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

FORM 10-Q

[Mark One]

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended September 30, 2023

or

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

For the transition period from to
Commission File Number 1-37556



Stericycle, Inc.

(Name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

36-3640402

(IRS Employer Identification Number)

**2355 Waukegan Road
Bannockburn, Illinois 60015**

(Address of principal executive offices, including zip code)

(847) 367-5910

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of each class</u>	<u>Trading Symbol(s)</u>	<u>Name of each exchange on which registered</u>
Common Stock, par value \$0.01 per share	SRCL	Nasdaq Global Select Market

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

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

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

Large accelerated filer
Smaller reporting company

Accelerated filer
Emerging growth company

Non-accelerated filer

[Table of Contents](#)

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

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

On October 30, 2023, there were 92,523,391 shares of the Registrant's Common Stock outstanding.



Table of Contents

	Page No.
PART I. FINANCIAL INFORMATION	
Item 1. Financial Statements (Unaudited)	5
Condensed Consolidated Statements of Income (Loss)	5
Condensed Consolidated Statements of Comprehensive (Loss) Income	6
Condensed Consolidated Balance Sheets	7
Condensed Consolidated Statements of Cash Flows	8
Condensed Consolidated Statements of Changes in Equity	9
Notes to Condensed Consolidated Financial Statements	11
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	20
Item 3. Quantitative and Qualitative Disclosures About Market Risk	30
Item 4. Controls and Procedures	30
PART II. OTHER INFORMATION	
Item 1. Legal Proceedings	31
Item 1A. Risk Factors	31
Item 2. Unregistered Sales of Equity Securities, Use of Proceeds, and Issuer Purchases of Equity Securities	31
Item 5. Other Information	31
Item 6. Exhibits	32
SIGNATURES	33

Glossary of Defined Terms

Unless the context requires otherwise, the “Company”, “Stericycle”, “we”, “us”, or “our” refers to Stericycle, Inc. on a consolidated basis. The Company also uses several other terms in this Quarterly Report on Form 10-Q, most of which are explained or defined below:

Abbreviation	Description
2022 Form 10-K	Annual report on Form 10-K for the year ended December 31, 2022
Adjusted Income from Operations	Income from Operations adjusted for certain items discussed in Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations
Credit Agreement	Credit Agreement dated September 30, 2021, First Amendment dated April 26, 2022, and Second Amendment dated June 15, 2023, among the Company and certain subsidiaries as borrowers, Bank of America, N.A., as administrative agent, swing line lender, a lender and a letter of credit issuer and the other lenders party thereto, as amended
Credit Agreement Defined Debt Leverage Ratio	As of any date of determination, the ratio of (a) (i) Consolidated Funded Indebtedness as of such date minus (ii) Unrestricted Cash as of such date to (b) Consolidated EBITDA (each as defined in the Credit Agreement) for the period of four fiscal quarters most recently ended on or prior to such date
Credit Facility	The Company’s \$1.2 billion credit facility due in September of 2026 granted under the terms of the Credit Agreement
CRS	Communication and Related Services (Divested December 2022)
DEA	U.S. Drug Enforcement Administration. The DEA is a division of the DOJ. It is the federal agency which regulates the manufacture, dispensing, storage, and shipment of controlled substances including medications with human abuse potential
DOJ	U.S. Department of Justice
Domestic Environmental Solutions	Hazardous Waste Solutions and Manufacturing and Industrial Services (Divested April 2020)
DSO	Days Sales Outstanding as reported, defined as the average number of days that it takes a company to collect payment after revenue has been recorded, computed as the trailing twelve months of Revenues for the period ended, divided by the Accounts Receivable balance at the end of the period. Days Sales Outstanding, net of Deferred Revenues is similarly computed except Accounts Receivable balance is netted with Deferred Revenues.
DTSC	U.S. Department of Toxic Substances Control
EBITDA	Earnings Before Interest, Taxes, Depreciation & Amortization. Another common financial term utilized by Stericycle to analyze the core profitability of the business before interest, tax, depreciation and amortization
Enviri	Enviri Corporation, a Delaware Corporation, formerly known as Harsco Corporation
ERP	Enterprise Resource Planning
Exchange Act	U.S. Securities Exchange Act of 1934
FCPA	U.S. Foreign Corrupt Practices Act
FCPA Settlement	FCPA settlement with the SEC, the DOJ and Brazil authorities of approximately \$90 million and engagement of an independent compliance monitor for 2 years and self-reporting for additional year
International	Operating segment including Europe, Middle East, Asia Pacific (Divested our Korea operations in June 2023, which was our last remaining Asia Pacific business) and Latin America (Divested our Brazil operations in April 2023, which was our last remaining Latin America business) Business operations outside of North America
IRS	U.S. Internal Revenue Service
LIBOR	London Interbank Offered Rate - benchmark interest rate that was replaced by SOFR
Net Debt	As defined in the Credit Agreement, adding back unamortized debt issuance costs, less cash and cash equivalents
North America	Operating segment in North America, including U.S., Canada and Puerto Rico
NOV	Notice of Violation
Other Costs	Represents corporate enabling and shared services costs, annual incentive and stock-based compensation
Purchase Agreement	Stock Purchase Agreement, dated as of February 6, 2020, by and between Stericycle, Inc., and the Harsco Corporation (now known as Enviri Corporation) and CEI Holding LLC, a Delaware limited liability company and subsidiary of Harsco Corporation (now known as Enviri Corporation)
PSU	Performance-based Restricted Stock Unit
RSU	Restricted Stock Unit
RWCS	Regulated Waste and Compliance Services, a business unit that provides regulated medical waste services
SEC	U.S. Securities and Exchange Commission
Senior Notes	5.375% (\$600.0 million) Senior Notes due July 2024 and 3.875% (\$500.0 million) Senior Notes due January 2029
SG&A	Selling, general and administrative expenses
SID	Secure Information Destruction Services, a business unit that provides confidential customer material shredding services and recycling of shredded paper
SOFR	Secured Overnight Financing Rate - benchmark interest rate that replaced LIBOR
SOP	Sorted Office Paper
SQ Settlement	Small quantity medical waste customers class action settlement of \$295.0 million
Term Facility	Aggregate amount of commitments made by any lender under the terms of the Credit Agreement
Term Loans	Advances made by any lender under the Term Facility
TSA	Transition Services Agreement
UAE	United Arab Emirates
U.S.	United States of America
U.S. GAAP	U.S. Generally Accepted Accounting Principles

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements (Unaudited)

**STERICYCLE, INC.
CONDENSED CONSOLIDATED STATEMENTS OF INCOME (LOSS)
(Unaudited)**

In millions, except per share data

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Revenues	\$ 653.5	\$ 690.3	\$ 2,007.3	\$ 2,034.4
Cost of revenues	407.8	424.1	1,249.5	1,263.3
Gross profit	245.7	266.2	757.8	771.1
Selling, general and administrative expenses	217.3	215.6	654.2	676.5
Divestiture losses, net (Note 3)	4.2	—	63.4	—
Income from operations	24.2	50.6	40.2	94.6
Interest expense, net	(17.4)	(19.8)	(56.9)	(54.6)
Other income (expense), net	0.1	2.3	(0.3)	0.8
Income (loss) before income taxes	6.9	33.1	(17.0)	40.8
Income tax expense	(4.8)	(5.1)	(19.1)	(16.4)
Net income (loss)	2.1	28.0	(36.1)	24.4
Net income attributable to noncontrolling interests	(0.1)	—	(0.2)	(0.2)
Net income (loss) attributable to Stericycle, Inc. common shareholders	\$ 2.0	\$ 28.0	\$ (36.3)	\$ 24.2
Income (loss) per common share attributable to Stericycle, Inc. common shareholders:				
Basic	\$ 0.02	\$ 0.30	\$ (0.39)	\$ 0.26
Diluted	\$ 0.02	\$ 0.30	\$ (0.39)	\$ 0.26
Weighted average number of common shares outstanding:				
Basic	92.5	92.2	92.4	92.1
Diluted	92.9	92.4	92.4	92.4

See accompanying Notes to Condensed Consolidated Financial Statements.

STERICYCLE, INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE (LOSS) INCOME
(Unaudited)

In millions

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Net income (loss)	\$ 2.1	\$ 28.0	\$ (36.1)	\$ 24.4
Other comprehensive (loss) income:				
Currency translation adjustments	(21.8)	(65.4)	(7.8)	(120.3)
Cumulative currency translation loss realized from divestitures	1.0	—	70.6	—
Total other comprehensive (loss) income	(20.8)	(65.4)	62.8	(120.3)
Comprehensive (loss) income	(18.7)	(37.4)	26.7	(95.9)
Less: comprehensive income (loss) attributable to noncontrolling interests	0.1	(0.3)	(2.1)	(0.6)
Comprehensive (loss) income attributable to Stericycle, Inc. common shareholders	\$ (18.8)	\$ (37.1)	\$ 28.8	\$ (95.3)

See accompanying Notes to Condensed Consolidated Financial Statements.

STERICYCLE, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)

In millions, except per share data

	September 30, 2023	December 31, 2022
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 29.7	\$ 56.0
Accounts receivable, less allowance for doubtful accounts of \$47.1 in 2023 and \$53.3 in 2022	465.6	414.5
Prepaid expenses	39.9	33.2
Other current assets	52.0	55.0
Total Current Assets	587.2	558.7
Property, plant and equipment, less accumulated depreciation of \$665.3 in 2023 and \$657.7 in 2022	702.8	715.7
Operating lease right-of-use assets	442.7	398.9
Goodwill	2,738.5	2,784.9
Intangible assets, less accumulated amortization of \$889.2 in 2023 and \$823.3 in 2022	708.0	811.1
Other assets	66.9	64.8
Total Assets	\$ 5,246.1	\$ 5,334.1
LIABILITIES AND EQUITY		
Current Liabilities:		
Current portion of long-term debt	\$ 15.8	\$ 22.3
Bank overdrafts	—	2.9
Accounts payable	202.5	213.5
Accrued liabilities	219.6	244.1
Operating lease liabilities	102.1	91.2
Deferred revenues	65.1	7.9
Other current liabilities	45.3	40.0
Total Current Liabilities	650.4	621.9
Long-term debt, net	1,297.0	1,484.0
Long-term operating lease liabilities	360.5	329.0
Deferred income taxes	426.1	427.0
Long-term income taxes payable	9.4	11.8
Other liabilities	26.4	35.9
Total Liabilities	2,769.8	2,909.6
Commitments and contingencies (Note 8 - Commitments and Contingencies)		
EQUITY		
Common stock (par value \$0.01 per share, 120.0 shares authorized, 92.5 and 92.2 issued and outstanding in 2023 and 2022, respectively)	0.9	0.9
Additional paid-in capital	1,312.0	1,285.4
Retained earnings	1,374.5	1,410.8
Accumulated other comprehensive loss	(211.8)	(276.9)
Total Stericycle, Inc.'s Equity	2,475.6	2,420.2
Noncontrolling interests	0.7	4.3
Total Equity	2,476.3	2,424.5
Total Liabilities and Equity	\$ 5,246.1	\$ 5,334.1

See accompanying Notes to Condensed Consolidated Financial Statements.

STERICYCLE, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

In millions

	Nine Months Ended September 30,	
	2023	2022
OPERATING ACTIVITIES:		
Net (loss) income	\$ (36.1)	\$ 24.4
Adjustments to reconcile net (loss) income to net cash from operating activities:		
Depreciation	78.7	81.5
Intangible amortization	84.2	94.7
Stock-based compensation expense	28.2	20.1
Deferred income taxes	2.6	12.0
Divestiture losses, net	63.4	—
Asset impairments, (gain) loss on disposal of property plant and equipment and other charges	6.2	2.2
Other, net	2.8	3.9
Changes in operating assets and liabilities:		
Accounts receivable	(63.1)	(60.3)
Prepaid expenses	(8.3)	5.4
Accounts payable	(3.2)	(9.4)
Accrued liabilities	(11.6)	(101.5)
Deferred revenues	57.7	(0.1)
Other assets and liabilities	(8.2)	(29.8)
Net cash from operating activities	193.3	43.1
INVESTING ACTIVITIES:		
Capital expenditures	(102.2)	(106.0)
Proceeds from divestiture of businesses, net	84.6	1.6
Other, net	2.1	0.9
Net cash from investing activities	(15.5)	(103.5)
FINANCING ACTIVITIES:		
Repayments of long-term debt and other obligations	(11.3)	(9.8)
Proceeds from foreign bank debt	1.3	1.6
Repayments of foreign bank debt	(0.3)	(1.7)
Repayments of term loan	(75.0)	—
Proceeds from credit facility	862.7	1,018.8
Repayments of credit facility	(971.0)	(945.3)
(Repayments) proceeds of bank overdrafts, net	(2.9)	1.1
Payments of finance lease obligations	(2.0)	(2.4)
Payments of debt issuance costs	—	(0.4)
Proceeds from issuance of common stock, net of (payments of) taxes from withheld shares	(5.2)	(5.0)
Payments to noncontrolling interest	(1.5)	(0.2)
Net cash from financing activities	(205.2)	56.7
Effect of exchange rate changes on cash and cash equivalents	1.1	(7.9)
Net change in cash and cash equivalents	(26.3)	(11.6)
Cash and cash equivalents at beginning of period	56.0	55.6
Cash and cash equivalents at end of period	\$ 29.7	\$ 44.0
SUPPLEMENTAL CASH FLOW INFORMATION:		
Interest paid, net of capitalized interest	\$ 67.1	\$ 64.3
Income taxes paid, net	\$ 18.4	\$ 3.0
Capital expenditures in Accounts payable	\$ 24.6	\$ 25.6

See accompanying Notes to Condensed Consolidated Financial Statements.

