
**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 January 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

(State or other jurisdiction of
incorporation or organization)



94-1369354

(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 March 8, 2022: 66,869,057

ABM INDUSTRIES INCORPORATED AND SUBSIDIARIES

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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)

	January 31, 2022	October 31, 2021
ASSETS		
Current assets		
Cash and cash equivalents	\$ 46.6	\$ 62.8
Trade accounts receivable, net of allowances of \$34.0 and \$32.7 at January 31, 2022 and October 31, 2021, respectively	1,210.0	1,137.1
Costs incurred in excess of amounts billed	69.1	52.5
Prepaid expenses	88.0	88.7
Other current assets	63.8	60.0
Total current assets	1,477.5	1,401.2
Other investments		
Property, plant and equipment, net of accumulated depreciation of \$283.6 and \$274.7 at January 31, 2022 and October 31, 2021, respectively	110.9	111.9
Right-of-use assets	124.2	126.5
Other intangible assets, net of accumulated amortization of \$406.5 and \$389.3 at January 31, 2022 and October 31, 2021, respectively	407.3	424.8
Goodwill	2,237.1	2,228.9
Other noncurrent assets	132.7	131.2
Total assets	\$ 4,504.9	\$ 4,436.2
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Current portion of long-term debt, net	\$ 31.4	\$ 31.4
Trade accounts payable	261.5	289.4
Accrued compensation	196.6	238.0
Accrued taxes — other than income	129.1	124.9
Insurance claims	169.1	171.4
Income taxes payable	21.8	11.4
Current portion of lease liabilities	31.1	31.8
Other accrued liabilities	427.3	387.4
Total current liabilities	1,267.8	1,285.8
Long-term debt, net	971.9	852.8
Long-term lease liabilities	114.4	116.6
Deferred income tax liability, net	32.0	22.5
Noncurrent insurance claims	398.2	413.3
Other noncurrent liabilities	56.6	123.5
Noncurrent income taxes payable	8.7	12.5
Total liabilities	2,849.7	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; 67,443,112 and 67,302,449 shares issued and outstanding at January 31, 2022 and October 31, 2021, respectively	0.7	0.7
Additional paid-in capital	737.0	750.9
Accumulated other comprehensive loss, net of taxes	(24.6)	(22.5)
Retained earnings	942.1	880.2
Total stockholders' equity	1,655.2	1,609.2
Total liabilities and stockholders' equity	\$ 4,504.9	\$ 4,436.2

See accompanying notes to unaudited consolidated financial statements.

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

<i>(in millions, except per share amounts)</i>	Three Months Ended January 31,	
	2022	2021
Revenues	\$ 1,936.2	\$ 1,492.4
Operating expenses	1,659.6	1,249.4
Selling, general and administrative expenses	153.1	122.6
Amortization of intangible assets	17.5	10.8
Operating profit	106.0	109.7
Income from unconsolidated affiliates	0.5	0.6
Interest expense	(6.2)	(8.5)
Income before income taxes	100.3	101.9
Income tax provision	(24.3)	(27.2)
Net income	76.0	74.6
Other comprehensive income (loss)		
Interest rate swaps	0.6	1.2
Foreign currency translation and other	(2.4)	4.0
Income tax provision	(0.2)	(0.4)
Comprehensive income	\$ 74.0	\$ 79.5
Net income per common share		
Basic	\$ 1.12	\$ 1.11
Diluted	1.11	\$ 1.10
Weighted-average common and common equivalent shares outstanding		
Basic	67.9	67.2
Diluted	68.3	67.6

See accompanying notes to unaudited consolidated financial statements.

ABM INDUSTRIES INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(UNAUDITED)

<i>(in millions, except per share amounts)</i>	Three Months Ended January 31,			
	2022		2021	
	Shares	Amount	Shares	Amount
Common Stock				
Balance, beginning of period	67.3	\$ 0.7	66.7	\$ 0.7
Stock issued under employee stock purchase and share-based compensation plans	0.4	—	0.3	—
Repurchase of common stock	(0.3)	—	—	—
Balance, end of period	67.4	0.7	67.1	0.7
Additional Paid-in Capital				
Balance, beginning of period		750.9		724.1
Taxes withheld under employee stock purchase and share-based compensation plans, net		(9.0)		(5.6)
Share-based compensation expense		8.5		8.5
Repurchase of common stock		(13.3)		—
Balance, end of period		737.0		726.9
Accumulated Other Comprehensive Loss, Net of Taxes				
Balance, beginning of period		(22.5)		(30.8)
Other comprehensive (loss) income		(2.1)		4.9
Balance, end of period		(24.6)		(25.9)
Retained Earnings				
Balance, beginning of period		880.2		806.4
Net income		76.0		74.6
Dividends				
Common stock (\$0.195 and \$0.190 per share)		(13.1)		(12.7)
Stock issued under share-based compensation plans		(1.0)		(0.9)
Balance, end of period		942.1		867.5
Total Stockholders' Equity		\$ 1,655.2		\$ 1,569.1

See accompanying notes to unaudited consolidated financial statements.

ABM INDUSTRIES INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

<i>(in millions)</i>	Three Months Ended January 31,	
	2022	2021
Cash flows from operating activities		
Net income	\$ 76.0	\$ 74.6
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	27.7	22.3
Deferred income taxes	9.3	(7.4)
Share-based compensation expense	8.5	8.5
Provision for bad debt	0.9	3.0
Amortization of accumulated other comprehensive gain on interest rate swaps	(1.4)	(1.6)
(Gain)/Loss on sale of assets	(0.3)	1.0
Income from unconsolidated affiliates	(0.5)	(0.6)
Changes in operating assets and liabilities		
Trade accounts receivable and costs incurred in excess of amounts billed	(90.3)	(52.3)
Prepaid expenses and other current assets	(1.1)	0.8
Right-of-use assets	2.3	6.9
Other noncurrent assets	(1.3)	5.9
Trade accounts payable and other accrued liabilities	(41.8)	(3.0)
Long-term lease liabilities	(2.1)	(6.1)
Insurance claims	(17.5)	(4.6)
Income taxes payable	4.7	32.5
Other noncurrent liabilities	(66.5)	(34.5)
Total adjustments	(169.6)	(29.3)
Net cash (used in) provided by operating activities	(93.6)	45.3
Cash flows from investing activities		
Additions to property, plant and equipment	(9.6)	(6.6)
Proceeds from sale of assets	0.2	1.4
Investments in equity securities	(3.0)	—
Net cash used in investing activities	(12.4)	(5.2)
Cash flows from financing activities		
Taxes withheld from issuance of share-based compensation awards, net	(10.0)	(6.5)
Repurchases of common stock	(13.3)	—
Dividends paid	(13.1)	(12.7)
Borrowings from credit facility	475.5	2.6
Repayment of borrowings from credit facility	(356.6)	(32.6)
Changes in book cash overdrafts	5.9	(12.0)
Financing of energy savings performance contracts	2.6	4.0
Repayment of finance lease obligations	(0.6)	(0.7)
Net cash provided by (used in) financing activities	90.3	(57.8)
Effect of exchange rate changes on cash and cash equivalents	(0.6)	1.9
Net decrease in cash and cash equivalents	(16.2)	(15.9)
Cash and cash equivalents at beginning of year	62.8	394.2
Cash and cash equivalents at end of period	\$ 46.6	\$ 378.3

See accompanying notes to unaudited consolidated financial statements.

ABM INDUSTRIES INCORPORATED AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

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:



Aviation



Business &
Industry



Education



Manufacturing
& Distribution



Technical
Solutions

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,” has been reclassified to conform with our current period presentation. These changes had no impact on our previously reported consolidated financial statements.

Impact of the Pandemic

COVID-19 has resulted in a worldwide health Pandemic. To date, the Pandemic has surfaced in regions all around the world and resulted in business slowdowns and shutdowns, as well as global travel restrictions. In these Financial Statements, we have assessed the current impact of the Pandemic on our financial condition, results of operations, and cash flows as well as on our estimates, forecasts, and accounting policies. We have made additional disclosures of these assessments, as necessary. Given the unprecedented nature of this situation, we cannot reasonably estimate the full impact the Pandemic will have on our financial condition, results of operations, or cash flows in the foreseeable future. The ultimate impact of the Pandemic on our company is highly uncertain and will depend on future developments, and such impacts could exist for an extended period of time, even after the Pandemic subsides.

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:

<i>(in millions)</i>	Three Months Ended January 31,	
	2022	2021
Business & Industry	\$ 52.5	\$ 43.4
Aviation	12.3	13.7
Total	\$ 64.9	\$ 57.0

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 preliminary net cash purchase price of \$741.7 million (the "Able Acquisition"). 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 was placed into escrow to satisfy 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 consideration and allocations are subject to, among other items: working capital adjustments, further analysis of tax accounts, legal matters, and the final valuation of insurance claims reserves. During the three months ended January 31, 2022, we adjusted our purchase price allocation for 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 first quarter of 2022:

<i>(in millions)</i>	Preliminary Purchase Price Allocation	Adjustments	Updated Preliminary Purchase Price Allocation
Cash and cash equivalents	\$ 31.5	\$ —	\$ 31.5
Trade accounts receivable ⁽¹⁾	159.3	—	159.3
Other assets	24.9	(1.1)	23.8
Customer relationships ⁽²⁾	220.0	—	220.0
Trade names ⁽²⁾	10.0	—	10.0
Goodwill ⁽³⁾	554.0	9.8	563.8
Trade accounts payable	(27.0)	(0.2)	(27.1)
Accrued compensation	(38.2)	—	(38.2)
Insurance claims	(91.6)	—	(91.6)
Other liabilities	(41.7)	(8.5)	(50.3)
Deferred income tax liability, net	(59.5)	—	(59.5)
Net assets acquired	\$ 741.7	\$ —	\$ 741.7

⁽¹⁾ The gross amount of trade accounts receivable was \$160.6 million, of which \$1.3 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 months ended January 31, 2022, includes \$307.7 million of revenue and \$14.4 million of operating income attributable to the operations of Able, which are included in our B&I segment. We also incurred \$4.1 million of acquisition-related costs and \$4.2 million of integration costs during the three months ended January 31, 2022, 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.

<i>(in millions)</i>	Three Months Ended January 31, 2021	
Pro forma revenue	\$	1,768.2
Pro forma income from operations		76.1

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. If we are unable to determine the fair value of a pre-acquisition contingency at the end of the measurement period, then we will evaluate whether to include an amount in the purchase price allocation based on whether it is probable a liability had been incurred and whether an amount can be reasonably estimated. Subsequent to the end of the measurement period, any adjustment to amounts recorded for a pre-acquisition contingency will be included within acquisition-related costs in the period in which the adjustment is determined.

During the three months ended January 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 \$12.3 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 \$1.9 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.

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 \$7.7 million during the three months ended January 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 January 31, 2022						
<i>(in millions)</i>	B&I	M&D	Education	Aviation	Technical Solutions	Total
Major Service Line						
Janitorial ⁽¹⁾	\$ 677.9	\$ 304.2	\$ 178.3	\$ 29.8	\$ —	\$ 1,190.2
Parking ⁽²⁾	83.2	10.7	0.3	77.7	—	172.0
Facility Services ⁽³⁾	268.4	44.1	27.1	6.5	—	346.0
Building & Energy Solutions ⁽⁴⁾	—	—	—	—	141.8	141.8
Airline Services ⁽⁵⁾	—	—	—	86.3	—	86.3
Total	\$ 1,029.5	\$ 359.1	\$ 205.7	\$ 200.3	\$ 141.8	\$ 1,936.2

Three Months Ended January 31, 2021						
<i>(in millions)</i>	B&I	M&D	Education	Aviation	Technical Solutions	Total
Major Service Line						
Janitorial ⁽¹⁾	\$ 533.0	\$ 287.4	\$ 183.1	\$ 29.1	\$ —	\$ 1,032.6
Parking ⁽²⁾	68.9	11.7	0.2	54.2	—	134.9
Facility Services ⁽³⁾	88.2	41.7	24.8	5.9	—	160.6
Building & Energy Solutions ⁽⁴⁾	—	—	—	—	112.6	112.6
Airline Services ⁽⁵⁾	—	—	—	51.7	—	51.7
Total	\$ 690.1	\$ 340.8	\$ 208.0	\$ 140.9	\$ 112.6	\$ 1,492.4

⁽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 cancellable 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 January 31, 2022, performance obligations that were unsatisfied or partially unsatisfied for which we expect to recognize revenue totaled \$310.7 million. We expect to recognize revenue on approximately 80% 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:

<i>(in millions)</i>	January 31, 2022	October 31, 2021
Contract assets		
Billed trade receivables ⁽¹⁾	\$ 1,102.7	\$ 1,057.6
Unbilled trade receivables ⁽¹⁾	141.3	112.1
Costs incurred in excess of amounts billed ⁽²⁾	69.1	52.5
Capitalized commissions ⁽³⁾	27.9	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 three months ended January 31, 2022, we capitalized \$3.5 million of new costs and amortized \$3.5 million of previously capitalized costs. There was no impairment loss recorded on the costs capitalized.

