# 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 July 31, 2022**

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: 1-8929**

# ABM INDUSTRIES INCORPORATED

(Exact name of registrant as specified in its charter)

| | | |
|---|---|---|
| **Delaware** | | **94-1369354** |
| (State or other jurisdiction of incorporation or organization) | | (I.R.S. Employer Identification No.) |

**One Liberty Plaza, 7th Floor**

**New York, New York 10006**

(Address of principal executive offices)

**(212) 297-0200**

(Registrant's telephone number, including area code)

**None**

(Former name, former address and former fiscal year, if changed since last report)

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

| Title of each class | Trading Symbol | Name of each exchange on which registered |
|---|---|---|
| **Common Stock, $0.01 par value** | **ABM** | **New York Stock Exchange** |

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 ☑

Number of shares of the registrant's common stock outstanding as of September 8, 2022: 66,151,540

## ABM INDUSTRIES INCORPORATED AND SUBSIDIARIES

## TABLE OF CONTENTS

## FORWARD-LOOKING STATEMENTS

This Form 10-Q contains both historical and forward-looking statements regarding ABM and its subsidiaries (collectively referred to as “ABM,” “we,” “us,” “our,” or the “Company”). We make forward-looking statements related to future expectations, estimates, and projections that are uncertain and often contain words such as “anticipate,” “believe,” “could,” “estimate,” “expect,” “forecast,” “intend,” “likely,” “may,” “outlook,” “plan,” “predict,” “should,” “target,” or other similar words or phrases. These statements are not guarantees of future performance and are subject to known and unknown risks, uncertainties, and assumptions that are difficult to predict. Particular risks and uncertainties that could cause our actual results to be materially different from those expressed in our forward-looking statements include those listed below.

- The novel coronavirus (“COVID-19”) pandemic (the “Pandemic”) has had and is expected to continue having a negative effect on the global economy and the U.S. economy. It has disrupted and is expected to continue disrupting our operations and our clients’ operations, which may adversely affect our business, results of operations, cash flows, and financial condition.
- Our success depends on our ability to gain profitable business despite competitive market pressures.
- Our business success depends on our ability to attract and retain qualified personnel and senior management and to manage labor costs.
- Investments in and changes to our businesses, operating structure, financial reporting structure, or personnel relating to our multiyear strategic plan (“**ELEVATE**”), including the implementation of strategic transformations, enhanced business processes, and technology initiatives, may not have the desired effects on our financial condition and results of operations.
- Our ability to preserve long-term client relationships is essential to our continued success.
- Our international business involves risks different from those we face in the United States that could have an effect on our results of operations and financial condition.
- Our use of subcontractors or joint venture partners to perform work under customer contracts exposes us to liability and financial risk.
- Acquisitions, divestitures, and other strategic transactions could fail to achieve financial or strategic objectives, disrupt our ongoing business, and adversely impact our results of operations.
- We may experience difficulties integrating our acquisition of Crown Building Maintenance Co. and Crown Energy Services, Inc. (collectively, “Able”) and may not realize the growth opportunities and cost synergies that are anticipated from the acquisition of Able.
- We manage our insurable risks through a combination of third-party purchased policies and self-insurance, and we retain a substantial portion of the risk associated with expected losses under these programs, which exposes us to volatility associated with those risks, including the possibility that changes in estimates to our ultimate insurance loss reserves could result in material charges against our earnings.
- Our risk management and safety programs may not have the intended effect of reducing our liability for personal injury or property loss.
- We may experience breaches of, or disruptions to, our information technology systems or those of our third-party providers or clients, or other compromises of our data that could adversely affect our business.
- Unfavorable developments in our class and representative actions and other lawsuits alleging various claims could cause us to incur substantial liabilities.
- A significant number of our employees are covered by collective bargaining agreements that could expose us to potential liabilities in relation to our participation in multiemployer pension plans, requirements to make contributions to other benefit plans, and the potential for strikes, work slowdowns or similar activities, and union organizing drives.
- Our business may be materially affected by changes to fiscal and tax policies. Negative or unexpected tax consequences could adversely affect our results of operations.
- Changes in general economic conditions, such as changes in energy prices, government regulations, or consumer preferences, could reduce the demand for facility services and, as a result, reduce our earnings and adversely affect our financial condition.
- Future increases in the level of our borrowings or in interest rates could affect our results of operations.
- Impairment of goodwill and long-lived assets could have a material adverse effect on our financial condition and results of operations.

- If we fail to maintain proper and effective internal control over financial reporting in the future, our ability to produce accurate and timely financial statements could be negatively impacted, which could harm our operating results and investor perceptions of our Company and, as a result, may have a material adverse effect on the value of our common stock.
- Our business may be negatively impacted by adverse weather conditions.
- Catastrophic events, disasters, and terrorist attacks could disrupt our services.
- Actions of activist investors could disrupt our business.

The list of factors above is illustrative and by no means exhaustive. Additional information regarding these and other risks and uncertainties we face is contained in our Annual Report on Form 10-K for the year ended October 31, 2021, and in other reports (including all amendments to those reports) we file from time to time with the Securities and Exchange Commission (“SEC”).

We urge readers to consider these risks and uncertainties in evaluating our forward-looking statements. We caution readers not to place undue reliance upon any such forward-looking statements, which speak only as of the date made. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events, or otherwise, except as required by law.

## PART I. FINANCIAL INFORMATION

## ITEM 1. CONSOLIDATED FINANCIAL STATEMENTS.

# ABM INDUSTRIES INCORPORATED AND SUBSIDIARIES

# CONSOLIDATED BALANCE SHEETS

# (UNAUDITED)

| *(in millions, except share and per share amounts)* | July 31, 2022 | October 31, 2021 |
|---|---|---|
| **ASSETS** | | |
| Current assets | | |
| Cash and cash equivalents | $ 63.9 | $ 62.8 |
| Trade accounts receivable, net of allowances of $28.5 and $32.7 at July 31, 2022 and October 31, 2021, respectively | 1,239.8 | 1,137.1 |
| Costs incurred in excess of amounts billed | 78.7 | 52.5 |
| Prepaid expenses | 90.7 | 88.7 |
| Other current assets | 66.7 | 60.0 |
| Total current assets | 1,539.7 | 1,401.2 |
| Other investments | 14.8 | 11.8 |
| Property, plant and equipment, net of accumulated depreciation of $294.0 and $274.7 at July 31, 2022 and October 31, 2021, respectively | 115.2 | 111.9 |
| Right-of-use assets | 116.6 | 126.5 |
| Other intangible assets, net of accumulated amortization of $441.1 and $389.3 at July 31, 2022 and October 31, 2021, respectively | 381.5 | 424.8 |
| Goodwill | 2,295.0 | 2,228.9 |
| Other noncurrent assets | 144.8 | 131.2 |
| Total assets | $ 4,607.6 | $ 4,436.2 |
| **LIABILITIES AND STOCKHOLDERS' EQUITY** | | |
| Current liabilities | | |
| Current portion of debt, net | $ 181.5 | $ 31.4 |
| Trade accounts payable | 299.8 | 289.4 |
| Accrued compensation | 188.5 | 238.0 |
| Accrued taxes — other than income | 125.5 | 124.9 |
| Insurance claims | 172.7 | 171.4 |
| Income taxes payable | 7.2 | 11.4 |
| Current portion of lease liabilities | 30.2 | 31.8 |
| Other accrued liabilities | 268.3 | 387.4 |
| Total current liabilities | 1,273.7 | 1,285.8 |
| Long-term debt, net | 1,009.2 | 852.8 |
| Long-term lease liabilities | 106.5 | 116.6 |
| Deferred income tax liability, net | 64.9 | 22.5 |
| Noncurrent insurance claims | 399.9 | 413.3 |
| Other noncurrent liabilities | 64.4 | 123.5 |
| Noncurrent income taxes payable | 8.9 | 12.5 |
| Total liabilities | 2,927.3 | 2,827.0 |
| Commitments and contingencies | | |
| **Stockholders' Equity** | | |
| Preferred stock, $0.01 par value; 500,000 shares authorized; none issued | — | — |
| Common stock, $0.01 par value; 100,000,000 shares authorized; 66,144,897 and 67,302,449 shares issued and outstanding at July 31, 2022 and October 31, 2021, respectively | 0.7 | 0.7 |
| Additional paid-in capital | 691.4 | 750.9 |
| Accumulated other comprehensive loss, net of taxes | (33.3) | (22.5) |
| Retained earnings | 1,021.4 | 880.2 |
| Total stockholders' equity | 1,680.3 | 1,609.2 |
| Total liabilities and stockholders' equity | $ 4,607.6 | $ 4,436.2 |

See accompanying notes to unaudited consolidated financial statements.

## ABM INDUSTRIES INCORPORATED AND SUBSIDIARIES
## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
## (UNAUDITED)

| *(in millions, except per share amounts)* | Three Months Ended July 31, 2022 | Three Months Ended July 31, 2021 | Nine Months Ended July 31, 2022 | Nine Months Ended July 31, 2021 |
|---|---|---|---|---|
| **Revenues** | $ 1,961.4 | $ 1,543.1 | $ 5,795.5 | $ 4,533.0 |
| Operating expenses | 1,696.4 | 1,288.1 | 5,004.4 | 3,812.0 |
| Selling, general and administrative expenses | 158.6 | 253.8 | 468.5 | 538.3 |
| Amortization of intangible assets | 17.7 | 10.6 | 52.9 | 32.1 |
| **Operating profit (loss)** | 88.7 | (9.4) | 269.7 | 150.6 |
| Income from unconsolidated affiliates | 0.8 | 0.5 | 1.8 | 1.4 |
| Interest expense | (11.1) | (6.3) | (25.2) | (22.6) |
| Income (loss) before income taxes | 78.3 | (15.2) | 246.3 | 129.4 |
| Income tax (provision) benefit | (21.5) | 1.5 | (64.8) | (37.4) |
| Net income (loss) | 56.8 | (13.7) | 181.6 | 92.0 |
| Other comprehensive income (loss) | | | | |
| Interest rate swaps | (5.7) | 0.7 | 6.2 | 3.5 |
| Foreign currency translation and other | (3.7) | 0.1 | (15.1) | 5.3 |
| Income tax benefit (provision) | 1.5 | (0.2) | (1.7) | (1.0) |
| Comprehensive income (loss) | $ 48.9 | $ (13.1) | $ 171.1 | $ 99.9 |
| **Net income (loss) per common share** | | | | |
| Basic | $ 0.85 | $ (0.20) | $ 2.70 | $ 1.37 |
| Diluted | $ 0.85 | $ (0.20) | $ 2.68 | $ 1.36 |
| **Weighted-average common and common equivalent shares outstanding** | | | | |
| Basic | 66.8 | 67.5 | 67.3 | 67.3 |
| Diluted | 67.2 | 67.5 | 67.7 | 67.8 |

See accompanying notes to unaudited consolidated financial statements.

**ABM INDUSTRIES INCORPORATED AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY**

**(UNAUDITED)**

| | Three Months Ended July 31, | | | | Nine Months Ended July 31, | | | |
|---|---|---|---|---|---|---|---|---|
| | 2022 | | 2021 | | 2022 | | 2021 | |
| *(in millions, except per share amounts)* | Shares | Amount | Shares | Amount | Shares | Amount | Shares | Amount |
| **Common Stock** | | | | | | | | |
| Balance, beginning of period | 66.8 | $ 0.7 | 67.1 | $ 0.7 | 67.3 | $ 0.7 | 66.7 | $ 0.7 |
| Stock issued under employee stock purchase and share-based compensation plans | 0.1 | — | 0.1 | — | 0.6 | — | 0.5 | — |
| Repurchase of common stock | (0.7) | — | — | — | (1.7) | — | — | — |
| Balance, end of period | 66.1 | 0.7 | 67.2 | 0.7 | 66.1 | 0.7 | 67.2 | 0.7 |
| **Additional Paid-in Capital** | | | | | | | | |
| Balance, beginning of period | | 716.4 | | 737.1 | | 750.9 | | 724.1 |
| Taxes withheld under employee stock purchase and share-based compensation plans, net | | (1.3) | | (2.0) | | (9.4) | | (6.5) |
| Share-based compensation expense | | 7.5 | | 8.4 | | 24.4 | | 26.0 |
| Repurchase of common stock | | (31.2) | | — | | (74.5) | | — |
| Balance, end of period | | 691.4 | | 743.6 | | 691.4 | | 743.6 |
| **Accumulated Other Comprehensive Loss, Net of Taxes** | | | | | | | | |
| Balance, beginning of period | | (25.2) | | (23.6) | | (22.5) | | (30.8) |
| Other comprehensive (loss) income | | (8.1) | | 0.7 | | (10.7) | | 7.8 |
| Balance, end of period | | (33.3) | | (22.9) | | (33.3) | | (22.9) |
| **Retained Earnings** | | | | | | | | |
| Balance, beginning of period | | 977.7 | | 885.6 | | 880.2 | | 806.4 |
| Net income (loss) | | 56.8 | | (13.7) | | 181.6 | | 92.0 |
| Dividends | | | | | | | | |
| Common stock ($0.195, $0.190, $0.585, and $0.570 per share) | | (12.9) | | (12.8) | | (39.0) | | (38.2) |
| Stock issued under share-based compensation plans | | (0.2) | | (0.2) | | (1.3) | | (1.3) |
| Balance, end of period | | 1,021.4 | | 859.0 | | 1,021.4 | | 859.0 |
| **Total Stockholders' Equity** | | $ 1,680.3 | | $ 1,580.3 | | $ 1,680.3 | | $ 1,580.3 |

See accompanying notes to unaudited consolidated financial statements.

## ABM INDUSTRIES INCORPORATED AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS

## (UNAUDITED)

| *(in millions)* | Nine Months Ended July 31, 2022 | 2021 |
|---|---|---|
| **Cash flows from operating activities** | | |
| Net income | $ 181.6 | $ 92.0 |
| **Adjustments to reconcile net income to net cash provided by operating activities** | | |
| Depreciation and amortization | 82.4 | 66.2 |
| Impairment loss on fixed assets | — | 9.1 |
| Deferred income taxes | 39.7 | (50.0) |
| Share-based compensation expense | 24.4 | 26.0 |
| Recovery of bad debt | (2.0) | (1.3) |
| Amortization of accumulated other comprehensive gain on interest rate swaps | (4.3) | (4.8) |
| (Gain)/Loss on sale of assets | (0.8) | 1.3 |
| Income from unconsolidated affiliates | (1.8) | (1.4) |
| Distributions from unconsolidated affiliates | 1.8 | 1.9 |
| Changes in operating assets and liabilities | | |
| Trade accounts receivable and costs incurred in excess of amounts billed | (129.4) | (45.4) |
| Prepaid expenses and other current assets | (8.0) | 1.6 |
| Right-of-use assets | 10.0 | 13.6 |
| Other noncurrent assets | (6.6) | 14.4 |
| Trade accounts payable and other accrued liabilities | (178.0) | 193.1 |
| Long-term lease liabilities | (10.1) | (11.9) |
| Insurance claims | (18.8) | (22.2) |
| Income taxes payable | (10.3) | 11.5 |
| Other noncurrent liabilities | (66.5) | (34.9) |
| Total adjustments | (278.3) | 166.7 |
| **Net cash (used in) provided by operating activities** | (96.7) | 258.8 |
| **Cash flows from investing activities** | | |
| Additions to property, plant and equipment | (37.7) | (23.3) |
| Proceeds from sale of assets | 4.1 | 2.1 |
| Purchase of businesses, net of cash acquired | (56.7) | — |
| Investments in equity securities | (3.0) | — |
| **Net cash used in investing activities** | (93.3) | (21.2) |
| **Cash flows from financing activities** | | |
| Taxes withheld from issuance of share-based compensation awards, net | (10.7) | (7.8) |
| Repurchases of common stock | (74.5) | — |
| Dividends paid | (39.0) | (38.2) |
| Deferred financing costs paid | — | (6.4) |
| Borrowings from debt | 990.1 | 32.7 |
| Repayment of borrowings from debt | (684.5) | (97.9) |
| Changes in book cash overdrafts | 5.4 | (19.6) |
| Financing of energy savings performance contracts | 8.7 | 10.8 |
| Repayment of finance lease obligations | (1.2) | (2.3) |
| **Net cash provided by (used in) financing activities** | 194.2 | (128.7) |
| **Effect of exchange rate changes on cash and cash equivalents** | (3.2) | 2.3 |
| **Net increase in cash and cash equivalents** | 1.0 | 111.2 |
| **Cash and cash equivalents at beginning of year** | 62.8 | 394.2 |
| **Cash and cash equivalents at end of period** | $ 63.9 | $ 505.4 |

See accompanying notes to unaudited consolidated financial statements.

