

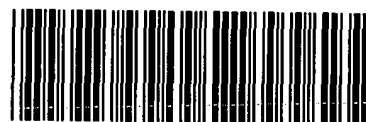
Stericycle International, Ltd

Report and Financial Statements

For the year ended 31 December 2022

Registration No. 05141715

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COMPANIES HOUSE

Stericycle International, Ltd

Director

D Ginnetti

Auditors

Grant Thornton UK LLP
No.1 Whitehall Riverside
Whitehall Road
Leeds
LS1 4BN

Registered Office

Indigo House
Sussex Avenue
Leeds
West Yorkshire
LS10 2LF

Strategic report for the year ended 31 December 2022

The director presents his strategic report on the company for the year ended 31 December 2022.

Principal activity and review of the business

The principal activity of Stericycle International, Ltd. (the "Company") during the year was as a holding company for the UK trading and other international entities of Stericycle, Inc., a company incorporated in the United States of America.

The Company has continued to provide funding for the development of its subsidiary companies and the UK operations of Stericycle, Inc.

As part of a wider programme to rationalise the legal entity structure, the Company's direct subsidiaries Project Ensa Limited and Sterile Technologies Inc. (N.I.) Limited were struck off on 25th January 2022.

The indirect subsidiaries Cliniserve Holdings Limited and Norvic Ambulance Services Limited were struck off on 25th January 2022.

The director has reviewed the carrying value of the investments that Stericycle International, Ltd holds in other companies and determined that after review of the future cash flow forecasts and underlying assets, the investments in the United Kingdom has been impaired by £44.8m and Australia by £3.9m. The impairment has resulted from a decline in the global economies and associated risks.

Principal risks and uncertainties

The principal risk to the Company is the risk of impairment to the carrying value if its investments in the event that the underlying trading subsidiaries do not perform adequately. At the current time it is not believed this risk is likely to have a significant impact on the short or long-term value of the Company.

The Company uses financial instruments, other than derivatives, comprising various items such as intercompany debtors and creditors that may arise from its financing activities. The main purpose of these financial instruments is to finance the Company's activities.

The main risk arising from the Company's financial instruments is interest rate risk. The management of this risk is by way of short-term borrowing in order to be able to better manage market interest rate fluctuations.

The Company has no interest in the trade of financial instruments, interest rate swaps or forward interest rate agreements.

Statement by the director in performance of his statutory duties in accordance with S172(1) Companies Act 2006

The director of Stericycle International Limited considers that he has acted in good faith and in a way most likely to promote the success of the Company for the benefit of its members as a whole (having regard to the stakeholders and matters set out in S172(1)(a-f) of the Companies Act 2006) in the decisions taken during the year ended 31 December 2022. The director is briefed on his duties by the Company's legal team or if he deems necessary by independent advisors. Due to the nature of the Group within which the Company is a part, the director fulfils his duties partly through a governance framework that delegates day-to-day decision making to employees of the Group.

The director recognises that such delegation needs to be much more than simple financial authorities and as such, a summary of the governance structure is provided.

Strategic report for the year ended 31 December 2022

Our purpose, strategy and consideration of the consequence of decisions for the long term

Our business plan is designed to have a long-term beneficial impact on the Company and to contribute to its success. The director participates within the Group executive leadership team that has reviewed and approved the long-range plan for the Company to 2026. The business will continue to operate within tight budgetary controls and in line with regulatory rules. More detail can be found in the 'Review of business and key performance indicators' in the Strategic report above.

Engaging with our employees

The Company has no employees.

Understanding the views of all our stakeholders and fostering business relationships

The company operates as a holding company and as such has very limited interaction with third party suppliers. We aim to act responsibly and fairly in how we engage with our suppliers. Suppliers are vetted at the time of engagement and terms are agreed up front and the Company endeavours to meet those terms.

Risk management

Consideration of risk is an integral part of how the company operates on a daily basis. Further details are contained in the 'Principal risks and uncertainties' above.

Maintaining a reputation for high standards of business conduct

It is the director's intention to behave responsibly and ensure that management operate the business in a responsible manner, within the high standards of business conduct and good governance expected of a business such as ours. The intention is to nurture our reputation through both the construction and delivery of our plan, that reflects our responsible behaviours. The Company maintains Ethics and Whistleblowing policies with regular communication to employees on such policies from the designated Ethics and Compliance officer. The Company also falls within the Sarbanes Oxley Act for controls reporting since it is a subsidiary of its ultimate parent undertaking, Stericycle, Inc. a US incorporated company.