<i>(in millions)</i>	Three Months Ended January 31, 2022	
Contract liabilities⁽¹⁾		
Balance at beginning of period	\$	58.5
Additional contract liabilities		72.7
Recognition of deferred revenue		(63.2)
Balance at end of period	\$	68.0

⁽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

<i>(in millions, except per share amounts)</i>	Three Months Ended January 31,	
	2022	2021
Net income	\$ 76.0	\$ 74.6
Weighted-average common and common equivalent shares outstanding — Basic	67.9	67.2
Effect of dilutive securities ⁽¹⁾		
Restricted stock units	0.2	0.2
Stock options	—	0.1
Performance shares	0.2	0.2
Weighted-average common and common equivalent shares outstanding — Diluted	<u>68.3</u>	<u>67.6</u>
Net income per common share		
Basic	\$ 1.12	\$ 1.11
Diluted	1.11	1.10

⁽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

<i>(in millions)</i>	Three Months Ended January 31,	
	2022	2021
Anti-dilutive	—	0.1

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

<i>(in millions)</i>	Fair Value Hierarchy	January 31, 2022	October 31, 2021
Cash and cash equivalents ⁽¹⁾	1	\$ 46.6	\$ 62.8
Insurance deposits ⁽²⁾	1	0.7	0.7
Assets held in funded deferred compensation plan ⁽³⁾	1	4.6	4.9
Credit facility ⁽⁴⁾	2	1,007.6	888.8
Interest rate swap liabilities ⁽⁵⁾	2	2.6	4.6
Preferred equity securities ⁽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 syndicated line of credit and term loan. Due to variable interest rates, the carrying value of outstanding borrowings under our line of credit and term loan approximates the fair value. See Note 8, "Credit Facility," 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. At January 31, 2022, and October 31, 2021, our interest rate swaps are included in "Other noncurrent liabilities" on the accompanying unaudited Consolidated Balance Sheets. See Note 8, "Credit Facility," for further information.

⁽⁶⁾ The Company purchased \$3.0 million in a preferred equity investment of a privately held company during the three months ended January 31, 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 the First 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 first 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 May 1, 2021, through October 31, 2021 (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 periods for known claims as well as our estimate of the loss amounts associated with incurred but not reported claims ("IBNR claims") by \$25.2 million during the three months ended January 31, 2022. During the three months ended January 31, 2021, we decreased our total reserves related to prior periods by \$11.4 million. We will continue to assess ongoing developments, which may result in further adjustments to reserves.

Insurance Related Balances and Activity

<i>(in millions)</i>	January 31, 2022	October 31, 2021
Insurance claim reserves, excluding medical and dental	\$ 556.8	\$ 574.8
Medical and dental claim reserves	10.5	9.9
Insurance recoverables	66.5	66.5

At January 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)

	January 31, 2022	October 31, 2021
Standby letters of credit	\$ 157.5	\$ 157.9
Surety bonds	84.2	83.8
Restricted insurance deposits	0.7	0.7
Total	\$ 242.4	\$ 242.3

8. 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. At January 31, 2022, the weighted average interest rate on our outstanding borrowings was 1.60%. 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 January 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.

Credit Facility Information

<i>(in millions)</i>	January 31, 2022	October 31, 2021
Current portion of long-term debt		
Gross term loan	\$ 32.5	\$ 32.5
Unamortized deferred financing costs	(1.1)	(1.1)
Current portion of term loan	\$ 31.4	\$ 31.4
Long-term debt		
Gross term loan	\$ 593.1	\$ 601.3
Unamortized deferred financing costs	(3.2)	(3.5)
Total noncurrent portion of term loan	589.9	597.8
Revolving line of credit ⁽¹⁾⁽²⁾	382.0	255.0
Long-term debt	\$ 971.9	\$ 852.8

⁽¹⁾ Standby letters of credit amounted to \$166.9 million at January 31, 2022.

⁽²⁾ At January 31, 2022, we had borrowing capacity of \$749.3 million.

Term Loan Maturities

During the three months ended January 31, 2022, we made principal payments under the term loan of \$8.1 million. As of January 31, 2022, the following principal payments are required under the term loan.

<i>(in millions)</i>	2022	2023	2024	2025	2026
Debt maturities	\$ 24.4	\$ 32.5	\$ 32.5	\$ 32.5	\$ 503.8

Interest Rate Swaps

We enter into interest rate swaps to manage the interest rate risk associated with our floating-rate, LIBOR-based borrowings. Under these arrangements, we typically pay a fixed interest rate in exchange for LIBOR-based variable interest throughout the life of the agreement. We initially report the mark-to-market gain or loss on a derivative as a component of accumulated other comprehensive loss ("AOCL") and subsequently reclassify the gain or loss into earnings when the hedged transactions occur and affect earnings. Interest payables and receivables under the swap agreements are accrued and recorded as adjustments to interest expense. All of our interest rate swaps have been designated and accounted for as cash flow hedges from inception. See Note 6, "Fair Value of Financial Instruments," regarding the valuation of our interest rate swaps.

Notional Amount	Fixed Interest Rate	Effective Date	Maturity Date
\$ 130.0 million	2.86%	November 1, 2018	April 30, 2022
\$ 130.0 million	2.84%	November 1, 2018	September 1, 2022

At January 31, 2022 and October 31, 2021, amounts recorded in AOCL for interest rate swaps were a gain of \$0.3 million, net of taxes of \$0.5 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 months ended January 31, 2022, we amortized \$1.1 million of this gain, net of taxes of \$0.4 million, to interest expense. During the three months ended January 31, 2021, we amortized \$1.2 million, net of taxes of \$0.4 million. At January 31, 2022, the total amount expected to be reclassified from AOCL to earnings during the next 12 months is a gain of \$0.5 million, net of taxes of \$0.3 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 first quarter of 2022, as summarized below. At January 31, 2022, authorization for \$131.6 million of repurchases remained under the 2019 Share Repurchase Program.

Repurchase Activity

<i>(in millions, except per share amounts)</i>	Three Months Ended January 31, 2022	
Total number of shares purchased		0.3
Average price paid per share	\$	44.23
Total cash paid for share repurchases	\$	13.3

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 January 31, 2022, these letters of credit and surety bonds totaled \$166.9 million and \$700.4 million, respectively.

Guarantees

In some instances, we offer clients guaranteed energy savings under certain energy savings contracts. At January 31, 2022, total guarantees were \$236.4 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.

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 January 31, 2022, the total amount accrued for probable litigation losses where a reasonable estimate of the loss could be made was \$28.7 million, including probable litigation losses of \$12.3 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 \$1.9 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. The amounts above do not include any accrual or loss estimates with respect to the *Bucio* case, described below.

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 is a class action pending in San Francisco Superior Court that alleges 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 is also a claim for penalties under the California Labor Code Private Attorneys General Act ("PAGA"). On April 19, 2011, the trial court held a hearing on plaintiffs' motion to certify the class. At the conclusion of that hearing, the trial court denied plaintiffs' motion to certify the class. On May 11, 2011, the plaintiffs filed a motion to reconsider, which was denied. The plaintiffs appealed the class certification issues. The trial court stayed the underlying lawsuit pending the decision in the appeal. The Court of Appeal of the State of California, First Appellate District (the "Court of Appeal"), heard oral arguments on November 7, 2017. On December 11, 2017, the Court of Appeal reversed the trial court's order denying class certification and remanded the matter for certification of a meal period, travel expense reimbursement, and split shift class. The case was remitted to the trial court for further proceedings on class certification, discovery, dispositive motions, and trial.

On September 20, 2018, the trial court entered an order defining four certified subclasses of janitors who were employed by the legacy ABM janitorial companies in California at any time between April 7, 2002, and April 30, 2013, on claims based on alleged previous automatic deduction practices for meal breaks, unpaid meal premiums, unpaid split shift premiums, and unreimbursed business expenses, such as mileage reimbursement for use of personal vehicles to travel between worksites. On February 1, 2019, the trial court held that the discovery related to PAGA claims allegedly arising after April 30, 2013, would be stayed until after the class and PAGA claims accruing prior to April 30, 2013, had been tried. The parties engaged in mediation in July 2019, which did not result in settlement of the case. On October 17, 2019, the plaintiffs filed a motion asking the trial court to certify additional classes based on an alleged failure to maintain time records, an alleged failure to provide accurate wage statements, and an alleged practice of combining meal and rest breaks. The trial court denied the plaintiffs' motion to certify additional classes on December 26, 2019. The case was reassigned to a new judge on January 6, 2020. ABM filed motions for summary adjudication as to certain of plaintiffs' class claims, and the trial court denied those motions in November 2020. The parties engaged in another mediation in January 2021, which did not result in a settlement of the case. Plaintiffs filed motions for summary adjudication and/or summary judgment on some claims in December 2020.

In February and March 2021, the parties engaged in expert discovery that provided detailed information regarding the plaintiffs' damage calculations on the class claims. On February 25, 2021, the California Supreme Court issued an opinion in *Donohue v. AMN Services*, which addresses the standard for adjudicating meal period claims under California law and we believe is supportive of ABM's legal position in the *Bucio* case. On May 5, 2021, the trial court denied all of the plaintiffs' December 2020 motions for summary adjudication and/or summary judgment, and the case was assigned to a new judge. On May 5, 2021, the trial court ordered the parties to attend a mandatory settlement conference before a separate judge on June 11, 2021. The trial date was scheduled for July 12, 2021.

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 will also resolve 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. Any attorneys' fees awarded by the trial court and all costs of notice and claims

administration will be paid from the \$140 million settlement fund. Employees who will be a part of the settlement will receive payments based on the number of pay periods they worked.

The settlement agreement is contingent upon the approval of the trial court. On August 11, 2021, the plaintiffs filed the motion for preliminary approval of class action settlement with the trial court. On December 7, 2021, the trial court issued its order granting preliminary approval of the class action settlement. Members of the class will receive notice of the settlement, and there will be an opportunity for them to object to the settlement before the trial court grants final approval of the settlement. On February 1, 2022, plaintiffs' counsel filed a motion requesting that \$46.7 million in attorneys' fees be paid from the \$140.0 million settlement fund. On February 16, 2022, a motion to intervene in the action was filed by proposed intervenor Rashad Jefferson, who had previously filed a separate PAGA action in Alameda County Superior Court that is currently pending. As a part of the motion to intervene, a stay was requested so that the proposed intervenor can investigate the settlement. Proposed intervenor also filed an objection to the PAGA settlement on February 14, 2022. A hearing for the motion to intervene is scheduled for March 14, 2022.

Plaintiffs filed a motion for final approval of the class settlement on February 24, 2022. The final approval hearing for the settlement is currently scheduled to take place on March 16, 2022. No payments will be made to employees until after the settlement is finally approved by the trial court.