## 1. THE COMPANY AND NATURE OF OPERATIONS

ABM is a leading provider of integrated facility services with a mission to make a difference, every person, every day. We are organized into four industry groups and one Technical Solutions segment:


Through these groups, we offer janitorial, facilities engineering, parking, and specialized mechanical and electrical technical solutions, on a standalone basis or in combination with other services.

## 2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

### Basis of Presentation

The accompanying unaudited consolidated financial statements have been prepared in accordance with (i) United States generally accepted accounting principles ("U.S. GAAP") for interim financial information and (ii) the instructions to Form 10-Q and Article 10 of Regulation S-X. In the opinion of our management, our unaudited consolidated financial statements and accompanying notes (the "Financial Statements") include all normal recurring adjustments that are necessary for the fair statement of the interim periods presented. Interim results of operations are not necessarily indicative of results for the full year. The Financial Statements should be read in conjunction with our audited consolidated financial statements (and notes thereto) in our Annual Report on Form 10-K for the year ended October 31, 2021. Unless otherwise indicated, all references to years are to our fiscal years, which end on October 31.

### Reorganization of Our Business

Effective November 1, 2021, the Manufacturing & Distribution ("M&D") industry group replaced our Technology and Manufacturing ("T&M") industry group as part of our strategic transformation initiative **ELEVATE**. M&D retained our large manufacturing clients from T&M and added clients in the distribution sector from our Business and Industry ("B&I") group. Technology clients with commercial real estate properties serviced by T&M shifted into B&I. Additionally, we have modified the presentation of segment revenues as inter-segment revenues are now allocated at the segment level. Our prior period segment data in Note 4, "Revenues," and Note 12, "Segment Information," have been reclassified to conform with our current period presentation. These changes had no impact on our previously reported consolidated financial statements.

### Rounding

We round amounts in the Financial Statements to millions and calculate all percentages and per-share data from the underlying whole-dollar amounts. Thus, certain amounts may not foot, crossfoot, or recalculate based on reported numbers due to rounding.

### Management Reimbursement Revenue by Segment

We operate certain parking facilities under management reimbursement arrangements. Under these arrangements, we manage the parking facilities for management fees and pass through the revenues and expenses associated with the facilities to the owners. These revenues and expenses are reported in equal amounts as costs reimbursed from our managed locations:

| (in millions) | Three Months Ended July 31, 2022 | Three Months Ended July 31, 2021 | Nine Months Ended July 31, 2022 | Nine Months Ended July 31, 2021 |
|---|---|---|---|---|
| Business & Industry | $ 58.6 | $ 47.5 | $ 165.0 | $ 134.1 |
| Aviation | 14.2 | 13.4 | 39.0 | 39.9 |
| **Total** | $ 72.8 | $ 60.9 | $ 204.1 | $ 174.1 |

## Recently Adopted Accounting Standards

In December 2019, the Financial Accounting Standards Board ("FASB") issued ASU No. 2019-12, *Simplifying the Accounting for Income Taxes (Topic 740)*. This accounting update simplifies the accounting for income taxes and clarifies and amends existing income tax guidance. Impacted areas include intraperiod tax allocations, interim period taxes, deferred tax liabilities with outside basis differences, franchise taxes, and transactions that result in the "step-up" of goodwill. We adopted this standard, effective November 1, 2021, on a prospective basis. The adoption of this guidance did not have a material impact on our consolidated financial statements.

In January 2020, the FASB issued ASU 2020-01, *Investments–Equity Securities (Topic 321), Investments–Equity Method and Joint Ventures (Topic 323), and Derivatives and Hedging (Topic 815)*. This accounting update clarifies the interaction between the accounting for investments in equity securities under Topic 321, investments accounted for under the equity method under Topic 323, and certain derivatives instruments under Topic 815. We adopted this standard, effective November 1, 2021, on a prospective basis. The adoption of this guidance did not have a material impact on our consolidated financial statements.

No other recently adopted accounting standards have had a significant impact on our fiscal 2022 consolidated financial statements.

## 3. ACQUISITIONS AND DISPOSITIONS

### Acquisition of Able

On September 30, 2021, we acquired Able, a leading facilities services company headquartered in San Francisco, California, for a net cash purchase price of $741.7 million (the "Able Acquisition"). The purchase price was revised during the second quarter of 2022 to reflect a post-close purchase price adjustment related to a net working capital settlement. Pursuant to the terms of the purchase agreement, approximately $12.1 million of the cash consideration was placed into escrow accounts, of which approximately $8.2 million satisfies any applicable indemnification claims for a period of 12 months.

### *Preliminary Purchase Price Allocation*

Our preliminary purchase price allocation is based on information that is currently available, and we are continuing to evaluate the underlying inputs and assumptions used in our valuations. Accordingly, the purchase price allocation is subject to, among other items: further analysis of deferred taxes and the final valuation of insurance claims reserves. During the nine months ended July 31, 2022, we adjusted the purchase price allocation for a working capital adjustment, probable litigation losses (as described below), and refined certain other estimates.

The following table summarizes the preliminary acquisition accounting on the date of acquisition as previously reported at year-end 2021 and at the end of the third quarter of 2022:

| *(in millions)* | Preliminary Purchase Price Allocation | Adjustments | Updated Preliminary Purchase Price Allocation |
|---|---|---|---|
| Cash and cash equivalents | $ 31.5 | $ — | $ 31.5 |
| Trade accounts receivable[1] | 159.3 | (0.7) | 158.5 |
| Other assets | 24.9 | (4.4) | 20.5 |
| Customer relationships[2] | 220.0 | — | 220.0 |
| Trade names[2] | 10.0 | — | 10.0 |
| Goodwill[3] | 554.0 | 34.0 | 588.0 |
| Trade accounts payable | (27.0) | (4.1) | (31.1) |
| Accrued compensation | (38.2) | (2.1) | (40.3) |
| Insurance claims | (91.6) | (1.1) | (92.7) |
| Other liabilities | (41.7) | (16.0) | (57.7) |
| Deferred income tax liability, net | (59.5) | 0.3 | (59.2) |
| Net assets acquired | $ 741.7 | $ 5.8 | $ 747.5 |

(1) The gross amount of trade accounts receivable was $160.5 million, of which $1.9 million was deemed uncollectible.

(2) The amortization periods for the acquired intangible assets are 15 years for customer relationships and two years for trade names.

(3) Goodwill is largely attributable to value we expect to obtain from long-term business growth, the established workforce, and buyer-specific synergies. This goodwill is not deductible for income tax purposes.

### *Financial Information*

The unaudited Consolidated Statements of Comprehensive Income (Loss) for the three and nine months ended July 31, 2022, include revenue attributable to Able of $286.9 million and $878.4 million, respectively, and operating profit of $9.2 million and $36.0 million, respectively. For the three and nine months ended July 31, 2022, we also incurred acquisition-related and integration costs of $2.0 million and $10.7 million, respectively, which are included in "Selling, general and administrative expenses" in the accompanying unaudited Consolidated Statements of Comprehensive Income (Loss).

The following table presents our unaudited pro forma results as though the acquisition occurred on November 1, 2020. These results include adjustments for the estimated amortization of intangible assets, interest expense, and the income tax impact of the pro forma adjustments at the statutory rate of 28%. These unaudited pro forma results do not reflect the cost of integration activities or benefits from expected revenue enhancements and synergies.

| *(in millions)* | Three Months Ended July 31, 2021 | Nine Months Ended July 31, 2021 |
|---|---|---|
| Pro forma revenue | $ 1,810.7 | $ 5,338.4 |
| Pro forma (loss) income from operations[1] | (12.9) | 94.4 |

*(1)* These results were adjusted to exclude $2.5 million of acquisition-related costs incurred during the three and nine months ended July 31, 2021, which are included in “Selling, general and administrative expenses” in the accompanying Consolidated Statements of Comprehensive Income (Loss).

### *Legal Matters Related to Legacy Able*

Able is a party to a number of lawsuits, claims, and proceedings incident to the operation of the business, including those pertaining to labor and employment, contracts, personal injury, and other matters, some of which allege substantial monetary damages. Some of these actions may be brought as class actions on behalf of a class or purported class of employees.

If, during the purchase price allocation period, we can reasonably determine the fair values of a pre-acquisition contingency, then we will include that amount in the purchase price allocation. Any adjustment to amounts recorded for a pre-acquisition contingency subsequent to the end of the measurement period will be included within “Selling, general and administrative expenses” in the period in which the adjustment is determined.

During the nine months ended July 31, 2022, we adjusted our purchase price allocation for probable litigation losses in Able legal matters where a reasonable estimate of the loss could be made from $0.9 million to $19.3 million. We do not accrue for contingent losses that, in our judgment, are considered to be reasonably possible but not probable. The estimation of reasonably possible losses also requires the analysis of multiple possible outcomes that often depend on judgments about potential actions by third parties. Our management currently estimates the range of loss for all reasonably possible losses for which a reasonable estimate of the loss can be made for Able legal matters is between zero and $1.6 million. In some cases, although a loss is probable or reasonably possible, we cannot reasonably estimate the maximum potential losses for probable matters or the range of losses for reasonably possible matters. Therefore, our accrual for probable losses and our estimated range of loss for reasonably possible losses do not represent our maximum possible exposure.

## Acquisition of Momentum

Effective April 7, 2022, we acquired Maybin Support Services Limited, Momentum Support Limited (UK), and Momentum Property Support Services Limited (collectively “Momentum”), a leading independent provider of facility services, primarily janitorial, across the Republic of Ireland and Northern Ireland, for a purchase price of approximately $54.8 million. The acquisition was accounted for under the acquisition method. Accordingly, the assets acquired and liabilities assumed were recognized on the date of acquisition at their estimated fair values, with the excess of the purchase price recorded as goodwill, which is not deductible for income tax purposes. As of July 31, 2022, we recorded preliminary goodwill and intangibles of $41.6 million and $10.4 million, respectively. The purchase price allocation is subject to adjustments within the measurement period not to exceed one year from the acquisition date.

The unaudited Consolidated Statements of Comprehensive Income (Loss) for the three and nine months ended July 31, 2022, include revenues attributable to Momentum of $17.9 million and $22.8 million, respectively, and operating profit of $1.1 million and $1.4 million, respectively.

## Disposition of Assets

On January 31, 2022, the Company sold a group of customer contracts for healthcare technology management within our Technical Solutions segment for $8.5 million and recognized a gain of $7.6 million during the nine months ended July 31, 2022, which is included in “Selling, general and administrative expenses” in the accompanying unaudited Consolidated Statements of Comprehensive Income (Loss).

## 4. REVENUES

### Disaggregation of Revenues

We generate revenues under several types of contracts, which are further explained below. Generally, the type of contract is determined by the nature of the services provided by each of our major service lines throughout our reportable segments; therefore, we disaggregate revenues from contracts with customers into major service lines. We have determined that disaggregating revenues into these categories best depicts how the nature, amount, timing, and uncertainty of revenues and cash flows are affected by economic factors. Our reportable segments are B&I, M&D, Education, Aviation, and Technical Solutions, as described in Note 12, “Segment Information.”

| | Three Months Ended July 31, 2022 | | | | | | Nine Months Ended July 31, 2022 | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| *(in millions)* | B&I | M&D | Education | Aviation | Technical Solutions | Total | B&I | M&D | Education | Aviation | Technical Solutions | Total |
| **Major Service Line** | | | | | | | | | | | | |
| Janitorial[1] | $ 696.2 | $ 311.0 | $ 178.4 | $ 27.5 | $ — | $ 1,213.1 | $ 2,050.7 | $ 922.3 | $ 534.7 | $ 83.8 | $ — | $ 3,591.5 |
| Parking[2] | 91.1 | 8.4 | 0.1 | 82.4 | — | 182.0 | 259.5 | 27.9 | 0.6 | 237.2 | — | 525.2 |
| Facility Services[3] | 246.6 | 38.7 | 29.0 | 7.0 | — | 321.3 | 756.7 | 123.9 | 82.3 | 20.3 | — | 983.2 |
| Building & Energy Solutions[4] | — | — | — | — | 158.4 | 158.4 | — | — | — | — | 447.2 | 447.2 |
| Airline Services[5] | — | — | — | 86.6 | — | 86.6 | — | — | — | 248.4 | — | 248.4 |
| **Total** | $ 1,033.8 | $ 358.1 | $ 207.5 | $ 203.5 | $ 158.4 | $ 1,961.4 | $ 3,067.0 | $ 1,074.1 | $ 617.6 | $ 589.7 | $ 447.2 | $ 5,795.5 |

| | Three Months Ended July 31, 2021 | | | | | | Nine Months Ended July 31, 2021 | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| *(in millions)* | B&I | M&D | Education | Aviation | Technical Solutions | Total | B&I | M&D | Education | Aviation | Technical Solutions | Total |
| **Major Service Line** | | | | | | | | | | | | |
| Janitorial[1] | $ 530.7 | $ 289.5 | $ 180.2 | $ 28.5 | $ — | $ 1,029.0 | $ 1,591.2 | $ 865.3 | $ 549.2 | $ 86.5 | $ — | $ 3,092.2 |
| Parking[2] | 76.3 | 9.2 | 0.2 | 65.7 | — | 151.4 | 213.3 | 30.9 | 0.6 | 180.6 | — | 425.4 |
| Facility Services[3] | 75.8 | 41.7 | 26.7 | 6.5 | — | 150.6 | 242.4 | 125.3 | 78.1 | 18.2 | — | 464.0 |
| Building & Energy Solutions[4] | — | — | — | — | 145.0 | 145.0 | — | — | — | — | 382.1 | 382.1 |
| Airline Services[5] | — | — | — | 67.1 | — | 67.1 | — | — | — | 169.4 | — | 169.4 |
| **Total** | $ 682.9 | $ 340.5 | $ 207.0 | $ 167.8 | $ 145.0 | $ 1,543.1 | $ 2,046.9 | $ 1,021.5 | $ 627.8 | $ 454.7 | $ 382.1 | $ 4,533.0 |

(1) Janitorial arrangements provide a wide range of essential cleaning services for commercial office buildings, airports and other transportation centers, educational institutions, government buildings, health facilities, industrial buildings, retail stores, and stadiums and arenas. These arrangements are often structured as monthly fixed-price, square-foot, cost-plus, and work order contracts.

(2) Parking arrangements provide parking and transportation services for clients at various locations, including airports and other transportation centers, commercial office buildings, educational institutions, health facilities, hotels, and stadiums and arenas. These arrangements are structured as management reimbursement, leased location, and allowance contracts. Certain of these arrangements are considered service concession agreements. Rent is paid to the grantor, which is the customer in the arrangement; accordingly, rent expense related to these arrangements is recorded as a reduction of the related parking service revenues.

