Risk Factors Comparison 2023-05-26 to 2022-05-31 Form: 10-K

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This section describes certain risk factors that could affect our business, financial condition and results of operations. You should consider these risk factors when evaluating the forward- looking statements contained in this Annual Report on Form 10-K, because our actual results and financial condition might differ materially from those projected in the forward- looking statements should these risks occur. We face other risks besides those highlighted below. These other risks include additional uncertainties not presently known to us or that we currently believe are immaterial, but may ultimately have a significant impact. In addition, the ~~impact~~ **impacts** of the COVID- 19 pandemic **, Russia' s invasion of Ukraine and the ongoing inflationary environment** may also exacerbate any of these risks, which could have a material effect on us. Although the risks are organized by headings, and each risk is discussed separately, many are interrelated. 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. LEGAL, REGULATORY AND TAX 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. 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. Some 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 **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 ~~incorporate~~ **create a** lean ~~concepts and practices to more efficiently operate our~~ 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.Increases in costs of doing business may have a material adverse effect on our financial condition and results of operations. ~~A~~ **The COVID- 19** pandemic or similar public health crises ~~,such as COVID- 19,~~ could have a material adverse impact on ability to staff our operations.As supplier to Healthcare and Life Sciences Customers,we ~~fell~~ **fall** within a " critical infrastructure " sector,and ~~were~~ **are** also considered an essential business and therefore were exempt under various stay at home / shelter in place orders associated with COVID- 19. **Accordingly** ~~These exemptions,however,may not persist in another pandemic or similar health crisis and there can be no assurance that in such a crisis,we will be able to operate in the same.During the COVID- 19 pandemic~~ ,our employees continued 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** ~~,and we~~ implemented telework policies wherever possible for appropriate categories of employees. **However,our employees that are unable to telework continued to work at our facilities and those of our Customers,and we implemented appropriate safety measures,such as social distancing and increased cleaning protocols.** While ~~based on our response to the current COVID- 19 pandemic,~~ we believe that we have developed appropriate measures to ensure the health and well- being of our employees ~~for similar or future health crises~~ ,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 ~~an~~ **COVID- 19 or similar** illness 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** ~~Labor market conditions,particularly in the United States,are challenging.The undersupply of~~ highly qualified people **is intense** ~~has led to increased competition,which has led to higher costs~~ and ~~other~~ - **there** ~~labor- related difficulties.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 ~~,including but not limited to interact with Customers and suppliers,fulfilling orders,generating invoices,collecting and making payments,shipping products,providing Customer support,and fulfilling contractual obligations~~ .In addition,we rely on networks and services,including internet sites ~~,cloud and software- as- a- service solutions~~ ,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.While we have been the previous target of cyberattacks and security breaches,none of these attacks or breaches to date have had a material adverse effect on the Company.We cannot guarantee that future cyberattacks,if successful,will not have a material effect on our business or financial results.Numerous and evolving cybersecurity threats continue to pose potential risks to the security of our IT systems,networks and services,as well as the confidentiality,availability and integrity of our data. ~~Some of our products,services,and information technology systems contain or use open- source software,which poses additional risks,including potential security vulnerabilities,licensing compliance issues,and quality issues.A security breach,whether of our products,of our Customers' network security and systems or of third- party hosting services,could impact the use of such products and the security of information stored therein.~~ 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 ~~.When cybersecurity incidents occur,we expect to follow our incident response protocols and address them in accordance with applicable governmental regulations and other legal requirements.Our response to these incidents and our investments to protect our information technology infrastructure and data may not shield us from significant losses and potential liability or prevent any future interruption or breach of our systems~~ .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** .Furthermore, ~~there~~ - **their** has also been an increase in cyber incidents that appears to be associated with the Ukraine-Russia military conflict.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).Net sales and profitability of our Dental segment are highly dependent on our relationships with a limited number of large distributors.The distribution network in the U.S.dental industry is concentrated **,with relatively few distributors of consumable products accounting for a significant share of the sales volume to dentists.Historically,the top three Customers** . 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 or other capital requirements **and investments** 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. The **integration of acquired businesses into STERIS** ~~current military conflict between Russia and Ukraine and its implications on U. S., Canadian and European Union relations with Russia could cause long term geopolitical and economic instability that~~ may ~~impact our future operating results~~ **not be as successful as anticipated** . In response to the military conflict between Russia......

