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 June 30, 2024
or
☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

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

Stericycle, Inc.
(Name of registrant as specified in its charter)

Delaware	**36-3640402**
(State or other jurisdiction of incorporation or organization)	*(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:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
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 ☒	Accelerated filer ☐	Non-accelerated filer ☐
Smaller reporting company ☐	Emerging growth company ☐	

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

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

On July 22, 2024, there were 92,836,450 shares of the Registrant's Common Stock outstanding.

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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
2023 Form 10-K	Annual report on Form 10-K for the year ended December 31, 2023
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
ASU	Accounting Standards Update
AI	Artificial intelligence
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
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
FASB	Financial Accounting Standards Board
FCPA	U.S. Foreign Corrupt Practices Act
International	Operating segment including Belgium, France, Germany, Ireland, Luxembourg, Portugal, Spain, and U.K. The following countries were divested in 2023: Australia, Brazil, Republic of Korea, Romania, Singapore, and the United Arab Emirates
IRS	U.S. Internal Revenue Service
LIBOR	London Interbank Offered Rate - benchmark interest rate that was replaced by SOFR
Merger	The merger of Merger Sub (a wholly owned subsidiary of WM), with and into Stericycle, as contemplated by and subject to the terms and conditions of the Merger Agreement
Merger Agreement	Agreement and Plan of Merger, dated June 3, 2024, among WM, Merger Sub, and Stericycle
Merger Sub	Stag Merger Sub Inc., a wholly owned subsidiary of WM
Net Debt	As defined in the Credit Agreement, adding back unamortized debt issuance costs, less cash and cash equivalents
North America	Operating segment 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
PSU	Performance-based Restricted Stock Unit
Purchase Agreement	Stock Purchase Agreement, dated as of February 6, 2020, by and between Stericycle, Inc., and the Harsco Corporation (now known as Enviri) and CEI Holding LLC, a Delaware limited liability company and subsidiary of Harsco Corporation (now known as Enviri)
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. The July 2024 Senior Notes were redeemed in March 2024.
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
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
U.S.	United States of America
U.S. GAAP	U.S. Generally Accepted Accounting Principles
WM	Waste Management, Inc.

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 June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Revenues	$ 661.6	$ 669.5	$ 1,326.5	$ 1,353.8
Cost of revenues	403.6	418.4	813.6	841.7
Gross profit	258.0	251.1	512.9	512.1
Selling, general and administrative expenses	227.5	220.9	443.5	436.9
Divestiture losses, net (Note 4)	—	54.2	—	59.2
Income (loss) from operations	30.5	(24.0)	69.4	16.0
Interest expense, net	(20.5)	(19.1)	(38.9)	(39.5)
Other expense, net	(0.1)	(0.6)	(0.1)	(0.4)
Income (loss) before income taxes	9.9	(43.7)	30.4	(23.9)
Income tax expense	(3.9)	(5.8)	(11.3)	(14.3)
Net income (loss)	6.0	(49.5)	19.1	(38.2)
Net income attributable to noncontrolling interests	—	—	—	(0.1)
Net income (loss) attributable to Stericycle, Inc. common shareholders	$ 6.0	$ (49.5)	$ 19.1	$ (38.3)
Income (loss) per common share attributable to Stericycle, Inc. common shareholders:				
Basic	$ 0.06	$ (0.54)	$ 0.21	$ (0.41)
Diluted	$ 0.06	$ (0.54)	$ 0.21	$ (0.41)
Weighted average number of common shares outstanding:				
Basic	92.7	92.5	92.6	92.3
Diluted	93.0	92.5	93.1	92.3

See accompanying Notes to Condensed Consolidated Financial Statements.

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

In millions	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Net income (loss)	$ 6.0	$ (49.5)	$ 19.1	$ (38.2)
Other comprehensive (loss) income:				
Currency translation adjustments	(1.6)	6.1	(13.1)	14.0
Cumulative currency translation loss realized from divestitures (Note 4)	—	69.6	—	69.6
Total other comprehensive (loss) income	(1.6)	75.7	(13.1)	83.6
Comprehensive income	4.4	26.2	6.0	45.4
Less: comprehensive (loss) attributable to noncontrolling interests	—	—	—	(2.2)
Comprehensive income attributable to Stericycle, Inc. common shareholders	$ 4.4	$ 26.2	$ 6.0	$ 47.6

See accompanying Notes to Condensed Consolidated Financial Statements.

STERICYCLE, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)

In millions, except per share data

	June 30, 2024	December 31, 2023
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 34.9	$ 35.3
Accounts receivable, less allowance for doubtful accounts of $55.4 in 2024 and $44.7 in 2023	657.1	553.9
Prepaid expenses	28.0	31.6
Other current assets	51.1	50.7
Total Current Assets	771.1	671.5
Property, plant and equipment, less accumulated depreciation of $683.5 in 2024 and $675.4 in 2023	732.0	708.3
Operating lease right-of-use assets	515.8	464.3
Goodwill	2,757.1	2,755.6
Intangible assets, less accumulated amortization of $975.7 in 2024 and $925.8 in 2023	633.1	686.5
Other assets	67.7	66.4
Total Assets	$ 5,476.8	$ 5,352.6
LIABILITIES AND EQUITY		
Current Liabilities:		
Current portion of long-term debt	$ 16.9	$ 19.6
Bank overdrafts	0.6	1.0
Accounts payable	200.2	212.1
Accrued liabilities	221.5	259.5
Operating lease liabilities	111.0	105.4
Deferred revenues	79.7	72.6
Other current liabilities	51.2	47.8
Total Current Liabilities	681.1	718.0
Long-term debt, net	1,392.3	1,277.8
Long-term operating lease liabilities	424.7	378.9
Deferred income taxes	412.7	420.5
Other liabilities	33.5	34.5
Total Liabilities	2,944.3	2,829.7
Commitments and contingencies (Note 9)		
EQUITY		
Common stock (par value $0.01 per share, 120.0 shares authorized, 92.8 and 92.6 issued and outstanding in 2024 and 2023, respectively)	0.9	0.9
Additional paid-in capital	1,320.3	1,316.7
Retained earnings	1,408.5	1,389.4
Accumulated other comprehensive loss	(197.6)	(184.5)
Total Stericycle, Inc.'s Equity	2,532.1	2,522.5
Noncontrolling interests	0.4	0.4
Total Equity	2,532.5	2,522.9
Total Liabilities and Equity	$ 5,476.8	$ 5,352.6

See accompanying Notes to Condensed Consolidated Financial Statements.

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

In millions

	Six Months Ended June 30,	
	2024	**2023**
OPERATING ACTIVITIES:		
Net income (loss)	$ 19.1	$ (38.2)
Adjustments to reconcile net income (loss) to net cash from operating activities:		
Depreciation	51.1	52.6
Intangible amortization	55.5	56.3
Stock-based compensation expense	7.6	17.8
Deferred income taxes	(6.9)	4.9
Divestiture losses, net	—	59.2
Asset impairments, loss (gain) on disposal of property plant and equipment and other charges	0.9	3.1
Other, net	1.4	1.2
Changes in operating assets and liabilities:		
Accounts receivable	(105.4)	(1.3)
Prepaid expenses	3.5	(1.6)
Accounts payable	(9.4)	(1.5)
Accrued liabilities	(33.5)	8.4
Deferred revenues	7.1	0.3
Other assets and liabilities	(1.5)	(6.3)
Net cash from operating activities	(10.5)	154.9
INVESTING ACTIVITIES:		
Capital expenditures	(79.4)	(63.7)
(Payments) proceeds from (acquisition) divestiture of businesses, net	(13.7)	88.9
Other, net	0.8	1.2
Net cash from investing activities	(92.3)	26.4
FINANCING ACTIVITIES:		
Repayments of long-term debt and other obligations	(6.4)	(10.0)
Proceeds from foreign bank debt	—	0.1
Repayments of foreign bank debt	—	(0.3)
Repayments of term loan	(600.0)	(50.0)
Proceeds from credit facility	1,248.4	601.0
Repayments of credit facility	(531.0)	(737.7)
Repayments of bank overdrafts, net	(0.4)	(2.9)
Payments of finance lease obligations	(1.3)	(1.4)
Proceeds from issuance of common stock, net of (payments of) taxes from withheld shares	(6.4)	(5.2)
Payments to noncontrolling interest	—	(1.5)
Net cash from financing activities	102.9	(207.9)
Effect of exchange rate changes on cash and cash equivalents	(0.5)	1.3
Net change in cash and cash equivalents	(0.4)	(25.3)
Cash and cash equivalents at beginning of period	35.3	56.0
Cash and cash equivalents at end of period	$ 34.9	$ 30.7
SUPPLEMENTAL CASH FLOW INFORMATION:		
Interest paid, net of capitalized interest	$ 51.4	$ 38.0
Income taxes paid, net	$ 27.7	$ 13.7
Capital expenditures in Accounts payable	$ 21.7	$ 21.9

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	Noncontrolling Interests	Total Equity
	Shares	Amount					
Balance as of April 1, 2024	92.8	$ 0.9	$ 1,315.3	$ 1,402.5	$ (196.0)	$ 0.4	$ 2,523.1
Net income	—	—	—	6.0	—	—	6.0
Currency translation adjustments	—	—	—	—	(1.6)	—	(1.6)
Issuance of common stock for incentive stock programs, net of (payments of) taxes from withheld shares	—	—	—	—	—	—	—
Stock-based compensation expense	—	—	5.0	—	—	—	5.0
Balance as of June 30, 2024	92.8	$ 0.9	$ 1,320.3	$ 1,408.5	$ (197.6)	$ 0.4	$ 2,532.5

