

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 or 15(d) OF  
THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 29, 2024

or

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number: 001-36223



**Aramark**

(Exact name of registrant as specified in its charter)

**Delaware**

(State or other jurisdiction of  
incorporation or organization)

**2400 Market Street**

**Philadelphia, Pennsylvania**

(Address of principal executive offices)

**20-8236097**

(I.R.S. Employer  
Identification Number)

**19103**

(Zip Code)

**(215) 238-3000**

(Registrant's telephone number, including area code)

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

<u>Title of Each Class</u>	<u>Trading Symbol(s)</u>	<u>Name of Each Exchange on which Registered</u>
Common Stock, par value \$0.01 per share	ARMK	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes  No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer  Accelerated filer  Non-accelerated filer  Smaller reporting company  Emerging growth company

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

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

As of April 26, 2024, the number of shares of the registrant's common stock outstanding is 262,992,012.

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### **Special Note About Forward-Looking Statements**

This report contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These statements reflect our current expectations as to future events based on certain assumptions and include any statement that does not directly relate to any historical or current fact. These statements include, but are not limited to, statements related to our expectations regarding the performance of our business, our financial results, our operations, our liquidity and capital resources, the conditions in our industry and our growth strategy. In some cases, forward-looking statements can be identified by words such as "outlook," "aim," "anticipate," "have confidence," "estimate," "expect," "will be," "will continue," "will likely result," "project," "intend," "plan," "believe," "see," "look to" and other words and terms of similar meaning or the negative versions of such words. These forward-looking statements are subject to risks and uncertainties that may change at any time, and actual results or outcomes may differ materially from those that we expected.

Some of the factors that we believe could affect or continue to affect our results include without limitation: unfavorable economic conditions; natural disasters, global calamities, climate change, pandemics, energy shortages, sports strikes and other adverse incidents; geopolitical events including, but not limited to, the ongoing conflict between Russia and Ukraine and the growing conflict in the Middle East, global supply chain disruptions, inflation, volatility and disruption of global financial markets; the failure to retain current clients, renew existing client contracts and obtain new client contracts; a determination by clients to reduce their outsourcing or use of preferred vendors; competition in our industries; increased operating costs and obstacles to cost recovery due to the pricing and cancellation terms of our food and support services contracts; currency risks and other risks associated with international operations, including compliance with a broad range of laws and regulations, including the United States Foreign Corrupt Practices Act; risks associated with suppliers from whom our products are sourced; disruptions to our relationship with our distribution partners; the contract intensive nature of our business, which may lead to client disputes; the inability to hire and retain key or sufficient qualified personnel or increases in labor costs; our expansion strategy and our ability to successfully integrate the businesses we acquire and costs and timing related thereto; risks associated with the completed spin-off of Aramark Uniform and Career Apparel ("Uniform") as an independent publicly traded company to our stockholders; continued or further unionization of our workforce; liability resulting from our participation in multiemployer defined benefit pension plans; laws and governmental regulations including those relating to food and beverages, the environment, wage and hour and government contracting; liability associated with noncompliance with applicable law or other governmental regulations; new interpretations of or changes in the enforcement of the government regulatory framework; increases or changes in income tax rates or tax-related laws; potential liabilities, increased costs, reputational harm, and other adverse effects based on our commitments and stakeholder expectations relating to environmental, social and governance considerations; the failure to maintain food safety throughout our supply chain, food-borne illness concerns and claims of illness or injury; a cybersecurity incident or other disruptions in the availability of our computer systems or privacy breaches; our leverage; variable rate indebtedness that subjects us to interest rate risk; the inability to generate sufficient cash to service all of our indebtedness; debt agreements that limit our flexibility in operating our business; and other factors set forth under the headings "Part I, Item 1A Risk Factors," "Part I, Item 3 Legal Proceedings" and "Part II, Item 7 Management's Discussion and Analysis of Financial Condition and Results of Operations" and other sections of our Annual Report on Form 10-K, filed with the Securities and Exchange Commission (the "SEC") on November 21, 2023 as such factors may be updated from time to time in our other periodic filings with the SEC, which are accessible on the SEC's website at [www.sec.gov](http://www.sec.gov) and which may be obtained by contacting Aramark's investor relations department via its website at [www.aramark.com](http://www.aramark.com). These factors should not be construed as exhaustive and should be read in conjunction with the other cautionary statements that are included herein and in our other filings with the SEC. As a result of these risks and uncertainties, readers are cautioned not to place undue reliance on any forward-looking statements included herein or that may be made elsewhere from time to time by, or on behalf of, us. Forward-looking statements speak only as of the date made. We undertake no obligation to publicly update or review any forward-looking statement, whether as a result of new information, future developments, changes in our expectations, or otherwise, except as required by law.

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**PART I**

**Item 1. Financial Statements**

**ARAMARK AND SUBSIDIARIES  
CONDENSED CONSOLIDATED BALANCE SHEETS**

(Unaudited)

(in thousands, except share amounts)

<b>ASSETS</b>	<b>March 29, 2024</b>	<b>September 29, 2023</b>
<b>Current Assets:</b>		
Cash and cash equivalents	\$ 356,605	\$ 1,927,088
Receivables (less allowances: \$38,470 and \$31,506)	2,220,634	1,970,782
Inventories	388,279	403,707
Prepayments and other current assets	362,903	297,519
Current assets of discontinued operations	—	620,931
Total current assets	3,328,421	5,220,027
Property and Equipment, net	1,490,772	1,425,973
Goodwill	4,635,450	4,615,986
Other Intangible Assets	1,820,644	1,804,473
Operating Lease Right-of-use Assets	632,079	572,268
Other Assets	653,534	728,678
Noncurrent Assets of Discontinued Operations	—	2,503,836
	\$ 12,560,900	\$ 16,871,241
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>Current Liabilities:</b>		
Current maturities of long-term borrowings	\$ 42,399	\$ 1,543,032
Current operating lease liabilities	50,108	51,271
Accounts payable	1,096,634	1,271,859
Accrued payroll and related expenses	432,561	479,827
Accrued expenses and other current liabilities	1,036,400	1,288,454
Current liabilities of discontinued operations	—	395,524
Total current liabilities	2,658,102	5,029,967
Long-Term Borrowings	5,879,086	5,098,662
Noncurrent Operating Lease Liabilities	241,055	245,871
Deferred Income Taxes	389,874	410,935
Other Noncurrent Liabilities	493,916	503,129
Noncurrent Liabilities of Discontinued Operations	—	1,861,735
Commitments and Contingencies (see Note 12)		
Redeemable Noncontrolling Interests	7,727	8,224
<b>Stockholders' Equity:</b>		
Common stock, par value \$0.01 (authorized: 600,000,000 shares; issued: 303,075,180 shares and 301,069,012 shares; and outstanding: 262,899,265 shares and 261,450,373 shares)	3,031	3,011
Capital surplus	3,875,095	3,825,620
Retained earnings	110,879	964,158
Accumulated other comprehensive loss	(100,253)	(98,237)
Treasury stock (shares held in treasury: 40,175,915 shares and 39,618,639 shares)	(997,612)	(981,834)
Total stockholders' equity	2,891,140	3,712,718
	\$ 12,560,900	\$ 16,871,241

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

**ARAMARK AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF INCOME**  
(Unaudited)  
(in thousands, except per share data)

	Three Months Ended	
	March 29, 2024	March 31, 2023
Revenue	\$ 4,199,913	\$ 3,916,156
Costs and Expenses:		
Cost of services provided (exclusive of depreciation and amortization)	3,869,152	3,621,405
Depreciation and amortization	109,118	103,169
Selling and general corporate expenses	62,557	66,225
	<u>4,040,827</u>	<u>3,790,799</u>
Operating income	159,086	125,357
Interest Expense, net	86,377	113,604
Income from Continuing Operations Before Income Taxes	72,709	11,753
Provision (Benefit) for Income Taxes from Continuing Operations	19,707	(2,337)
Net income from Continuing Operations	53,002	14,090
Less: Net loss attributable to noncontrolling interests	(447)	(159)
Net income from Continuing Operations attributable to Aramark stockholders	53,449	14,249
Income from Discontinued Operations, net of tax	—	41,792
Net income attributable to Aramark stockholders	<u>\$ 53,449</u>	<u>\$ 56,041</u>
Basic earnings per share attributable to Aramark stockholders:		
Income from Continuing Operations	\$ 0.20	\$ 0.05
Income from Discontinued Operations	—	0.16
Basic earnings per share attributable to Aramark stockholders	<u>\$ 0.20</u>	<u>\$ 0.21</u>
Diluted earnings per share attributable to Aramark stockholders:		
Income from Continuing Operations	\$ 0.20	\$ 0.05
Income from Discontinued Operations	—	0.16
Diluted earnings per share attributable to Aramark stockholders	<u>\$ 0.20</u>	<u>\$ 0.21</u>
Weighted Average Shares Outstanding:		
Basic	262,841	260,673
Diluted	265,282	262,537

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

**ARAMARK AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF INCOME**  
(Unaudited)  
(in thousands, except per share data)

	Six Months Ended	
	March 29, 2024	March 31, 2023
Revenue	\$ 8,607,678	\$ 7,829,876
Costs and Expenses:		
Cost of services provided (exclusive of depreciation and amortization)	7,914,230	7,213,207
Depreciation and amortization	214,662	205,766
Selling and general corporate expenses	152,750	133,861
	<u>8,281,642</u>	<u>7,552,834</u>
Operating income	326,036	277,042
Interest Expense, net	200,939	214,555
Income from Continuing Operations Before Income Taxes	125,097	62,487
Provision for Income Taxes from Continuing Operations	43,578	10,399
Net income from Continuing Operations	81,519	52,088
Less: Net loss attributable to noncontrolling interests	(466)	(659)
Net income from Continuing Operations attributable to Aramark shareholders	81,985	52,747
Income from Discontinued Operations, net of tax	—	77,445
Net income attributable to Aramark stockholders	<u>\$ 81,985</u>	<u>\$ 130,192</u>
Basic earnings per share attributable to Aramark stockholders:		
Income from Continuing Operations	\$ 0.31	\$ 0.20
Income from Discontinued Operations	—	0.30
Basic earnings per share attributable to Aramark stockholders	<u>\$ 0.31</u>	<u>\$ 0.50</u>
Diluted earnings per share attributable to Aramark stockholders:		
Income from Continuing Operations	\$ 0.31	\$ 0.20
Income from Discontinued Operations	—	0.30
Diluted earnings per share attributable to Aramark stockholders	<u>\$ 0.31</u>	<u>\$ 0.50</u>
Weighted Average Shares Outstanding:		
Basic	262,447	260,063
Diluted	264,775	261,993

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

**ARAMARK AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
(Unaudited)  
(in thousands)

	<b>Three Months Ended</b>	
	<b>March 29, 2024</b>	<b>March 31, 2023</b>
Net income from Continuing Operations	\$ 53,002	\$ 14,090
Income from Discontinued Operations, net of tax	—	41,792
Net income	53,002	55,882
Other comprehensive loss, net of tax		
Foreign currency translation adjustments	(20,595)	10,156
Fair value of cash flow hedges	9,353	(22,370)
Share of equity investee's comprehensive income	—	82
Other comprehensive loss, net of tax	(11,242)	(12,132)
Comprehensive income	41,760	43,750
Less: Net loss attributable to noncontrolling interests	(447)	(159)
Comprehensive income attributable to Aramark stockholders	\$ 42,207	\$ 43,909
	<b>Six Months Ended</b>	
	<b>March 29, 2024</b>	<b>March 31, 2023</b>
Net income from Continuing Operations	\$ 81,519	\$ 52,088
Income from Discontinued Operations, net of tax	—	77,445
Net income	81,519	129,533
Other comprehensive (loss) income, net of tax		
Foreign currency translation adjustments	(5,246)	44,993
Fair value of cash flow hedges	(28,179)	(28,535)
Share of equity investee's comprehensive loss	—	(510)
Other comprehensive (loss) income, net of tax	(33,425)	15,948
Comprehensive income	48,094	145,481
Less: Net loss attributable to noncontrolling interests	(466)	(659)
Comprehensive income attributable to Aramark stockholders	\$ 48,560	\$ 146,140