As of January 31, 2022, the Company has recorded a \$142.9 million settlement accrual, which includes an accrual of \$2.9 million of related payroll taxes, for the *Bucio* case within "Other current liabilities" on the unaudited Consolidated Balance Sheet.

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 months ended January 31, 2022 and 2021, we had effective tax rates of 24.2% and 26.7%, respectively, resulting in provisions for taxes of \$24.3 million and \$27.2 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 January 31, 2022, was impacted by a \$3.5 million benefit from change in tax reserves. Our effective tax rate for the three months ended January 31, 2021, was not impacted by any significant discrete items.

In response to COVID-19, Congress enacted the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") on March 27, 2020. The CARES Act provides various tax provisions, including payroll tax provisions, which we have evaluated for applicability. 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 as required under the CARES Act.

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

<i>(in millions)</i>	Three Months Ended January 31,	
	2022	2021
Revenues		
Business & Industry	\$ 1,029.5	\$ 690.1
Manufacturing & Distribution	359.1	340.8
Education	205.7	208.0
Aviation	200.3	140.9
Technical Solutions	141.8	112.6
	<u>\$ 1,936.2</u>	<u>\$ 1,492.4</u>
Operating profit		
Business & Industry	\$ 83.3	\$ 72.7
Manufacturing & Distribution	40.6	39.7
Education	12.6	21.7
Aviation	8.9	3.1
Technical Solutions ⁽¹⁾	16.9	6.0
Government Services	(0.1)	(0.1)
Corporate	(55.8)	(32.6)
Adjustment for income from unconsolidated affiliates, included in Aviation and Technical Solutions	(0.5)	(0.6)
Adjustment for tax deductions for energy efficient government buildings, included in Technical Solutions	—	(0.2)
	<u>106.0</u>	<u>109.7</u>
Income from unconsolidated affiliates	0.5	0.6
Interest expense	(6.2)	(8.5)
Income before income taxes	<u>\$ 100.3</u>	<u>\$ 101.9</u>

⁽¹⁾ Reflects a \$7.7 million gain on the sale of assets during the three months ended January 31, 2022.

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.

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 first 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 May 1, 2021, through October 31, 2021. 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 Actuarial Review and other actuarial updates performed earlier in the year demonstrated that the changes we have made to our risk management programs continue to positively impact the frequency and severity of claims.

The claims management strategies and programs that we have implemented have resulted in improvements. Furthermore, we continue to adjust our reserves consistent with known fact patterns. Based on the results of the Actuarial Review, we decreased our total reserves related to prior periods for known claims as well as our estimate of the loss amounts associated with IBNR claims by \$25.2 million during the three months ended January 31, 2022. The favorable review was primarily driven by improvements in the workers' compensation program, reflecting reduced claim frequency related to the Pandemic and positive influences of claim closure projects and reserving practices. During the three months ended January 31, 2021, we decreased our total reserves related to prior period claims by \$11.4 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 period 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 \$443.8 million, or 29.7%, during the three months ended January 31, 2022, as compared to the three months ended January 31, 2021, primarily driven by a \$307.7 million revenue increase due to the Able Acquisition in the fourth quarter of 2021, the recovery in volume of our business as Pandemic disruptions eased (primarily in Aviation and B&I), and new business within Aviation, 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).
- We had a decrease in operating profit of \$3.7 million, or 3.4%, during the three months ended January 31, 2022, as compared to the three months ended January 31, 2021. This decrease was primarily attributed to:
 - increase in technology transformation costs under our **ELEVATE** strategy;
 - increase in compensation and related expenses primarily attributable to the addition of overhead related to the Able Acquisition and talent acquisition activities; and
 - acquisition and integration costs and amortization of intangibles related to the Able Acquisition.

The decrease was partially offset by:

- increase in the volume in our business due to the Able Acquisition and the easing of Pandemic disruptions and net new business;
 - lower self-insurance expense; and
 - a \$7.7 million gain recognized on the sale of a group of customer contracts related to healthcare technology management services within Technical Solutions.
- Our effective tax rate on income from operations was 24.2% for the three months ended January 31, 2022, as compared to 26.7% for the three months ended January 31, 2021.
 - Net cash used in operating activities was \$93.6 million during the three months ended January 31, 2022. Typically, our total operating cash flows in the first quarter are lower than in subsequent quarters of the year, primarily due to the timing of certain working capital requirements during the first quarter, which included a \$66 million payment for deferred payroll taxes under the CARES Act.
 - Dividends of \$13.1 million were paid to shareholders and dividends totaling \$0.195 per common share were declared during the three months ended January 31, 2022.
 - At January 31, 2022, total outstanding borrowings under our Amended Credit Facility were \$1.0 billion. At January 31, 2022, we had up to \$749.3 million of borrowing capacity.

Results of Operations

Three Months Ended January 31, 2022 Compared with the Three Months Ended January 31, 2021

Consolidated

(in millions, except per share amounts)	Three Months Ended January 31,		Increase / (Decrease)	
	2022	2021		
Revenues	\$ 1,936.2	\$ 1,492.4	\$ 443.8	29.7%
Operating expenses	1,659.6	1,249.4	410.2	32.8%
<i>Gross margin</i>	14.3 %	16.3 %	(200) bps	
Selling, general and administrative expenses	153.1	122.6	30.5	24.9%
Amortization of intangible assets	17.5	10.8	6.7	62.5%
Operating profit	106.0	109.7	(3.7)	(3.4)%
Income from unconsolidated affiliates	0.5	0.6	(0.1)	(21.4)%
Interest expense	(6.2)	(8.5)	2.3	26.4%
Income before income taxes	100.3	101.9	(1.6)	(1.6)%
Income tax provision	(24.3)	(27.2)	2.9	10.8%
Net income	76.0	74.6	1.4	1.8%
Other comprehensive income (loss)				
Interest rate swaps	0.6	1.2	(0.6)	(51.1)%
Foreign currency translation and other	(2.4)	4.0	(6.4)	NM*
Income tax provision	(0.2)	(0.4)	0.2	50.5%
Comprehensive income	\$ 74.0	\$ 79.5	\$ (5.5)	(7.0)%

*Not meaningful

Revenues

Revenues increased by \$443.8 million, or 29.7%, during the three months ended January 31, 2022, as compared to the three months ended January 31, 2021. This increase was primarily driven by a \$307.7 million revenue increase due to the Able Acquisition in the fourth quarter of 2021, the recovery in volume of our business as Pandemic disruptions eased (primarily in Aviation and B&I), and new business within Aviation, 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).

Operating Expenses

Operating expenses increased by \$410.2 million, or 32.8%, during the three months ended January 31, 2022, as compared to the three months ended January 31, 2021. Gross margin decreased by 200 bps to 14.3% in the three months ended January 31, 2022, from 16.3% in the three months ended January 31, 2021. The decrease in gross margin was primarily driven by the changes in contract mix due to decrease in cleaning services for Pandemic-related demands (primarily in B&I and M&D), which have higher margins, and the Able Acquisition. In addition, gross margin was also negatively impacted by an increase in direct labor and related costs (primarily in Education) due to the recovery in headcount as schools expanded capacity for in-person learning. The decrease was partially offset by lower self-insurance expense related to the prior periods, driven by improvement in the workers' compensation program, reflecting reduced claim frequency related to the Pandemic and positive influences of claim closure projects and reserving practices.

Selling, General and Administrative Expenses

Selling, general and administrative expenses increased by \$30.5 million during the three months ended January 31, 2022, as compared to the three months ended January 31, 2021. The increase in selling, general and administrative expenses was primarily attributable to:

- a \$19.5 million increase in compensation and related expenses primarily attributable to the addition of overhead related to the Able Acquisition and talent acquisition activities;
- a \$11.5 million increase in certain technology projects attributable to discrete transformational costs under our **ELEVATE** strategy for developing the new enterprise resource planning system, client facing technology, workforce management tools, and data analytic; and
- an \$8.3 million increase in acquisition and integration costs attributable to the Able Acquisition.

This increase was partially offset by:

- a \$7.7 million gain recognized on the sale of a group of customer contracts related to healthcare technology management services within Technical Solutions; and
- a \$2.1 million decrease in bad debt expense.

Amortization of Intangible Assets

Amortization of intangible assets increased by \$6.7 million, or 62.5%, during the three months ended January 31, 2022, as compared to the three months ended January 31, 2021. The increase was primarily due to the amortization of intangibles acquired as part of the Able Acquisition.

Interest Expense

Interest expense decreased by \$2.3 million, or 26.4%, during the three months ended January 31, 2022, as compared to the three months ended January 31, 2021, primarily due to lower relative interest rates 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 from income on operations for the three months ended January 31, 2022, and January 31, 2021, were 24.2% and 26.7%, respectively, resulting in tax provisions of \$24.3 million and \$27.2 million, respectively.

Our effective tax rate for the three months ended January 31, 2022, was impacted by a \$3.5 million benefit from change in tax reserves. Our effective tax rate for the three months ended January 31, 2021, was not impacted by any significant discrete items. The difference between the effective tax rate and statutory rate is primarily related to tax credits and reserves.

Interest Rate Swaps

During the three months ended January 31, 2022, interest rate swaps decreased by \$0.6 million, or 51.1%, as compared to the three months ended January 31, 2021, primarily due to underlying changes in the fair value of our interest rate swaps.

Foreign Currency Translation

We had a foreign currency translation loss of \$2.4 million during the three months ended January 31, 2022, as compared to a foreign currency translation gain of \$4.0 million during the three months ended January 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

<i>(in millions)</i>	Three Months Ended January 31,		Increase / (Decrease)	
	2022	2021		
Revenues				
Business & Industry	\$ 1,029.5	\$ 690.1	\$ 339.4	49.2%
Manufacturing & Distribution	359.1	340.8	18.3	5.4%
Education	205.7	208.0	(2.3)	(1.1)%
Aviation	200.3	140.9	59.4	42.1%
Technical Solutions	141.8	112.6	29.2	25.9%
	<u>\$ 1,936.2</u>	<u>\$ 1,492.4</u>	<u>\$ 443.8</u>	<u>29.7%</u>
Operating profit				
Business & Industry	\$ 83.3	\$ 72.7	\$ 10.6	14.6%
<i>Operating profit margin</i>	8.1 %	10.5 %	(244) bps	
Manufacturing & Distribution	40.6	39.7	0.9	2.3%
<i>Operating profit margin</i>	11.3 %	11.7 %	(34) bps	
Education	12.6	21.7	(9.1)	(41.7)%
<i>Operating profit margin</i>	6.1 %	10.4 %	(428) bps	
Aviation	8.9	3.1	5.8	NM*
<i>Operating profit margin</i>	4.4 %	2.2 %	223 bps	
Technical Solutions	16.9	6.0	10.9	NM*
<i>Operating profit margin</i>	11.9 %	5.3 %	656 bps	
Government Services	(0.1)	(0.1)	—	45.2%
<i>Operating margin</i>	NM*	NM*	NM*	
Corporate	(55.8)	(32.6)	(23.2)	(71.1)%
Adjustment for income from unconsolidated affiliates, included in Aviation and Technical Solutions	(0.5)	(0.6)	0.1	21.4%
Adjustment for tax deductions for energy efficient government buildings, included in Technical Solutions	—	(0.2)	0.2	NM*
	<u>\$ 106.0</u>	<u>\$ 109.7</u>	<u>\$ (3.7)</u>	<u>(3.4)%</u>

*Not meaningful

Business & Industry

<i>(\$ in millions)</i>	Three Months Ended January 31,		Increase / (Decrease)	
	2022	2021		
Revenues	\$ 1,029.5	\$ 690.1	\$ 339.4	49.2%
Operating profit	83.3	72.7	10.6	14.6%
<i>Operating profit margin</i>	8.1 %	10.5 %	(244) bps	

B&I revenues increased by \$339.4 million, or 49.2%, during the three months ended January 31, 2022, as compared to the three months ended January 31, 2021. The increase was primarily driven by a \$307.7 million revenue increase due to the Able Acquisition in the fourth quarter of 2021. In addition, as Pandemic disruptions continue to ease, revenue was positively impacted by the recovery of certain accounts, while partially offset by decrease in Pandemic-related cleaning services. Management reimbursement revenues for this segment totaled \$52.5 million and \$43.4 million for the three months ended January 31, 2022 and 2021, respectively.