STERICYCLE, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Unaudited)

In millions

	Stericycle, Inc. Equity						
	Common Stock		Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive (Loss) Income	Noncontrolling Interests	Total Equity
	Shares	Amount					
Balance as of July 1, 2023	92.5	\$ 0.9	\$ 1,299.8	\$ 1,372.5	\$ (191.0)	\$ 0.6	\$ 2,482.8
Net income	—	—	—	2.0	—	0.1	2.1
Currency translation adjustment	—	—	—	—	(21.8)	—	(21.8)
Cumulative currency translation loss realized from divestitures	—	—	—	—	1.0	—	1.0
Issuance of common stock for incentive stock programs, net of (payments of) taxes from withheld shares	—	—	1.8	—	—	—	1.8
Stock-based compensation expense	—	—	10.4	—	—	—	10.4
Changes in noncontrolling interest	—	—	—	—	—	—	—
Balance as of September 30, 2023	<u>92.5</u>	<u>\$ 0.9</u>	<u>\$ 1,312.0</u>	<u>\$ 1,374.5</u>	<u>\$ (211.8)</u>	<u>\$ 0.7</u>	<u>\$ 2,476.3</u>

In millions

	Stericycle, Inc. Equity						
	Common Stock		Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive (Loss) Income	Noncontrolling Interests	Total Equity
	Shares	Amount					
Balance as of July 1, 2022	92.1	\$ 0.9	\$ 1,271.2	\$ 1,351.0	\$ (273.2)	\$ 3.8	\$ 2,353.7
Net income	—	—	—	28.0	—	—	28.0
Currency translation adjustment	—	—	—	—	(65.1)	(0.3)	(65.4)
Issuance of common stock for incentive stock programs, net of (payments of) taxes from withheld shares	0.1	—	2.1	—	—	—	2.1
Stock-based compensation expense	—	—	7.5	—	—	—	7.5
Changes in noncontrolling interest	—	—	—	—	—	(0.2)	(0.2)
Balance as of September 30, 2022	<u>92.2</u>	<u>\$ 0.9</u>	<u>\$ 1,280.8</u>	<u>\$ 1,379.0</u>	<u>\$ (338.3)</u>	<u>\$ 3.3</u>	<u>\$ 2,325.7</u>

See accompanying Notes to Condensed Consolidated Financial Statements.

STERICYCLE, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Unaudited)

In millions

	Stericycle, Inc. Equity						
	Common Stock		Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive (Loss) Income	Noncontrolling Interests	Total Equity
	Shares	Amount					
Balance as of December 31, 2022	92.2	\$ 0.9	\$ 1,285.4	\$ 1,410.8	\$ (276.9)	\$ 4.3	\$ 2,424.5
Net (loss) income	—	—	—	(36.3)	—	0.2	(36.1)
Currency translation adjustment	—	—	—	—	(5.5)	(2.3)	(7.8)
Cumulative currency translation loss realized from divestitures	—	—	—	—	70.6	—	70.6
Issuance of common stock for incentive stock programs, net of (payments of) taxes from withheld shares	0.3	—	(1.6)	—	—	—	(1.6)
Stock-based compensation expense	—	—	28.2	—	—	—	28.2
Changes in noncontrolling interest	—	—	—	—	—	(1.5)	(1.5)
Balance as of September 30, 2023	<u>92.5</u>	<u>\$ 0.9</u>	<u>\$ 1,312.0</u>	<u>\$ 1,374.5</u>	<u>\$ (211.8)</u>	<u>\$ 0.7</u>	<u>\$ 2,476.3</u>

In millions

	Stericycle, Inc. Equity						
	Common Stock		Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Noncontrolling Interests	Total Equity
	Shares	Amount					
Balance as of December 31, 2021	91.9	\$ 0.9	\$ 1,261.8	\$ 1,354.8	\$ (218.8)	\$ 4.1	\$ 2,402.8
Net income	—	—	—	24.2	—	0.2	24.4
Currency translation adjustment	—	—	—	—	(119.5)	(0.8)	(120.3)
Issuance of common stock for incentive stock programs, net of (payments of) taxes from withheld shares	0.3	—	(1.1)	—	—	—	(1.1)
Stock-based compensation expense	—	—	20.1	—	—	—	20.1
Changes in noncontrolling interest	—	—	—	—	—	(0.2)	(0.2)
Balance as of September 30, 2022	<u>92.2</u>	<u>\$ 0.9</u>	<u>\$ 1,280.8</u>	<u>\$ 1,379.0</u>	<u>\$ (338.3)</u>	<u>\$ 3.3</u>	<u>\$ 2,325.7</u>

See accompanying Notes to Condensed Consolidated Financial Statements.

STERICYCLE, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

NOTE 1 — BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Summary of Significant Accounting Policies

Basis of Presentation: The accompanying unaudited condensed consolidated financial statements include the accounts of Stericycle, Inc. and its subsidiaries. All intercompany accounts and transactions have been eliminated in consolidation. The Company's condensed consolidated financial statements were prepared in accordance with U.S. GAAP and include the assets, liabilities, revenues, and expenses of all wholly-owned subsidiaries and majority-owned subsidiaries over which the Company exercises control. Outside stockholders' interests in subsidiaries are shown on the condensed consolidated financial statements as "Noncontrolling interests".

The accompanying unaudited condensed consolidated financial statements as of September 30, 2023 and for the three and nine months ended September 30, 2023 and 2022, have been prepared pursuant to the rules and regulations of the SEC for interim reporting and, therefore, do not include all information and footnote disclosures normally included in audited financial statements prepared in conformity with U.S. GAAP. In the opinion of management, however, all adjustments, consisting of normal recurring adjustments necessary to present fairly the results of operations, financial position and cash flows have been made. These condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in the 2022 Form 10-K. The results of operations for any interim period are not necessarily indicative of the results of operations to be expected for the full year or any other period.

Use of Estimates: The preparation of financial statements in conformity with U.S. GAAP requires the Company to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Some areas where the Company makes estimates include allowance for doubtful accounts, credit memo reserves, contingent liabilities, asset retirement obligations, stock compensation expense, income tax assets and liabilities, accrued employee health and welfare benefits, accrued auto and workers' compensation self-insured claims, leases, goodwill and held for sale impairment valuations. Such estimates are based on historical trends and on various other assumptions that are believed to be reasonable under the circumstances. Actual results could differ from these estimates.

NOTE 2 — REVENUES FROM CONTRACTS WITH CUSTOMERS

The Company provides RWCS, which provide collection and processing of regulated and specialized waste, including medical, pharmaceutical and hazardous waste, for disposal and compliance programs and SID services, which provide for the collection of personal and confidential information for secure destruction and recycling of shredded paper.

The Company's customers typically enter into a contract for the provision of services on a regular and scheduled basis, e.g., weekly, monthly or on an as needed basis over the contract term, e.g., one-time service. Under the contract terms, the Company receives fees based on a monthly, quarterly or annual rate and/or fees based on contractual rates depending upon measures including the volume, weight, and type of waste, number and size of containers collected, and weight and type of shredded paper.

Amounts are invoiced based on the terms of the underlying contract either on a regular basis, e.g., monthly or quarterly, or as services are performed and are generally due within a short period of time after invoicing based upon normal terms and conditions for our business type and the geography of the services performed.

Disaggregation of Revenue

The following table presents revenues disaggregated by service and reportable segments:

In millions	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Revenue by Service				
Regulated Waste and Compliance Services	\$ 439.9	\$ 447.8	\$ 1,335.9	\$ 1,348.9
Secure Information Destruction Services	213.6	242.5	671.4	685.5
Total Revenues	\$ 653.5	\$ 690.3	\$ 2,007.3	\$ 2,034.4
North America				
Regulated Waste and Compliance Services	\$ 368.0	\$ 369.7	\$ 1,103.1	\$ 1,097.5
Secure Information Destruction Services	189.1	215.1	592.6	599.7
Total North America Segment	\$ 557.1	\$ 584.8	\$ 1,695.7	\$ 1,697.2
International				
Regulated Waste and Compliance Services	\$ 71.9	\$ 78.1	\$ 232.8	\$ 251.4
Secure Information Destruction Services	24.5	27.4	78.8	85.8
Total International Segment	\$ 96.4	\$ 105.5	\$ 311.6	\$ 337.2

Deferred Revenues

Deferred revenues are recognized when cash payments are received or when the Company bills for services in advance of performance. Deferred revenues as of September 30, 2023 and December 31, 2022, were \$65.1 million and \$7.9 million, respectively. Beginning in the third quarter of 2023, the Company advanced billings for certain Regulated Waste services. Deferred revenues are classified within current liabilities since the revenues are earned within 12 months and there are no significant financing components.

Contract Acquisition Costs

The Company's incremental direct costs of obtaining a contract, which consist primarily of sales incentives, are deferred and amortized to SG&A over a weighted average estimated period of benefit of 6.5 years.

During the three months ended September 30, 2023 and 2022, the Company amortized \$4.2 million and \$3.8 million, respectively, of deferred sales incentives to SG&A. During the nine months ended September 30, 2023 and 2022, the Company amortized \$12.3 million and \$10.8 million, respectively, of deferred sales incentives to SG&A.

Total contract acquisition costs, net of accumulated amortization, were classified as follows:

In millions	September 30, 2023	December 31, 2022
Other current assets	\$ 15.7	\$ 14.2
Other assets	45.2	40.5
Total contract acquisition costs	\$ 60.9	\$ 54.7

Allowance for Doubtful Accounts

The Company estimates its allowance for doubtful accounts based on past collection history and specific risks identified among uncollected amounts, as well as management's expectation of future economic conditions. If current or expected future economic trends, events, or changes in circumstances indicate that specific receivable balances may be impaired, further consideration is given to the collectability of those balances and the allowance is adjusted accordingly. Past-due receivable balances are written off when the Company's collection efforts have been exhausted.

The changes in allowance for doubtful accounts were reported as follows:

In millions	Nine Months Ended September 30,	
	2023	2022
Beginning Balance	\$ 53.3	\$ 43.3
Bad debt expense, net of recoveries	10.1	25.4
Write-offs	(12.2)	(9.8)
Other changes ⁽¹⁾	(4.1)	(0.3)
Ending Balance	\$ 47.1	\$ 58.6

(1) Amounts consist primarily of 2023 divestitures of \$6.4 million (principally Brazil) and currency translation adjustments.

NOTE 3 — RESTRUCTURING, DIVESTITURES, AND ASSET IMPAIRMENTS

Restructuring – Operational Optimization:

In October 2023, the Company recognized Operational Optimization charges of approximately \$3.0 million, split between its North America and International segments, related to headcount reduction.

North America Divestiture

On December 1, 2022, the Company completed the sale of its Communication Solutions business for cash proceeds of approximately \$45.0 million. The transaction resulted in a pre-tax gain of \$15.6 million in the fourth quarter of 2022. In connection with the transaction, the Company entered into certain additional ancillary agreements including a TSA, for up to 12 months. The Company allocated and deferred \$1.4 million of the proceeds, which will be recognized over the duration of the TSA period offsetting the expenses incurred to deliver TSA services not reimbursed by the buyer.

International Divestitures

On October 6, 2023, the Company exited its operations in Romania for nominal consideration which resulted in a third-quarter assets-held-for-sale impairment charges of \$4.2 million, of which \$1.0 million relates to the reclassification of non-cash accumulated currency translation adjustments to earnings. The impairment charge is included in Divestiture losses, net in the Condensed Consolidated Statements of Income (Loss).

On July 25, 2023 and August 10, 2023, respectively, the Company exited its dental recycling business in the Netherlands and its SID joint venture in the UAE for nominal consideration which resulted in second quarter pre-tax charges of \$1.5 million.

On June 1, 2023, the Company exited its operations in the Republic of Korea, for cash proceeds of approximately \$109.3 million. The transaction resulted in a second quarter divestiture pre-tax gain of \$50.8 million, of which \$2.7 million of gain related to the reclassification of non-cash accumulated currency translation adjustments to earnings.

On May 24, 2023, the Company exited its operations in Australia and Singapore, for cash proceeds of approximately \$2.9 million. The transaction resulted in a second quarter divestiture pre-tax loss of \$7.3 million, of which \$2.2 million of loss related to the reclassification of non-cash accumulated currency translation adjustments to earnings.

On April 20, 2023, the Company exited its operations in Brazil for cash consideration to the acquirer of approximately \$28 million. The transaction resulted in a second quarter divestiture pre-tax loss of \$96.2 million, of which \$70.1 million of loss related to the reclassification of non-cash accumulated currency translation adjustments to earnings. In connection with the agreement, the Company entered into a TSA with the acquirer for a period of up to six months. The agreement provides for indemnifications to the acquirer against certain liabilities.

On January 19, 2023, the Company exited its International container manufacturing operations, for cash proceeds of approximately \$2.2 million. The transaction resulted in a first quarter divestiture pre-tax loss of \$5.0 million. In connection with the transaction, the Company entered into certain additional ancillary agreements, including an exclusive two-year supply agreement for containers.