(3) Facility Services arrangements provide onsite mechanical engineering and technical services and solutions relating to a broad range of facilities and infrastructure systems that are designed to extend the useful life of facility fixed assets, improve equipment operating efficiencies, reduce energy consumption, lower overall operational costs for clients, and enhance the sustainability of client locations. These arrangements are generally structured as monthly fixed-price, cost-plus, and work order contracts.

[4] Building & Energy Solutions arrangements provide custom energy solutions, electrical, HVAC, lighting, electric vehicle charging station installation, and other general maintenance and repair services for clients in the public and private sectors and are generally structured as energy savings, fixed-price repair, and refurbishment contracts. We also franchise certain operations under franchise agreements relating to our Linc Network and TEGG brands, pursuant to franchise contracts.

[5] Airline Services arrangements support airlines and airports with services such as passenger assistance, catering logistics, and airplane cabin maintenance. These arrangements are often structured as monthly fixed-price, cost-plus, transaction price, and hourly contracts.

## Contract Types

We have arrangements under various contract types, as described in Note 2, "Basis of Presentation and Significant Accounting Policies," in our Annual Report on Form 10-K for the year ended October 31, 2021.

Certain arrangements involve variable consideration (primarily per transaction fees, reimbursable expenses, and sales-based royalties). We do not estimate the variable consideration for these arrangements; rather, we recognize these variable fees as they are earned. Some of our contracts, often related to Airline Services, may also include performance incentives based on variable performance measures that are ascertained exclusively by future performance and therefore cannot be estimated at contract inception and are recognized as revenue once known and mutually agreed upon. We include estimated amounts in the transaction price to the extent it is probable that a significant reversal of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is resolved. Our estimates of variable consideration and determination of whether to include estimated amounts in the transaction price are based largely on an assessment of our anticipated performance and all information (historical, current, and forecasted) that is reasonably available to us.

The majority of our contracts include performance obligations that are primarily satisfied over time as we provide the related services. These contract types include: monthly fixed-price; square-foot; cost-plus; work orders; transaction-price; hourly; management reimbursement; leased location; allowance; energy savings contracts; and fixed-price repair and refurbishment contracts, as well as our franchise and royalty fee arrangements. We recognize revenue as the services are performed using a measure of progress that is determined by the contract type. Generally, most of our contracts are cancelable by either party without a substantive penalty, and the majority have a notification period of 30 to 60 days.

We primarily account for our performance obligations under the series guidance, using the as-invoiced practical expedient when applicable. We apply the as-invoiced practical expedient to record revenue as the services are provided, given the nature of the services provided and the frequency of billing under the customer contracts. Under this practical expedient, we recognize revenue in an amount that corresponds directly with the value to the customer of our performance completed to date and for which we have the right to invoice the customer.

## Remaining Performance Obligations

At July 31, 2022, performance obligations that were unsatisfied for which we expect to recognize revenue totaled $288.6 million. We expect to recognize revenue on approximately 73% of the remaining performance obligations over the next 12 months, with the remainder recognized thereafter, based on our estimates of project timing.

These amounts exclude variable consideration primarily related to: (i) contracts where we have determined that the contract consists of a series of distinct service periods and revenues are based on future performance that cannot be estimated at contract inception; (ii) parking contracts where we and the customer share the gross revenues or operating profit for the location; and (iii) contracts where transaction prices include performance incentives that are based on future performance and therefore cannot be estimated at contract inception. We apply the practical expedient that permits exclusion of information about the remaining performance obligations with original expected durations of one year or less.

## Contract Balances

The timing of revenue recognition, billings, and cash collections results in contract assets and contract liabilities, as further explained below. The timing of revenue recognition may differ from the timing of invoicing to customers.

Contract assets primarily consist of billed trade receivables, unbilled trade receivables, and costs incurred in excess of amounts billed. Billed and unbilled trade receivables represent amounts from work completed in which we have an unconditional right to bill our customer. Costs incurred in excess of amounts billed typically arise when the revenue recognized on projects exceeds the amount billed to the customer. These amounts are transferred to billed trade receivables when the rights become unconditional. Contract assets also include the capitalization of incremental costs of obtaining a contract with a customer, primarily commissions. Commissions expense is recognized on a straight-line basis over a weighted average expected customer relationship period.

Contract liabilities consist of deferred revenue and advance payments and billings in excess of revenue recognized. We generally classify contract liabilities as current since the related contracts are generally for a period of one year or less. Contract liabilities decrease as we recognize revenue from the satisfaction of the related performance obligation.

The following tables present the balances in our contract assets and contract liabilities:

| *(in millions)* | July 31, 2022 | October 31, 2021 |
|---|---|---|
| **Contract assets** | | |
| Billed trade receivables[1] | $ 1,078.0 | $ 1,057.6 |
| Unbilled trade receivables[1] | 190.3 | 112.1 |
| Costs incurred in excess of amounts billed[2] | 78.7 | 52.5 |
| Capitalized commissions[3] | 29.6 | 27.8 |

[1] Included in trade accounts receivable, net, on the unaudited Consolidated Balance Sheets. The fluctuations correlate directly to the execution of new customer contracts and to invoicing and collections from customers in the normal course of business.

[2] Fluctuation is primarily due to the timing of payments on our contracts measured using the cost-to-cost method of revenue recognition.

[3] Included in other current assets and other noncurrent assets on the unaudited Consolidated Balance Sheets. During the nine months ended July 31, 2022, we capitalized $12.2 million of new costs and amortized $10.5 million of previously capitalized costs. There was no impairment loss recorded on the costs capitalized.

| *(in millions)* | Nine Months Ended July 31, 2022 |
|---|---|
| **Contract liabilities**[1] | |
| Balance at beginning of period | $ 58.5 |
| Additional contract liabilities | 165.2 |
| Recognition of deferred revenue | (165.1) |
| Balance at end of period | $ 58.6 |

[1] Included in other accrued liabilities on the unaudited Consolidated Balance Sheets.

## 5. NET INCOME (LOSS) PER COMMON SHARE

### Basic and Diluted Net Income (Loss) Per Common Share Calculations

| *(in millions, except per share amounts)* | Three Months Ended July 31, 2022 | Three Months Ended July 31, 2021 | Nine Months Ended July 31, 2022 | Nine Months Ended July 31, 2021 |
|---|---|---|---|---|
| **Net income (loss)** | $ 56.8 | $ (13.7) | $ 181.6 | $ 92.0 |
| **Weighted-average common and common equivalent shares outstanding — Basic** | 66.8 | 67.5 | 67.3 | 67.3 |
| Effect of dilutive securities[1] | | | | |
| Restricted stock units | 0.3 | — | 0.2 | 0.4 |
| Performance shares | 0.1 | — | 0.1 | 0.1 |
| **Weighted-average common and common equivalent shares outstanding — Diluted** | 67.2 | 67.5 | 67.7 | 67.8 |
| **Net income (loss) per common share** | | | | |
| Basic | $ 0.85 | $ (0.20) | $ 2.70 | $ 1.37 |
| Diluted | $ 0.85 | $ (0.20) | $ 2.68 | $ 1.36 |

[1] Excludes the impact of potentially dilutive outstanding share-based securities that are excluded from the calculation of diluted loss per share in periods when we have a loss, as their inclusion would have an anti-dilutive effect. Such impact is included in the table below.

### Anti-Dilutive Outstanding Stock Awards Issued Under Share-Based Compensation Plans

| *(in millions)* | Three Months Ended July 31, 2022 | Three Months Ended July 31, 2021 | Nine Months Ended July 31, 2022 | Nine Months Ended July 31, 2021 |
|---|---|---|---|---|
| **Anti-dilutive** | — | — | — | — |

## 6. FAIR VALUE OF FINANCIAL INSTRUMENTS

### Fair Value Hierarchy of Our Financial Instruments

#### *Financial Assets and Liabilities Measured at Fair Value on a Recurring Basis*

| *(in millions)* | Fair Value Hierarchy | July 31, 2022 | October 31, 2021 |
|---|---|---|---|
| Cash and cash equivalents[1] | 1 | $ 63.9 | $ 62.8 |
| Insurance deposits[2] | 1 | 0.9 | 0.7 |
| Assets held in funded deferred compensation plan[3] | 1 | 4.2 | 4.9 |
| Debt facilities[4] | 2 | 1,194.4 | 888.8 |
| Interest rate swap assets[5] | 2 | 7.9 | — |
| Interest rate swap liabilities[5] | 2 | 1.9 | 4.6 |
| Preferred equity investment[6] | 3 | 3.0 | — |

(1) Cash and cash equivalents are stated at nominal value, which equals fair value.

(2) Represents restricted deposits that are used to collateralize our insurance obligations and are stated at nominal value, which equals fair value. These insurance deposits are included in "Other noncurrent assets" on the accompanying unaudited Consolidated Balance Sheets. See Note 7, "Insurance," for further information.

(3) Represents investments held in a Rabbi trust associated with one of our deferred compensation plans, which we include in "Other noncurrent assets" on the accompanying unaudited Consolidated Balance Sheets. The fair value of the assets held in the funded deferred compensation plan is based on quoted market prices.

(4) Represents gross outstanding borrowings under our Credit and Receivables Facilities. Due to variable interest rates, the carrying value of outstanding borrowings under these facilities approximates the fair value. See Note 8, "Debt," for further information.

(5) Represents interest rate swap derivatives designated as cash flow hedges. The fair values of the interest rate swaps are estimated based on the present value of the difference between expected cash flows calculated at the contracted interest rates and the expected cash flows at current market interest rates using observable benchmarks for the London Interbank Offered Rate ("LIBOR") forward rates at the end of the period. Our interest rate swap assets and liabilities are included in "Other noncurrent assets" and "Other noncurrent liabilities," respectively, on the accompanying unaudited Consolidated Balance Sheets. See Note 8, "Credit Facility," for further information.

(6) We purchased $3.0 million in a preferred equity investment of a privately held company during the first quarter of fiscal year 2022, which we include in "Other investments" on the accompanying unaudited Consolidated Balance Sheet. Our investment does not have a readily determinable fair value; therefore, we account for the investment using the measurement alternative under Topic 321 and measure the investment at initial cost less impairment, if any.

#### *Non-Financial Assets Measured at Fair Value on a Non-Recurring Basis*

In addition to assets and liabilities that are measured at fair value on a recurring basis, we are also required to measure certain items at fair value on a non-recurring basis. These assets can include: goodwill; intangible assets; property, plant and equipment; lease-related ROU assets; and long-lived assets that have been reduced to fair value when they are held for sale. If certain triggering events occur, or if an annual impairment test is required, then we would evaluate these non-financial assets for impairment. If an impairment were to occur, then the asset would be recorded at the estimated fair value, using primarily unobservable Level 3 inputs.

In connection with the reorganization of our T&M segment as discussed in Note 2, "Basis of Presentation and Significant Accounting Policies," we reallocated $95.0 million of goodwill from our B&I segment to our M&D segment using a relative fair value approach. M&D's goodwill balance was $502.2 million after the reorganization, which includes $407.2 million of previously recorded goodwill from our T&M segment. In addition, we completed an assessment of any potential goodwill impairment for all reporting units immediately prior to and following the reallocation and determined that no impairment existed.

## 7. INSURANCE

We use a combination of insured and self-insurance programs to cover workers' compensation, general liability, automobile liability, property damage, and other insurable risks. For the majority of these insurance programs, we retain the initial $1.0 million to $1.5 million of exposure on a per-occurrence basis, either through deductibles or self-insured retentions. Beyond the retained exposures, we have varying primary policy limits ranging between $1.0 million and $5.0 million per occurrence. To cover general liability and automobile liability losses above these primary limits, we maintain commercial umbrella insurance policies that provide aggregate limits of $200.0 million. Our insurance policies generally cover workers' compensation losses to the full extent of statutory requirements. Additionally, to cover property damage risks above our retained limits, we maintain policies that provide per occurrence limits of $75.0 million. We are also self-insured for certain employee medical and dental plans. We maintain stop-loss insurance for our self-insured medical plan under which we retain up to $0.5 million of exposure on a per-participant, per-year basis with respect to claims.

We maintain our reserves for workers' compensation, general liability, automobile liability, and property damage insurance claims based upon known trends and events and the actuarial estimates of required reserves considering the most recently completed actuarial reports. We use all available information to develop our best estimate of insurance claims reserves as information is obtained. The results of actuarial reviews are used to estimate our insurance rates and insurance reserves for future periods and to adjust reserves, if appropriate, for prior years.

### Actuarial Review Performed During Third Quarter 2022

We review our self-insurance liabilities on a regular basis and adjust our accruals accordingly. Actual claims activity or development may vary from our assumptions and estimates, which may result in material losses or gains. As we obtain additional information that affects the assumptions and estimates used in our reserve liability calculations, we adjust our self-insurance rates and reserves for future periods and, if appropriate, adjust our reserves for claims incurred in prior accounting periods.

During the third quarter of 2022, we performed a comprehensive actuarial review of the majority of our casualty insurance programs to evaluate changes made to claims reserves and claims payment activity for the period of November 1, 2021, through April 30, 2022 (the "Actuarial Review"). The Actuarial Review was comprehensive in nature and was based on loss development patterns, trend assumptions, and underlying expected loss costs during the period analyzed.

Based on the results of the Actuarial Review, we decreased our total reserves related to prior years for known claims as well as our estimate of the loss amounts associated with incurred but not reported claims ("IBNR claims") by $36.1 million during the nine months ended July 31, 2022. During the nine months ended July 31, 2021, we decreased our total reserves related to prior years by $29.7 million. We will continue to assess ongoing developments, which may result in further adjustments to reserves.

### Insurance-Related Balances and Activity

| *(in millions)* | July 31, 2022 | October 31, 2021 |
|---|---|---|
| Insurance claim reserves, excluding medical and dental | $ 562.7 | $ 574.8 |
| Medical and dental claim reserves | 9.8 | 9.9 |
| Insurance recoverables | 60.6 | 66.5 |

At July 31, 2022, and October 31, 2021, insurance recoverables are included in both "Other current assets" and "Other noncurrent assets" on the accompanying unaudited Consolidated Balance Sheets.

### *Instruments Used to Collateralize Our Insurance Obligations*

| *(in millions)* | July 31, 2022 | | October 31, 2021 | |
|---|---|---|---|---|
| Standby letters of credit | $ | 153.7 | $ | 157.9 |
| Surety bonds | | 82.9 | | 83.8 |
| Restricted insurance deposits | | 0.9 | | 0.7 |
| **Total** | $ | 237.5 | $ | 242.3 |

## 8. DEBT

### Components of Debt

| *(in millions)* | July 31, 2022 | | October 31, 2021 | |
|---|---|---|---|---|
| Current portion of debt | | | | |
| Gross term loan | $ | 32.5 | $ | 32.5 |
| Unamortized deferred financing costs | | (1.0) | | (1.1) |
| Current portion of term loan | $ | 31.5 | $ | 31.4 |
| Receivables facility | | 150.0 | | — |
| Current portion of debt | $ | 181.5 | $ | 31.4 |
| | | | | |
| Long-term debt | | | | |
| Gross term loan | $ | 576.9 | $ | 601.3 |
| Unamortized deferred financing costs | | (2.7) | | (3.5) |
| Total noncurrent portion of term loan | | 574.2 | | 597.8 |
| Revolving line of credit[1][2] | | 435.0 | | 255.0 |
| Long-term debt | $ | 1,009.2 | $ | 852.8 |

[1] Standby letters of credit amounted to $158.8 million at July 31, 2022.

[2] At July 31, 2022, we had borrowing capacity of $705.1 million.

At July 31, 2022, the weighted average interest rate on all outstanding borrowings, not including letters of credit, was 3.64%

### Credit Facility

On September 1, 2017, we refinanced and replaced our then-existing $800.0 million credit facility with a new senior, secured five-year syndicated credit facility (the “Credit Facility”), consisting of a $900.0 million revolving line of credit (the “revolver”) and an $800.0 million amortizing term loan, both of which were scheduled to mature on September 1, 2022. In accordance with terms of the Credit Facility, the revolver was reduced to $800.0 million on September 1, 2018.