Key performance indicators

Details of the Company's investments are provided in note 6. The Director monitors the financial performance of the company's investments on a regular basis.

On behalf of the Board



D Ginnetti
Director

30th August 2023

Director's report for the year ended 31 December 2022

The director presents his report for the year ended 31 December 2022.

Results and dividends

The result for the year, after taxation, amounted to a loss of £48,766,000 (2021 – profit of £21,834,000). The director does not recommend the payment of a final dividend (2021 – £nil).

Directors

The director who served the company during the year or since was as follows:

D Ginnetti

Future developments

Looking forward, Stericycle International, Ltd will continue to be a key part of the Stericycle, Inc. business group as a holding company and as such has the platform required to aid in future growth.

As part of Stericycle, Inc., Stericycle International, Ltd is focused on driving long-term growth and profitability and delivering enhanced shareholder value. During 2019, as part of our business strategy we refocused our transformation efforts and aligned around the following key business priorities and our commitment to those continued through 2022.

Quality of revenue – We have been executing against our foundational initiatives we launched to drive revenue quality. These included a formal cross-functional deal review committee, realignment of sales incentive plans, re-organization of our commercial leadership team around our service lines, key customer channels, and implementation of global customer pipeline management processes for both RWCS and SID. Our pricing actions have gained momentum since the first quarter, including our adjustment of surcharges and fees, which provide the most flexible mechanism to help offset inflationary costs by adjusting these surcharges and fees. In combination with our quality of revenue initiatives, we continue to develop and deploy innovative solutions to meet unmet customer needs, strengthen customer engagement, and drive long-term organic growth.

Operational efficiency, modernisation and innovation – As we manage through complex times, we remain focused on operational efficiency, modernisation, and innovation to control variable and discretionary costs and improve performance and efficiencies in our field operations. Our goal is to optimise our facilities with a strategic and standardised operating model. We are analysing processing capabilities, plant and transportation equipment needs, team member requirements, potential customer implications or benefits, fleet replacement and route and long-haul network improvements, and SafeShield container rationalization and modernisation.

Enterprise Resource Planning (ERP) implementation – Our parent company Stericycle, Inc., is beginning to plan an ERP deployment roadmap for the international businesses, including Stericycle International Limited. The International ERP deployment is expected to start in 2023 or 2024.

Debt reduction and leverage improvement – We expect to reduce our debt and improve our debt leverage ratio through continued focus on operating margin expansion, free cash flow generation, and leveraging divestiture proceeds, if applicable.

As part of our overall transformation, we have been undertaking legal entity organizational restructuring actions to assist with streamlining and simplifying business operations and to help lower general and administrative costs and the merger noted above is part of this corporate organizational restructuring.

Director's report for the year ended 31 December 2022

Events after the reporting period

On the 21st April 2023, the company received a dividend of £14,000,000 from its subsidiary Shred-it Limited.

On the 21st April 2023, the company reduced its share capital to £50m and its share premium to nil to create distributable reserves.

On the 21st April 2023, the company paid a dividend of £14,000,000 to its parent Stericycle International Holdings Limited.

On the 24th May 2023, the company has divested its Australia operations for proceeds of £1.5m. See note 6 to the financial statements for further details of the entities divested.

Going concern

As set out in note 1, the financial statements have been prepared on a going concern basis.

Director's responsibilities statement

The director is responsible for preparing the Strategic report, the Director's report, and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'). Under company law the director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs and profit or loss of the company for that period.

In preparing these financial statements, the director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The director is responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable him to ensure that the financial statements comply with the Companies Act 2006. He is also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The director is responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Director's report for the year ended 31 December 2022

Disclosure of information to auditor

The director confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that he ought to have taken as director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditors

A resolution to reappoint Grant Thornton UK LLP as the Company's auditor will be put to the forthcoming Annual General Meeting.

Information included in the Strategic Report

Information on financial risk management and financial instrument risk has not been included in the Director's report as it has been included in the Strategic report instead, under S414C (11) of the Companies Act 2006.