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 April 1, 2023	92.4	$ 0.9	$ 1,289.2	$ 1,422.0	$ (266.7)	$ 0.6	$ 2,446.0
Net loss	—	—	—	(49.5)	—	—	(49.5)
Currency translation adjustments	—	—	—	—	6.1	—	6.1
Cumulative currency translation loss realized from divestitures	—	—	—	—	69.6	—	69.6
Issuance of common stock for incentive stock programs, net of (payments of) taxes from withheld shares	0.1	—	(0.3)	—	—	—	(0.3)
Stock-based compensation expense	—	—	10.9	—	—	—	10.9
Balance as of June 30, 2023	92.5	$ 0.9	$ 1,299.8	$ 1,372.5	$ (191.0)	$ 0.6	$ 2,482.8

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						
	Shares	Amount	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Noncontrolling Interests	Total Equity
Balance as of December 31, 2023	92.6	$ 0.9	$ 1,316.7	$ 1,389.4	$ (184.5)	$ 0.4	$ 2,522.9
Net income	—	—	—	19.1	—	—	19.1
Currency translation adjustments	—	—	—	—	(13.1)	—	(13.1)
Issuance of common stock for incentive stock programs, net of (payments of) taxes from withheld shares	0.2	—	(4.0)	—	—	—	(4.0)
Stock-based compensation expense	—	—	7.6	—	—	—	7.6
Balance as of June 30, 2024	92.8	$ 0.9	$ 1,320.3	$ 1,408.5	$ (197.6)	$ 0.4	$ 2,532.5

In millions

	Stericycle, Inc. Equity						
	Common Stock						
	Shares	Amount	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Noncontrolling Interests	Total Equity
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	—	—	—	(38.3)	—	0.1	(38.2)
Currency translation adjustments	—	—	—	—	16.3	(2.3)	14.0
Cumulative currency translation loss realized from divestitures (Note 4)	—	—	—	—	69.6	—	69.6
Issuance of common stock for incentive stock programs, net of (payments of) taxes from withheld shares	0.3	—	(3.4)	—	—	—	(3.4)
Stock-based compensation expense	—	—	17.8	—	—	—	17.8
Changes in noncontrolling interest	—	—	—	—	—	(1.5)	(1.5)
Balance as of June 30, 2023	92.5	$ 0.9	$ 1,299.8	$ 1,372.5	$ (191.0)	$ 0.6	$ 2,482.8

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 June 30, 2024 and for the three and six months ended June 30, 2024 and 2023, 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 2023 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, acquisition related long-lived assets, 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.

Accounting Standards Issued But Not Yet Adopted

Improvements to Reportable Segment Disclosures

In November 2023, the FASB issued ASU 2023-07, “Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures” (“ASU 2023-07”). ASU 2023-07 requires disclosure of incremental segment information on an annual and interim basis for all public entities to enable investors to develop more decision-useful financial analyses. ASU 2023-07 is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024, with early adoption permitted. The Company is currently evaluating the impact on disclosures in our Notes to Condensed Consolidated Financial Statements.

Improvements to Income Tax Disclosures

In December 2023, the FASB issued ASU 2023-09, “Income Taxes (Topic 740): Improvements to Income Tax Disclosures” (“ASU 2023-09”). ASU 2023-09 requires greater disaggregation of information in the rate reconciliation and the disclosure of income taxes paid by jurisdiction. ASU 2023-09 is effective for annual periods beginning after December 15, 2024, with early adoption permitted. The Company is currently evaluating the impact on disclosures in our Notes to Condensed Consolidated Financial Statements.

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.

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 June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Revenue by Service				
Regulated Waste and Compliance Services	$ 442.5	$ 444.7	$ 890.3	$ 896.0
Secure Information Destruction Services	219.1	224.8	436.2	457.8
Total Revenues	$ 661.6	$ 669.5	$ 1,326.5	$ 1,353.8
North America				
Regulated Waste and Compliance Services	$ 372.1	$ 366.4	$ 748.6	$ 735.1
Secure Information Destruction Services	195.5	198.8	388.2	403.5
Total North America Segment	$ 567.6	$ 565.2	$ 1,136.8	$ 1,138.6
International				
Regulated Waste and Compliance Services	$ 70.4	$ 78.3	$ 141.7	$ 160.9
Secure Information Destruction Services	23.6	26.0	48.0	54.3
Total International Segment	$ 94.0	$ 104.3	$ 189.7	$ 215.2

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 June 30, 2024 and December 31, 2023, were $79.7 million and $72.6 million, respectively. Beginning in the third quarter of 2023, the Company advanced billings for certain Regulated Waste and Compliance 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 June 30, 2024 and 2023, the Company amortized $4.4 million and $4.1 million, respectively, of deferred sales incentives to SG&A. During the six months ended June 30, 2024 and 2023, the Company amortized $8.8 million and $8.1 million, respectively, of deferred sales incentives to SG&A.

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

In millions

	June 30, 2024	December 31, 2023
Other current assets	$ 16.6	$ 16.1
Other assets	46.5	46.1
Total contract acquisition costs	$ 63.1	$ 62.2

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

	Six Months Ended June 30,	
	2024	2023
Beginning Balance	$ 44.7	$ 53.3
Bad debt expense, net of recoveries	15.9	4.5
Write-offs	(4.1)	(6.3)
Other changes [(1)]	(1.1)	(7.4)
Ending Balance	$ 55.4	$ 44.1

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

NOTE 3 — ACQUISITION

The Company acquired a southeastern U.S. based regulated waste business in North America on January 31, 2024, which is considered to be complementary to existing operations and aligns with the Company's strategic capital allocation strategy. There were no acquisitions in 2023.

The purchase price consideration was $15.8 million and the final acquisition date fair value of the total consideration transferred included $14.0 million in cash and $1.8 million in promissory notes. The purchase price allocation was finalized in the second quarter of 2024. The purchase price consideration was allocated to the assets and liabilities based on the fair value as of the acquisition date, with the excess of the purchase price consideration over the net assets acquired of $8.2 million recorded as goodwill based on the strategic benefits to be achieved and is deductible for tax purposes. The Company used a third party specialist to determine the fair value of the tangible and intangible assets, which primarily consisted of customer relationships of $6.1 million. The Company did not record any adjustments to the final fair value measurement.

NOTE 4 — RESTRUCTURING AND DIVESTITURES

Restructuring – Operational Optimization:

In February 2024, the Company recognized Operational Optimization severance charges of approximately $5.4 million related to a workforce reduction, within our North America and International segments.

Divestiture

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 of 2023 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 of 2023 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 paid to the acquirer of approximately $28.0 million. The transaction resulted in a second quarter of 2023 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.

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 of 2023 divestiture pre-tax loss of $5.0 million.

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

Asset Impairments

On June 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.

NOTE 5 — DEBT

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

In millions

	June 30, 2024	December 31, 2023
$1.2 billion Credit Facility, due in 2026	$ 748.1	$ 31.0
$125 million Term Loan, due in 2026	125.0	125.0
$600 million Senior Notes, due in 2024 (redeemed in March 2024)	—	600.0
$500 million Senior Notes, due in 2029	500.0	500.0
Promissory notes and deferred consideration weighted average maturity of 2.2 years at 2024 and 2.6 years at 2023	28.1	32.9
Obligations under finance leases	14.1	16.3
Total debt	1,415.3	1,305.2
Less: current portion of total debt	16.9	19.6
Less: unamortized debt issuance costs	6.1	7.8
Long-term portion of total debt	$ 1,392.3	$ 1,277.8

The estimated fair value of our debt approximated $1.4 billion and $1.3 billion as of June 30, 2024 and December 31, 2023, 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 in accordance with the fair value measurements accounting guidance.

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

	Six Months Ended June 30, 2024	Year Ended December 31, 2023
$1.2 billion Credit Facility, due in 2026 (variable rate)	7.02 %	6.85 %
$125 million Term Loan, due in 2026 (variable rate)	6.74 %	6.66 %
$600 million Senior Notes, due in 2024 (fixed rate) (redeemed in March 2024)	— %	5.38 %
$500 million Senior Notes, due in 2029 (fixed rate)	3.88 %	3.88 %
Promissory notes and deferred consideration (fixed rate)	3.46 %	3.54 %

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 which includes, among other provisions, $50.0 million of cash add-backs to EBITDA with respect to any four fiscal quarter period ending on or before December 31, 2023. As of June 30, 2024, the Company was in compliance with its financial covenants. The Credit Agreement Defined Debt Leverage Ratio was 3.49 to 1.00, which was below the allowed maximum ratio of 4.00 to 1.00 as set forth in the amended Credit Agreement. Expiration of the $50.0 million of cash add-backs to EBITDA contributed approximately 30 points of increase to the Credit Agreement Defined Debt Leverage Ratio as of June 30, 2024 compared to December 31, 2023.

On February 1, 2024, the Company issued a redemption notice to 2019 Senior Notes holders for redemption of all of the $600 million aggregate principal amount of the outstanding 2019 Senior Notes, and on March 14, 2024 completed the redemption with borrowings from the Credit Facility. The refinancing of the 2019 Senior Notes using the Credit Facility converted the long-term debt from fixed rate to variable rate as of the redemption date.

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

In millions

	June 30, 2024	December 31, 2023
Outstanding letters of credit under Credit Facility	$ 59.7	$ 59.0
Unused portion of the Credit Facility	392.2	1,110.0

NOTE 6 — INCOME TAXES

The Company reported income tax expense of $3.9 million and $5.8 million for the three months ended June 30, 2024 and 2023, respectively. The effective tax rates for the three months ended June 30, 2024 and 2023 were 39.4% and (13.3)%, respectively. The effective tax rate for the three months ended June 30, 2024 reflects (i) equity-based compensation awards expiring or vesting without a tax benefit and (ii) losses in jurisdictions that are not eligible for tax benefits on account of valuation allowances. The effective tax rate for the three months ended June 30, 2023 reflects (i) 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 Company reported income tax expense of $11.3 million and $14.3 million for the six months ended June 30, 2024 and 2023, respectively. The effective tax rates for the six months ended June 30, 2024 and 2023 were 37.2% and (59.8)%, respectively. The effective tax rate for the six months ended June 30, 2024 reflects equity-based compensation awards expiring or vesting without a tax benefit. The effective tax rate for the six months ended June 30, 2023 reflects (i) 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.

