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

FORM 8-K/A
Amendment No. 1

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

Date of Report (Date of earliest event reported): (September 30, 2021)

ABM Industries Incorporated

(Exact Name of registrant as specified in its charter)

Delaware	**1-8929**	**94-1369354**
(State of other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

One Liberty Plaza, 7th Floor **New York, New York**	**10006**
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: **(212) 297-0200**

N/A

(Former name or former address if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

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

Indicate by check mark whether the registrant is emerging growth company as defined in Rule 405 of Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

☐ 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.

Explanatory Note

As previously disclosed in the Current Report on Form 8-K filed by ABM Industries Incorporated (“ABM”) on September 30, 2021 (the “Initial 8-K”), ABM completed its previously announced acquisition of Crown Building Maintenance Co. and Crown Energy Services, Inc. (collectively, the “Companies”) for $830 million in cash (subject to customary adjustments for working capital and net debt), pursuant to the terms of the Purchase Agreement, dated August 25, 2021, by and among ABM, the Companies, their owners and the other parties thereto.

This Current Report on Form 8-K/A amends the Initial 8-K to include the financial information required pursuant to Item 9.01(a) and 9.01(b) of Form 8-K. The remainder of the information in the Initial 8-K is not hereby amended.

Item 9.01 Financial Statements and Exhibits

(a) Financial Statements of Business Acquired

The financial statements of the Companies required by Item 9.01(a) of Form 8-K are filed herewith as Exhibits 99.1 and 99.2 and are incorporated herein by reference.

(b) Pro Forma Financial Information

The pro forma financial information required by Item 9.01(b) of Form 8-K is filed herewith as Exhibit 99.3 and are incorporated herein by reference.

(d) Exhibits

The following exhibits are filed as a part of this Current Report on Form 8-K/A:

Exhibit No.	Exhibit Description
23.1	Consent of Armanino LLP, Independent Registered Public Accounting Firm
99.1	Audited Combined Financial Statements of Crown Building Maintenance Co. and Crown Energy Services, Inc. dba Able Services as of and for the years ended December 31, 2020 and 2019.
99.2	Unaudited Combined Financial Statements of Crown Building Maintenance Co. and Crown Energy Services, Inc. dba Able Services as of and for the six month period ended June 30, 2021.
99.3	Unaudited Pro Forma Condensed Combined Financial Statements

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 hereunto duly authorized.

ABM Industries Incorporated

November 22, 2021	/s/ Earl R. Ellis Earl R. Ellis Executive Vice President and Chief Financial Officer (Duly Authorized Officer)
November 22, 2021	/s/ Dean A. Chin Dean A. Chin Senior Vice President, Chief Accounting Officer, Controller, and Treasurer (Principal Accounting Officer)

Exhibit 23.1

armanino

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the registration statements listed below of ABM Industries Incorporated of our audit report dated November 2, 2021, with respect to the combined financial statements of Crown Building Maintenance Co. and Crown Energy Services, Inc., which comprise the combined balance sheets as of December 31, 2020 and 2019, and the related combined statements of income and retained earnings, and cash flows for the years then ended, and the related notes to the combined financial statements, and our review report dated November 2, 2021, with respect to the combined financial statements of Crown Building Maintenance Co. and Crown Energy Services, Inc., which comprise the combined balance sheet as of June 30, 2021, and the related combined statements of income and retained earnings, and cash flows for the period from January 1, 2021 to June 30, 2021, and the related notes to the combined financial statements.

Registration No.	Form	Plan
333-167464	S-8	2004 Employee Stock Purchase Plan
333-78423	S-8	“Age-Vested” Career Stock Option Plan
333-78421	S-8	“Time-Vested” Incentive Stock Option Plan
333-48857	S-8	1996 Price Vested Performance Stock Option Plan
333-85390	S-8	2002 Price Vested Performance Stock Option Plan
333-116487	S-8	2004 Employee Stock Purchase Plan
333-137241	S-8	2006 Equity Incentive Plan
333-159770	S-8	2006 Equity Incentive Plan
333-179991	S-8	2006 Equity Incentive Plan
333-202521	S-8	2006 Equity Incentive Plan
333-211991	S-8	2004 Employee Stock Purchase Plan
333-224183	S-8	Amended and Restated 2016 Equity Incentive Plan
333-223233	S-3	ABM Industries Automatic Shelf Registration Statement
333-254769	S-8	2021 Equity and Incentive Compensation Plan.

Armanino LLP

Armanino LLP

San Ramon, California

November 22, 2021

MOORE

An independent firm
associated with Moore
Global Network Limited

Exhibit 99.1

Crown Building Maintenance Co. and Crown Energy Services, Inc.
dba Able Services

Combined Financial Statements - Restated

December 31, 2020 and 2019

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INDEPENDENT AUDITOR’S REPORT

To the Shareholders of
Crown Building Maintenance Co. and Crown Energy Services, Inc.
dba Able Services
San Francisco, California

We have audited the accompanying combined financial statements of Crown Building Maintenance Co. and Crown Energy Services, Inc. dba Able Services (collectively, the "Company"), which comprise the combined balance sheets as of December 31, 2020 and 2019, and the related combined statements of income and retained earnings, and cash flows for the years then ended, and the related notes to the combined financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these combined financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of combined financial statements that are free from material misstatement, Whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these combined financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the combined financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the combined financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Exhibit 99.1

Opinion

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of Crown Building Maintenance Co. and Crown Energy Services, Inc. dba Able Services as of December 31, 2020 and 2019, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note 16 the combined financial statements, the Company restated its retained earnings to account for change in accounting principle for goodwill.

Emphasis of Matter

As discussed in Note 14 to the combined financial statements, on March 11, 2020, the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. In addition, several states in the US, including California, where the Company is headquartered, have declared a state of emergency. In response, the US Government enacted the Coronavirus Aid, Relief, and Economic Security (CARES) Act, which includes significant provisions to provide relief and assistance to affected organizations. COVID-l9 could adversely affect the economics and financial markets of many countries, namely the United States, resulting in economic downturn that could impact customers' ability to pay for services. The ultimate financial impact and duration of these events cannot be reasonably estimated at this time. Our opinion is not modified with respect to that matter.

Armanino LLP

Armanino LLP
San Francisco, California

March 31, 2021
(Except for Note 2, as to
which the date is extended to November 2, 2021)

Crown Building Maintenance Co. and Crown Energy Services, Inc.
dba Able Services
Combined Balance Sheets
December 31, 2020 and 2019

	2020	2019
ASSETS		
Current assets		
Cash	$ 127,955,600	$ 54,527,326
Restricted cash	5,710,012	5,416,318
Accounts receivable, net	148,407,580	161,338,943
Miscellaneous deposits and other assets	4,412,187	5,589,424
Total current assets	286,485,379	226,872,011
Property and equipment, net	5,172,027	5,382,752
Investments	10,000	10,000
Intangible assets, net	10,325,193	11,718,516
Total assets	$ 301,992,599	$ 243,983,279
LIABILITIES AND SHAREHOLDERS’ EQUITY		
Current liabilities		
Accounts payable	$ 23,577,620	$ 24,294,364
Accrued liabilities	90,463,655	77,136,013
Deferred consideration	—	871,791
Total current liabilities	114,041,275	102,302,168
Payroll taxes, net of current portion	12,504,618	—
Loan from shareholder	10,689,490	10,847,223
Workers‘ compensation and general liability loss reserve	75,213,390	65,417,996
Deferred compensation plan liability	29,599,860	28,507,878
Total liabilities	242,048,633	207,075,265
Shareholders' equity		
Common stock	84,347	84,347
Retained earnings	59,859,619	36,823,667
Total shareholders‘ equity	59,943,966	36,908,014
Total liabilities and shareholders' equity	$ 301,992,599	$ 243,983,279

The accompanying notes are an integral part of these combined financial statements.

Crown Building Maintenance Co. and Crown Energy Services, Inc.
dba Able Services
Combined Statements of Income and Retained Earnings
For the Years Ended from December 31, 2020 and 2019

	2020	2019
Sales and services	$ 1,090,539,363	$ 1,125,612,393
Cost of sales and services	944,978,983	996,405,700
Gross profit	145,560,380	129,206,693
Operating expenses	94,909,760	96,223,879
Income from operations	50,650,620	32,982,814
Other expenses, net	(952,507)	(872,401)
Income before provision for income taxes	49,698,l 13	32110413
Provision for income taxes	1,662,161	1,122,294
Net income	48,035,952	30,988,119
Retained earnings, beginning of period, as restated (see Note 16)	36,823,667	26,835,548
Distributions paid	(25,000,000)	(21,000,000)
Retained earnings, end of period	$ 59,859,619	$ 36,823,667

The accompanying notes are an integral part of these combined financial statements.