On behalf of the Board



D Ginnetti
Director
30th August 2023

Independent auditor's report

to the members of Stericycle International, Ltd

Opinion

We have audited the financial statements of Stericycle International Limited (the 'company') for the year ended 31 December 2022, which comprise Statement of comprehensive income, Statement of changes in equity, Statement of financial position and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the company to cease to continue as a going concern.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the company's business model including effects arising from macro-economic uncertainties including rising inflation and increasing interest rates, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the group's and the company's financial resources or ability to continue operations over the going concern period.

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

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

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Independent auditor's report

to the members of Stericycle International, Ltd

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Independent auditor's report

to the members of Stericycle International, Ltd

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

- The Company is subject to laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements. We identified the following laws and regulations as the most likely to have a material effect if non-compliance were to occur: financial reporting legislation, tax legislation, anti-bribery legislation and employment law;
- We obtained an understanding of the legal and regulatory frameworks applicable to the company and the industry in which it operates through our general and commercial and sector experience, discussions with management, inspection of the company's records and legal correspondence. We obtained an understanding of how the company is complying with those legal and regulatory frameworks by making inquiries of management and of those responsible for legal and compliance procedures. We corroborated our inquiries through our review of board minutes and through inquiries of those charged with governance;
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur, by evaluating management's incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls. We determined that the principal risks were in relation to:
 - potential management bias in determining accounting estimates, especially in relation to the calculation of impairment of investments; and
 - transactions with related parties.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it;

Independent auditor's report

to the members of Stericycle International, Ltd

- The engagement partner's assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:
 - Understanding of, and practical experience with, audit engagements of a similar nature and complexity, through appropriate training and participation; and
 - Knowledge of the industry in which the company operates.
- We communicated relevant laws and regulations and potential fraud risks to all engagement team members, including internal specialists, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Grant Thornton UK LLP

Richard Woodward BA FCA

Senior Statutory Auditor

for and on behalf of Grant Thornton UK LLP

Statutory Auditor, Chartered Accountants

Leeds

30th August 2023

Statement of Comprehensive Income

for the year ended 31 December 2022

| | Notes | 2022 £000 | 2021 £000 |
|---------------------------------------------------------------|-------|-----------------|---------------|
| Income from shares in group undertakings | | - | 21,768 |
| Impairment of investments | | (48,766) | - |
| (Loss) / Profit on ordinary activities before taxation | | (48,766) | 21,768 |
| Tax on (loss) / profit on ordinary activities | 5 | - | 66 |
| (Loss) / Profit for the financial year | | (48,766) | 21,834 |
| Total comprehensive (Loss) / Profit | | (48,766) | 21,834 |

The results above relating to continuing operations.

Statement of Changes in Equity

for the year ended 31 December 2022

| | Share capital £000 | Share premium account £000 | Other reserves £000 | Profit and loss account £000 | Total equity £000 |
|-----------------------------------------|--------------------------|-------------------------------------|---------------------------|---------------------------------------|-------------------------|
| At 1 January 2021 | 281,466 | 33,528 | 2,347 | (51,168) | 266,173 |
| Total comprehensive profit for the year | - | - | - | 21,834 | 21,834 |
| At 31 December 2021 | 281,466 | 33,528 | 2,347 | (29,334) | 288,007 |
| At 1 January 2022 | 281,466 | 33,528 | 2,347 | (29,334) | 288,007 |
| Total comprehensive loss for the year | - | - | - | (48,766) | (48,766) |
| At 31 December 2022 | 281,466 | 33,528 | 2,347 | (78,100) | 239,241 |

The notes on pages 13 to 19 form part of these financial statements

Statement of Financial Position

at 31 December 2022

| | Notes | 2022 £000 | 2021 £000 |
|-----------------------------|-------|--------------|--------------|
| Fixed assets | | | |
| Investments | 6 | 231,430 | 280,196 |
| Current assets | | | |
| Debtors | 7 | 7,811 | 7,811 |
| Net current assets | | 7,811 | 7,811 |
| Net assets | | 239,241 | 288,007 |
| Capital and reserves | | | |
| Called up share capital | 8 | 281,466 | 281,466 |
| Share premium account | 9 | 33,528 | 33,528 |
| Other reserves | 9 | 2,347 | 2,347 |
| Profit and loss account | 9 | (78,100) | (29,334) |
| Shareholder's funds | | 239,241 | 288,007 |

These financial statements were approved by the director and authorised for issue on 30th August 2023 and are signed on their behalf by:



D Ginnetti
Director

The notes on pages 13 to 19 form part of these financial statements.