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

**ARAMARK AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Unaudited)  
(in thousands)

	<b>Six Months Ended</b>	
	<b>March 29, 2024</b>	<b>March 31, 2023</b>
<b>Cash flows from operating activities of Continuing Operations:</b>		
Net income from Continuing Operations	\$ 81,519	\$ 52,088
<b>Adjustments to reconcile Net income from Continuing Operations to Net cash used in operating activities of Continuing Operations</b>		
Depreciation and amortization	214,662	205,766
Asset write-downs	—	27,781
Reduction of contingent consideration liability (see Note 14)	—	(73,891)
Deferred income taxes	(7,810)	18,821
Share-based compensation expense	29,444	39,123
<b>Changes in operating assets and liabilities:</b>		
Receivables	(262,084)	(132,341)
Inventories	8,712	(19,134)
Prepayments and Other Current Assets	(24,580)	(23,620)
Accounts Payable	(168,027)	(208,299)
Accrued Expenses	(291,823)	(195,553)
Payments made to clients on contracts	(99,002)	(85,335)
Other operating activities	83,192	32,156
<b>Net cash used in operating activities of Continuing Operations</b>	<b>(435,797)</b>	<b>(362,438)</b>
<b>Cash flows from investing activities of Continuing Operations:</b>		
Purchases of property and equipment and other	(203,028)	(170,566)
Disposals of property and equipment	10,785	7,971
Purchases of marketable securities	(71,215)	(69,998)
Proceeds from marketable securities	71,215	40,000
Acquisition of certain businesses, net of cash acquired	(92,718)	(31,182)
Other investing activities	(4,860)	19,611
<b>Net cash used in investing activities of Continuing Operations</b>	<b>(289,821)</b>	<b>(204,164)</b>
<b>Cash flows from financing activities of Continuing Operations:</b>		
Proceeds from long-term borrowings	219,231	174,937
Payments of long-term borrowings	(1,568,435)	(38,234)
Net change in funding under the Receivables Facility	600,000	395,065
Payments of dividends	(49,862)	(57,225)
Proceeds from issuance of common stock	15,583	32,681
Other financing activities	(49,529)	(21,107)
<b>Net cash (used in) provided by financing activities of Continuing Operations</b>	<b>(833,012)</b>	<b>486,117</b>
<b>Discontinued Operations:</b>		
Net cash provided by operating activities	—	69,716
Net cash used in investing activities	—	(21,693)
Net cash used in financing activities	—	(12,480)
<b>Net cash provided by Discontinued Operations</b>	<b>—</b>	<b>35,543</b>
<b>Effect of foreign exchange rates on cash and cash equivalents and restricted cash</b>	<b>404</b>	<b>14,492</b>
<b>Decrease in cash and cash equivalents and restricted cash</b>	<b>(1,558,226)</b>	<b>(30,450)</b>
<b>Cash and cash equivalents and restricted cash, beginning of period</b>	<b>1,972,367</b>	<b>365,431</b>
<b>Cash and cash equivalents and restricted cash, end of period</b>	<b>\$ 414,141</b>	<b>\$ 334,981</b>



**Supplemental disclosure of cash flow information**

<b>(in millions)</b>	<b>Six Months Ended</b>	
	<b>March 29, 2024</b>	<b>March 31, 2023</b>
Interest paid	\$ 195.3	\$ 201.9
Income taxes paid	77.0	22.7

The following table provides a reconciliation of cash and cash equivalents and restricted cash reported within the consolidated Balance Sheets:

**Balance Sheet classification**

<b>(in thousands)</b>	<b>March 29, 2024</b>	<b>March 31, 2023</b>
Cash and cash equivalents	\$ 356,605	\$ 292,199
Restricted cash in Prepayments and other current assets	57,536	32,289
Cash and cash equivalents in Current assets of discontinued operations	—	10,493
Total cash and cash equivalents and restricted cash	\$ 414,141	\$ 334,981

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

**ARAMARK AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY**

(Unaudited)  
(in thousands)

	Total Stockholders' Equity	Common Stock	Capital Surplus	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock
Balance, September 29, 2023	\$ 3,712,718	\$ 3,011	\$ 3,825,620	\$ 964,158	\$ (98,237)	\$ (981,834)
Net income attributable to Aramark stockholders	28,536			28,536		
Other comprehensive loss	(22,183)				(22,183)	
Capital contributions from issuance of common stock	8,228	13	8,215			
Share-based compensation expense	13,654		13,654			
Repurchases of common stock	(12,333)					(12,333)
Separation of Uniform Segment (see Note 2)	(855,105)			(886,514)	31,409	
Payments of dividends (\$0.095 per share)	(26,881)			(26,881)		
Balance, December 29, 2023	\$ 2,846,634	\$ 3,024	\$ 3,847,489	\$ 79,299	\$ (89,011)	\$ (994,167)
Net income attributable to Aramark stockholders	53,449			53,449		
Other comprehensive loss	(11,242)				(11,242)	
Capital contributions from issuance of common stock	13,594	7	13,587			
Share-based compensation expense	15,790		15,790			
Purchase of noncontrolling interest	(1,771)		(1,771)			
Repurchase of common stock	(3,445)					(3,445)
Separation of Uniform Segment (see Note 2)	3,078			3,078		
Payments of dividends (\$0.095 per share)	(24,947)			(24,947)		
Balance, March 29, 2024	\$ 2,891,140	\$ 3,031	\$ 3,875,095	\$ 110,879	\$ (100,253)	\$ (997,612)

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

**ARAMARK AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY**

(Unaudited)  
(in thousands)

	Total Stockholders' Equity	Common Stock	Capital Surplus	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock
Balance, September 30, 2022	\$ 3,029,640	\$ 2,976	\$ 3,681,966	\$ 406,784	\$ (111,571)	\$ (950,515)
Net income attributable to Aramark stockholders	74,151			74,151		
Other comprehensive income	28,080				28,080	
Capital contributions from issuance of common stock	33,594	20	33,574			
Share-based compensation expense	24,043		24,043			
Repurchases of common stock	(15,559)					(15,559)
Payments of dividends (\$0.11 per share)	(30,686)			(30,686)		
Balance, December 30, 2022	\$ 3,143,263	\$ 2,996	\$ 3,739,583	\$ 450,249	\$ (83,491)	\$ (966,074)
Net income attributable to Aramark stockholders	56,041			56,041		
Other comprehensive loss	(12,132)				(12,132)	
Capital contributions from issuance of common stock	6,452	2	6,450			
Share-based compensation expense	21,034		21,034			
Repurchase of common stock	(2,727)					(2,727)
Payments of dividends (\$0.11 per share)	(28,658)			(28,658)		
Balance, March 31, 2023	\$ 3,183,273	\$ 2,998	\$ 3,767,067	\$ 477,632	\$ (95,623)	\$ (968,801)

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

## ARAMARK AND SUBSIDIARIES

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

**NOTE 1. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

Aramark (the "Company") is a leading global provider of food and facilities services to education, healthcare, business & industry and sports, leisure & corrections clients. The Company's core market is the United States, which is supplemented by an additional 14-country footprint. The Company also provides services on a more limited basis in several additional countries and in offshore locations. The Company operates its business in two reportable segments that share many of the same operating characteristics: Food and Support Services United States ("FSS United States") and Food and Support Services International ("FSS International").

On September 30, 2023, the Company completed the previously announced separation and distribution of its Aramark Uniform and Career Apparel ("Uniform") segment into an independent publicly traded company, Vestis Corporation ("Vestis"), and the historical results of the Uniform segment have been reflected as discontinued operations in the Company's condensed consolidated financial statements for all periods prior to the separation and distribution. Assets and liabilities associated with the Uniform segment are classified as assets and liabilities of discontinued operations in the Company's Condensed Consolidated Balance Sheet as of September 29, 2023. Additional disclosures regarding the separation and distribution are provided in Note 2.

The condensed consolidated financial statements included herein have been prepared by the Company pursuant to the rules and regulations of the Securities and Exchange Commission (the "SEC") and should be read in conjunction with the audited consolidated financial statements, and the notes to those statements, included in the Company's Form 10-K filed with the SEC on November 21, 2023. The Condensed Consolidated Balance Sheet as of September 29, 2023 was derived from audited financial statements which have been prepared in accordance with generally accepted accounting principles in the United States ("U.S. GAAP"). Certain information and footnote disclosures normally included in the consolidated financial statements prepared in accordance with U.S. GAAP have been condensed or omitted pursuant to such rules and regulations, although the Company believes that the disclosures made are adequate to make the information not misleading. In the opinion of the Company, the statements include all adjustments, which are of a normal, recurring nature, required for a fair presentation for the periods presented. The results of operations for interim periods are not necessarily indicative of the results for a full year, due to the seasonality of some of the Company's business activities and the possibility of changes in general economic conditions.

The condensed consolidated financial statements include the accounts of the Company and all of its subsidiaries in which a controlling financial interest is maintained. All intercompany transactions and accounts have been eliminated.

**New Accounting Standards Updates***Adopted Standards (from most to least recent date of issuance)*

In September 2022, the Financial Accounting Standards Board ("FASB") issued *Accounting Standard Update ("ASU") 2022-04 Liabilities - Supplier Finance Programs (Subtopic 405-50)* to enhance the transparency of supplier finance programs, which may be referred to as reverse factoring, payables finance or structured payables arrangements. The guidance requires that a buyer in a supplier finance program disclose the program's nature, activity and potential magnitude. The guidance was effective for the Company in the first quarter of fiscal 2024. The Company reviewed existing supplier finance agreements and enhanced disclosures with qualitative and quantitative information about its supplier finance program, but the adoption of this guidance did not have a material impact on the condensed consolidated financial statements.

In October 2021, the FASB issued *ASU 2021-08 Business Combinations (Topic 805): Accounting for Contract Assets and Contract Liabilities from Contracts with Customers* which required that an entity (acquirer) recognize and measure contract assets and contract liabilities acquired in a business combination in accordance with Accounting Standards Codification 606, *Revenue from Contracts with Customers* ("ASC 606") as if it had originated the contracts. The guidance was effective for the Company in the first quarter of fiscal 2024. The adoption of this guidance did not have a material impact on the condensed consolidated financial statements.

*Standards Not Yet Adopted (from most to least recent date of issuance)*

In March 2024, the SEC adopted final climate-related disclosure rules under SEC Release Nos. 33-11275 and 34-99678, *The Enhancement and Standardization of Climate-Related Disclosures for Investors*. The rules require disclosure of governance, risk management and strategy related to material climate-related risks as well as disclosure of material greenhouse gas emissions in registration statements and annual reports. In addition, the rules require presentation of certain material climate-related disclosures in the annual consolidated financial statements. On April 4, 2024, the SEC voluntarily stayed the effective date of the final rules pending completion of judicial review following legal challenges. The disclosure requirements will apply to the Company's fiscal year reporting beginning October 4, 2025, pending resolution of the stay. The Company is currently evaluating the impact of the rules on the Company's disclosures.