Operating profit increased by \$10.6 million, or 14.6%, during the three months ended January 31, 2022, as compared to the three months ended January 31, 2021. Operating profit margin decreased by 244 bps to 8.1% in the three months ended January 31, 2022, from 10.5% in the three months ended January 31, 2021. The decrease in operating profit margin was primarily driven by the changes in contract mix as a result of the Able Acquisition and the decrease in cleaning services for Pandemic-related demands, which have higher margins. In addition, operating

profit margin was also negatively impacted by the amortization of intangibles acquired as part of the Able Acquisition.

Manufacturing & Distribution

(\$ in millions)	Three Months Ended January 31,		Increase / (Decrease)	
	2022	2021		
Revenues	\$ 359.1	\$ 340.8	\$ 18.3	5.4%
Operating profit	40.6	39.7	0.9	2.3%
Operating profit margin	11.3 %	11.7 %	(34) bps	

M&D revenues increased by \$18.3 million, or 5.4%, during the three months ended January 31, 2022, as compared to the three months ended January 31, 2021. The increase was primarily attributable to net new business led by distribution clients, partially offset by a decrease in work orders for Pandemic-related demands.

Operating profit increased by \$0.9 million, or 2.3%, during the three months ended January 31, 2022, as compared to the three months ended January 31, 2021. Operating profit margin decreased by 34 bps to 11.3% in the three months ended January 31, 2022, from 11.7% in the three months ended January 31, 2021. The decrease in operating profit margin was primarily attributable the decrease in Pandemic-related work orders, which have higher margins. The decrease in operating profit margin was partially offset by lower bad debt expense.

Education

(\$ in millions)	Three Months Ended January 31,		Decrease	
	2022	2021		
Revenues	\$ 205.7	\$ 208.0	\$ (2.3)	(1.1)%
Operating profit	12.6	21.7	(9.1)	(41.7)%
Operating profit margin	6.1 %	10.4 %	(428) bps	

Education revenues decreased by \$2.3 million, or 1.1%, during the three months ended January 31, 2022, as compared to the three months ended January 31, 2021. The decrease was primarily attributable to the loss of certain accounts and a decrease in Pandemic-related work orders. The decrease was partially offset by recovery in the volume of our business as schools reopened to full capacity.

Operating profit decreased by \$9.1 million, or 41.7%, during the three months ended January 31, 2022, as compared to the three months ended January 31, 2021. Operating profit margin decreased by 428 bps to 6.1% in the three months ended January 31, 2022, from 10.4% in the three months ended January 31, 2021. The decrease in operating margin was primarily attributable to an increase in direct labor and related costs due to the recovery in headcount as schools expanded capacity for in-person learning. Operating margin was positively impacted by a decrease in bad debt expense, reflecting strong collections and also due to higher reserves recorded in the prior year mainly associated with increasing credit risk resulting from the Pandemic, and lower amortization of intangible assets.

Aviation

(\$ in millions)	Three Months Ended January 31,		Increase	
	2022	2021		
Revenues	\$ 200.3	\$ 140.9	\$ 59.4	42.1%
Operating profit	8.9	3.1	5.8	NM*
Operating profit margin	4.4 %	2.2 %	223 bps	

*Not meaningful

Aviation revenues increased by \$59.4 million, or 42.1%, during the three months ended January 31, 2022, as compared to the three months ended January 31, 2021. The increase was primarily attributable to a recovery in the volume of our U.S. and U.K. businesses due to less Pandemic-related travel restrictions and new parking-related services. Management reimbursement revenues for this segment totaled \$12.3 million and \$13.7 million for the three months ended January 31, 2022 and 2021, respectively.

Operating profit increased by \$5.8 million during the three months ended January 31, 2022, as compared to the three months ended January 31, 2021. Operating margin increased by 223 bps to 4.4% in the three months ended January 31, 2022 from 2.2% in the three months ended January 31, 2021. The increase was primarily attributable to the recovery in the volume of our business and the strategic shift toward higher margin contracts with airports and related facilities .

Technical Solutions

(\$ in millions)	Three Months Ended January 31,				Increase	
	2022	2021				
Revenues	\$ 141.8	\$ 112.6	\$		29.2	25.9%
Operating profit	16.9	6.0			10.9	NM*
Operating profit margin	11.9 %	5.3 %			656 bps	

Technical Solutions revenues increased by \$29.2 million, or 25.9%, during the three months ended January 31, 2022, as compared to the three months ended January 31, 2021. This increase was primarily driven by the growth in electric vehicle charging station installation sales. In addition, revenues was positively impacted by certain new contract wins within our U.K business.

We had an increase of operating profit of \$10.9 million during the three months ended January 31, 2022, as compared to the three months ended January 31, 2021. Operating margin increased by 656 bps to 11.9% in the three months ended January 31, 2022 from 5.3% in the three months ended January 31, 2021. The increase in operating margin was primarily attributable to attributable to the \$7.7 million gain recognized on the sale of a group of customer contracts related to healthcare technology management services and lower bad debt expense.

Corporate

(\$ in millions)	Three Months Ended January 31,				Increase	
	2022	2021				
Corporate expenses	\$ (55.8)	\$ (32.6)	\$		(23.2)	(71.1)%

*Not meaningful

Corporate expenses increased by \$23.2 million during the three months ended January 31, 2022, as compared to the three months ended January 31, 2021. The increase in corporate expenses was primarily attributable to:

- a \$17.1 million increase in compensation and related expenses primarily attributable to the addition of overhead related to the Able Acquisition and talent acquisition activities;
- a \$11.5 million increase in certain technology projects attributable to discrete transformational costs under our **ELEVATE** strategy for developing the new enterprise resource planning system, client facing technology, workforce management tools, and data analytics; and
- an \$8.3 million increase in acquisition and integration costs attributable to the Able Acquisition.

This increase was partially offset by:

- a \$13.8 million decrease in insurance expense as the result of favorable self-insurance reserve adjustments from actuarial evaluations completed in the three months ended January 31, 2022, as compared to the three months ended January 31, 2021.

Liquidity and Capital Resources

Our primary sources of liquidity are operating cash flows and borrowing capacity under our Amended Credit 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 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.

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, 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. At January 31, 2022, the weighted average interest rate on our outstanding borrowings was 1.60%. 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, 2021, we were in compliance with these covenants.

During the three months ended January 31, 2022, we made principal payments of \$8.1 million under the term loan. At January 31, 2022, the total outstanding borrowings under our Amended Credit Facility in the form of cash borrowings and standby letters of credit were \$1.0 billion and \$166.9 million. At January 31, 2022, we had up to \$749.3 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. Additionally, our interest rate swaps mature before June 30, 2023. 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 first quarter of 2022, as summarized below. 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 January 31, 2022, authorization for \$131.6 million of repurchases remained under the 2019 Share Repurchase Program.

<i>(in millions, except per share amounts)</i>	Three Months Ended January 31, 2022	
Total number of shares purchased		0.3
Average price paid per share	\$	44.23
Total cash paid for share repurchases	\$	13.3

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.

<i>(in millions)</i>	Three Months Ended January 31,			
	2022		2021	
Net cash (used in) provided by operating activities	\$	(93.6)	\$	45.3
Net cash used in investing activities		(12.4)		(5.2)
Net cash provided by (used in) financing activities		90.3		(57.8)

Operating Activities

Net cash used in operating activities was \$93.6 million during the three months ended January 31, 2022, as compared to net cash provided by operating activities of \$45.3 million during the three months ended January 31, 2021. The change was primarily driven by the timing of client receivable collections, vendor payments, and the payment of deferred remittance of payroll taxes under the CARES Act.

Investing Activities

Net cash used in investing activities increased \$7.2 million during the three months ended January 31, 2022, as compared to the three months ended January 31, 2021. This increase was primarily related to 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 \$90.3 million during the three months ended January 31, 2022, as compared to net cash used in financing activities of \$57.8 million during the three months ended January 31, 2021. The change was primarily related to an increase in net borrowings from our Amended Credit Facility in the current year.

Contingencies

For disclosures on contingencies, see Note 10, "Commitments and Contingencies," of the Notes to 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	<p>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.</p> <p>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.</p>	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	<p>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.</p> <p>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.</p>	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 2021, we completed the Able Acquisition, as described in Note 3, "Acquisitions," to the 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 first 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, many of our office-based employees began working remotely in March 2020. This change to the working environment did not have a material effect on our internal controls over financial reporting during the first 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 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 first quarter of fiscal year 2022:

Issuer Purchases of Equity Securities

<i>(in millions, except per share amounts)</i>	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				
11/1/2021 – 11/30/2021	0.0	\$ —	0.0	\$ 144.9
12/1/2021 – 12/31/2021	0.0	\$ —	0.0	\$ 144.9
1/1/2022 – 1/31/2022	0.3	\$ 44.23	0.3	\$ 131.6
Total	0.3	\$ 44.23	0.3	\$ 131.6

⁽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.

Disclosure Pursuant to Section 219 of the Iran Threat Reduction and Syria Human Rights Act

Section 219 of the Iran Threat Reduction and Syria Human Rights Act of 2012 (“ITRA”), effective August 10, 2012, added a new subsection (r) to Section 13 of the Exchange Act, which requires issuers that file periodic reports with the SEC to disclose in their annual and quarterly reports whether, during the reporting period, they or any of their “affiliates” (as defined in Rule 12b-2 under the Exchange Act) have knowingly engaged in specified activities or transactions relating to Iran, including activities not prohibited by U.S. law and conducted outside the United States by non-U.S. affiliates in compliance with applicable laws. Issuers must also file a notice with the SEC if any disclosable activity under ITRA has been included in an annual or quarterly report.

In the fourth quarter of fiscal year 2021, the Company discovered that one of its U.K. subsidiaries had been providing aircraft cleaning services to Iran Air since April 2020. The U.K. subsidiary terminated its relationship with Iran Air on August 30, 2021. The aggregate amount of payments received by the U.K. subsidiary in return for its services was approximately GBP 64,000, and the aggregated profits were GBP 6,400.

The Company submitted a preliminary self-disclosure and investigation report of the U.K. subsidiary’s transactions with the U.S. Treasury Department Office of Foreign Assets Control (“OFAC”).

The Company is fully cooperating with OFAC in its review of this matter and does not currently expect that OFAC’s review will have a material adverse effect on the Company. The Company is also in the process of reviewing and developing enhanced controls, procedures, and other measures to ensure compliance with applicable law.

ITEM 6. EXHIBITS.

(a) Exhibits

Exhibit No.	Exhibit Description
10.1*†	Statement of Terms and Conditions Applicable to Awards Granted to Employees Pursuant to the 2021 Equity and Incentive Compensation Plan, for Awards Granted on or after January 1, 2022
10.2*†	Form of Restricted Stock Unit Agreement for Employees – 2021 Equity and Incentive Compensation Plan
10.3*†	Form of Performance Share Agreement for Employees – 2021 Equity and Incentive Compensation Plan
10.4*†	Senior Executive Severance Pay Policy, as amended and restated March 7, 2011
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.INST†	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

March 9, 2022

/s/ Earl R. Ellis

Earl R. Ellis
Executive Vice President and Chief Financial Officer
(Duly Authorized Officer)

March 9, 2022

/s/ Dean A. Chin

Dean A. Chin
Senior Vice President, Chief Accounting Officer, Corporate
Controller and Treasurer
(Principal Accounting Officer)

ABM INDUSTRIES INCORPORATED
STATEMENT OF TERMS AND CONDITIONS APPLICABLE TO AWARDS
GRANTED TO EMPLOYEES
PURSUANT TO THE 2021 EQUITY AND INCENTIVE COMPENSATION PLAN

I. INTRODUCTION

The following terms and conditions shall apply to each Award granted under the Plan to an Employee eligible to participate in the Plan, except as may otherwise be determined by the Administrator, as provided herein. This Statement of Terms and Conditions is subject to the terms of the Plan and of any Award made pursuant to the Plan. In the event of any inconsistency between this Statement of Terms and Conditions and the Plan, the Plan shall govern.