NOTE 7 — 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 June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Weighted average common shares outstanding - basic	92.7	92.5	92.6	92.3
Incremental shares outstanding related to stock-based awards	0.3	—	0.5	—
Weighted average common shares outstanding - diluted	93.0	92.5	93.1	92.3

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 June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Option awards	—	770	—	816
RSU awards	58	148	37	2

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 8 — SEGMENT REPORTING

The Company evaluates, oversees, and manages the financial performance of two operating and reportable segments – North America and International. Other Costs includes costs (and associated assets and capital expenditures) related to corporate enabling and shared services functions, annual incentive compensation, and stock-based compensation.

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 June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Adjusted Income from Operations				
North America	$ 148.6	$ 156.5	$ 297.7	$ 316.8
International	9.8	8.4	22.2	18.7
Other Costs	(76.9)	(88.9)	(147.9)	(174.8)
Total Adjusted Income from Operations	$ 81.5	$ 76.0	$ 172.0	$ 160.7

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

In millions

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Total Reportable Segment Adjusted Income from Operations	$ 81.5	$ 76.0	$ 172.0	$ 160.7
Adjusting Items:				
ERP and System Modernization	(4.2)	(5.4)	(8.6)	(8.1)
Intangible Amortization	(27.7)	(28.1)	(55.5)	(56.3)
Operational Optimization	0.2	—	(5.4)	—
Portfolio Optimization	(0.2)	(54.2)	(1.8)	(59.8)
Litigation, Settlements and Regulatory Compliance	(10.9)	(8.9)	(23.1)	(17.1)
Asset Impairments	—	(3.4)	—	(3.4)
WM Transaction-Related Charges	(8.2)	—	(8.2)	—
Income (loss) from operations	$ 30.5	$ (24.0)	$ 69.4	$ 16.0

NOTE 9 — 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.

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 or other anti-corruption laws with respect to operations in Latin America. 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. If the Company remains in compliance with the DPA during the remainder of its three-year term, deferred charges against the Company will be dismissed with prejudice.

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.

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, NOVs. 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, the 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 completed a settlement with the DTSC, 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, and made the settlement payment during July 2024, the amount of which payment is not material.

Rancho Cordova, California, Permit Revocation. Separately, on August 15, 2019, the Company received from the DTSC a written Intent to Deny Hazardous Waste Facility Permit Application for the Rancho Cordova facility. Following legal challenges, that the 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 and that the Company and some of its current or former employees may have civil and criminal liability under the Controlled Substances Act and other federal statutes related to that business. The Company is cooperating with the 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. During the Covid-19 pandemic and in conjunction with Europol, governmental authorities of Spain conducted coordinated inspections at a large number of medical waste management facilities, including Stericycle facilities, relating to the transportation, management and disposal of waste that may have been infected with the virus, and related matters. The inspections have resulted in proceedings, 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.

NOTE 10 — PROPOSED PLAN OF MERGER

On June 3, 2024, the Company entered into an Agreement and Plan of Merger (the "Merger Agreement") with Waste Management, Inc., a Delaware corporation ("Parent") and Stag Merger Sub Inc., a Delaware corporation and an indirect wholly-owned subsidiary of Parent ("Merger Sub"). The Merger Agreement provides that, among other things, at the Effective Time (as defined in the Merger Agreement) and subject to the terms and conditions set forth therein, Merger Sub will be merged with and into the Company (the "Merger"), with the Company surviving the Merger (the "Surviving Corporation") as an indirect wholly-owned subsidiary of Parent.

At the Effective Time, each share of the Company's common stock, par value $0.01 ("Stericycle common stock"), issued and outstanding immediately prior to the Effective Time (other than (i) shares held directly by the Company (including shares held in treasury stock), Parent or Merger Sub or any subsidiary of the Company or Parent (collectively, "Excluded Shares") and (ii) Dissenting Shares (as defined in the Merger Agreement)), will be converted into the right to receive $62.00 in cash, without interest and less applicable withholding taxes (the "Merger Consideration").

The closing of the Merger (the "Closing") is subject to various conditions, including (i) approval of the proposal to adopt the Merger Agreement by the vote of holders of a majority of the voting power represented by outstanding shares of Stericycle common stock (the "stockholder approval"); (ii) the consummation of the Merger not being restrained, enjoined or prohibited by any order (whether temporary, preliminary or permanent) of any governmental entity of competent jurisdiction and no applicable law enacted to prohibit or make illegal the consummation of the Merger, in each case, other than an immaterial order or law; (iii) the expiration or termination of the waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and the rules and regulations thereunder (the "HSR Act"), and all waivers, consents, clearances, approvals and authorizations under other applicable competition and foreign investment laws having been obtained (or the expiration or termination of any applicable waiting periods thereunder); and (iv) the accuracy of the representations and warranties of the Company, on the one hand, and of Parent and Merger Sub, on the other hand, contained in the Merger Agreement, subject in some instances to materiality or "material adverse effect" qualifiers, as of the date of the Merger Agreement and as of the Closing, and the performance or compliance in all material respects by the Company, on the one hand, and Parent and Merger Sub, on the other hand, of or with their respective covenants and agreements required to be performed or complied with by them under the Merger Agreement on or before the Closing Date. In addition, the obligation of Parent and Merger Sub to consummate the Merger is subject to the absence, since the date of the Merger Agreement, of a Company Material Adverse Effect that is continuing (as defined in the Merger Agreement). The Closing is not subject to a financing condition. Under the terms of the Merger Agreement, consummation of the Merger will occur as soon as possible, but in any event no later than three business days after the satisfaction or waiver of all of the applicable conditions to the Closing. The board of directors of the Company (the "Board") has unanimously approved the Merger and the Merger Agreement. Until the Closing, the Company will continue to operate as an independent, public company.

The Company expects to incur certain significant costs relating to the Merger, such as legal, accounting, financial advisory, printing and other professional services fees, as well as other customary payments. During the three and six months ended, June 30, 2024, in connection with the Merger, Stericycle incurred approximately $8.2 million of transaction-related expenses, reported in SG&A. In the event that the Merger is terminated, the Company may also be required under the Merger Agreement under certain circumstances to pay a termination fee to Parent of $175.0 million, or may be entitled to receive a termination fee of $262.5 million from Parent.

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

Safe Harbor Statement

This document may contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Exchange Act and 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, many of which are outside our control, 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, the inability to consummate the Merger within the anticipated time period, or at all, due to any reason, including the failure to obtain stockholder approval to adopt the Merger Agreement, the failure to obtain required regulatory approvals for the Merger or the failure to satisfy the other conditions to the consummation of the Merger, the risk that the Merger Agreement may be terminated in circumstances requiring us to pay a termination fee, the effect of the announcement of the Merger on our ability to retain and hire key personnel and maintain relationships with our customers, suppliers and others with whom we do business, the effect of the announcement of the Merger on our operating results and business generally, the significant costs, fees and expenses related to the Merger, the risk that our stock price may decline significantly if the Merger is not consummated, decreases in the volume of regulated wastes or personal and confidential information collected from customers, disruptions resulting from deployment of systems, disruptions in our supply chain, disruptions in or attacks on data information technology systems, labor shortages, a recession or economic disruption in the U.S. and other countries, changing market conditions in the healthcare industry, competition and demand for services in the regulated waste and secure information destruction industries, SOP pricing volatility or pricing volatility in other commodities, changes in the volume of paper processed by our secure information destruction business and the revenue generated from the sale of SOP, inflationary cost pressure in labor, supply chain, energy, and other expenses, 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, the outcome of pending, future or settled litigation or investigations, self-insurance claims and settlements, including the nature, cost and outcome of any litigation and other legal proceedings related to the Merger, charges related to portfolio optimization or the failure of acquisitions or divestitures to achieve the desired results, the obligations to service substantial indebtedness and comply with the covenants and restrictions contained in our credit agreements and Senior Notes, rising interest rates or a downgrade in our credit rating resulting in an increase in interest expense, political, economic, war, 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, closures of our facilities or the facilities of our customers and suppliers, 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, 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 2023 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. Through our family of brands, Stericycle serves customers in North America and Europe with solutions to safely manage materials that could otherwise spread disease, contaminate the environment, or compromise one's identity. To our customers, team members and the communities we serve, Stericycle is a company that protects what matters.

Key business highlights include:

- Entered into a Merger Agreement with WM on June 3, 2024 for $7.2 billion or $62.00 per share of common stock outstanding.
- Improved diluted earnings per share by $0.60 compared to the second quarter of 2023.
- Our McCarran, Nevada, incinerator project remains on-track with testing commencing in July 2024, and we expect to begin processing waste by the end of 2024.

Other Developments

We continue to experience revenue challenges among certain national account customers, including changes in frequency and type of service and site consolidations in North America.

SID recycled paper revenues remain lower in the first half of 2024 compared to the first half of 2023 mainly due to the impact of lower SOP pricing. Recycled paper tonnage for the first half of 2024 was approximately 215,000 tons compared to the first half of 2023 of approximately 245,000 tons. Divested businesses contributed approximately 9,000 tons of paper through their respective divestiture dates in the first half of 2023. The decline in recycled paper volume, excluding divestitures, was approximately 21,000 tons or 9%. Recycled paper revenues account for less than 8% of total SID revenues for the first half of 2024.

Proposed Plan of Merger

For additional information, see *Part I, Item I. Financial Statements; Note 10 — Proposed Plan of Merger* in the Condensed Consolidated Financial Statements. Management spent significant time and attention in the second quarter of 2024 attending to WM transaction-related matters and expects to continue to devote significant time to such matters in the third quarter of 2024.