Notes to the financial statements

For the year ended 31 December 2022

1. Accounting policies

Basis of preparation

Stericycle International, Ltd is a private limited company incorporated in England.

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard Applicable in the United Kingdom and the Republic of Ireland, and the Companies Act 2006.

The presentational and functional currency is the British Pound Sterling rounded to £'000s.

Going concern

The Company through access to the financial resources of its ultimate parent undertaking, Stericycle, Inc., either directly or from other UK entities, has the financing available to operate and further develop its business through the foreseeable future and to meet its obligations and liabilities as they fall due. Whilst the Company acts as a holding company, it is reliant on the continued support of Stericycle, Inc., for funding its corporate transactions.

Like many organizations, we too have been impacted by labour shortages and higher absences, certain of which are pandemic related, particularly among driver and operational team members. For example, we were impacted by higher absences related to COVID-variants that surged towards the end of the fourth quarter of 2021 and into the first quarter of 2022. Our work force stabilized throughout the first and second quarters of 2022, as the effects of the Delta and Omicron variants on employee absences subsided. To date, we are addressing our internal needs through three main areas: (1) recruitment, (2) market competitive compensation and benefits, and (3) employee engagement and retention.

During 2022 we have continued to experience inflationary cost increases in our underlying expenses, including labour, supply-chain and other costs. We also have been experiencing delays in completing certain capital projects and face additional challenges due to macroeconomic supply chain disruptions. The higher operating labour costs were mainly associated with maintaining competitive wages for existing team members and increased starting wages for new hires. Higher supply chain and other inflationary costs were mainly from higher vehicle rental and maintenance expenses as we continued to experience delays in replacement vehicle deliveries, higher utility expenses, and higher costs associated with supplies and disposable containers and liners. While fuel costs have increased, they have been offset through our existing fuel surcharges.

One of the strengths of our quality of revenue initiative has been working to create a more flexible pricing model with the necessary levers to adjust to these inflationary cost challenges. Our pricing actions have gained momentum in the first half of 2022 and into the third quarter, including our adjustment of surcharges and fees, which provide the most flexible mechanism to help offset inflationary costs by adjusting these surcharges and fees. As a result of pricing levers, the Company experienced improvement in revenue flow as compared to prior year.

Stericycle Inc's organic revenues grew 1.4% in our Regulated Waste and Compliance Service ("RWCS") business and 16.3% in our Secured Information Destruction ("SID") business in 2022 compared to 2021. The organic revenues increase is attributable to the quality of revenue initiatives, including our pricing levers, and higher recycled paper revenues, reflecting higher SOP pricing, partially offset by a decrease in International RWCS COVID-19 transactional volumes.

The ability of Stericycle, Inc. to provide any required financial support arises through its positive cash flows and its continued reduction in group debts.

Stericycle, Inc.'s Credit Agreement provides for a term loan facility under which the Stericycle Inc. has outstanding term loans in an aggregate principal amount of \$200.0 million and a revolving credit facility of \$1.2 billion. The Term Loan and the Credit Facility will mature on September 30, 2026.

Notes to the financial statements

For the year ended 31 December 2022

1. Accounting policies (continued)

After making appropriate enquiries including receiving confirmation of continuing support from Stericycle, Inc., the director has the expectation that the Company has adequate resources to continue in operation and to meet its liabilities as and when they fall due. Accordingly, he continues to adopt the going concern basis in the preparation of the financial statements.

Group financial statements

The financial statements present information about the Company as an individual undertaking and not about its group. The Company has not prepared group financial statements as it is exempt from the requirement to do so by section 401 of the Companies Act 2006, as it and its subsidiaries are included in the group financial statements of Stericycle, Inc., a company incorporated in the United States of America.

Statement of cash flows

The Company is a wholly owned subsidiary of Stericycle, Inc., and is included within the consolidated financial statements which are publicly available. Consequently, the Company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS102 paragraph 1.12(b).

Investments

Fixed asset investments are stated at cost less impairment. The carrying value is reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Foreign currencies

Transactions in foreign currencies are recorded at the exchange rate ruling at the date of the transaction or at the contracted exchange rate if the transaction is covered by a forward foreign currency exchange rate. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the statement of financial position date or, if appropriate, at the forward contract exchange rate. All differences are taken to the profit and loss account.