Stericycle recognized the following International pre-tax Divestiture losses (gains), net in the Condensed Consolidated Statements of Income (Loss):

In millions	Three Months Ended September 30, 2023			Nine Months Ended September 30, 2023		
	Loss - pre-cumulative currency translation	Cumulative currency translation loss realized	Total loss	Loss (gain) - pre-cumulative currency translation	Cumulative currency translation loss (gain) realized	Total loss (gain)
Divestitures						
International Segment						
Romania Operations	\$ 3.2	\$ 1.0	\$ 4.2	\$ 3.2	\$ 1.0	\$ 4.2
UAE Joint Venture	—	—	—	0.5	—	0.5
Netherlands Dental Operations	—	—	—	1.0	—	1.0
Republic of Korea Operations	—	—	—	(48.1)	(2.7)	(50.8)
Australia and Singapore Operations	—	—	—	5.1	2.2	7.3
Brazil Operations	—	—	—	26.1	70.1	96.2
International Container Manufacturing Operations	—	—	—	5.0	—	5.0
Divestiture losses (gains), net	\$ 3.2	\$ 1.0	\$ 4.2	\$ (7.2)	\$ 70.6	\$ 63.4

Revenues of the completed divestiture transactions in 2023, each individually contributed less than 1% or in aggregate approximately 3.5% of consolidated revenues in the year ended December 31, 2022.

Asset Impairments

In the three and nine months ended September 30, 2023, the Company recognized an impairment in SG&A of \$3.1 million in International associated with certain intangible assets in Spain.

In the nine months ended September 30, 2023, the Company recognized an impairment in COR of \$3.4 million in International associated with certain long-lived assets, primarily property, plant and equipment in Romania.

In the three and nine months ended September 30, 2022, the Company recognized an impairment in SG&A of \$2.0 million associated with exiting certain North American office facilities.

NOTE 4 — DEBT

The Company's long-term debt consisted of the following:

In millions	September 30, 2023	December 31, 2022
\$1.2 billion Credit Facility, due in 2026	\$ 45.2	\$ 154.1
\$200 million Term Loan, due in 2026	125.0	200.0
\$600 million Senior Notes, due in 2024	600.0	600.0
\$500 million Senior Notes, due in 2029	500.0	500.0
Promissory notes and deferred consideration weighted average maturity of 2.9 years at 2023 and 3.4 years at 2022	33.3	44.7
Foreign bank debt weighted average maturity 0 years at 2023 and 5.0 years at 2022	1.0	0.4
Obligations under finance leases	16.9	18.2
Total debt	1,321.4	1,517.4
Less: current portion of total debt	15.8	22.3
Less: unamortized debt issuance costs	8.6	11.1
Long-term portion of total debt	\$ 1,297.0	\$ 1,484.0

The estimated fair value of our debt approximated \$1.2 billion and \$1.4 billion as of September 30, 2023 and December 31, 2022, respectively. These fair value amounts were estimated using an income approach by applying market interest rates for comparable instruments and developed based on inputs classified as Level 2.

The weighted average interest rates on long-term debt, excluding finance leases were as follows:

	Nine Months Ended September 30, 2023	Year Ended December 31, 2022
\$1.2 billion Credit Facility, due in 2026 (variable rate)	6.82 %	5.92 %
\$200 million Term Loan, due in 2026 (variable rate)	6.62 %	5.88 %
\$600 million Senior Notes, due in 2024 (fixed rate)	5.38 %	5.38 %
\$500 million Senior Notes, due in 2029 (fixed rate)	3.88 %	3.88 %
Promissory notes and deferred consideration (fixed rate)	4.81 %	3.49 %
Foreign bank debt (fixed rate)	N/A	9.80 %

The Credit Agreement contains, among other covenants, a financial covenant requiring maintenance of a maximum Credit Agreement defined Debt Leverage Ratio of 4.00 to 1.00 for any fiscal quarter ending on or after September 30, 2022, which includes, among other provisions, \$50.0 million cash add backs to EBITDA with respect to any four fiscal quarter period ending on or before December 31, 2023. As of September 30, 2023, the Company was in compliance with its financial covenants. The Credit Agreement Defined Debt Leverage Ratio was 2.84 to 1.00, which was below the allowed maximum ratio of 4.00 to 1.00 as set forth in the amended Credit Agreement. If the Company's 2024 Senior Notes are still outstanding 91 days prior to their respective maturity date (the "Springing Maturity Date"), then the Credit Agreement maturity date will be the Springing Maturity Date.

The Company currently has the ability and intent to refinance the 2024 Senior Notes on a long-term basis through available capacity under its Revolving Credit Facility. Therefore, as of September 30, 2023, the 2024 Senior Notes remain classified as Long-Term Debt in the Condensed Consolidated Financial Statements.

Second Amendment

On June 15, 2023, we entered into a Second Amendment to the Credit Agreement. Among other provisions, the Second Amendment modifies the pricing reference from the Eurocurrency Rate Loans (LIBOR) to Term SOFR Loans as defined in the Credit Agreement and allows for higher capital leases now capped at \$200 million in the aggregate.

Amounts committed to outstanding letters of credit and the unused portion of the Company's Senior Credit Facility were as follows:

In millions	September 30, 2023	December 31, 2022
Outstanding letters of credit under Credit Facility	\$ 59.0	\$ 60.1
Unused portion of the Credit Facility	1,095.8	985.7

NOTE 5 — INCOME TAXES

The Company reported income tax expense of \$4.8 million and \$5.1 million for the three months ended September 30, 2023 and 2022, respectively. The effective tax rates for the three months ended September 30, 2023 and 2022 were 69.6% and 15.4%, respectively. The effective tax rate for the three months ended September 30, 2023 reflects (i) losses in jurisdictions that are not eligible for tax benefits on account of valuation allowances, (ii) the impact from net non-deductible losses from divestitures, and (iii) equity-based compensation awards expiring without a tax benefit, partially offset by (iv) the tax benefit associated with the U.S. federal research and development tax credit. The effective tax rate for the three months ended September 30, 2022, reflects (i) the tax benefit from the release of uncertain tax position reserves and (ii) the tax benefit associated with the U.S. federal research and development tax credit, partially offset by (iii) losses in jurisdictions that are not eligible for tax benefits on account of valuation allowances, and (iv) equity-based compensation awards expiring without a tax benefit.

The Company reported income tax expense of \$19.1 million and \$16.4 million for the nine months ended September 30, 2023 and 2022, respectively. The effective tax rates for the nine months ended September 30, 2023 and 2022 were (112.4)% and 40.2%, respectively. The effective tax rate for the nine months ended September 30, 2023 reflects a loss from operations before tax and additionally (i) the impact from net non-deductible losses from divestitures, (ii) losses in jurisdictions that are not eligible for tax benefits on account of valuation allowances, and (iii) equity-based compensation awards expiring without a tax benefit. The effective tax rate for the nine months ended September 30, 2022 reflects (i) losses in jurisdictions that are not eligible for tax benefits on account of valuation allowances, and (ii) equity-based compensation awards expiring without a tax benefit, partially offset by (iii) the tax benefit from the release of uncertain tax position reserves.

NOTE 6 — EARNINGS (LOSS) PER COMMON SHARE

Basic earnings (loss) per share is computed by dividing Net income (loss) by the number of weighted average common shares outstanding during the reporting period. Diluted earnings (loss) per share is calculated to give effect to all potentially dilutive common shares that were outstanding during the reporting period, only in the periods in which such effect is dilutive.

The following table shows the effect of stock-based awards on the weighted average number of shares outstanding used in calculating diluted earnings (loss) per share:

In millions of shares

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Weighted average common shares outstanding - basic	92.5	92.2	92.4	92.1
Incremental shares outstanding related to stock-based awards ⁽¹⁾	0.4	0.2	—	0.3
Weighted average common shares outstanding - diluted	92.9	92.4	92.4	92.4

(1) In periods of net loss, stock-based awards are anti-dilutive and therefore excluded from the loss per share calculation.

Anti-dilutive stock-based awards excluded from the computation of diluted earnings (loss) per share using the treasury stock method include the following:

In thousands of shares

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Option awards	711	1,153	780	1,297
RSU awards	98	397	1	115

PSUs are offered to key employees and are subject to achievement of specified performance conditions. Contingently issuable shares are excluded from the computation of diluted earnings (loss) per share based on current period results. The shares would not be issuable if the end of the quarter were the end of the contingency period. If such goals are not met, no compensation expense is recognized, and any previously recognized compensation expense is reversed.

NOTE 7 — SEGMENT REPORTING

The Company evaluates, oversees, and manages the financial performance of two operating and reportable segments – North America and International.

The following tables show financial information for the Company's reportable segments (see Note 2 – Revenues from Contracts with Customers for segment revenues):

In millions

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Adjusted Income from Operations				
North America	\$ 143.5	\$ 160.4	\$ 460.3	\$ 443.9
International	8.9	7.4	27.6	27.2
Other Costs	(82.1)	(75.8)	(256.9)	(238.1)
Total Adjusted Income from Operations	\$ 70.3	\$ 92.0	\$ 231.0	\$ 233.0

The following table reconciles the Company's primary measure of segment profitability, Adjusted Income from Operations, to Income from operations:

In millions	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Total Reportable Segment Adjusted Income from Operations	\$ 70.3	\$ 92.0	\$ 231.0	\$ 233.0
Adjusting Items:				
ERP and System Modernization	(4.8)	(3.9)	(12.9)	(13.0)
Intangible Amortization	(27.9)	(31.5)	(84.2)	(94.7)
Portfolio Optimization	(5.0)	(1.4)	(64.8)	(2.7)
Litigation, Settlements and Regulatory Compliance	(5.3)	(2.6)	(22.4)	(26.0)
Asset Impairments	(3.1)	(2.0)	(6.5)	(2.0)
Income from operations	\$ 24.2	\$ 50.6	\$ 40.2	\$ 94.6

NOTE 8 — COMMITMENTS AND CONTINGENCIES

Legal Proceedings

The Company operates in highly regulated industries and responds to regulatory inquiries or investigations from time to time that may be initiated for a variety of reasons. At any given time, the Company has matters at various stages of resolution with the applicable government authorities. The Company is also routinely involved in actual or threatened legal actions, including those involving alleged personal injuries and commercial, employment, environmental, tax, and other issues. The outcomes of these matters are not within the Company's complete control and may not be known for prolonged periods of time. In some actions, claimants seek damages, as well as other relief, including injunctive relief, that could require significant expenditures or result in lost revenue.

In accordance with applicable accounting standards, the Company establishes an accrued liability for loss contingencies related to legal and regulatory matters when the loss is both probable and reasonably estimable. If the reasonable estimate of a probable loss is a range, and no amount within the range is a better estimate than any other, the minimum amount of the range is accrued. If a loss is not probable or a probable loss is not reasonably estimable, no liability is recorded. When determining the estimated loss or range of loss, significant judgment is required to estimate the amount and timing of a loss to be recorded. These accruals represent management's best estimate of probable losses and, in such cases, there may be an exposure to loss in excess of the amounts accrued. Estimates of probable losses resulting from litigation and regulatory proceedings are difficult to predict. Legal and regulatory matters inherently involve significant uncertainties based on, among other factors, the jurisdiction and stage of the proceedings, developments in the applicable facts or law, and the unpredictability of the ultimate determination of the merits of any claim, any defenses the Company may assert against that claim, and the amount of any damages that may be awarded. The Company's accrued liabilities for loss contingencies related to legal and regulatory matters may change in the future as a result of new developments, including, but not limited to, the occurrence of new legal matters, changes in the law or regulatory environment, adverse or favorable rulings, newly discovered facts relevant to the matter, or changes in the strategy for the matter. Regardless of the outcome, litigation can have an adverse impact on the Company because of defense and settlement costs, diversion of management resources and other factors.

Contract Class Action and Opt Out Lawsuits. Beginning on March 12, 2013, the Company was served with several class action complaints filed in federal and state courts in several jurisdictions. These complaints asserted, among other things, that the Company had imposed unauthorized or excessive price increases and other charges on its customers in breach of its contracts and in violation of the Illinois Consumer Fraud and Deceptive Business Practices Act. The complaints sought certification of the lawsuit as a class action and the award to class members of appropriate damages and injunctive relief. These related actions were ultimately transferred to the United States District Court for the Northern District of Illinois for centralized pretrial proceedings.

The parties reached a settlement agreement, as previously disclosed, which obtained court approval on March 8, 2018. Under the terms of the SQ Settlement, the Company admitted no fault or wrongdoing whatsoever, and it entered into the SQ Settlement to avoid the cost and uncertainty of litigation.

Certain class members who have opted out of the SQ Settlement have filed lawsuits against the Company, and the Company has reached a settlement in principle with the plaintiffs in the remaining opt out actions, subject to documentation. The Company has made an accrual in respect of these collective matters consistent with its accrual policies described above, which is not material.

Government Investigations. As previously reported, the Company entered into a deferred prosecution agreement (“DPA”) with the DOJ in 2022 in connection with its resolution of investigations by the DOJ, SEC, and various authorities in Brazil relating to the Company’s compliance with the FCPA and other anti-corruption laws with respect to operations in Latin America. Under the DPA, the DOJ agreed to defer criminal prosecution of the Company for a period of three years for charges of conspiring to violate the anti-bribery and books and records provisions of the FCPA. If the Company remains in compliance with the DPA during its three-year term, the deferred charge against the Company will be dismissed with prejudice. Under the Company’s settlement with the SEC, the Company entered into an administrative resolution with the SEC with respect to violations of the anti-bribery, books and records and internal controls provisions of the FCPA. The Company also agreed to pay fines, penalties and disgorgement to the DOJ, SEC and various Brazil authorities in a total amount of approximately \$90 million. In April 2023, the last settlement with a foreign authority obtained final approval. In the second quarter of 2023, the Company substantially completed its payment obligations under the settlements. In addition, under the settlements with the DOJ and with the SEC, the Company has engaged an independent compliance monitor for two years and will undertake compliance with self-reporting obligations for an additional year.