EO is carcinogenic to humans. Recent **recent** announcements of the temporary or permanent closure...... financing. In the last several fiscal years we have made **several large** ~~a number of~~ acquisitions ~~. We also completed several divestitures~~ of ~~non-strategic businesses~~ -- **business, including** ~~or product lines during the last several years. Our success with respect to these~~ -- **the** ~~recent and future~~ acquisitions will depend on our ability to integrate....... Historically, the top three Customers of Cantel **Medical** ~~' s Dental segment accounted for more than 40. 0 % of its revenues. The loss of a significant amount of business from any of these Customers would have a material adverse effect on our Dental segment. In addition, because our Dental segment products are primarily sold through third- party distributors~~ and **Key Surgical** ~~not directly to end users, we cannot control the amount and timing of resources that our distributors devote to our products~~ . ~~There can be no assurance that there will not be a loss or reduction in business from one or more of our major Customers. In addition, we cannot assure that revenues from Customers that have accounted for significant revenues in the past, either individually or as a group, will reach or exceed historical levels in any future period. RISKS RELATED TO THE ACQUISITION OF CANTEL MEDICAL~~ The integration of ~~Cantel~~ **acquired businesses** into STERIS ~~may not be as successful as anticipated. The integration~~ involves 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~~ **controls** over financial reporting. Difficulties in integrating ~~Cantel~~ **acquired businesses** into STERIS may result in ~~Cantel~~ **the business** performing differently than expected, in operational challenges **, in strategic changes** or in the failure to realize anticipated expense- related efficiencies. STERIS' s ~~and Cantel' s~~ existing businesses could also be negatively impacted by the **integration** actions. Potential difficulties that may be encountered in the integration process include, among other factors: • the inability to successfully integrate the business of ~~Cantel~~ **an acquired business** into STERIS in a manner that permits STERIS to achieve the full revenue and cost savings anticipated from the acquisition; • 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~~ **acquired businesses into STERIS** while maintaining focus on providing consistent, high- quality products and services; • potential unknown liabilities and unforeseen expenses associated with the acquisition; • 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 ~~integrating~~ - **integration** ~~Cantel~~ **activities; and • the disruption of, or the loss of momentum in, an acquired business and STERIS** ' ~~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. ~~The~~ **Past and future business** ~~acquisition~~ **acquisitions** ~~of Cantel~~ may not be as accretive to STERIS' s earnings per share and cash flow from operations per share, which may negatively affect the market price of STERIS Shares. ~~The~~ **Past and future** ~~acquisition~~ **acquisitions** may not be as accretive to STERIS' s earnings per share and cash flow from operations per share **as expected** . 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 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' s ordinary shares to decline. **We** incurred a substantial amount of additional debt to complete the **Cantel Medical** acquisition.Our debt level may limit our financial and business flexibility.We funded the cash portion of the **Cantel Medical** acquisition 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.We also refinanced or settled approximately $ 1.0 billion of Cantel' s long- term indebtedness,including convertible debt,outstanding.As of March 31, ~~2022~~ **2023** ,STERIS had approximately $ ~~2~~ **3** . ~~9~~ **1** 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 could have important consequences to our shareholders,including increasing STERIS' s ~~vulnerability to~~ **interest obligations,** 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 indebtedness,thereby reducing our ability to use our cash flow to fund working capital,acquisitions,capital expenditures and general corporate matters,including dividend payments and stock repurchases,limiting our flexibility in planning for,or reacting to,changes in its business and our industry and creating a disadvantage compared to our competitors with less indebtedness. ~~Our performance may~~ STERIS has incurred and ~~will~~ **expects to** incur significant transaction and ~~acquisition-~~ related costs in connection with ~~the~~ **business** ~~acquisition~~ **acquisitions and dispositions** , which may be in excess of those anticipated. STERIS has incurred substantial expenses in connection with the negotiation and completion of ~~the~~ **past business** ~~acquisition~~ **acquisitions** ~~of~~ **and dispositions, including** Cantel **Medical** and ~~related transactions~~ **Key Surgical, and expects to incur similar