273
Operating leases (1)	**34,020**	28,945
Other	**8,603**	6,024
Deferred Tax Assets	**96,628**	91,068
Less: Valuation allowance	**14,143**	13,891
Total Deferred Tax Assets	**82,485**	77,177
Deferred Tax Liabilities:		
Depreciation and depletion	**73,344**	68,179
Operating leases (1)	**33,401**	29,268
Intangibles	**199,242**	129,951
Other	**3,833**	5,878
Total Deferred Tax Liabilities	**309,820**	233,276
Net Deferred Tax Assets (Liabilities)	**$ (227,335)**	$ (156,099)

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

At March 31, 2021, we had U.S. federal operating loss carryforwards of $10,524, which remain subject to a 20 year carryforward period. Additionally, we had non-U.S. operating loss carry forwards of $43,189. Although the majority of the non-U.S. carryforwards have indefinite expiration periods, those carryforwards that have definite expiration periods will expire if unused between fiscal years 2022 and 2042. In addition, we have recorded pre-valuation allowance tax benefits of $1,254 related to state operating loss carryforwards. If unused, these state operating loss carryforwards will expire between fiscal years 2022 and 2042. At March 31, 2021, we had $5,442 of pre-valuation allowance tax credit carryforwards. These credit carryforwards can be used through fiscal 2031.

We review the need for a valuation allowance against our deferred tax assets. A valuation allowance of $14,143 has been applied to a portion of the net deferred tax assets because we do not believe it is more-likely-than-not that we will receive future benefit. The valuation allowance increased during fiscal 2021 by $252.

Other than the tax expense recorded for the one-time transition tax on unremitted earnings of non-US subsidiaries, no additional provision has been made for income taxes on undistributed earnings of foreign subsidiaries as the Company’s position is that these amounts continue to be indefinitely reinvested. The amount of undistributed earnings of subsidiaries was approximately $1,900,000 at March 31, 2021. It is not practicable to estimate the additional income taxes and applicable withholding taxes that would be payable on the remittance of such undistributed earnings.

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

12. SHAREHOLDERS' EQUITY

Ordinary Shares

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

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

Years ended March 31,	2021	2020
Denominator (*shares in thousands*):		
Weighted average shares outstanding—basic	**85,203**	84,778
Dilutive effect of share equivalents	**695**	863
Weighted average shares outstanding and share equivalents—diluted	**85,898**	85,641

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

Years ended March 31,	2021	2020
Number of ordinary share options (*shares in thousands*)	**348**	285

Additional Authorized Shares

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

Repurchases of Shares

On May 7, 2019, our Board of Directors authorized a share repurchase program resulting in a share repurchase authorization of approximately $78,979 (net of taxes, fees and commissions). On July 30, 2019, our Board of Directors approved an increase in the May 7, 2019 authorization of an additional amount of $300,000 (net of taxes, fees and commissions). As of March 31, 2021, there was approximately $333,932 (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 authorization, 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. Due to the uncertainty surrounding the COVID-19 pandemic, share repurchases were suspended on April 9, 2020.

During fiscal 2021, we repurchased 35,000 of our ordinary shares for the aggregate amount of $5,047 (net of fees and commissions) pursuant to the 2019 authorizations. During fiscal 2020, we repurchased 273,259 of our ordinary shares for the aggregate amount of $40,000 (net of fees and commissions) pursuant to the authorizations.

During fiscal 2021, we obtained 91,567 of our ordinary shares in the aggregate amount of $9,599 in connection with share based compensation award programs. During fiscal 2020, we obtained 122,884 of our ordinary shares in the aggregate amount of $11,235 in connection with share based compensation award programs.

Dividends paid during fiscal 2021 and 2020 were as follows:

Years ended March 31,	2021	2020
Dividends paid (in thousands)	**$ 133,837**	$ 123,034
Dividends paid (per share)	**1.57**	1.45

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

On May 5, 2021, the Board of Directors approved a quarterly interim dividend of $0.40 per share. The dividend is payable June 25, 2021 to shareholders of record at the close of business on May 28, 2021.

13. OTHER RESERVES

Amounts in Other Reserves are presented net of the related tax. Foreign Currency Translation is not adjusted for income taxes. Accumulated other comprehensive income (loss) shown in our Consolidated Statements of Shareholders' Equity and changes in our balances, net of tax, for the years ended March 31, 2021 and 2020 were as follows:

	Defined Benefit Plans [1]		Foreign Currency Translation [2]		Total Accumulated Other Comprehensive Income (Loss)	
	2021	2020	2021	2020	2021	2020
Beginning Balance	**$ (6,813)**	$ (4,204)	**$ (228,650)**	$ (155,574)	**$ (235,463)**	$ (159,778)
Other Comprehensive Income (Loss) before reclassifications	**4,622**	1,505	**172,926**	(73,076)	**177,548**	(71,571)
Reclassified from Accumulated Other Comprehensive Income (Loss)	**(3,328)**	(4,114)	**—**	—	**(3,328)**	(4,114)
Net current-period Other Comprehensive Income (Loss)	**1,294**	(2,609)	**172,926**	(73,076)	**174,220**	(75,685)
Ending Balance	**$ (5,519)**	$ (6,813)	**$ (55,724)**	$ (228,650)	**$ (61,243)**	$ (235,463)

[1] Amortization (gain) of defined benefit plan items are reported in the Interest income and miscellaneous expense line of our Consolidated Statements of Income.

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

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

14. FORWARD AND SWAP CONTRACTS

From time to time, we enter into forward contracts to hedge potential foreign currency gains and losses that arise from transactions denominated in foreign currencies, including inter-company transactions. We may also enter into commodity swap contracts to hedge price changes in nickel that impact raw materials included in our cost of revenues. Further, we may hold forward foreign exchange contracts to hedge a portion of our expected non-U.S. dollar denominated earnings against our reporting currency, the U.S. dollar. 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 March 31, 2021, we held a foreign currency forward contract to buy 41.5 million British pounds. At March 31, 2021, we held commodity swap contracts to buy 768.0 thousand pounds of nickel.

	Asset Derivatives		Liability Derivatives	
Balance Sheet Location	Fair Value at March 31, 2021	Fair Value at March 31, 2020	Fair Value at March 31, 2021	Fair Value at March 31, 2020
Debtors	**$ 57**	$ 124	**$ —**	$ —
Creditors	**$ —**	$ —	**$ 367**	$ 912

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

		Amount of (loss) gain recognized in income — Years Ended March 31,	
	Location of (loss) gain recognized in income	2021	2020
Foreign currency forward contracts	Selling, general and administrative	**$ 1,178**	$ 798
Commodity swap contracts	Cost of revenues	**$ 771**	$ (660)

Additionally, we hold our debt in multiple currencies to fund our operations and investments in certain subsidiaries. We designate portions of non-functional currency denominated intercompany loans as hedges of portions of net investments in foreign operations. Net debt designated as non-derivative net investment hedging instruments totaled $49,208 at March 31, 2021. These hedges are designed to be fully effective and any associated gain or loss is recognized in Accumulated Other Comprehensive Income and will be reclassified to income in the same period when a gain or loss related to the net investment in the foreign operation is included in income.

15. FAIR VALUE MEASUREMENTS

Fair value is defined as the price that would be received to sell an asset or that would be paid to transfer a liability in an orderly transaction between market participants at the measurement date. We estimate the fair value of financial assets and liabilities using available market information and generally accepted valuation methodologies. The inputs used to measure fair value are classified into three tiers. These tiers include Level 1, defined as observable inputs such as quoted prices in active markets; Level 2, defined as inputs other than quoted prices in active markets that are either directly or indirectly observable; and Level 3, defined as unobservable inputs in which little or no market data exists, therefore requiring the entity to develop its own assumptions. The following table shows the fair value of our financial assets and liabilities at March 31, 2021 and March 31, 2020:

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

	Carrying Value		Fair Value Measurements: Quoted Prices in Active Markets for Identical Assets Level 1		Significant Other Observable Inputs Level 2		Significant Unobservable Inputs Level 3	
At March 31,	2021	2020	2021	2020	2021	2020	2021	2020
Assets:								
Cash and cash equivalents	**$ 220,531**	$ 319,581	**$ 220,531**	$ 319,581	**$ —**	$ —	**$ —**	$ —
Forward and swap contracts [1]	**57**	124	**—**	—	**57**	124	**—**	—
Equity investments [2]	**10,301**	9,624	**10,301**	9,624	**—**	—	**—**	—
Other investments	**2,665**	2,507	**2,665**	2,507	**—**	—	**—**	—
Liabilities:								
Forward and swap contracts [1]	**$ 367**	$ 912	**$ —**	$ —	**$ 367**	$ 912	**$ —**	$ —
Deferred compensation plans [2]	**1,715**	1,475	**1,715**	1,475	**—**	—	**—**	—
Long term debt [3]	**1,650,540**	1,150,521	**—**	—	**1,722,459**	1,143,978	**—**	—
Contingent consideration obligations [4]	**19,642**	15,988	**—**	—	**—**	—	**19,642**	15,988

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

(2) We maintain a frozen domestic non-qualified deferred compensation plan covering certain employees, which allowed for the deferral of payment of previously earned compensation for an employee-specified term or until retirement or termination. Amounts deferred can be allocated to various hypothetical investment options (compensation deferrals have been frozen under the plan). We hold investments to satisfy the future obligations of the plan. Employees who made deferrals are entitled to receive distributions of their hypothetical account balances (amounts deferred, together with earnings (losses)). We also hold an investment in the common stock of Servizi Italia, S.p.A, a leading provider of integrated linen washing and outsourced sterile processing services to hospital Customers. Changes in the fair value of these investments are recorded in the "Interest income and miscellaneous expense line" of the Consolidated Profit and Loss Account. During fiscal 2021 and fiscal 2020 we recorded gains (losses) of $594 and $(3,579), respectively, related to these investments.