Crown Building Maintenance Co. and Crown Energy Services, Inc.
dba Able Services
Combined Statements of Cash Flows
For the Years Ended from December 31, 2020 and 2019

	2020	2019
Cash flows from operating activities		
Net income	$ 48,035,952	$ 30,988,119
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation	627,369	781,571
Amortization	1,393,323	1,393,323
Interest accrued on loans from shareholder	985,611	989,348
Changes in operating assets and liabilities		
Accounts receivable	13,204,637	(11,302,658)
Miscellaneous deposits and other assets	1,177,237	(884,784)
Accounts payable	(990,018)	236,592
Accrued liabilities	25,832,260	2,872,960
Workers' compensation and general liability loss reserve	9,795,394	8,396,436
Deferred compensation plan liability	1,091,982	3,037,398
Net cash provided by operating activities	101,153,747	36,508,305
Cash flows from investing activities		
Purchases of property and equipment	(416,644)	(421,036)
Net cash used in investing activities	(416,644)	(421,036)
Cash flows from financing activities		
Distributions paid	(25,000,000)	(21,000,000)
Repayment of loans from shareholder	(1,143,344)	(2,071,824)
Payments made on deferred consideration	(871,791)	(876,086)
Net cash used in financing activities	(27,015,135)	(23,947,910)
Net decrease in cash and restricted cash	73,721,968	12,139,359
Cash and restricted cash, beginning of year	59,943,644	47,804,285
Cash and restricted cash, end of year	$ 133,665,612	$ 592,943,544
Cash and restricted cash consisted of the following:		
Cash	$ 127,955,600	$ 54,527,326
Restricted cash	5,710,012	5,416,318
	$ 133,665,612	$ 59,943,644

Supplemental disclosures of cash flow information

Cash paid during the six month period for		
Income taxes	$ 1,442,994	$ 1,350,593
Interest	$ 224,837	$ 100,901

The accompanying notes are an integral part of these combined financial statements.

Crown Building Maintenance Co. and Crown Energy Services, Inc.
dba Able Services
Notes to Combined Financial Statements
December 31, 2020 and 2019

1. NATURE OF OPERATIONS

Able Services is comprised of Crown Building Maintenance Co. dba Able Building Maintenance Co. ("BM") and Crown Energy Services, Inc. dba Able Engineering Services ("AES") collectively, the ("Company").

BM is engaged primarily in the business of providing janitorial services in California, Texas, Illinois, Oregon, New York and various other states to commercial and residential clients.

AES provides engineers and technical support to maintain a commercial building's mechanical, electrical, utility systems and equipment. AES' primary objective is to achieve maximum operational efficiency while balancing the need for environmental comfort, cost effectiveness, convenience and safety. AES presently provides services in California, Texas, Illinois, Oregon, New York and various other states.

During 2014, AES and BM each acquired 250,000 shares of common stock of AbleServe Management Company ("AbleServe") representing an ownership interest of 50% for each entity. AbleServe provides management, administrative, and operational services for BM and AES. All significant intercompany balances and transactions have been eliminated.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of combination and presentation

The combined financial statements include the combined accounts of BM and AES which are under common ownership. All significant intercompany balances and transactions have been eliminated.

Concentration of credit risk

The Company maintains cash balances primarily in one financial institution in Northern California. Accounts at this institution are insured by the Federal Deposit Insurance Corporation up to $250,000. At December 31, 2020 and 2019, cash on deposit reported by the financial institutions exceeded the 2021 federally insured amount.

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of trade accounts receivable. Credit risk is limited due to the large customer base, the credit worthiness of the customers, and the strength of the companies. Management uses direct write off procedures for bad debts and believes that minimal exposure exists for losses from credit risks.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and cash equivalents

The Company considers short-term highly liquid-investments with an original maturity of three months or less to be cash equivalents. Cash and cash equivalents consist primarily of checking and short-term investments. The Company places its cash and temporary cash investments with high credit quality institutions. As of December 31, 2020 and 2019, the Company only held cash.

Restricted cash

The Company had $5,710,012 and $5,416,318 of restricted cash at December 31, 2020 and 2019, respectively. The restricted cash balances are being held by the Company's insurance carrier to meet the current obligations of the workers‘ compensation loss reserve fund.

Allowance for doubtful accounts

Accounts receivable are presented net of an allowance for doubtful accounts. The Company evaluates the collectability of its accounts receivable based on known collection risks and historical experience. In circumstances where the Company becomes aware of a specific customer's inability to meet its financial obligations to the Company, the Company records a specific allowance for bad debts against amounts due to reduce the net recognized receivable to the amount it reasonably believes will be collected. For all other customers, the Company records allowance for bad debts based on the length of time the receivables are past due and based on its historical experience. If circumstances change, such as higher than expected defaults or an unexpected material adverse change in a major customer's ability to meets its financial obligations, the Company's estimates of the recoverability of the amounts due could be reduced by a material amount. The allowance for doubtful accounts was $2,975,645 and $2,396,872 as of December 31, 2020 and 2019, respectively.

Goodwill

Goodwill is the excess of the purchase price over the fair value of net assets acquired in business combinations accounted for under the purchase method. Goodwill relates to a 2014 acquisition. Goodwill would be subject to impairment testing only upon the occurrence of a triggering event. There were no triggering events and therefore no impairment for the years ended December 31, 2020 and 2019.

Intangible assets with estimable useful lives

Generally accepted accounting principles in the United States of America ("US GAAP") require that intangible assets with finite lives be amortized over their estimated useful lives and reviewed for impairment when events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Intangible assets are comprised entirely of customer contracts and are amortized over 10 years. There were no events or changes in circumstances indicating impairment for the years ended December 31, 2020 and 2019.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and equipment

Property and equipment are stated at cost, less accumulated depreciation and amortization. Depreciation is provided using the straight-line method over estimated useful lives of 5 to 39 years. Expenditures for maintenance and repairs are charged to expense as incurred; major replacements and improvements are capitalized. Cost and accumulated depreciation and amortization of assets sold or retired are removed from the respective property and equipment accounts, and the gain or loss, if any, is reflected in the combined statements of income and retained earnings.

Long-lived assets

The Company evaluates the carrying value of long-lived assets, including intangible assets, on an annual basis, or more frequently if impairment indicators arise. When indicators of impairment exist and assets are held for use, the Company estimates future undiscounted cash flows attributable to such assets. In the event cash flows are not expected to be sufficient to recover the recorded value of the assets, the assets are written down to their estimated fair values based on the expected discounted future cash flows attributable to the assets. Based on the results of that analysis, no impairment of long-lived assets was identified as of December 31, 2020 and 2019.

Fair value of combined financial instruments

The fair value of cash and restricted cash, accounts receivable, accounts payable and accrued liabilities at December 31, 2020 and 2019, approximates the carrying amount because of the relatively short-term maturities of these combined financial instruments. The fair value of the related party loans at December 31, 2020 and 2019, approximates their carrying amounts based on information available to the Company with respect to current interest rates and terms for similar financial instruments.

Workers‘ compensation and general liability loss reserve

Workers' compensation and general liability loss reserve represents the Company's estimated retained unpaid losses, allocated loss adjustment expenses and a provision for claims incurred but not reported. The Company engages third-party experts to assist in estimating the appropriate reserve. While management believes that the liability for unpaid claims at December 31, 2020 and 2019 is adequate to cover the ultimate net cost of claims, the liability is based on estimates and the amount ultimately paid may be more or less than the estimates. Adjustments and changes resulting from revisions of these estimates are reported in the period in which the revisions are made.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition

The Company derives its revenue primarily under various types of service contracts. Revenue is recognized when a contract is approved and has commitments from both parties, the rights of the parties have been identified, payment terms are identified, the contract has commercial substance, and collectability of consideration is probable. The primary types of service contracts are described below:

- *Cost-plus* - Cost-plus arrangements are contracts in which the client reimburses the Company for the agreed-upon amount of wages and benefits, payroll taxes, insurance charges, and other expenses associated with the contracted work, plus a profit margin. The Company measures progress toward satisfaction of the performance obligation as the services are provided, and revenue is recognized at the agreed upon contractual amount over time because the customer simultaneously receives and consumes the benefits for the services as they are performed.

- *Tag jobs* - Tag jobs represent additional services requested by a customer outside the standard contract. Because the nature of these short-term contracts involves performing one-off type services, revenue is recognized at the agreed-upon contractual amount as the services are provided, because the customer simultaneously receives and consumes the benefits of the services as they are performed.

- *Monthly Fixed Price* - Monthly fixed-price arrangements are contracts in which the client agrees to pay a fixed fee every month over a specified contract term. The Company measures progress toward satisfaction of the performance obligation as the services are provided, and revenue is recognized at the agreed-upon contractual amount over time because the customer simultaneously receives and consumes the benefits of the services as they are performed.

Income taxes

BM and AES have elected, by consent of its shareholders, to be taxed under the provisions of subchapter S of the Internal Revenue Code and various state tax laws. Under these provisions, the Company does not pay federal corporate income taxes. However, California franchise tax is limited to 1.5% of its apportioned taxable income subject to a minimum tax of $800 and other states have statutory minimum tax amounts. The shareholders, however, are liable for individual federal and state income taxes on the Company's taxable income.

California income tax has been provided for pursuant to state provisions (SB 572) conforming to federal S-Corporation law. The Company is entitled to Enterprise Zone Credits, which reduce California tax liability. At December 31, 2020 and 2019, the Company has estimated an excess of approximately $10,046,953 and $10,114,460, respectively, in non-refundable California Enterprise Zone credits, which offset California income tax. Beginning in 2006, the Company began filing state income tax returns in Texas, Illinois, Oregon, New York, and various other states.

Crown Building Maintenance Co. and Crown Energy Services, Inc.
dba Able Services
Notes to Combined Financial Statements
December 31, 2020 and 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of estimates

The preparation of combined financial statements in conformity with US. GAAP requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the combined financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could materially differ from those estimates.

3. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

	2020	2019
Computer and computer software	$ 3,532,841	$ 3,333,677
Furniture	1,930,400	1,930,400
Equipment/automotive	2,911,050	2,905,779
Buildings and improvements	5,246,201	5,176,310
Land	195,698	195,698
Construction in process	126,500	56,159
	13,942,690	13,598,023
Accumulated depreciation and amortization	(8,770,663)	(8,215,271)
	$ 5,172,027	$ 5,382,752

Depreciation expense totaled $627,369 and $781,571 for the years ended December 31, 2020 and 2019, respectively.

4. INTANGIBLE ASSETS

Intangible assets consisted of the following:

	2020	2019
Customer Contracts	$ 12,098,959	$ 12,098,959
Goodwill	4,960,227	4,960,227
	17,059,186	17,059,186
Accumulated amortization	6,733,993)	(5,340,670)
	$ 10,325,193	$ 11,718,516

The Company considers the useful economic life of these assets to be 10 years. The amortization expense for the years ended December 31, 2020 and 2019 was $1,393,323, respectively.

5. ACCRUED LIABILITIES

Accrued liabilities consisted of the following:

	2020	2019
Current		
Payroll and related obligations	$ 49,091,745	$ 34,547,042
Pension and health and welfare	1,327,517	2,234,407
Taxes other than income taxes	1,750,258	3,433,412
Vacation	14,793,243	13,050,780
Workers' compensation	17,913,567	19,062,558
Payroll taxes, net of current portion	12,504,618	—
Other	5,587,325	4,807,814
	$ 102,968,273	$ 77,136,013

6. LINE OF CREDIT

On March 19, 2016, the Company entered into an amendment to the credit agreement extending its revolving credit line through January 23, 2018. The agreement was subsequently extended through November 1, 2021 through a second amended and restated credit agreement. Outstanding borrowings under the line of credit shall not at any time exceed 75% of the Company's eligible accounts receivable. Interest accrues at a rate of LIBOR plus 1.35%. There were no outstanding balances on the line of credit as of December 31, 2020 and 2019. The line secures a standby letter of credit with the insurance company providing workers' compensation insurance coverage. At December 31, 2020 and 2019 the outstanding letter of credit was $25,535,000 and $30,063,209, respectively. The agreement requires the Company to comply with various financial covenants. The Company is in compliance with all financial covenants as of December 31, 2020.

7. DEFERRED CONSIDERATION

In December 2014, the Company entered into an asset purchase agreement among AES, Able Advantage Acquisition Inc. (collectively, the "Buyers"), Hill Mechanical Operations, Advantage Operations Inc. (collectively, the "Sellers"), and James Warren Hill, Harold G. Hacker, James B. Hill 11, R.W. Hill, James Billard, The James B. and Robert W. Hill Trust dated June 22, 2009 and the 2012 Hill Children's grantor trust dated December 31, 2012 (collectively, the "Shareholders") with a closing date of January 1, 2015. Under the agreement, the Buyers purchased certain assets and assumed certain liabilities from the Sellers for a purchase price of $11,250,000. The purchase price of $7,000,000 was paid at closing, and $4,250,000, plus interest, through a promissory note payable in five equal installments of approximately $920,438, including interest. During 2020, the Company paid off the remaining balance.

8. COMMON STOCK

BM has one class of common stock with 250,000 shares authorized and 125,000 issued and outstanding with no par value. AES has one class of common stock with 10,000 shares authorized and 1,000 shares issued and outstanding with a par value of $50 per share.

9. LOAN FROM SHAREHOLDER

BM entered into an amended promissory note with a shareholder dated December 31, 2014 for $33,726,741. The amendment converted all accrued interest as of December 31, 2014 to principal. The loan bears interest at 10% per annum.

On December 31, 2020, an amended agreement was entered into extending the maturity to March 15, 2022. At December 31, 2020 and 2019 the amounts outstanding inclusive of interest were $10,689,490 and $10,847,223, respectively.

10. DEFERRED COMPENSATION

The Company is a party to profit-sharing and deferred compensation retirement plan agreements with several management employees. The agreements call for a payment, determined by a formulized percentage of any gain realized by the Company upon the sale of substantially all of the Company's assets, to be paid to said management employees as bonus compensation if they are employed by the Company at the date of sale. In addition, annual bonuses are earned based on a formulized percentage agreement multiplied by the annual operating profit of the Company as long as the employees are employed by the Company. After termination of employment and assuming the management employee has not engaged in competition with the Company, the employee will be vested in a retirement benefit payable beginning at the age of 65 years. The benefits payable are determined by a formulized percentage of operating profits determined as of the twelve months prior to termination. The amount distributable to each employee, or if they should die, to the designated beneficiary, is payable in installments over 120 months with interest at 3%. Deferred compensation obligations under these plans at December 31, 2020 and 2019 were $25,283,257 and $24,396,827, respectively.

BM has entered into a deferred compensation agreement with a key executive that provides for certain post-retirement benefits. BM has elected to fund this deferred compensation obligation through a rabbi trust. The rabbi trust is subject to creditor claims in the event of insolvency, but the assets held in the rabbi trust are not available for general corporate purposes. The deferred compensation obligation under this plan at December 31, 2020 and 2019 was $4,316,603 and $4,111,051, respectively, and is included in deferred compensation plan liability on the combined balance sheet. Contributions to the rabbi trust amounted to $442,305 and $423,516 during the years ended December 31, 2020 and 2019.

Crown Building Maintenance Co. and Crown Energy Services, Inc.
dba Able Services
Notes to Combined Financial Statements
December 31, 2020 and 2019

11. PROFIT SHARING PLANS

AES sponsors two 401(k) plans for its employees. One plan is for the benefit of union employees and the other is for the benefit of non-union employees. All employees are eligible to participate in the respective plan depending on their union status. The Company does not make any contributions to the union plan. However, the Company makes matching contributions for non-union employees who work at specific job locations as listed in the plan document. Matching contributions are 50% of the employee's contribution to the plan with a maximum of 3% compensation.

Effective July 1, 2015, ABS makes matching contributions for nonunion employees. Non-Union employees are eligible for a match up to a maximum match of 4% of eligible compensation. Contributions to the plans were $1,352,465 and $1,316,306 during 2020 and 2019, respectively.

The union employees at one of the BM's job locations elected to leave their union pension plan during 2010. In lieu of having BM contribute to the union retirement plan, the employees set up a 401(k) plan to which they contribute. Only employees at the job location are eligible to contribute to this plan. BM contributed to the plan at the rate of $0.97 per hour under the terms of the collective bargaining agreement which expired June 30, 2020, and is now month to month. The employees are responsible for all costs of maintaining the plan. Contributions to the plan were $201,994 and $199,194 during 2020 and 2019, respectively. BM also sponsors a 401(k) plan for its nonunion employees. All nonunion employees are eligible to participate in the plan.

Effective July 1, 2015, BM makes matching contributions for nonunion employees. Non—Union employees are eligible for a match, up to 4% of eligible compensation. Contributions to the plan were $766,438 and $614,229 during 2020 and 2019, respectively.

12. COMMITMENTS AND CONTINGENCIES

Operating leases

The Company leases office space under non—cancelable operating leases in California, New York, Colorado, Illinois, and other states. The Company also leases vehicles and equipment under operating leases.

12. COMMITMENTS AND CONTINGENCIES (continued)

Operating leases (continued)

The scheduled minimum lease payments under the lease terms are as follows:

Year Ending December 31,		
2021	$	3,600,685
2022		2,410,138
2023		1,526,448
2024		814,986
2025		450,071
Thereafter		198,374
	$	9,000,702

Related party leases

The Company also has two non-cancelable operating leases with a related party.

The scheduled minimum lease payments under the lease terms are as follows:

Year Ending December 31,		
2021	$	360,000
2022		360,000
2023		360,000
2024		250,000
2025		240,000
Thereafter		101,000
	$	1,671,000

Rent expense for the years ended December 31, 2020 and 2019 totaled $4,411,244 and $4,410,267, respectively.

Legal proceedings

The Company is subject to certain legal proceedings and claims arising in the normal course of business. The Company believes that the ultimate amount of liability, if any, for any pending claims of any type will not materially affect its financial position, results of operations or liquidity.

13. MULTI-EMPLOYER PLANS

The Company contributes to a number of multiemployer defined pension plans under the terms of collective-bargaining agreements that cover its union-represented employees. The risks of participating in these plans are different from single-employer plans in the following aspects:

a. Assets contributed to a multiemployer plan by one employer may be used to provide benefits to employees of other participating employers.

b. If a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining employers.

c. If the Company chooses to stop participating in some of its multiemployer plans, the Company may be required to pay to those plans an amount based on the unfunded status of the plan, referred to as a withdrawal liability.

The Company's participation in these plans for the years ended December 31, 2020 and 2019 is outlined in the table below. The "EIN/Pension Plan Number" column provides the Employer Identification Number (EIN) and the three-digit plan number. Unless otherwise noted, the most recent Pension Protection Act (PPA) zone status available in 2020 and 2019 is for the plan's year end at December 31, 2019 and 2018, respectively. The zone status is based on information that the Company received from the plan and is certified by the plan's actuary. Among other factors, plans in the red zone are generally less than 65 percent funded, plans in the yellow zone are less than 80 percent funded, and plans in the green zone are at least 80 percent funded. The "FIP/RP Status Pending/Implemented" column indicates plans for which a financial improvement plan (FIP) or a rehabilitation plan (RP) is either pending or has been implemented. The last column lists the expiration date(s) of the collective bargaining agreements to which the plans are subject.