costs for any future business acquisitions or dispositions** . STERIS expects to ~~continue to~~ incur ~~a number of~~ non- recurring costs associated with ~~combining~~ the ~~operations~~ **integrations** of **recent acquisitions into** STERIS and ~~Cantel~~ **working towards** achieving **the** desired synergies **of such acquisitions** . These fees and costs have been, and ~~will~~ **may** continue to be, substantial. The non- recurring expenses include, among others, employee retention costs, fees paid to financial, legal and accounting advisors, and severance and benefit costs. STERIS ~~will~~ also **expects to** incur and has incurred costs ~~related to implementing integration plans, costs~~ to consolidate facilities and systems ~~and employment- related costs~~ . Additional unanticipated costs may be incurred in the integration of **any acquired** ~~the two companies' businesses~~ -- **business** . Although STERIS expects that the elimination of duplicative costs, as well as the realization of other efficiencies related to the integration of **acquired** ~~the STERIS and Cantel~~ 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 titled " 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. We incurred a substantial amount of additional debt......, vendors and business partners. We may fail to realize all of the anticipated benefits of ~~the acquisition~~ **an acquired business** , or those benefits may take longer to realize than expected. The success of ~~the~~ **an** acquisition ~~will depend~~ **depends** , 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 acquisition~~ . The anticipated benefits and cost savings of ~~the~~ **an** acquisition 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~~ **Assumptions** that we **have** made **with respect to acquisitions,** 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 **post- acquisition** integration process may result in the loss of key employees, the disruption of ongoing business **, changes in strategy** or inconsistencies in standards, controls, procedures, and policies. There could be potential unknown liabilities and unforeseen expenses associated with ~~the acquisition~~ **acquisitions** that were not discovered while performing due diligence. **Although we conduct what we believe to be a prudent level of investigation regarding the operating and financial condition of the businesses, product or service lines, assets or technologies we purchase, an unavoidable level of risk remains regarding their actual operating and financial condition, as well as their strategic fit. We may not be able to ascertain actual value or understand potential liabilities until or after we actually assume operation control of these businesses, product or service lines, assets or technologies.** We have recorded goodwill and other intangible assets that could become impaired and result in material non- cash changes to our results of operation in the future. **Our total** ~~The acquisition has been accounted for as an acquisition by STERIS in accordance with accounting principles generally accepted in the U. S., which is referred to as U. S. GAAP. Under the acquisition method of accounting, the~~ assets **include goodwill, intangibles** and ~~liabilities of Cantel and~~ **other long- lived assets. If we determine that these** ~~its~~ **items** ~~subsidiaries~~ have ~~been recorded at~~ **become impaired in** ~~their~~ -- **the future, it may have a material adverse effect on our** ~~respective fair values and added to those of STERIS. Our reported~~ financial condition and results of operations **. As** ~~for periods after completion~~ of **March 31, 2023, we had recorded goodwill of $ 4 billion and** ~~the~~ **other intangible assets** ~~acquisition reflect Cantel balances and results after completion of the acquisition but have not been restated retroactively to reflect the historical financial position or results of operations of Cantel and its subsidiaries for periods prior to the acquisition. Under the acquisition method of accounting~~ , **net of accumulated amortization of $ 3 billion. Goodwill represents** the ~~total~~ **excess of** purchase price ~~has been allocated~~ **over the estimated fair value assigned** to **the net** ~~Cantel' s~~ tangible ~~assets and liabilities~~ and identifiable intangible assets ~~based on~~ **of a business acquired. Goodwill is evaluated for impairment annually or more frequently, if indicators of impairment exist. If** ~~their~~ -- **the impairment evaluations for goodwill indicate the carrying amount exceeds the estimated** fair ~~values~~ - **value** ~~as of the date of completion of the acquisition. The~~ **, an impairment loss is recognized in an amount equal to that** 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. **During the second quarter of fiscal 2023, in connection with the preparation of our quarterly consolidated financial statements, we identified and recognized a goodwill impairment loss of $ 490. 6 million related to goodwill that arose with respect to Dental segment acquired in the Cantel acquisition.**