On June 28, 2021, the Company amended and restated the Credit Facility (the “Amended Credit Facility”), extending the maturity date to June 28, 2026, and increasing the capacity of the revolving credit facility from $800.0 million to $1.3 billion and the then-remaining term loan outstanding from $620.0 million to $650.0 million. The Amended Credit Facility provides for the issuance of up to $350.0 million for standby letters of credit and the issuance of up to $75.0 million in swingline advances. The obligations under the Amended Credit Facility are secured on a first-priority basis by a lien on substantially all of our assets and properties, subject to certain exceptions. Additionally, we may repay amounts borrowed under the Amended Credit Facility at any time without penalty.

The term loan and U.S.-dollar-denominated borrowings under the revolver bear interest at a rate equal to one-month LIBOR plus a spread based upon our leverage ratio. Euro- and sterling-denominated borrowings under the revolver bear at the interest rate of the Euro Interbank Offered Rate (“EURIBOR”) and the daily Sterling Overnight Index Average (“SONIA”) reference rate, respectively, plus a spread that is based upon our leverage ratio. The spread ranges from 1.375% to 2.250% for Eurocurrency loans and 0.375% to 1.250% for base rate loans. We also pay a commitment fee, based on our leverage ratio and payable quarterly in arrears, ranging from 0.20% to 0.40% on the average daily unused portion of the line of credit. For purposes of this calculation, irrevocable standby letters of credit, which are issued primarily in conjunction with our insurance programs, and cash borrowings are included as outstanding under the line of credit.

The Amended Credit Facility contains certain covenants, including a maximum total net leverage ratio of 5.00 to 1.00, a maximum secured net leverage ratio of 4.00 to 1.00, and a minimum interest coverage ratio of 1.50 to 1.00, as well as other financial and non-financial covenants. In the event of a material acquisition, as defined in the Amended Credit Facility, we may elect to increase the maximum total net leverage ratio to 5.50 to 1.00 for a total of four fiscal quarters and increase the maximum secured net leverage ratio to 4.50 to 1.00 for a total of four fiscal quarters. Our borrowing capacity is subject to, and limited by, compliance with the covenants described above. At July 31, 2022, we were in compliance with these covenants.

The Amended Credit Facility also includes customary events of default, including: failure to pay principal, interest, or fees when due; failure to comply with covenants; the occurrence of certain material judgments; and a change in control of the Company. If certain events of default occur, including certain cross-defaults, insolvency, change in control, or violation of specific covenants, then the lenders can terminate or suspend our access to the Amended Credit Facility, declare all amounts outstanding (including all accrued interest and unpaid fees) to be immediately due and payable, and require that we cash collateralize the outstanding standby letters of credit.

We incurred deferred financing costs of $6.4 million in conjunction with the execution of the Amended Credit Facility and carried over $6.2 million of unamortized deferred financing from initial execution and previous amendments of the Credit Facility. Total deferred financing costs of $12.6 million, consisting of $4.9 million related to the term loan and $7.7 million related to the revolver, are being amortized to interest expense over the term of the Amended Credit Facility.

On March 1, 2022, we entered into a new uncommitted receivable repurchase facility (the “Receivables Facility”) of up to $150 million, which expires on February 28, 2023. The Receivables Facility allows the Company to sell a portfolio of available and eligible outstanding U.S. trade accounts receivable to a participating institution and simultaneously agree to repurchase them generally on a monthly basis. Under this arrangement, we make floating rate interest payments equal to the forward-looking term rate based on Secured Overnight Financing Rate (“SOFR”) plus 1.05%. These interest payments are payable monthly in arrears. The repurchase price of the receivables in the facility is the original face value. Outstanding receivables must be repurchased on a date agreed upon by both the buyer and seller, generally on a monthly basis, and on the termination date of the repurchase facility. This facility is considered a secured borrowing and provides the buyer with customary rights of termination upon the occurrence of certain events of default. We have guaranteed all of the sellers’ obligations under the facility.

We account for the sale of receivables under the Receivables Facility as short-term debt and continue to carry the receivables on the unaudited Consolidated Balance Sheets, primarily as a result of the requirement to repurchase receivables sold. As of July 31, 2022, there were $150.0 million in borrowings on receivables pledged as collateral under the Receivables Facility.

### Long-Term Debt Maturities

During the three and nine months ended July 31, 2022, we made principal payments under the term loan of $8.1 million and $24.4 million, respectively. As of July 31, 2022, the following principal payments are required under the Amended Credit Facility.

| *(in millions)* | 2022 | 2023 | 2024 | 2025 | 2026 |
|---|---|---|---|---|---|
| Debt maturities | $ 8.1 | $ 32.5 | $ 32.5 | $ 32.5 | $ 938.8 |

### Interest Rate Swaps

We utilize interest rate swap agreements to fix the variable interest rates on portions of our debt. The purpose of using these derivatives is to reduce our exposure to the interest rate risk associated with variable borrowings. Under these agreements, we typically pay a fixed interest rate in exchange for a LIBOR-based variable interest rate on a given notional amount. All of our interest rate swaps are designated and accounted for as cash flow hedges. Changes in the fair value of these derivatives are reported as a component of other comprehensive income and are reclassified into earnings in the period or periods in which the hedged transaction affects earnings. For information regarding the valuation of our interest rate swaps, see Note 6, “Fair Value of Financial Instruments.”

| Notional Amount | Fixed Interest Rate | Effective Date | Maturity Date |
|---|---|---|---|
| $130.0 million | 2.84% | November 1, 2018 | September 1, 2022 |
| $100.0 million | 1.78% | February 9, 2022 | June 28, 2026 |
| $150.0 million | 1.92% | February 25, 2022 | June 28, 2026 |
| $100.0 million | 2.98% | May 4, 2022 | June 28, 2026 |
| $129.4 million [(1)] | 2.89% | July 7, 2022 | June 28, 2026 |
| $170.6 million [(1)] | 2.86% | July 18, 2022 | June 28, 2026 |

[(1)] In July 2022, we entered into interest rate swap agreements with notional values totaling $300.0 million at inception. The notional amount reduces to $250.0 million in April 2024, $175.0 million in October 2024, and $100.0 million in October 2025 before maturing on June 28, 2026.

At July 31, 2022, and October 31, 2021, amounts recorded in accumulated other comprehensive loss (“AOCL”) for interest rate swaps were a gain of $4.4 million, net of taxes of $2.0 million, and a loss of $0.2 million, net of taxes of $0.3 million, respectively. These amounts included the gain associated with the interest rate swaps we terminated in 2018, which is being amortized to interest expense over the original term of our Credit Facility ending September 1, 2022. During the three and nine months ended July 31, 2022, we amortized $1.1 million of this gain, net of taxes of $0.4 million, and $3.2 million, net of taxes of $1.2 million, respectively, of this gain to interest expense. During the three and nine months ended July 31, 2021, we amortized $1.2 million, net of taxes of $0.4 million, and $3.5 million, net of taxes of $1.3 million, respectively. At July 31, 2022, the total amount expected to be reclassified from AOCL to earnings during the next 12 months is a gain of $1.4 million, net of taxes of $0.5 million.

## 9. COMMON STOCK

Effective December 18, 2019, our Board of Directors replaced our then-existing share repurchase program with a new share repurchase program under which we may repurchase up to $150.0 million of our common stock (the "2019 Share Repurchase Program"). We repurchased shares under the 2019 Share Repurchase Program during the three and nine months ended July 31, 2022, as summarized below. No shares were repurchased during the three and nine months ended July 31, 2021. At July 31, 2022, authorization for $70.4 million of repurchases remained under the 2019 Share Repurchase Program.

### *Repurchase Activity*

| *(in millions, except per share amounts)* | Three Months Ended July 31, 2022 | Nine Months Ended July 31, 2022 |
|---|---|---|
| Total number of shares purchased | 0.7 | 1.7 |
| Average price paid per share | $ 41.92 | $ 42.95 |
| Total cash paid for share repurchases | $ 31.2 | $ 74.5 |

## 10. COMMITMENTS AND CONTINGENCIES

### Letters of Credit and Surety Bonds

We use letters of credit and surety bonds to secure certain commitments related to insurance programs and for other purposes. As of July 31, 2022, these letters of credit and surety bonds totaled $158.8 million and $717.9 million, respectively.

### Guarantees

In some instances, we offer clients guaranteed energy savings under certain energy savings contracts. At July 31, 2022, total guarantees were $230.6 million and extend through 2042. We include the estimated costs of guarantees in the transaction price to the extent it is probable that a significant reversal of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is resolved. Our estimates of variable consideration and determination of whether to include estimated amounts in the transaction price are based largely on an assessment of our anticipated performance and all information (historical, current, and forecasted) that is reasonably available to us. Historically, we have not incurred any material losses in connection with these guarantees.

### Sales Taxes

We collect sales tax from clients and remit those collections to the applicable states. In some cases when clients fail to pay their invoices, including the amount of any sales tax that we paid on their behalf, we may be entitled to seek a refund of that amount of sales tax from the applicable state.

Sales tax laws and regulations enacted by the various states are subject to interpretation, and our compliance with such laws is routinely subject to audit and review by such states. Audit risk is concentrated in several states that are conducting ongoing audits. The outcomes of ongoing and any future audits and changes in the states' interpretation of the sales tax laws and regulations could materially adversely impact our results of operations.

### Legal Matters

We are a party to a number of lawsuits, claims, and proceedings incident to the operation of our business, including those pertaining to labor and employment, contracts, personal injury, and other matters, some of which allege substantial monetary damages. Some of these actions may be brought as class actions on behalf of a class or purported class of employees.

At July 31, 2022, the total amount accrued for probable litigation losses where a reasonable estimate of the loss could be made was $29.9 million, including probable litigation losses of $19.3 million related to the Able Acquisition as described in Note 3, "Acquisition and Dispositions." We do not accrue for contingent losses that, in our judgment, are considered to be reasonably possible but not probable. The estimation of reasonably possible losses also requires the analysis of multiple possible outcomes that often depend on judgments about potential actions by third parties. Our management currently estimates the range of loss for all reasonably possible losses for which a reasonable estimate of the loss can be made is between zero and $5 million, including $1.6 million related to the Able Acquisition as described in Note 3, “Acquisition and Dispositions.” Factors underlying this estimated range of loss may change from time to time, and actual results may vary significantly from this estimate.

Litigation outcomes are difficult to predict, and the estimation of probable losses requires the analysis of multiple possible outcomes that often depend on judgments about potential actions by third parties. If one or more matters are resolved in a particular period in an amount in excess of or in a manner different than what we anticipated, this could have a material adverse effect on our financial position, results of operations, or cash flows.

In some cases, although a loss is probable or reasonably possible, we cannot reasonably estimate the maximum potential losses for probable matters or the range of losses for reasonably possible matters. Therefore, our accrual for probable losses and our estimated range of loss for reasonably possible losses do not represent our maximum possible exposure.

### *Certain Legal Proceedings*

In determining whether to include any particular lawsuit or other proceeding in our disclosure below, we consider both quantitative and qualitative factors. These factors include, but are not limited to: the amount of damages and the nature of any other relief sought in the proceeding; if such damages and other relief are specified, our view of the merits of the claims; whether the action is or purports to be a class action, and our view of the likelihood that a class will be certified by the court; the jurisdiction in which the proceeding is pending; and the potential impact of the proceeding on our reputation.

*The Consolidated Cases of Bucio and Martinez v. ABM Janitorial Services filed on April 7, 2006, pending in the Superior Court of California, County of San Francisco (the “Bucio case”)*

The Bucio case was a class action lawsuit pending in San Francisco Superior Court that alleged we failed to provide legally required meal periods and make additional premium payments for such meal periods, pay split shift premiums when owed, and reimburse janitors for travel expenses. There was also a claim for penalties under the California Labor Code Private Attorneys General Act (“PAGA”).

On July 7, 2021, the Company entered into a class action settlement and release agreement to settle the Bucio case for $140 million and to obtain a release of the certified class claims that were asserted in the *Bucio* case. The settlement also resolved the PAGA claim. The release of the certified class claims covers the time period from April 7, 2002, through April 30, 2013. The release of the PAGA claim covers the time period from November 15, 2005, through July 18, 2021.

Final approval of the class settlement, approval of Plaintiffs’ counsels’ request for attorneys’ fees, and judgment was entered by the court on April 7, 2022. A full description of the class action has been included by the Company in its prior filings, most recently in our quarterly report on Form 10-Q for the quarter ended on January 31, 2022, filed on March 9, 2022.

On April 20, 2022, we paid to a third-party settlement administrator $143.8 million for the *Bucio* settlement, of which $142.9 million was previously recorded within other current liabilities, and recorded $0.9 million of related expense in “Selling, general and administrative expenses” in our unaudited Consolidated Statements of Comprehensive Income for the nine months ended July 31, 2022. We recorded $112.9 million and $142.9 million of related expense in “Selling, general and administrative expenses” in our unaudited Consolidated Statements of Comprehensive Income during the three and nine months ended July 31, 2021, respectively. On April 29, 2022, employees who are a part of the settlement were mailed payments by the third-party settlement administrator based on the number of pay periods they worked. In addition, a payment to California’s Labor Workforce and Development Agency to resolve the PAGA claims was sent on April 29, 2022.

## 11. INCOME TAXES

Our quarterly tax provision is calculated using an estimated annual tax rate that is adjusted for discrete items occurring during the period to arrive at our effective tax rate. During the three and nine months ended July 31, 2022, we had effective tax rates of 27.5% and 26.3%, respectively, resulting in provisions for taxes of $21.5 million and $64.8 million, respectively. During the three and nine months ended July 31, 2021, we had effective tax rates of 9.7% and 28.9%, respectively, resulting in a tax benefit of $1.5 million and a tax provision of $37.4 million, respectively. The difference between the effective tax rate and statutory rate is primarily related to tax credits and reserves.

Our effective tax rate for the three months ended July 31, 2022, was not impacted by any significant discrete items. Our effective tax rate for the three months ended July 31, 2021, was impacted by a $2.9 million provision from change of tax reserves.

Our effective tax rate for the nine months ended July 31, 2022, was impacted by a $3.3 million benefit from change in tax reserves. Our effective tax rate for the nine months ended July 31, 2021, was impacted by a $3.1 million provision from change of tax reserves and a $1.1 million benefit from energy efficiency incentives.

In response to COVID-19, Congress enacted the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") on March 27, 2020. The CARES Act includes various payroll tax provisions. Through December 2020, we deferred approximately $132 million of payroll tax, of which $66 million was paid in December 2021 with the remaining $66 million due by December 31, 2022.

We plan to reinvest our foreign earnings to fund future non-U.S. growth and expansion, and we do not anticipate remitting such earnings to the United States. While U.S. federal tax expense has been recognized as a result of the Tax Cuts and Jobs Act of 2017, no deferred tax liabilities with respect to federal and state income taxes or foreign withholding taxes have been recognized.