Short-term debtors and creditors

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the income statement in other operating expenses.

2. Judgements and key sources of estimation uncertainty

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

Notes to the financial statements

For the year ended 31 December 2022

2. Judgements and key sources of estimation uncertainty (continued)

Impairment of non-financial assets

Where there are indicators of impairment of individual assets, the Company performs impairment tests based on fair value less costs to sell or a value in use calculation. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction on similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash flows and the growth rate used for extrapolation purposes.

3. Auditors' remuneration

In the current and prior year, the audit fee of £5,970 (2021: £5,350) has been borne by SRCL Limited, another company incorporated in the UK which is part of the Stericycle, Inc. group, and the Company has not been recharged for these costs.

4. Director's remuneration

In the current year the director was also a director or employee of other Stericycle, Inc. companies and the remuneration of this director was paid by those companies. No costs were borne by Stericycle International, Ltd in respect of director's remuneration. There are no other employees of the Company.

5. Tax

(a) Tax on (loss) / profit on ordinary activities

The tax credit is made up as follows:

| | 2022 £000 | 2021 £000 |
|-----------------------------------------------|--------------|--------------|
| <i>Current tax:</i> | | |
| Foreign tax credit | - | 66 |
| Tax on (loss) / profit on ordinary activities | - | 66 |

Notes to the financial statements

For the year ended 31 December 2022

5. Tax (continued)

(b) Factors affecting tax credit for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 19% (2021 – 19%). The charge is explained below:

| | 2022 £000 | 2021 £000 |
|---------------------------------------------------------------------------------------------------------------------|--------------|--------------|
| (Loss) / Profit on ordinary activities before tax | (48,766) | 21,768 |
| (Loss) / Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 – 19%) | (9,266) | 4,136 |
| <i>Effects of:</i> | | |
| Expenses not deductible for corporation tax purposes | 9,266 | - |
| Income not taxable | - | (4,136) |
| Adjustments to tax charge in respect of previous periods | - | 66 |
| Tax credit for the year (note 5(a)) | - | 66 |

(c) Factors that may affect future tax charges.

At Budget 2021, the government announced that the corporation tax main rate will remain at 19% for the year starting 1 April 2022 but will increase for non-ring-fenced profits to 25% for the year starting 1 April 2023 for profits exceeding £250,000. For the year starting 1 April 2023, a small profit rate will also be introduced for companies with profits of £50,000 or less so that these companies will continue to pay corporation tax at 19%. Companies with profits between £50,000 and £250,000 will pay tax at the main rate reduced by a marginal relief providing a gradual increase in the effective Corporation Tax rate.

6. Investments

| | Other investments £000 | Subsidiary undertakings £000 | Total £000 |
|-------------------------------------|------------------------------|------------------------------------|---------------|
| Cost: | | | |
| At 1 January 2022 | 2 | 352,210 | 352,212 |
| At 31 December 2022 | 2 | 352,210 | 352,212 |
| Amounts provided: | | | |
| At 1 January 2022 | - | 72,016 | 72,016 |
| Amounts written off during the year | - | 48,766 | 48,766 |
| At 31 December 2022 | - | 120,782 | 120,782 |
| Net book value: | | | |
| At 31 December 2022 | 2 | 231,428 | 231,430 |
| At 31 December 2021 | 2 | 280,194 | 280,196 |

Notes to the financial statements

For the year ended 31 December 2022

6. Investments (continued)

The Company's direct subsidiaries Project Ensa Limited and Sterile Technologies Inc. (N.I.) Limited were struck off on 25th January 2022.

The indirect subsidiaries Cliniserve Holdings Limited and Norvic Ambulance Services Limited were struck off on 25th January 2022.

The director has reviewed the carrying value of the investments that Stericycle International, Ltd holds in other companies and determined that after review of the future cash flow forecasts and underlying assets, the investments in the United Kingdom has been impaired by £44.8m and Australia by £3.9m.