Contributions into multiemployer plans for the years ended December 31, 2020 and 2019 totaled $61,831,633 and $63,288,494, respectively.

Crown Building Maintenance Co. and Crown Energy Services, Inc.
dba Able Services
Notes to Combined Financial Statements
December 31, 2020 and 2019

13. MULTI-EMPLOYER PLANS (continued)

The details of the various pension plans are follows at December 31, 2020:

Pension Fund	EIN/Pension Plan Number	Year-end	Pension Protection Zone Status 2020	Pension Protection Zone Status 2019	FIP/RP Status Peindg / Implemented	2020	2019	Surcharge Imposed	Expiration Dates of Collective Bargaining Agreements
Central Pension Fund of the IUOE & Participating Employers (a) (b)	36-6052390-001	1/31/2020	Green	Green	No	$ 19,013,650	$ 18,883,574	No	9/7/20 - 6/30/23
IUOE Stationary Engineers Local 39 Pension Trust Fund	94-6118939-001	12/31/2019	Green	Green	No	30,555,448	30,582,352	No	Various to 8/31/23
Building Service 32B] Pension Fund (b)	13-1879376-001	6/30/2019	Red	Red	Implemented	2,008,156	2,333,990	Yes	Various to 10/15/23
Steamfitters Local Union #420	23-2004424	12/31/2019	Red	Red	Implemented	958,360	893,830	No	5/1/20 - 4/30/23
IUOE Local 30 Pension Fund	51-6045848-001	12/31/2019	Green	Green	No	744,372	263,508	No	Various to 12/31/23
Local 68 Engineers Union Pension Plan (b) (c)	51-0176618-001	6/30/2019	Yellow	Yellow	Implemented	1,123,114	1,913,599	No	Various to 2/29/24
Local No 1 Pension Trust Fund	51-6055057-001	6/30/2019	Green	Green	No	1,388,526	1,227,381	No	12/1/17 to 11/30/21
SEIU National Industry Pension Fund	52-6148540-001	12/31/2019	Yellow	Yellow	Implemented	5,084,933	6,112,356	No	Various to 4/31/21
Other funds						955,074	1,078,904		
Total contributions						$ 61,831,633	$ 63,288,494		

[a] Central Pension Fund of the IUOE & Participating Employers utilized the special 30-year amortization rules provided by Public Law 111-92, Section 211 to amortize its losses from 2008.

[b] If the Company were to withdraw from the plan, there could be a withdrawal liability. The Company does not have any plans at the present time to withdraw from the plan.

[c] Local 68 Engineers Union Pension Plan was amended effectively July 1, 2011 to reduce benefits in order to improve the Plan's funding status.

13. MULTI-EMPLOYER PLANS (continued)

The Company was listed in its plans Form 5500 as providing more than 5% of the total contributions for the following plans' and plan years:

Pension Fund	Year
SEIU National Industry Pension Fund	2019
IUOE Stationary Engineers Local 39 Pension Plan	2019

At the date the combined financial statements were issued, Forms 5500 were not available for IUOE Stationary Engineers Local 39 Pension Plan or SEIU National Industry Pension Fund, plan year ended in 2020.

14. RISK AND UNCERTAINTIES

On March 11, 2020, the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of businesses and shelter in place orders. In response, the US. Government enacted the Coronavirus Aid, Relief, and Economic Security (CARES) Act, which includes significant provisions to provide relief and assistance to affected organizations. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the closings and shelter in place orders and the ultimate impact of the CARES Act and other governmental initiatives. It is at least reasonably possible that this matter will negatively impact the Company. However, the financial impact and duration cannot be reasonably estimated at this time.

15. SUBSEQUENT EVENTS

The Company has evaluated events through March 31, 2021, the date the combined financial statements were available to be issued. No other subsequent events have been identified, except as disclosed below.

16. CHANGE IN ACCOUNTING PRINCIPLE

The Company has restated its beginning retained earnings to account for a change in accounting over goodwill. The Company had previously adopted Accounting Standards Update (ASU) No. 2014-02, Intangibles - Goodwill and Other (Topic 350): Accounting for Goodwill, which allowed for the amortization of goodwill for private companies, which it has now reversed.

16. CHANGE IN ACCOUNTING PRINCIPLE (continued)

Restatement consists of the following:

Retained earnings as of December 31, 2018, as originally stated	$	21,875,321
To remove accumulated amortization for goodwill as of 12/31/18		4,960,227
Retained earnings, December 31, 2018, as restated	$	26,835,548

Exhibit 99.2

Crown Building Maintenance Co. and Crown Energy Services, Inc.
dba Able Services

Combined Financial Statements

As of June 30, 2021 and for the Period from January 1, 2021 and June 30, 2021

Exhibit 99.2

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Shareholders of
Crown Building Maintenance Co. and Crown Energy Services, Inc.
dba Able Services
San Francisco, California

We have reviewed the accompanying combined financial statements of Crown Building Maintenance Co. and Crown Energy Services, Inc. dba Able Services (collectively, the "Company"), which comprise the combined balance sheet as of June 30, 2021, and the related combined statements of income and retained earnings, and cash flows for the period from January 1, 2021 to June 30, 2021, and the related notes to the combined financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the combined financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these combined financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the combined financial statements that are free from material misstatement whether due to fraud or error.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the combined financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying combined financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Armanino LLP

Armanino LLP
San Francisco, California

November 2, 2021

MOORE

An independent firm
associated with Moore
Global Network Limited

Crown Building Maintenance Co. and Crown Energy Services, Inc.
dba Able Services
Combined Balance Sheet
June 30, 2021
(In thousands)

ASSETS		
Current assets		
Cash	$	104,531
Restricted cash		5,586
Accounts receivable, net		146,004
Miscellaneous deposits and other assets		5,946
Total current assets		262,067
Property and equipment, net		4,940
Intangible assets, net		8,897
Total assets	$	275,904
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable	$	25,477
Accrued liabilities		80,460
Total current liabilities		105,937
Payroll taxes, net of current portion		12,505
Workers' compensation and general liability loss reserve		76,894
Deferred compensation plan liability		29,558
Total liabilities		224,894
Shareholders' equity		
Common stock		84
Retained earnings		50,926
Total shareholders' equity		51,010
Total liabilities and shareholders' equity	$	275,904

See accompanying notes and independent accountant's review report.

Exhibit 99.2

Crown Building Maintenance Co. and Crown Energy Services, Inc.
dba Able Services
Combined Statement of Income and Retained Earnings
For the Period from January 1, 2021 to June 30, 2021
(In thousands)

Sales and services	$	529,630
Cost of sales and services		455,049
Gross profit		74,581
Operating expenses		45,418
Income from operations		29,163
Other income (expense)		
Other expenses		(1,787)
Interest Expense		(533)
Total other income (expense), net		(2,320)
Income before provision for income taxes		26,843
Provision for income taxes		776
Net income		26,067
Retained earnings, beginning of period		59,860
Distributions paid		(35,001)
Retained earnings, end of period	$	50,926

See accompanying notes and independent accountant's review report.

Crown Building Maintenance Co. and Crown Energy Services, Inc.
dba Able Services
Combined Statement of Cash Flows
For the Period from January 1, 2021 to June 30, 2021
(In thousands)

Cash flows from operating activities		
Net income	$	26,067
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation		322
Amortization		1,428
Gain from disposal of asset		5
Interest accrued on loans from shareholder		533
Change in allowance for doubtful accounts		(1,229)
Changes in operating assets and liabilities		
Accounts receivable		3,922
Miscellaneous deposits and other assets		(1,523)
Accounts payable		1,611
Accrued liabilities		(10,000)
Workers' compensation and general liability loss reserve		1,680
Deferred compensation plan liability		(42)
Net cash provided by operating activities		22,774
Cash flows from investing activities		
Purchases of property and equipment		(95)
Net cash used in investing activities		(95)
Cash flows from financing activities		
Distributions paid		(35,008)
Repayment of loans from shareholder		(11,222)
Net cash used in financing activities		(46,230)
Net decrease in cash and restricted cash		(23,551)
Cash and restricted cash, beginning of period		133,668
Cash and restricted cash, end of period	$	110,117
Cash and restricted cash consisted of the following:		
Cash	$	104,531
Restricted cash		5,586
	$	110,117

Supplemental disclosures of cash flow information

Cash paid during the six month period for		
Income taxes	$	1,741
Interest	$	533

See accompanying notes and independent accountant's review report.

Crown Building Maintenance Co. and Crown Energy Services, Inc.
dba Able Services
Notes to Combined Financial Statements
June 30, 2021
(In thousands)

1. NATURE OF OPERATIONS

Able Services is comprised of Crown Building Maintenance Co. dba Able Building Maintenance Co. ("BM") and Crown Energy Services, Inc. dba Able Engineering Services ("AES") collectively, the ("Company").

BM is engaged primarily in the business of providing janitorial services in California, Texas, Illinois, Oregon, New York and various other states to commercial and residential clients.