Key Business Priorities

In 2024, we pivoted to our next generation of key business priorities to drive margin expansion and deliver value:

- ***Commercial and Service Excellence –*** We will focus on driving profitable revenue growth by delivering a differentiated value proposition and a seamless customer experience as a trusted compliance partner.
- ***Operational Excellence –*** We plan to drive margin improvement, harnessing a streamlined and talented workforce, modern technologies, updated and new facilities, and a refreshed fleet.
- ***Digital Implementation –*** We will begin to leverage digital, data, and AI capabilities to further deliver commercial and service excellence and efficiencies across our network and shared services, using the foundation of the modern ERP.
- ***Strategic Capital Allocation –*** We continue to invest in our core businesses while targeting a debt leverage ratio between 2.5X-3.0X.

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 June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Pre-tax items:				
Included in COR				
Operational Optimization	$ (0.2)	$ —	$ 2.0	$ —
Asset Impairments	—	3.4	—	3.4
Total included in COR	(0.2)	3.4	2.0	3.4
Included in SG&A				
ERP and System Modernization	4.2	5.4	8.6	8.1
Intangible Amortization	27.7	28.1	55.5	56.3
Operational Optimization	—	—	3.4	—
Portfolio Optimization	0.2	—	1.8	0.6
Litigation, Settlements and Regulatory Compliance	10.9	8.9	23.1	17.1
WM Transaction-Related Charges	8.2	—	8.2	—
Total included in SG&A	51.2	42.4	100.6	82.1
Divestiture losses, net	—	54.2	—	59.2
Total included in Income (loss) from operations	$ 51.0	$ 100.0	$ 102.6	$ 144.7

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 June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
North America				
Operating expenditures	$ 3.0	$ 5.1	$ 5.7	$ 7.7
Capital expenditures	5.0	5.8	6.8	8.7
Total North America	$ 8.0	$ 10.9	$ 12.5	$ 16.4
International				
Operating expenditures	$ 1.2	$ 0.3	$ 2.9	$ 0.4
Capital expenditures	—	—	—	—
Total International	$ 1.2	$ 0.3	$ 2.9	$ 0.4
Total operating expenditures	$ 4.2	$ 5.4	$ 8.6	$ 8.1
Total capital expenditures	5.0	5.8	6.8	8.7
Total ERP and System Modernization	$ 9.2	$ 11.2	$ 15.4	$ 16.8

Upon 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. North America continues to invest in certain ERP enhancements. Our international ERP system modernization 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 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 intangible amortization expense is a result of divestitures and certain intangible assets that have reached the end of their useful lives.

Operational Optimization

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

In February 2024, the Company recognized Operational Optimization severance charges of $5.4 million related to a workforce reduction, which is expected to provide annual savings of approximately $21.0 million to $24.0 million beginning in the first half of 2024. We had also reduced our overall workforce in our retained businesses through careful hiring and managing attrition which will provide annual savings of approximately $11.0 million to $13.0 million in 2024.

In the fourth quarter of 2023, the Company recognized Operational Optimization charges of $4.1 million primarily related to severance associated with workforce reduction, split between North America and International segments, and closure of an International facility. These workforce reduction actions are expected to provide annual savings of approximately $8.0 million in 2024.

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. For additional information, see *Part I, Item I. Financial Statements; Note 4 — Restructuring and Divestitures* 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.

<u>Acquisition</u>

We regularly evaluate the competitive environment and consider opportunistic acquisitions to strengthen our core businesses. We believe acquisitions, when appropriately valued and constructively integrated, are an efficient way to gain customers, scale treatment operations, and build customer density for transportation. We expect to focus on accretive tuck-in acquisitions. For additional information, see *Part I, Item I. Financial Statements; Note 3 — Acquisition* in the Condensed Consolidated Financial Statements.

<u>Divestitures</u>

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. Resulting divestitures 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 I. Financial Statements; Note 4 — Restructuring and Divestitures* 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 I. Financial Statements; Note 9 — 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, indirect tax provisions and credits impacting our business for the periods presented, primarily in Other Costs. See *Part I, Item I. Financial Statements; Note 9 — Commitments and Contingencies* in the Condensed Consolidated Financial Statements for additional details.

WM Transaction Related Charges

During the three and six months ended, June 30, 2024, in connection with the Merger, Stericycle incurred approximately $8.2 million of transaction-related expenses (legal, advisory, and other related fees), reported in SG&A. For additional information, see *Part I, Item I. Financial Statements; Note 10 — Proposed Plan of Merger* in the Condensed Consolidated Financial Statements.

Results of Operations

Three and Six Months Ended June 30, 2024 Compared to Three and Six Months Ended June 30, 2023:

Revenues (including Segment Revenues)

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

	Three Months Ended June 30,							
	In millions				Components of Change (%)[1]			
	2024	2023	Change ($)	Change (%)	Organic Growth[2]	Acquisition	Divestitures	Foreign Exchange[3]
Revenue by Service								
Regulated Waste and Compliance Services	$ 442.5	$ 444.7	$ (2.2)	(0.5)%	1.6 %	0.3 %	(2.2)%	(0.1)%
Secure Information Destruction Services	219.1	224.8	(5.7)	(2.5)%	(2.1)%	0.1 %	(0.6)%	(0.1)%
Total Revenues	$ 661.6	$ 669.5	$ (7.9)	(1.2)%	0.3 %	0.2 %	(1.6)%	(0.1)%
North America								
Regulated Waste and Compliance Services	$ 372.1	$ 366.4	$ 5.7	1.6 %	1.3 %	0.3 %	— %	(0.1)%
Secure Information Destruction Services	195.5	198.8	(3.3)	(1.7)%	(1.7)%	0.2 %	— %	(0.2)%
Total North America Segment	$ 567.6	$ 565.2	$ 2.4	0.4 %	0.3 %	0.3 %	— %	(0.1)%
International								
Regulated Waste and Compliance Services	$ 70.4	$ 78.3	$ (7.9)	(10.1)%	2.9 %	— %	(12.4)%	(0.1)%
Secure Information Destruction Services	23.6	26.0	(2.4)	(9.2)%	(5.1)%	— %	(4.8)%	0.1 %
Total International Segment	$ 94.0	$ 104.3	$ (10.3)	(9.9)%	0.8 %	— %	(10.5)%	(0.1)%

	Six Months Ended June 30,							
	In millions				Components of Change (%)[1]			
	2024	2023	Change ($)	Change (%)	Organic Growth[2]	Acquisition	Divestitures	Foreign Exchange[3]
Revenue by Service								
Regulated Waste and Compliance Services	$ 890.3	$ 896.0	$ (5.7)	(0.6)%	1.8 %	0.2 %	(2.9)%	0.2 %
Secure Information Destruction Services	436.2	457.8	(21.6)	(4.7)%	(4.2)%	0.1 %	(0.8)%	0.1 %
Total Revenues	$ 1,326.5	$ 1,353.8	$ (27.3)	(2.0)%	(0.2)%	0.2 %	(2.2)%	0.2 %
North America								
Regulated Waste and Compliance Services	$ 748.6	$ 735.1	$ 13.5	1.8 %	1.6 %	0.2 %	— %	— %
Secure Information Destruction Services	388.2	403.5	(15.3)	(3.8)%	(3.9)%	0.1 %	— %	(0.1)%
Total North America Segment	$ 1,136.8	$ 1,138.6	$ (1.8)	(0.2)%	(0.3)%	0.2 %	— %	— %
International								
Regulated Waste and Compliance Services	$ 141.7	$ 160.9	$ (19.2)	(11.9)%	2.9 %	— %	(15.5)%	1.1 %
Secure Information Destruction Services	48.0	54.3	(6.3)	(11.6)%	(6.8)%	— %	(6.9)%	1.5 %
Total International Segment	$ 189.7	$ 215.2	$ (25.5)	(11.8)%	0.3 %	— %	(13.3)%	1.2 %

(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 impacts of divestitures, an acquisition, and foreign exchange rates.

(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 this measure aids in the understanding of changes in Revenues without the impact of foreign currency.

Revenues for the second quarter of 2024 were $661.6 million, a decrease of $7.9 million, or 1.2%, compared to $669.5 million for the second quarter of 2023. The decrease was primarily due to divestitures of $11.0 million and unfavorable foreign exchange rates of $0.6 million. This decrease was partially offset by higher organic revenues of $2.2 million and acquisition related revenues of $1.5 million. Organic revenues in RWCS grew $6.9 million, while SID organic revenues were lower by $4.7 million. The decline in SID was mainly due to lower commodity-indexed revenues of $7.8 million, which was partially offset by higher SID service revenues of $3.1 million.

Revenues for the six months ended June 30, 2024 were $1,326.5 million, a decrease of $27.3 million, or 2.0%, compared to $1,353.8 million for the six months ended June 30, 2023. The decrease was primarily due to divestitures of $28.7 million and lower organic revenues of $3.2 million, which was partially offset by favorable foreign exchange rates of $2.2 million and an acquisition of $2.4 million. Organic revenues in RWCS grew $15.9 million, while SID organic revenues were lower by $19.1 million. The decline in SID was mainly due to lower commodity-indexed revenues of $27.6 million, which was partially offset by higher SID service revenues of $8.5 million.

North America revenues increased $2.4, or 0.4%, for the three months ended June 30, 2024, to $567.6 million from $565.2 million for the three months ended June 30, 2023. Organic revenues increased $1.4 million, or 0.3%, mainly a result of increased RWCS organic revenues, which was mainly driven by our pricing levers. This increase was partially offset by lower SID organic revenues, mainly due to lower commodity-indexed revenues and continued headwinds in SID service stops with our national customers, which were partially offset by higher SID service revenues.

North America revenues decreased $1.8 million, or 0.2%, for the six months ended June 30, 2024, to $1,136.8 million from $1,138.6 million for the six months ended June 30, 2023. Organic revenues decreased $3.7 million, or 0.3%, mainly as a result of lower commodity-indexed revenues and continued headwinds in SID service stops with our national customers, which were partially offset by higher SID service revenues. This decrease was partially offset by increased RWCS organic revenues, which was mainly driven by our pricing levers.