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

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

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

	Contingent Consideration
Balance at March 31, 2019	$ 5,950
Additions	9,907
Foreign currency translation adjustments	131
Balance at March 31, 2020	$ 15,988
Additions	**3,486**
Payments	**(984)**
Adjustments	**1,175**
Foreign currency translation adjustments	**(23)**
Balance at March 31, 2021	**$ 19,642**

Additions and payments of contingent consideration obligations during fiscal year 2021 and 2020 were primarily related to our fiscal year 2021 and 2020 acquisitions. Adjustments are recorded in the selling, general and administrative line of the Consolidated Statements of Income. Refer to Note 2, "Business Acquisitions and Divestitures" for more information.

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

16. SHARE-BASED COMPENSATION

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

Stock options provide the right to purchase our shares at the market price on the date of grant, or for options granted to employees in fiscal 2019 and thereafter, 110% of the market price on the date of grant, subject to the terms of the plan and agreements. Generally, one-fourth of the stock options granted to employees become exercisable for each full year of employment following the grant date. Stock options granted generally expire 10 years after the grant date, or in some cases earlier if the option holder is no longer employed by us. Restricted shares and restricted share units generally cliff vest after a four year period or vest in tranches of one-fourth of the number granted for each year of employment after the grant date. As of March 31, 2021, 3,589,242 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 goods sold or selling, general and administrative expenses in a manner consistent with the employee's compensation and benefits.

The following weighted-average assumptions were used for options granted during fiscal 2021 and fiscal 2020:

	Fiscal 2021	Fiscal 2020
Risk-free interest rate	**0.46 %**	2.26 %
Expected life of options	**6.0 years**	6.2 years
Expected dividend yield of stock	**0.96 %**	1.22 %
Expected volatility of stock	**23.04 %**	20.27 %

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 2.78% and 2.77% was applied in fiscal 2021 and 2020, respectively. This rate is calculated based upon historical activity and represents an estimate of the granted options not expected to vest. If actual forfeitures differ from this calculated rate, we may be required to make additional adjustments to compensation expense in future periods. The assumptions used above are reviewed at the time of each significant option grant, or at least annually.

A summary of share option activity is as follows:

	Number of Options	Weighted Average Exercise Price	Average Remaining Contractual Term	Aggregate Intrinsic Value
Outstanding at March 31, 2020	1,796,126	$ 91.29		
Granted	**288,936**	**181.33**		
Exercised	**(399,910)**	**67.87**		
Forfeited	**(48,105)**	**121.05**		
Outstanding at March 31, 2021	**1,637,047**	**$ 112.03**	**6.7 years**	**$ 128,426**
Exercisable at March 31, 2021	**883,133**	**$ 84.05**	**5.4 years**	**$ 93,993**

We estimate that 740,691 of the non-vested stock options outstanding at March 31, 2021 will ultimately vest.

The aggregate intrinsic value in the table above represents the total pre-tax difference between the $190.48 closing price of our ordinary shares on March 31, 2021 over the exercise prices of the stock options, multiplied by the number of options outstanding or outstanding and exercisable, as applicable. The aggregate intrinsic value is not recorded for financial accounting purposes and the value changes daily based on the daily changes in the fair market value of our ordinary shares.

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

The total intrinsic value of stock options exercised during the years ended March 31, 2021 and 2020 was $39,055 and $57,683, respectively. Net cash proceeds from the exercise of stock options were $26,726 and $34,731 for the years ended March 31, 2021 and 2020, respectively. The tax benefit from stock option exercises was $11,559 and $16,440 for the years ended March 31, 2021 and 2020, respectively.

The weighted average grant date fair value of stock option grants was $27.66 and $23.52 for the years ended March 31, 2021 and 2020, respectively.

Stock appreciation rights (“SARS”) carry generally the same terms and vesting requirements as stock options except that they are settled in cash upon exercise and therefore, are classified as liabilities. The fair value of the outstanding SARS as of March 31, 2021 and 2020 was $494 and $544, respectively. The fair value of outstanding SARS is revalued at each reporting date and the related liability and expense are adjusted appropriately.

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

	Number of Restricted Shares	Number of Restricted Share Units	Weighted-Average Grant Date Fair Value
Non-vested at March 31, 2020	575,830	30,894	$ 98.07
Granted	**146,009**	**16,140**	**165.86**
Vested	**(158,913)**	**(16,913)**	**84.52**
Forfeited	**(29,603)**	**(621)**	**108.10**
Non-vested at March 31, 2021	**533,323**	**29,500**	**$ 121.35**

Restricted shares granted are valued based on the closing stock price at the grant date. The value of restricted shares and units that vested during fiscal 2021 was $14,861.

As of March 31, 2021, there was a total of $46,804 in unrecognized compensation cost related to non-vested share-based compensation granted under our share-based compensation plans. We expect to recognize the cost over a weighted average period of 2.1 years.

17. BUSINESS SEGMENT INFORMATION

We operate and report our financial information in three reportable business segments: Healthcare, Applied Sterilization Technologies and Life Sciences. 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 offers infection prevention and procedural products and services for healthcare providers worldwide, including consumable products, equipment maintenance and installation services, and capital equipment. The segment also provides a range of specialty services for healthcare providers including hospital sterilization services and instrument and scope repairs.

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

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

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 year ended March 31, 2021, revenues from a single Customer did not represent ten percent or more of any reportable segment’s revenues.

Information regarding our segments is presented in the following tables. Certain March 31, 2020 amounts have been adjusted to reflect the change in inventory accounting method, as described in Note 1 titled, "Nature of Operations and Summary of Significant Accounting Policies".

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

Years Ended March 31,	2021	2020
Revenues:		**(as adjusted)**
Healthcare	**$ 1,954,055**	$ 1,986,809
Applied Sterilization Technologies	**685,912**	627,147
Life Sciences	**467,552**	416,939
Total revenues	**$ 3,107,519**	$ 3,030,895
Operating income (loss):		
Healthcare	**427,089**	420,709
Applied Sterilization Technologies	**310,648**	270,917
Life Sciences	**180,796**	144,088
Total reportable segments	**918,533**	835,714
Corporate	**(219,153)**	(207,015)
Total operating income before adjustments	**$ 699,380**	$ 628,699
Less: Adjustments		
Amortization of acquired intangible assets [1]	**83,892**	71,675
Acquisition and integration related charges [2]	**35,634**	8,225
Redomiciliation and tax restructuring costs [3]	**1,592**	3,699
(Gain) on fair value adjustment of acquisition related contingent consideration [1]	**(500)**	—
Net loss (gain) on divestiture of businesses [1]	**2,030**	1,770
Amortization of inventory and property "step up" to fair value [1]	**5,600**	2,392
Restructuring charges [4]	**(3,029)**	3,143
COVID-19 incremental costs [6]	**25,793**	749
Total operating income	**$ 548,368**	$ 537,046

(1) For more information regarding our recent acquisitions and divestitures see Note 2 titled, "Business Acquisitions and Divestitures".
(2) Acquisition and integration related charges include transaction costs and integration expenses associated with acquisitions.
(3) Costs incurred in connection with the Redomiciliation and subsequent tax restructuring.
(4) For more information regarding our restructuring activities see Note 3 titled, "Restructuring".
(5) Represents a one-time special employee bonus paid to most U.S. employees and associated professional fees.
(6) COVID-19 incremental costs includes the additional costs attributable to COVID-19 such as enhanced cleaning protocols, personal protective equipment for our employees, event cancellation fees, and payroll costs associated with our response to COVID-19, net of any government subsidies available.

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

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

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

March 31,	2021	2020
Assets:		**(as adjusted)**
Healthcare and Life Sciences	**$ 3,600,182**	$ 2,720,662
Applied Sterilization Technologies	**2,974,289**	2,720,205
Total assets	**$ 6,574,471**	$ 5,440,867

Years Ended March 31,	2021	2020
Capital Expenditures		
Healthcare and Life Sciences	**$ 74,446**	$ 84,648
Applied Sterilization Technologies	**164,816**	129,868
Total Capital Expenditures	**$ 239,262**	$ 214,516
Depreciation, Depletion, and Amortization		
Healthcare and Life Sciences [(1)] [(2)]	**$ 106,266**	$ 92,193
Applied Sterilization Technologies [(1)]	**112,971**	105,042
Total Depreciation, Depletion, and Amortization	**$ 219,237**	$ 197,235

[(1)] Totals include the impact of Restructuring see Note 3 titled, "Restructuring" for additional information.