AES provides engineers and technical support to maintain a commercial building's mechanical, electrical, utility systems and equipment. AES' primary objective is to achieve maximum operational efficiency while balancing the need for environmental comfort, cost effectiveness, convenience and safety. AES presently provides services in California, Texas, Illinois, Oregon, New York and various other states.

During 2014, AES and BM each acquired 250,000 shares of common stock of AbleServe Management Company ("AbleServe") representing an ownership interest of 50% for each entity. AbleServe provides management, administrative, and operational services for BM and AES. All significant intercompany balances and transactions have been eliminated.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

<u>Basis of combination and presentation</u>

The combined financial statements include the combined accounts of BM and AES which are under common ownership. All significant intercompany balances and transactions have been eliminated.

<u>Use of estimates</u>

The preparation of combined financial statements in conformity with US. GAAP requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the combined financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could materially differ from those estimates.

<u>Concentration of credit risk</u>

The Company maintains cash balances primarily in one financial institution in Northern California. Accounts at this institution are insured by the Federal Deposit Insurance Corporation up to $250,000. At June 30, 2021, cash on deposit reported by the financial institutions exceeded the 2021 federally insured amount.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Concentration of credit risk (continued)

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of trade accounts receivable. Credit risk is limited due to the large customer base, the credit worthiness of the customers, and the strength of the companies. Management uses direct write off procedures for bad debts and believes that minimal exposure exists for losses from credit risks.

Cash and cash equivalents

The Company considers short-term highly liquid-investments with an original maturity of three months or less to be cash equivalents. Cash and cash equivalents consist primarily of checking and short—term investments. The Company places its cash and temporary cash investments with high credit quality institutions. As of June 30, 2021, the Company only held cash.

Restricted cash

The Company had $5,586 of restricted cash at June 30, 2021, respectively. The restricted cash balances are being held by the Company's insurance carrier to meet the current obligations of the workers' compensation loss reserve fund.

Allowance for doubtful accounts

Accounts receivable are presented net of an allowance for doubtful accounts. The Company evaluates the collectability of its accounts receivable based on known collection risks and historical experience. In circumstances where the Company becomes aware of a specific customer's inability to meet its financial obligations to the Company, the Company records a specific allowance for bad debts against amounts due to reduce the net recognized receivable to the amount it reasonably believes will be collected. For all other customers, the Company records allowance for bad debts based on the length of time the receivables are past due and based on its historical experience. If circumstances change, such as higher than expected defaults or an unexpected material adverse change in a major customer's ability to meets its financial obligations, the Company's estimates of the recoverability of the amounts due could be reduced by a material amount. The allowance for doubtful accounts was $1,746 as of June 30, 2021.

Goodwill

Goodwill is the excess of the purchase price over the fair value of net assets acquired in business combinations accounted for under the purchase method. Goodwill relates to a 2014 acquisition. Goodwill would be subject to impairment testing only upon the occurrence of a triggering event. There were no triggering events and therefore no impairment for the six month period ended June 30, 2021.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

<u>Intangible assets with estimable useful lives</u>

Generally accepted accounting principles in the United States of America ("US GAAP") require that intangible assets with finite lives be amortized over their estimated useful lives and reviewed for impairment when events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Intangible assets are comprised entirely of customer contracts and are amortized over 10 years. There were no events or changes in circumstances indicating impairment for the six month period ended June 30, 2021.

<u>Property and equipment</u>

Property and equipment are stated at cost, less accumulated depreciation and amortization. Depreciation is provided using the straight-line method over estimated useful lives of 5 to 39 years. Expenditures for maintenance and repairs are charged to expense as incurred; major replacements and improvements are capitalized. Cost and accumulated depreciation and amortization of assets sold or retired are removed from the respective property and equipment accounts, and the gain or loss, if any, is reflected in the combined statements of income and retained earnings.

<u>Long-lived assets</u>

The Company evaluates the carrying value of long-lived assets, including intangible assets, on an annual basis, or more frequently if impairment indicators arise. When indicators of impairment exist and assets are held for use, the Company estimates future undiscounted cash flows attributable to such assets. In the event cash flows are not expected to be sufficient to recover the recorded value of the assets, the assets are written down to their estimated fair values based on the expected discounted future cash flows attributable to the assets. Based on the results of that analysis, no impairment of long—lived assets was identified as of June 30, 2021.

<u>Fair value of combined financial instruments</u>

The fair value of cash and restricted cash, accounts receivable, accounts payable and accrued liabilities at June 30, 2021, approximates the carrying amount because of the relatively short-term maturities of these combined financial instruments.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Workers‘ compensation and general liability loss reserve

Workers' compensation and general liability loss reserve represents the Company's estimated retained unpaid losses, allocated loss adjustment expenses and a provision for claims incurred but not reported. The Company engages third-party experts to assist in estimating the appropriate reserve. While management believes that the liability for unpaid claims at June 30, 2021 is adequate to cover the ultimate net cost of claims, the liability is based on estimates and the amount ultimately paid may be more or less than the estimates. Adjustments and changes resulting from revisions of these estimates are reported in the period in which the revisions are made.

Revenue recognition

The Company derives its revenue primarily under various types of service contracts. Revenue is recognized when a contract is approved and has commitments from both parties, the rights of the parties have been identified, payment terms are identified, the contract has commercial substance, and collectability of consideration is probable. The primary types of service contracts are described below:

- *Cost-plus* - Cost-plus arrangements are contracts in which the client reimburses the Company for the agreed-upon amount of wages and benefits, payroll taxes, insurance charges, and other expenses associated with the contracted work, plus a profit margin. The Company measures progress toward satisfaction of the performance obligation as the services are provided, and revenue is recognized at the agreed upon contractual amount over time because the customer simultaneously receives and consumes the benefits for the services as they are performed.

- *Tag jobs* - Tag jobs represent additional services requested by a customer outside the standard contract. Because the nature of these short-term contracts involves performing one-off type services, revenue is recognized at the agreed-upon contractual amount as the services are provided, because the customer simultaneously receives and consumes the benefits of the services as they are performed.

- *Monthly Fixed Price* - Monthly fixed-price arrangements are contracts in which the client agrees to pay a fixed fee every month over a specified contract term. The Company measures progress toward satisfaction of the performance obligation as the services are provided, and revenue is recognized at the agreed-upon contractual amount over time because the customer simultaneously receives and consumes the benefits of the services as they are performed.

Crown Building Maintenance Co. and Crown Energy Services, Inc.
dba Able Services
Notes to Combined Financial Statements
June 30, 2021
(In thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income taxes

BM and AES have elected, by consent of its shareholders, to be taxed under the provisions of subchapter S of the Internal Revenue Code and various state tax laws. Under these provisions, the Company does not pay federal corporate income taxes. However, California franchise tax is limited to 1.5% of its apportioned taxable income subject to a minimum tax of $800 and other states have statutory minimum tax amounts. The shareholders, however, are liable for individual federal and state income taxes on the Company's taxable income.

California income tax has been provided for pursuant to state provisions (SB 572) conforming to federal S-Corporation law. The Company is entitled to Enterprise Zone Credits, which reduce California tax liability. At December 31, 2020, the Company has estimated an excess of approximately $10,047 in non-refundable California Enterprise Zone credits, which offset California income tax. Beginning in 2006, the Company began filing state income tax returns in Texas, Illinois, Oregon, New York, and various other states.

3. INTANGIBLE ASSETS

Intangible assets consisted of the following:

Customer Contracts	$	12,099
Goodwill		4,960
		17,059
Accumulated amortization		(8,162)
	$	8,897

The Company considers the useful economic life of customer contracts assets to be 10 years. The amortization expense for the six month period ended June 30, 2021 was $1,428. Goodwill is not amortized.

Crown Building Maintenance Co. and Crown Energy Services, Inc.
dba Able Services
Notes to Combined Financial Statements
June 30, 2021
(In thousands)

4. ACCRUED LIABILITIES

Accrued liabilities consisted of the following:

Current		
Payroll and related obligations	$	39,269
Pension and health and welfare		1,176
Taxes other than income taxes		1,280
Vacation		15,964
Workers' compensation		18,131
Other		4,640
		80,460
Long-term		
Payroll taxes, net of current portion		12,505
		12,505
	$	92,965

5. LINE OF CREDIT

On March 19, 2016, the Company entered into an amendment to the credit agreement extending its revolving credit line through January 23, 2018. The agreement was subsequently extended through November 1, 2021 through a second amended and restated credit agreement. Outstanding borrowings under the line of credit shall not at any time exceed 75% of the Company's eligible accounts receivable. Interest accrues at a rate of LIBOR plus 1.35%.There were no outstanding balances on the line of credit as of June 30, 2021. The line secures a standby letter of credit with the insurance company providing workers' compensation insurance coverage. At June 30, 2021 the outstanding letter of credit was $22,279. The agreement requires the Company to comply with various financial covenants. The Company is in compliance with all financial covenants as of June 30, 2021.

6. DEFERRED COMPENSATION

The Company is a party to profit-sharing and deferred compensation retirement plan agreements with several management employees. The agreements call for a payment, determined by a formulized percentage of any gain realized by the Company upon the sale of substantially all of the Company's assets, to be paid to said management employees as bonus compensation if they are employed by the Company at the date of sale. In addition, annual bonuses are earned based on a formulized percentage agreement multiplied by the annual operating profit of the Company as long as the employees are employed by the Company. After termination of employment and assuming the management employee has not engaged in competition with the Company, the employee will be vested in a retirement benefit payable beginning at the age of 65 years. The benefits payable are determined by a formulized percentage of operating profits determined as of the twelve months prior to termination. The amount distributable to each employee, or if they should die, to the designated beneficiary, is payable in installments over 120 months with interest at 3%. Deferred compensation obligations under these plans at June 30, 2021 were $25,241.