The Company is cooperating with an investigation by the office of the United States Attorney for the Southern District of New York (“SDNY”) and the United States Environmental Protection Agency into the Company’s historical compliance with federal environmental statutes, including the Resource Conservation and Recovery Act, in connection with the collection, transportation and disposal of hazardous waste by the Company’s former Domestic Environmental Solutions business unit. The Company has made an accrual in respect of this matter consistent with its accrual policies described above, which is not material.

The Company understands that the SDNY investigation discussed above also concerned allegations of False Claims Act (“FCA”) violations made in a qui tam action filed under seal in the United States District Court for the Southern District of New York, purportedly on behalf of the United States, California and several other states. The Company understands that the United States, California, and the other states named in the qui tam action have completed their investigations into alleged FCA violations and have declined to participate in the qui tam action. The Company has not been served with the qui tam Complaint but intends to defend itself vigorously if the qui tam relator pursues its action. The Company has not accrued any amounts in respect of this action and cannot estimate the reasonably possible loss or any range of reasonably possible losses that the Company may incur. The Company is unable to make such an estimate because, based on what the Company knows now, in the Company’s judgment, the factual and legal issues presented in this matter are sufficiently unique that the Company is unable to identify other circumstances sufficiently comparable to provide guidance in making estimates.

Environmental, Regulatory and Indemnity Matters. The Company is subject to various federal, state and local laws and regulations. In the ordinary course of business, we are routinely involved in government enforcement proceedings, private lawsuits, and other matters alleging non-compliance by the Company with applicable law. The issues involved in these proceedings generally relate to alleged violations of existing permits or other requirements, or alleged liability due to our current operations, pre-existing conditions at the locations where we operate, and/or successor or predecessor liability associated with our portfolio optimization strategy. From time to time, the Company may be subject to fines or penalties in regulatory proceedings relating primarily to waste treatment, storage or disposal facilities.

Enviri Indemnification. Effective April 6, 2020, the Company completed the divestiture of its Domestic Environmental Solutions business to Enviri Corporation. Pursuant to the Purchase Agreement, the Company may have liability under certain indemnification claims for matters relating to the Domestic Environmental Solutions business, including potentially with respect to the SDNY investigation described above, the DEA Investigation matter discussed below, and other matters. Consistent with its accrual policies described previously, the Company has made accruals on various of these matters, which are neither individually nor collectively material.

Rancho Cordova, California, NOV. On June 25 and 26, 2018, the California DTSC conducted a Compliance Enforcement Inspection of the Company’s former Domestic Environmental Solutions facility in Rancho Cordova, California. On February 14, 2020, DTSC filed an action in the Superior Court for the State of California, Sacramento County Division, alleging violations of California’s Hazardous Waste Control Law and the facility’s hazardous waste permit arising from the inspection. The Company has reached a settlement in principle with the DTSC, subject to final documentation, with respect to these claims and any potential claims stemming from the search warrant executed in conjunction with the DEA inspection of the Rancho Cordova facility described below. The Company has made an accrual in respect of the settlement consistent with its accrual policies described above, which is not material.

Rancho Cordova, California, Permit Revocation. Separately, on August 15, 2019, the Company received from DTSC a written Intent to Deny Hazardous Waste Facility Permit Application for the Rancho Cordova facility. Following legal

challenges, that DTSC action became final as of April 8, 2022, triggering an obligation to execute the closure plan set forth in the facility's permit. Consistent with its accrual policies described previously, the Company has made an accrual in the amount of its estimate of closure costs reasonably likely to be incurred and indemnified to Enviri under the Purchase Agreement, which is not material.

DEA Investigation. On February 11, 2020, the Company received an administrative subpoena from the DEA, which executed a search warrant at the Company's former Domestic Environmental Solutions facility at Rancho Cordova, California and an administrative inspection warrant at the Company's former facility in Indianapolis, Indiana for materials related to the former Domestic Environmental Solutions business of collecting, transporting, and destroying controlled substances from retail customers (the "ESOL Retail Controlled Substances Business"). On that same day, agents from the DTSC executed a separate search warrant at the Rancho Cordova facility. Since that time, the U.S. Attorney's Office for the Eastern District of California ("USAO EDCA") has been overseeing criminal and civil investigations of the ESOL Retail Controlled Substances Business. The USAO EDCA has informed the company that the investigations relate to the Company's operation and sale of its former ESOL Retail Controlled Substances Business, that the Company may have civil liability under the Controlled Substances Act related to that business, and that the USAO EDCA is continuing the criminal investigation of the Company for potential violations of the Controlled Substances Act and other federal criminal statutes. The Company is cooperating with the civil and criminal investigations, which are ongoing.

The Company has not accrued any amounts in respect of these investigations and cannot estimate the reasonably possible loss or any range of reasonably possible losses that the Company may incur. The Company is unable to make such an estimate because, based on what the Company knows now, in the Company's judgment, the factual and legal issues presented in this matter are sufficiently unique that the Company is unable to identify other circumstances sufficiently comparable to provide guidance in making estimates.

European Retrovirus Investigations. In conjunction with Europol, governmental authorities of Spain and Portugal have conducted coordinated inspections of a large number of medical waste management facilities, including Stericycle facilities, relating to the transportation, management and disposal of waste that may be infected with the COVID-19 virus, and related matters. The inspections have resulted in proceedings in Spain, in which the Company is vigorously defending itself.

The Company has not accrued any amounts in respect of these investigations, as it cannot estimate the reasonably possible loss or any range of reasonably possible losses that the Company may incur. The Company is unable to make such an estimate because, based on what the Company knows now, in the Company's judgment, the factual and legal issues presented in this matter are sufficiently unique that the Company is unable to identify other circumstances sufficiently comparable to provide guidance in making estimates.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Safe Harbor Statement

This document may contain forward-looking statements as defined in the Private Securities Litigation Reform Act of 1995. When we use words such as “believes”, “expects”, “anticipates”, “estimates”, “may”, “plan”, “will”, “goal”, or similar expressions, we are making forward-looking statements. Forward-looking statements are prospective in nature and are not based on historical facts, but rather on current expectations and projections of our management about future events and are therefore subject to risks and uncertainties, which could cause actual results to differ materially from the future results expressed or implied by the forward-looking statements. Factors that could cause such differences include, among others, SOP pricing volatility or pricing volatility in other commodities, decreases in the volume of regulated waste or personal and confidential information collected from customers, the ability to complete our system modernization efforts, and disruptions resulting from deployment of our ERP system, disruptions in our supply chain, disruptions in or attacks on information technology systems, labor shortages, a recession or economic disruption in the U.S. and other countries, inflationary cost pressure in labor, supply chain, energy, and other expenses, rising interest rates or a downgrade in our credit rating resulting in an increase in interest expense, changing market conditions in the healthcare industry, competition and demand for services in the regulated waste and secure information destruction industries, foreign exchange rate volatility in the jurisdictions in which we operate, changes in governmental regulation of the collection, transportation, treatment and disposal of regulated waste or the proper handling and protection of personal and confidential information, the level of government enforcement of regulations governing regulated waste collection and treatment or the proper handling and protection of personal and confidential information, reliance on third parties to provide a variety of services, our ability to realize expected financial benefits from our continuous improvement efforts, charges related to portfolio optimization or the failure of acquisitions or divestitures to achieve the desired results, failure to consummate transactions with respect to non-core businesses, the obligations to service substantial indebtedness and comply with the covenants and restrictions contained in our credit agreements and notes, political, economic, and other risks related to our foreign operations, pandemics and the resulting impact on the results of operations, long-term remote work arrangements which may adversely affect our business, supply chain disruptions, disruptions in transportation services, restrictions on the ability of our team members to travel, closures of our facilities or the facilities of our customers and suppliers, changes in the volume of paper processed by our secure information destruction business and the revenue generated from the sale of SOP, weather and environmental changes related to climate change, requirements of customers and investors for net carbon zero emissions strategies, and the introduction of regulations for greenhouse gases, which could negatively affect our costs to operate, the outcome of pending, future or settled litigation or investigations, including the investigation by the DEA discussed in our SEC reports and litigation or investigations with respect to the U.S. Foreign Corrupt Practices Act and foreign anti-corruption laws, failure to maintain an effective system of internal control over financial reporting, as well as other factors described in our filings with the SEC, including our 2022 Form 10-K and subsequent Quarterly Reports on Form 10-Q. As a result, past financial performance should not be considered a reliable indicator of future performance, and investors should not use historical trends to anticipate future results or trends. We disclaim any obligation to update or revise any forward-looking or other statements contained herein other than in accordance with legal and regulatory obligations.

Overview

Stericycle, Inc., is a U.S. based business-to-business services company and leading provider of compliance-based solutions that protect people and brands, promote health and well-being and safeguard the environment. Stericycle serves customers in North America and Europe with solutions for regulated waste and compliance services and secure information destruction.

Key business highlights include:

- Successfully deployed the ERP in the U.S. Regulated Waste and Compliance Services business in the third quarter of 2023.
- Improved cash flow from operations by \$150.2 million for the nine months ended September 30, 2023, compared to 2022.
- Divested our dental recycling business in the Netherlands and UAE SID joint venture in the third quarter and our Romania regulated waste business in October 2023.

Other Developments

Continuing through the third quarter of 2023, we have experienced inflationary cost increases in our underlying expenses, including fleet and facilities. Our quality of revenue initiative has continued to work to create a more flexible pricing model with necessary levers to adjust for inflationary cost challenges. We have the following pricing levers: (i) standardization of contractual language to build in pricing flexibility, affording us the opportunity to adjust pricing at contract anniversary and renewal, (ii) ability to adjust our rates at point of contracting for all new customers and purchasers of our one-time services, and (iii) ability to adjust surcharges and fees providing inflationary cost protection for commodity and other price volatility (e.g., fuel, SOP, environmental surcharges and service cost recovery fee).

Within RWCS, we are seeing evolving dynamics among our national accounts, which includes customers like retail pharmacies and nationwide healthcare service providers. Our national account customer base generally remained consistent, despite the economic headwinds they're facing. As some of these customers reduce their footprint, our service stops in this segment have also contracted. Similar to RWCS, our national SID customers are experiencing a reset in their post-COVID pandemic office footprint. Across the SID business, we believe we remain an essential service and are retaining these customer relationships, but have seen service stops decline, mainly driven by customer site closures and reduced service frequencies.

Key Business Priorities

In 2023, our five key business priorities remain the following:

- **Quality of revenue** – We have been executing against our foundational initiatives we launched to drive revenue quality and are executing against our next phase: (i) expanding service penetration, (ii) improving customer implementation velocity, and (iii) deepening customer partnerships by developing enhanced solutions.
- **Operational efficiency, modernization, and innovation** – We have been executing on our foundational initiatives we launched to drive operational efficiency, modernization and innovation and are executing on our next phase: (i) infrastructure and system modernization, (ii) fleet replacement and route and long-haul network improvements and (iii) SafeShield container rationalization and modernization.
- **ERP implementation** – We successfully deployed the North America ERP to the U.S. RWCS business in the third quarter of 2023. Almost all of our U.S. team members are now leveraging the new technology. We continue to observe improvement in our team members' performance as they leveraged the technology and data flow. We commenced activities for the international system modernization in the second half of 2022.
- **Portfolio optimization** – We expect to continue evaluating opportunities to further optimize our portfolio through a combination of asset rationalizations and strategic accretive tuck-in acquisitions, which streamline our portfolio of businesses and allow us to focus more deeply on our core businesses. Throughout 2023, we divested eight businesses, demonstrating significant progress in executing our portfolio optimization priority. These divestitures primarily included Brazil, Republic of Korea, Australia, Singapore, and Romania operations for net proceeds of approximately \$85 million.
- **Debt reduction and leverage improvement** – We have reduced total net debt to \$1.28 billion as of September 30, 2023. As of September 30, 2023, we have maintained our amended Credit Agreement defined Debt Leverage Ratio target of below 3.00X.

Certain Key Priorities and Other Significant Matters

The following table identifies certain key priorities and other significant matters impacting our business and how they are classified in the Condensed Consolidated Statements of Income (Loss):

In millions

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Pre-tax items:				
Included in COR				
Asset Impairments	\$ —	\$ —	\$ 3.4	\$ —
Total included in COR	—	—	3.4	—
Included in SG&A				
ERP and System Modernization	4.8	3.9	12.9	13.0
Intangible Amortization	27.9	31.5	84.2	94.7
Portfolio Optimization	0.8	1.4	1.4	2.7
Litigation, Settlements and Regulatory Compliance	5.3	2.6	22.4	26.0
Asset Impairments	3.1	2.0	3.1	2.0
Total included in SG&A	41.9	41.4	124.0	138.4
Divestiture losses, net	4.2	—	63.4	—
Total included in Income from operations	\$ 46.1	\$ 41.4	\$ 190.8	\$ 138.4

ERP and System Modernization

For the periods presented of the ERP and System Modernization, we have recognized the following, reported in Other Costs:

In millions

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
North America				
Operating expenditures	\$ 3.6	\$ 3.9	\$ 11.3	\$ 13.0
Capital expenditures	5.6	5.0	14.3	9.1
Total North America	\$ 9.2	\$ 8.9	\$ 25.6	\$ 22.1
International				
Operating expenditures	\$ 1.2	\$ —	\$ 1.6	\$ —
Capital expenditures	—	—	—	—
Total International	\$ 1.2	\$ —	\$ 1.6	\$ —
Total operating expenditures	\$ 4.8	\$ 3.9	\$ 12.9	\$ 13.0
Total capital expenditures	5.6	5.0	14.3	9.1
Total ERP and System Modernization	\$ 10.4	\$ 8.9	\$ 27.2	\$ 22.1

Upon the deployment of the ERP in our U.S. RWCS business in the third quarter of 2023, certain costs became incremental information technology ongoing costs for running the new system, including maintenance, licensing, and depreciation expenses. Our international ERP system modernization commenced in 2022, which includes enhancements and upgrades associated with European based RWCS and SID operations. We will continue to incur the current level of costs to maintain the legacy suite of applications also used by our European businesses during the system modernization.