Details of the investments in which the company holds 20% or more of the nominal value of any class of issued share capital are as follows:

Direct subsidiaries

| <i>Name of company</i> | <i>% Holding</i> | <i>Country of incorporation</i> | <i>Registered Address</i> |
|--------------------------------|------------------|---------------------------------|---------------------------------------------------------------------|
| Shred-it Limited | 100% | United Kingdom | Ground Floor, 177 Cross Street, Sale, Manchester, M33 7JQ |
| SRCL Limited | 100% | United Kingdom | * |
| Stericycle Australia Pty Ltd** | 100% | Australia | Baker & McKenzie, Level 19, 181 William Street, Melbourne, VIC 3000 |

Indirect subsidiaries

| <i>Name of company</i> | <i>% Holding</i> | <i>Country of incorporation</i> | <i>Registered Address</i> |
|---------------------------------------|------------------|---------------------------------|---------------------------------------------------------------------------------------------------------------------------------------|
| Artech Reduction Technologies Limited | 100% | United Kingdom | Ground Floor, 177 Cross Street, Sale, Manchester, M33 7JQ |
| Shred-it Australia Pty Ltd** | 100% | Australia | Secure Destruction Facility, (Warehouse 6) Central West Business Park, Corner South Road and Ashley Street, West Footscray, VIC, 3012 |

* The Registered Office for each company is Indigo House, Sussex Avenue, Leeds; West Yorkshire, LS10 2LF (unless otherwise stated).

** These companies were divested in May 2023.

7. Debtors

| | 2022 | 2021 |
|----------------------------------------|--------------|--------------|
| | £000 | £000 |
| Other debtors | - | 88 |
| Amounts owed by subsidiary undertaking | 7,811 | 7,723 |
| | <u>7,811</u> | <u>7,811</u> |

The amounts owed by subsidiary undertaking are unsecured, non-interest bearing and repayable on demand.

Notes to the financial statements

For the year ended 31 December 2022

8. Issued share capital

| <i>Allotted, called up and fully paid</i> | <i>No.</i> | <i>2022</i> <i>£000</i> | <i>No.</i> | <i>2021</i> <i>£000</i> |
|-------------------------------------------|-------------|----------------------------|-------------|----------------------------|
| Ordinary shares of £1 each | 281,466,788 | 281,466 | 281,466,788 | 281,466 |

9. Reserves

Share premium account

This reserve records the amount above the nominal value received for shares sold, less transaction costs.

Other reserves

Other reserves relate to a capital contribution made by the ultimate parent undertaking, Stericycle, Inc., arising from the waiver of an equivalent amount of intercompany liabilities.

Profit and loss account

Reserves include all current and prior period retained profits and losses.

10. Contingent liabilities

At the statement of financial position date, a cross guarantee exists between certain subsidiary companies of Stericycle, Inc., Stericycle International, Ltd.'s ultimate parent undertaking. At the year end this was £8,661,801 (2021 - £19,763,387).

11. Related party transactions

The Company has taken advantage of the exemption under FRS 102 from disclosing transactions with key management personnel remuneration and other wholly owned entities, which are part of the group of which Stericycle, Inc., is the parent undertaking.

There are no other related party transactions requiring disclosure under FRS 102.

12. Financial instruments

| | <i>2022</i> <i>£000</i> | <i>2021</i> <i>£000</i> |
|----------------------------------------------------|----------------------------|----------------------------|
| <i>Financial assets measured at amortised cost</i> | | |
| Other debtors | - | 88 |
| Amounts owed to subsidiary undertaking | 7,811 | 7,723 |
| | <u>7,811</u> | <u>7,811</u> |

Notes to the financial statements

For the year ended 31 December 2022

13. Ultimate parent undertaking and controlling party

The Company's immediate parent undertaking is Stericycle International Holdings Limited.

The ultimate parent undertaking and controlling party is Stericycle, Inc., a company incorporated in the United States of America.

The smallest and largest group of undertakings for which group financial statements are drawn up is that headed by Stericycle, Inc. Copies of these financial statements may be obtained from 2355 Waukegan Road, Bannockburn, IL 60015, USA.

14. Events after the balance sheet date

On the 21st April 2023, the company received a dividend of £14,000,000 from its subsidiary Shred-it Limited.

On the 21st April 2023, the company reduced its share capital to £50m and its share premium to nil to create distributable reserves.

On the 21st April 2023, the company paid a dividend of £14,000,000 to its parent Stericycle International Holdings Limited.

On the 24th May 2023, the company has divested its Australia operations for proceeds of £1.5m. See note 6 to the financial statements for further details of the entities divested.