BM has entered into a deferred compensation agreement with a key executive that provides for certain post—retirement benefits. BM has elected to fund this deferred compensation obligation through a rabbi trust. The rabbi trust is subject to creditor claims in the event of insolvency, but the assets held in the rabbi trust are not available for general corporate purposes. The deferred compensation obligation under this plan at June 30, 2021 was $4,317, and is included in deferred compensation plan liability on the combined balance sheet. There were no contributions to the rabbi trust during the six month period ended June 30, 2021.

7. PROFIT SHARING PLANS

AES sponsors two 401(k) plans for its employees. One plan is for the benefit of union employees and the other is for the benefit of non-union employees. All employees are eligible to participate in the respective plan depending on their union status. The Company does not make any contributions to the union plan. However, the Company makes matching contributions for non-union employees who work at specific job locations as listed in the plan document. Matching contributions are 50% of the employee's contribution to the plan with a maximum of 3% compensation.

Effective July 1, 2015, ABS makes matching contributions for nonunion employees. Non-Union employees are eligible for a match up to a maximum match of 4% of eligible compensation. Contributions to the plans were $732 during the period ended June 30, 2021.

7. PROFIT SHARING PLANS (continued)

The union employees at one of the BM's job locations elected to leave their union pension plan during 2010. In lieu of having BM contribute to the union retirement plan, the employees set up a 401(k) plan to which they contribute. Only employees at the job location are eligible to contribute to this plan. BM contributed to the plan at the rate of $0.97 per hour under the terms of the collective bargaining agreement which expired June 30, 2020, and is now month-to-month. The employees are responsible for all costs of maintaining the plan. Contributions to the plan were $101 during the period ended June 30, 2021. BM also sponsors a 401(k) plan for its nonunion employees. All nonunion employees are eligible to participate in the plan.

Effective July 1, 2015, BM makes matching contributions for nonunion employees. Non-Union employees are eligible for a match, up to 4% of eligible compensation. Contributions to the plan were $379 during the period ended June 30, 2021.

8. COMMON STOCK

BM has one class of common stock with 250,000 shares authorized and 125,000 issued and outstanding with no par value. AES has one class of common stock with 10,000 shares authorized and 1,000 shares issued and outstanding with a par value of $50 per share.

9. CONTINGENCIES

Legal proceedings

The Company is subject to certain legal proceedings and claims arising in the normal course of business. The Company believes that the ultimate amount of liability, if any, for any pending claims of any type will not materially affect its financial position, results of operations or liquidity.

10. RISK AND UNCERTAINTIES

On March 11, 2020, the World Health Organization declared the novel strain of coronavirus (COVID-l9) a global pandemic (“the Pandemic”). Given the unprecedented nature of this situation, the Company 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 the 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.

Crown Building Maintenance Co. and Crown Energy Services, Inc.
dba Able Services
Notes to Combined Financial Statements
June 30, 2021
(In thousands)

11. SUBSEQUENT EVENTS

The Company has evaluated subsequent events through November 2, 2021, the date the combined financial statements were available to be issued. As of this date, no subsequent events have occurred that would have a material impact on the presentation of the Company's financial statements, except the following.

- On September 30, 2021, the Company was acquired by ABM Industries Incorporated for $830 million in cash, subject to customary closing adjustments for working capital and debt as described in the purchase agreement

UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS

On September 30, 2021 ("Closing Date"), ABM Industries Incorporated, which operates through its subsidiaries (collectively referred to as "ABM," "we," "us," "our," or the "Company"), completed the acquisition (the "Acquisition") of Crown Building Maintenance Co. and Crown Energy Services, Inc. (collectively, "Able"). The preliminary purchase price for Able was $830 million, subject to customary adjustments for working capital inclusive of debt-like items. The Acquisition was completed for a net cash purchase price of $741.7 million. 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. To fund the cash purchase price, we used cash on hand and borrowed $325.0 million on September 30, 2021 at an average interest rate of 1.58% from our revolving line of credit (the "Line of Credit") under our syndicated secured credit facility (the "Credit Facility").

ABM and Able are providing the following unaudited pro forma condensed combined financial statements ("Pro Forma Financial Statements") to aid you in your analysis of the financial aspects of the business combination described below. The unaudited pro forma condensed combined financial statements have been prepared in accordance with Article 11 of Regulation S-X as amended by the final rule, Release No. 33-10786 "Amendments to Financial Disclosures about Acquired and Disposed Businesses" and should be read in conjunction with the accompanying notes. The unaudited pro forma condensed combined financial statements are based on ABM and Able's historical financial information as adjusted to give effect to the business combination described below and the related financing as if the transactions had been completed on July 31, 2021 with respect to the unaudited pro forma condensed combined balance sheet, and as of November 1, 2019 with respect to the unaudited pro forma condensed combined statement of income for the fiscal year ended October 31, 2020 and the unaudited pro forma condensed combined statement of income for the nine months ended July 31, 2021. ABM's fiscal year ends on October 31, while Able's fiscal year ends on December 31. Given that the fiscal year end of Able is within one quarter of ABM's fiscal year, in accordance with Article 11 of Regulation S-X, the historical financial statements of each entity have been combined without any conforming adjustments with respect to this difference in fiscal periods.

The unaudited pro forma condensed combined balance sheet as of July 31, 2021 combines the unaudited condensed consolidated balance sheet of ABM as of July 31, 2021 with the unaudited condensed combined balance sheet of Able as of June 30, 2021, which is the latest period of Able included within the unaudited pro forma condensed combined financial statements.

The unaudited pro forma condensed combined statement of income for the fiscal year ended October 31, 2020, combines the audited consolidated statement of comprehensive income of ABM for the fiscal year ended October 31, 2020, with the audited combined statement of income of Able for the year ended December 31, 2020. The unaudited pro forma condensed combined statement of income for the nine months ended July 31, 2021, combines the unaudited consolidated statement of comprehensive income of ABM for the nine months ended July 31, 2021, with the unaudited condensed combined statement of income of Able for the nine months ended June 30, 2021. Able's historical results for the nine months ended June 30, 2021 were derived by combining the results from the six months ended June 30, 2021 with results for the three months ended December 31, 2020 in order to disclose a consistent length of the periods between entities. Accordingly, Able's revenue and net income of $275.8 million and $15.9 million for the three months ended December 31, 2020, respectively, are included in both the annual and interim unaudited pro forma condensed combined statements of income.

The unaudited pro forma condensed combined financial statements are derived from, and should be read in conjunction with the ABM's quarterly report on Form 10-Q for the period ended July 31, 2021 filed on September 9, 2021, and ABM's annual report on Form 10-K for the fiscal year ended October 31, 2020 filed on December 17, 2020. The unaudited pro forma condensed combined financial statements should also be read in conjunction the historical unaudited combined financial statements of Able as of and for the six months ended June 30, 2021, and the historical audited combined financial statements of Able as of and for the years ended December 31, 2020 and December 31, 2019.

The foregoing historical financial statements have been prepared in accordance with U.S. GAAP. The unaudited pro forma condensed combined financial statements have been prepared based on the aforementioned historical financial statements and the assumptions and adjustments as described in the notes to the unaudited pro forma condensed combined financial statements. The pro forma adjustments are based upon available information and methodologies that are factually supportable and directly attributable to the business combination referred to below and do not reflect the costs of any integration activities or benefits that may result from realization of future revenue growth or operational synergies expected to result from the business combination. The unaudited pro forma condensed combined financial statements are presented for illustrative purposes only and do not purport to represent ABM's combined statement of income or combined balance sheet that would actually have occurred had the transactions referred to below had been consummated on the dates assumed or to project ABM's combined statement of income or combined balance sheet for any future date or period.

UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEET

(in millions)	ABM July 31, 2021	Able June 30, 2021 (as adjusted)	Pro Forma Transaction Accounting Adjustments		Pro Forma Combined
ASSETS					
Current assets					
Cash and cash equivalents	$ 505.4	$ 104.5	$ (489.7)	**4a**	$ 120.2
Trade accounts receivable, net	910.2	146.0	13.3	**4k**	1,069.4
Other current assets	184.8	11.5	9.1	**4k**	205.4
Total current assets	1,600.3	262.1	(467.4)		1,395.0
Other investments	11.1	—			11.1
Property, plant and equipment, net	111.8	4.9	(3.4)	**4k**	113.3
Right-of-use assets	129.5	—	2.8	**4b**	132.3
Other intangible assets, net	207.7	3.9	246.1	**4c**	457.7
Goodwill	1,675.5	5.0	533.8	**4d**	2,214.3
Deferred income taxes, net	38.2	—	(38.2)	**4g**	—
Other noncurrent assets	123.2	—			123.2
Total assets	$ 3,897.4	$ 275.9	$ 273.6		$ 4,446.9
LIABILITIES AND STOCKHOLDERS' EQUITY					
Current liabilities					
Current portion of long-term debt, net	$ 31.4	$ —			$ 31.4
Trade accounts payable	224.8	28.2	(1.2)	**4k**	251.8
Insurance claims	154.9	18.1	—	**4h**	173.0
Income taxes payable	15.3	—			15.3
Current portion of lease liabilities	32.5	—	1.4	**4b**	33.8
Other accrued liabilities	646.7	59.6	26.6	**4f**	732.9
Total current liabilities	1,105.5	105.9	26.8		1,238.2
Long-term debt, net	623.8	—	325.0	**4e**	948.8
Long-term lease liabilities	119.4	—	1.5	**4b**	120.9
Deferred income tax liability, net	—	—	27.0	**4g**	27.0
Noncurrent insurance claims	344.4	76.9	(3.5)	**4h**	417.8
Other noncurrent liabilities	111.6	42.1	(24.1)	**4k**	129.6
Noncurrent income taxes payable	12.4	—			12.4
Total liabilities	2,317.1	224.9	352.7		2,894.7
Commitments and contingencies					
Stockholders' Equity					
Preferred stock	—	—			—
Common stock	0.7	0.1	(0.1)	**4i**	0.7
Additional paid-in capital	743.6	—			743.6
Accumulated other comprehensive loss, net of taxes	(22.9)	—			(22.9)
Retained earnings	859.0	50.9	(79.0)	**4j**	830.9
Total stockholders' equity	1,580.3	51.0	(79.1)		1,552.2
Total liabilities and stockholders' equity	$ 3,897.4	$ 275.9	$ 273.6		$ 4,446.9

See accompanying notes to the Pro Forma Financial Statements.

UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF INCOME

(in millions)	ABM Year Ended October 31, 2020	Able Year ended December 31, 2020 (as adjusted)	Pro Forma Transaction Accounting Adjustments		Pro Forma Combined
Revenues	$ 5,987.6	$ 1,090.5			$ 7,078.2
Operating expenses	5,157.0	975.4			6,132.3
Selling, general and administrative expenses	506.1	62.9	0.4	**4l**	569.4
Restructuring and related expenses	7.6	—			7.6
Amortization of intangible assets	48.4	1.4	35.6	**4m**	85.4
Impairment loss	172.8	—			172.8
Operating profit	95.7	50.9	(36.0)		110.6
Income from unconsolidated affiliates, net	2.2	—			2.2
Interest expense	(44.6)	(1.2)	(3.9)	**4n**	(49.7)
Income from continuing operations before income taxes	53.3	49.7	(39.9)		63.1
Income tax provision	(53.1)	(1.7)	(21.9)	**4o**	(76.7)
Income (loss) from continuing operations	$ 0.2	$ 48.0	$ (61.9)		$ (13.6)
Income (loss) from continuing operations per common share					
Basic	$ —				$ (0.20)
Diluted	$ —				$ (0.20)
Weighted-average common and common equivalent shares outstanding					
Basic	66.9				66.9
Diluted	67.3				66.9

See accompanying notes to the Pro Forma Financial Statements.

UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF INCOME

(in millions, except per share amounts)	ABM Nine Months Ended July 31, 2021	Able Nine Months Ended June 30, 2021 (as adjusted)	Pro Forma Transaction Accounting Adjustments		Pro Forma Combined
Revenues	$ 4,533.0	$ 805.4			$ 5,338.4
Operating expenses	3,812.0	713.2			4,525.2
Selling, general and administrative expenses	538.3	46.0	(2.4)	**4l**	581.9
Restructuring and related expenses	—	—			—
Amortization of intangible assets	32.1	1.8	24.3	**4m**	58.1
Impairment loss	—	—			—
Operating profit	150.6	44.4	(21.8)		173.2
Income from unconsolidated affiliates, net	1.4	—			1.4
Interest expense	(22.6)	(0.8)	(3.1)	**4n**	(26.4)
Income from continuing operations before income taxes	129.4	43.6	(24.9)		148.2
Income tax provision	(37.4)	(1.7)	(17.5)	**4o**	(56.6)
Income from continuing operations	$ 92.0	$ 42.0	$ (42.4)		$ 91.6
Income from continuing operations per common share					
Basic	$ 1.37				$ 1.36
Diluted	$ 1.36				$ 1.35
Weighted-average common and common equivalent shares outstanding					
Basic	67.3				67.3
Diluted	67.8				67.8

See accompanying notes to the Pro Forma Financial Statements.

NOTES TO UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS

1. BASIS OF PRESENTATION

The Pro Forma Financial Statements have been prepared based on the aforementioned historical financial statements and the assumptions and pro forma adjustments as described in Note 4. The pro forma adjustments are based upon available information and methodologies that are factually supportable and directly attributable to the transactions referred to below. Additionally, the pro forma adjustments represent management's estimates based on information available as of the date of this filing and are subject to change as additional information becomes available and additional analyses are performed. Management considers this basis of presentation to be reasonable under the circumstances.

The acquisition was accounted for under the acquisition method of accounting in accordance with Accounting Standards Codification ("ASC") Topic 805, *Business Combinations.* Under ASC Topic 805, all assets and liabilities assumed in a business combination are recognized and measured at their assumed acquisition date fair value, while transaction costs associated with the business combination are expended as incurred. The excess purchase price consideration over the fair value of assets acquired and liabilities assumed is allocated to goodwill.

The Company has completed a preliminary review of Able's accounting policies and identified one material change required to conform with the Company's accounting policy, which is the adoption of ASC Topic 842, *Leases.* The pro forma transaction accounting adjustments as described in Note 4 include a conforming adjustment for this policy change. Additionally, the Pro Forma Financial Statements adjust Able's presentation results to conform to the Company's presentation. Refer to Note 2.

The Company accrued estimated certain direct and incremental acquisition expenses totaling $19.8 million in connection with the Acquisition. In addition, Able accrued $11.0 million of additional direct and incremental acquisition expenses. All of the $30.8 million of estimated acquisition expenses to be incurred are included in the unaudited pro forma condensed combined balance sheet and excluded from the unaudited pro forma condensed combined statements of income. These costs will not affect the statement operations beyond twelve months after the Closing Date.

We round amounts in the Pro Forma Financial Statements to millions and calculate 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.

2. RECLASSIFICATION ADJUSTMENTS

Certain reclassifications were made to Able's historical financial information to conform to ABM's presentation that have not been presented in the tables above, but instead are reflected in the Able historical columns. See table below for a summary of the amounts and line items impacted by such reclassifications:

Adjustments made to Able's historical unaudited balance sheet as of June 30, 2021 (in millions):

Able Combined Balance Sheet Line Items	ABM Consolidated Condensed Balance Sheet Line Items	Able, before reclassifications	Reclassifications		Able, after reclassifications
Cash	Cash and cash equivalents	$ 104.5	$ —		$ 104.5
Restricted cash		5.6	(5.6)	a	—
Accounts receivable, net	Trade accounts receivable, net of allowances	146.0	—		146.0
Miscellaneous deposits and other assets	Other current assets	5.9	5.6	a	11.5
Property and equipment, net	Property, plant and equipment, net of accumulated depreciation	4.9	—		4.9
Intangible assets, net	Other intangible assets, net of accumulated amortization	8.9	(5.0)	b	3.9
	Goodwill		5.0	b	5.0
Accounts payable	Trade accounts payable	25.5	2.7	c	28.2
Accrued liabilities		80.5	(80.5)	c	—
	Insurance claims		18.1	c	18.1
	Other accrued liabilities		59.6	c	59.6
Payroll taxes, net of current portion		12.5	(12.5)	d	—
	Other noncurrent liabilities		42.1	d	42.1
Workers' compensations and general liabilities loss reserve	Noncurrent insurance claims	76.9			76.9
Deferred compensation plan liability		29.6	(29.6)	d	—
Common Stock	Common Stock	0.1	—		0.1
Retained Earnings	Retained Earnings	50.9	—		50.9

a. $5.6 million reclassified from "Restricted cash" to "Other current assets."

b. $5.0 million reclassified from "Intangible assets, net" to "Goodwill."

c. $2.7 million, $18.1 million, and $59.6 million from "Accrued liabilities" to "Accounts payable," "Insurance claims," and "Other accrued liabilities," respectively.

d. $12.5 million and $29.6 million reclassified from "Payroll taxes, net of current portion" and "Deferred compensation plan liability," respectively to "Other noncurrent liabilities."

Adjustments made to Able's historical statement of income for the year ended December 31, 2020 (in millions):

Able Combined Statement of Income Line Items	ABM Consolidated Condensed Statement of Income Line Items	Able, before reclassifications	Reclassifications		Able, after reclassifications
Sales and services	Revenues	$ 1,090.5			$ 1,090.5
Cost of sales and services	Operating expenses	945.0	30.4	**e**	975.4
Operating expenses	Selling, general and administrative expenses	94.9	(32.0)	**e,f,g**	62.9
	Amortization of intangible assets		1.4	**f**	1.4
Other expenses, net		(1.0)	1.0	**g**	—
	Interest expense		(1.2)	**g**	(1.2)
Provision for income taxes	Income tax provision	1.7			1.7

e. $30.4 million reclassified from Able's "Operating expenses" line item to ABM's "Operating expenses" line item. This reclassification allocates a percentage of total indirect compensation costs incurred by Able for certain groups of employees to ABM's operating expense line to conform to ABM's presentation.

f. $1.4 million reclassified from Able's "Operating expenses" line item to ABM's "Amortization of intangible assets, net" line item.

g. $1.2 million and $(0.2) million reclassified from Able's "Other expenses, net" line item to ABM's "Interest expense" line item and "Selling, general and administrative expenses" line item, respectively.