## 12. SEGMENT INFORMATION

Effective November 1, 2021, we reorganized our reportable segments to reflect our M&D industry group replacing our T&M industry group. Our current reportable segments consist of B&I, M&D, Education, Aviation, and Technical Solutions, as further described below. Refer to Note 2, "Basis of Presentation and Significant Accounting Policies," for information related to our segment reorganization.

| REPORTABLE SEGMENTS AND DESCRIPTIONS | |
|---|---|
| B&I | B&I, our largest reportable segment, encompasses janitorial, facilities engineering, and parking services for commercial real estate properties (including corporate offices for high tech clients), sports and entertainment venues, and traditional hospitals and non-acute healthcare facilities. B&I also provides vehicle maintenance and other services to rental car providers. |
| M&D | M&D provides integrated facility services, engineering, janitorial, and other specialized services in different types of manufacturing, distribution, and data center facilities. Manufacturing facilities include traditional motor vehicles, electric vehicles, batteries, pharmaceuticals, steel, semiconductors, chemicals, and many others. Distribution facilities include e-commerce, cold storage, logistics, general warehousing, and others. |
| Education | Education delivers janitorial, custodial, landscaping and grounds, facilities engineering, and parking services for public school districts, private schools, colleges, and universities. |
| Aviation | Aviation supports airlines and airports with services ranging from parking and janitorial to passenger assistance, catering logistics, air cabin maintenance, and transportation. |
| Technical Solutions | Technical Solutions specializes in mechanical and electrical services (including electric vehicle charging station installation). These services can also be leveraged for cross-selling across all of our industry groups, both domestically and internationally. |

***Financial Information by Reportable Segment***

| *(in millions)* | Three Months Ended July 31, 2022 | Three Months Ended July 31, 2021 | Nine Months Ended July 31, 2022 | Nine Months Ended July 31, 2021 |
|---|---|---|---|---|
| **Revenues** | | | | |
| Business & Industry | $ 1,033.8 | $ 682.9 | $ 3,067.0 | $ 2,046.9 |
| Manufacturing & Distribution | 358.1 | 340.5 | 1,074.1 | 1,021.5 |
| Education | 207.5 | 207.0 | 617.6 | 627.8 |
| Aviation | 203.5 | 167.8 | 589.7 | 454.7 |
| Technical Solutions | 158.4 | 145.0 | 447.2 | 382.1 |
| | $ 1,961.4 | $ 1,543.1 | $ 5,795.5 | $ 4,533.0 |
| **Operating profit (loss)** | | | | |
| Business & Industry | $ 82.4 | $ 71.6 | $ 242.4 | $ 216.4 |
| Manufacturing & Distribution | 38.0 | 38.7 | 120.6 | 118.5 |
| Education | 14.5 | 18.0 | 38.8 | 53.4 |
| Aviation | 9.5 | 10.0 | 28.0 | 18.9 |
| Technical Solutions[1] | 15.4 | 14.4 | 42.8 | 30.6 |
| Government Services | 0.1 | — | (0.3) | (0.1) |
| Corporate[2] | (70.3) | (161.1) | (200.6) | (284.5) |
| Adjustment for income from unconsolidated affiliates, included in Aviation and Technical Solutions | (0.8) | (0.5) | (1.8) | (1.4) |
| Adjustment for tax deductions for energy efficient government buildings, included in Technical Solutions | (0.1) | (0.5) | (0.3) | (1.1) |
| | 88.7 | (9.4) | 269.7 | 150.6 |
| Income from unconsolidated affiliates | 0.8 | 0.5 | 1.8 | 1.4 |
| Interest expense | (11.1) | (6.3) | (25.2) | (22.6) |
| Income (loss) before income taxes | $ 78.3 | $ (15.2) | $ 246.3 | $ 129.4 |

(1) Reflects a $7.6 million gain on the sale of assets during the nine months ended July 31, 2022.

(2) Reflects litigation settlement expense for the Bucio case totaling $0.9 million during the nine months ended July 31, 2022, and $112.9 million and $142.9 million during the three and nine months ended July 31, 2021, respectively.

The accounting policies for our segments are the same as those disclosed within our significant accounting policies in Note 2, "Basis of Presentation and Significant Accounting Policies." Our management evaluates the performance of each reportable segment based on its respective operating profit results, which include the allocation of certain centrally incurred costs. Corporate expenses not allocated to segments include certain CEO and other finance and human resource departmental expenses, certain information technology costs, share-based compensation, certain legal costs and settlements, certain actuarial adjustments to self-insurance reserves, and acquisition and integration costs. Management does not review asset information by segment, therefore we do not present assets in this note.

## 13. SUBSEQUENT EVENT

On September 1, 2022, we completed our previously announced acquisition of RavenVolt, Inc. (“RavenVolt”), a nationwide provider of advanced turn-key microgrid systems utilized by diversified commercial and industrial customers, national retailers, utilities, and municipalities. RavenVolt’s operations will be primarily included within our Technical Solutions segment. Consideration paid to RavenVolt’s stockholders was approximately $170.0 million in cash, subject to customary working capital and net debt adjustments, and was funded with borrowings under our revolving line of credit. In addition, contingent consideration of up to $280.0 million in cash may be paid in calendar years 2024, 2025, and 2026, if the RavenVolt business achieves certain financial targets, as defined in the merger agreement, in calendar years 2023, 2024, and 2025.

## ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

The following Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") is intended to facilitate an understanding of the results of operations and financial condition of ABM. This MD&A is provided as a supplement to, and should be read in conjunction with, our Financial Statements and our Annual Report on Form 10-K for the year ended October 31, 2021, which has been filed with the SEC. This MD&A contains forward-looking statements about our business, operations, and industry that involve risks and uncertainties, such as statements regarding our plans, objectives, expectations, and intentions. Our future results and financial condition may be materially different from those we currently anticipate. See "Forward-Looking Statements" for more information.

Throughout the MD&A, amounts and percentages may not recalculate due to rounding. Unless otherwise indicated, all information in the MD&A and references to years are based on our fiscal years, which end on October 31.

### Business Overview

ABM is a leading provider of integrated facility solutions, customized by industry, with a mission to **make a difference, every person, every day.**

### COVID-19 Pandemic

COVID-19 has resulted in a worldwide health Pandemic and created unanticipated circumstances and uncertainty, disruption, and significant volatility in the broader economy. The preventative and protective actions that governments have ordered and that our clients have implemented in response to the Pandemic have led to an increased demand for our services, including higher margin work orders and our EnhancedClean services. While overall demand for these services has decreased as pandemic-related restrictions continue to loosen, we expect that ongoing concerns around COVID-19 variants combined with our **ELEVATE** strategy, described further below, will lead to new and incremental opportunities for our services. However, given the unprecedented and uncertain nature and potential duration of this situation, we cannot reasonably estimate the impact the Pandemic will have on the demand for our services as well as our financial condition, results of operations, or cash flows. Refer to "Consolidated Results of Operations" and "Results of Operations by Segment" for additional information related to the impact of the Pandemic on our financial results.

### ELEVATE Strategy

In December 2021, we announced our multiyear strategic plan called **ELEVATE**. Our new strategy is designed to strengthen our industry leadership position through end-market repositioning and build on our core services, which we expect will drive significant long-term value for our stakeholders.

Over the next four years, we plan to make significant investments totaling $150 – $175 million and implement various measures with the aim to **ELEVATE**:

- the client experience, by serving as a trusted advisor who can provide innovative multiservice solutions and consistent service delivery;
- the team member experience, by investing in workforce management, training, developing the next generation of ABM leaders, and building on our inclusive culture; and
- our use of technology and data to power client and employee experiences with cutting-edge data and analytics, processes, and tools that will fundamentally change how we operate our business.

### Insurance

We review our self-insurance liabilities on a regular basis and adjust our accruals accordingly. Actual claims activity or development may vary from our assumptions and estimates, which may result in material losses or gains. As we obtain additional information that affects the assumptions and estimates used in our reserve liability calculations, we adjust our self-insurance rates and reserves for future periods and, if appropriate, adjust our reserves for claims incurred in prior accounting periods.

During the third quarter of 2022, we performed a comprehensive actuarial review of the majority of our casualty insurance programs to evaluate changes made to claims reserves and claims payment activity for the period of November 1, 2021, through April 30, 2022 (the "Actuarial Review"). The Actuarial Review was comprehensive in nature and was based on loss development patterns, trend assumptions, and underlying expected loss costs during the period analyzed.

The claims management strategies and programs that we have implemented have resulted in improvements. Based on the results of the Actuarial Review, we decreased our total reserves related to prior years for known claims as well as our estimate of the loss amounts associated with IBNR claims by $36.1 million during the nine months ended July 31, 2022. The favorable review was primarily attributable to reduced claim frequency and severity development within the workers' compensation program. During the nine months ended July 31, 2021, we decreased our total reserves related to prior years' claims by $29.7 million. We will continue to assess ongoing developments, which may result in further adjustments to reserves.

## Segment Reporting

Effective November 1, 2021, we reorganized our reportable segments to reflect our M&D industry group replacing our T&M industry group as part of our **ELEVATE** strategy. Our current reportable segments consist of B&I, M&D, Education, Aviation, and Technical Solutions, as further described below. Additionally, we have modified the presentation of segment revenues in that inter-segment revenues are now allocated at the segment level. Our prior year segment data has been reclassified to conform with our fiscal 2022 presentation. These changes had no impact on our previously reported consolidated financial statements.

| REPORTABLE SEGMENTS AND DESCRIPTIONS | |
|---|---|
| Business & Industry | B&I, our largest reportable segment, encompasses janitorial, facilities engineering, and parking services for commercial real estate properties, sports and entertainment venues, and traditional hospitals and non-acute healthcare facilities. B&I also provides vehicle maintenance and other services to rental car providers. |
| Manufacturing & Distribution | M&D provides integrated facility services, engineering, janitorial, and other specialized services in different types of manufacturing, distribution, and data center facilities. Manufacturing facilities include traditional motor vehicles, electric vehicles, batteries, pharmaceuticals, steel, semiconductors, chemicals, and many others. Distribution facilities include e-commerce, cold storage, logistics, general warehousing, and others. |
| Education | Education delivers janitorial, custodial, landscaping and grounds, facilities engineering, and parking services for public school districts, private schools, colleges, and universities. |
| Aviation | Aviation supports airlines and airports with services ranging from parking and janitorial to passenger assistance, catering logistics, air cabin maintenance, and transportation. |
| Technical Solutions | Technical Solutions specializes in mechanical and electrical services. These services can also be leveraged for cross-selling across all of our industry groups, both domestically and internationally. |

## Key Financial Highlights

- Revenues increased by $418.3 million, or 27.1%, to $1,961.4 million during the three months ended July 31, 2022, as compared to the prior year period. Revenue growth was comprised of acquisition growth of 44.3% and organic growth of 7.1%. Acquisition growth was primarily driven by a $286.9 million revenue increase due to the Able Acquisition, completed in the fourth quarter of 2021. Organic growth was primarily driven by the recovery in volume of our business as Pandemic disruptions eased (primarily in Aviation and B&I) and new business within M&D and Technical Solutions. The increase in revenues was partially offset by a decrease in work orders for pandemic-related demands (primarily in M&D and B&I).
- We had a increase in operating profit of $98.1 million, to $88.7 million during the three months ended July 31, 2022, as compared to the prior year period. This increase was primarily attributed to:
    - the absence of legal costs and settlements attributed to the legal reserve for the *Bucio* case;
    - increase in the volume in our business due to the Able Acquisition and the easing of Pandemic disruptions and net new business; and
    - the absence of a non-cash impairment charge for previously capitalized internal-use software related to our enterprise resource planning (“ERP”) system implementation.

  The increase was partially offset by:
    - increase in compensation and related expenses primarily attributable to talent acquisition activities and limited labor supply in certain markets;
    - additional overhead and amortization of intangibles related to the Able Acquisition; and
    - a decrease in favorable self-insurance adjustments related to prior year claims as the result of actuarial evaluations completed.
- Our effective tax rate on income from operations was 27.5% for the three months ended July 31, 2022, as compared to 9.7% for the three months ended July 31, 2021.
- Net cash used in operating activities was $96.7 million during the nine months ended July 31, 2022. Our total operating cash flows were lower, primarily due to the timing of certain working capital requirements, which included a $143.8 million payment for the *Bucio* case and $66 million payment for deferred payroll taxes under the CARES Act in the current fiscal year.
- Net cash used in investing activities was $93.3 million during the nine months ended July 31, 2022, primarily related to the acquisition of Momentum.
- Dividends of $39.0 million were paid to shareholders, and dividends totaling $0.585 per common share were declared during the nine months ended July 31, 2022.
- At July 31, 2022, total outstanding borrowings under our Amended Credit Facility and Receivables Facility were $1.2 billion. At July 31, 2022, we had up to $705.1 million of borrowing capacity.

## Results of Operations

### *Three Months Ended July 31, 2022 Compared with the Three Months Ended July 31, 2021*

### *Consolidated*

| *(in millions, except per share amounts)* | Three Months Ended July 31, 2022 | 2021 | Increase / (Decrease) | |
|---|---|---|---|---|
| **Revenues** | $ 1,961.4 | $ 1,543.1 | $ 418.3 | 27.1% |
| Operating expenses | 1,696.4 | 1,288.1 | 408.3 | 31.7% |
| *Gross margin* | *13.5 %* | *16.5 %* | *(301) bps* | |
| Selling, general and administrative expenses | 158.6 | 253.8 | (95.2) | (37.5)% |
| Amortization of intangible assets | 17.7 | 10.6 | 7.1 | 67.1% |
| **Operating profit (loss)** | 88.7 | (9.4) | 98.1 | NM* |
| Income from unconsolidated affiliates | 0.8 | 0.5 | 0.3 | 50.0% |
| Interest expense | (11.1) | (6.3) | (4.8) | (77.2)% |
| Income (loss) before income taxes | 78.3 | (15.2) | 93.5 | NM* |
| Income tax (provision) benefit | (21.5) | 1.5 | (23.0) | NM* |
| **Net income (loss)** | 56.8 | (13.7) | 70.5 | NM* |
| Other comprehensive income (loss) | | | | |
| Interest rate swaps | (5.7) | 0.7 | (6.4) | NM* |
| Foreign currency translation and other | (3.7) | 0.1 | (3.8) | NM* |
| Income tax benefit (provision) | 1.5 | (0.2) | 1.7 | NM* |
| **Comprehensive income** | $ 48.9 | $ (13.1) | $ 62.0 | NM* |

*Not meaningful

### *Revenues*

Revenues increased by $418.3 million, or 27.1%, to $1,961.4 million during the three months ended July 31, 2022, as compared to the prior year period. Revenue growth was comprised of acquisition growth of 19.8% and organic growth of 7.4%. Acquisition growth was primarily driven by a $286.9 million revenue increase due to the Able Acquisition, completed in the fourth quarter of 2021. Organic growth was primarily driven by the recovery in volume of our business as Pandemic disruptions eased (primarily in Aviation and B&I) and new business within M&D and Technical Solutions. The increase in revenues was partially offset by a decrease in work orders for pandemic-related demands (primarily in M&D and B&I).

### *Operating Expenses*

Operating expenses increased by $408.3 million, or 31.7%, to $1,696.4 million during the three months ended July 31, 2022, as compared to the prior year period. Gross margin decreased by 301 bps to 13.5% in the three months ended July 31, 2022, from 16.5% in the three months ended July 31, 2021. The decrease in gross margin was primarily driven by the decrease in cleaning services for pandemic-related demands (primarily in M&D and B&I), which have higher margins, and the changes in contract mix due to the Able Acquisition. In addition, gross margin was negatively impacted by an increase in direct labor and related costs (primarily in B&I, Aviation, and Education) and the amortization of intangibles acquired as part of the Able Acquisition.

### *Selling, General and Administrative Expenses*

Selling, general and administrative expenses decreased by $95.2 million to $158.6 million during the three months ended July 31, 2022, as compared to the prior year period. The decrease in selling, general and administrative expenses was primarily attributable to:

- a $117.9 million decrease in legal costs and settlements, of which $112.9 million was attributed to the accrual of a legal reserve for the *Bucio* case during the three months ended July 31, 2021; and

- the absence of a $9.1 million non-cash impairment charge for previously capitalized internal-use software related to our ERP system implementation as we determined that certain components developed will no longer be incorporated into the new ERP system during the three months ended July 31, 2021.