**ARAMARK AND SUBSIDIARIES**
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**

In December 2023, the FASB issued *ASU 2023-09 Income Taxes (Topic 740): Improvements to Income Tax Disclosures* to enhance the transparency and decision usefulness of income tax disclosures. The guidance will require improvements to income tax disclosures primarily related to the rate reconciliation and income taxes paid information. The guidance is effective for the Company's annual disclosures for fiscal 2026 and early adoption is permitted. The Company is currently evaluating the impact of this standard.

In November 2023, the FASB issued *ASU 2023-07 Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures* to enhance the reportable segment disclosures. The guidance will require additional disclosures about significant segment expenses. The guidance is effective for the Company's annual disclosures for fiscal 2025 and early adoption is permitted. The Company is currently evaluating the impact of this standard.

Other new accounting pronouncements recently issued or newly effective were not applicable to the Company, did not have a material impact on the condensed consolidated financial statements or are not expected to have a material impact on the condensed consolidated financial statements.

**Comprehensive Income**

Comprehensive income includes all changes to stockholders' equity during a period, except those resulting from investments by and distributions to stockholders. Components of comprehensive income include net income, changes in foreign currency translation adjustments (net of tax), changes in the fair value of cash flow hedges (net of tax) and changes to the share of any equity investees' comprehensive income (loss) (net of tax).

The summary of the components of comprehensive income is as follows (in thousands):

	Three Months Ended					
	March 29, 2024			March 31, 2023		
	Pre-Tax Amount	Tax Effect	After-Tax Amount	Pre-Tax Amount	Tax Effect	After-Tax Amount
Net income			\$ 53,002			\$ 55,882
Foreign currency translation adjustments	(20,595)	—	(20,595)	10,658	(502)	10,156
Fair value of cash flow hedges	12,639	(3,286)	9,353	(30,230)	7,860	(22,370)
Share of equity investee's comprehensive income	—	—	—	82	—	82
Other comprehensive loss	(7,956)	(3,286)	(11,242)	(19,490)	7,358	(12,132)
Comprehensive income			41,760			43,750
Less: Net loss attributable to noncontrolling interests			(447)			(159)
Comprehensive income attributable to Aramark stockholders			\$ 42,207			\$ 43,909
	Six Months Ended					
	March 29, 2024			March 31, 2023		
	Pre-Tax Amount	Tax Effect	After-Tax Amount	Pre-Tax Amount	Tax Effect	After-Tax Amount
Net income			\$ 81,519			\$ 129,533
Foreign currency translation adjustments	(5,246)	—	(5,246)	47,727	(2,734)	44,993
Fair value of cash flow hedges	(38,080)	9,901	(28,179)	(38,561)	10,026	(28,535)
Share of equity investee's comprehensive loss	—	—	—	(510)	—	(510)
Other comprehensive (loss) income	(43,326)	9,901	(33,425)	8,656	7,292	15,948
Comprehensive income			48,094			145,481
Less: Net loss attributable to noncontrolling interests			(466)			(659)
Comprehensive income attributable to Aramark stockholders			\$ 48,560			\$ 146,140

## ARAMARK AND SUBSIDIARIES

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

The amounts in the table above exclude the impact of a \$5.1 million pension plan adjustment and \$26.3 million currency translation adjustment during the six months ended March 29, 2024 related to the separation and distribution of the Uniform segment (see Note 2).

Accumulated other comprehensive loss consists of the following (in thousands):

	March 29, 2024	September 29, 2023
Pension plan adjustments	\$ (9,165)	\$ (14,241)
Foreign currency translation adjustments	(172,028)	(193,115)
Cash flow hedges	80,940	109,119
	<u>\$ (100,253)</u>	<u>\$ (98,237)</u>

**Currency Translation**

Gains and losses resulting from the translation of financial statements of non-United States subsidiaries are reflected as a component of accumulated other comprehensive loss in stockholder's equity. Beginning in fiscal 2018, Argentina was determined to have a highly inflationary economy. As a result, the Company remeasures the financial statements of Argentina's operations in accordance with the accounting guidance for highly inflationary economies. The impact of the Argentina remeasurement was a foreign currency transaction loss of \$0.9 million and \$4.8 million during the three and six month periods ended March 29, 2024. The impact of the Argentina remeasurement was a foreign currency transaction loss of \$2.8 million and \$3.9 million during the three and six month periods ended March 31, 2023. The impact of foreign currency transaction gains and losses exclusive of Argentina's operations included in the Company's operating results during the three and six month periods of both fiscal 2024 and 2023 were immaterial to the condensed consolidated financial statements.

**Current Assets**

The Company insures portions of its risk in general liability, automobile liability, workers' compensation liability claims as well as certain property damage risks through a wholly owned captive insurance subsidiary (the "Captive") as part of its approach to risk finance. The Captive is subject to regulations within its domicile of Bermuda, including regulations established by the Bermuda Monetary Authority (the "BMA") relating to levels of liquidity and solvency as such concepts are defined by the BMA. The Captive was in compliance with these regulations as of March 29, 2024. These regulations may have the effect of limiting the Company's ability to access certain cash and cash equivalents held by the Captive for uses other than for the payment of its general liability, automobile liability, workers' compensation liability, certain property damage and related Captive costs. As of March 29, 2024 and September 29, 2023, cash and cash equivalents at the Captive were \$13.2 million and \$32.8 million, respectively. The Captive also invests in United States Treasury securities where the amount as of March 29, 2024 and September 29, 2023 was \$112.8 million and \$110.7 million, respectively, and is recorded in "Prepayments and other current assets" on the Condensed Consolidated Balance Sheets.

Within the FSS International segment, the Company receives certain cash on behalf of the Company's clients, which is contractually restricted from withdrawal and usage. This restricted cash is recorded in "Prepayments and other current assets" on the Condensed Consolidated Balance Sheets.

**Property and Equipment and Operating Lease Right-of-use Assets**

During fiscal 2023, the Company completed a strategic review of certain administrative locations, taking into account facility capacity and current utilization, among other factors. Based on this review, the Company vacated or otherwise reduced its usage at certain of these locations, resulting in an analysis of the recoverability of the assets associated with the locations. As a result, for the three and six months ended March 31, 2023, the Company recorded an impairment charge of \$0.7 million and \$19.0 million within its FSS United States segment, which is included in "Cost of services provided (exclusive of depreciation and amortization)" on the Condensed Consolidated Statements of Income. For the three and six months ended March 31, 2023, the non-cash impairment charges within the FSS United States segment consisted of operating lease right-of-use assets of \$0.7 million and \$8.6 million, respectively, and property and equipment of zero and \$10.4 million, respectively.

**Other Assets**

Other assets consist primarily of costs to obtain or fulfill contracts (including employee sales commissions), long-term receivables, investments in 50% or less owned entities and computer software costs.

For investments in 50% or less owned entities accounted for under the equity method of accounting, the carrying amount as of March 29, 2024 and September 29, 2023 was \$71.6 million and \$73.5 million, respectively.

For investments in 50% or less owned entities, other than those accounted for under the equity method of accounting, the Company measures these investments at cost, less any impairment and adjusted for changes in fair value resulting from

## ARAMARK AND SUBSIDIARIES

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

observable price changes for an identical or a similar investment of the same issuer due to the lack of readily available fair values related to those investments. The carrying amount of equity investments without readily determinable fair values as of both March 29, 2024 and September 29, 2023 was \$83.6 million.

**Supply Chain Finance Program**

The Company has agreements with third-party administrators that allow participating vendors to voluntarily elect to sell payment obligations from the Company to financial institutions as part of a Supply Chain Finance Program ("SCF Program"). The Company's payment terms to the financial institutions, including the timing and amount of payments, are based on the original supplier invoices. When participating vendors elect to sell one or more of the Company's payment obligations, the Company's rights and obligations to settle the payable on their contractual due date are not impacted. The Company has no economic or commercial interest in a vendor's decision to sell the Company's payment obligations. The Company agrees on commercial terms with vendors for the goods and services procured, which are consistent with payment terms observed at other peer companies in the industry, and the terms are not impacted by the SCF Program. For the SCF Program, the Company does not provide asset pledges, or other forms of guarantees, as security for the committed payment to the financial institutions. As of March 29, 2024 and September 29, 2023, the Company had \$2.2 million and \$2.8 million, respectively, of outstanding payment obligations to the financial institutions as part of the SCF Program recorded in "Accounts payable" on the Condensed Consolidated Balance Sheets.

**Other Current and Noncurrent Liabilities**

The Company is self-insured for certain obligations related to its employee health care benefit programs as well as for certain risks retained under its general liability, automobile liability, workers' compensation liability and certain property damage programs. Reserves for these programs are estimated through actuarial methods, with the assistance of third-party actuaries using loss development assumptions based on the Company's claims history.

**Impact of COVID-19**

The Coronavirus Aid, Relief and Economic Security Act ("CARES Act") provided for deferred payment of the employer portion of social security taxes through the end of calendar 2020, with 50% of the deferred amount due December 31, 2021 and the remaining 50% of the amount due December 31, 2022. Approximately \$47.6 million of deferred social security taxes were paid in fiscal 2023.

**NOTE 2. DISCONTINUED OPERATIONS:**

On September 30, 2023, the Company completed the previously announced separation and distribution of its Uniform segment into an independent publicly traded company, Vestis. The separation was structured as a tax free spin-off, which occurred by way of a pro rata distribution to Aramark stockholders. Each of the Aramark stockholders received one share of Vestis common stock for every two shares of Aramark common stock held of record as of the close of business on September 20, 2023. Vestis is now an independent public company under the symbol "VSTS" on the New York Stock Exchange.

In connection with the separation and distribution, the Company entered into or adopted several agreements that provide a framework for the relationship between the Company and Vestis, including, but not limited to the following:

*Separation and Distribution Agreement* - governs the rights and obligations of the parties regarding the distribution following the completion of the separation, including the transfer of assets and assumption of liabilities, and establishes certain rights and obligations between the Company and Vestis following the distribution, including procedures with respect to claims subject to indemnification and related matters.

*Transition Services Agreement* - governs services between the Company and Vestis and their respective affiliates to provide each other on an interim, transitional basis, various services, including, but not limited to, administrative, information technology and cybersecurity support services and certain finance, treasury, tax and governmental function services. The services will terminate no later than 24 months following the distribution date.

*Tax Matters Agreement* - governs the parties' respective rights, responsibilities and obligations with respect to tax liabilities and benefits, tax attributes, the preparation and filing of tax returns, the control of audits and other tax proceedings and other matters regarding taxes.

*Employee Matters Agreement* - governs the allocation of liabilities and responsibilities relating to employment matters, employee compensation and benefits plans and programs and other related matters.

Under these agreements, the Company will continue to provide certain services to Vestis following the separation and distribution. The agreements do not provide the Company with the ability to influence the operating or financial policies of Vestis subsequent to the separation date. During the three and six months ended March 29, 2024, the value of the services provided to Vestis were \$3.5 million and \$8.1 million, respectively. Current amounts due to Aramark from Vestis as of March 29, 2024 were not material.

## ARAMARK AND SUBSIDIARIES

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

The historical results of the Uniform segment have been reflected as discontinued operations in the Company's consolidated financial statements for all periods prior to the separation and distribution on September 30, 2023.