Adjustments made to Able's historical statement of income for the nine months ended June 30, 2021 (in millions):

Able Combined Statement of Income Line Items	ABM Consolidated Condensed Statement of Income Line Items	Able, before reclassifications	Reclassifications		Able, after reclassifications
Sales and services	Revenues	$ 805.4			$ 805.4
Cost of sales and services	Operating expenses	688.1	25.1	**h**	713.2
Operating expenses	Selling, general and administrative expenses	71.3	(25.3)	**h,i,j**	46.0
	Amortization of intangible assets		1.8	**i**	1.8
Other expenses, net		(2.4)	2.4	**j**	—
	Interest expense		(0.8)	**j**	(0.8)
Provision for income taxes	Income tax provision	1.7			1.7

h. $25.1 million reclassified from Able's "Operating expenses" line item to ABM's "Operating expenses" line item. This reclassification allocates a percentage of total indirect compensation costs incurred by Able for certain groups of employees to ABM's operating expense line to conform to ABM's presentation.

i. $1.8 million reclassified from Able's "Operating expenses" line item to ABM's "Amortization of intangible assets, net" line item.

j. $0.8 million and $1.7 million reclassified from "Other expenses, net" line item to "Interest expense" line item and "Selling, general and administrative expenses" line item, respectively.

3. PRELIMINARY PURCHASE PRICE ALLOCATION

Preliminary Purchase Price Allocation (at acquisition date)

(in millions)		
Consideration transferred		
Preliminary purchase price	$	830.0
Adjustments for acquired cash and working capital		(88.3)
Cash consideration transferred	$	741.7
Preliminary purchase price allocation		
Cash and cash equivalents	$	31.5
Trade accounts receivable		159.3
Other current assets		20.6
Property, plant and equipment		1.6
Right-of-use assets		2.8
Customer relationships		240.0
Trade name		10.0
Goodwill		538.8
Trade accounts payable		(27.0)
Insurance claims		(18.2)
Current portion of lease liabilities		(1.4)
Other accrued liabilities		(58.2)
Long-term portion of lease liabilities		(1.5)
Noncurrent insurance claims		(73.4)
Net deferred income tax liabilities		(65.2)
Other noncurrent liabilities		(18.0)
Net assets acquired	$	741.7

We are continuing to evaluate the underlying inputs and assumptions used in our valuations. Accordingly, the final allocation may differ materially from the preliminary allocation. The final allocation may include changes to customer relationships, goodwill, deferred taxes, and other assets and liabilities. Goodwill arising from the Acquisition is not deductible for tax reporting purposes.

4. PRO FORMA TRANSACTION ACCOUNTING ADJUSTMENTS

a. The following table summarizes the estimated pro forma adjustments made to cash and cash equivalents:

(in millions)		
Proceeds from Line of Credit	$	325.0
Net cash consideration to Able owners		(741.7)
Preliminary purchase price allocation adjustment		(73.0)
Pro forma adjustment	$	(489.7)

b. Reflects the pro forma adjustment to record right-of-use assets of $2.8 million and related lease liability of $2.9 million, of which $1.4 million is current and $1.5 million is noncurrent, in accordance with ASC Topic 842, *Leases*.

c. Reflects the pro forma adjustment to remove Able's historical intangibles of $3.9 million, which consisted of customer contracts and relationships and record intangibles associated with customer relationships of $240.0 million and trade names of $10.0 million associated with the acquisition based on the preliminary purchase price allocation. The fair values of the intangibles were determined using an income approach based on data specific to Able as well as market participant assumptions where appropriate. The customer relationships intangible will be amortized using the sum-of-the-years-digits method over the estimated useful life of 14 years. The trade name intangible will be amortized straight-line over 2 years.

d. The following table summarizes the estimated pro forma adjustments made to goodwill:

(in millions)		
Total estimated goodwill	$	538.8
Less: Able's historical goodwill		(5.0)
Pro forma adjustment	$	533.8

e. Pro forma adjustment relates to the $325.0 million of borrowings made from the Line of Credit to fund the purchase price.

f. The following table summarizes the pro forma adjustment to other accrued liabilities:

(in millions)		
Accrue acquisition related transaction costs	$	28.1
Removal of deferred rent balance with adoption of ASC 842, *Leases*		(0.1)
Preliminary purchase price allocation adjustment		(1.4)
Pro forma adjustment	$	26.6

g. The following table summarizes the estimated pro forma adjustments made to deferred income taxes, net and deferred income tax liability, net:

(in millions)		
Establish pre-purchase accounting net deferred tax assets for Able as a C corporation	$	34.9
Incremental deferred tax liability for preliminary purchase price allocation adjustment		(100.1)
Reclass deferred income taxes, net to deferred income tax liability, net		27.0
Pro forma adjustment to deferred income taxes, net	$	(38.2)
Reclass deferred income taxes, net to deferred income tax liability, net	$	27.0
Pro forma adjustment to deferred income tax liability, net	$	27.0

h. Reflects the pro forma adjustment to adjust noncurrent insurance claims reserves based on preliminary actuarial results. The actuarial results are based on loss development patterns, trend assumptions, and underlying expected loss costs for our retained insurable risks, including worker's compensation, general liability, automobile liability, property damage, and other insurable risks.

i. Reflects the pro forma adjustment to remove Able's common stock.

j. The following table summarizes the pro forma adjustments to retained earnings:

(in millions)		
Effect of pro forma acquisition related transaction costs	$	(28.1)
Eliminate Able's historical retained earnings		(50.9)
Pro forma adjustment	$	(79.0)

k. Represents adjustments in accordance with preliminary purchase allocation discussed in Note 3.

l. The following table summarizes the pro forma adjustments to selling, general and administrative expenses:

	Selling, general and administrative expenses			
(in millions)	Twelve Months Ended October 31, 2020		Nine Months Ended July 31, 2021	
Reversal of acquisition related transaction costs incurred	$	—	$	(2.7)
Remove depreciation expense on building and improvements not acquired[1]		(0.2)		(0.1)
Lease expense on land and building and improvements not acquired[1]		0.6		0.4
Pro forma adjustment	$	0.4	$	(2.4)

[1] Land and building and improvements with a net book value of $3.3 million at June 30, 2021 were retained by Able's previous owners and leased to the Company on the date of the Acquisition. The removal of the land and building and improvements at the date of Acquisition is reflected in the adjustment at Note 4(k).

m. The following table summarizes the estimated pro forma adjustments made to amortization expense:

				Amortization of intangible assets			
(in millions)		Estimated Fair Value	Estimated Useful Life in Years		Twelve Months Ended October 31, 2020		Nine Months Ended July 31, 2021
Customer relationships	$	240.0	14	$	32.0	$	22.3
Trade name		10.0	2		5.0		3.8
Less: Able historical amortization expense					(1.4)		(1.8)
Pro forma adjustment				$	35.6	$	24.3

With other assumptions held constant, a 10% increase in the fair value adjustment for amortizable intangible assets would increase the annual pro forma amortization expense by approximately $3.7 million.

The following table summarizes pro forma amortization expense related to the customer relationships intangible for each of the next five years:

(in millions)		
Fiscal year 2022	$	27.4
Fiscal year 2023		25.1
Fiscal year 2024		22.9
Fiscal year 2025		20.6
Fiscal year 2026		18.3

n. The pro forma adjustment for interest expense for the year ended October 31, 2020 and the nine months ended July 31, 2021 is as follows:

		Interest expense	
(in millions)	**Debt Proceeds**	**Twelve Months Ended October 31, 2020**	**Nine Months Ended July 31, 2021**
Line of Credit	$ 325.0	$ 5.1	$ 3.9
Less: Able historical interest expense		(1.2)	(0.8)
Pro forma adjustment		$ 3.9	$ 3.1

Debt proceeds are U.S.-dollar-denominated borrowings under the Line of Credit and bear interest at 1-month LIBOR plus a spread of 0.375% to 1.250% that is based upon our leverage ratio. The pro forma interest expense is based on average interest rate of 1.58% at the issuance date of September 30, 2021. A change in interest rates of 1/8% would change the annual pro forma interest expense by $0.6 million on the Line of Credit.

o. The pro forma adjustment for income tax provision for the year ended October 31, 2020, and the nine months ended July 31, 2021, is as follows:

	Income tax provision	
(in millions)	**Twelve Months Ended October 31, 2020**	**Nine Months Ended July 31, 2021**
Eliminate Able's historical tax provision (1)	$ 1.7	$ 1.7
Record income tax provision on Able's income from operations (2)	(14.3)	(12.0)
Record income tax provision on pro forma adjustments (3)	(9.3)	(7.2)
Pro forma adjustment	$ (21.9)	$ (17.5)

(1) Adjustment removes Able's historical tax provision as Able was previously subject to S corporation tax (primarily California) prior to the Acquisition. Upon Acquisition, Able converted from S corporations to C corporations for tax purposes.
(2) Adjustment records the income tax provision on Able's income from continuing operations based on an estimated tax rate of 28%. Because the tax rate used for these Pro Forma Financial Statements is an estimate, it will likely vary from the actual effective rate in future periods.
(3) Adjustment records an estimated statutory rate of 28% on pro forma adjustments related to the Company.