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

March 31,	2021	2020
Property, Plant, and Equipment, Net		
Ireland	**$ 52,140**	$ 47,459
United States	**673,784**	632,333
Other locations	**509,476**	432,063
Property, Plant, and Equipment, Net	**$ 1,235,400**	$ 1,111,855

Years Ended March 31,	2021	2020
Revenues:		
Ireland	**$ 71,905**	$ 63,821
United States	**2,227,038**	2,211,722
Other locations	**808,576**	755,352
Total Revenues	**$ 3,107,519**	$ 3,030,895

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

Years Ended March 31,	2021	2020
Healthcare:		
Capital equipment	**$ 588,864**	$ 617,712
Consumables	**510,946**	486,425
Service	**854,245**	882,672
Total Healthcare Revenues	**$ 1,954,055**	$ 1,986,809
Applied Sterilization Technologies:		
Total Applied Sterilization Technologies Service Revenues	**$ 685,912**	$ 627,147
Life Sciences:		
Capital equipment	**$ 128,356**	$ 112,747
Consumables	**215,005**	185,904
Service	**124,191**	118,288
Total Life Sciences Revenues	**467,552**	416,939
Total Revenues	**$ 3,107,519**	$ 3,030,895

18. BENEFIT PLANS

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

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

We sponsor several defined benefit pension schemes outside the United States: two in the UK, one in the Netherlands, two in Germany, and one in Switzerland. The Synergy Health plc Retirement Benefit Scheme is a defined benefit (final salary) funded pension scheme. In previous years, Synergy sponsored a funded defined benefit arrangement in the Netherlands. This was a separate fund holding the pension scheme assets to meet long-term pension liabilities for past and present employees. Accrual of benefits ceased under the scheme effective January 1, 2013. The Synergy Radeberg and Synergy Allershausen Schemes are unfunded defined pension schemes and are closed to new entrants. The Synergy Daniken Scheme is a defined benefit funded pension scheme. As a result of our fiscal 2018 acquisition of Harwell Dosimeters Ltd, we also sponsor in the Harwell Dosimeters Ltd Retirement Benefits Scheme which is a defined benefit funded pension scheme.

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

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

Obligations and Funded Status. The following table reconciles the funded status of the defined benefit pension plans and the other post-retirement benefits plan to the amounts recorded on our Consolidated Balance Sheets at March 31, 2021 and 2020, respectively. Benefit obligation balances presented in the following table reflect the projected benefit obligations for our defined benefit pension plans and the accumulated other post-retirement benefit obligation for our post-retirement benefits plan. The measurement date of our defined benefit pension plans and other post-retirement benefits plan is March 31, for both periods presented.

	Defined Benefit Pension Plans		Other Post-Retirement Benefits Plan	
	2021	2020	2021	2020
Change in Benefit Obligations:				
Benefit Obligations at Beginning of Year	**$ 123,190**	$ 133,672	**$ 11,368**	$ 12,551
Service cost	**1,357**	1,380	**—**	—
Interest cost	**2,816**	2,955	**317**	408
Actuarial loss (gain)	**12,622**	(3,736)	**(114)**	181
Benefits and expenses	**(4,714)**	(6,466)	**(1,555)**	(1,772)
Employee contributions	**1,031**	1,046	**—**	—
Impact of foreign currency exchange rate changes	**12,898**	(5,661)	**—**	—
Benefit Obligations at End of Year	**149,200**	123,190	**10,016**	11,368
Change in Plan Assets:				
Fair Value of Plan Assets at Beginning of Year	**112,203**	117,504	**—**	—
Actual return on plan assets	**19,252**	228	**—**	—
Employer contributions	**5,329**	5,071	**1,555**	1,772
Employee contributions	**1,031**	1,045	**—**	—
Benefits and expenses paid	**(4,714)**	(6,466)	**(1,555)**	(1,772)
Impact of foreign currency exchange rate changes	**12,351**	(5,179)	**—**	—
Fair Value of Plan Assets at End of Year	**145,452**	112,203	**—**	—
Funded Status of the Plans	**$ (3,748)**	$ (10,987)	**$ (10,016)**	$ (11,368)

Amounts recognized in the consolidated balance sheets consist of the following:

	Defined Benefit Pension Plans		Other Post-Retirement Benefits Plan	
	2021	2020	2021	2020
Current liabilities	**$ —**	$ —	**$ (1,326)**	$ (1,488)
Noncurrent liabilities	**(3,748)**	(10,987)	**(8,690)**	(9,880)
	$ (3,748)	$ (10,987)	**$ (10,016)**	$ (11,368)

The pre-tax amount of unrecognized actuarial net loss and unamortized prior service cost included in accumulated other comprehensive (loss) income at March 31, 2021, was approximately $11,876 and $4,199, respectively.

Defined benefit plans with an accumulated benefit obligation and projected benefit obligation exceeding the fair value of plan assets had the following plan assets and obligations at March 31, 2021 and 2020:

	Defined Benefit Pension Plans	
	2021	2020
Aggregate fair value of plan assets	**$ 145,452**	$ 112,203
Aggregate accumulated benefit obligations	**149,200**	120,084
Aggregate projected benefit obligations	**149,200**	123,190

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

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

	Defined Benefit Pension Plans		Other Post-Retirement Benefits Plan	
	2021	2020	2021	2020
Service cost	**$ 1,357**	$ 1,380	**$ —**	$ —
Interest cost	**2,628**	2,876	**317**	409
Expected return on plan assets	**(3,463)**	(4,735)	**—**	—
Prior service cost recognition	**71**	69	**(3,263)**	(3,263)
Net amortization and deferral	**21**	9	**439**	482
Net periodic benefit (credit) cost	**$ 614**	$ (401)	**$ (2,507)**	$ (2,372)
Recognized in other comprehensive loss (income) before tax:				
Net loss (gain) occurring during year	**$ (1,635)**	$ 890	**$ 114**	$ (181)
Amortization of prior service credit	**(85)**	(78)	**3,263**	3,263
Amortization of net loss	**7**	—	**(439)**	(482)
Total recognized in other comprehensive loss (income)	**(1,713)**	812	**2,938**	2,600
Total recognized in total benefits cost and other comprehensive loss (income)	**$ (1,099)**	$ 411	**$ 431**	$ 228

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

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

	2021	2020
Discount Rate:		
Synergy Health plc Retirement Benefits Scheme	**2.10 %**	2.40 %
Isotron BV Pension Plan	**0.90 %**	1.60 %
Synergy Health Daniken AG	**0.35 %**	0.20 %
Synergy Health Radeberg	**1.60 %**	1.60 %
Synergy Health Allershausen	**0.80 %**	0.50 %
Harwell Dosimeters Ltd Retirement Benefits Scheme	**2.15 %**	2.45 %
Other post-retirement plan	**2.50 %**	3.00 %

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

	2021	2020
Discount Rate:		
Synergy Health plc Retirement Benefits Scheme	**2.40 %**	2.50 %
Isotron BV Pension Plan	**1.60 %**	1.20 %
Synergy Health Daniken AG	**0.70 %**	0.20 %
Synergy Health Radeberg	**1.50 %**	1.60 %
Synergy Health Allershausen	**1.75 %**	1.75 %
Harwell Dosimeters Ltd Retirement Benefits Scheme	**2.15 %**	2.45 %
Other post-retirement plan	**3.00 %**	3.50 %
Expected Return on Plan Assets:		
Synergy Health plc Retirement Benefits Scheme	**3.50 %**	4.80 %
Isotron BV Pension Plan	**1.60 %**	1.20 %
Synergy Health Daniken AG	**0.70 %**	0.65 %

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

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

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

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

	2021	2020
Healthcare cost trend rate – medical	**7.00 %**	6.75 %
Healthcare cost trend rate – prescription drug	**7.00 %**	6.75 %
Long-term healthcare cost trend rate	**4.50 %**	4.50 %

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

Plan Assets. The investment policies for our plans are generally established by the local pension plan trustees and seek to maintain the plans' ability to meet liabilities and to comply with local minimum funding requirements. Plan assets are invested in diversified portfolios that provide adequate levels of return at an acceptable level of risk. The investment policies are reviewed at least annually and revised, as deemed appropriate to ensure that the objectives are being met. At March 31, 2021, the targeted allocation for the plans were approximately 75% equity investments and 25% fixed income investments.

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

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

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

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

The fair value of our pension benefits plan assets at March 31, 2021 and 2020 by asset category is as follows:

	Fair Value Measurements at March 31, 2021			
(In thousands)	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)
Cash	**$ 657**	**$ 657**	**$ —**	**$ —**
Insured annuities	**17,950**	**—**	**17,950**	**—**
Insurance contracts	**5,555**	**—**	**—**	**5,555**
Common and collective trusts valued at net asset value:				
Equity security trusts	**60,960**	**—**	**—**	**—**
Debt security trusts	**60,330**	**—**	**—**	**—**
Total Plan Assets	**$ 145,452**	**$ 657**	**$ 17,950**	**$ 5,555**

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

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

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

The fair value measurement of plan assets using significant unobservable inputs (Level 3) changed during fiscal year 2021 due to the following:

	Insurance contracts
Balance at March 31, 2019	$ 5,089
Gains (losses) related to assets still held at year-end	62
Transfers out of Level 3	(664)
Foreign currency	(142)
Balance at March 31, 2020	$ 4,345
Gains (losses) related to assets still held at year-end	**197**
Transfers out of Level 3	**853**
Foreign currency	**160**
Balance at March 31, 2021	**$ 5,555**

Cash Flows. We contribute amounts to our defined benefit pension plans at least equal to the minimum amounts required by applicable employee benefit laws and local tax laws. We expect to make contributions of approximately $3,954 during fiscal 2022.

Based upon the actuarial assumptions utilized to develop our benefit obligations at March 31, 2021, the following benefit payments are expected to be made to plan participants:

	Other Defined Benefit Pension Plans	Other Post-Retirement Benefits Plan
2022	$ 5,137	$ 1,327
2023	5,731	1,198
2024	5,388	1,072
2025	5,543	969
2026	5,686	882
2027-2032	30,986	3,207

The Medicare Prescription Drug, Improvement and Modernization Act of 2003 (the “Act”) provides a prescription drug benefit for Medicare beneficiaries, a benefit we provide to Medicare eligible retirees covered by our post-retirement benefits plan. We have concluded that the prescription drug benefit provided in our post-retirement benefit plan is considered to be actuarially equivalent to the benefit provided under the Act and thus qualifies for the subsidy under the Act. Benefits are subject to a per capita per month cost cap and any costs above the cap become the responsibility of the retiree. Under the plan, the subsidy is applied to reduce the retiree responsibility. As a result, the expected future subsidy no longer reduces our accumulated post-retirement benefit obligation and net periodic benefit cost. We collected subsidies totaling approximately $899 and $708, during fiscal 2021 and fiscal 2020, respectively, which reduced the retiree responsibility for costs in excess of the caps established in the post-retirement benefit plan.