Details of "Income from Discontinued Operations, net of tax" are as follows (in thousands):

	<b>Three Months Ended</b>	<b>Six Months Ended</b>
	<b>March 31, 2023</b>	<b>March 31, 2023</b>
Revenue	\$ 685,929	\$ 1,373,207
Costs and Expenses:		
Cost of services provided (exclusive of depreciation and amortization)	558,006	1,128,288
Depreciation and amortization	33,620	67,507
Selling and general corporate expenses	37,677	72,825
	<u>629,303</u>	<u>1,268,620</u>
Operating income	56,626	104,587
Interest Expense, net	417	811
Income from Discontinued Operations Before Income Taxes	56,209	103,776
Provision for Income Taxes from Discontinued Operations	14,417	26,331
Income from Discontinued Operations, net of tax	<u>\$ 41,792</u>	<u>\$ 77,445</u>

During the three and six months ended March 31, 2023, the Company incurred charges of \$5.4 million and \$10.4 million, respectively, related to the Company's separation and distribution of its Uniform segment, including salaries and benefits, recruiting and relocation costs, accounting and legal related expenses, branding and other costs, of which \$3.5 million and \$7.0 million, respectively, were recorded within "Income from Discontinued Operations, net of tax" and \$1.9 million and \$3.4 million, respectively, were recorded within "Selling and general corporate expenses" on the Condensed Consolidated Statements of Income.

During the six months ended March 29, 2024, the Company incurred \$20.0 million of transaction fees related to the separation and distribution of its Uniform segment and \$8.8 million of charitable contribution expense for the contribution of Vestis shares to a donor advised fund in order to fund charitable contributions, which were recorded within "Selling and general corporate expenses" on the Condensed Consolidated Statements of Income.

The following table summarizes the Uniform segment assets and liabilities classified as discontinued operations in the Company's Condensed Consolidated Balance Sheets (in thousands):



**ARAMARK AND SUBSIDIARIES**
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**

	September 29, 2023
<b>ASSETS</b>	
Cash and cash equivalents	\$ 36,051
Receivables (less allowance: \$25,066)	392,916
Inventories	174,720
Prepayments and other current assets	17,244
Current assets of discontinued operations	620,931
Property and Equipment, net	664,530
Goodwill	963,543
Other Intangible Assets	238,609
Operating Lease Right-of-use Assets	57,890
Other Assets	579,264
Noncurrent Assets of Discontinued Operations	\$ 2,503,836
<b>LIABILITIES</b>	
Current maturities of long-term borrowings	\$ 53,910
Current operating lease liabilities	19,935
Accounts payable	134,497
Accrued payroll and other related expenses	113,770
Accrued expenses and other current liabilities	73,412
Current liabilities of discontinued operations	395,524
Long-Term Borrowings	1,567,910
Noncurrent Operating Lease Liabilities	46,084
Deferred Income Taxes	199,535
Other Noncurrent Liabilities	48,206
Noncurrent Liabilities of Discontinued Operations	\$ 1,861,735

In the fourth quarter of fiscal 2023, the Uniform legal entity entered into the Uniform credit agreement. The Uniform credit agreement included a revolving credit facility, a United States dollar denominated term loan in the amount of \$800.0 million due September 2025 and a United States dollar denominated term loan in the amount of \$700.0 million due September 2028, which are recorded in "Noncurrent Liabilities of Discontinued Operations" on the Condensed Consolidated Balance Sheets as of September 29, 2023. Also in the fourth quarter of fiscal 2023, the Uniform legal entity paid a cash dividend to the Company of \$1,456.7 million. On October 2, 2023, the Company used the proceeds from the cash dividend, along with cash on hand, to repay the \$1,500.0 million 6.375% Senior Notes due May 1, 2025 (the "6.375% 2025 Notes") (see Note 5).

The Company recorded its distribution of Vestis' net assets as a change in "Retained Earnings". The amount recorded reflected the carrying amounts, as of September 29, 2023, of the net assets distributed offset by the holdback of Vestis shares upon distribution of \$8.8 million, net cash received from Vestis post-separation of \$6.1 million and other adjustments of \$0.6 million. The Company also recorded a net decrease to "Accumulated other comprehensive loss" of \$31.4 million to derecognize foreign currency translation adjustments and pension plan adjustments which were attributable to Vestis.

**NOTE 3. SEVERANCE:**

During the second quarter of fiscal 2023, the Company approved headcount reductions to streamline and improve the efficiency and effectiveness of operational and administrative functions. As a result of these actions, severance charges of \$29.7 million were recorded within "Cost of services provided (exclusive of depreciation and amortization)" and "Selling and general corporate expenses" on the Condensed Consolidated Statements of Income for the three and six months ended March 31, 2023.

The following table summarizes the severance charges by segment recognized in the Condensed Consolidated Statements of Income for the three and six months ended March 31, 2023 (in millions):

**ARAMARK AND SUBSIDIARIES**
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**

FSS United States	\$	3.3
FSS International		25.8
Corporate		0.6
	\$	<u>29.7</u>

As of March 29, 2024, the Company had an accrual of approximately \$7.6 million related to these unpaid severance obligations.

**NOTE 4. GOODWILL AND OTHER INTANGIBLE ASSETS:**

Goodwill represents the excess of the fair value of consideration paid for an acquired entity over the fair value of assets acquired and liabilities assumed in a business combination. Goodwill is not amortized and is subject to an impairment test that the Company conducts annually or more frequently if a change in circumstances or the occurrence of events indicates that potential impairment exists, using discounted cash flows.

Changes in total goodwill during the six months ended March 29, 2024 are as follows (in thousands):

Segment	September 29, 2023	Acquisitions	Translation	March 29, 2024
FSS United States	\$ 4,164,392	\$ 12,159	\$ 4	\$ 4,176,555
FSS International	451,594	1,444	5,857	458,895
	<u>\$ 4,615,986</u>	<u>\$ 13,603</u>	<u>\$ 5,861</u>	<u>\$ 4,635,450</u>

Other intangible assets consist of the following (in thousands):

	March 29, 2024			September 29, 2023		
	Gross Amount	Accumulated Amortization	Net Amount	Gross Amount	Accumulated Amortization	Net Amount
Customer relationship assets	\$ 1,146,519	\$ (476,235)	\$ 670,284	\$ 1,116,771	\$ (433,741)	\$ 683,030
Trade names	1,176,539	(26,179)	1,150,360	1,137,535	(16,092)	1,121,443
	<u>\$ 2,323,058</u>	<u>\$ (502,414)</u>	<u>\$ 1,820,644</u>	<u>\$ 2,254,306</u>	<u>\$ (449,833)</u>	<u>\$ 1,804,473</u>

Amortization of intangible assets for the six months ended March 29, 2024 and March 31, 2023 was \$51.3 million and \$44.1 million, respectively.

**ARAMARK AND SUBSIDIARIES**
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**
**NOTE 5. BORROWINGS:**

Long-term borrowings, net, are summarized in the following table (in thousands):

	March 29, 2024	September 29, 2023
Senior secured revolving credit facility, due April 2026	\$ 354,584	\$ 170,759
Senior secured term loan facility, due April 2026	227,991	258,060
Senior secured term loan facility, due January 2027	836,151	835,631
Senior secured term loan facility, due April 2028	724,848	724,393
Senior secured term loan facility, due June 2030	1,074,689	1,078,588
5.000% senior notes, due April 2025	550,059	549,348
3.125% senior notes, due April 2025 <sup>(1)</sup>	350,073	342,718
6.375% senior notes, due May 2025	—	1,492,153
5.000% senior notes, due February 2028	1,143,647	1,142,910
Receivables Facility, due July 2026	600,000	—
Finance leases	35,664	31,933
Other	23,779	15,201
	5,921,485	6,641,694
Less—current portion	(42,399)	(1,543,032)
	\$ 5,879,086	\$ 5,098,662

(1) This is a Euro denominated borrowing.

As of March 29, 2024, the Company had approximately \$757.5 million of outstanding foreign currency borrowings.

As of March 29, 2024, the Company had approximately \$771.2 million of availability under the senior secured revolving credit facility.

**Senior Secured Credit Agreement Refinancing**

On March 27, 2024, the Company amended its existing Credit Agreement (“Amendment No. 14”), to provide for, among other things, the repricing of all the United States dollar denominated Term B-5 Loans previously outstanding under the Credit Agreement (“U.S. Term B-5 Loans due 2028”) and the repricing of all the United States dollar denominated Term B-6 Loans previously outstanding under the Credit Agreement (“U.S. Term B-6 Loans due 2030”).

As a result of the Amendment No. 14, (i) U.S. Term B-5 Loans due 2028 previously outstanding under the Credit Agreement were replaced with new United States dollar denominated Term B-7 Loans (“U.S. Term B-7 Loans due 2028”) in an amount equal to \$730.5 million due in April 2028 and (ii) U.S. Term B-6 Loans due 2030 previously outstanding under the Credit Agreement were replaced with the new United States dollar denominated Term B-8 Loans (“U.S. Term B-8 Loans due 2030”) in an amount equal to \$1,094.5 million due in June 2030, each with an interest rate equal to the sum of (a) the Term Secured Overnight Financing Rate (“SOFR”) Rate (as defined in the Credit Agreement) plus (b) an applicable margin of 2.00% plus (c) a credit spread adjustment of 0.0% (as compared to the interest rate for the U.S. Term B-5 Loans due 2028 and the U.S. Term B-6 Loans due 2030 equal to the sum of (a) the Term SOFR Rate plus (b) an applicable margin of 2.50% plus (c) a credit spread adjustment between 0.11448% and 0.42826% (depending on the selected interest period)).

The U.S. Term B-7 Loans due 2028 do not require any quarterly repayments of the principal amount and require the payment of \$730.5 million at maturity. The U.S. Term B-8 Loans due 2030 require repayment of principal in quarterly installments of \$2.8 million from March 31, 2024 through March 31, 2030 and \$1,025.8 million at maturity.

The Company capitalized \$0.9 million of transaction costs directly attributable to the repricings in Amendment No. 14, which are included in “Long-Term Borrowings” on the Condensed Consolidated Balance Sheet as of March 29, 2024. Amounts paid for capitalized transaction costs are included within “Other financing activities” on the Condensed Consolidated Statement of Cash Flows for the six months ended March 29, 2024. Additionally, the Company recorded \$1.6 million of charges to “Interest Expense, net” on the Condensed Consolidated Statements of Income for the three and six months ended March 29, 2024, consisting of a \$1.2 million non-cash loss for the write-off of unamortized deferred financing costs and discount on the U.S. Term B-5 Loans due 2028 and U.S. Term B-6 Loans due 2030 and the payment of \$0.4 million of transaction costs related to the repricings.

## ARAMARK AND SUBSIDIARIES

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

**6.375% Senior Notes due 2025 Repayment**

On October 2, 2023, the Company repaid the \$1,500.0 million 6.375% 2025 Notes in conjunction with the separation and distribution of the Uniform segment (see Note 2). The Company recorded \$31.8 million of charges to "Interest Expense, net" in the Condensed Consolidated Statements of Income for the six months ended March 29, 2024, consisting of the payment of a \$23.9 million call premium and a \$7.9 million non-cash loss for the write-off of unamortized deferred financing costs on the 6.375% 2025 Notes. The amount paid for the call premium is included within "Other financing activities" on the Condensed Consolidated Statements of Cash Flows for the six months ended March 29, 2024.

**NOTE 6. DERIVATIVE INSTRUMENTS:**

The Company enters into contractual derivative arrangements to manage changes in market conditions related to interest on debt obligations, including interest rate swap agreements, that are recognized as either assets or liabilities on the balance sheet at fair value at the end of each quarter. The counterparties to the Company's contractual derivative agreements are all major international financial institutions. The Company is exposed to credit loss in the event of nonperformance by these counterparties. The Company continually monitors its positions and the credit ratings of its counterparties and does not anticipate nonperformance by the counterparties. The Company formally documents the hedging relationship and its risk management objective and strategy for undertaking the hedge, the hedging instrument, the hedged item, the nature of the risk being hedged and how the hedging instrument's effectiveness in offsetting the hedged risk will be assessed prospectively and retrospectively for designated hedges. The Company also formally assesses, both at the hedge's inception and on an ongoing basis, whether the derivatives that are used in hedging transactions are highly effective in offsetting cash flows of hedged items.