II. DEFINITIONS

Capitalized terms not otherwise defined in this Statement of Terms and Conditions shall have the meaning set forth in the Plan. When capitalized in this Statement of Terms and Conditions, the following additional terms shall have the meaning set forth below:

- A. “Administrator” means the Board or the committee of the Board appointed to administer the Plan, or a delegate of the Board as provided for in the Plan.
- B. “Appreciation Right Period” means the period commencing on the Date of Grant of an Appreciation Right and, except as otherwise provided in Section V. E, ending on the Termination Date.
- C. “Award” means any award of Option Rights, Appreciation Rights, Restricted Stock, Restricted Stock Units, Cash Incentive Awards, Performance Shares and Performance Units or Other Awards under the Plan.
- D. “Beneficiary” means the individual identified by the Participant to whom distribution shall be made of any Award outstanding at the time of the Participant’s death.
- E. “Cause” shall have the meaning ascribed to such term under any employment agreement between the Participant and the Company and, absent any such definition, means, with respect to a Participant:
 - i. serious misconduct, dishonesty, disloyalty or insubordination;
 - ii. the Participant’s conviction (or entry of a plea bargain admitting criminal guilt) of any felony or misdemeanor involving moral turpitude;
 - iii. drug or alcohol abuse that has a material or potentially material effect on the Company’s reputation and/or the performance of the Participant’s duties and responsibilities under the Participant’s employment agreement;
 - iv. failure to substantially perform the Participant’s duties or responsibilities under the Participant’s employment agreement for reasons other than death or disability;
 - v. repeated inattention to duty for reasons other than death or disability; or

- vi. any other material breach of the Participant's employment agreement or Company Code of Business Conduct by the Participant.
- F. "Disability" and "Disabled" means, unless otherwise set forth in an Evidence of Award, that the Participant is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months.
- G. "Employee" means an individual employed by the Company or an Affiliate (within the meaning of Code Section 3401 and the regulations thereunder).
- H. "Excess Equity Award" means the positive difference, if any, between the value of the Award paid to an Executive Officer and the Award that would have been paid to such Executive Officer had the amount of the Award been calculated based on the Company's financial statements as restated.
- I. "Excess Parachute Payment" means a payment that creates an obligation for a Participant to pay excise taxes under Code Section 280G or any successor provision thereto.
- J. "Executive Officer" means any person who is an officer of the Company for purposes of Section 16 of the Exchange Act.
- K. "Independent Committee" means any committee consisting of independent Directors designated by the independent members of the Board.
- L. "Option Period" means the period commencing on the Date of Grant of Option Rights and, except as otherwise provided in Section IV. E, ending on the Termination Date.
- M. "Option Proceeds" means, with respect to any sale or other disposition of Shares issued or issuable upon the exercise of an Option Right, an amount determined appropriate by the independent members of the Board or the Independent Committee, in its sole judgment, to reflect the effect of a restatement of the Company's financial statements on the Company's stock price, up to an amount equal to the number of Shares sold or disposed of, multiplied by a number equal to the difference between (x) the Market Value per Share at the time of sale or disposition multiplied by the number of Shares underlying the Award and (y) the Exercise Price.
- N. "Retirement" means the termination of an Employee's employment, other than for Cause, at (i) age 60 or (ii) age 55 or older at a time when age plus years of service equals or exceeds 65.
- O. "Share" means one share of Common Stock, as may be adjusted from as a result of a recapitalization.
- P. "Share Equivalent" means a bookkeeping entry representing a right to the equivalent of one Share.
- Q. "Termination Date" means the date that Option Rights expire as set forth in the Evidence of Award.

III. MINIMUM VESTING REQUIREMENT

- A. Awards granted under the Plan to Participants shall either be subject to a minimum vesting or minimum performance period, in the case of Performance Shares and Performance Units, of one year. Notwithstanding the foregoing, (i) the Committee may authorize acceleration of vesting of such awards in the event of the Participant's death, Disability, termination of employment or service or the occurrence of a Change in Control, (ii) the Committee may grant awards without the above-described minimum requirements with respect to awards covering up to 5% of the aggregate number of shares authorized for issuance under the Plan, and (iii) with respect to awards granted to non-employee Directors, the vesting of such awards will be deemed to satisfy the minimum vesting requirement to the extent that the awards vest based on the approximate one-year period beginning on each regular annual meeting of the Company's stockholders and ending on the date of the next regular annual meeting of the Company's stockholders (in no case will the minimum vesting requirement be less than 50 weeks).

IV. OPTION RIGHTS

- A. Option Notice and Evidence of Award. Option Rights granted under the Plan shall be evidenced by an Evidence of Award setting forth the terms and conditions of the Option Rights, including whether the Option Rights are Incentive Stock Option Rights or nonqualified Option Rights and the number of Shares subject to the Option Rights. Each Evidence of Award shall incorporate by reference and be subject to this Statement of Terms and Conditions and the terms and conditions of the Plan, except as may otherwise be determined by the Administrator.
- B. Exercise Price. The Exercise Price of the Option Rights, as specified in the Evidence of Award, shall be equal to or greater than the Market Value per Share of the Shares underlying the Option Rights on the Date of Grant.
- C. Option Period. Option Rights shall be exercisable only during the applicable Option Period, and during such Option Period the exercisability of the Option Rights shall be subject to the vesting provisions of Section IV. D as modified by the rules set forth in Sections III, IV. E, VII, VIII and IX. The Option Period shall be not more than ten years from the Date of Grant.
- D. Vesting of Right to Exercise Option Rights.
1. Except as provided in the last sentence of this Section IV. D. 1 and in Sections VI, VII, VIII and IX, Option Rights shall be exercisable during the Option Period in accordance with the following vesting schedule: (i) 25% of the Shares subject to the Option Rights shall vest on the first anniversary of the Date of Grant; (ii) an additional 25% of the Shares shall vest on the second anniversary of the Date of Grant; (iii) an additional 25% of the Shares shall vest on the third anniversary of the Date of Grant; and (iv) the remaining 25% of the Shares subject to the Option Rights shall vest on the fourth anniversary of the Date of Grant. Notwithstanding the foregoing, the Administrator may specify a different vesting schedule.
 2. Any vested portion of an award of Option Rights not exercised hereunder shall accumulate and be exercisable at any time on or before the Termination Date, subject to the rules set forth in Sections IV. E, VII, VIII, and IX. No Option Right may be exercised for less than 5% of the

total number of Shares then available for exercise under such Option Rights. In no event shall the Company be required to issue fractional shares.

E. Termination of Employment. In addition to the terms set forth in the Plan with respect to termination of employment:

1. Except as provided in the last sentence of this Section IV. E. 1, if, during the Option Period, a Participant ceases to be a bona fide employee of the Company or an Affiliate due to his or her Retirement that occurs at least one year following the Date of Grant, or due to his or her Disability or death, then in addition to any Shares vested under the Evidence of Award prior to the date of such Retirement, Disability or death, the Option Rights shall vest in the number of Shares equal to 25% of the number of Shares originally subject to the Option Rights, multiplied by the number of whole months between the most recent anniversary date of the Option Rights grant and the date of such Retirement, Disability or death, and divided by 12. Notwithstanding the foregoing, the Administrator may specify a different provision regarding vesting upon termination of employment due to Retirement, Disability or death, or any other reason, subject to the terms of the Plan.
2. If a Participant who ceases to be a bona fide employee of the Company or an Affiliate is subsequently rehired prior to the expiration of his or her Option Rights, then the Option Rights shall continue to remain outstanding until such time as the Participant subsequently terminates employment or the Option Rights otherwise terminate pursuant to this Statement of Terms and Conditions. Upon the Participant's subsequent termination of employment, the post-termination exercise period calculated pursuant to the terms and conditions of this Section IV. E shall be reduced by the number of days between the date of the Participant's initial termination of employment and his or her rehire date; *provided, however*, that if the rehired Participant continues to be employed by the Company or an Affiliate for at least one year from his or her rehire date, then the post-termination exercise period for the Option Rights shall be determined in accordance with the Plan and shall not be adjusted as described above.
3. In the event that a Participant who is an Employee ceases to be employed by the Company or any of its Affiliates for any reason, such Participant shall have the right (subject to the limitation that no Option Right may be exercised after its stated expiration date) to exercise the Option Rights, to the extent that, at the date of termination of employment, the Option Rights had vested pursuant to the terms of the Evidence of Award with respect to which such Option Rights were granted and had not previously been exercised, either: (i) within four months after such termination of employment; or (ii) in the case of Retirement or death within one year after the date thereof; or (iii) in the case of Disability, within one year from the date the Committee or its delegate determines that the Participant is Disabled; or (iv) on such other terms established by the Committee in the Evidence of Award or otherwise prior to termination.

- F. Method of Exercise. A Participant may exercise Option Rights with respect to all or any part of the exercisable Shares as follows:
1. By giving the Company, or its authorized representative designated for this purpose, written notice of such exercise specifying the number of Shares as to which the Option Rights are so exercised. Such notice shall be accompanied by an amount equal to the Exercise Price of such Shares, in the form of any one or combination of the following:
 - a. cash or certified check, bank draft, postal or express money order in lawful money of the United States;
 - b. personal check of the Participant;
 - c. a “net exercise” pursuant to which the Company will not require a payment of the Exercise Price from the Participant but will reduce the number of Shares issued upon the exercise by the largest number of whole Shares such that the Market Value per Share multiplied by the number of Shares does not exceed the aggregate Exercise Price. With respect to any remaining balance of the aggregate Exercise Price, the Company shall accept payment in a form identified in (a) or (b) of this section;
 - d. by tendering to the Company or its authorized representative Shares having a Market Value per Share, as determined by the Company, such that the aggregate value of the shares is equal to the Exercise Price. In the event a Participant tenders Shares to pay the Exercise Price, tender of Shares acquired through exercise of an Incentive Stock Option may result in unfavorable income tax consequences unless such Shares are held for at least two years from the Date of Grant of the Incentive Stock Option and one year from the date of exercise of the Incentive Stock Option;
 - e. delivery (including by facsimile or email transmission) to the Company or its authorized representative of an executed irrevocable option exercise form together with irrevocable instructions to an approved registered investment broker to sell Shares in an amount sufficient to pay the Exercise Price plus any minimal applicable withholding taxes and to transfer the proceeds of such sale to the Company; and
 2. If required by the Company, by giving satisfactory assurance in writing, signed by the Participant, the Participant shall give his or her assurance that the Shares subject to the Option Rights are being purchased for investment and not with a view to the distribution thereof; provided that such assurance shall be deemed inapplicable to (i) any sale of the Shares by such Participant made in accordance with the terms of a registration statement covering such sale, which has heretofore been (or may hereafter be) filed and become effective under the Securities Act of 1933, as amended (the “Securities Act”), and with respect to which no stop order suspending the effectiveness thereof has been issued, and (ii) any other sale of the Shares with respect to which, in the opinion of counsel for the Company, such assurance is not required to be given in order to comply with the provisions of the Securities Act.

- G. Limitations on Transfer. Option Rights shall, during a Participant's lifetime, be exercisable only by the Participant. No Option Right or any right granted thereunder shall be transferable by the Participant by operation of law or otherwise, other than as set forth in the Plan. In the event of any attempt by a Participant to alienate, assign, pledge, hypothecate, or otherwise dispose of Option Rights or of any right thereunder, except as provided herein, or in the event of the levy of any attachment, execution, or similar process upon the rights or interest hereby conferred, the Company at its election may terminate the affected Option Rights by notice to the Participant and the Option Rights shall thereupon become null and void.
- H. No Stockholder Rights. Neither a Participant nor any person entitled to exercise a Participant's rights in the event of the Participant's death shall have any of the rights of a stockholder with respect to the Shares subject to Option Rights except to the extent that such Option Rights have been exercised.