Defined Contribution Plans. We maintain a 401(k) defined contribution plan for eligible U.S. employees, a 401(k) defined contribution plan for eligible Puerto Rico employees and similar savings plans for certain employees in Canada, United Kingdom, Ireland, and Finland. We provide a match on a specified portion of an employee’s contribution. The U.S. plan assets are held in trust and invested as directed by the plan participants. The Canadian plan assets are held by insurance companies. The aggregate fair value of the U.S. plan assets was $986,222 at March 31, 2021. At March 31, 2021, the U.S. plan held 516,913 STERIS ordinary shares with a fair value of $98,462. We paid dividends of $839 and $855, to the plan and participants on STERIS shares held by the plan for the years ended March 31, 2021 and 2020, respectively. We contributed approximately $29,853 and $27,818 to the defined contribution plans for the years ended March 31, 2021 and 2020,respectively.

We also maintain a domestic non-qualified deferred compensation plan covering certain employees, which formerly allowed for the deferral of compensation for an employee-specified term or until retirement or termination. There have been no employee contributions made to this plan since fiscal 2012. The Plan was amended in fiscal 2012 to disallow deferrals of salary payable in 2012 and subsequent calendar years and of commissions and other incentive compensation payable in respect of the 2013 and subsequent fiscal years. We hold investments in mutual funds to satisfy future obligations of the plan. We account for these assets as available-for-sale securities and they are included in “Other assets” on our accompanying Consolidated Balance Sheets, with a corresponding liability for the plan’s obligation recorded in “Accrued expenses and other.” The aggregate value of the assets was $1,682 and $1,273 at March 31, 2021 and March 31, 2020, respectively. Realized gains and losses on these investments are recorded in “Interest and miscellaneous income” within “Non-operating expenses” on our accompanying Consolidated Statements of Income. Changes in the fair value of the assets are recorded in other comprehensive income on our accompanying balance sheets.

Amounts shown in our Consolidated Balance Sheet include:

March 31,	2021	2020
Pensions and similar obligations:		
Other post-retirement benefit obligations	**$ 10,016**	$ 11,368
Other employee benefit plan obligations	**5,007**	4,645
Defined benefit plan obligations	**3,748**	10,987
Total pensions and similar obligations	**$ 18,771**	$ 27,000

19. FINANCIAL AND OTHER GUARANTEES

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

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

Years Ended March 31,	2021	2020
Balance, Beginning of Year	**$ 7,381**	$ 7,194
Warranties issued during the period	**10,574**	12,311
Settlements made during the period	**(8,549)**	(12,124)
Balance, End of Year	**$ 9,406**	$ 7,381

20. EMPLOYEES

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

	Fiscal 2021	**Fiscal 2020**
Healthcare	**8,529**	8,352
Applied Sterilization Technologies	**2,686**	2,547
Life Sciences	**868**	837
Corporate	**687**	623
Total employees	**12,770**	12,359

Employee costs were as follows (in thousands):

	Fiscal 2021	Fiscal 2020
Wages and salaries	**$ 943,503**	$ 905,972
Social security costs	**58,695**	56,019
Share based compensation expense	**25,966**	23,811
Pension and post-retirement benefits expense	**26,944**	23,899
Other, primarily employee benefits	**79,927**	81,186
Total employee costs	**$ 1,135,035**	$ 1,090,887

We capitalized wages and salaries of $220 and $5, for fiscal 2021 and 2020, respectively.

21. DIRECTORS' REMUNERATION

Directors’ remuneration for fiscal 2021 and 2020 is set forth in the table below. Amounts shown are for persons who were Directors at the end of fiscal 2021 and 2020. Mr. Rosebrough, in addition to serving as a Director of the Company, also serves as President and CEO of the Company and its subsidiary, STERIS Corporation. Mr. Carestio, in addition to serving as Director of the Company, also serves as Senior Vice President and Chief Operating Officer of the Company's subsidiary STERIS Corporation. The amounts included below for Mr. Rosebrough include compensation for his services as President and CEO. The amounts below for Mr. Carestio include compensation for his services as Senior Vice President and Chief Operating Officer. Amounts included below for all non-executive Directors are compensation for service in such capacities.

	Fiscal 2021	Fiscal 2020
Aggregate emoluments in respect of qualifying services	**$ 4,639**	$ 3,050
Aggregate amount of the money or value of other assets (other than stock options) granted under long term incentive plans in respect of qualifying services	**3,761**	2,722
Aggregate gains on the exercise of stock options	**14,782**	29,868
Total	**$ 23,182**	$ 35,640

22. AUDITORS' REMUNERATION

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

	Fiscal 2021	Fiscal 2020
Audit fees	**$ 4,490**	$ 4,344
Other assurance services	**1,618**	480
Taxation fees:		
Taxation advisory services	**1,807**	266
Other non-audit services	**2**	2
	$ 7,917	$ 5,092

The fees paid to Ernst & Young Chartered Accountants (“EY Ireland”) related to the audit of the group accounts were $0.2 million and $0.2 million for fiscal 2021 and 2020, respectively. In addition, EY Ireland received $0.1 million and $0.2 million for fiscal 2021 and 2020, respectively, for other audit related services. EY Ireland received fees of nil and nil for other non-audit services for fiscal 2021 and fiscal 2020, respectively.

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

23. RELATED PARTY TRANSACTIONS

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

	2021		2020	
As of or for the year ended March 31,	Revenue (costs) in the period	Receivable/ (Payable)	Revenue (costs) in the period	Receivable/ (Payable)
Minority shareholder, STERIS - Austar Pharmaceutical Systems Hong Kong Limited and subsidiaries	**$ 2,683**	**$ 56**	$ 1,980	$ 688
Minority shareholder, Synergy Health Allershausen GmbH	**—**	**—**	70	(566)
Minority shareholder of SATYATEK SA	**—**	**—**	4	(300)
Minority shareholder, Synergy Health True North LLC	**7,711**	**1,424**	9,328	3,087
Minority shareholder, Sterile Supplies Salisbury NHS Trust	**3,812**	**(3,258)**	3,677	(2,711)
STERIS TOMOE (Thailand) Ltd.	**(366)**	**221**	—	—

24. PENDING ACQUISITION OF CANTEL MEDICAL CORP.

On January 12, 2021, we announced the signing of a definitive agreement to acquire Cantel Medical Corp. ("Cantel") through a U.S. subsidiary. Cantel is a global provider of infection prevention products and services primarily to endoscopy and dental Customers. Under the terms of the agreement, we will acquire Cantel in a cash and stock transaction valued at $84.66 per Cantel common share, based on STERIS's closing share price of $200.46 on January 11, 2021. This represents a total equity value of approximately $3.6 billion and a total enterprise value of approximately $4.6 billion. The agreement has been unanimously approved by the Boards of Directors of both companies. Cantel shareholder vote and regulatory approvals have been obtained and the acquisition is expected to occur on June 2, 2021.

We expect to fund the cash portion of the transaction consideration and repay or otherwise satisfy a significant amount of Cantel's existing debt obligations with approximately $2.1 billion of new debt, which is described in Note 8, titled "Debt".

Fiscal 2021 acquisition expenses that were related to the pending Cantel acquisition totaled $18,072.

As a result of limited access to the information required to prepare the initial accounting, we are unable to provide the amounts that will be recognized at the acquisition date for the major classes of assets acquired and liabilities assumed, pre-existing contingencies, goodwill or other intangible assets at the time of this annual report.

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

25. SUBSEQUENT EVENTS

On May 5, 2021, the Board of Directors approved a quarterly interim dividend of $0.40 per share. The dividend is payable June 25, 2021 to shareholders of record at the close of business on May 28, 2021.

26. GROUP UNDERTAKINGS

As of March 31, 2021, STERIS Ireland's direct and indirect subsidiaries were as follows:

Name	Jurisdiction of incorporation	Registered Address	% Ownership
Albert Browne Limited	England and Wales	Chancery House Ryans Way, Watermead Business Park, Syston, Leicester, LE7 1PF, United Kingdom	100%
American Sterilizer Company	Pennsylvania	CT Corporation System, 600 North 2nd Street, Suite 401, Harrisburg, Pennsylvania 17101, United States	100%
Bioster Mottahedoon Egypt SAE	Egypt	Industrial Zone A3, lot no. 23, El Sharkeya, Egypt	65%
Birkova Products, LLC	Indiana	C T Corporation Systems Inc., 150 W. Market Street, Suite 800, Indianapolis, IN 46204, United States	100%
Bizworth Gammarad Sdn Bhd	Malaysia	Suite 18.01, 18th Floor, MWE Plaza 8, Lebuh Farquhar, 10200, Penang, Malaysia	70%
Black Diamond Video, Inc.	California	CT Corporation System Inc., 818 W. 7th Street, Suite 930, Los Angeles, California 90017, United States	100%
CLBV Limited	England and Wales	2200 Renaissance, Basing View, Basingstoke, Hampshire, England RG21 4 EQ	100%
Controlled Environment Certification Services, Inc.	Ohio	CT Corporation System Inc., 4400 Easton Commons Way, Suite 125, Columbus, Ohio 43219	100%
Crystal Merger Sub 1, LLC	Delaware	CT Corporation, Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware 19801, United States	100%
Diagmed Healthcare Limited	England and Wales	Ground Floor Stella Windmill Hill Business Park, Whitehill Way, Swindon, Wiltshire, United Kingdom, SN5 6NX	100%
Dover UK I Limited	England and Wales	2200 Renaissance, Basing View, Basingstoke, Hampshire, England RG21 4 EQ	100%
Dover UK II Limited	England and Wales	2200 Renaissance, Basing View, Basingstoke, Hampshire, England RG21 4 EQ	100%
Dover UK III Limited	England and Wales	2200 Renaissance, Basing View, Basingstoke, Hampshire, England RG21 4 EQ	100%
Electron Beam Sdn Bhd	Malaysia	Lot 7 Jalan Sungai Pinang 4/3 Taman Perindustrial Pulau Indah (FASA 2) Port Klang, MY37,42920, Malaysia	100%
Eschmann Holdings Limited	England and Wales	2200 Renaissance, Basing View, Basingstoke, Hampshire, England RG21 4 EQ	100%
Genii, Inc.	Minnesota	1010 Dale Street North, St. Paul, MN 55117, United States	100%
Harwell Dosimeters Limited	England and Wales	Ground Floor Stella Windmill Hill Business Park, Whitehill Way, Swindon, Wiltshire, United Kingdom, SN5 6NX	100%
Herotron E-Beam Service GmbH	Germany	Guardianstrasse 6-10, D-06766 Bitterfeld-Wolfen, OT Thalheim, Germany	100%
HMM HoldCo Limited	England and Wales	2200 Renaissance, Basing View, Basingstoke, Hampshire, England RG21 4 EQ	100%
Hungaroptics kft	Hungary	6000 Kecskemet, Matkoi, ut 34, Hungary	100%
Isomedix Inc.	Delaware	CT Corporation, Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware 19801, United States	100%
Isomedix Operations Inc.	Delaware	CT Corporation, Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware 19801, United States	100%
Key Surgical Europe S.a.r.l.	Switzerland	ZA La Piece 4 B4, 1180 Rolle, Vaud, Switzerland	100%
Key Surgical GmbH	Germany	Zum Windpark 1, Deutschland, Germany 23738	100%
Key Surgical Limited	England and Wales	2200 Renaissance, Basing View, Basingstoke, Hampshire, England RG21 4 EQ	100%
Key Surgical LLC	Delaware	CT Corporation, Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware 19801, United States	100%
Konnexis Inc.	Canada	B-1260 Teron Road, Kanata, Ontario K2K 0A1	100%
KS Apollo Holdings Inc.	Delaware	CT Corporation, Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware 19801, United States	100%
KS Apollo LLC	Delaware	CT Corporation, Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware 19801, United States	100%
KVI LLC	Delaware	CT Corporation, Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware 19801, United States	100%

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

Massaro Limited Partnership (Victory Road) **	Pennsylvania	120 Delta Drive, Pittsburgh, Pennsylvania 15238	65%
Medisafe America LLC	Florida	1200 South Pine Island Road, Plantation, Florida 33324, USA	100%
Medisafe Holdings Limited	England and Wales	2200 Renaissance, Basing View, Basingstoke, Hampshire, England RG21 4EQ	100%
Medisafe UK Limited	England and Wales	Ground Floor Stella, Windmill Hill Business Park, Whitehill Way, Swindon, England, SN5 6NX	100%
Mevex Corporation	Canada	108 Willowlea Road, Ottawa, Ontario K0A 1L0	100%
PeriOptimum, Inc.	Delaware	CT Corporation, Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware 19801, United States	100%
SATYAtek SA	Switzerland	Rue des Bosquets 18, 1800 Vevey, Vaud, Switzerland	51%
Shamrock Innovations Limited	Ireland	70 Sir John Rogerson’s Quay, Dublin, Ireland 2	100%
Shiloh Limited	England and Wales	2200 Renaissance, Basing View, Basingstoke, Hampshire, England RG21 4EQ	100%
Shiloh Properties Limited	England and Wales	Ground Floor Stella, Windmill Hill Business Park, Whitehill Way, Swindon, England, SN5 6NX	100%
Solar New US Holding Co, LLC	Delaware	CT Corporation, Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware 19801, United States	91%
Solar New US Parent Co, LLC	Delaware	CT Corporation, Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware 19801, United States	100%
Solar US Acquisition Co, LLC	Delaware	CT Corporation, Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware 19801, United States	100%
STE Hong Kong Limited	Hong Kong	Level 54, Hopewell Center, 183 Queens Road East, Hong Kong	100%
STE UK HoldCo Limited	England and Wales	2200 Renaissance, Basing View, Basingstoke, Hampshire, England RG21 4EQ	100%
STE UK Sub HoldCo Limited	England and Wales	2200 Renaissance, Basing View, Basingstoke, Hampshire, England RG21 4EQ	100%
STE No. Two Corporation	Delaware	CT Corporation, Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware 19801, United States	100%
Sterile Supplies Limited	England and Wales	Finance Department, Salisbury District Hospital, Odstock Road, Salisbury, Wiltshire, England, SP2 8BJ	50%
STERIS AB	Sweden	c/o John Goldie Advokatbyra AB, Box 5265, Stockholm, Sweden 102 46, Sweden	100%
STERIS Applied Sterilization Technologies ULC	Canada	400-725 Granville Street, P.O. Box 10325, Vancouver, BC V7Y 1G5, Canada	100%
STERIS Asia Pacific, Inc.	Delaware	CT Corporation, Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware 19801, United States	100%
STERIS AST CZ s.r.o.	Czech Republic	Kosikov 80, 595 01 Velka Bites, Czech Republic	100%
STERIS AST d.o.o.	Slovenia	Mala ulica 6, 1000 Ljubljana, Slovenia	100%
STERIS AST SK s.r.o.	Slovakia	Priemyselný park 6020/5, Michalovce 071 01, Slovakia	100%
STERIS Barrier Products Solutions, Inc.	Pennsylvania	CT Corporation System, 600 North 2nd Street, Suite 401, Harrisburg, Pennsylvania 17101, United States	100%
STERIS Brazil Holdings, LLC	Delaware	CT Corporation, Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware 19801, United States	100%
STERIS (BVI) I Limited	British Virgin Islands	Trident Chambers, PO Box 146, Road Town, Tortola, British Virgin Islands	100%
STERIS Canada ULC	Canada	400-725 Granville Street, P.O. Box 10325, Vancouver, BC V7Y 1G5, Canada	100%
STERIS Canada Sales ULC.	Canada	400-725 Granville Street, P.O. Box 10325, Vancouver, BC V7Y 1G5, Canada	100%
STERIS CH Limited	England and Wales	2200 Renaissance, Basing View, Basingstoke, Hampshire, England RG21 4EQ	100%
STERIS China Holdings Limited	Hong Kong	31st Floor, Edinburgh Tower, The Landmark, 15 Queen's Road Central, Hong Kong, None, China	100%
STERIS Corporation	Ohio	5960 Heisley Road, Mentor, Ohio 44060, United States	100%
STERIS Corporation de Costa Rica, S.A.	San Jose	Avenida 11, calles 5 y 7, numero 517, San Jose, San Jose, Costa Rica	100%
STERIS Deutschland GmbH	Germany	Eupener Str. 70, Koln, Germany 50933, Germany	100%
STERIS Dover AST Holdings Limited	England and Wales	2200 Renaissance, Basing View, Basingstoke, Hampshire, England RG21 4EQ	100%
STERIS Dover Canada Holdings Limited	England and Wales	2200 Renaissance, Basing View, Basingstoke, Hampshire, England RG21 4EQ	100%