This decrease was partially offset by:

- a $10.4 million increase in compensation and related expenses primarily attributable to talent acquisition activities;
- a $7.2 million increase related to the Able Acquisition;
- a $6.7 million decrease in favorable self-insurance adjustments related to prior year claims as the result of actuarial evaluations completed on our medical and dental self-insurance plans;
- a $3.1 million increase in certain technology projects primarily attributable to discrete transformational costs under our **ELEVATE** strategy for developing the new ERP system, client-facing technology, workforce management tools, and data analytics; and
- a $2.8 million increase in bad debt expense.

***Amortization of Intangible Assets***

Amortization of intangible assets increased by $7.1 million, or 67.1%, to $17.7 million during the three months ended July 31, 2022, as compared to the prior year period. The increase was primarily due to the amortization of intangibles acquired as part of the Able Acquisition.

***Interest Expense***

Interest expense increased by $4.8 million, or 77.2%, to $11.1 million during the three months ended July 31, 2022, as compared to the prior year period, and was primarily driven by increased indebtedness to fund the Able Acquisition and working capital requirements and an increase in the reference rates on our debt borrowings.

***Income Taxes from Operations***

Our effective tax rates from income on operations for the three months ended July 31, 2022, and July 31, 2021, were 27.5% and 9.7%, respectively, resulting in a tax provision of $21.5 million and a tax benefit of $1.5 million, respectively.

Our effective tax rate for the three months ended July 31, 2022, was not impacted by any significant discrete items. Our effective tax rate for the three months ended July 31, 2021, was impacted by a $2.9 million provision from a change of tax reserves

***Interest Rate Swaps***

We had a loss of $5.7 million on interest rate swaps during the three months ended July 31, 2022, as compared to a gain of $0.7 million during the three months ended July 31, 2021, primarily due to new interest rate swaps executed in the third quarter of fiscal year 2022 and to underlying changes in the fair value of our interest rate swaps.

***Foreign Currency Translation***

We had a foreign currency translation loss of $3.7 million during the three months ended July 31, 2022, as compared to a foreign currency translation gain of $0.1 million during the three months ended July 31, 2021. This change was due to fluctuations in the exchange rate between the U.S. Dollar (“USD”) and the British pound sterling (“GBP”). Future gains and losses on foreign currency translation will be dependent upon changes in the relative value of foreign currencies to the USD and the extent of our foreign assets and liabilities.

### *Segment Information*

### *Financial Information for Each Reportable Segment*

| *(in millions)* | Three Months Ended July 31, 2022 | 2021 | Increase / (Decrease) | |
|---|---|---|---|---|
| **Revenues** | | | | |
| Business & Industry | $ 1,033.8 | $ 682.9 | $ 350.9 | 51.4% |
| Manufacturing & Distribution | 358.1 | 340.5 | 17.6 | 5.2% |
| Education | 207.5 | 207.0 | 0.5 | 0.3% |
| Aviation | 203.5 | 167.8 | 35.7 | 21.3% |
| Technical Solutions | 158.4 | 145.0 | 13.4 | 9.3% |
| | $ 1,961.4 | $ 1,543.1 | $ 418.3 | 27.1% |
| **Operating profit** | | | | |
| Business & Industry | $ 82.4 | $ 71.6 | $ 10.8 | 15.0% |
| *Operating profit margin* | *8.0 %* | *10.5 %* | *(252) bps* | |
| Manufacturing & Distribution | 38.0 | 38.7 | (0.6) | (1.7)% |
| *Operating profit margin* | *10.6 %* | *11.4 %* | *(74) bps* | |
| Education | 14.5 | 18.0 | (3.5) | (19.6)% |
| *Operating profit margin* | *7.0 %* | *8.7 %* | *(173) bps* | |
| Aviation | 9.5 | 10.0 | (0.5) | (5.1)% |
| *Operating profit margin* | *4.7 %* | *6.0 %* | *(130) bps* | |
| Technical Solutions | 15.4 | 14.4 | 1.0 | 7.0% |
| *Operating profit margin* | *9.7 %* | *9.9 %* | *(21) bps* | |
| Government Services | 0.1 | — | 0.1 | NM* |
| *Operating margin* | *NM** | *NM** | *NM** | |
| Corporate | (70.3) | (161.1) | 90.8 | 56.4% |
| Adjustment for income from unconsolidated affiliates, included in Aviation and Technical Solutions | (0.8) | (0.5) | (0.3) | (50.0)% |
| Adjustment for tax deductions for energy efficient government buildings, included in Technical Solutions | (0.1) | (0.5) | 0.4 | 80.3% |
| | $ 88.7 | $ (9.4) | $ 98.1 | NM* |

*Not meaningful

### *Business & Industry*

| *($ in millions)* | Three Months Ended July 31, 2022 | 2021 | Increase / (Decrease) | |
|---|---|---|---|---|
| Revenues | $ 1,033.8 | $ 682.9 | $ 350.9 | 51.4% |
| Operating profit | 82.4 | 71.6 | 10.8 | 15.0% |
| *Operating profit margin* | *8.0 %* | *10.5 %* | *(252) bps* | |

B&I revenues increased by $350.9 million, or 51.4%, to $1,033.8 million during the three months ended July 31, 2022, as compared to the prior year period. Revenue growth was comprised of acquisition growth of 44.3% and organic growth of 7.1%. Acquisition growth was primarily driven by a $284.4 million revenue increase due to the Able Acquisition, completed in the fourth quarter of 2021. Organic revenue was positively impacted by the post-pandemic recovery of certain accounts and the targeted expansion of certain key clients, partially offset by a decrease in pandemic-related cleaning services. Management reimbursement revenues for this segment totaled $58.6 million and $47.5 million for the three months ended July 31, 2022, and 2021, respectively.

Operating profit increased by $10.8 million, or 15.0%, to $82.4 million during the three months ended July 31, 2022, as compared to the prior year period. Operating profit margin decreased by 252 bps to 8.0% in the three months ended July 31, 2022, from 10.5% in the three months ended July 31, 2021. The decrease in operating profit margin was primarily driven by an increase in direct labor and related costs due to a limited labor supply in certain non-union markets; a decrease in pandemic-related cleaning services, which have higher margins; and changes in contract mix as a result of the Able Acquisition. In addition, operating profit margin was negatively impacted by the amortization of intangibles acquired as part of the Able Acquisition.

***Manufacturing & Distribution***

| | Three Months Ended July 31, | | | |
|---|---|---|---|---|
| *($ in millions)* | 2022 | 2021 | Increase / (Decrease) | |
| Revenues | $ 358.1 | $ 340.5 | $ 17.6 | 5.2% |
| Operating profit | 38.0 | 38.7 | (0.6) | (1.7)% |
| *Operating profit margin* | *10.6 %* | *11.4 %* | *(74) bps* | |

M&D revenues increased by $17.6 million, or 5.2%, to $358.1 million during the three months ended July 31, 2022, as compared to the prior year period. The increase was primarily attributable to the expansion of business with existing customers led by distribution clients, partially offset by a decrease in work orders for pandemic-related demands.

Operating profit decreased by $0.6 million, or 1.7%, to $38.0 million during the three months ended July 31, 2022, as compared to the prior year period. Operating profit margin decreased by 74 bps to 10.6% in the three months ended July 31, 2022, from 11.4% in the three months ended July 31, 2021. The decrease in operating profit margin was primarily attributable to the decrease in pandemic-related work orders, which have higher margins.

***Education***

| | Three Months Ended July 31, | | | |
|---|---|---|---|---|
| *($ in millions)* | 2022 | 2021 | Increase / (Decrease) | |
| Revenues | $ 207.5 | $ 207.0 | $ 0.5 | 0.3% |
| Operating profit | 14.5 | 18.0 | (3.5) | (19.6)% |
| *Operating profit margin* | *7.0 %* | *8.7 %* | *(173) bps* | |

Education revenues increased by $0.5 million, or 0.3%, to $207.5 million during the three months ended July 31, 2022, as compared to the prior year period. The increase was primarily attributable to net new business partially offset by a decrease in work orders for pandemic-related demands.

Operating profit decreased by $3.5 million, or 19.6%, to $14.5 million for the three months ended July 31, 2022, as compared to the prior year period. Operating profit margin decreased by 173 bps to 7.0% in the three months ended July 31, 2022, from 8.7% in the three months ended July 31, 2021. The decrease in operating margin was primarily attributable to an increase in direct labor and related costs due to the return to in-person learning and a limited labor supply in certain geographies. Operating margin was positively impacted by lower amortization of intangible assets.

***Aviation***

| | Three Months Ended July 31, | | | |
|---|---|---|---|---|
| *($ in millions)* | 2022 | 2021 | Increase / (Decrease) | |
| Revenues | $ 203.5 | $ 167.8 | $ 35.7 | 21.3% |
| Operating profit | 9.5 | 10.0 | (0.5) | (5.1)% |
| *Operating profit margin* | *4.7 %* | *6.0 %* | *(130) bps* | |

Aviation revenues increased by $35.7 million, or 21.3%, to $203.5 million during the three months ended July 31, 2022, as compared to the prior year period. The increase was primarily attributable to a recovery in consumer and business travel (both domestic and international) and new parking-related services. Management reimbursement revenues for this segment totaled $14.2 million and $13.4 million for the three months ended July 31, 2022 and 2021, respectively.

Operating profit decreased by $0.5 million, or 5.1%, to $9.5 million during the three months ended July 31, 2022, as compared to the prior year period. Operating margin decreased by 130 bps to 4.7% in the three months ended July 31, 2022, from 6.0% in the three months ended July 31, 2021. The decrease was primarily attributable to an increase in direct labor and related costs due to increased headcounts as travel continues to recover and a decrease in pandemic-related demands, which have higher margins.

### *Technical Solutions*

| *($ in millions)* | Three Months Ended July 31, 2022 | Three Months Ended July 31, 2021 | Increase / (Decrease) | |
|---|---|---|---|---|
| Revenues | $ 158.4 | $ 145.0 | $ 13.4 | 9.3% |
| Operating profit | 15.4 | 14.4 | 1.0 | 7.0% |
| *Operating profit margin* | *9.7 %* | *9.9 %* | *(21) bps* | |

Technical Solutions revenues increased by $13.4 million, or 9.3%, to $158.4 million during the three months ended July 31, 2022, as compared to the prior year period. This increase was primarily driven by the growth in electric vehicle charging station installation sales, partially offset by lower project revenues due to the timing of completions of certain bundled energy solutions projects.

Operating profit increased $1.0 million, or 7.0%, to $15.4 million during the three months ended July 31, 2022, as compared to the prior year period. Operating margin decreased by 21 bps to 9.7% in the three months ended July 31, 2022, from 9.9% in the three months ended July 31, 2021. The decrease in operating margin was primarily attributable to the contract mix and timing of projects completed during the quarter.

### *Corporate*

| *($ in millions)* | Three Months Ended July 31, 2022 | Three Months Ended July 31, 2021 | Decrease | |
|---|---|---|---|---|
| Corporate expenses | $ (70.3) | $ (161.1) | $ 90.8 | 56.4% |

Corporate expenses decreased by $90.8 million, or 56.4%, to $70.3 million during the three months ended July 31, 2022, as compared to the prior year period. The decrease in corporate expenses was primarily attributable to:

- a $117.4 million decrease in legal costs and settlements, of which $112.9 million was attributed to the accrual of a legal reserve for the *Bucio* case during the three months ended July 31, 2021; and
- the absence of a $9.1 million non-cash impairment charge for previously capitalized internal-use software related to our ERP system implementation as we determined that certain components developed will no longer be incorporated into the new ERP system during the three months ended July 31, 2021.

This decrease was partially offset by:

- an $11.0 million decrease in favorable self-insurance reserve adjustments related to prior year claims as the result of actuarial evaluations completed on our workers' compensation, general liability, automobile liability, and property damage insurance plans;
- a $7.7 million increase in compensation and related expenses primarily attributable to talent acquisition activities;
- a $6.7 million decrease in favorable self-insurance adjustments related to prior year claims as the result of actuarial evaluations completed on our medical and dental self-insurance plans;
- a $4.4 million increase in certain technology projects primarily attributable to discrete transformational costs under our **ELEVATE** strategy for developing the new ERP system, client-facing technology, workforce management tools, and data analytics; and
- a $3.7 million increase related to the Able Acquisition.

## Results of Operations

### *Nine Months Ended July 31, 2022 Compared with the Nine Months Ended July 31, 2021*

### *Consolidated*

| | Nine Months Ended July 31, | | | | |
|---|---|---|---|---|---|
| *(in millions)* | 2022 | | 2021 | Increase / (Decrease) | |
| **Revenues** | $ 5,795.5 | | $ 4,533.0 | $ 1,262.5 | 27.9% |
| Operating expenses | 5,004.4 | | 3,812.0 | 1,192.4 | 31.3% |
| *Gross margin* | *13.7 %* | | *15.9 %* | *(226) bps* | |
| Selling, general and administrative expenses | 468.5 | | 538.3 | (69.8) | (13.0)% |
| Amortization of intangible assets | 52.9 | | 32.1 | 20.8 | 64.8% |
| **Operating profit** | 269.7 | | 150.6 | 119.1 | 79.1% |
| Income from unconsolidated affiliates | 1.8 | | 1.4 | 0.4 | 33.7% |
| Interest expense | (25.2) | | (22.6) | (2.6) | (11.6)% |
| Income before income taxes | 246.3 | | 129.4 | 116.9 | 90.3% |
| Income tax provision | (64.8) | | (37.4) | (27.4) | (73.0)% |
| **Net income** | 181.6 | | 92.0 | 89.6 | 97.3% |
| Other comprehensive income (loss) | | | | | |
| Interest rate swaps | 6.2 | | 3.5 | 2.7 | 78.4% |
| Foreign currency translation and other | (15.1) | | 5.3 | (20.4) | NM* |
| Income tax benefit (provision) | (1.7) | | (1.0) | (0.7) | 70.9% |
| **Comprehensive income** | $ 171.1 | | $ 99.9 | $ 71.2 | 71.3% |

*Not meaningful

### *Revenues*

Revenues increased by $1,262.5 million, or 27.9%, to $5,795.5 million during the nine months ended July 31, 2022, as compared to the prior year period. Revenue growth was comprised of acquisition growth of 19.9% and organic growth of 8.0%. Acquisition growth was primarily driven by an $878.4 million revenue increase due to the Able Acquisition, completed in the fourth quarter of 2021. Organic growth was primarily driven by the recovery in volume of our business as Pandemic disruptions eased (primarily in Aviation and B&I) and new business within M&D and Technical Solutions. The increase in revenues was partially offset by a decrease in work orders for pandemic-related demands (primarily in M&D and B&I) and the loss of certain accounts within Education in the third quarter of fiscal year 2021.

### *Operating Expenses*

Operating expenses increased by $1,192.4 million, or 31.3%, to $5,004.4 million during the nine months ended July 31, 2022, as compared to the prior year period. Gross margin decreased by 226 bps to 13.7% in the nine months ended July 31, 2022, from 15.9% in the nine months ended July 31, 2021. The decrease in gross margin was primarily driven by the decrease in cleaning services for pandemic-related demands (primarily in M&D and B&I), which have higher margins, and the changes in contract mix due to the Able Acquisition. In addition, gross margin was negatively impacted by an increase in direct labor and related costs (primarily in B&I, Aviation, and Education) and the amortization of intangibles acquired as part of the Able Acquisition.

### *Selling, General and Administrative Expenses*

Selling, general and administrative expenses decreased by $69.8 million, or 13.0%, to $468.5 million during the nine months ended July 31, 2022, as compared to the nine months ended July 31, 2021. The decrease in selling, general and administrative expenses was primarily attributable to:

- a $151.8 million decrease in legal costs and settlements, of which $142.9 million was attributed to the accrual of a legal reserve for the *Bucio* case during the nine months ended July 31, 2021;

- the absence of a $9.1 million non-cash impairment charge for previously capitalized internal-use software related to our ERP system implementation as we determined that certain components developed will no longer be incorporated into the new ERP system during the nine months ended July 31, 2021;
- a $7.6 million gain recognized on the sale of a group of customer contracts related to healthcare technology management services within Technical Solutions; and
- a $2.8 million decrease in bad debt expense.