V. APPRECIATION RIGHTS

- A. Evidence of Award. A grant of Appreciation Rights granted under the Plan shall be evidenced by an Evidence of Award to be executed by the Participant and the Company setting forth the terms and conditions of the Award. Each Evidence of Award shall incorporate by reference and be subject to this Statement of Terms and Conditions and the terms and conditions of the Plan, except as may otherwise be determined by the Administrator.
- B. Base Price. The Base Price of an Appreciation Right, as specified in the Evidence of Award, shall be equal to or greater than the Market Value per Share of the Shares underlying the Appreciation Right on the Date of Grant.
- C. Appreciation Right Period. An Appreciation Right shall be exercisable only during the applicable Appreciation Right Period, and during such Appreciation Right Period the exercisability of the Appreciation Right shall be subject to the vesting provisions of Section V. D as modified by the rules set forth in Sections III, V. D, VII, VIII and IX. No Appreciation Right granted under this Plan may be exercised more than ten years from the Date of Grant. The Committee may provide in any Evidence of Award for the automatic exercise of an Appreciation Right upon such terms and conditions as established by the Committee.
- D. Vesting of Right to Exercise Appreciation Rights.
 - 1. Except as provided in Sections VII, VIII and IX, Appreciation Rights shall be exercisable during the Appreciation Right Period in accordance with the following vesting schedule: (i) 25% of the Shares subject to the Appreciation Right shall vest on the first anniversary of the Date of Grant; (ii) an additional 25% of the Shares shall vest on the second anniversary of the Date of Grant; (iii) an additional 25% of the Shares shall vest on the third anniversary of the Date of Grant; and (iv) the remaining 25% of the Shares subject to the Appreciation Right shall vest on the fourth anniversary of the Date of Grant. Notwithstanding the foregoing, the Administrator may specify a different vesting schedule.
 - 2. Any vested portion of an Appreciation Right not exercised hereunder shall accumulate and be exercisable at any time on or before the Termination Date, subject to the rules set forth in Sections VII, VIII and IX.

- E. Termination of Employment. In addition to the terms set forth in the Plan with respect to termination of employment:
1. Except as provided in the last sentence of this Section IV. E. 1, if, during the Appreciation Right Period, a Participant ceases to be a bona fide employee of the Company or an Affiliate due to his or her Retirement that occurs at least one year following the Date of Grant, or due to his or her Disability or death, then in addition to any Shares vested under the Evidence of Award prior to the date of such Retirement, Disability or death, the Appreciation Rights shall vest in the number of Shares equal to 25% of the number of Shares originally subject to the Appreciation Rights, multiplied by the number of whole months between the most recent anniversary date of the Appreciation Rights grant and the date of such Retirement, Disability or death, and divided by 12. Notwithstanding the foregoing, the Administrator may specify a different provision regarding vesting upon termination of employment due to Retirement, Disability or death, or any other reason, subject to the terms of the Plan.
 2. If a Participant who ceases to be a bona fide employee of the Company or an Affiliate is subsequently rehired prior to the expiration of his or her Appreciation Rights, then the Appreciation Rights shall continue to remain outstanding until such time as the Participant subsequently terminates employment or the Appreciation Rights otherwise terminate pursuant to this Statement of Terms and Conditions. Upon the Participant's subsequent termination of employment, the post-termination exercise period calculated pursuant to the terms and conditions of this Section V. E shall be reduced by the number of days between the date of the Participant's initial termination of employment and his or her rehire date; *provided, however*, that if the rehired Participant continues to be employed by the Company or an Affiliate for at least one year from his or her rehire date, then the post-termination exercise period for the Appreciation Rights shall be determined in accordance with the Plan and shall not be adjusted as described above.
 3. In the event that a Participant who is an Employee ceases to be employed by the Company or any of its Affiliates for any reason, such Participant shall have the right (subject to the limitation that no Appreciation Right may be exercised after its stated expiration date) to exercise the Appreciation Rights, to the extent that, at the date of termination of employment, the Appreciation Rights had vested pursuant to the terms of the Evidence of Award with respect to which such Appreciation Rights were granted and had not previously been exercised, either: (i) within four months after such termination of employment; or (ii) in the case of Retirement or death within one year after the date thereof; or (iii) in the case of Disability, within one year from the date the Committee or its delegate determines that the Participant is Disabled; or (iv) on such other terms established by the Committee in the Evidence of Award or otherwise prior to termination.
- F. Limitations on Transfer. Appreciation Rights shall, during a Participant's lifetime, be exercisable only by the Participant. No Appreciation Right or any right granted thereunder shall be transferable by the Participant by operation of law or otherwise, other than as set forth in the Plan. In the event of any attempt by a Participant to alienate, assign, pledge, hypothecate, or otherwise dispose of

Appreciation Rights or of any right thereunder, except as provided herein, or in the event of the levy of any attachment, execution, or similar process upon the rights or interest hereby conferred, the Company at its election may terminate the affected Appreciation Rights by notice to the Participant and the Appreciation Rights shall thereupon become null and void.

- G. No Stockholder Rights. Neither a Participant nor any person entitled to exercise a Participant's rights in the event of the Participant's death shall have any of the rights of a stockholder with respect to the Shares subject to Appreciation Rights except to the extent that such Appreciation Rights have been exercised.

VI. RESTRICTED STOCK, RESTRICTED STOCK UNITS, PERFORMANCE SHARES AND PERFORMANCE UNITS

- A. Evidence of Award. A grant of Restricted Stock, Restricted Stock Units, Performance Shares or Performance Units granted under the Plan shall be evidenced by an Evidence of Award to be executed by the Participant and the Company setting forth the terms and conditions of the Award. Each Evidence of Award shall incorporate by reference and be subject to this Statement of Terms and Conditions and the terms and conditions of the Plan, except as may otherwise be determined by the Administrator.
- B. Special Restrictions. Each grant of Restricted Stock, Restricted Stock Units, Performance Shares or Performance Units made under the Plan shall contain the following terms, conditions and restrictions, except as may otherwise be determined by the Administrator.
1. Restrictions. Until the restrictions imposed on any grant of Restricted Stock shall lapse, shares of Restricted Stock granted to a Participant: (a) shall not be sold, assigned, transferred, pledged, hypothecated, or otherwise disposed of, and (b) shall, if the Participant experiences a "separation from service" (within the meaning of Section 409A of the Code) from the Company or an Affiliate for any reason (except as otherwise provided in the Plan or in Section VI. B. 2) be returned to the Company forthwith, and all the rights of the Participant to such Shares shall immediately terminate. A Participant shall not be permitted to sell, transfer, pledge, assign or encumber such Restricted Stock Units or Performance Shares. If a Participant experiences a "separation from service" (within the meaning of Section 409A of the Code) from the Company or an Affiliate (except as otherwise provided in the Plan or in Section VI. B. 2) prior to the lapse of the restrictions imposed on an award of Restricted Stock Units, Performance Shares or Performance Units, the unvested portion of the award of Restricted Stock Units, Performance Shares or Performance Units shall be forfeited to the Company, and all the rights of the Participant to such Award shall immediately terminate. If a Participant is absent from work with the Company or an Affiliate because of his or her short-term disability or because the Participant is on an approved leave of absence, if the period of such leave does not exceed six months (or if longer, so long as the individual retains a right to reemployment with the Company under an applicable statute or by contract), the Participant shall not be deemed during the period of any such absence, by virtue of such absence alone, to have experienced a "separation from service" (within the meaning of Section 409A of the Code) from the Company or an Affiliate except as the Administrator may

otherwise expressly determine. Notwithstanding the foregoing, if the Participant is on a voluntary leave of absence for the purpose of serving the government of the country of which the Participant is a citizen or in which the Participant's principal place of employment is located, such leave shall be considered an approved leave of absence.

2. Certain Terminations of Employment.

- a. Restricted Stock and Restricted Stock Units. Notwithstanding any provision contained in the Plan to the contrary, and except as provided in the last sentence of this Section VI. B. 2. a, if a Participant who has been in the continuous employment of the Company or an Affiliate since the Date of Grant of an award of Restricted Stock or Restricted Stock Units that remains outstanding ceases to be a bona fide employee of the Company or an Affiliate, which cessation constitutes a "separation from service" under Section 409A of the Code and which is a result of Retirement that occurs at least one year following the Date of Grant or a result of Disability or death, then the restrictions shall lapse as to the number of Shares or Share Equivalents equal to: (i) the number of Shares or Share Equivalents originally subject to the Award, multiplied by (ii) a fraction (x) the number of whole months between the Date of Grant and the date of such separation from service, divided by (y) the number of whole months between the Date of Grant and the final vesting date contemplated in the Award, less (iii) the number of Shares or Share Equivalents originally subject to the Award that have already become vested. Notwithstanding the foregoing, the Administrator may specify a different provision regarding vesting upon termination of employment due to Retirement, Disability or death, or any other reason, subject to the terms of the Plan and Code Section 409A.
- b. Performance Shares and Performance Units. Notwithstanding any provision contained in the Plan to the contrary, and except as provided in the last sentence of this Section VI. B. 2. b, if a Participant who has been in the continuous employment of the Company or an Affiliate since the Date of Grant of a grant of Performance Shares or Performance Units that remains outstanding ceases to be a bona fide employee of the Company or an Affiliate as a result of Retirement that occurs at least one year following the Date of Grant, or as a result of Disability or death, or whose employment is terminated by the Company or an Affiliate without Cause at least one year following the Date of Grant, then at the end of the performance period the restrictions shall lapse as to the number of Share Equivalents equal to: (i) the number of Performance Shares or Performance Units vested in accordance with the performance objectives established by the Administrator for the Award, multiplied by a fraction (x) the number of whole months between the Date of Grant and the date of such Retirement, Disability, death or termination without Cause, divided by (y) the number of months in the performance period. Notwithstanding the foregoing, (A) the Administrator may specify a different provision regarding vesting upon termination of employment due to Retirement, Disability or death, or any other reason, subject to the

terms of the Plan, and (B) in the event of a Participant whose employment is terminated by the Company or an Affiliate without Cause at least one year following the Date of Grant, the foregoing vesting will be subject to the Participant signing (and not revoking) a release in the form specified by the Company not later than the date specified by the Company but in no event later than sixty days following termination of employment that constitutes a “separation from service.”

- C. Dividends, Dividend Equivalents, and Business Transactions. Upon cash dividends being paid on outstanding shares of the Company’s Common Stock, dividends shall be paid with respect to Restricted Stock during the Restriction Period and shall be converted to additional shares of Restricted Stock, which shall be subject to the same restrictions as the original Award for the duration of the Restricted Period. Upon cash dividends being paid on outstanding shares of the Company’s Common Stock, dividend equivalents shall be credited in respect of Restricted Stock Units, Performance Shares and Performance Units (if applicable), which shall be converted into additional Restricted Stock Units, Performance Shares or Performance Units (as applicable), which will be subject to all of the terms and conditions of the underlying Restricted Stock Units, Performance Shares or Performance Units including the same vesting restrictions as the underlying Evidence of Award. Upon stock dividends being paid on outstanding shares of the Company’s Common Stock or a Change in Control, the Administrator is authorized to take such actions and make such changes with respect to outstanding Awards, including the performance criteria for the termination of restrictions on Awards, as are consistent with the Plan and this Statement of Terms and Conditions to effect the terms of the Awards.
- D. Election to Recognize Gross Income in the Year of Grant. If any Participant validly elects within thirty days of the Date of Grant to include in gross income for federal income tax purposes an amount equal to the Market Value per Share multiplied by the number of Shares of Restricted Stock granted on the Date of Grant, such Participant shall pay to the Company, or make arrangements satisfactory to the Administrator to pay to the Company in the year of such grant, any federal, state or local taxes required to be withheld with respect to such shares in accordance with Section X. F.
- E. No Stockholder Rights for Restricted Stock Units or Performance Shares. Neither a Participant nor any person entitled to exercise a Participant’s rights in the event of the Participant’s death shall have any of the rights of a stockholder with respect to the Share Equivalents subject to an award of Restricted Stock Units, Performance Shares or Performance Units except to the extent that a stock certificate (or other evidence of ownership) has been issued by the Company with respect to such Shares upon the payment of any vested Restricted Stock Units, Performance Shares or Performance Units (if applicable).
- F. Time of Payment of Restricted Stock Units, Performance Shares or Performance Units.
 - 1. Subject to Section VI. F. 2 below, upon the lapse of the restriction imposed on Restricted Stock Units, Performance Shares or Performance Units, all Restricted Stock Units, Performance Shares and Performance Units that were not forfeited pursuant to Sections VI. B. 1, VII, VIII or IX shall be paid to the Participant as soon as reasonably practicable after the

restrictions lapse but not later than 60 days following the date on which the restrictions lapse. Notwithstanding the foregoing or any other provision of the Statement of Terms and Conditions or the Plan, payment in the case of Performance Shares and Performance Units shall be made within the short-term deferral period specified in Code Section 409A. Payment shall be made in Shares in the form of a stock certificate (or other evidence of ownership as determined by the Company, or cash or Shares in the case of Performance Units). The foregoing notwithstanding, the Participant may elect to defer payment of the Restricted Stock Units and Performance Units in the manner described in Section VI. G.