Intangible Amortization

See table above of certain key priorities and other significant matters for intangible amortization expenses from acquisitions for the periods presented and how they are classified in the Condensed Consolidated Statements of Income (Loss). The decrease in amortization expense is a result of divestitures and certain intangible assets that have reached the end of their useful lives.

Operational Optimization

In October 2023, the Company recognized Operational Optimization charges of approximately \$3.0 million, split between our North America and International segments, related to headcount reduction which is expected to provide annual savings of approximately \$8.0 million. As we execute our operational efficiency priorities, system modernization, and portfolio optimization, we will continue to evaluate our operating needs and prospectively adjust our work force to align. As we continue to consider each Operational Optimization activity, the amount, the timing and recognition of charges will be affected by the occurrence of commitments and triggering events as defined under U.S. GAAP, among other factors. We may incur more charges and cash expenditures than estimated and may not realize the expected improvement or cost savings on its planned time frame or at all. For additional information, see *Part I, Item 1. Financial Statements; Note 3 — Restructuring, Divestitures, and Asset Impairments* in the Condensed Consolidated Financial Statements.

Portfolio Optimization

See table above of certain key priorities and other significant matters for portfolio optimization (including Divestiture losses, net) for the periods presented, and how they are classified in the Condensed Consolidated Statements of Income (Loss). Consulting and professional fees are reported in Other Costs, while Divestiture losses, net are included in their respective segment.

Divestitures

We evaluate our portfolio of services on an ongoing basis with a country-by-country and service line-by-service line approach to assess long-term potential and identify potential business candidates for divestiture. Divestitures resulting from this evaluation may cause us to record significant charges, including those related to goodwill, other intangible assets, long-lived assets, and cumulative translation adjustments. For additional information, see *Part I, Item 1. Financial Statements; Note 3 — Restructuring, Divestitures, and Asset Impairments* in the Condensed Consolidated Financial Statements.

Litigation, Settlements and Regulatory Compliance

We operate in highly regulated industries and must address regulatory inquiries or respond to investigations from time to time. We have also been involved in a variety of civil litigation from time to time. Certain of these matters are detailed in *Part I, Item 1. Financial Statements; Note 8 — Commitments and Contingencies* in the Condensed Consolidated Financial Statements. Our financial results may also include considerations of non-recurring matters including settlements, environmental remediation, and legal related consulting and professional fees.

See table above of certain key priorities and other significant matters for litigation, settlements and regulatory compliance charges. Among other things, the table reflects consulting and professional fees (including FCPA monitoring fees which commenced in 2023), contingent liability provisions and settlements, net of insurance recoveries, impacting our business for the periods presented, primarily in Other Costs. The three months ended September 30, 2023 includes professional fees and certain contingent liability provisions of \$5.3 million. The nine months ended September 30, 2023 includes professional fees and certain contingent liability provisions of \$17.7 million, a value-added tax reclaim credit of \$6.0 million, a settlement charge associated with a vendor dispute of \$6.0 million, and other settlement charges of \$5.6 million, of which \$11.6 million was paid in the third quarter of 2023. In the nine months ended September 30, 2022, we accrued an additional \$9.6 million for the FCPA Settlement, bringing the total cumulative charge to approximately \$90 million. In nine months ended September 30, 2022, the Company paid a total of \$81.0 million due to the DOJ, the SEC, and Brazil authorities in accordance with the FCPA Settlement. In the second quarter of 2023, the Company paid substantially all of the remaining settlement amounts due to the DOJ and Brazil authorities. See *Part I, Item 1. Financial Statements; Note 8 — Commitments and Contingencies* in the Condensed Consolidated Financial Statements for additional details.

Asset Impairments

See table above of certain key priorities and other significant matters for asset impairments for the periods presented and how they are classified in the Condensed Consolidated Statements of Income (Loss).

Impairment charges may be recognized in future periods to the extent changes in factors or circumstances occur, including deterioration in the macroeconomic environment or in the equity markets, including the market value of our common shares, deterioration in our performance or our future projections, or changes in our plans for one or more reporting units or specified long-lived assets, among other factors. For additional information, see *Part I, Item 1. Financial Statements; Note 3 — Restructuring, Divestitures, and Asset Impairments* in the Condensed Consolidated Financial Statements.

Results of Operations

Three and Nine Months Ended September 30, 2023 Compared to Three and Nine Months Ended September 30, 2022:

Revenues (including Segment Revenues)

We analyze revenues by revenue service category and reportable segment which were as follows:

	Three Months Ended September 30,						
	In millions				Components of Change (%) ⁽¹⁾		
	2023	2022	Change (\$)	Change (%)	Organic Growth ⁽²⁾	Divestitures	Foreign Exchange ⁽³⁾
Revenue by Service							
Regulated Waste and Compliance Services	\$ 439.9	\$ 447.8	\$ (7.9)	(1.8)%	4.1 %	(6.7)%	1.1 %
Secure Information Destruction Services	213.6	242.5	(28.9)	(11.9)%	(11.6)%	(1.0)%	0.5 %
Total Revenues	\$ 653.5	\$ 690.3	\$ (36.8)	(5.3)%	(1.6)%	(4.7)%	0.9 %
North America							
Regulated Waste and Compliance Services	\$ 368.0	\$ 369.7	\$ (1.7)	(0.5)%	3.9 %	(4.1)%	(0.1)%
Secure Information Destruction Services	189.1	215.1	(26.0)	(12.1)%	(11.9)%	— %	(0.2)%
Total North America Segment	\$ 557.1	\$ 584.8	\$ (27.7)	(4.7)%	(2.1)%	(2.6)%	(0.1)%
International							
Regulated Waste and Compliance Services	\$ 71.9	\$ 78.1	\$ (6.2)	(7.9)%	5.4 %	(18.9)%	6.6 %
Secure Information Destruction Services	24.5	27.4	(2.9)	(10.6)%	(9.2)%	(8.7)%	6.4 %
Total International Segment	\$ 96.4	\$ 105.5	\$ (9.1)	(8.6)%	1.3 %	(16.2)%	6.6 %
Nine Months Ended September 30,							
	In millions				Components of Change (%) ⁽¹⁾		
	2023	2022	Change (\$)	Change (%)	Organic Growth ⁽²⁾	Divestitures	Foreign Exchange ⁽³⁾
Revenue by Service							
Regulated Waste and Compliance Services	\$ 1,335.9	\$ 1,348.9	\$ (13.0)	(1.0)%	4.6 %	(5.2)%	(0.2)%
Secure Information Destruction Services	671.4	685.5	(14.1)	(2.1)%	(1.1)%	(0.5)%	(0.5)%
Total Revenues	\$ 2,007.3	\$ 2,034.4	\$ (27.1)	(1.3)%	2.6 %	(3.6)%	(0.3)%
North America							
Regulated Waste and Compliance Services	\$ 1,103.1	\$ 1,097.5	\$ 5.6	0.5 %	5.0 %	(4.1)%	(0.2)%
Secure Information Destruction Services	592.6	599.7	(7.1)	(1.2)%	(0.7)%	— %	(0.4)%
Total North America Segment	\$ 1,695.7	\$ 1,697.2	\$ (1.5)	(0.1)%	2.9 %	(2.7)%	(0.3)%
International							
Regulated Waste and Compliance Services	\$ 232.8	\$ 251.4	\$ (18.6)	(7.4)%	2.5 %	(9.7)%	— %
Secure Information Destruction Services	78.8	85.8	(7.0)	(8.2)%	(3.8)%	(3.9)%	(0.6)%
Total International Segment	\$ 311.6	\$ 337.2	\$ (25.6)	(7.6)%	0.8 %	(8.2)%	(0.2)%

(1) Components of Change % in summation may not crossfoot to the total Change % due to rounding.

(2) Organic growth is change in Revenues which includes SOP pricing and volume and excludes the impact of divestitures and foreign exchange.

(3) The comparisons at constant currency rates (foreign exchange) reflect comparative local currency balances at prior period's foreign exchange rates. We calculated these percentages by taking current period reported Revenues less the respective prior period reported Revenues, divided by the prior period reported Revenues, all at the respective prior period's foreign exchange rates. This measure provides information on the change in Revenues assuming that foreign currency exchange rates have not changed between the prior and the current period. Management believes the use of this measure aids in the understanding of changes in Revenues without the impact of foreign currency.

Revenues for the third quarter of 2023 were \$653.5 million, a decrease of \$36.8 million, or 5.3%, compared to \$690.3 million for the third quarter of 2022. The decrease was primarily due to impacts of divestitures of \$32.4 million or 4.7%, which includes the divestiture of CRS in the fourth quarter of 2022 and International businesses in 2023, partially offset by favorable foreign exchange rates of \$6.1 million or 0.9%. Organic revenues decreased \$10.5 million, or 1.6%. RWCS organic revenues grew \$17.4 million, or 4.1%, mainly driven by our pricing actions, which include pricing in existing contracts, new customer pricing, surcharges and fees. SID organic revenues declined \$27.9 million, or 11.6%, which was primarily due to lower commodity indexed revenues, including lower sorted office paper and lower SID fuel and environmental surcharges.

Revenues for the nine months ended September 30, 2023, were \$2,007.3 million, a decrease of \$27.1 million, or 1.3%, compared to \$2,034.4 million for the nine months ended September 30, 2022. The decrease was primarily due to impacts of divestitures of \$73.0 million, or 3.6%, which includes the divestiture of CRS in the fourth quarter of 2022 and certain International operations in 2023, and unfavorable foreign exchange rates of \$5.2 million, or 0.3%. Organic revenues increased \$51.1 million, or 2.6%. RWCS organic revenues grew \$58.7 million, or 4.6%, mainly driven by our pricing actions. SID organic revenue declined \$7.7 million, or 1.1%, which was mainly due to lower commodity indexed revenues, including lower sorted office paper and lower SID fuel and environmental surcharges.

North America revenues decreased \$27.7 million, or 4.7%, in the third quarter of 2023, to \$557.1 million from \$584.8 million in the third quarter of 2022. The decrease was primarily due to the impacts of the CRS divestiture in the fourth quarter of 2022 of \$15.3 million, or 2.6% and unfavorable foreign exchange rates of \$0.8 million, or 0.1%. Organic revenues decreased \$11.6 million, or 2.1%, primarily due to lower commodity indexed revenues, including lower sorted office paper and lower SID fuel an environmental surcharges. These decreases were partially offset by higher RWCS organic revenues which were mainly driven by our pricing actions.

North America revenues decreased \$1.5 million, or 0.1%, for the nine months ended September 30, 2023, to \$1,695.7 million from \$1,697.2 million for the nine months ended September 30, 2022. Organic revenues increased \$48.6 million, or 2.9%, primarily due to RWCS organic revenue increases which were mainly driven by our pricing actions. SID organic revenues decreased due to lower sorted office paper and lower SID fuel and environmental surcharges. Additionally, the impact of the CRS divestiture was \$45.4 million, or 2.7%, and unfavorable foreign exchange rates were \$4.6 million, or 0.3%.

International revenues decreased \$9.1 million, or 8.6%, in the third quarter of 2023, to \$96.4 million from \$105.5 million in the third quarter of 2022. The decrease was primarily due to the impact of divestitures of \$17.1 million, or 16.2%, and decreased organic SID revenues due to lower recycled paper rates and volume. These decreases were partially offset by higher organic RWCS revenues due to pricing levers offset by lower waste volumes. Additionally, favorable foreign exchange rates increased revenues by \$7.0 million, or 6.6%.

International revenues decreased \$25.6 million, or 7.6%, for the nine months ended September 30, 2023, to \$311.6 million from \$337.2 million for the nine months ended September 30, 2022. The decrease was primarily due to the impact of divestitures of \$27.6 million, or 8.2%, and decreased organic SID revenues due to lower recycled paper rates and volume. These decreases were partially offset by higher organic RWCS revenues due to pricing levers.

Gross profit:

In millions	Three Months Ended September 30,					
	2023		2022		Change	
	\$	% Revenues	\$	% Revenues	\$	%
Gross profit	245.7	37.6 %	266.2	38.6 %	(20.5)	(7.7)%

In millions	Nine Months Ended September 30,					
	2023		2022		Change	
	\$	% Revenues	\$	% Revenues	\$	%
Gross profit	757.8	37.8 %	771.1	37.9 %	(13.3)	(1.7)%

For the three months ended September 30, 2023, compared to the 2022 comparable period, the decrease in gross profit was primarily due to lower commodity indexed revenues and the corresponding margin flow through impact and a self-insurance settlement, partially offset by our pricing levers and lower labor costs.

For the nine months ended September 30, 2023, compared to the 2022 comparable period, the decrease in gross profit was primarily due to lower commodity indexed revenues and the corresponding margin flow through impact, higher fleet costs, the impacts of divestitures and foreign exchange rates, partially offset by our pricing levers and lower labor costs.

SG&A:

In millions

	Three Months Ended September 30,					
	2023		2022		Change	
	\$	% Revenues	\$	% Revenues	\$	%
SG&A	217.3	33.3 %	215.6	31.2 %	1.7	0.8 %

In millions

	Nine Months Ended September 30,					
	2023		2022		Change	
	\$	% Revenues	\$	% Revenues	\$	%
SG&A	654.2	32.6 %	676.5	33.3 %	(22.3)	(3.3)%

For the three months ended September 30, 2023, compared to the 2022 comparable period, SG&A increased, primarily due to higher annual incentive and stock based compensation expense, partially offset by the impacts of divestitures, cost savings, and lower bad debt expense.