This decrease was partially offset by:

- a $44.0 million increase in compensation and related expenses primarily attributable to talent acquisition activities;
- a $25.3 million increase in certain technology projects primarily attributable to discrete transformational costs under our **ELEVATE** strategy for developing the new ERP system, client-facing technology, workforce management tools, and data analytics;
- a $16.1 million increase related to the Able Acquisition;
- a $10.0 million increase in acquisition and integration costs attributable to the Able and Momentum acquisitions; and
- a $6.7 million decrease in favorable self-insurance adjustments related to prior year claims as the result of actuarial evaluations completed on our medical and dental self-insurance plans.

***Amortization of Intangible Assets***

Amortization of intangible assets increased by $20.8 million, or 64.8%, to $52.9 million during the nine months ended July 31, 2022, as compared to the nine months ended July 31, 2021. This increase was primarily due to the amortization of intangibles acquired as part of the Able Acquisition.

***Interest Expense***

Interest expense increased by $2.6 million, or 11.6%, to $25.2 million during the nine months ended July 31, 2022, as compared to the nine months ended July 31, 2021, primarily driven by the indebtedness to fund the Able Acquisition and working capital requirements and an increase in the reference rates on our debt borrowings in the second and third quarters of fiscal year 2022. This increase was partially offset by more favorable terms in the current year as the result of amending our credit facility in the third quarter of fiscal year 2021.

***Income Taxes from Operations***

Our effective tax rates on income from operations for the nine months ended July 31, 2022, and July 31, 2021, were 26.3% and 28.9%, respectively, resulting in provisions for taxes of $64.8 million and $37.4 million, respectively.

Our effective tax rate for the nine months ended July 31, 2022, was impacted by a $3.3 million benefit from change in tax reserves. Our effective tax rate for the nine months ended July 31, 2021, was impacted by a $3.1 million provision from change of tax reserves and a $1.1 million benefit from energy efficiency incentives.

***Interest Rate Swaps***

Interest rate swaps gain increased by $2.7 million, or 78.4%, to $6.2 million during the nine months ended July 31, 2022, as compared to the prior year period, primarily due to new interest rate swaps executed in the second and third quarters of fiscal year 2022 and to underlying changes in the fair value of our interest rate swaps.

***Foreign Currency Translation***

We had a foreign currency translation loss of $15.1 million during the nine months ended July 31, 2022, as compared to a foreign currency translation gain of $5.3 million during the nine months ended July 31, 2021. This change was due to fluctuations in the exchange rate between the USD and the GBP. Future gains and losses on foreign currency translation will be dependent upon changes in the relative value of foreign currencies to the USD and the extent of our foreign assets and liabilities.

### *Segment Information*

### *Financial Information for Each Reportable Segment*

| (in millions) | Nine Months Ended July 31, 2022 | Nine Months Ended July 31, 2021 | Increase / (Decrease) | |
|---|---|---|---|---|
| **Revenues** | | | | |
| Business & Industry | $ 3,067.0 | $ 2,046.9 | $ 1,020.1 | 49.8% |
| Manufacturing & Distribution | 1,074.1 | 1,021.5 | 52.6 | 5.1% |
| Education | 617.6 | 627.8 | (10.2) | (1.6)% |
| Aviation | 589.7 | 454.7 | 135.0 | 29.7% |
| Technical Solutions | 447.2 | 382.1 | 65.1 | 17.0% |
| | $ 5,795.5 | $ 4,533.0 | $ 1,262.5 | 27.9% |
| **Operating profit** | | | | |
| Business & Industry | $ 242.4 | $ 216.4 | $ 26.0 | 12.1% |
| *Operating profit margin* | *7.9 %* | *10.6 %* | *(266) bps* | |
| Manufacturing & Distribution | 120.6 | 118.5 | 2.1 | 1.8% |
| *Operating profit margin* | *11.2 %* | *11.6 %* | *(37) bps* | |
| Education | 38.8 | 53.4 | (14.6) | (27.4)% |
| *Operating profit margin* | *6.3 %* | *8.5 %* | *(223) bps* | |
| Aviation | 28.0 | 18.9 | 9.1 | 48.7% |
| *Operating profit margin* | *4.8 %* | *4.1 %* | *61 bps* | |
| Technical Solutions | 42.8 | 30.6 | 12.2 | 40.0% |
| *Operating profit margin* | *9.6 %* | *8.0 %* | *157 bps* | |
| Government Services | (0.3) | (0.1) | (0.2) | NM* |
| *Operating margin* | *NM** | *NM** | *— bps* | |
| Corporate | (200.6) | (284.5) | 83.9 | 29.5% |
| Adjustment for income from unconsolidated affiliates, included in Aviation and Technical Solutions | (1.8) | (1.4) | (0.5) | (33.7)% |
| Adjustment for tax deductions for energy efficient government buildings, included in Technical Solutions | (0.3) | (1.1) | 0.8 | 76.5% |
| | $ 269.7 | $ 150.6 | $ 119.1 | 79.0% |

*Not meaningful

### *Business & Industry*

| ($ in millions) | Nine Months Ended July 31, 2022 | Nine Months Ended July 31, 2021 | Increase / (Decrease) | |
|---|---|---|---|---|
| Revenues | $ 3,067.0 | $ 2,046.9 | $ 1,020.1 | 49.8% |
| Operating profit | 242.4 | 216.4 | 26.0 | 12.1% |
| *Operating profit margin* | *7.9 %* | *10.6 %* | *(266) bps* | |

B&I revenues increased by $1,020.1 million, or 49.8%, to $3,067.0 million during the nine months ended July 31, 2022, as compared to the prior year period. Revenue growth was comprised of acquisition growth of 43.9% and organic growth of 6.0%. Acquisition growth was primarily driven by a $874.9 million revenue increase due to the Able Acquisition, completed in the fourth quarter of 2021. Organic growth was primarily driven by the recovery of certain accounts as Pandemic-related disruptions continue to ease and targeted expansion of certain key clients, while partially offset by decrease in pandemic-related cleaning services. Management reimbursement revenues for this segment totaled $165.0 million and $134.1 million for the nine months ended July 31, 2022 and 2021, respectively.

Operating profit increased by $26.0 million, or 12.1%, to $242.4 million during the nine months ended July 31, 2022, as compared to the prior year period. Operating profit margin decreased by 266 bps to 7.9% in the nine months ended July 31, 2022, from 10.6% in the nine months ended July 31, 2021. The decrease in operating profit margin was primarily driven by an increase in direct labor and related costs due to a limited labor supply in certain non-union markets; a decrease in pandemic-related cleaning services, which have higher margins; and changes in contract mix as a result of the Able Acquisition. In addition, operating profit margin was negatively impacted by the amortization of intangibles acquired as part of the Able Acquisition.

***Manufacturing & Distribution***

| | Nine Months Ended July 31, | | | |
|---|---|---|---|---|
| *($ in millions)* | 2022 | 2021 | Increase / (Decrease) | |
| Revenues | $ 1,074.1 | $ 1,021.5 | $ 52.6 | 5.1% |
| Operating profit | 120.6 | 118.5 | 2.1 | 1.8% |
| *Operating profit margin* | *11.2 %* | *11.6 %* | *(37) bps* | |

M&D revenues increased by $52.6 million, or 5.1%, to $1,074.1 million during the nine months ended July 31, 2022, as compared to the prior year period. The increase was primarily attributable to the expansion of business with existing customers led by distribution clients, partially offset by a decrease in work orders for pandemic-related demands.

Operating profit increased by $2.1 million, or 1.8%, to $120.6 million during the nine months ended July 31, 2022, as compared to the prior year period. Operating profit margin decreased by 37 bps to 11.2% in the nine months ended July 31, 2022, from 11.6% in the nine months ended July 31, 2021. The decrease in operating profit margin was primarily attributable to the decrease in pandemic-related work orders, which have higher margins.

***Education***

| | Nine Months Ended July 31, | | | |
|---|---|---|---|---|
| *($ in millions)* | 2022 | 2021 | Decrease | |
| Revenues | $ 617.6 | $ 627.8 | $ (10.2) | (1.6)% |
| Operating profit | 38.8 | 53.4 | (14.6) | (27.4)% |
| *Operating profit margin* | *6.3 %* | *8.5 %* | *(223) bps* | |

Education revenues decreased by $10.2 million, or 1.6%, to $617.6 million during the nine months ended July 31, 2022, as compared to the prior year period. The decrease was primarily attributable to the loss of certain accounts in the third quarter of fiscal year 2021. The decrease was partially offset by new business and recovery in the volume of our business as schools reopened to full capacity.

Operating profit decreased by $14.6 million, or 27.4%, during the nine months ended July 31, 2022, as compared to the prior year period. Operating profit margin decreased by 223 bps to 6.3% in the nine months ended July 31, 2022, from 8.7% in the nine months ended July 31, 2021. The decrease in operating margin was primarily attributable to an increase in direct labor and related costs due to the return to in-person learning and a limited labor supply in certain geographies. Operating margin was positively impacted by lower amortization of intangible assets.

***Aviation***

| | Nine Months Ended July 31, | | | |
|---|---|---|---|---|
| *($ in millions)* | 2022 | 2021 | Increase | |
| Revenues | $ 589.7 | $ 454.7 | $ 135.0 | 29.7% |
| Operating profit | 28.0 | 18.9 | 9.1 | 48.7% |
| *Operating profit margin* | *4.8 %* | *4.1 %* | *61 bps* | |

Aviation revenues increased by $135.0 million, or 29.7%, to $589.7 million during the nine months ended July 31, 2022, as compared to the prior year period. The increase was primarily attributable to a recovery in consumer and business travel (both domestic and international) and new parking-related services. Management reimbursement revenues for this segment totaled $39.0 million and $39.9 million for the nine months ended July 31, 2022 and 2021, respectively.

Operating profit increased by $9.1 million, or 48.7%, to $28.0 million during the nine months ended July 31, 2022, as compared to the prior year period. Operating margin increased by 61 bps to 4.8% in the nine months ended July 31, 2022, from 4.1% in the nine months ended July 31, 2021. The increase was primarily attributable to lower bad debt expense, driven by net recoveries of certain previously reserved receivables, and higher margin contracts. Operating margin was negatively impacted by an increase in direct labor and related costs due to increased headcounts as travel continues to recover and a decrease in pandemic-related demands, which have higher margins.

***Technical Solutions***

| | Nine Months Ended July 31, | | | | | | |
|---|---|---|---|---|---|---|---|
| *($ in millions)* | 2022 | | 2021 | | Increase | | |
| Revenues | $ | 447.2 | $ | 382.1 | $ | 65.1 | 17.0% |
| Operating profit | | 42.8 | | 30.6 | | 12.2 | 40.0% |
| *Operating profit margin* | | *9.6 %* | | *8.0 %* | | *157 bps* | |

Technical Solutions revenues increased by $65.1 million, or 17.0%, to $447.2 million during the nine months ended July 31, 2022, as compared to the prior year period. The increase was primarily driven by the growth in electric vehicle charging station installation sales.

Operating profit increased by increased by $12.2 million, or 40.0%, to $42.8 million during the nine months ended July 31, 2022, as compared to the prior year period. Operating margin increased by 157 bps to 9.6% in the nine months ended July 31, 2022, from 8.0% in the nine months ended July 31, 2021. The increase in operating profit margin was primarily attributable to the $7.6 million gain recognized on the sale of a group of customer contracts related to healthcare technology management services and lower bad debt expense.

***Corporate***

| | Nine Months Ended July 31, | | | | | | |
|---|---|---|---|---|---|---|---|
| *($ in millions)* | 2022 | | 2021 | | Decrease | | |
| Corporate expenses | $ | (200.6) | $ | (284.5) | $ | 83.9 | 29.5% |

Corporate expenses decreased by $83.9 million, or 29.5%, to $200.6 million during the nine months ended July 31, 2022, as compared to the prior year period. The decrease in corporate expenses was primarily attributable to:

- a $150.7 million decrease in legal costs and settlements, of which $142.9 million was attributed to the accrual of a legal reserve for the *Bucio* case during the nine months ended July 31, 2021;
- the absence of a $9.1 million non-cash impairment charge for previously capitalized internal-use software related to our ERP system implementation as we determined that certain components developed will no longer be incorporated into the new ERP system during the nine months ended July 31, 2021; and
- a $6.3 million decrease in insurance expense as the result of favorable self-insurance reserve adjustments from actuarial evaluations completed on our workers' compensation, general liability, automobile liability, and property damage insurance plans.

This decrease was partially offset by:

- a $22.7 million increase in compensation and related expenses primarily attributable to talent acquisition activities;
- a $25.6 million increase in certain technology projects primarily attributable to discrete transformational costs under our **ELEVATE** strategy for developing the new ERP system, client-facing technology, workforce management tools, and data analytics;
- a $12.8 million increase related to the Able Acquisition;
- a $10.0 million increase in acquisition and integration costs attributable to the Able and Momentum acquisitions; and

- a $6.7 million decrease in favorable self-insurance adjustments related to prior year claims as the result of actuarial evaluations completed on our medical and dental self-insurance plans.

## Liquidity and Capital Resources

Our primary sources of liquidity are operating cash flows and borrowing capacity under our Amended Credit Facility and Receivables Facility. We assess our liquidity in terms of our ability to generate cash to fund our short- and long-term cash requirements. As such, we project our anticipated cash requirements as well as cash flows generated from operating activities to meet those needs.

In addition to normal working capital requirements, we anticipate that our short- and long-term cash requirements will include funding legal settlements, insurance claims, dividend payments, capital expenditures, share repurchases, mandatory loan repayments, and systems and technology transformation initiatives under our **ELEVATE** strategy. We anticipate long-term cash uses may also include strategic acquisitions. On a long-term basis, we will continue to rely on our Amended Credit Facility for any long-term funding not provided by operating cash flows.

We believe that our operating cash flows and borrowing capacity under our Amended Credit Facility and Receivables Facility are sufficient to fund our cash requirements for the next 12 months. In the event that our plans change or our cash requirements are greater than we anticipate, we may need to access the capital markets to finance future cash requirements. However, there can be no assurance that such financing will be available to us should we need it or, if available, that the terms will be satisfactory to us and not dilutive to existing shareholders. Additionally, since we cannot predict the duration or scope of the ongoing Pandemic, we cannot fully anticipate or reasonably estimate all the ways in which the current global health crisis and financial market conditions could adversely impact our business in fiscal year 2022.

### Debt Facilities

On September 1, 2017, we refinanced and replaced our then-existing $800.0 million credit facility with a new senior, secured five-year syndicated credit facility, consisting of a $900.0 million revolver and an $800.0 million amortizing term loan, both of which were scheduled to mature on September 1, 2022. In accordance with terms of the Credit Facility, the revolver was reduced to $800.0 million on September 1, 2018.

On June 28, 2021, the Company amended and restated the Credit Facility, extending the maturity date to June 28, 2026, and increasing the capacity of the revolving credit facility from $800.0 million to $1.3 billion and the then-remaining term loan outstanding from $620.0 million to $650.0 million. The Amended Credit Facility provides for the issuance of up to $350.0 million for standby letters of credit and the issuance of up to $75.0 million in swingline advances. The obligations under the Amended Credit Facility are secured on a first-priority basis by a lien on substantially all of our assets and properties, subject to certain exceptions. Additionally, we may repay amounts borrowed under the Amended Credit Facility at any time without penalty.