International revenues decreased $10.3 million, or 9.9%, for the three months ended June 30, 2024, to $94.0 million from $104.3 million for the three months ended June 30, 2023. This decrease was primarily due to the impact of divestitures of $11.0 million, or 10.5% and foreign exchange rates of $0.2 million, or 0.1%, partially offset by higher organic revenues of $0.8 million or 0.8%. RWCS organic revenues were higher due to pricing levers and SID organic revenues were lower due to commodity-indexed revenues.

International revenues decreased $25.5 million, or 11.8%, for the six months ended June 30, 2024, to $189.7 million from $215.2 million for the six months ended June 30, 2023. This decrease was primarily due to the impact of divestitures of $28.7 million, or 13.3%, partially offset by favorable foreign exchange rates of $2.6 million, or 1.2% and higher organic revenues of $0.5 million or 0.3%. RWCS organic revenues were higher due to pricing levers which was partially offset by lower SID organic revenues due to lower commodity-indexed revenues.

Gross profit:

$ In millions	Three Months Ended June 30,					
	2024		2023		Change	
	$	% Revenues	$	% Revenues	$	%
Gross profit	258.0	39.0 %	251.1	37.5 %	6.9	2.7 %

$ In millions	Six Months Ended June 30,					
	2024		2023		Change	
	$	% Revenues	$	% Revenues	$	%
Gross profit	512.9	38.7 %	512.1	37.8 %	0.8	0.2 %

For the three and six months ended June 30, 2024, compared to the 2023 comparable periods, the increase in gross profit was primarily due to cost savings, other margin flow through, and non-recurring asset impairments in 2023. These were partially offset by lower SID commodity indexed revenues and the corresponding margin flow through impact, due to lower SOP rates.

SG&A:

$ In millions

	Three Months Ended June 30,					
	2024		2023		Change	
	$	% Revenues	$	% Revenues	$	%
SG&A	227.5	34.4 %	220.9	33.0 %	6.6	3.0 %

$ In millions

	Six Months Ended June 30,					
	2024		2023		Change	
	$	% Revenues	$	% Revenues	$	%
SG&A	443.5	33.4 %	436.9	32.3 %	6.6	1.5 %

For the three and six months ended June 30, 2024, compared to the 2023 comparable periods, we incurred higher SG&A, as a percentage of revenues, associated with certain key priorities and other significant matters discussed above including (i) WM Transaction-Related Charges, (ii) Litigation, Settlement and Regulatory Compliance, and (iii) Operational Optimization matters. Additionally, SG&A was impacted by higher bad debt expense, primarily due to a bankruptcy of a large hospital network in the second quarter of 2024 and a lower 2023 bad debt expense as a result of improved North America SID collections, partially offset by the impacts of cost savings and lower incentive compensation expense.

Divestiture losses, net:

$ In millions

	Three Months Ended June 30,					
	2024		2023		Change	
	$	% Revenues	$	% Revenues	$	%
Divestiture losses, net	—	— %	54.2	8.1 %	(54.2)	(100.0)%

$ In millions

	Six Months Ended June 30,					
	2024		2023		Change	
	$	% Revenues	$	% Revenues	$	%
Divestiture losses, net	—	— %	59.2	4.4 %	(59.2)	(100.0)%

For additional information, see *Part I, Item I. Financial Statements; Note 4 — Restructuring and Divestitures* in the Condensed Consolidated Financial Statements.

Segment Profitability:

Segment profitability and a reconciliation of total segment profitability to Income (loss) from operations was as follows:

In millions

	Three Months Ended June 30,						Six Months Ended June 30,					
	2024		2023		Change 2024 versus 2023		2024		2023		Change 2024 versus 2023	
	$	% Segment Revenues	$	% Segment Revenues	$	%	$	% Segment Revenues	$	% Segment Revenues	$	%
Adjusted Income from Operations												
North America	148.6	26.2 %	156.5	27.7 %	(7.9)	(5.0)%	297.7	26.2 %	316.8	27.8 %	(19.1)	(6.0)%
International	9.8	10.4 %	8.4	8.1 %	1.4	16.7 %	22.2	11.7 %	18.7	8.7 %	3.5	18.7 %
Other Costs	(76.9)	nm	(88.9)	nm	12.0	13.5 %	(147.9)	nm	(174.8)	nm	26.9	15.4 %
Total	81.5	12.3 %	76.0	11.4 %	5.5	7.2 %	172.0	13.0 %	160.7	11.9 %	11.3	7.0 %
Reconciliation to Income (loss) from operations												
Adjusted Income from Operations	81.5		76.0				172.0		160.7			
Adjusting Items Total [(1)]	(51.0)		(100.0)				(102.6)		(144.7)			
Income (loss) from operations	$ 30.5		$ (24.0)				$ 69.4		$ 16.0			

nm - percentage or percentage change not meaningful for comparison

(1) See Part I, Item I. Financial Statements; Note 8 — Segment Reporting in the Condensed Consolidated Financial Statements for more detail.

Adjusted Income from Operations for North America decreased for the three and six months ended June 30, 2024, compared to the 2023 comparable periods, primarily the result of higher bad debt expense and lower SID commodity-indexed revenues and the corresponding margin flow through impact. This decrease was partially offset by cost savings and other margin flow through.

Adjusted Income from Operations for International increased for the three and six months ended June 30, 2024, compared to the 2023 comparable periods. This increase was primarily due to the impact of divestitures, favorable RWCS pricing levers, and foreign exchange rates, which were partially offset by lower SID commodity-indexed revenues and the corresponding margin flow through impact.

Adjusted Loss from Operations for Other Costs decreased for the three and six months ended June 30, 2024, compared to the 2023 comparable periods. These decreases were primarily driven by cost savings, including operational optimization initiatives, and lower incentive compensation expense.

Interest expense, net:

$ In millions

	Three Months Ended June 30,					
	2024		2023		Change	
	$	% Revenues	$	% Revenues	$	%
Interest expense, net	20.5	3.1 %	19.1	2.9 %	1.4	7.3 %

$ In millions

	Six Months Ended June 30,					
	2024		2023		Change	
	$	% Revenues	$	% Revenues	$	%
Interest expense, net	38.9	2.9 %	39.5	2.9 %	(0.6)	(1.5)%

Interest expense, net increased for the three months ended June 30, 2024, as compared to the 2023 comparable period, primarily due to higher debt balances and refinancing of the 2019 Senior Notes using the Credit Facility which converted the long-term debt from fixed rate to a higher variable rate as of the redemption date.

Interest expense, net decreased for the six months ended June 30, 2024, as compared to the 2023 comparable period, primarily due to lower average outstanding debt for the period, partially offset by refinancing of the 2019 Senior Notes using the Credit Facility which converted the long-term debt from fixed rate to a higher variable rate as of the redemption date.

Other expense, net:

$ In millions

	Three Months Ended June 30,					
	2024		2023		Change	
	$	% Revenues	$	% Revenues	$	%
Other expense, net	0.1	— %	$ 0.6	0.1 %	(0.5)	(83.3)%

$ In millions

	Six Months Ended June 30,					
	2024		2023		Change	
	$	% Revenues	$	% Revenues	$	%
Other expense, net	0.1	— %	0.4	— %	(0.3)	(75.0)%

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

Income tax expense:

$ In millions

	Three Months Ended June 30,					
	2024		2023		Change	
	$	Effective Rate	$	Effective Rate	$	%
Income tax expense	3.9	39.4 %	5.8	(13.3)%	(1.9)	(32.8)%

$ In millions

	Six Months Ended June 30,					
	2024		2023		Change	
	$	Effective Rate	$	Effective Rate	$	%
Income tax expense	11.3	37.2 %	14.3	(59.8)%	(3.0)	(21.0)%

For further information, see *Part I, Item I. Financial Statements; Note 6 — 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 June 30, 2024, we had $392.2 million of available capacity in the $1.2 billion Credit Facility.

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 which includes, among other provisions, $50.0 million of cash add-backs to EBITDA with respect to any four fiscal quarter period ending on or before December 31, 2023. As of June 30, 2024, the Company was in compliance with its financial covenants. The Credit Agreement Defined Debt Leverage Ratio was 3.49 to 1.00, which was below the allowed maximum ratio of 4.00 to 1.00 as set forth in the amended Credit Agreement. Expiration of the $50.0 million of cash add-backs to EBITDA contributed approximately 30 points of increase to the Credit Agreement Defined Debt Leverage Ratio as of June 30, 2024 compared to December 31, 2023.

On February 1, 2024, the Company issued a redemption notice to 2019 Senior Notes holders for redemption of all of the $600 million aggregate principal amount of the outstanding 2019 Senior Notes, and on March 14, 2024 completed the redemption with borrowings from the Credit Facility. The refinancing of the 2019 Senior Notes using the Credit Facility converted the long-term debt from fixed rate to variable rate as of the redemption date. For further details concerning these matters, see *Part I, Item I. Financial Statements; Note 5 — Debt* in the Condensed Consolidated Financial Statements.

Cash Flow Summary:

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

In millions

	Six Months Ended June 30,	
	2024	**2023**
Net cash from operating activities	$ (10.5)	$ 154.9
Net cash from investing activities	(92.3)	26.4
Net cash from financing activities	102.9	(207.9)
Effect of exchange rate changes on cash and cash equivalents	(0.5)	1.3
Net change in cash and cash equivalents	$ (0.4)	$ (25.3)

Operating Cash Flows: Net cash provided from operating activities decreased $165.4 million in the first six months of 2024, to an outflow of $10.5 million from an inflow of $154.9 million in the six months ended June 30, 2023. The decrease of $165.4 million was mainly due to an increase in accounts receivable, net of deferred revenues of $97.3 million due to billing and collection delays from the U.S. RWCS ERP launch in September 2023; higher annual incentive plan payments of $17.1 million; higher income tax payments of $14.0 million; higher interest payments of $13.4 million; and lower cash from operating income and net working capital of $23.6 million.