For the nine months ended September 30, 2023, compared to the 2022 comparable period, we incurred lower SG&A charges associated with certain key priorities and other significant matters discussed above. Additionally, the remaining change in SG&A was due to the impacts of divestitures and lower bad debt expense. These decreases were partially offset by increased annual incentive and stock based compensation expense.

Divestiture losses, net:

In millions

	Three Months Ended September 30,					
	2023		2022		Change	
	\$	% Revenues	\$	% Revenues	\$	%
Divestiture losses, net	4.2	0.6 %	—	— %	4.2	nm

In millions

	Nine Months Ended September 30,					
	2023		2022		Change	
	\$	% Revenues	\$	% Revenues	\$	%
Divestiture losses, net	63.4	3.2 %	—	— %	63.4	nm

nm - percentage change not meaningful for comparison

For additional information, see *Part I, Item 1. Financial Statements; Note 3 — Restructuring, Divestitures, and Asset Impairments* in the Condensed Consolidated Financial Statements.

Segment Profitability:

Segment profitability and a reconciliation of the total for segment profitability to Income from operations was as follows:

In millions

	Three Months Ended September 30,						Nine Months Ended September 30,					
	2023		2022		Change 2023 versus 2022		2023		2022		Change 2023 versus 2022	
	\$	% Segment Revenues	\$	% Segment Revenues	\$	%	\$	% Segment Revenues	\$	% Segment Revenues	\$	%
Adjusted Income from Operations												
North America	143.5	25.8 %	160.4	27.4 %	(16.9)	(10.5)%	460.3	27.1 %	443.9	26.2 %	16.4	3.7 %
International	8.9	9.2 %	7.4	7.0 %	1.5	20.3 %	27.6	8.9 %	27.2	8.1 %	0.4	1.5 %
Other Costs	(82.1)	nm	(75.8)	nm	(6.3)	(8.3)%	(256.9)	nm	(238.1)	nm	(18.8)	(7.9)%
Total	70.3	10.8 %	92.0	13.3 %	(21.7)	(23.6)%	231.0	11.5 %	233.0	11.5 %	(2.0)	(0.9)%
Reconciliation to Income from operations												
Adjusted Income from Operations	70.3		92.0				231.0		233.0			
Adjusting Items Total ⁽¹⁾	(46.1)		(41.4)				(190.8)		(138.4)			
Income from operations	24.2		50.6				40.2		94.6			

nm - percentage change not meaningful for comparison

(1) See Part I, Item I. Financial Statements; Note 7 — Segment Reporting in the Condensed Consolidated Financial Statements for more detail.

Adjusted Income from Operations for North America decreased for the three months ended September 30, 2023, compared to the 2022 comparable period, primarily due to lower RISI rates impacting sorted office paper and fuel and environmental surcharges and their corresponding margin flow through and a self insurance settlement. These decreases were partially offset by cost savings and lower bad debt expense.

Adjusted Income from Operations for North America increased for the nine months ended September 30, 2023, compared to the 2022 comparable period, primarily due to our pricing levers, lower bad debt expense and cost savings. These increases were partially offset by lower commodity indexed revenues and the corresponding margin flow through impact, and higher fleet costs and the impact of the CRS divestiture.

Adjusted Income from Operations for International increased for the three and nine months ended September 30, 2023, compared to the respective 2022 comparable periods. These increases were primarily due to favorable RWCS pricing levers and foreign exchange rates, which were partially offset by lower SID revenues due to lower recycled paper rates and volume, and higher supply chain and other inflationary costs.

Adjusted Loss from Operations for Other Costs increased for the three and nine months ended September 30, 2023, compared to the respective 2022 comparable periods. These increases were primarily driven by higher incentive and stock-based compensation expense.

Interest expense, net:

In millions

	Three Months Ended September 30,					
	2023		2022		Change	
	\$	% Revenues	\$	% Revenues	\$	%
Interest expense, net	17.4	2.7 %	19.8	2.9 %	(2.4)	(12.1)%

In millions

	Nine Months Ended September 30,					
	2023		2022		Change	
	\$	% Revenues	\$	% Revenues	\$	%
Interest expense, net	56.9	2.8 %	54.6	2.7 %	2.3	4.2 %

Interest expense, net decreased for the three months ended September 30, 2023, as compared to 2022, primarily due to the decrease in our net debt.

Interest expense, net increased for the nine months ended September 30, 2023, as compared to 2022, primarily due to higher weighted-average interest rates on the variable portion of our debt; partially offset by the decrease in our net debt. The nine months ended September 30, 2022 also included \$1.1 million in interest income associated with income tax refunds. For further information, see *Part I, Item 1. Financial Statements; Note 4 — Debt* in the Condensed Consolidated Financial Statements.

Other income (expense), net:

In millions

	Three Months Ended September 30,					
	2023		2022		Change	
	\$	% Revenues	\$	% Revenues	\$	%
Other income (expense), net	0.1	— %	2.3	0.3 %	(2.2)	(95.7)%

In millions

	Nine Months Ended September 30,					
	2023		2022		Change	
	\$	% Revenues	\$	% Revenues	\$	%
Other income (expense), net	(0.3)	— %	0.8	— %	(1.1)	(137.5)%

Other income (expense), net is primarily comprised of foreign exchange (gains) losses.

Income tax expense:

In millions

	Three Months Ended September 30,					
	2023		2022		Change	
	\$	Effective Rate	\$	Effective Rate	\$	%
Income tax expense	4.8	69.6 %	5.1	15.4 %	(0.3)	(5.9)%

In millions

	Nine Months Ended September 30,					
	2023		2022		Change	
	\$	Effective Rate	\$	Effective Rate	\$	%
Income tax expense	19.1	(112.4)%	16.4	40.2 %	2.7	16.5 %

For further information, see *Part I, Item 1. Financial Statements; Note 5 — Income Taxes* in the Condensed Consolidated Financial Statements.

Liquidity and Capital Resources

The Company believes that it has sufficient liquidity to support its ongoing operations and to invest in future growth to create value for its shareholders. Operating cash flows and the Company's \$1.2 billion Credit Facility are the Company's primary sources of liquidity and are expected to be used for, among other things, payment of interest and principal on the Company's long-term debt obligations, and capital expenditures necessary to support growth and productivity improvements. As of September 30, 2023, we had approximately \$1.1 billion of available capacity in the \$1.2 billion Credit Facility. If the Company's 2024 Senior Notes are still outstanding 91 days prior to their respective maturity date (the "Springing Maturity Date"), then the Credit Agreement maturity date will be the Springing Maturity Date. The Company currently has the ability and intent to refinance the 2024 Senior Notes on a long-term basis through available capacity under its Revolving Credit Facility. Therefore, as of September 30, 2023, the 2024 Senior Notes remain classified as Long-Term Debt in the Condensed Consolidated Financial Statements. In the nine months ended September 30, 2022, the Company paid a total of \$81.0 million due to the DOJ, the SEC, and Brazil authorities in accordance with the FCPA Settlement. The Company has paid substantially all of the settlement amounts due to the DOJ and Brazil authorities. For further details concerning these matters, see *Part I, Item 1. Financial Statements; Note 4 — Debt* and *Note 8 — Commitments and Contingencies* in the Condensed Consolidated Financial Statements.

Cash Flow Summary:

The following table shows cash flow information for the Company by activity:

In millions	Nine Months Ended September 30,	
	2023	2022
Net cash from operating activities	\$ 193.3	\$ 43.1
Net cash from investing activities	(15.5)	(103.5)
Net cash from financing activities	(205.2)	56.7
Effect of exchange rate changes on cash and cash equivalents	1.1	(7.9)
Net change in cash and cash equivalents	\$ (26.3)	\$ (11.6)

Operating Cash Flows: Net cash provided from operating activities increased \$150.2 million in the first nine months of 2023, to \$193.3 million from \$43.1 million in the nine months ended September 30, 2022. The year-over-year increase of \$150.2 million was primarily driven by lower FCPA settlement payments of \$72.8 million; improved accounts receivables collections, net of deferred revenues of \$55.0 million; and lower annual incentive compensation payments of \$22.3 million.

DSO as reported for September 30, 2023 was 63 days or 55 days, net of deferred revenues. During the third quarter of 2023, Stericycle advanced billing for certain RWCS subscription services, which contributed to the higher as reported DSO for September 30, 2023. DSO as reported for September 30, 2022 was 63 days or 62 days, net of deferred revenues. The September 30, 2023 DSO, net of deferred revenues, was lower as compared to the same period in 2022, mainly driven by the improved timing of SID customer billing and collections.

Investing Cash Flows: Net cash from investing activities increased \$88.0 million in the first nine months of 2023, to an outflow of \$15.5 million from \$103.5 million in the nine months ended September 30, 2022, primarily driven by cash proceeds from divestitures of \$84.6 million in 2023. Cash paid for capital expenditures decreased by \$3.8 million to \$102.2 million from \$106.0 million in the nine months ended September 30, 2022.

Financing Cash Flows: Net cash from financing activities decreased \$261.9 million in the first nine months of 2023, to an outflow of \$205.2 million from an inflow of \$56.7 million in the nine months ended September 30, 2022. Net repayments on our Credit Facility and Term Loan were \$183.3 million in the nine months ended September 30, 2023, compared to net borrowings of \$73.5 million in the nine months ended September 30, 2022.

Critical Accounting Policies and Estimates

As discussed in our 2022 Form 10-K, the preparation of the Condensed Consolidated Financial Statements in conformity with U.S. GAAP requires management to make certain estimates and assumptions that affect the amount of reported assets and liabilities and disclosure of contingent liabilities at the date of the Condensed Consolidated Financial Statements and revenues and expenses during the periods reported. There were no material changes from the information provided therein.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

In the normal course of business, we are exposed to market risks, including changes in interest rates, certain commodity prices, including SOP, diesel fuel, utilities and foreign currency rates. We do not specifically hedge our exposure to these risks.

We are subject to market risks arising from changes in interest rates which relate primarily to our financing activities. We performed a sensitivity analysis to determine how market rate changes might affect the fair value of our market risk-sensitive debt instruments (variable rate debt), which in aggregate as of September 30, 2023 were 13.0% of total aggregate debt. Our potential additional interest expense over one year that would result from a hypothetical, instantaneous and unfavorable change of 100 basis points in the interest rate on all of our variable rate debt would be approximately \$1.7 million on a pre-tax basis.

We are subject to market risks arising from changes in the prices for commodities such as SOP, diesel fuel, and utilities. For example, historically diesel fuel has been approximately five percent of our Cost of Revenues. As the market prices for these commodities increase or decrease, our revenues, operating costs and margins may also increase or decrease. Variability in commodity prices can also impact the margins of our business as certain components of our revenue are structured as a pass through of costs, including fuel surcharges as changes in diesel costs may offset in Revenues through our indexed fuel surcharges at certain levels of pricing.

There were no other material changes from the information provided in our 2022 Form 10-K.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

The Company's Chief Executive Officer and Chief Financial Officer have concluded that the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act) are effective as of September 30, 2023, based on the evaluation of these controls and procedures required by Rule 13a-15(b) or 15d-15(b) of the Exchange Act.

Changes in Internal Control Over Financial Reporting

In the third quarter of 2023, we completed deployment of our ERP system for our U.S. RWCS business. As a result of the ERP system implementation, in the third quarter of 2023 certain internal controls over financial reporting have been automated, modified, or implemented to address the new control environment associated with the ERP system. Additionally, the Company completed pre-implementation and post-implementation internal control monitoring associated with the launch. While Stericycle believes that this new system will enhance its internal control over financial reporting, there are inherent risks in implementing any new system, and we will continue to evaluate these control changes as part of our assessment of the control design and effectiveness throughout 2023.

There have been no other changes in our internal control over financial reporting that occurred during the third quarter of 2023 that materially affected or are reasonably likely to materially affect our internal control over financial reporting.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings

Further information pertaining to legal proceedings can be found in *Part I, Item 1. Financial Statements; Note 8 — Commitments and Contingencies* in the Condensed Consolidated Financial Statements and is incorporated herein by reference.

Item 1A. Risk Factors

In addition to the other information included in this report, you should carefully consider the factors discussed in Part I, Item 1A. “Risk Factors” in the 2022 Form 10-K and subsequent Quarterly Reports on Form 10-Q and the factors identified under “Safe Harbor Statement” at the beginning of Part I, Item 2 of this Quarterly Report on Form 10-Q, which could materially affect our business, financial condition, cash flows, or results of operations. The risks described in the 2022 Form 10-K are not the only risks facing the Company. Additional risks and uncertainties not currently known to the Company or that the Company currently considers immaterial also may materially adversely affect its business, financial condition, and/or operating results. There have been no material changes to the risk factors included in the 2022 Form 10-K, other than as described below.

We may not realize the expected financial benefits within the anticipated timeline from our continuous improvement efforts including operational efficiency, modernization and innovation actions, among others.

We remain focused on continuous improvements including HCOperational efficiency, modernization, and innovation to control costs and improve performance and efficiencies. We analyze opportunities in areas such as facility footprint, processing capabilities, equipment needs, team member requirements, fleet replacement and route and long-haul network improvements, managed service opportunities, and container rationalization and modernization. We may incur more charges and cash expenditures than estimated and may not realize the expected improvements or cost savings in the planned timeframe or at all. The amount, timing and recognition of charges, if any, would be affected by the occurrence of commitments and triggering events as defined under U.S. GAAP, among other factors.

We depend on third parties to provide a variety of services.