Under the Amended Credit Facility, the term loan and U.S.-dollar-denominated borrowings under the revolver bear interest at a rate equal to one-month LIBOR plus a spread based upon our leverage ratio. Euro- and sterling-denominated borrowings under the revolver bear at the interest rate of the EURIBOR and SONIA reference rates, respectively, plus a spread that is based upon our leverage ratio. The spread ranges from 1.375% to 2.250% for Eurocurrency loans and 0.375% to 1.250% for base rate loans. We also pay a commitment fee, based on our leverage ratio and payable quarterly in arrears, ranging from 0.20% to 0.40% on the average daily unused portion of the line of credit. For purposes of this calculation, irrevocable standby letters of credit, which are issued primarily in conjunction with our insurance programs, and cash borrowings are included as outstanding under the line of credit.

The Amended Credit Facility contains certain covenants, including a maximum total net leverage ratio of 5.00 to 1.00, a maximum secured net leverage ratio of 4.00 to 1.00, and a minimum interest coverage ratio of 1.50 to 1.00, as well as other financial and non-financial covenants. In the event of a material acquisition, as defined in the Amended Credit Facility, we may elect to increase the maximum total net leverage ratio to 5.50 to 1.00 for a total of four fiscal quarters and increase the maximum secured net leverage ratio to 4.50 to 1.00 for a total of four fiscal quarters. Our borrowing capacity is subject to, and limited by, compliance with the covenants described above. At July 31, 2022, we were in compliance with these covenants.

On March 1, 2022, we entered into a new uncommitted receivable repurchase facility (the “Receivables Facility”) of up to $150 million, which expires on February 28, 2023. The Receivables Facility allows the Company to sell a portfolio of available and eligible outstanding U.S. trade accounts receivable to a participating institution and simultaneously agree to repurchase them generally on a monthly basis. Under this arrangement, we make floating rate interest payments equal to the forward-looking term rate based on Secured Overnight Financing Rate (“SOFR”) plus 1.05%. These interest payments are payable monthly in arrears. The repurchase price of the receivables in the facility is the original face value. Outstanding receivables must be repurchased on a date agreed upon by both the buyer and seller, generally on a monthly basis, and on the termination date of the repurchase facility. This facility is considered a secured borrowing and provides the buyer with customary rights of termination upon the occurrence of certain events of default. We have guaranteed all of the sellers’ obligations under the facility.

During the three and nine months ended July 31, 2022, we made principal payments of $8.1 million and $24.4 million, respectively, under the term loan. At July 31, 2022, the total outstanding borrowings under our Amended Credit Facility and Receivables Facility in the form of cash borrowings and standby letters of credit were $1.2 billion and $158.8 million, and our weighted average interest rate on all outstanding borrowings, excluding letters of credit, was 3.64%. At July 31, 2022, we had up to $705.1 million of borrowing capacity.

On March 5, 2021, the United Kingdom’s Financial Conduct Authority, the regulator of LIBOR, announced that the USD LIBOR rates will no longer be published after June 30, 2023. While we expect LIBOR to be available in substantially its current form until at least the end of June 30, 2023, it is possible that LIBOR will become unavailable prior to that point, which may impact our Amended Credit Facility and interest rate swaps. Our current credit agreement, as well as our International Swaps and Derivatives Association, Inc. agreement, provide for any changes away from LIBOR to a successor rate to be based on prevailing or equivalent standards. As such, we do not anticipate a material impact related to the LIBOR transition and will continue to monitor developments related to the LIBOR transition and/or identification of an alternative, market-accepted rate.

### *Reinvestment of Foreign Earnings*

We plan to reinvest our foreign earnings to fund future non-U.S. growth and expansion, and we do not anticipate remitting such earnings to the United States. While U.S. federal tax expense has been recognized as a result of the Tax Cuts and Jobs Act of 2017, no deferred tax liabilities with respect to federal and state income taxes or foreign withholding taxes have been recognized.

### *IFM Insurance Company*

IFM Assurance Company (“IFM”) is a wholly owned captive insurance company that we formed in 2015. IFM is part of our enterprise-wide, multiyear insurance strategy that is intended to better position our risk and safety programs and provide us with increased flexibility in the end-to-end management of our insurance programs. IFM began providing coverage to us as of January 1, 2015.

### *Share Repurchases*

We repurchased shares under the 2019 Share Repurchase Program during the three and nine months ended July 31, 2022, as summarized below. No shares were repurchased during the three and nine months ended July 31, 2021. These purchases may take place on the open market or otherwise, and all or part of the repurchases may be made pursuant to Rule 10b5-1 plans or in privately negotiated transactions. The timing of repurchases is at our discretion and will depend upon several factors, including market and business conditions, future cash flows, share price, share availability, and other factors at our discretion. Repurchased shares are retired and returned to an authorized but unissued status. At July 31,2022, authorization for $70.4 million of repurchases remained under the 2019 Share Repurchase Program.

| *(in millions, except per share amounts)* | Three Months Ended July 31, 2022 | Nine Months Ended July 31, 2022 |
|---|---|---|
| Total number of shares purchased | 0.7 | 1.7 |
| Average price paid per share | $ 41.92 | $ 42.95 |
| Total cash paid for share repurchases | $ 31.2 | $ 74.5 |

### Cash Flows

In addition to revenues and operating profit, our management views operating cash flows as a good indicator of financial performance, because strong operating cash flows provide opportunities for growth both organically and through acquisitions. Operating cash flows primarily depend on: revenue levels; the quality and timing of collections of accounts receivable; the timing of payments to suppliers and other vendors; the timing and amount of income tax payments; and the timing and amount of payments on insurance claims and legal settlements.

| | Nine Months Ended July 31, | |
|---|---|---|
| *(in millions)* | 2022 | 2021 |
| Net cash (used in) provided by operating activities | $ (96.7) | $ 258.8 |
| Net cash used in investing activities | (93.3) | (21.2) |
| Net cash provided by (used in) financing activities | 194.2 | (128.7) |

*Operating Activities*

Net cash used in operating activities was $96.7 million during the nine months ended July 31, 2022, as compared to net cash provided by operating activities of $258.8 million during the nine months ended July 31, 2021. The change was primarily driven by payments made for the *Bucio* settlement and deferred remittance of payroll taxes in the current year and the timing of client receivable collections and vendor payments.

*Investing Activities*

Net cash used in investing activities increased by $72.1 million during the nine months ended July 31, 2022, as compared to the prior year period. This increase was primarily related to the acquisition of Momentum; higher purchases in property, plant and equipment; and investments in equity securities in the current year.

*Financing Activities*

Net cash provided by financing activities was $194.2 million during the nine months ended July 31, 2022, as compared to net cash used in financing activities of $128.7 million during the nine months ended July 31, 2021. The change was primarily related to an increase in net borrowings from our Amended Credit Facility and Receivable Facility and repurchases of our common stock in the current year.

## Contingencies

For disclosures on contingencies, see Note 10, “Commitments and Contingencies,” of the Notes to unaudited Consolidated Financial Statements included in Part I, Item 1 of this Form 10-Q.

## Critical Accounting Policies and Estimates

Our Financial Statements are prepared in accordance with U.S. GAAP, which require us to make certain estimates in the application of our accounting policies based on the best assumptions, judgments, and opinions of our management. There have been no significant changes to our critical accounting policies and estimates. For a description of our critical accounting policies, see Item 7., “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” in our Annual Report on Form 10-K for the year ended October 31, 2021.

### *Recently Issued Accounting Pronouncements*

| Accounting Standard Update(s) | Topic | Summary | Effective Date/ Method of Adoption |
|---|---|---|---|
| 2021-01 | Reference Rate Reform (Topic 848): Scope | This ASU, issued in January 2021, clarifies that derivatives affected by the discounting transition are explicitly eligible for certain optional expedients and exceptions under Topic 848.<br><br>While we are currently evaluating the impact of implementing this guidance on our financial statements, we do not expect adoption to have a material impact. | This ASU was effective upon issuance and can be applied to hedging relationships retrospectively or prospectively through December 31, 2022. |
| 2020-04 | Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting | This ASU, issued in March 2020, provides optional expedients to assist with the discontinuance of LIBOR. The expedients allow companies to ease the potential accounting burden when modifying contracts and hedging relationships that use LIBOR as a reference rate, if certain criteria are met.<br><br>While we are currently evaluating the impact of implementing this guidance on our financial statements, we do not expect adoption to have a material impact. | This ASU was effective upon issuance and can be applied prospectively to contract modifications made and hedging relationships entered into or evaluated through December 31, 2022. |

## ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

There are no material changes related to market risk from the disclosures in our Annual Report on Form 10-K for the year ended October 31, 2021.

## ITEM 4. CONTROLS AND PROCEDURES.

### a. Disclosure Controls and Procedures.

As of the end of the period covered by this report, our Principal Executive Officer and Principal Financial Officer evaluated our disclosure controls and procedures, as such term is defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act. Based upon that evaluation, our Principal Executive Officer and Principal Financial Officer concluded that as of the end of the period covered by this report, our disclosure controls and procedures were effective to ensure that information required to be disclosed by us in reports we file or submit under the Exchange Act is (1) recorded, processed, summarized, and reported within the time periods specified in the rules and forms of the SEC and (2) accumulated and communicated to our management, including our Principal Executive Officer and Principal Financial Officer, to allow timely decisions regarding required disclosure.

### b. Changes in Internal Control Over Financial Reporting.

During fiscal year 2021 and the second quarter of fiscal year 2022, we completed the acquisitions of Able and Momentum, respectively, as described in Note 3, “Acquisitions and Dispositions,” to the unaudited Consolidated Financial Statements in this Form 10-Q. We continue to integrate policies, processes, personnel, technology, and operations relating to this transaction and will continue to evaluate the impact of any related changes to our internal controls over financial reporting. Additionally, to support the growth of our financial shared service capabilities and standardize our financial systems, we continue to update several key platforms, including our human resources information systems, enterprise resource planning system, and labor management system. The implementation of several key platforms involves changes in the systems that include internal controls. Although some of the transitions have proceeded to date without material adverse effects, the possibility exists that they could adversely affect our internal controls over financial reporting and procedures.

There were no other changes in our internal control over financial reporting during the third quarter of 2022 identified in connection with the evaluation required by Rules 13a-15(d) and 15d-15(d) of the Exchange Act that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting. As a result of the Pandemic, a majority of our office-based employees began working remotely in March 2020, with many transitioning to working in a hybrid environment starting March 2022. The changes to the working environment did not have a material effect on our internal controls over financial reporting during the third quarter of 2022. We are continually monitoring and assessing the impact of the Pandemic and the resulting changes to our working environment on our internal controls over financial reporting.

# PART II. OTHER INFORMATION

## ITEM 1. LEGAL PROCEEDINGS.

A discussion of material developments in our litigation matters occurring in the period covered by this report is found in Note 10, “Commitments and Contingencies,” to the unaudited Consolidated Financial Statements in this Form 10-Q.

## ITEM 1A. RISK FACTORS.

There have been no material changes to the risk factors identified in our Annual Report on Form 10-K for the year ended October 31, 2021, in response to Item 1A., “Risk Factors,” of Part I of the Annual Report.

## ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS.

The following table sets forth, for the months indicated, our purchases of common stock in the second quarter of fiscal year 2022:

### *Issuer Purchases of Equity Securities*

| *(in millions, except per share amounts)* | Total Number of Shares Purchased | Average Price Paid per Share | Total Number of Shares Purchased as Part of Publicly Announced Plan[1] | Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plan |
|---|---|---|---|---|
| **Period** | | | | |
| 5/1/2022 – 5/31/2022 | — | $ — | — | $ 101.6 |
| 6/1/2022 – 6/30/2022 | 0.7 | $ 41.82 | 0.7 | $ 73.7 |
| 7/1/2022 – 7/31/2022 | 0.1 | $ 42.74 | 0.1 | $ 70.4 |
| **Total** | 0.7 | $ 41.92 | 0.7 | $ 70.4 |

[1] In December 2019, our Board of Directors authorized a new stock repurchase program that authorized us to acquire up to $150 million of our common stock. Under the repurchase program, we may repurchase shares on the open market, through solicited or unsolicited privately negotiated transactions, or otherwise, from time to time based on market conditions and other factors.

## ITEM 3. DEFAULTS UPON SENIOR SECURITIES.

None.

## ITEM 4. MINE SAFETY DISCLOSURES.

Not applicable.

## ITEM 5. OTHER INFORMATION.

Not applicable.

## ITEM 6. EXHIBITS.

(a) Exhibits

| Exhibit No. | Exhibit Description |
|---|---|
| 2.1 | Agreement and Plan of Merger, dated August 17, 2022, by and among ABM Industries Incorporated, RavenVolt Merger Sub, Inc., RavenVolt, Inc., and Jonathan Hinton, as shareholders' representative (incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K, filed on August 18, 2022). |
| 31.1† | Certification of Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 |
| 31.2† | Certification of Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 |
| 32‡ | Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 |
| 101.INS† | Inline XBRL Instance Document (the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document) |
| 101.SCH† | Inline XBRL Taxonomy Extension Schema Document |
| 101.CAL† | Inline XBRL Taxonomy Calculation Linkbase Document |
| 101.DEF† | Inline XBRL Taxonomy Extension Definition Linkbase Document |
| 101.LAB† | Inline XBRL Taxonomy Label Linkbase Document |
| 101.PRE† | Inline XBRL Presentation Linkbase Document |
| 104† | Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101) |

* Indicates management contract or compensatory plan, contract, or arrangement.

† Indicates filed herewith.

‡ Indicates furnished herewith.

## 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.

ABM Industries Incorporated

| | |
|---|---|
| September 9, 2022 | /s/ Earl R. Ellis<br>Earl R. Ellis<br>Executive Vice President and Chief Financial Officer<br>(Duly Authorized Officer) |
| September 9, 2022 | /s/ Dean A. Chin<br>Dean A. Chin<br>Senior Vice President, Chief Accounting Officer, Corporate Controller and Treasurer<br>(Principal Accounting Officer) |

**Exhibit 31.1**

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER**
**PURSUANT TO SECURITIES EXCHANGE ACT OF 1934**
**RULE 13a-14(a) OR 15d-14(a)**

I, Scott Salmirs, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of ABM Industries Incorporated;

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(s) 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 fiscal 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(s) 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.

September 9, 2022

/s/ Scott Salmirs
Scott Salmirs
Chief Executive Officer
(Principal Executive Officer)

**Exhibit 31.2**

**CERTIFICATION OF CHIEF FINANCIAL OFFICER**
**PURSUANT TO SECURITIES EXCHANGE ACT OF 1934**
**RULE 13a-14(a) OR 15d-14(a)**

I, Earl R. Ellis, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of ABM Industries Incorporated;

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(s) 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 fiscal 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(s) 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.

September 9, 2022

/s/ Earl R. Ellis
Earl R. Ellis
Chief Financial Officer
(Principal Financial Officer)

**CERTIFICATIONS PURSUANT TO SECURITIES EXCHANGE ACT OF 1934**
**RULE 13a-14(b) OR 15d-14(b) AND**
**18 U.S.C. SECTION 1350,**
**AS ADOPTED PURSUANT TO**
**SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of ABM Industries Incorporated (the “Company”) for the quarter ended July 31, 2022, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), Scott Salmirs, Chief Executive Officer of the Company, and Earl R. Ellis, Chief Financial Officer of the Company, each certifies for the purpose of complying with Rule 13a-14(b) or Rule 15d-14(b) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and Section 1350 of Chapter 63 of Title 18 of the United States Code, that:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Exchange Act; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

September 9, 2022

/s/ Scott Salmirs
Scott Salmirs
Chief Executive Officer
(Principal Executive Officer)

September 9, 2022

/s/ Earl R. Ellis
Earl R. Ellis
Chief Financial Officer
(Principal Financial Officer)