2. To the extent required in order to avoid accelerated taxation and/or tax penalties under Code Section 409A, amounts that would otherwise be payable pursuant to Section VI. F of this Statement of Terms and Conditions during the six-month period immediately following a Participant's termination of employment shall instead be paid on the first business day after the date that is six months following the Participant's "separation from service" (within the meaning of Section 409A of the Code) or upon the Participant's death, if earlier.

- G. Deferral Election. Each Participant, pursuant to rules established by the Administrator, may be entitled to elect to defer all or a percentage of any payment in respect of a Restricted Stock Units, Performance Shares or Performance Units that he or she may be entitled to receive as determined pursuant to Section VI. F. This election shall be made by giving notice in a manner and within the time prescribed by the Administrator and in compliance with Code Section 409A. Each Participant must indicate the percentage (expressed in whole percentages) he or she chooses to defer of any payment he or she may be entitled to receive. If no notice is given, the Participant shall be deemed to have made no deferral election. Each deferral election filed with the Company shall become irrevocable in accordance with the terms and conditions of the Company's Deferred Compensation Plan (or any successor plan) and in compliance with Code Section 409A.

VII. SPECIAL FORFEITURE AND REPAYMENT RULES IN THE EVENT OF CONDUCT CONSTITUTING CAUSE

Any other provision of this Statement of Terms and Conditions to the contrary notwithstanding, if the independent members of the Board or the Independent Committee determines that a Participant has engaged in conduct which constitutes Cause, the following provisions shall apply:

- A. Any outstanding Option Rights or Appreciation Rights shall immediately and automatically terminate, be forfeited and shall cease to be exercisable, without limitation. In addition, any Shares of Restricted Stock, Restricted Stock Units, Performance Shares or Performance Units as to which the restrictions have not lapsed shall immediately and automatically be forfeited, all of the rights of the Participant to such Shares, Share Equivalents, cash or other property shall immediately terminate, and any Restricted Stock shall be returned to the Company.
- B. The lapse of restrictions on or vesting of Restricted Stock, Restricted Stock Units, Performance Shares or Performance Units that have vested or upon which the restrictions have lapsed within the 36-month period immediately prior to the date

it is determined that the Participant engaged in conduct constituting Cause (the “Determination Date”) shall be rescinded and all outstanding Awards shall be cancelled. The Participant shall deliver to the Company the Shares, cash and any other property delivered upon vesting or lapse of restrictions if such vesting or lapse of restrictions has been rescinded and the Shares, cash or other property retained by the Participant.

- C. The independent members of the Board or the Independent Committee may, to the extent permitted by applicable law, rescind any awards made to the Participant within the 36-month period immediately prior to the Determination Date.
- D. The independent members of the Board or the Independent Committee may, to the extent permitted by applicable law, recover any gains realized from the sale of vested Shares or the sale or other disposition of any Shares issued or issuable upon the exercise of an Option Right, in the case of any such sale or other disposition during the 36-month period immediately prior to the Determination Date.

The independent members of the Board or the Independent Committee shall determine in such body’s sole discretion whether the Participant has engaged in conduct that constitutes Cause.

Any provision of this Section VII which is determined by a court of competent jurisdiction to be invalid or unenforceable should be construed or limited in a manner that is valid and enforceable and that comes closest to the business objectives intended by such invalid or unenforceable provision, without invalidating or rendering unenforceable the remaining provisions of this Section VII.

VIII. RECOUPMENT IN THE EVENT OF A RESTATEMENT

Any other provision of this Statement of Terms and Conditions to the contrary notwithstanding, if the Company’s financial statements are the subject of a restatement due to misconduct, fraud or malfeasance, then the following shall apply:

- A. To the extent permitted by governing law, the independent members of the Board or the Independent Committee may, in its discretion, (1) rescind any Excess Equity Award or portion thereof paid to an Executive Officer within the 36-month period immediately prior to the date such material restatement is first publicly disclosed and (2) in the event that an Executive Officer has sold or otherwise disposed of some or all of the Shares subject to the Excess Equity Award, recover any gains made from the sale or other disposition of such Shares that was effected during the 36-month period immediately prior to the date such material restatement is first publicly disclosed. In no event shall the Company be required to award an Executive Officer additional equity incentive compensation should the restated financial statements result in a higher equity incentive payment.
- B. In addition to the foregoing, the independent members of the Board or the Independent Committee may, in its discretion, require that an Executive Officer pay the Company, in cash and upon demand, Option Proceeds resulting from the sale or other disposition of Shares issued or issuable upon the exercise of Option Rights if the sale or disposition was effected during the 36-month period immediately prior to the date such material restatement is first publicly disclosed.

Any provision of this Section VIII which is determined by a court of competent jurisdiction to be invalid or unenforceable should be construed or limited in a manner that is valid and enforceable and that comes closest to the business objectives intended by such invalid or unenforceable provision, without invalidating or rendering unenforceable the remaining provisions of this Section VIII.

IX. CHANGE IN CONTROL

- A. Effect of Change in Control on Option Rights. Subject to the limitations set forth in Section IX. C, in the event of a Change in Control, the surviving, continuing, successor, or purchasing Company or other business entity or parent thereof, as the case may be (the “Acquiror”) may, without the consent of any Participant, either assume or continue the Company’s rights and obligations under outstanding Option Rights or substitute for outstanding Option Rights substantially equivalent options covering the Acquiror’s stock. All Option Rights assumed or continued by the Acquiror in connection with a Change in Control will become fully vested and exercisable if the Participant’s employment is terminated without Cause at any time during the 12-month period following the Change in Control.

Any Option Rights granted one year or more prior to the Change in Control that is neither assumed nor continued by the Acquiror in connection with the Change in Control shall, contingent on the Change in Control, become fully vested and exercisable immediately prior to the Change in Control. Any Option Right granted less than one year prior to the Change in Control that is neither assumed nor continued by the Acquiror in connection with the Change in Control shall, to the extent not previously vested and exercisable, immediately prior to the Change in Control become vested and exercisable as to the number of Shares subject to such Option Rights equal to (i) the number of Shares originally subject to such Option Rights, multiplied by a fraction (ii) the number of whole months between the Date of Grant and the Change in Control, divided by (iii) the number of months between the Date of Grant and the date on which all Shares originally subject to such Option Rights would have been fully vested and exercisable; and such Option Rights shall terminate with respect to all remaining Shares subject to such Option Rights.

- B. Effect of Change in Control on Awards Other than Option Rights. Subject to the limitations set forth in Section IX. C, in the event of a Change in Control, the Acquiror may, without the consent of any Participant, either assume or continue the Company’s rights and obligations under outstanding Awards other than Option Rights or substitute for such Awards substantially equivalent awards covering the Acquiror’s stock. All Awards other than Option Rights assumed or continued by the Acquiror in connection with a Change in Control will become fully vested (in the case of performance awards, with performance equal to the greater of target performance and projected actual performance as determined by the Administrator) and all restrictions on such Awards will lapse if the Participant’s employment is terminated without Cause at any time during the 12-month period following the Change in Control. Any Award that is neither assumed nor continued by the Acquiror in connection with the Change in Control (or, with respect to any Award that constitutes deferred compensation within the meaning of Code Section 409A, any Award which at the time of the Change in Control is otherwise considered to be vested for purposes of Code Section 409A) shall, upon the Change-in- Control, become fully vested (in the case of performance awards, with performance equal to the greater of target performance and projected actual performance as determined by the Administrator) and all

restrictions shall be released immediately prior to the Change in Control, and such Award shall become immediately payable. Notwithstanding anything in this Section IX. B to the contrary, with respect to any Award that constitutes deferred compensation within the meaning of Code Section 409A, if the Change in Control does not constitute a “change in control event” of the Company within the meaning of Code Section 409A, such Award will vest as provided for in the preceding sentence, but will be payable to the Participant in accordance with the provisions of Section VI within 60 days of the fixed date or dates pursuant to a fixed schedule determined under Section VI. F. 1 or the earlier of the Participant’s separation from service, subject to Section VI. F. 2, or a Change in Control which constitutes a “change in control event” of the Company within the meaning of Code Section 409A (a “409A Change in Control”).

- C. Excess Parachute Payments. Subject to a Severance Agreement between the Participant and the Company approved by the Board or the Committee, if any amount or benefit to be paid or provided under an Award or any other agreement between a Participant and the Company would be an Excess Parachute Payment but for the application of this sentence, then the payments and benefits to be paid or provided under the Award and any other agreement will be reduced to the minimum extent necessary (but in no event to less than zero) so that no portion of any such payment or benefit, as so reduced, constitutes an Excess Parachute Payment. The determination of whether any reduction in such payments or benefits to be provided under the Award or any other agreement or otherwise is required pursuant to the preceding sentence will be made at the expense of the Company by independent accountants or the Company’s benefits consultant. The fact that the Participant’s right to payments or benefits may be reduced by reason of the limitations contained in this paragraph will not of itself limit or otherwise affect any other rights of the Participant under any other agreement. In the event that any payment or benefit intended to be provided is required to be reduced pursuant to this paragraph, a Participant will be entitled to designate the payments and/or benefits to be so reduced in order to give effect to this paragraph, provided, however, if any such payments and/or benefits constitute deferred compensation within the meaning of Section 409A, the following rules shall apply: first a pro rata reduction of (i) cash payments subject to Section 409A of the Code as deferred compensation and (ii) cash payments not subject to Section 409A of the Code, and second a pro rata cancellation of (x) equity-based compensation subject to Section 409A of the Code as deferred compensation and (y) equity-based compensation not subject to Section 409A of the Code. The Company will provide Participant with all information reasonably requested by Participant to permit Participant to make such designation. In the event that the Participant fails to make such designation within 10 business days after receiving notice from the Company of a reduction under this paragraph, the Company may effect such reduction in any manner it deems appropriate.