We depend on third parties to provide a variety of services including information technology, finance and accounting and processing a portion of the regulated waste we collect from our customers, among others. We may continue to increase our dependence on third-party providers for other services. The failure of these service providers to meet their obligations or the development of significant disagreements or other factors may disrupt our ongoing relationship with these providers or the services they provide, which could adversely affect our business, financial condition or results of operations. In addition, failure by waste disposal vendors to properly handle or dispose of the regulated waste we collect from customers could expose us to liability, increase our costs, damage our reputation and generally have an adverse effect on our business, financial condition or results of operations.

Geopolitical tensions and military conflict and the global community’s response may create substantial political and economic disruption, uncertainty and risk.

U.S. and global markets may experience volatility and disruption following the escalation of geopolitical tensions and military conflicts, such as those between Russia and Ukraine and in the Middle East. Although the length and impact of ongoing military conflicts is highly unpredictable, such conflicts could lead to market disruptions, including significant volatility in commodity prices, credit and capital markets, as well as supply chain interruptions, increased cyber-attacks and social unrest in certain regions in which we operate. We are continuing to monitor existing geopolitical tensions and military conflicts and are assessing their potential impact on our business.

Item 2. Unregistered Sales of Equity Securities, Use of Proceeds, and Issuer Purchases of Equity Securities

There were no sales of unregistered equity securities during the three months ended September 30, 2023.

Item 5. Other Information

During the three months ended September 30, 2023, none of our directors or officers (as defined in Rule 16a-1(f) of the Exchange Act) adopted or terminated any contract, instruction or written plan for the purchase or sale of our securities that was intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) of the Exchange Act or any non-Rule 10b5-1 trading arrangement (as defined in the SEC’s rules).

Item 6. Exhibits

The following exhibits are filed or furnished as part of this report:

Exhibit Index

Exhibit Index	Description
3.1	Amended and restated certificate of incorporation (incorporated by reference to Exhibit 3.1 to our registration statement on Form S-1/A declared effective on August 22, 1996)
3.2	First certificate of amendment to amended and restated certificate of incorporation (incorporated by reference to Exhibit 3.1 to our current report on Form 8-K filed November 29, 1999)
3.3	Second certificate of amendment to amended and restated certificate of incorporation (incorporated by reference to Exhibit 3.4 to our annual report on Form 10-K for 2002)
3.4	Third certificate of amendment to amended and restated certificate of incorporation (incorporated by reference to Exhibit 3.4 to our registration statement on Form S-4 declared effective on October 10, 2007)
3.5	Fourth certificate of amendment to amended and restated certificate of incorporation (incorporated by reference to Exhibit 3(i).1 to our quarterly report on Form 10-Q filed August 7, 2014)
3.6	Certificate of Designation setting forth the specific rights, preferences, limitations, restrictions and other terms and conditions of the Series A Convertible Preferred Stock, par value \$0.01 per share (incorporated by reference to Exhibit 3.2 to our Current Report on Form 8-K filed November 29, 1999)
3.7	Certificate of Elimination of the Certificate of Designations relating to Series A Convertible Preferred Stock, par value 0.01 per share (incorporated by reference to Exhibit 3.1 and 4.1 to our current report on Form 8-K filed September 15, 2015)
3.8	Certificate of Designations setting forth the specific rights, preferences, limitations, restrictions and other terms and conditions of the Mandatory Convertible Preferred Stock (incorporated by reference to Exhibit 4.1 to our Registration Statement on Form 8-A filed September 15, 2015)
3.9	Certificate of Elimination of the Certificate of Designations relating to 5.25% Series A Mandatory Convertible Preferred Stock (incorporated by reference to Exhibit 3.9 to our Quarterly Report on Form 10-Q filed November 11, 2018)
3.10	Amended and restated bylaws (incorporated by reference to Exhibit 3.2 to our current report on Form 8-K filed December 15, 2022)
10.1	Stericycle, Inc. Annual Incentive Plan, as amended, effective January 1, 2024
31.1	Rule 13a-14(a)/15d-14(a) Certification of Chief Executive Officer
31.2	Rule 13a-14(a)/15d-14(a) Certification of Chief Financial Officer
32	Section 1350 Certification of Chief Executive Officer and Chief Financial Officer
101	The following information from our Quarterly Report on Form 10-Q for the quarter ended September 30, 2023, formatted in Inline XBRL: (i) Condensed Consolidated Statements of Income (Loss); (ii) Condensed Consolidated Statements of Comprehensive (Loss) Income; (iii) Condensed Consolidated Balance Sheets; (iv) Condensed Consolidated Statements of Cash Flows; (v) Condensed Consolidated Statements of Changes in Equity; (vi) Notes to Condensed Consolidated Financial Statements, and (vii) the information under Part II, Item 5, "Other Information"
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

SIGNATURES

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

Dated: November 2, 2023

STERICYCLE, INC.

(Registrant)

By: /s/ JANET H. ZELENKA

Janet H. Zelenka

Executive Vice President, Chief Financial Officer & Chief Information Officer

Stericycle, Inc. Annual Incentive Plan

Article 1. Purpose

The purpose of this Plan is to encourage key employees of Stericycle, Inc. (“Stericycle” or the “Company”), or any participating Affiliated Company to which the Plan is extended, to focus on the achievement of the Company’s objectives and to maximize the retention of such employees by offering discretionary rewards for substantial contributions to the attainment of the Company’s financial performance targets and other Company and individual goals over annual performance cycles.

The Plan was initially effective as of January 1, 2020. This Plan supersedes any and all prior or contemporaneous understandings, representations, documents and communications between the Company and any person, whether oral or written, relating to the subject matter of this Plan.

The Plan is intended to be unfunded and all incentive compensation payments under this Plan shall be made from the general assets of the Company. Any person who is entitled to payments under this Plan shall not have any claim against specific assets of the Company and shall be only a general creditor of the Company or any Affiliated Company.

This document reflects the provisions of the Plan in effect as of January 1, 2024, and serves as the Plan document.

Article 2. Definitions

Affiliated Company means any person with whom the Company would be considered a single employer under Code Sections 414(b) and 414(c) and Treas. Reg. §1.409A3(i)(5)(ii). Affiliated Company also includes any “parent corporation” or “subsidiary corporation” (within the meaning of Code Section 424) of the Company, including a corporation or limited liability company that becomes an Affiliated Company after the adoption of this Plan.

Bonus Opportunity means a grant of a bonus opportunity under this Plan by the Executive Team to a Participant for a Plan Year, as communicated to the Participant in writing (including via email) by a member of the Executive Team or another authorized representative of the Company.

Bonus Payout means the Participant’s bonus for a Plan Year, if any, determined under the Plan and communicated to the Participant by the Executive Team or another authorized representative of the Company. For avoidance of doubt, and notwithstanding any other term in the Plan, the Executive Team may, in its sole discretion, determine or adjust any Participant’s Bonus Payout (without regard to any other Participant’s Bonus Payout) based on any or all the following factors (in each case as determined by the Executive Team in its sole discretion):

- (a) the Participant’s performance;
- (b) non-completion or partial completion of the Participant’s individual goals and objectives;
- (c) the Participant’s non-compliance or partial compliance with safety protocols and/or safety violations;

- (d) the Participant's substantiated ethical or compliance violation;
- (e) the Participant's non-compliance or partial compliance with any Company policy;
- (f) the Company's financial condition or any impact the payment of any Bonus Payout may have on the Company's financial condition; and/or
- (g) any other reason as determined by the Executive Team.

A Participant's Bonus Payout for a Plan Year may be paid, as determined by the Executive Team, in cash, cash equivalent, or in the form of an equity award (and subject to such provisions as determined by the Executive Team).

Base Salary means the Employee's base salary for the applicable Plan Year. For avoidance of doubt, Base Salary does not include:

- (a) bonuses;
- (b) commissions;
- (c) incentives;
- (d) tax "gross-up" payments or any similar payments relating to determinations of the Employee's federal, state or local taxes (whether deemed or actual);
- (e) reimbursements or other expense allowances;
- (f) welfare or fringe benefits (cash and noncash);
- (g) moving or relocation expenses or allowances;
- (h) cost-of-living adjustments or cost-of living allowances (COLAs);
- (i) government-provided or government-mandated benefit contributions or programs;
- (j) equity, stock or restricted stock grants or options; or
- (k) Employer contributions to any 401(k) plan or any other tax-qualified or nontax-qualified retirement, savings or pension plan sponsored by the Company or an Affiliated Company.

Code means the U.S. Internal Revenue Code of 1986, as amended, and as it may be amended in the future. Reference to any provision of the Code or regulation thereunder, shall include any successor provision and any regulations and other applicable guidance or pronouncement of the Internal Revenue Service or the Department of the Treasury, and applicable case law relating to such Section of the Code.

Company means Stericycle, Inc., a Delaware corporation.

Eligible Employee means an Employee whose employment position, business unit, area, functionality, and/or other job criteria has been designated by the Executive Team as being eligible for participation under this Plan, as communicated to such Employee in writing by a member of the Executive Team or another authorized representative of the Company, which

designation may be withdrawn by the Executive Team for any reason prior to an Employee earning any Bonus Payout under this Plan.

Employee means an employee of the Company or an Affiliated Company.

Employer means the Company and any Affiliated Company to which participation under this Plan has been extended.

Executive Team means the Company's Chief People Officer, and such other senior salaried and/or management Employee(s) as may be designated by the Plan Administrator from time to time.

Participant means any Eligible Employee who has been designated as such by the Executive Team and who meets all the applicable requirements under Articles 4 and 5.

Plan means this plan, as it may be amended from time to time. The name of this Plan is the "Stericycle, Inc. Annual Incentive Plan."

Plan Administrator means the Company's Chief People Officer or the designee of the Company's Chief People Officer, or any successor position to the Chief People Officer, or the designee of such successor position.

Plan Goals and Weights means the applicable goals and weightings relating to a Bonus Opportunity as determined by the Executive Team for each Plan Year.

Plan Year means the calendar year, i.e., the twelve-month period ending each December 31.

Retirement means a voluntary termination by Participant of Participant's employment with the Company or any Affiliated Company, following attainment of (i) age 60 and five years of continuous service (at the time of termination) with the Company or any Affiliated Company, or (ii) age 65.

Article 3. Effective Date

The Plan is effective as of January 1, 2020 and this restatement is effective as of January 1, 2024.

Article 4. Participation

In its sole discretion, the Executive Team may designate one or more Eligible Employees as Participants for a Bonus Opportunity for each Plan Year (or a portion of the Plan Year as described in Section 6.2). Any such Eligible Employee shall not become an Eligible Employee or a Participant for any subsequent Plan Year unless the Eligible Employee satisfies the conditions of the preceding sentence for such Plan Year. Unless otherwise required by applicable law or as specifically provided in Article 6 below or in any employment agreement, offer letter, severance plan, severance policy, or severance agreement applicable to the Participant, a Participant must be actively employed on an Employer's U.S. payroll (or such other country's payroll as approved by the Company) on the date the Bonus Payout is to be paid and, for new hires during the Plan Year, be employed in an eligible position under this Plan, by no later than September 30th of the Plan Year to be considered eligible for a Bonus Payout for such Plan Year. For avoidance of doubt, this Article 4 is not intended to, and does not modify,

the other conditions for a Participant to remain eligible to earn, or to earn and receive, a Bonus Payout identified in this Plan.

**Article 5.
Restrictive Covenant Agreement May Be Required as Express Condition of Participation**

As a condition precedent to becoming and remaining a Participant and being eligible to earn any Bonus Opportunity or Bonus Payout under the Plan, each Participant may be required to affirm Employee's obligations under any agreement(s) previously entered into by such Participant or to execute an agreement including certain restrictive covenants in a form determined by the Company and to be signed by Participant prior to earning any Bonus Opportunity or Bonus Payout under this Plan.

**Article 6.
Rules for Determining Bonus Payouts**

6.1 General Rules

Bonus Amounts shall be calculated based on the date on which an Eligible Employee first became a Participant under the Plan for a given Plan Year.

6.2 Proration of Bonus Amounts

The Plan Administrator may determine any proration of a Bonus Payout in the case of a Participant's promotion, demotion, upgrade, downgrade, transfer, or status as a newly-hired Employee. Any such prorated Bonus Payout may take into consideration only the amount of time a Participant was employed in an eligible position under the Plan.

6.3 Reemployed Employees

If a Participant terminates the Participant's employment during a Plan Year and is subsequently reemployed by the Company or an Affiliated Company, the Participant shall not be eligible for a Bonus Payout based upon the Participant's period of service during such Plan Year prior to the Participant's termination of employment. The Participant shall be considered for a Bonus Payout based only upon the amount of time the Participant participated in the Plan after the date of reemployment and only if the Participant is employed in an eligible position under this Plan; provided that, if the Participant's date of reemployment is after September 30th of the Plan Year, the Participant shall not be eligible for a Bonus Payout for such Plan Year; provided further that, any break of service of less than 30 days shall be disregarded for purposes of this Article 6 of the Plan.

6.4 Terminated Employees

Unless otherwise required by applicable law or as specifically provided in this Article 6 or in any employment agreement, offer letter, severance plan, severance policy, or severance agreement applicable to the Participant, in the event that a Participant's employment with an Employer is terminated for any reason (either by the Employer or the Participant) prior to the date on which the Bonus Payout is to be paid, the Participant will not earn or receive, and will have no further right to earn or receive, the Bonus Opportunity and the Employer shall have no further obligations to the Participant under the Plan.