**Cash Flow Hedges**

The Company has \$2.3 billion notional amount of outstanding interest rate swap agreements as of March 29, 2024, which fix the rate on a like amount of variable rate borrowings with varying maturities through December of fiscal 2028. During the second quarter of fiscal 2024, \$100.0 million notional amount of previously forward starting interest rate swap agreements to hedge the cash flow risk of variability in interest payments on variable rate borrowings became effective.

Changes in the fair value of a derivative that is designated as and meets all the required criteria for a cash flow hedge are recorded in accumulated other comprehensive loss and reclassified into earnings as the underlying hedged item affects earnings. Amounts reported in accumulated other comprehensive loss related to derivatives will be reclassified to interest expense as interest payments are made on the Company's variable-rate debt. As of March 29, 2024 and September 29, 2023, \$80.9 million and \$109.1 million, respectively, of unrealized net of tax gains related to the interest rate swaps were included in "Accumulated other comprehensive loss" on the Condensed Consolidated Balance Sheets.

The following table summarizes the effect of the Company's derivatives designated as cash flow hedging instruments on Other comprehensive income (loss) (in thousands):

	Three Months Ended	
	March 29, 2024	March 31, 2023
Interest rate swap agreements	\$ 31,838	\$ (16,315)
	Six Months Ended	
	March 29, 2024	March 31, 2023
Interest rate swap agreements	\$ (115)	\$ (14,331)

**ARAMARK AND SUBSIDIARIES**
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**

The following table summarizes the location and fair value, using Level 2 inputs (see Note 14 for a description of the fair value levels), of the Company's derivatives designated as hedging instruments on the Condensed Consolidated Balance Sheets (in thousands):

	Balance Sheet Location	March 29, 2024	September 29, 2023
<b>ASSETS</b>			
Interest rate swap agreements	Prepayments and other current assets	\$ 23,172	\$ —
Interest rate swap agreements	Other Assets	\$ 86,206	\$ 147,458

The following table summarizes the location of the gain reclassified from "Accumulated other comprehensive loss" into earnings for derivatives designated as hedging instruments on the Condensed Consolidated Statements of Income (in thousands):

	Income Statement Location	Three Months Ended	
		March 29, 2024	March 31, 2023
Interest rate swap agreements	Interest Expense, net	\$ (19,199)	\$ (13,915)
		Six Months Ended	
		March 29, 2024	March 31, 2023
Interest rate swap agreements	Interest Expense, net	\$ (37,965)	\$ (24,230)

As of March 29, 2024, the Company has a Euro denominated term loan in the amount of €65.0 million. The term loan was designated as a hedge of the Company's net Euro currency exposure represented by certain holdings in the Company's European affiliates.

At March 29, 2024, the net of tax gain expected to be reclassified from "Accumulated other comprehensive loss" into earnings over the next twelve months based on current market rates is approximately \$45.9 million.

**NOTE 7. REVENUE RECOGNITION:**

The Company generates revenue through sales of food and facility services to customers based on written contracts at the locations it serves. The Company provides food and beverage services, including catering and retail services, and facilities services, including plant operations and maintenance, custodial, housekeeping, landscaping and other services. In accordance with ASC 606, the Company accounts for a customer contract when both parties have approved the arrangement and are committed to perform their respective obligations, each party's rights can be identified, payment terms can be identified, the contract has commercial substance and it is probable the Company will collect substantially all of the consideration to which it is entitled. Revenue is recognized upon the transfer of control of the promised product or service to customers in an amount that reflects the consideration the Company expects to receive in exchange for those goods and services.

*Performance Obligations*

The Company recognizes revenue when its performance obligation is satisfied. Each contract generally has one performance obligation, which is satisfied over time. The Company primarily accounts for its performance obligations under the series guidance, using the as-invoiced practical expedient when applicable. The Company applies the right to invoice practical expedient to record revenue as the services are provided, given the nature of the services provided and the frequency of billing under the customer contracts. Under this practical expedient, the Company recognizes revenue in an amount that corresponds directly with the value to the customer of the Company's performance completed to date and for which the Company has the right to invoice the customer. Certain arrangements include performance obligations which include variable consideration (primarily per transaction fees). For these arrangements, the Company does not need to estimate the variable consideration for the contract and allocate to the entire performance obligation; therefore, the variable fees are recognized in the period they are earned.

**ARAMARK AND SUBSIDIARIES**
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**
*Disaggregation of Revenue*

The following table presents revenue disaggregated by revenue source (in millions):

	Three Months Ended		Six Months Ended	
	March 29, 2024	March 31, 2023	March 29, 2024	March 31, 2023
<b>FSS United States:</b>				
Business & Industry	\$ 396.7	\$ 343.2	\$ 779.8	\$ 674.7
Education	1,039.5	983.7	2,151.8	1,987.3
Healthcare <sup>(1)</sup>	405.5	422.4	804.6	834.8
Sports, Leisure & Corrections	763.6	676.0	1,667.2	1,460.6
Facilities & Other <sup>(1)</sup>	438.1	417.9	852.8	806.8
<b>Total FSS United States</b>	<b>3,043.4</b>	<b>2,843.2</b>	<b>6,256.2</b>	<b>5,764.2</b>
<b>FSS International:</b>				
Europe	624.4	552.0	1,262.2	1,056.2
Rest of World	532.1	521.0	1,089.3	1,009.5
<b>Total FSS International</b>	<b>1,156.5</b>	<b>1,073.0</b>	<b>2,351.5</b>	<b>2,065.7</b>
<b>Total Revenue</b>	<b>\$ 4,199.9</b>	<b>\$ 3,916.2</b>	<b>\$ 8,607.7</b>	<b>\$ 7,829.9</b>

(1) Beginning in fiscal 2024, management began reporting results for healthcare facility services within "Healthcare", whereas the results were previously reported within "Facilities & Other". As such, the "Healthcare" and "Facilities & Other" results for the three and six months ended March 31, 2023 were recast to reflect this change.

*Contract Balances*

Deferred income is recognized in "Accrued expenses and other current liabilities" on the Condensed Consolidated Balance Sheets when the Company has received consideration, or has the right to receive consideration, in advance of the transfer of the performance obligation of the contract to the customer, primarily prepaid meal plans. The consideration received remains a liability until the goods or services have been provided to the customer. The Company classifies deferred income as current as the deferred income is expected to be recognized in the next 12 months. If the Company cannot render its performance obligation according to contract terms after receiving the consideration in advance, amounts may be contractually required to be refunded to the customer.

During the six months ended March 29, 2024, deferred income increased related to customer prepayments and decreased related to income recognized during the period as a result of satisfying the performance obligation or return of funds related to non-performance. For the six months ended March 29, 2024, the Company recognized \$233.8 million of revenue that was included in deferred income at the beginning of the period. Deferred income balances are summarized in the following table (in millions):

	March 29, 2024	September 29, 2023
Deferred income	\$ 242.7	\$ 329.9

**NOTE 8. INCOME TAXES:**

During the six months ended March 29, 2024, the Company recorded a valuation allowance to the "Provision for Income Taxes from Continuing Operations" on the Condensed Consolidated Statements of Income of \$7.1 million against certain foreign tax credits, as it is more likely than not a tax benefit will not be realized due to the reduction of future forecasted foreign income as a result of the separation and distribution of the Uniform segment.

During the three and six months ended March 31, 2023, the Company recorded a benefit to the "Provision for Income Taxes from Continuing Operations" on the Condensed Consolidated Statements of Income of \$3.8 million for the reversal of a valuation allowance at a foreign subsidiary driven by the Company's ability to utilize the deferred tax assets based on future taxable income expected due to the acquisition of a business.

**NOTE 9. STOCKHOLDERS' EQUITY:**

On April 26, 2024, the Company's Board of Directors approved a \$0.095 dividend per share of common stock, payable on May 28, 2024, to stockholders of record on the close of business on May 13, 2024.

**ARAMARK AND SUBSIDIARIES**
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**

The Company has 100.0 million shares of preferred stock authorized, with a par value of \$0.01 per share. At March 29, 2024 and September 29, 2023, zero shares of preferred stock were issued or outstanding.

**NOTE 10. SHARE-BASED COMPENSATION:**

On October 13, 2023, the Company's Compensation and Human Resources Committee of the Board of Directors (the "Committee"), pursuant to the terms of the Third Amended and Restated 2013 Stock Incentive Plan and to reflect the separation and distribution of the Company's Uniform segment that occurred on September 30, 2023, approved amendments to the performance goals and performance periods for the Company's outstanding Performance Stock Units ("PSUs"). For the PSUs granted in fiscal 2022, which were subject to performance targets for the three-year period ending September 27, 2024, two-thirds of these PSUs became subject to new adjusted performance targets and an adjusted performance period for the two-year period ending September 29, 2023 and the remaining one-third of these PSUs will be subject to new adjusted performance targets for the one-year period ending September 27, 2024. The PSUs granted in fiscal 2023, which were subject to performance targets for the three-year period ending October 3, 2025, were amended to be subject to adjusted performance targets primarily to reflect the Company on a post-spin off basis. The Committee also approved adjustments increasing the maximum aggregate number of shares authorized for awards under the 2023 Stock Plan by an additional 3.5 million shares.

The following table summarizes the share-based compensation expense and related information for Time-Based Options ("TBOs"), Retention Time-Based Options ("TBO-Rs"), Time-Based Restricted Stock Units ("RSUs"), PSUs, Deferred Stock Units and Employee Stock Purchase Plan ("ESPP") recorded within "Selling and general corporate expenses" on the Condensed Consolidated Statements of Income (in millions).

	Three Months Ended		Six Months Ended	
	March 29, 2024	March 31, 2023	March 29, 2024	March 31, 2023
TBOs	\$ 2.3	\$ 3.6	\$ 4.7	\$ 7.0
TBO-Rs	0.9	1.2	1.0	3.1
RSUs	8.3	11.2	16.2	22.4
PSUs	3.8	2.0	6.6	3.9
Deferred Stock Units	0.4	0.5	0.9	0.8
ESPP <sup>(1)</sup>	—	—	—	1.9
	<u>\$ 15.7</u>	<u>\$ 18.5</u>	<u>\$ 29.4</u>	<u>\$ 39.1</u>
Taxes related to share-based compensation	\$ 2.7	\$ 3.2	\$ 5.3	\$ 6.7
Cash Received from Option Exercises/ESPP Purchases	11.1	4.5	15.6	32.7
Tax Benefit on Share Deliveries	—	0.1	—	0.8

(1) The Company suspended its ESPP beginning in the second quarter of fiscal 2023.

The below table summarizes the number of shares granted and the weighted-average grant-date fair value per unit during the six months ended March 29, 2024:

	Shares Granted (in millions)	Weighted Average Grant- Date Fair Value (dollars per share)
TBOs	1.2	\$ 12.02
RSUs	1.6	\$ 28.11
PSUs	0.7	\$ 32.14
	<u>3.5</u>	

**NOTE 11. EARNINGS PER SHARE:**

Basic earnings per share is computed using the weighted average number of common shares outstanding during the periods presented. Diluted earnings per share is computed using the weighted average number of common shares outstanding adjusted to include the potentially dilutive effect of stock awards.