DSO as reported for June 30, 2024 was 91 days or 80 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 June 30, 2024. DSO as reported for June 30, 2023 was 55 days or 54 days, net of deferred revenues. The June 30, 2024 DSO, net of deferred revenues, was higher as compared to the same period in 2023, mainly driven by the timing of U.S. RWCS customer billing and subsequent collections associated with the ERP implementation as we continue to enhance U.S. billing presentment and collections processes. RWCS cash collections from customers have improved in early July compared to periods since the U.S. RWCS ERP launched in September 2023.

Investing Cash Flows: Net cash from investing activities decreased $118.7 million in the first six months of 2024, to an outflow of $92.3 million from an inflow of $26.4 million in the six months ended June 30, 2023, primarily driven by cash payments for an acquisition of $13.7 million in 2024, as compared to $88.9 million received from divestitures in 2023. Cash paid for capital expenditures increased by $15.7 million to $79.4 million in the first six months of 2024 from $63.7 million in the six months ended June 30, 2023.

Financing Cash Flows: Net cash from financing activities increased $310.8 million in the first six months of 2024, to an inflow of $102.9 million from an outflow of $207.9 million in the six months ended June 30, 2023. Net borrowings on our Credit Facility and Term Loan were $717.4 million in the six months ended June 30, 2024, compared to net borrowings of $136.7 million in the six months ended June 30, 2023. The Company redeemed all of the $600 million aggregate principal amount of the outstanding 2019 Senior Notes on March 14, 2024 with Credit facility borrowings.

Critical Accounting Policies and Estimates

As discussed in our 2023 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 June 30, 2024 were 62.3% 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 $8.8 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 COR. 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 Revenues 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 2023 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 June 30, 2024, 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

During the quarter ended June 30, 2024, there were no changes that have materially affected or are reasonably likely to materially affect our internal control over financial reporting.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings

Further information pertaining to legal proceedings can be found in *Part I, Item I. Financial Statements; Note 9 — 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 2023 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 2023 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 2023 Form 10-K, other than as described below.

RISKS RELATED TO THE PROPOSED MERGER

The proposed Merger is subject to approval of our stockholders as well as the satisfaction of other closing conditions, including government consents and approvals, some or all of which may not be satisfied or completed within the expected timeframe, if at all.

Completion of the Merger is subject to a number of closing conditions, including obtaining the approval of our stockholders, the expiration or termination of any waiting period (and any extension thereof) applicable to the consummation of the Merger under the HSR Act, and all waivers, consents, clearances, approvals and authorizations under other specified competition and foreign investment laws having been obtained (or the expiration or termination of any applicable waiting periods thereunder). We can provide no assurance that all required consents and approvals will be obtained or that all closing conditions will otherwise be satisfied (or waived, if applicable), and, even if all required consents and approvals can be obtained and all closing conditions are satisfied (or waived, if applicable), we can provide no assurance as to the terms, conditions and timing of such consents and approvals or the timing of the completion of the Merger. Many of the conditions to completion of the Merger are not within our control, and we cannot predict when or if these conditions will be satisfied (or waived, if applicable). Any adverse consequence of the pending Merger could be exacerbated by any delays in completion of the Merger or termination of the Merger Agreement.

Each party’s obligation to consummate the Merger is also subject to the accuracy of the representations and warranties of the other party (subject in some instances to materiality or “material adverse effect” qualifiers) and compliance in all material respects with the covenants and agreements contained in the Merger Agreement as of the Closing, including, with respect to us, covenants to conduct our business in the ordinary course and to not engage in certain kinds of material transactions prior to the Closing. In addition, the Merger Agreement may be terminated under certain specified circumstances, including, but not limited to, in connection with a change in the recommendation of our Board to enter into an agreement for a Superior Proposal (as defined in the Merger Agreement). As a result, we cannot assure you that the Merger will be completed, even if our stockholders approve the Merger, or that, if completed, it will be on the terms set forth in the Merger Agreement or within the expected time frame.

We may not complete the proposed Merger within the time frame we anticipate or at all, which could have an adverse effect on our business, financial results and/or operations.

The proposed Merger may not be completed within the expected timeframe, or at all, as a result of various factors and conditions, some of which may be beyond our control. If the Merger is not completed for any reason, including as a result of our stockholders failing to adopt the Merger Agreement, our stockholders will not receive any payment for their shares of Stericycle common stock in connection with the Merger. Instead, we will remain a public company, our common stock will continue to be listed and traded on The Nasdaq Global Select Market and registered under the Exchange Act, and we will be required to continue to file periodic reports with the SEC. Moreover, our ongoing business may be materially adversely affected, and we would be subject to a number of risks, including the following:

- we may experience negative reactions from the financial markets, including negative impacts on our stock price, and it is uncertain when, if ever, the price of the shares would return to the prices at which the shares currently trade;
- we may experience negative publicity, which could have an adverse effect on our ongoing operations including, but not limited to, retaining and attracting employees, customers, partners, suppliers and others with whom we do business;
- we will still be required to pay certain significant costs relating to the Merger, such as legal, accounting, financial advisory, printing and other professional services fees, which may relate to activities that we would not have undertaken other than in connection with the Merger;
- we may be required to pay a termination fee to Parent of $175.0 million, as required under the Merger Agreement under certain circumstances;
- while the Merger Agreement is in effect, we are subject to restrictions on our business activities, including, among other things, restrictions on our ability to engage in certain kinds of material transactions, which could prevent us from pursuing strategic business opportunities, taking actions with respect to our business that we may consider advantageous and responding effectively and/or timely to competitive pressures and industry developments, and may as a result materially adversely affect our business, results of operations and financial condition;
- matters relating to the Merger require substantial commitments of time and resources by our management, which could result in the distraction of management from ongoing business operations and pursuing other opportunities that could have been beneficial to us;
- we may commit significant time and resources to defending against litigation related to the Merger; and
- we may encounter difficulties retaining our workforce due to the Merger.

If the Merger is not consummated, the risks described above may materialize, and they may have a material adverse effect on our business operations, financial results and stock price, particularly to the extent that the current market price of our common stock reflects an assumption that the Merger will be completed.

We will be subject to various uncertainties while the Merger is pending that may cause disruption and may make it more difficult to maintain relationships with customers and other third-party business partners.

Our efforts to complete the Merger could cause substantial disruptions in, and create uncertainty surrounding, our business, which may materially adversely affect our results of operation and our business. Uncertainty as to whether the Merger will be completed may affect our ability to recruit prospective employees or to retain and motivate existing employees. Employee retention may be particularly challenging while the Merger is pending because employees may experience uncertainty about their roles following the Merger. As mentioned above, a substantial amount of our management's and employees' attention is being directed toward the completion of the Merger and thus is being diverted from our day-to-day operations. Uncertainty as to our future could adversely affect our business and our relationship with customers and potential customers. For example, customers, suppliers and other third parties may defer decisions concerning working with us, or seek to change existing business relationships with us. Changes to or termination of existing business relationships could adversely affect our revenue, earnings and financial condition, as well as the market price of Stericycle common stock. The adverse effects of the pendency of the Merger could be exacerbated by any delays in completion of the Merger or termination of the Merger Agreement.

In certain instances, the Merger Agreement requires us to pay a termination fee to Parent, which could affect the decisions of a third party considering making an Acquisition Proposal.

Under the terms of the Merger Agreement, we may be required to pay Parent a termination fee of $175.0 million under specified conditions, including if Parent terminates the Merger Agreement before receipt of our stockholders' approval due to a change in recommendation by our Board, or we terminate the Merger Agreement to enter into a Superior Proposal. This payment could affect the structure, pricing and terms proposed by a third party seeking to acquire or merge with us and could discourage a third party from making an Acquisition Proposal, including a proposal that would be more favorable to our stockholders than the Merger.

We have incurred, and will continue to incur, direct and indirect costs as a result of the Merger.

We have incurred, and will continue to incur, significant costs and expenses, including regulatory costs, fees for professional services and other transaction costs in connection with the Merger, for which we will have received little or no benefit if the Merger is not completed. There are a number of factors beyond our control that could affect the total amount or the timing of these costs and expenses. Many of these fees and costs will be payable by us even if the Merger is not completed and may relate to activities that we would not have undertaken other than to complete the Merger.

Litigation challenging the Merger Agreement may prevent the Merger from being consummated within the expected timeframe or at all.

Lawsuits may be filed against us, our Board or other parties to the Merger Agreement, challenging our acquisition by Parent and making other claims in connection therewith. Such lawsuits may be brought by our purported stockholders and seek, among other things, to enjoin consummation of the Merger. One of the conditions to the consummation of the Merger is that the consummation of the Merger is not restrained, enjoined or prohibited by any order (whether temporary, preliminary or permanent) of any governmental entity of competent jurisdiction or prohibited or made illegal by any applicable law, in each case, other than an immaterial order or law. As such, if the plaintiffs in such lawsuits are successful in obtaining an injunction prohibiting the defendants from completing the Merger on the agreed upon terms, then such injunction may prevent the Merger from becoming effective, or from becoming effective within the expected timeframe.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

There were no sales of unregistered equity securities during the three months ended June 30, 2024.

Item 5. Other Information

During the three months ended June 30, 2024, 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
2.1	Agreement and Plan of Merger, dated as of June 3, 2024, by and among the Stericycle, Inc., Waste Management, Inc. and Stag Merger Sub Inc. (incorporated by reference to Exhibit 2.1 to our current report on Form 8-K filed June 3, 2024)*+
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	Canadian Benchmark Replacement Conforming Changes Amendment, dated as of June 28, 2024, entered into by Bank of America, N.A., as administrative agent
10.2	Stericycle, Inc. Executive Severance and Change in Control Plan, as amended and restated effective April 23, 2024 (incorporated by reference to Exhibit 10.3 to our Quarterly Report on Form 10-Q filed April 25, 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 June 30, 2024, formatted in Inline XBRL: (i) Condensed Consolidated Statements of Income (Loss); (ii) Condensed Consolidated Statements of Comprehensive 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)

* Schedules have been omitted pursuant to Item 601(a)(5) of Regulation S-K. The Company hereby undertakes to furnish supplemental copies of any of the omitted schedules upon request by the SEC.