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

STERIS Dover Limited	England and Wales	2200 Renaissance, Basing View, Basingstoke, Hampshire, England RG21 4EQ	100%
STERIS Emerald IE Limited*	Ireland	70 Sir John Rogerson's Quay, Dublin, Ireland 2, Ireland	100%
STERIS Enterprises LLC	Russia	4, 4th Lesnoy pereulok,Moscow, Russia 125047, Russian Federation	100%
STERIS Europe, Inc.	Delaware	The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware 19801, United States	100%
STERIS FinCo S.à r.l.	Luxembourg	25A, Boulevard Royal, Luxembourg L-2449, Luxembourg	100%
STERIS FinCo II S.à r.l.	Luxembourg	25A, Boulevard Royal, Luxembourg L-2449, Luxembourg	100%
STERIS GmbH	Switzerland	Längfeldweg 116A,2504 Biel/Bienne, Switzerland 2504, Switzerland	100%
STERIS Holdings B.V.	Netherlands	Naritaweg 165, Telestone 8, Amsterdam, The Netherlands 1043 BW, Netherlands	100%
STERIS Iberia, S.A.	Spain	Jones Day, Paseo de Recolectos 37-41, Planta 5, 28004 Madrid, Spain	100%
STERIS IMS Canada Inc.	Canada	40 King Street West, Suite 5800, Toronto, Ontario M5H 3S1, Canada	100%
STERIS IMS Limited	England and Wales	Ground Floor Stella, Windmill House Business Park, Whitehill Way, Swindon, Wiltshire, England, SN5 6NX	100%
STERIS Inc.	Delaware	CT Corporation, Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware 19801, United States	100%
STERIS (India) Private Limited	India	302, Ace Business Center, L.B.S. Marg, Near Navneet Motor Showroom, Gokul Nagar, Thane (W), Maharashtra 400 602, India	100%
STERIS Instrument Management Services, Inc.	Delaware	CT Corporation, Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware 19801, United States	100%
STERIS Ireland Limited	Ireland	70 Sir John Rogerson’s Quay, Dublin, Ireland 2	100%
STERIS Irish FinCo Unlimited Company	Ireland	70 Sir John Rogerson's Quay,Dublin, Ireland 2, Ireland	100%
STERIS Irish FinCo II Unlimited Company	Ireland	70 Sir John Rogerson's Quay,Dublin, Ireland 2, Ireland	100%
STERIS Isomedix Puerto Rico LLC	Puerto Rico	CT Corporation Systems, 361 San Francisco St.,Old San Juan, Puerto Rico 00901, United States	100%
STERIS Japan Inc.	Japan	NK Shinwa Building, 5-1 Kojimachi, Chiyoda-ku, Tokyo, Japan	100%
STERIS LLC	Delaware	CT Corporation, Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware 19801, United States	100%
STERIS Laboratories, Inc.	Minnesota	CT Corporation System Inc., 100 South 5th Street, Suite 1075, Minneapolis, Minnesota 55402, United States	100%
STERIS Latin America, Inc.	Delaware	CT Corporation, Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware 19801, United States	100%
STERIS Limited	England and Wales	2200 Renaissance, Basing View, Basingstoke, Hampshire, England RG21 4EQ	100%
STERIS Luxembourg Finance S.à r.l.	Luxembourg	25A, boulevard Royal, Luxembourg L-2449, Luxembourg	100%
STERIS Luxembourg Holding S.à r.l.	Luxembourg	25A, boulevard Royal, Luxembourg L-2449, Luxembourg	100%
STERIS Mauritius Limited	Mauritius	5th Floor Barkly Wharf, Le Caudan Waterfront, Port Louis, Port Louis, Mauritius	100%
STERIS Mexico, S. de R.L. de C.V.	Mexico	Av. Avante #790 Parque Industrial Guadalupe,Cd. Guadalupe, N.L. 67190, Mexico, Mexico	100%
STERIS NV	Belgium	De Keyserlei 58-60, Box 19, Antwerp, Belgium 2018, Belgium	100%
STERIS Personnel Services Mexico, S. de R.L. de C.V.	Mexico	Av. Avante #790 Parque Industrial Guadalupe,Cd. Guadalupe, N.L. 67190, Mexico, Mexico	100%
STERIS SAS	France	116 avenue Magudas, 33185 Le Haillan,Bordeaux, France, France	100%
STERIS SEA SDN. BHD.	Malaysia	140, Ground Floor, Jalan Kelab Cinta Sayang, Taman Ria Jaya, Sungai Petani, Kedah, Malaysia 08000, Malaysia	100%
STERIS Solutions do Brasil Importacao e Comercializacao de Produtos da Saude Ltda.	Brazil	Rua Tenente Onofre Rodrigues de Aguiar, 1201 S. 12 Q. 077, Un. 011 Villa Industrial, Mogi das Cruzes, State of Sao Paulo 08770-040, Brazil	100%
STERIS Solutions Korea Limited	Korea	134 Teheran-ro, Gangnam- gu, Seoul, Republic of Korea	100%
STERIS (Shanghai) Trading Co., Ltd.	China	Suite 1504 Hong Kong New World Tower, Huai Hai Zhong Lu #300, Shanghai PRC, China, China	100%

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

STERIS Singapore Pte Ltd	Singapore	2 Shenton Way #18-01, SGX Centre 1, Singapore, Singapore 068804, Singapore	100%
STERIS Solutions Limited	England and Wales	Chancery House Ryans Way, Watermead Business Park, Syston, Leicester, LE7 1PF, United Kingdom	100%
STERIS Solutions PTE Limited	Singapore	2 Shenton Way #18-01, SGX Centre 1, Singapore 068804, Singapore	100%
STERIS Solutions S. de R.L. de C.V.	Mexico	Av. Avante #790, Parque Industrial,Guadalupe Nuevo Leon, 67190, Mexico 67190, Mexico	100%
STERIS S.p.A.	Italy	Via E. Alessandrini n. 16, Trezzo Sull'Adda, Italy	100%
STERIS S.r.l.	Italy	Strada Cassanese, 224, Centro Direzionale Milano Oltre, Palazzo Caravaggio, Segrate, Italy 20090, Italy	100%
STERIS Sterilization Technologies (Suzhou) Ltd.	China	No. 26 Xingchang Road, SIP Suzhou Jiangsu Province, China, 215125	100%
STERIS TOMOE (Thailand) Ltd.	Thailand	700/644 Moo 3, Tambon Bankao, Amphur Panthong, Chonburi, 20160, Thailand	70%
STERIS UK Holding Limited	England and Wales	2200 Renaissance, Basing View, Basingstoke, Hampshire, England RG21 4EQ	100%
STERIS-Austar Pharmaceutical Systems Hong Kong Limited	Hong Kong	Unit 6.1/F Block B, New Trade Plaza, 6 on Ping Street, Shatin, Hong Kong, Hong Kong	51%
STERIS-AUSTAR Pharmaceutical Systems (Shanghai) Limited	China	No. 366 Yonghang Road, Songjiang District, Shanghai, China	51%
Strategic Technology Enterprises, Inc.	Delaware	The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware 19801, United States	100%
SVS Holding GmbH	Germany	Zum Windpark 1, Deutschland, Germany 23738	100%
Synergy Health Allershausen GmbH	Germany	Kesselbodenstrasse 7, Allershausen 85391, Germany	62.5%
Synergy Health Amsterdam B.V.	The Netherlands	Morsestraat 3, 6716AH Ede, The Netherlands	100%
Synergy Health AST, LLC	Delaware	CT Corporation, Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware 19801, United States	100%
Synergy Health AST S.r.l.	Costa Rica	Zona Franca Coyol B16, Alajuela, Costa Rica	100%
Synergy Health Däniken AG	Switzerland	Hogenweidstrasse 6, 4658 Däniken, SOLOTHURN, Switzerland	100%
Synergy Health Ede BV	The Netherlands	Morsestraat 3, 6716AH Ede, The Netherlands	100%
Synergy Health France SAS	France	Rue Jean Queillau, Min des Arnavaux, 13014 Marseille, France	100%
Synergy Health Holding B.V.	The Netherlands	Morsestraat 3, 6716AH Ede, The Netherlands	100%
Synergy Health Holdings Limited	England and Wales	2200 Renaissance, Basing View, Basingstoke, Hampshire, England RG21 4EQ	100%
Synergy Health Investments Limited	England and Wales	2200 Renaissance, Basing View, Basingstoke, Hampshire, England RG21 4EQ	100%
Synergy Health Ireland Limited	Republic of Ireland	1 Stokes Place, St. Stephen's Green, Dublin 2, Ireland	100%
Synergy Health Limited	England and Wales	2200 Renaissance, Basing View, Basingstoke, Hampshire, England RG21 4EQ	100%
Synergy Health Logistics B.V.	The Netherlands	Morsestraat 3, 6716AH Ede, The Netherlands	100%
Synergy Health Marseille SAS	France	Rue Jean Queillau, Min des Arnavaux, 13014 Marseille, France	100%
Synergy Health Nederland B.V.	The Netherlands	Morsestraat 3, 6716AH Ede, The Netherlands	100%
Synergy Health Radeberg GmbH	Germany	Juri-Gagarin-Strasse 15, 01454 Radeberg, Germany	100%
Synergy Health Sterilisation UK Limited	England and Wales	Ground Floor Stella, Windmill Hill Business Park, Whitehill Way, Swindon, England, SN5 6NX	100%
Synergy Health Systems Limited	England and Wales	2200 Renaissance, Basing View, Basingstoke, Hampshire, England RG21 4EQ	100%
Synergy Health (Thailand) Limited	Thailand	700/465 Amata Nakorn Industrial, Moo 7, Tambon Donhuaroh, Amphur Muang Chonburi, CHONBURI 20000, Thailand	100%
Synergy Health True North, LLC	New York	2000 Marcus Avenue, New Hyde Park, New York, 11042, USA	51%
Synergy Health (UK) Limited	England and Wales	Ground Floor Stella, Windmill Hill Business Park, Whitehill Way, Swindon, England, SN5 6NX	100%
Synergy Health US Holdings, Inc.	Delaware	CT Corporation, Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware 19801, United States	100%
Synergy Health Westport Limited	Ireland	Lodge Road, Westport, County Mayo, Ireland	100%

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

Synergy Sterilisation KL (M) Sdn Bhd	Malaysia	Suite 18.01, 18th Floor, MWE Plaza 8, Lebuh Farquhar, 10200, Penang, Malaysia	100%
Synergy Sterilisation Kulim (M) Sdn Bhd	Malaysia	Suite 18.01, 18th Floor, MWE Plaza 8, Lebuh Farquhar, 10200, Penang, Malaysia	100%
Synergy Sterilisation (M) Sdn Bhd	Malaysia	Suite 18.01, 18th Floor, MWE Plaza 8, Lebuh Farquhar, 10200, Penang, Malaysia	100%
Synergy Sterilisation Rawang (M) Sdn Bhd	Malaysia	Suite 18.01, 18th Floor, MWE Plaza 8, Lebuh Farquhar, 10200, Penang, Malaysia	100%
Synergy Sterilisation South Africa (Propietary) Limited	South Africa	5 Waterpas Street, Isando Ext 3, Kempton Park, 1620, South Africa	100%
United States Endoscopy Group, Inc.	Ohio	CT Corporation System Inc., 4400 Easton Commons Way, Suite 125, Columbus, Ohio 43219	100%
Vernon and Co. Limited	England and Wales	2200 Renaissance, Basing View, Basingstoke, Hampshire, England RG21 4EQ	100%
Vernon-Carus Limited	England and Wales	2200 Renaissance, Basing View, Basingstoke, Hampshire, England RG21 4EQ	100%