**ARAMARK AND SUBSIDIARIES**
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**

The following table sets forth the computation of basic and diluted earnings per share attributable to the Company's stockholders (in thousands, except per share data):

	Three Months Ended		Six Months Ended	
	March 29, 2024	March 31, 2023	March 29, 2024	March 31, 2023
<b>Earnings:</b>				
Net income from Continuing Operations attributable to Aramark stockholders	\$ 53,449	\$ 14,249	\$ 81,985	\$ 52,747
Income from Discontinued Operations, net of tax	—	41,792	—	77,445
Net income attributable to Aramark stockholders	<u>\$ 53,449</u>	<u>\$ 56,041</u>	<u>\$ 81,985</u>	<u>\$ 130,192</u>
<b>Shares:</b>				
Basic weighted-average shares outstanding	262,841	260,673	262,447	260,063
Effect of dilutive securities	2,441	1,864	2,328	1,930
Diluted weighted-average shares outstanding	<u>265,282</u>	<u>262,537</u>	<u>264,775</u>	<u>261,993</u>
<b>Basic earnings per share attributable to Aramark stockholders:</b>				
Income from Continuing Operations	\$ 0.20	\$ 0.05	\$ 0.31	\$ 0.20
Income from Discontinued Operations	—	0.16	—	0.30
Basic earnings per share attributable to Aramark stockholders	<u>\$ 0.20</u>	<u>\$ 0.21</u>	<u>\$ 0.31</u>	<u>\$ 0.50</u>
<b>Diluted earnings per share attributable to Aramark stockholders:</b>				
Income from Continuing Operations	\$ 0.20	\$ 0.05	\$ 0.31	\$ 0.20
Income from Discontinued Operations	—	0.16	—	0.30
Diluted earnings per share attributable to Aramark stockholders	<u>\$ 0.20</u>	<u>\$ 0.21</u>	<u>\$ 0.31</u>	<u>\$ 0.50</u>

Share-based awards to purchase 10.2 million and 8.3 million shares were outstanding for the three months ended March 29, 2024 and March 31, 2023, respectively, but were not included in the computation of diluted earnings per common share, as their effect would have been antidilutive. In addition, PSUs related to 1.4 million and 0.8 million shares were outstanding for the three months ended March 29, 2024 and March 31, 2023, respectively, but were not included in the computation of diluted earnings per common share, as the performance targets were not yet met.

Share-based awards to purchase 11.5 million and 8.4 million shares were outstanding for the six months ended March 29, 2024 and March 31, 2023, respectively, but were not included in the computation of diluted earnings per common share, as their effect would have been antidilutive. In addition, PSUs related to 1.4 million and 0.8 million shares were outstanding for the six months ended March 29, 2024 and March 31, 2023, respectively, but were not included in the computation of diluted earnings per common share, as the performance targets were not yet met.

**NOTE 12. COMMITMENTS AND CONTINGENCIES:**

Certain of the Company's lease arrangements, primarily vehicle leases, with terms of one to eight years, contain provisions related to residual value guarantees. The maximum potential liability to the Company under such arrangements was approximately \$33.1 million at March 29, 2024 if the terminal fair value of vehicles coming off lease was zero. Consistent with past experience, management does not expect any significant required payments pursuant to these arrangements. No amounts have been accrued for the guarantee arrangements at March 29, 2024.

From time to time, the Company and its subsidiaries are a party to various legal actions, proceedings and investigations involving claims incidental to the conduct of their business, including actions by clients, customers, employees, government entities and third parties, including under federal, state, international, national, provincial and local employment laws, wage and hour laws, discrimination laws, immigration laws, human health and safety laws, import and export controls and customs laws, environmental laws, false claims or whistleblower statutes, minority, women and disadvantaged business enterprise statutes, tax codes, antitrust and competition laws, consumer protection statutes, procurement regulations, intellectual property laws, food safety and sanitation laws, cost and accounting principles, the Foreign Corrupt Practices Act, the U.K. Bribery Act, other anti-corruption laws, lobbying laws, motor carrier safety laws, data privacy and security laws and alcohol licensing and service laws, or alleging negligence and/or breaches of contractual and other obligations. Based on information currently available, advice of



**ARAMARK AND SUBSIDIARIES**
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**

counsel, available insurance coverage, established reserves and other resources, the Company does not believe that any such actions are likely to be, individually or in the aggregate, material to its business, financial condition, results of operations or cash flows. However, in the event of unexpected further developments, it is possible that the ultimate resolution of these matters, or other similar matters, if unfavorable, may be materially adverse to the Company's business, financial condition, results of operations or cash flows.

**NOTE 13. BUSINESS SEGMENTS:**

The Company reports its operating results in two reportable segments: FSS United States and FSS International. Corporate includes general expenses not specifically allocated to an individual segment and share-based compensation expense (see Note 10). Approximately 74% of the global revenue is related to food services and 26% is related to facilities services. During the six months ended March 31, 2023, the Company received proceeds of \$19.8 million relating to the recovery of the Company's investment (possessory interest) at one of the National Park Service sites within the FSS United States segment. The Company recorded a gain related to the recovery of its investment, which is included in "Cost of services provided (exclusive of depreciation and amortization)" on the Condensed Consolidated Statements of Income.

Financial information by segment follows (in millions):

Revenue	Three Months Ended	
	March 29, 2024	March 31, 2023
FSS United States	\$ 3,043.4	\$ 2,843.2
FSS International	1,156.5	1,073.0
Total Revenue	\$ 4,199.9	\$ 3,916.2

  

Operating Income	Three Months Ended	
	March 29, 2024	March 31, 2023
FSS United States	\$ 144.3	\$ 151.1
FSS International	42.5	6.9
Total Segment Operating Income	186.8	158.0
Corporate	(27.8)	(32.7)
Total Operating Income	\$ 159.0	\$ 125.3

  

Reconciliation to Income from Continuing Operations Before Income Taxes	Three Months Ended	
	March 29, 2024	March 31, 2023
Total Operating Income	\$ 159.0	\$ 125.3
Interest Expense, net	86.3	113.5
Income from Continuing Operations Before Income Taxes	\$ 72.7	\$ 11.8

  

Revenue	Six Months Ended	
	March 29, 2024	March 31, 2023
FSS United States	\$ 6,256.2	\$ 5,764.2
FSS International	2,351.5	2,065.7
Total Revenue	\$ 8,607.7	\$ 7,829.9

  

Operating Income	Six Months Ended	
	March 29, 2024	March 31, 2023
FSS United States	\$ 319.1	\$ 309.7
FSS International	88.8	33.7
Total Segment Operating Income	407.9	343.4
Corporate	(81.9)	(66.4)
Total Operating Income	\$ 326.0	\$ 277.0

## ARAMARK AND SUBSIDIARIES

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

Reconciliation to Income from Continuing Operations Before Income Taxes	Six Months Ended	
	March 29, 2024	March 31, 2023
Total Operating Income	\$ 326.0	\$ 277.0
Interest Expense, net	200.9	214.5
Income from Continuing Operations Before Income Taxes	\$ 125.1	\$ 62.5

**NOTE 14. FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES:**

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Assets and liabilities recorded at fair value are classified based upon the level of judgment associated with the inputs used to measure their fair value. The hierarchical levels related to the subjectivity of the valuation inputs are defined as follows:

- Level 1—inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets
- Level 2—inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument
- Level 3—inputs to the valuation methodology are unobservable and significant to the fair value measurement

**Recurring Fair Value Measurements**

The Company's financial instruments consist primarily of cash and cash equivalents, accounts receivable, accounts payable, borrowings and derivatives. Management believes that the carrying value of cash and cash equivalents, accounts receivable and accounts payable are representative of their respective fair values. In conjunction with the fair value measurement of the derivative instruments, the Company made an accounting policy election to measure the credit risk of its derivative instruments that are subject to master netting agreements on a net basis by counterparty portfolio, as the gross values would not be materially different. The fair value of the Company's debt at March 29, 2024 and September 29, 2023 was \$5,910.4 million and \$6,606.7 million, respectively. The carrying value of the Company's debt at March 29, 2024 and September 29, 2023 was \$5,921.5 million and \$6,641.7 million, respectively. The fair values were computed using market quotes, if available, or based on discounted cash flows using market interest rates as of the end of the respective periods. The inputs utilized in estimating the fair value of the Company's debt have been classified as Level 2 in the fair value hierarchy levels.

As part of the Union Supply acquisition completed in fiscal 2022, the Company recorded a contingent consideration obligation based on the fair value of the expected payments with a separate amount that was accounted for as compensation expense and recognized on the Condensed Consolidated Statements of Income over the earnout period. The Company performed a fair value assessment of the contingent consideration obligation based on the terms and conditions of the Union Supply purchase agreement, using internal models. The inputs utilized in estimating the fair value of the contingent consideration have been classified as Level 3 in the fair value hierarchy levels and are subject to risk and uncertainty. The calculation of fair value is dependent on several subjective factors including the determination of earnings and profitability. If assumptions or estimates vary from what was expected, the fair value of the contingent consideration liability may materially change. During the three and six months ended March 31, 2023, the Company adjusted the contingent consideration liability to the fair value of the future expected payment, resulting in income of \$29.7 million, which is comprised of the adjusted contingent consideration liability recorded as part of the acquisition and reversal of a portion of compensation expense previously recognized in the Condensed Consolidated Statements of Income since the acquisition. The income is included in "Cost of services provided (exclusive of depreciation and amortization)" on the Condensed Consolidated Statements of Income. The contingent consideration liability at March 29, 2024 and September 29, 2023 was \$9.0 million and \$8.4 million, respectively.

As part of the Next Level acquisition completed in fiscal 2021, the Company recorded a contingent consideration obligation based on the fair value of the expected payments. The Company performed a fair value assessment of the contingent consideration obligation based on the terms and conditions of the Next Level purchase agreement, as amended, using internal models. The inputs utilized in estimating the fair value of the contingent consideration have been classified as Level 3 in the fair value hierarchy levels and are subject to risk and uncertainty. During the three and six months ended March 31, 2023, the Company adjusted the contingent consideration liability to the fair value of the future expected payment, resulting in income of \$18.4 million and \$48.4 million, respectively, which is included in "Cost of services provided (exclusive of depreciation and amortization)" on the Condensed Consolidated Statements of Income. The earnout period has ended and the fair value of the contingent consideration liability at March 29, 2024 and September 29, 2023 was zero.

**Item 2.**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

*The following discussion and analysis of Aramark's (the "Company," "we," "our" and "us") financial condition and results of operations for the three and six months ended March 29, 2024 and March 31, 2023 should be read in conjunction with our audited consolidated financial statements and the notes to those statements for the fiscal year ended September 29, 2023 included in our Annual Report on Form 10-K, filed with the Securities and Exchange Commission (the "SEC") on November 21, 2023.*

*Our discussion contains forward-looking statements, such as our plans, objectives, opinions, expectations, anticipations, intentions and beliefs, that are based upon our current expectations but that involve risks and uncertainties. Actual results and the timing of events could differ materially from those anticipated in those forward-looking statements as a result of a number of factors, including those described under the heading "Special Note About Forward-Looking Statements" and elsewhere in this Quarterly Report on Form 10-Q. In the following discussion and analysis of financial condition and results of operations, certain financial measures may be considered "non-GAAP financial measures" under SEC rules. These rules require supplemental explanation and reconciliation, which is provided elsewhere in this Quarterly Report on Form 10-Q.*

**Overview**

We are a leading global provider of food and facilities services to education, healthcare, business & industry and sports, leisure & corrections clients. Our core market is the United States, which is supplemented by an additional 14-country footprint. Through our established brand, broad geographic presence and employees, we anchor our business in our partnerships with thousands of clients. Through these partnerships, we serve millions of consumers including students, patients, employees, sports fans and guests worldwide. We operate our business in two reportable segments: Food and Support Services United States ("FSS United States") and Food and Support Services International ("FSS International").