+ Exhibits marked with a (+) exclude certain portions of the exhibit pursuant to Item 601(b)(2)(ii) of Regulation S-K. A copy of the omitted portions will be furnished to the SEC upon request.

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: July 25, 2024

STERICYCLE, INC.
(Registrant)
By: /s/ JANET H. ZELENKA
Janet H. Zelenka
Executive Vice President, Chief Financial Officer & Chief Information Officer

CANADIAN BENCHMARK REPLACEMENT CONFORMING CHANGES AMENDMENT

THIS CANADIAN BENCHMARK REPLACEMENT CONFORMING CHANGES AMENDMENT (this "Agreement"), dated as of June 28, 2024, is entered into by BANK OF AMERICA, N.A., as administrative agent (the "Administrative Agent").

RECITALS

WHEREAS, Stericycle, Inc., a Delaware corporation (the "Company"), the Designated Borrowers from time to time party thereto, the lenders from time to time party thereto (the "Lenders"), and Bank of America, N.A., as Administrative Agent, have entered into that certain Amended and Restated Credit Agreement dated as of September 30, 2021 (as amended, modified, extended, restated, replaced, or supplemented from time to time, the "Credit Agreement");

WHEREAS, certain loans and/or other extensions of credit (the "Alternative Currency Term Rate Loans") under the Credit Agreement denominated in Canadian Dollars incur or are permitted to incur interest, fees, commissions or other amounts based on the Canadian Dollar Offered Rate ("CDOR") in accordance with the terms of the Credit Agreement; and

WHEREAS, CDOR has been or will be replaced with the benchmark set forth in Appendix A in accordance with the Credit Agreement and, in connection therewith, the Administrative Agent is exercising its right to make certain conforming changes in connection with the implementation of the applicable benchmark replacement as set forth herein.

NOW, THEREFORE, in accordance with the terms of the Credit Agreement, this Agreement is entered into by the Administrative Agent:

1. Defined Terms. Capitalized terms used herein but not otherwise defined herein (including on any Appendix attached hereto) shall have the meanings provided to such terms in the Credit Agreement, as amended by this Agreement.

2. Agreement. Notwithstanding any provision of the Credit Agreement or any other document related thereto (the "Loan Documents") to the contrary, the terms set forth on Appendix A shall apply to the Alternative Currency Term Rate Loans denominated in Canadian Dollars. For the avoidance of doubt, to the extent provisions in the Credit Agreement apply to Alternative Currency Term Rate Loans and such provisions are not specifically addressed by Appendix A, the provisions in the Credit Agreement shall continue to apply to such Alternative Currency Term Rate Loans.

4. Conflict with Loan Documents. In the event of any conflict between the terms of this Agreement and the terms of the Credit Agreement or the other Loan Documents, the terms hereof shall control.

5. Conditions Precedent. This Agreement shall become effective on the earlier of (i) the date that all Available Tenors of CDOR have either permanently or indefinitely ceased to be provided by RBSL or (ii) June 28, 2024 (such date, the "Amendment Effective Date"), upon proper execution by the Administrative Agent of a counterpart of this Agreement.

6. Notice. As of the Amendment Effective Date, the Administrative Agent hereby notifies the Company and the Lenders of (i) the implementation of the Canadian Benchmark Replacement and (ii) the effectiveness of the Canadian Benchmark Replacement Conforming Changes, in each case, pursuant

to this Agreement. To the extent the Credit Agreement requires the Administrative Agent to provide notice that any of the foregoing events has occurred, this Agreement constitutes such notice.

7. Miscellaneous.

(a) This Agreement is a Loan Document.

(b) This Agreement may be in the form of an electronic record (in ".pdf" form or otherwise) and may be executed using electronic signatures, which shall be considered as originals and shall have the same legal effect, validity and enforceability as a paper record. This Agreement may be executed in as many counterparts as necessary or convenient, including both paper and electronic counterparts, but all such counterparts shall be one and the same Agreement. For the avoidance of doubt, the authorization under this paragraph may include, without limitation, use or acceptance by the Administrative Agent of a manually signed Agreement which has been converted into electronic form (such as scanned into ".pdf" format), or an electronically signed Agreement converted into another format, for transmission, delivery and/or retention.

(c) Any provision of this Agreement held to be illegal, invalid or unenforceable in any jurisdiction, shall, as to such jurisdiction, be ineffective to the extent of such illegality, invalidity or unenforceability without affecting the legality, validity or enforceability of the remaining provisions hereof and the illegality, invalidity or unenforceability of a particular provision in a particular jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

(d) The terms of the Credit Agreement with respect to governing law, submission to jurisdiction, waiver of venue and waiver of jury trial are incorporated herein by reference, *mutatis mutandis*.

[remainder of page intentionally left blank]

The Administrative Agent has caused a counterpart of this Agreement to be duly executed and delivered as of the date first above written.

ADMINISTRATIVE AGENT:

BANK OF AMERICA, N.A.,
as Administrative Agent

By:
Name:
Title:
DeWayne D. Rosse
Assistant Vice President

Appendix A

TERMS APPLICABLE TO ALTERNATIVE CURRENCY TERM RATE LOANS

1. Defined Terms. The following terms shall have the meanings set forth below:

"Administrative Agent's Office" means, with respect to any currency, the Administrative Agent's address and, as appropriate, account specified in the Credit Agreement with respect to such currency, or such other address or account with respect to such currency as the Administrative Agent may from time to time notify the Company and the Lenders.

"Alternative Currency Term Rate" means, for any Interest Period, with respect to any extension of credit under the Credit Agreement denominated in Canadian Dollars, the rate per annum equal to the forward-looking term rate based on CORRA ("Term CORRA"), as published on the applicable Reuters screen page (or such other commercially available source providing such quotations as may be designated by the Administrative Agent from time to time) (in such case, the "Term CORRA Rate") on the Rate Determination Date with a term equivalent to such Interest Period plus the Term CORRA Adjustment for such Interest Period; provided, that, if any Alternative Currency Term Rate shall be less than zero, such rate shall be deemed zero for purposes of this Agreement.

"Alternative Currency Term Rate Loan" means a Loan that bears interest at a rate based on the definition of "Alternative Currency Term Rate." All Alternative Currency Term Rate Loans must be denominated in Canadian Dollars.

"Applicable Rate" means the Applicable Rate, Applicable Margin or any similar or analogous definition in the Credit Agreement.

"Base Rate" means the Base Rate, Alternative Base Rate, ABR, Prime Rate or any similar or analogous definition in the Credit Agreement.

"Base Rate Loans" means a Loan that bears interest at a rate based on the Base Rate.

"Borrowing" means a Committed Borrowing, Borrowing, or any similar or analogous definition in the Credit Agreement.

"Business Day" means any day other than a Saturday, Sunday or other day on which commercial banks are authorized to close under the laws of, or are in fact closed in, the state where the Administrative Agent's Office is located; provided that

(a) if such day relates to any interest rate settings as to an Alternative Currency Term Rate Loan, means any such day on which dealings in deposits in Canadian Dollars are conducted by and between banks in the applicable offshore interbank market for such currency; and

(b) if such day relates to any fundings, disbursements, settlements and payments in Canadian Dollars in respect of an Alternative Currency Term Rate Loan, or any other dealings in Canadian Dollars to be carried out pursuant to this Agreement in respect of any such Alternative Currency Term Rate Loan (other than any interest rate settings), means any such day on which banks are open for foreign exchange business in the principal financial center of the country of such currency.

"Canadian Benchmark Replacement" means the Canadian Benchmark Replacement or any similar or analogous definition in the Credit Agreement.

"Canadian Benchmark Replacement Conforming Changes" means, with respect to any Canadian Benchmark Replacement, any technical, administrative or operational changes (including changes to the definition of "Business Day", the definition of "Interest Period", the definition of "Alternative Currency Daily Rate", the definition of "Alternative Currency Term Rate", timing and frequency of determining rates and making payments of interest, timing of borrowing requests or prepayment, conversion or continuation notices, the applicability and length of lookback periods, the day basis for calculating interest for Alternative Currency Term Rate Loans, the applicability of breakage provisions, and other technical, administrative or operational matters) that the Administrative Agent decides may be appropriate to reflect the adoption and implementation of such Canadian Benchmark Replacement and to permit the administration thereof by the Administrative Agent in a manner substantially consistent with market practice (or, if the Administrative Agent decides that adoption of any portion of such market practice is not administratively feasible or if the Administrative Agent determines that no market practice for the administration of such Canadian Benchmark Replacement exists, in such other manner of administration as the Administrative Agent decides is reasonably necessary in connection with the administration of this Agreement and the other Loan Documents).

"Canadian Benchmark Transition Event" means the Canadian Benchmark Replacement Transition Event or any similar or analogous definition in the Credit Agreement.

"CDOR Rate" means CDOR, CDOR Rate or any similar or analogous definition in the Credit Agreement.

"CDOR Rate Loans" means a Loan that bears interest at a rate based on the CDOR Rate.

"Committed Loan Notice" means a Committed Loan Notice, Loan Notice, Borrowing Notice, Continuation/Conversion Notice, or any similar or analogous definition in the Credit Agreement, and such term shall be deemed to include the Committed Loan Notice attached hereto as Exhibit A.

"CORRA" means the Canadian Overnight Repo Rate Average administered and published by the Bank of Canada (or any successor administrator).

"Dollar" and "$" mean lawful money of the United States.

"Dollar Equivalent" means the Dollar Equivalent or any similar or analogous definition in the Credit Agreement.