* Direct subsidiary of STERIS plc

** Not consolidated

STERIS plc

Parent Company Financial Statements

For the Year Ended March 31, 2021

COMPANY STATEMENT OF FINANCIAL POSITION
(in thousands)

March 31,	Note	2021	2020
Fixed assets			
Financial assets- Investments in group undertakings	4	**$ 11,810,754**	$ 10,635,656
Current assets			
Cash at bank		**4,628**	102
Debtors (amounts falling due within one year)	5	**76,460**	1,231,199
Debtors (amounts falling due after one year)	5	**414**	280
Total current assets		**81,502**	1,231,581
Total assets		**$ 11,892,256**	$ 11,867,237
Capital and reserves			
Called up share capital	8	**$ 87**	$ 86
Share premium account	9	**61,513**	34,731
Merger reserve	9	**4,253,581**	4,253,581
Share option reserves	9	**154,394**	127,384
Profit and loss account	9	**7,357,548**	7,375,576
Total capital and reserves		**$ 11,827,123**	$ 11,791,358
Creditors			
Creditors (amounts falling due within one year)	6	**39,043**	60,959
Creditors (amounts falling due after one year)	6	**26,090**	14,920
Total liabilities		**65,133**	75,879
Total capital and reserves and liabilities		**$ 11,892,256**	$ 11,867,237

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

The Company's profit for fiscal years 2021 and 2020 was $130.5 million and $1,211.2 million, respectively.

The financial statements of STERIS plc were approved by the Audit Committee of the Board of Directors and the Board of Directors on June 1, 2021.

Signed on behalf of the Board

Mohsen M. Sohi
Chairman of the Board

Walter M Rosebrough, Jr.
Director

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

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

	Share capital	Share premium account	Merger reserve	Share option reserve	Profit and loss account	Total
Balance, March 31, 2019	6,338,761	—	4,253,581	103,109	—	10,695,451
Profit for year	—	—	—	—	**1,211,175**	**1,211,175**
Share capital reduction	**(6,338,676)**	—	—	—	**6,338,676**	—
Share based payment expense for the period	—	—	—	**24,275**	—	**24,275**
Issue of shares under equity compensation programs (803 shares)	**1**	**34,731**	—	—	—	**34,732**
Repurchase and cancellation of ordinary shares (309 shares)	—	—	—	—	**(40,006)**	**(40,006)**
Withholding tax on equity compensation programs (87 shares)	—	—	—	—	**(11,235)**	**(11,235)**
Ordinary cash interim dividends - $1.45 per share	—	—	—	—	**(123,034)**	**(123,034)**
Balance, March 31, 2020	**$ 86**	**$ 34,731**	**$ 4,253,581**	**$ 127,384**	**$ 7,375,576**	**$ 11,791,358**
Profit for year	—	—	—	—	**130,456**	**130,456**
Share based payment expense for the period	—	—	—	**27,010**	—	**27,010**
Issue of shares under equity compensation programs (556 shares)	**1**	**26,782**	—	—	—	**26,783**
Repurchase and cancellation of ordinary shares (65 shares)	—	—	—	—	**(5,048)**	**(5,048)**
Withholding tax on equity compensation programs (62 shares)	—	—	—	—	**(9,599)**	**(9,599)**
Ordinary cash interim dividends - $1.57 per share	—	—	—	—	**(133,837)**	**(133,837)**
Balance, March 31, 2021	**$ 87**	**$ 61,513**	**$ 4,253,581**	**$ 154,394**	**$ 7,357,548**	**$ 11,827,123**

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

NOTES TO THE COMPANY FINANCIAL STATEMENTS

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

1. BASIS OF PRESENTATION

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

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

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

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

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

The financial statements of STERIS plc were approved and authorised for issuance by the Board of Directors on June 1, 2021.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Foreign currencies

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

Investments

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

Taxation

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

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

Dividends

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

Financial instruments

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

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

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

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

Financial guarantees

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

Share based compensation

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

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

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

Related party transactions

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

Judgment and Key Sources of Estimation Uncertainty

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

Financial guarantees

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

Share-based compensation

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

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

Deferred tax assets and liabilities

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

3. HISTORY AND DESCRIPTION OF THE COMPANY

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

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

4. FINANCIAL ASSETS INVESTMENTS IN GROUP UNDERTAKINGS

	2021
Cost:	
Balance at March 31, 2019	$ 10,520,226
Additions due to share based compensation plan	22,576
Capital contribution to STERIS Emerald IE Limited	92,854
Balance at March 31, 2020	$ 10,635,656
Additions due to share based compensation plan	**25,098**
Capital contribution to STERIS Emerald IE Limited	**1,150,000**
Balance at March 31, 2021	**$ 11,810,754**

In August 2020, the Company made a $1,150,000 capital contribution to STERIS Emerald IE Limited.

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

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

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

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

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

A complete listing of direct and indirect subsidiaries is included in Note 26 to the Consolidated Financial Statements included in the Directors' Report and Consolidated Financial Statements for the year ended March 31, 2021.

5. DEBTORS

Amounts due from debtors are presented in the following table:

	2021	2020
Amounts due within one year		
Amounts due from group undertakings	**$ 72,310**	$ 1,230,533
Prepaid assets	**2,174**	—
Accrued tax foreign income	**1,780**	627
VAT vendor reclaimable	**196**	39
Total amounts due within one year	**76,460**	1,231,199
Amounts due after one year		
Deferred tax foreign asset	**$ 365**	$ 212
Prepaid credit facility fees (see note 6)	**49**	68
Total amounts due after one year	**414**	280
Total debtors	**$ 76,874**	$ 1,231,479

During fiscal 2021, the receivable from STERIS Irish FinCo Unlimited Company of $1,150,000 was contributed to its wholly owned subsidiary, STERIS Emerald IE Limited. Refer to the following paragraph below for more details of this loan. Other receivables due from group undertakings were $72,310 for fiscal 2021.

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

6. CREDITORS AND BORROWINGS

Amounts due to creditors are presented in the following table:

	2021	2020
Amounts due within one year		
Accounts payable	**$ 629**	$ —
Amounts due to group undertakings	**38,145**	60,143
VAT payable	**253**	616
Other creditors	**16**	200
Total amounts due within one year	**39,043**	60,959
Amounts due after one year		
Bank debt	**$ 26,090**	$ 14,920
Total amounts due after one year	**26,090**	14,920
Total creditors	**$ 65,133**	$ 75,879

Fiscal 2021 amounts amounts due within a year consisted of amounts due to group undertakings of $38,145. Other creditors included professional fees and loan and interest costs on external borrowings.

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

On March 19, 2021, STERIS plc ("the Company"), STERIS Corporation, STERIS Limited ("Limited"), and STERIS Irish FinCo Unlimited Company ("FinCo", "STERIS Irish 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 $1,250,000 revolving credit facility (the "Revolver"), which replaced a prior revolving credit agreement.

The Revolver provides for revolving credit borrowings, swing line borrowings and letters of credit, with sublimits for swing line borrowings and letters of credit. The Revolver may be increased in specified circumstances by up to $625,000 in the discretion of the lenders. The Revolver matures on the date that is five years after March 19, 2021, and all unpaid borrowings, together with accrued and unpaid interest thereon, are repayable on that date. The Revolver bears interest from time to time, at either the Base Rate or the Eurocurrency 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 Credit Agreement. Base Rate Advances are payable quarterly in arrears and Eurocurrency Rate Advances are payable at the end of the relevant interest period therefor, but in no event less frequently than every three months. 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. Advances may be extended in U.S. Dollars or in specified alternative currencies.

On March 19, 2021, the Company, STERIS Corporation, Limited, and FinCo, each as a borrower and guarantor, entered into a term loan agreement with various financial institutions as lenders, and JPMorgan Chase Bank, N.A., as Administrative agent (the "Term Loan Agreement") providing for a $550,000 term loan facility (the "Term Loan"), which replaced an existing term loan agreement, dated as of November 18, 2020 (the "Existing Term Loan Agreement"). The proceeds of the Term Loan were used to refinance the Existing Term Loan Agreement.

The Term Loan matures on the date that is five years after March 19, 2021 (the "Term Loan Closing Date"). No principal payments are due on the Term Loan for the period beginning from the first full fiscal quarter ended after the Term Loan Closing Date to and including the fourth full fiscal quarter ended after the Term Loan Closing Date. For the period beginning from the fifth full fiscal quarter ended after the Term Loan Closing Date to and including the twelfth full fiscal quarter ended after the Term Loan Closing Date, quarterly principal payments, each in the amount of 1.25% of the original principal amount of the Term Loan, are due on the last business day of each fiscal quarter. For the period beginning from the thirteenth full fiscal quarter ended after the Term Loan Closing Date through the maturity of the loan, quarterly principal payments, each in the amount of 1.875% of the original principal amount of the Term Loan, are due on the last business day of each fiscal quarter. The remaining unpaid principal is due and payable on the maturity date.

The Term Loan bears interest from time to time, at either the Base Rate or the Eurocurrency Rate, as defined in and calculated under and as in effect from time to time under the Term Loan Agreement, plus the Applicable Margin, as defined in the Term Loan Agreement. The Applicable Margin is determined based on the Debt Rating of the Company, as defined in the Term Loan Agreement. Base Rate Advances are payable quarterly in arrears and Eurocurrency Rate Advances are payable at the end of the relevant interest period therefor, but in no event less frequently than every three months.