Our FSS United States reportable segment operations focus on serving clients in five principal sectors: Business & Industry, Education, Healthcare, Sports, Leisure & Corrections and Facilities & Other. Our FSS International reportable segment provides a similar range of services as those provided to our FSS United States clients. Administrative expenses not allocated to our two reportable segments are presented separately as corporate expenses.

On September 30, 2023, we completed the previously announced separation and distribution of our Aramark Uniform and Career Apparel ("Uniform") segment into an independent publicly traded company, Vestis Corporation ("Vestis"), and the historical results of the Uniform segment have been reflected as discontinued operations in our condensed consolidated financial statements for all periods prior to the separation and distribution. Assets and liabilities associated to the Uniform segment are classified as assets and liabilities of discontinued operations in our Condensed Consolidated Balance Sheet as of September 29, 2023. Additional disclosures regarding the separation and distribution are provided in Note 2 to the condensed consolidated financial statements.

**Current Business Environment**

We have seen improving inflation trends where inflationary costs in product, energy and labor have continued to moderate over the first half of fiscal 2024, particularly in the United States. However, inflation remains elevated as compared to historical rates within the United States and abroad. In addition, we continue to see elevated market interest rates and significant changes in foreign currencies. We expect these conditions to continue in the near-term, and we regularly evaluate and believe we take appropriate actions to mitigate risk in these areas. These actions include management of operating costs, including supply chain initiatives and pricing actions, and managing interest rate risk through the use of interest rate swaps.

**Seasonality**

Our revenue and operating results have varied, and we expect them to continue to vary, from quarter to quarter as a result of different factors. Historically, within our FSS United States segment, there has been a lower level of activity during the first half of our fiscal year in operations that provide services to sports and leisure clients. This lower level of activity, historically, has been partially offset during the first half of our fiscal year by the increased activity levels in our educational operations. Conversely, historically there has been a significant increase in the provision of services to sports and leisure clients during the second half of our fiscal year, which is partially offset by the effect of summer recess at colleges, universities and schools in our educational operations. For cash flows, historically there has been cash usage during our first fiscal quarter due to lower activity within our sports and leisure clients as well as payments related to employee incentives. Conversely, historically there have been cash inflows during our fourth fiscal quarter due to an inflow of customer prepayments particularly within our Higher Education business in anticipation of the fall semester and higher activity within our sports and leisure clients.

### Foreign Currency Fluctuations

The impact from foreign currency translation assumes constant foreign currency exchange rates based on the rates in effect for the prior year period being used in translation for the comparable current year period. We believe that providing the impact of fluctuations in foreign currency rates on certain financial results can facilitate analysis of period-to-period comparisons of business performance.

### Fiscal Year

Our fiscal year is the fifty-two or fifty-three week period which ends on the Friday nearest September 30th. The fiscal years ending September 27, 2024 and September 29, 2023 are both fifty-two week periods.

### Results of Operations

The following tables present an overview of our results on a consolidated and segment basis with the amount of and percentage change between periods for the three and six months ended March 29, 2024 and March 31, 2023 (in millions).

	Three Months Ended		Change	
	March 29, 2024	March 31, 2023	\$	%
Revenue	\$ 4,199.9	\$ 3,916.2	\$ 283.7	7.2 %
Costs and Expenses:				
Cost of services provided (exclusive of depreciation and amortization)	3,869.2	3,621.4	247.8	6.8 %
Other operating expenses	171.7	169.5	2.2	1.3 %
	4,040.9	3,790.9	250.0	6.6 %
Operating income	159.0	125.3	33.7	26.9 %
Interest Expense, net	86.3	113.5	(27.2)	(24.0)%
Income from Continuing Operations Before Income Taxes	72.7	11.8	60.9	***
Provision (Benefit) for Income Taxes from Continuing Operations	19.7	(2.3)	22.0	***
Net income from Continuing Operations	\$ 53.0	\$ 14.1	\$ 38.9	275.1 %

Revenue by Segment <sup>(1)</sup>	Three Months Ended		Change	
	March 29, 2024	March 31, 2023	\$	%
FSS United States	\$ 3,043.4	\$ 2,843.2	\$ 200.2	7.0 %
FSS International	1,156.5	1,073.0	83.5	7.8 %
	\$ 4,199.9	\$ 3,916.2	\$ 283.7	7.2 %

Operating Income by Segment	Three Months Ended		Change	
	March 29, 2024	March 31, 2023	\$	%
FSS United States	\$ 144.3	\$ 151.1	\$ (6.8)	(4.5)%
FSS International	42.5	6.9	35.6	***
Corporate	(27.8)	(32.7)	4.9	14.7 %
	\$ 159.0	\$ 125.3	\$ 33.7	26.9 %

\*\*\*Not meaningful

(1) As a percentage of total revenue, FSS United States represented 72.5% and 72.6% and FSS International represented 27.5% and 27.4% for the three months ended March 29, 2024 and March 31, 2023, respectively.

	Six Months Ended		Change	
	March 29, 2024	March 31, 2023	\$	%
Revenue	\$ 8,607.7	\$ 7,829.9	\$ 777.8	9.9 %
Costs and Expenses:				
Cost of services provided (exclusive of depreciation and amortization)	7,914.3	7,213.2	701.1	9.7 %
Other operating expenses	367.4	339.7	27.7	8.2 %
	8,281.7	7,552.9	728.8	9.6 %
Operating income	326.0	277.0	49.0	17.7 %
Interest Expense, net	200.9	214.5	(13.6)	(6.3)%
Income from Continuing Operations Before Income Taxes	125.1	62.5	62.6	100.2 %
Provision for Income Taxes from Continuing Operations	43.6	10.4	33.2	***
Net income from Continuing Operations	\$ 81.5	\$ 52.1	\$ 29.4	56.5 %
	Six Months Ended		Change	
Revenue by Segment <sup>(1)</sup>	March 29, 2024	March 31, 2023	\$	%
FSS United States	\$ 6,256.2	\$ 5,764.2	\$ 492.0	8.5 %
FSS International	2,351.5	2,065.7	285.8	13.8 %
	\$ 8,607.7	\$ 7,829.9	\$ 777.8	9.9 %
	Six Months Ended		Change	
Operating Income by Segment	March 29, 2024	March 31, 2023	\$	%
FSS United States	\$ 319.1	\$ 309.7	\$ 9.4	3.0 %
FSS International	88.8	33.7	55.1	164.0 %
Corporate	(81.9)	(66.4)	(15.5)	(23.5)%
	\$ 326.0	\$ 277.0	\$ 49.0	17.7 %

\*\*\*Not meaningful

(1) As a percentage of total revenue, FSS United States represented 72.7% and 73.6% and FSS International represented 27.3% and 26.4% for the six months ended March 29, 2024 and March 31, 2023, respectively.

### Consolidated Overview

Revenue increased by approximately 7.2% and 9.9% during the three and six month periods of fiscal 2024 compared to the prior year periods, respectively. The increase during these periods was primarily attributable to base business growth, including volume growth and contract price increases, and net new business, partially offset by the negative impact of foreign currency translation (2.1% and 1.1% for the three and six month periods, respectively).

The following table presents the cost of services provided (exclusive of depreciation and amortization) by segment and as a percent of revenue for the three and six months ended March 29, 2024 and March 31, 2023 (in millions).

Cost of services provided (exclusive of depreciation and amortization)	Three Months Ended				Six Months Ended			
	March 29, 2024		March 31, 2023		March 29, 2024		March 31, 2023	
	\$	% of Revenue	\$	% of Revenue	\$	% of Revenue	\$	% of Revenue
FSS United States	\$ 2,778.5	91.3 %	\$ 2,576.7	90.6 % <sup>(1)</sup>	\$ 5,697.8	91.1 %	\$ 5,223.1	90.6 % <sup>(1)</sup>
FSS International	1,090.7	94.3 %	1,044.7	97.4 % <sup>(2)</sup>	2,216.5	94.3 %	1,990.1	96.3 % <sup>(2)</sup>
	<u>\$ 3,869.2</u>	<u>92.1 %</u>	<u>\$ 3,621.4</u>	<u>92.5 %</u>	<u>\$ 7,914.3</u>	<u>91.9 %</u>	<u>\$ 7,213.2</u>	<u>92.1 %</u>

(1) The three and six months ended March 31, 2023 were impacted by non-cash income related to the reduction of contingent consideration liabilities related to acquisition earn outs, net of expense of \$48.1 million and \$74.4 million, respectively (see Note 14 to the condensed consolidated financial statements).

(2) The three and six months ended March 31, 2023 were impacted by \$25.8 million of severance charges (see Note 3 to the condensed consolidated financial statements).

The following table presents the percentages attributable to the components in cost of services provided (exclusive of depreciation and amortization) for the three and six months ended March 29, 2024 and March 31, 2023.

Cost of services provided (exclusive of depreciation and amortization) components	Three Months Ended		Six Months Ended	
	March 29, 2024	March 31, 2023	March 29, 2024	March 31, 2023
Food and support service costs <sup>(1)</sup>	29.8 %	30.3 %	30.2 %	30.5 %
Personnel costs <sup>(2)</sup>	45.4 %	46.6 %	44.6 %	45.8 %
Other direct costs <sup>(3)</sup>	24.8 %	23.1 %	25.2 %	23.7 %
	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>

(1) Food and support service costs represented a lower proportion of total cost of services provided (exclusive of depreciation and amortization) during the three and six months ended March 29, 2024 compared to the prior year periods mainly driven by other direct costs increasing at a higher proportion as compared to food and support service costs and the moderation of product inflationary costs.

(2) Personnel costs decreased as a percentage of total cost of services provided (exclusive of depreciation and amortization) during the three and six months ended March 29, 2024 compared to the prior year periods due to other direct costs increasing at a higher proportion as compared to personnel costs, prior year severance charges (\$29.7 million for the three and six month periods, respectively) (see Note 3 to the condensed consolidated financial statements) and moderation of labor inflationary costs.

(3) Other direct costs represented a higher proportion of total cost of services provided (exclusive of depreciation and amortization) during the three and six months ended March 29, 2024 compared to the prior year periods due to prior year non-cash income related to the reduction of contingent consideration liabilities related to acquisition earn outs, net of expense (\$48.1 million and \$74.4 million for the three and six month periods, respectively) (see Note 14 to the condensed consolidated financial statements).

Operating income increased by \$33.7 million and \$49.0 million during the three and six month periods of fiscal 2024 compared to the prior year periods, respectively, driven by base business volume growth, cost management, improved supply chain economics, favorable recovery of inflationary costs as compared to prior year periods, prior year severance charges (\$29.7 million for the three and six month periods) (see Note 3 to the condensed consolidated financial statements) and prior year non-cash charges for the impairment of operating lease right-of-use assets and property and equipment related to certain real estate properties (\$0.7 million and \$19.0 million for the three and six month periods, respectively) (see Note 1 to the condensed consolidated financial statements). The increases in operating income during the three and six month periods of fiscal 2024 more than offset the prior year non-cash income related to the reduction of contingent consideration liabilities related to acquisition earn outs, net of expense (\$48.1 million and \$74.4 million for the three and six month periods, respectively) (see Note 14 to the condensed consolidated financial statements). The increases in operating income during the six month period of fiscal 2024 more than offset higher expenses related to the separation and distribution of the Uniform segment (\$25.6 million) (see Note 2 to the condensed consolidated financial statements), the prior year gain relating to the recovery of our investment (possessory interest) at one of the National Park sites (\$19.8 million) and prior year income related to favorable loss experience in older insurance years under our general liability, automobile liability and workers' compensation liability programs (\$9.8 million).