6.5 Leaves of Absence

If a Participant is away from work on an Employer-approved leave of absence (paid or unpaid) during a Plan Year in which the Participant is otherwise eligible for a Bonus Opportunity under this Plan, and the leave of absence period(s) equals a period of 120 calendar days or more during the Plan Year, then the Participant shall be eligible to receive a prorated Bonus Payout based on the period of time in which the Participant was an active Participant (and not on a leave of absence) for such Plan Year. If the leave of absence period(s) during the Plan Year was less than 120 calendar days, this Section 6.5 shall not apply.

6.6 Deceased Employees

In the event of a Participant's death on or after the last day of a Plan Year, but prior to the payment date referenced in Article 7 below, the Participant's estate shall receive all or a portion of the Participant's Bonus Payout for such Plan Year, payable at the same time as active Participants are paid. If the Participant dies before the end of the Plan Year, the Participant's estate shall be eligible to receive a prorated Bonus Payout based on the period of time in which the Participant was an active Participant for such Plan Year, and calculated based on target, rather than actual performance. The payment of any Bonus Payout under this Section 6.6 will generally be made as soon as practicable following the Participant's death, but no later than the payment date referenced in Article 7 below.

6.7 Certain Organization Changes

A Participant who applies for, and accepts, an eligible position under this Plan with a lower target bonus amount shall still be eligible for a prorated Bonus Payout based on the amount of time the Participant was employed in an eligible position under the Plan for such Plan Year. If the Participant serves in more than one position that is eligible for a Bonus Payout under the Plan during Plan Year, but the positions have different Bonus Opportunities, then the participant's Bonus Payout will be calculated using each Bonus Opportunity and pro-rated for the amount of time the participant spent in that position during the Plan Year.

6.8 Voluntary Bonus

Bonus Payouts awarded by the Company to any Participant shall be deemed fully voluntary. If the Company awards a Bonus Payout as outlined in the Plan, no legal entitlement shall be created for the Participant with regard to any such payments in the future.

6.9 Retirement

In the event of a Participant's Retirement on or after the last day of a Plan Year, but prior to the payout date referenced in Article VII below, the Participant will continue to be eligible to earn and receive a Bonus Payout for such Plan Year even though such Participant will not be employed on the date the Bonus Payout is to be paid.

6.10 Involuntary Termination

In the event a Participant's employment is terminated on or after the last day of a Plan Year, but prior to the payout date referenced in Article VII below, (i) under circumstances that would entitle the Participant to severance benefits under any employment agreement, offer letter, severance plan, severance policy, or severance agreement applicable to the Participant (determined without regard to any release requirement), or (ii) due to a merger, sale, spin-off, reorganization or similar transfer of assets or stock of the Company or any Affiliated Company, the Participant will continue to be eligible to earn and receive a Bonus Payout for such Plan Year even though such Participant will not be employed on the date the Bonus Payout is to be paid.

6.11 Alternative Annual Incentive Arrangement

Notwithstanding anything in the Plan to the contrary, if a Participant becomes entitled to an annual incentive or profit-sharing payment for a Plan Year under any other formal or informal annual bonus plan, program, or policy of the Company or any Affiliated Company (including, but not limited to, any mandatory annual bonus required by any non-U.S. government) ("Alternative Annual Incentive Arrangement"), such Participant shall not be eligible to receive any Bonus Payout under the Plan for such Plan Year; provided, however, that if the amount of the Bonus Payout under the Plan to which the Participant would be entitled would exceed that payable under the Alternative Annual Incentive Arrangement, the Participant shall be entitled to receive such excess amount under the Plan.

Article 7. Payment of Bonus Payouts

Except as otherwise specified in this Plan, a Participant will earn the Participant's Bonus Payout on the date the Bonus Payout is to be paid. Any earned Bonus Payout for a Plan Year will be paid to the Participant no later than March 15th of the Plan Year following the Plan Year to which the Bonus Payout relates; provided that, the Plan Administrator may, in its sole discretion, designate a later payment date as long as such date is no later than the December 31st of the Plan Year following the Plan Year to which the Bonus Payout relates. All Bonus Payouts are subject to (1) income taxation and applicable tax withholding at the time of payment, and (2) such other conditions as may be identified by the Company.

Article 8. Miscellaneous Provisions

8.1 No Right of Employment

Nothing in this Plan creates a vested right to benefits in any employee or any right to be retained in the employ of the Company or any Affiliated Company.

8.2 Unfunded Status of the Plan

- (a) The Plan shall at all times be wholly unfunded and, except as provided in subsection (b), no provision shall at any time be made with respect to segregating any assets of the Company for payment of any benefits under the Plan. None of the Company, Plan Administrator or Executive Team, or any individual member thereof, shall be deemed a trustee for the Plan or any Bonus Payout under the Plan. The right of a Participant to receive a distribution under the Plan shall be an unsecured claim against the general assets of the Company, and the Participant shall not have any rights in or against any assets of the Company. In no event shall any individual or entity be required to provide security or post a bond with respect to the Plan.
- (b) The Plan Administrator may, but shall have no obligation to, authorize the creation of trusts and deposit cash or property therein or make other arrangements to meet the Company's funding obligations under the Plan. Any such trust or other arrangement shall be consistent with the unfunded status of the Plan. Any trust created for the purpose of funding the Plan shall meet the requirements of a

“grantor trust” under Code Sections 671 through 678 and of a “rabbi trust” under Revenue Procedure 92-64.

8.3 Plan Administration

The Plan Administrator shall administer the Plan in accordance with its terms and purposes and shall have full discretion and authority to administer the Plan, including the authority to interpret the Plan, make factual determinations under the Plan, adopt and revise rules and procedures (including claims procedures) relating to the Plan and resolve all other matters relating to the Plan. Payments shall only be earned by a Participant and made from the Plan if the Plan Administrator determines, in its sole discretion, that the Participant has earned and is entitled to such payment.

The Plan Administrator may delegate its authority as administrator to such other person or persons as the Plan Administrator designates from time to time. In administering the Plan, the Plan Administrator may, in its sole discretion, employ compensation consultants, accountants, counsel and other persons to assist or render advice and other services, all at the expense of the Company.

All determinations and interpretations under the Plan for all matters including, without limitation, amounts due under the Plan, are conclusive and binding on all affected individuals.

8.4 Suspension of Payments in Event of Dispute

If the Plan Administrator is in doubt concerning the entitlement of any person to any payment claimed under the Plan, the Plan Administrator may direct the Company to suspend any such payment until satisfied as to the entitlement of such person to such payment.

8.5 Clawback

Notwithstanding any other provisions in the Plan, any Bonus Payout which is subject to recovery under any law, government regulation, stock exchange listing requirement or recoupment policy adopted by the Company will be subject to such deductions and clawback as may be required to be made pursuant to such law, government regulation, stock exchange listing requirement or recoupment policy adopted by the Company (including, but not limited to, a policy adopted by the Company in response to any such law, government regulation or stock exchange listing requirement).

8.6 Overpayment

If the Plan makes an overpayment of any amount due to a Participant, the Plan may recover the overpayment either by requiring the Participant to return the overpayment to the Plan, by reducing any future payments to the Participant or by any other method that the Plan Administrator shall deem reasonable.

8.7 Claims Procedure

(a) Presentation of Claim. Any Participant or the estate of a deceased Participant (such Participant or the estate being referred to below as a “Claimant”) may deliver to the Plan Administrator a written claim for a determination with respect to the amounts distributable to such Claimant from the Plan. If such a claim relates to the contents of a notice received by the Claimant, the claim must be made within 30 days after such notice was received by the Claimant. All other claims must be made within 180 days of the date on which the event that caused the

claim to arise occurred. The claim must state with particularity the determination desired by the Claimant.

(b) Notification of Decision. The Plan Administrator shall consider a Claimant's claim within a reasonable time and shall notify the Claimant in writing (1) whether the Claimant's requested determination has been made, (2) whether the claim has been allowed in full, or (3) whether the Plan Administrator has reached a conclusion contrary, in whole or in part, to the Claimant's requested determination.

(c) Review of a Denied Claim. Within 30 days after receiving a notice from the Plan Administrator that a claim has been denied, in whole or in part, a Claimant (or the Claimant's duly authorized representative) may file with the Executive Team a written request for a review of the denial of the claim.

(d) Decision on Review. The Executive Team shall render its decision on review promptly, and not later than 60 days after the filing of a written request for review of the denial, unless a hearing is held or other special circumstances require additional time, in which case the decision of the Executive Team must be rendered within 120 days after such date. The decision of the Executive Team shall be final and binding upon the Claimant.

8.8 Indemnification

The Company agrees to fully protect and indemnify the Plan Administrator, each member of the Executive Team and each employee acting in good faith in the administration of the Plan or relying upon any authorization or direction of the Plan Administrator, for any liability, loss, cost, damage or expense (including legal fees and expenses) suffered by reason of their service under this Plan; provided, however, that such person did not act dishonestly or in willful or negligent violation of the law or the Plan.

8.9 Anti-Assignment Provisions

A Participant cannot assign, pledge, or otherwise alienate any rights or benefits payable under the Plan prior to receipt of those benefits. The Plan will not be liable for or subject to the debts, garnishments or other obligations of any Participant eligible for benefits under this Plan.

8.10 Successors and Assigns

The Plan shall inure to the benefit of, and be binding upon, the parties hereto and their successors and assigns.

8.11 Plan Amendment or Termination

The Company reserves the right to amend or terminate the Plan at any time, in any manner and for any reason. Termination or amendment may be prospective or retroactive, as deemed appropriate by the Company, and as permitted under applicable law.

8.12 Governing Law, Jurisdiction and Venue

Unless expressly prohibited by applicable law, (a) the provisions of this Plan shall be construed and interpreted in accordance with the laws of the State of Delaware, without giving effect to any choice or conflict of law provision or rule, whether of the State of Delaware or any other jurisdiction, that would cause the application of laws of any jurisdiction other than the State of Delaware, and (b) any legal action arising under the Plan shall be brought exclusively in a state or federal court sitting in Lake County, Illinois, and the Company and each Participant

irrevocably consents to the exercise of personal jurisdiction over them by such courts and waive any objection to venue or jurisdiction based on forum non conveniens or on any other basis.

8.13 No Tax, Financial, Legal or Other Advice

The Company shall not provide any tax, financial, legal or other advice under any applicable law or regulation related to participation in the Plan, including, but not limited to, tax or financial consequences of participation in the Plan. No provision of the Plan, or any document or presentation about the Plan given to Eligible Employees, will be interpreted as reflecting such advice.

8.14 Headings

The titles or headings of the respective sections in the Plan are inserted merely for convenience and shall be given no legal effect.

8.15 Severability

If any provision of the Plan is held to be illegal or invalid for any reason, the illegality or invalidity shall not affect the remaining provisions of the Plan, and the Plan will be construed and enforced as if the illegal or invalid provision were not part of the Plan.

8.16 No Waiver

Failure of the Company to enforce at any time any provision of this Plan shall in no way be construed as a waiver of such provision or any other provision of the Plan.

8.17 All Provisions

This official plan document represents the exclusive and complete statement of the terms of the Plan and supersedes any and all prior or contemporaneous understandings, representations, documents and communications between an Employer and any person, whether oral or written, relating to its subject matters. In the event of any conflict between the provisions of this official plan document, as amended from time to time, and any other document or presentation describing or otherwise relating to the Plan, this official document shall control. For avoidance of doubt, except as specifically provided hereunder, the Plan shall not supersede the terms of any employment agreement, non-competition, non-solicitation, confidentiality or other restrictive covenant agreement, or any other agreement between a Participant and an Employer as may be in effect from time to time.

8.18 Code Section 409A

The Plan is intended to be exempt from or to comply with Code Section 409A and shall be interpreted accordingly; provided that, in the event the Plan becomes subject to Code Section 409A, nothing in this Plan shall operate or be construed to cause the Plan to fail to comply with the requirements of Code Section 409A and, to the extent applicable, it is intended that the Plan comply with the provisions of Code Section 409A and shall be administered in a manner consistent with that intent. Any provision of this Plan that would cause the Plan or any payment made hereunder to fail to satisfy Code Section 409A shall have no force and effect until amended by the Company to comply with Code Section 409A (which amendment may be retroactive to the extent permitted by Code Section 409A) and may be made by the Company without the consent of any Participant. Notwithstanding the foregoing, the Company does not guarantee the tax treatment of any benefits under the Plan, including without limitation under the Code, federal, state, municipal, local or foreign laws.

Rule 13a-14(a)/15d-14(a) Certification

Cindy J. Miller
Chief Executive Officer

I, Cindy J. Miller, certify that:

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

Date: November 2, 2023

/s/ CINDY J. MILLER

Cindy J. Miller
Chief Executive Officer
Stericycle, Inc.

Rule 13a-14(a)/15d-14(a) Certification

Janet H. Zelenka
Chief Financial Officer

I, Janet H. Zelenka, certify that:

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

Date: November 2, 2023

/s/ JANET H. ZELENKA

Janet H. Zelenka
Executive Vice President, Chief Financial Officer & Chief Information Officer
Stericycle, Inc.

SECTION 1350 CERTIFICATION

In connection with the Quarterly Report of Stericycle, Inc. (the "Company") on Form 10-Q for the quarter ended September 30, 2023 as filed with the Securities and Exchange Commission on the date hereof (the "Report") we, Cindy J. Miller, Chief Executive Officer of the registrant, and Janet H. Zelenka, Chief Financial Officer of the registrant, certify as follows:

- (a) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (b) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 2, 2023

/s/ CINDY J. MILLER

Cindy J. Miller
Chief Executive Officer
Stericycle, Inc.

/s/ JANET H. ZELENKA

Janet H. Zelenka
Executive Vice President, Chief Financial Officer & Chief Information Officer
Stericycle, Inc.