Also on March 19, 2021, the Company, STERIS Corporation, Limited, and FinCo, each as a borrower and guarantor, entered into a delayed draw term loan agreement with various financial institutions as lenders, and JPMorgan Chase Bank, N.A., as administrative agent (the "Delayed Draw Term Loan Agreement") providing for a delayed draw term loan facility of up to $750,000 (the "Delayed Draw Term Loan") in connection with STERIS's proposed acquisition of Cantel Medical Corp. ("Cantel"). The Delayed Draw Term Loan will be funded by the lenders upon the satisfaction of certain conditions, including the concurrent consummation of the acquisition (the "Acquisition Closing Date"). The proceeds of the Delayed Draw Term Loan are expected to be used, together with the proceeds from other new indebtedness, to fund the cash consideration for the acquisition, as well as for various other items.

The Delayed Draw Term Loan matures on the date that is five years after the Acquisition Closing Date. No principal payments are due on the Delayed Draw Term Loan for the period beginning from the first full fiscal quarter ended after the Acquisition Closing Date to and including the fourth full fiscal quarter ended after the Acquisition Closing Date. For the period beginning from the fifth full fiscal quarter ended after the Acquisition Closing Date to and including the twelfth full fiscal quarter ended after the Acquisition Closing Date, quarterly principal payments, each in the amount of 1.25% of the original principal amount of the Delayed Draw Term Loan, are due on the last business day of each fiscal quarter. For the period beginning from the thirteenth full fiscal quarter ended after the Acquisition Closing Date through the maturity of the loan, quarterly principal payments, each in the amount of 1.875% of the original principal amount of the Delayed Draw Term Loan, are due on the last business day of each fiscal quarter. The remaining unpaid principal is due and payable on the maturity date.

The Delayed Draw Term Loan bears interest from time to time, at either the Base Rate or the Eurocurrency Rate, as defined in and calculated under and as in effect from time to time under the Delayed Draw Term Loan Agreement, plus the Applicable Margin, as defined in the Delayed Draw Term Loan Agreement. The Applicable Margin is determined based on the Debt Rating of STERIS, as defined in the Delayed Draw Term Loan Agreement. Interest on borrowings made at the Base Rate ("Base Rate Advances") is payable quarterly in arrears and interest on borrowings made at the Eurocurrency Rate ("Eurocurrency Rate Advances") is payable at the end of the relevant interest period therefor, but in no event less frequently than every three months. There is no premium or penalty for prepayment of Base Rate Advances, but prepayments of Eurocurrency Rate Advances are subject to a breakage fee.

As of March 31, 2021 a total of $26,090, was outstanding under the Revolving Credit Agreement, based on currency exchange rates as of March 31, 2021. As of March 31, 2020 a total of $14,920 was outstanding under the existing Credit Agreement, based on currency exchange rates as of March 31, 2020. As of March 31, 2021, nil and nil were outstanding under the Term Loan and Delayed Term loan, respectively.

7. CONTINGENT LIABILITIES

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

- $350,000 of senior notes issued May 15, 2015 by STERIS Corporation, of which $125,000 have a maturity of 10 years from the issue date at an annual interest rate of 3.45%, $125,000 have a maturity of 12 years from the issue date at an annual interest rate of 3.55% and $100,000 have a maturity of 15 years from the issue date at an annual interest rate of 3.70%.
- $98,000 of senior notes issued in February 2013 by STERIS Corporation, of which $45,500 have a maturity of nine years and 10 months from issuance and have a current annual interest rate of 3.20%, $40,000 have a maturity of 11 years and 10 months from issuance and have a current annual interest rate of 3.35%, and the remaining $12,500 have a maturity of 14 years and 10 months from issuance and have a current annual interest rate of 3.55%.
- $98,000 of senior notes issued by STERIS Corporation in December 2012, of which $45,500 have a maturity of 10 years from issuance and have a current annual interest rate of 3.20%, an additional $40,000 have a maturity of 12 years from issuance and have a current annual interest rate of 3.35%, and the remaining $12,500 have a maturity of 15 years from issuance and have a current annual interest rate of 3.55%.
- $95,000, €99,000, and £75,000, of senior notes issued February 27, 2017, by STERIS UK. These notes have maturities of between 10 years and 15 years from the issue date and annual interest rates that range from 1.86% to 4.03%.

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

In addition to the Credit Agreement, the Company guarantees letters of credit obligations of its subsidiaries under other agreements with banks up to a maximum amount of $35,000 as of March 31, 2021.

On April 1, 2021, STERIS Irish FinCo Unlimited Company ("FinCo", "STERIS Irish FinCo", the "Issuer") completed an offering of $1,350,000 in aggregate principal amount, of its senior notes in two separate tranches: (i) $675,000 aggregate principal amount of the Issuer's 2.70% Senior Notes due 2031 (the "2031 Notes") and (ii) $675,000 aggregate principal amount of the Issuer's 3.750% Senior Notes due 2051 (the "2051 Notes" and, together with the 2031 Notes, the "Senior Public Notes"). The Senior Public Notes were issued pursuant to an Indenture, dated as of April 1, 2021 (the "Base Indenture"), among FinCo, the Company, STERIS Corporation and Limited (the "Guarantors") and U.S. Bank National Association, as trustee (the "Trustee"), as supplemented by the First Supplemental Indenture, dated as of April 1, 2021, among FinCo, the Guarantors and the Trustee (the "Supplemental Indenture" and, together with the Base Indenture, the "Indenture"). Each of the Guarantors guaranteed the Senior Public Notes jointly and severally on a senior unsecured basis (the "Guarantees"). The 2031 Notes will mature on March 15, 2031 and the 2051 Notes will mature on March 15, 2051. The Senior Public Notes will bear interest at the rates set forth above. Interest on the Senior Public Notes is payable on March 15 and September 15 of each year, beginning on September 15, 2021 until their respective maturities.

8. SHARE CAPITAL

Authorized share capital consisted of the follow:

(Shares in thousands)	March 31, 2021		March 31, 2020	
Ordinary shares, par value \$.001, 500,000,000	**\$**	**500,000**	\$	500,000
Preferred shares, par value \$.001, 50,000,000		**50**		50
Deferred ordinary shares, €1.00, par value, 25,000		**28**		28
	\$	**500,078**	\$	500,078

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

(Shares in thousands)	March 31, 2021		March 31, 2020	
Ordinary shares, par value \$.001, 85,352,661 and 84,924,355 issued and outstanding, for 2021 and 2020, respectively	**\$**	**87**	\$	86
	\$	**87**	\$	86

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

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

During fiscal 2021, the Company issued 554,873 ordinary shares having a nominal value of \$.001 each in capital of the Company for a total consideration of \$26,782 related to employee share based compensation plans. Refer to Note 16 to the Consolidated Financial Statements included in this Annual Report for further discussion of share based compensation.

During fiscal 2021, the Company repurchased 35,000 ordinary shares for the aggregate amount of \$5,048 (net of fees and commissions). During fiscal 2021, the Company obtained 29,603 ordinary shares due to forfeitures under share based compensation award programs. During fiscal 2021, the Company obtained 61,964 ordinary shares in the aggregate amount of \$9,599 for tax withholding on exercised options under share based compensation award programs. Refer to Note 12 to the Consolidated Financial Statements included in this Annual Report for further discussion of share repurchases.

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

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

9. RESERVES

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

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

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

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

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

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

During fiscal 2021, the Directors paid dividends totaling $133,837 or $1.57 per share. During fiscal 2020, the Directors paid dividends totaling $123,034 or $1.45 per share.

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

10. AUDITORS REMUNERATION

The fees paid to Ernst & Young Ireland in respect of the audit of the Company individual accounts were $0.1 and $0.1 million for the years ended March 31, 2021 and 2020, respectively. In addition, Ernst & Young Ireland received fees of $0.2 million (2020: $0.3 million) for other assurance services and $Nil (2020: $Nil) for tax advisory services for the years ended March 31, 2021 and 2020, respectively. These fees were borne by another group company. Note 22 to the Consolidated Financial Statements provides additional information regarding Auditors’ remuneration.

11. EMPLOYEES' REMUNERATION

The company had no employees during the year ended 31 March 2021 or the prior year. Certain costs for the employees of the Company's subsidiaries are allocated to the Company in an amount commensurate with their services to the Company. These costs were $4,728 and $5,153 in fiscal 2021 and 2020, respectively.

12. SUBSEQUENT EVENTS

Acquisition of Cantel

On January 12, 2021, we announced the signing of a definitive agreement to acquire Cantel Medical Corp. (NYSE: CMD "Cantel"), through a U.S. subsidiary. Cantel is a global provider of infection prevention products and services primarily to endoscopy and dental Customers. Under the terms of the agreement, we will acquire Cantel in a cash and stock transaction valued at $84.66 per Cantel common share, based on STERIS's closing share price of $200.46 on January 11, 2021. This represents a total equity value of approximately $3.6 billion and a total enterprise value of approximately $4.6 billion. The agreement has been unanimously approved by the Boards of Directors of both companies. The acquisition is subject to certain closing conditions, including Cantel shareholder vote and regulatory approvals.

We expect to fund the cash portion of the transaction consideration and repay or otherwise satisfy a significant amount of Cantel's existing debt obligations with approximately $2.1 billion of new debt, which is described in Note 8, titled "Debt".

As a result of limited access to the information required to prepare the initial accounting, we are unable to provide the amounts that will be recognized at the acquisition date for the major classes of assets acquired and liabilities assumed, pre-existing contingencies, goodwill or other intangible assets at the time of this annual report.

Dividends

On May 5, 2021, the Board of Directors approved a quarterly interim dividend of $0.40 per share. The dividend is payable June 25, 2021 to shareholders of record at the close of business on May 28, 2021.