X. CODE SECTION 409A

- A. To the extent applicable, it is intended that all Awards comply with, or be exempt from, Code Section 409A, so that the income inclusion provisions of Code Section 409A(a)(1) do not apply to any Participants. All Awards are to be interpreted and administered in a manner consistent with this intent.
- B. Notwithstanding any provision in this Statement of Terms and Conditions or in any other agreement to the contrary, payment in the case of an Award that constitutes deferred compensation within the meaning of Code Section 409A

which specifically contemplates payment in a year after the Participant's separation from service shall be paid within 60 days of the fixed date or dates pursuant to a fixed schedule determined under Section VI. F or, to the extent the Award is otherwise considered to be vested for purposes of Code Section 409A, the earlier of: (i) a Change in Control which constitutes a 409A Change in Control, (ii) the Participant's separation from service, subject to Section VI. F. 2, within two years after a Change in Control which constitutes a 409A Change in Control or (iii) the Participant's death

XI. MISCELLANEOUS

- A. No Effect on Terms of Employment. Subject to the terms of any employment contract entered into by the Company and a Participant to the contrary, the Company (or an Affiliate which employs him or her) shall have the right to terminate or change the terms of employment of a Participant at any time and for any reason whatsoever.
- B. Grants to Participants in Foreign Countries. In making grants to Participants in foreign countries, the Administrator has the full discretion to deviate from this Statement of Terms and Conditions in order to adjust Awards under the Plan to prevailing local conditions, including custom and legal and tax requirements.
- C. Information Notification. Any information required to be given under the terms of an Evidence of Award shall be addressed to the Company in writing by mail, overnight delivery service, or by electronic transmission to the Executive Vice President, Chief Human Resources Officer and the Vice President, Total Rewards. Any notice to be given to a Participant shall be given in writing by mail, overnight delivery service, or by electronic transmission.
- D. Administrator Decisions Conclusive. All decisions of the Administrator administering the Plan upon any questions arising under the Plan, under this Statement of Terms and Conditions, or under an Evidence of Award, shall be conclusive.
- E. No Effect on Other Benefit Plans. Nothing herein contained shall affect a Participant's right to participate in and receive benefits from and in accordance with the then current provisions of any pensions, insurance or other employment welfare plan or program offered by the Company.
- F. Withholding. Each Participant shall agree to make appropriate arrangements with the Company and his or her employer for satisfaction of any applicable federal, state or local income tax withholding requirements or payroll tax requirements. If approved by the Company at the time of exercise, such arrangements may include an election by a Participant to have the Company retain some portion of the Stock acquired pursuant to exercise of Option Rights to satisfy such withholding requirements. The election must be made prior to the date on which the amount to be withheld is determined. If a qualifying election is made, then upon exercise of an award of Option Rights, in whole or in part, the Company will retain the number of Shares having a value equal to the amount necessary to satisfy any withholding requirements. Calculation of the number of Shares to be withheld shall be made based on the Market Value per Share of Common Stock. In no event, however, shall the Company be required to issue fractional shares of Stock. The Administrator shall be authorized to establish such rules, forms and procedures as it deems necessary to implement the foregoing.

With respect to the vesting of an Award other than Option Rights, the Company shall retain the number of Shares (that otherwise would have been payable to the Participant) having a value equal to the amount necessary to satisfy any withholding requirements. Calculation of the number of such Shares shall be as described above.

- G. Successors. This Statement of Terms and Conditions and the Evidence of Award shall be binding upon and inure to the benefit of any successor or successors of the Company. "Participant" as used herein shall include the Participant's Beneficiary.
- H. Governing Law. The interpretation, performance, and enforcement of this Statement of Terms and Conditions and each Evidence of Award shall be governed by the laws of the State of Delaware.

ABM INDUSTRIES INCORPORATED
RESTRICTED STOCK UNIT AGREEMENT FOR EMPLOYEES
2021 EQUITY AND INCENTIVE COMPENSATION PLAN

The Compensation Committee of the Board of Directors of ABM Industries Incorporated has approved a grant to you (the “**Grantee**”) of Restricted Stock Units (“**RSUs**”) pursuant to the ABM Industries Incorporated 2021 Equity and Incentive Compensation Plan (the “**Plan**”), as described below.

Grantee Name: []
Number of RSUs Granted: XXX
Grant Date: []
Vesting Schedule: []

Provided you continue to provide services to the Company or any subsidiary or parent of the Company through the applicable vesting date, the RSUs will vest and restrictions will lapse as provided above. Unvested RSUs may vest or be subject to forfeiture if you terminate employment before the vesting date, as set forth in the Plan and the Statement of Terms and Conditions attached hereto. [Notwithstanding the preceding sentence and any provisions in the Statement of Terms and Conditions related to vesting upon termination for Retirement, Disability or death:

(A) In the event of your voluntary Retirement from the Company at least one year following the Grant Date, after reaching the age of 60, and subject to your continued compliance with any applicable restrictive covenants, your unvested RSUs will continue to vest in accordance with the Vesting Schedule above] *[if applicable]*; and

(B) In the event of your termination due to death or Disability (as defined in your Amended and Restated Executive Employment Agreement), and in the case of Disability, subject to the execution of a release agreement in favor of the Company and your continued compliance with any applicable restrictive covenants, your unvested RSUs will immediately vest in full.] *[insert for applicable Executive Officer Award Agreements]*

By accepting this Award, the Grantee agrees that the RSUs are granted under and governed by this Restricted Stock Unit Agreement and by the provisions of the Plan and the Statement of Terms and Conditions attached hereto. The Plan and the Statement of Terms and Conditions are incorporated herein by reference. Capitalized terms not defined herein shall have the meanings ascribed to them in the Plan or in the Statement of Terms and Conditions, as applicable.

The Grantee acknowledges receipt of a copy of the Plan, the Statement of Terms and Conditions and the Plan Prospectus, represents that the Grantee has carefully read and is familiar with their provisions, and hereby accepts the RSUs subject to all of their terms and conditions. The Grantee acknowledges that there may be adverse tax consequences upon settlement of the RSUs or disposition of the shares, if any, received in connection therewith and that Grantee should consult a tax adviser prior to such settlement or disposition.

ABM INDUSTRIES INCORPORATED

ABM INDUSTRIES INCORPORATED
PERFORMANCE SHARE AGREEMENT FOR EMPLOYEES
2021 EQUITY AND INCENTIVE COMPENSATION PLAN

The Compensation Committee of the Board of Directors of ABM Industries Incorporated has approved a grant to you (the “**Grantee**”) of Performance Shares (“**PSs**”) pursuant to the ABM Industries Incorporated 2021 Equity and Incentive Compensation Plan (the “**Plan**”), as described below.

Grantee Name: []
Number of PSs Granted (at a target award level): XXX
Grant Date: []
Vesting Schedule: []

Provided you continue to provide services to the Company or any subsidiary or parent of the Company through the applicable vesting date, the PSs will vest and restrictions will lapse as provided above. Unvested PSs may vest or be subject to forfeiture if you terminate employment before the vesting date, as set forth in the Plan and the Statement of Terms and Conditions attached hereto. [Notwithstanding the preceding sentence and any provisions in the Statement of Terms and Conditions related to vesting upon termination for Retirement, Disability or death:

(A) In the event of your [voluntary] Retirement from the Company at least one year following the Grant Date, after reaching the age of 60, and subject to your continued compliance with any applicable restrictive covenants, your unvested PSs will continue to vest in accordance with the Vesting Schedule above] *[if applicable]*; and

(B) In the event of your termination due to death or Disability (as defined in your Amended and Restated Executive Employment Agreement), and in the case of Disability, subject to the execution of a release agreement in favor of the Company and your continued compliance with any applicable restrictive covenants, your unvested PSs will immediately vest in full at a target award level.] [insert for applicable Executive Officer Award Agreements]

By accepting this Award, the Grantee agrees that the PSs are granted under and governed by this Performance Share Agreement and by the provisions of the Plan and the Statement of Terms and Conditions attached hereto. The Plan and the Statement of Terms and Conditions are incorporated herein by reference. Capitalized terms not defined herein shall have the meanings ascribed to them in the Plan or in the Statement of Terms and Conditions, as applicable.

The Grantee acknowledges receipt of a copy of the Plan, the Statement of Terms and Conditions and the Plan Prospectus, represents that the Grantee has carefully read and is familiar with their provisions, and hereby accepts the PSs subject to all of their terms and conditions. The Grantee acknowledges that there may be adverse tax consequences upon settlement of the PSs or disposition of the shares, if any, received in connection therewith and that Grantee should consult a tax adviser prior to such settlement or disposition.

ABM INDUSTRIES INCORPORATED

Senior Executive Severance Pay Policy

The Compensation Committee of the Board of Directors of ABM Industries Incorporated (“ABMI” or the “Company”) has adopted the following severance pay policy applicable to “Senior Executives” as defined below. This severance pay policy supersedes the Executive Severance Pay Policy of ABMI adopted by the Compensation Committee on June 2, 2008.

This severance pay policy provides financial benefits to Senior Executives in the event of an involuntary termination of such executive’s employment resulting from job elimination, reduction in force or certain other changes in the Company’s operations or organization described below. No severance pay is paid in the event of a termination by ABMI of the Senior Executive’s employment for cause.

The term “Senior Executive” means Executive Vice Presidents of ABM Industries Incorporated and Senior Vice Presidents of ABM Industries Incorporated. Officers of subsidiaries or divisions of ABMI are not covered by this Senior Executive Severance Pay Policy.

Business Situations Giving Rise to Severance

An Senior Executive may be part of a reduction in force or job elimination due to various changes in the ABMI’s operations and organization (excluding those caused by natural disaster or catastrophe), including, but not limited to:

- Relocation or dissolution of a part of the business
- Withdrawal from a segment of the market
- Elimination of one or more product or service lines
- Elimination, reduction or change in the need for specialized skills
- Organizational change such as business redesign, reorganization or consolidation
- Change in systems or technology
- Reduction in staffing levels
- Sale of any portion of the business, where a position at substantially the same pay level is not offered
- Significant involuntary reduction in the employee’s regularly scheduled work week, or
- Involuntary decrease in the employee’s regularly scheduled work week or employment classification that causes the employee to lose eligibility for medical benefits.

Severance pay for Senior Executives is:

Title	Severance
ABMI Executive Vice Presidents	18 months base pay and target bonus
ABMI Senior Vice Presidents	12 months base pay and target bonus

In addition, ABMI will pay Senior Executives an amount equal to the ABMI portion of medical insurance for the length of the severance period, not to exceed eighteen months and ABMI will pay such officer a pro-rated portion of such officer’s target bonus for the fraction of the fiscal year that has been completed prior to the date of termination based on ABMI’s actual performance for the entire fiscal year. The pro-rated portion of the bonus shall be paid at such time as bonuses are paid to employees generally, but in no event later than March 15th of the year

following the end of the fiscal year in which the bonus is no longer subject to a substantial risk of forfeiture.

Except as set forth below, severance payments will be made in semi-monthly installments for the duration of the severance period.

Separation Agreement

To receive severance pay under provisions of this policy, a Senior Executive is required to execute a separation agreement and release within 60 days following the officer's termination of employment. No payment will be made unless and until the separation agreement and release is signed and returned in accordance with the policy.

Section 409A

Notwithstanding the above, a Senior Executive shall not be considered to have terminated employment with ABMI for purposes of this policy and no payments shall be due to the Senior Executive under this policy unless the Senior Executive would be considered to have incurred a "separation from service" from ABMI within the meaning of Section 409A of the Internal Revenue Code ("Section 409A"). Each amount to be paid or benefit to be provided under this policy shall be construed as a separate identified payment for purposes of Section 409A, and any payments described in the Severance Pay section of this policy that are due within the "short term deferral period" as defined in Section 409A shall not be treated as deferred compensation unless applicable law requires otherwise. To the extent required in order to avoid accelerated taxation and/or tax penalties under Section 409A, amounts that would otherwise be payable and benefits that would otherwise be provided pursuant to this policy during the six-month period immediately following the Senior Executive's termination of employment shall instead be paid on the first business day after the date that is six months following the Senior Executive's termination of employment (or upon the officer's death, if earlier). In addition, to the extent required in order to avoid accelerated taxation and/or tax penalties under Section 409A, if the Senior Executive terminates employment after October 15th, amounts that would otherwise be payable and benefits that would otherwise be provided pursuant to this policy prior to December 31st of the year in which the termination of employment occurs shall, subject to the previous sentence of this section, instead be paid on the first business day following January 1st of the year following the Senior Executive termination of employment.

Adopted: March 7, 2011

**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.

March 9, 2022

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

**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.

March 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 January 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.

March 9, 2022

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

March 9, 2022

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