"Interest Payment Date" means, as to any Alternative Currency Term Rate Loan, the last day of each Interest Period applicable to such Loan and the applicable maturity date set forth in the Credit Agreement; provided, however, that if any Interest Period for an Alternative Currency Term Rate Loan exceeds three months, the respective dates that fall every three months after the beginning of such Interest Period shall also be Interest Payment Dates.

"Interest Period" means as to each Alternative Currency Term Rate Loan, the period commencing on the date such Alternative Currency Term Rate Loan is disbursed or converted to or continued as an Alternative Currency Term Rate Loan and ending on the date one or three months thereafter, as selected by the Company in its Committed Loan Notice (in the case of each requested Interest Period, subject to availability); provided that:

(a) any Interest Period that would otherwise end on a day that is not a Business Day shall be extended to the next succeeding Business Day unless, in the case of an Alternative Currency Term Rate Loan, such Business Day falls in another calendar month, in which case such Interest Period shall end on the next preceding Business Day;

(b) any Interest Period pertaining to an Alternative Currency Term Rate Loan that begins on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall end on the last Business Day of the calendar month at the end of such Interest Period; and

(c) no Interest Period shall extend beyond the applicable maturity date set forth in the Credit Agreement.

"Rate Determination Date" means two (2) Business Days prior to the commencement of such Interest Period (or such other day as is generally treated as the rate fixing day by market practice in such interbank market, as determined by the Administrative Agent; provided that, to the extent such market practice is not administratively feasible for the Administrative Agent, then "Rate Determination Date" means such other day as otherwise reasonably determined by the Administrative Agent).

"Required Lenders" means the Required Lenders, Requisite Lenders, Majority Lenders or any similar or analogous definition in the Credit Agreement.

"Revaluation Date" means, with respect to any Loan, each of the following: (a) each date of a Borrowing of an Alternative Currency Term Rate Loan, (b) each date of a continuation of an Alternative Currency Term Rate Loan pursuant to the terms of the Credit Agreement, and (c) such additional dates as the Administrative Agent shall determine or the Required Lenders shall require.

"Term CORRA Adjustment" means (i) 0.29547% (29.547 basis points) for an Interest Period of one-month's duration and 0.32138% (32.138 basis points) for an Interest Period of three-months' duration.

"Type" means, with respect to a Loan, its character as an Alternative Currency Term Rate Loan.

2. Terms Applicable to Alternative Currency Term Rate Loans. From and after the Amendment Effective Date, the parties hereto agree as follows, solely with respect to Alternative Currency Term Rate Loans:

(a) Alternative Currencies. (i) Canadian Dollars shall not be considered a currency for which there is a published CDOR Rate, and (ii) any request for a new Loan denominated in Canadian Dollars, or to continue an existing Loan denominated in Canadian Dollars, shall be deemed to be a request for a new Loan bearing interest at the Alternative Currency Term Rate; provided, that, to the extent any Loan bearing interest at the CDOR Rate is outstanding on the Amendment Effective Date, such Loan shall continue to bear interest at the CDOR Rate until the end of the current Interest Period or payment period applicable to such Loan.

(b) References to CDOR Rate and CDOR Rate Loans in the Credit Agreement and Loan Documents.

(i) References to the CDOR Rate and CDOR Rate Loans in provisions of the Credit Agreement and the other Loan Documents that are not specifically addressed herein (other than the definitions of CDOR Rate and CDOR Rate Loan) shall be deemed to include the Alternative Currency Term Rate, and Alternative Currency Term Rate Loans, as applicable.

(ii) For purposes of any requirement for the Company to compensate Lenders for losses in the Credit Agreement resulting from any continuation, conversion, payment or prepayment of any Alternative Currency Term Rate Loan on a day other than the last day of any Interest Period (as defined in the Credit Agreement), references to the Interest Period (as defined in the Credit Agreement) shall be deemed to include any relevant interest payment date or payment period for an Alternative Currency Term Rate Loan.

(c) Borrowings and Continuations of Alternative Currency Term Rate Loans. In addition to any other borrowing requirements set forth in the Credit Agreement:

(i) Alternative Currency Term Rate Loans. Each Borrowing of Alternative Currency Term Rate Loans, and each continuation of an Alternative Currency Term Rate Loan shall be made upon the Company's irrevocable notice to the Administrative Agent, which may be given by (A) telephone or (B) a Committed Loan Notice; provided that any telephonic notice must be confirmed immediately by delivery to the Administrative Agent of a Committed Loan Notice. Each such Committed Loan Notice must be received by the Administrative Agent not later than 11:00 a.m. (Eastern time) three Business Days prior to the requested date of any Borrowing of or any continuation of Alternative Currency Term Rate Loans. Each Borrowing of or continuation of Alternative Currency Term Rate Loans shall be in a principal amount of the Dollar Equivalent of $5,000,000 or a whole multiple of the Dollar Equivalent of $1,000,000 in excess thereof. Each Committed Loan Notice shall specify (i) whether the Company is requesting a Borrowing or a continuation of Alternative Currency Term Rate Loans, (ii) the requested date of the Borrowing or continuation, as the case may be (which shall be a Business Day), (iii) the currency and principal amount of Loans to be borrowed or continued, (iv) the Type of Loans to be borrowed, (v) if applicable, the duration of the Interest Period with respect thereto. If the Company fails to specify a currency in a Committed Loan Notice requesting a Borrowing, then the Loans so requested shall be made in Dollars. If the Company fails to specify a Type of Loan in a Committed Loan Notice or if the Company fails to give a timely notice requesting a continuation, then the applicable Loans shall be made as Base Rate Loans denominated in Dollars; provided, however, that in the case of a failure to timely request a continuation of Alternative Currency Term Rate Loans, such Loans shall be continued as Alternative Currency Term Rate Loans in their original currency with an Interest Period of one (1) month. If the Company requests a Borrowing of or continuation of Alternative Currency Term Rate Loans in any such Committed Loan Notice, but fails to specify an Interest Period, it will be deemed to have specified an Interest Period of one month. Except as otherwise specified in the Credit Agreement, no Alternative Currency Term Rate Loan may be converted into or continued as a Loan denominated in a different currency, but instead must be repaid in the original currency of such Alternative Currency Term Rate Loan and reborrowed in the other currency.

(ii) Committed Loan Notice. For purposes of a Borrowing of Alternative Currency Term Rate Loans, or a continuation of and Alternative Currency Term Rate Loan, the Company shall use the Committed Loan Notice attached hereto as Exhibit A.

(d) Interest.

(i) Subject to the provisions of the Credit Agreement with respect to default interest, each Alternative Currency Term Rate Loan shall bear interest on the outstanding principal amount thereof for each Interest Period at a rate per annum equal to the Alternative Currency Term Rate for such Interest Period plus the Applicable Rate.

(ii) Interest on each Alternative Currency Term Rate Loan shall be due and payable in arrears on each Interest Payment Date applicable thereto and at such other times as may be specified in the Credit Agreement; provided, that any prepayment of any Alternative Currency Term Rate Loan shall be accompanied by all accrued interest on the amount prepaid, together with any additional amounts required pursuant to Section 3.05. Interest hereunder shall be due and payable in accordance with the terms hereof before and after judgment, and before and after the commencement of any proceeding under any debtor relief law.

(e) Canadian Benchmark Replacements. The provisions in the Credit Agreement addressing the replacement of a current Canadian Benchmark and Canadian Benchmark Transition Events shall be deemed to apply to Alternative Currency Term Rate Loans and Term CORRA, as applicable.

Exhibit A

FORM OF COMMITTED LOAN NOTICE
(Alternative Currency Term Rate Loans)

Date: ___________, _____[1]

To: Bank of America, N.A., as Administrative Agent

Ladies and Gentlemen:

Reference is made to that certain Amended and Restated Credit Agreement, dated as of September 30, 2021 (as amended, restated, extended, supplemented or otherwise modified in writing from time to time, the "Agreement;" the terms defined therein being used herein as therein defined), among Stericycle, Inc., a Delaware corporation (the "Company"), the Designated Borrowers from time to time party thereto, the Lenders from time to time party thereto, and Bank of America, N.A., as Administrative Agent, Swing Line Lender and an L/C Issuer.

The Company hereby requests, on behalf of itself or, if applicable, the Designated Borrower referenced in item 7 below (the "Applicable Designated Borrower") (select one):

☐ A Borrowing of Term Loans ☐ A conversion or continuation of Term Loans

☐ A Borrowing of Revolving Credit Loans ☐ A conversion or continuation of Revolving Credit Loans

1. On ______________________________ (a Business Day).

2. In the amount of ___________________.

3. Comprised of ___________________.
[Type of Loan requested]

4. In the following currency: [EURO] [STERLING] [DOLLARS] [CANADIAN DOLLARS]

5. Relevant Rate: ___________________.

6. For Term SOFR Loans or Alternative Currency Term Rate Loans: with an Interest Period of [1] [3] [6] [months].

7. On behalf of ______________________________ *[insert name of applicable Designated Borrower]*.

The Borrowing, if any, requested herein complies with the proviso to the first sentence of Section 2.01(b) of the Agreement.

[1] Note to Borrower. All requests submitted under a single Committed Loan Notice must be effective on the same date. If multiple effective dates are needed, multiple Committed Loan Notices will need to be prepared and signed.

STERICYCLE, INC., as the Company

By: ____

Name: ______________________________________

Title: _______________________________________

Exhibit 31.1

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: July 25, 2024

/s/ CINDY J. MILLER
Cindy J. Miller
Chief Executive Officer
Stericycle, Inc.

Exhibit 31.2

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: July 25, 2024

/s/ JANET H. ZELENKA

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

Exhibit 32

SECTION 1350 CERTIFICATION

In connection with the Quarterly Report of Stericycle, Inc. (the “Company”) on Form 10-Q for the quarter ended June 30, 2024 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: July 25, 2024

/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.