Interest Expense, net, decreased by 24.0% and 6.3% during the three and six month periods of fiscal 2024 compared to the prior year periods, respectively. The decrease during the three and six month periods of fiscal 2024 was primarily due to lower interest expense related to the repayment of the 6.375% Senior Notes due May 1, 2025 ("6.375% 2025 Notes") (see Note 5 to the condensed consolidated financial statements). The decrease during the three and six month period of fiscal 2024 was partially offset by \$1.6 million for the write-off of unamortized deferred financing costs and discount on the U.S. Term

Loans due 2028 and U.S. Term B-6 Loans due 2030 and transaction costs related to the repricing of these loans (see Note 5 to the condensed consolidated financial statements). Additionally, the decrease during the six month period of fiscal 2024 was partially offset by the payment of a \$23.9 million call premium and a \$7.9 million non-cash loss for the write-off of unamortized deferred financing costs related to the repayment of the 6.375% 2025 Notes (see Note 5 to the condensed consolidated financial statements).

The provision for income taxes for the three and six month periods of fiscal 2024 was recorded at an effective tax rate of 27.1% and 34.8%, respectively. During the six month period ended March 29, 2024, we recorded a \$7.1 million valuation allowance recorded against certain foreign tax credits, as it is more likely than not a tax benefit will not be realized due to the reduction of future forecasted foreign income as a result of the separation and distribution of the Uniform segment (see Note 8 to the condensed consolidated financial statements). The benefit for income taxes for the three month period ended March 31, 2023 was recorded at an effective tax rate of 19.9%. The provision for income taxes for the six month period ended March 31, 2023 was recorded at an effective tax rate of 16.6%. During the three and six month periods ended March 31, 2023, we recorded an income tax benefit of approximately \$3.8 million for the reversal of a valuation allowance against deferred tax assets within a foreign subsidiary due to an acquisition of a business (see Note 8 to the condensed consolidated financial statements).

## Segment Results

### *FSS United States Segment*

The FSS United States reportable segment consists of five sectors which have similar economic characteristics and comprise a single operating segment. The five sectors of the FSS United States reportable segment are Business & Industry, Education, Healthcare, Sports, Leisure & Corrections and Facilities & Other.

Revenue for each of these sectors are summarized as follows (in millions):

	Three Months Ended		Change %	Six Months Ended		Change %
	March 29, 2024	March 31, 2023		March 29, 2024	March 31, 2023	
Business & Industry	\$ 396.7	\$ 343.2	15.6 %	\$ 779.8	\$ 674.7	15.6 %
Education	1,039.5	983.7	5.7 %	2,151.8	1,987.3	8.3 %
Healthcare <sup>(1)</sup>	405.5	422.4	(4.0)%	804.6	834.8	(3.6)%
Sports, Leisure & Corrections	763.6	676.0	13.0 %	1,667.2	1,460.6	14.1 %
Facilities & Other <sup>(1)</sup>	438.1	417.9	4.8 %	852.8	806.8	5.7 %
	<u>\$ 3,043.4</u>	<u>\$ 2,843.2</u>	7.0 %	<u>\$ 6,256.2</u>	<u>\$ 5,764.2</u>	8.5 %

(1) Beginning in fiscal 2024, management began reporting results for healthcare facility services within "Healthcare", whereas the results were previously reported within "Facilities & Other". As such, the "Healthcare" and "Facilities & Other" three and six months ended March 31, 2023 results were recast to reflect this change.

The Healthcare, Education and Facilities & Other sectors generally have high-single digit operating income margins and the Business & Industry and Sports, Leisure & Corrections sectors generally have mid-single digit operating income margins.

FSS United States segment revenue increased by approximately 7.0% and 8.5% during the three and six month periods of fiscal 2024 compared to the prior year periods, respectively. The increase during both the three and six month periods of fiscal 2024 was primarily attributable to base business growth, including higher volume primarily within our Sports & Entertainment business and Business & Industry sector, and contract price increases primarily within our Higher Education and Corrections businesses.

Operating income decreased by \$6.8 million and increased by \$9.4 million during the three and six month periods of fiscal 2024 compared to the prior year periods, respectively. The decrease during the three month period ended March 29, 2024 was mainly attributable to prior year non-cash income from the reduction of contingent consideration liabilities related to acquisition earn outs, net of expense (\$48.1 million) (see Note 14 to the condensed consolidated financial statements). Both the three and six month periods of fiscal 2024 benefited from base business volume growth, cost management, improved supply chain economics, favorable recovery of inflationary costs as compared to prior year periods, prior year non-cash charges for the impairment of operating lease right-of-use assets and property and equipment related to certain real estate properties (\$0.7 million and \$19.0 million, respectively) (see Note 1 to the condensed consolidated financial statements) and prior year non-cash charges related to information technology assets (\$6.1 million for the three and six month periods). The increases during the six months of fiscal 2024 were partially offset by prior year non-cash income related to the reduction of contingent consideration liabilities related to acquisition earn outs, net of expense (\$74.4 million) (see Note 14 to the condensed consolidated financial statements), the prior year gain relating to the recovery of our investment (possessory interest) at one of the National Park sites

(\$19.8 million) and prior year income related to favorable loss experience in older insurance years under our general liability, automobile liability and workers' compensation liability programs (\$9.8 million).

### ***FSS International Segment***

FSS International segment revenue increased by approximately 7.8% and 13.8% during the three and six month periods of fiscal 2024 compared to the prior year periods, respectively. The increase during both the three and six month periods of fiscal 2024 was primarily attributable to base business growth, including volume growth and contract price increases, and net new business growth partially offset by the negative impact of foreign currency translation (7.8% and 4.2% for the three and six month periods, respectively).

Operating income increased by \$35.6 million and \$55.1 million during the three and six month periods of fiscal 2024 compared to the prior year periods, respectively. The increase during the three and six month periods of fiscal 2024 was mainly attributable to the volume growth in base business, net new business, prior year severance charges (\$25.8 million for the three and six month periods) (see Note 3 to condensed consolidated financial statements) and improved supply chain economics partially offset by a decline in profit related to the sale of our ownership interest in AIM Services Co., Ltd. The increase during the six month period of fiscal 2024 was also attributable to prior year non-cash charges for the impairment of certain assets related to a business held-for-sale (\$5.2 million).

### ***Corporate***

Corporate expenses, those administrative expenses not allocated to the business segments, decreased by \$4.9 million and increased \$15.5 million during the three and six month periods of fiscal 2024 compared to the prior year periods, respectively. The decrease during the three month period ended March 29, 2024 was attributable to lower share-based compensation expense compared to the prior year period (\$2.8 million) (see Note 10 to the condensed consolidated financial statements) and lower expenses related to the separation and distribution of the Uniform segment (\$1.9 million) (see Note 2 to the condensed consolidated financial statements). The increase during the six month period of fiscal 2024 was attributable to higher expenses related to the separation and distribution of the Uniform segment (\$25.6 million) (see Note 2 to the condensed consolidated financial statements) that more than offset lower share-based compensation expense (\$9.7 million) compared to the prior year period (see Note 10 to the condensed consolidated financial statements).

## **Liquidity and Capital Resources**

### ***Overview***

As of March 29, 2024, we had \$356.6 million of cash and cash equivalents, \$112.8 million of marketable securities and approximately \$771.2 million of availability under our senior secured revolving credit facility. A significant portion of our cash and cash equivalents are held in mature, liquid geographies where we have operations. As of March 29, 2024, we had approximately \$757.5 million of outstanding foreign currency borrowings.

We believe that our cash and cash equivalents, marketable securities and availability under our revolving credit facility will be adequate to meet anticipated cash requirements for the foreseeable future to fund working capital, capital spending, debt service obligations, refinancings, dividends and other cash needs. We also have flexibility to optimize working capital and defer certain capital expenditures as appropriate without a material impact to the business. We believe that our assumptions used to estimate our liquidity and working capital requirements are reasonable. For additional information regarding the risks associated with our liquidity and capital resources, see Part I, Item 1A, "Risk Factors" in our Annual Report on Form 10-K filed with the SEC on November 21, 2023.

The table below summarizes our cash activity (in millions):

	Six Months Ended	
	March 29, 2024	March 31, 2023
Net cash used in operating activities of Continuing Operations	\$ (435.8)	\$ (362.4)
Net cash used in investing activities of Continuing Operations	(289.8)	(204.2)
Net cash (used in) provided by financing activities of Continuing Operations	(833.0)	486.1

Reference to the Condensed Consolidated Statements of Cash Flows will facilitate understanding of the discussion that follows.

### ***Cash Flows Used in Operating Activities***

Cash used in operating activities increased by \$73.4 million during the six month period of fiscal 2024 compared to the six month period of fiscal 2023. The change was driven by higher use of cash from the change in operating assets and liabilities that more than offset non-cash gains and losses and adjustments to non-operating cash transactions. The \$158.9 million change in operating assets and liabilities compared to the prior year period was primarily due to:



- Receivables by \$129.7 million, resulting in a higher use of cash during the six month period of fiscal 2024 compared to the six month period of fiscal 2023 impacted by base and new business growth and timing of collections; and
- Accrued expenses by \$96.3 million, resulting in a higher use of cash during the six month period of fiscal 2024 compared to the six month period of fiscal 2023 primarily due to the timing of interest payments, higher recognition of deferred income in our Higher Education business, higher income tax payments and timing of other payments; partially offset by the prior year payment of social security taxes deferred under the CARES Act and lower employee incentive payments.

These changes in operating assets and liabilities more than offset:

- Accounts payable by \$40.3 million, resulting in a lower use of cash during the six month period of fiscal 2024 compared to the six month period of fiscal 2023 from the timing of disbursements; and
- Inventories by \$27.8 million, resulting in a source of cash during the six month period of fiscal 2024 compared to a use of cash during the six month period of fiscal 2023 due to improved inventory management in the Sports, Leisure & Corrections sector.

During the six month periods of fiscal 2024 and 2023, we received proceeds of approximately \$1.0 million and \$15.3 million, respectively, related to favorable loss experience in older insurance years under our general liability, automobile liability and workers' compensation liability programs. The "Other operating activities" caption in both periods reflect adjustments to net income in the current year and prior year periods related to non-cash gains and losses and adjustments to non-operating cash transactions.

#### ***Cash Flows Used in Investing Activities***

Cash flows used in investing activities were \$85.7 million higher during the six month period of fiscal 2024 compared to the six month period of fiscal 2023 due to higher acquisitions of certain businesses (\$61.5 million) and higher purchases of property and equipment (\$32.5 million), offset by lower net purchases of United States Treasury securities related to our captive insurance subsidiary (\$31.2 million). The "Other investing activities" caption includes \$19.8 million of proceeds received during the six month period of fiscal 2023, relating to the recovery of our investment (possessory interest) at one of the National Park Service sites within our Sports, Leisure & Corrections sector.

#### ***Cash Flows (Used In) Provided by Financing Activities***

During the six month period of fiscal 2024, cash used in financing activities was primarily impacted by repayment of the 6.375% 2025 Notes (\$1,500.0 million), offset by borrowings under the Receivables Facility (\$600.0 million) and borrowings under the revolving credit facility (\$179.3 million).

During the six month period of fiscal 2023, cash provided by financing activities was primarily impacted by borrowings under the Receivables Facility (\$395.1 million) and borrowings under the revolving credit facility (\$134.8 million).

The "Other financing activities" caption also reflects a use of cash during the six month periods of fiscal 2024 and fiscal 2023 primarily related to taxes paid by us when we withhold shares upon an employee's exercise or vesting of equity awards to cover income taxes. The six month period of fiscal 2024 also includes the payment of a call premium on the 6.375% 2025 Notes (\$23.9 million).

#### ***Covenant Compliance***

The Credit Agreement contains a number of covenants that, among other things, restrict, subject to certain exceptions, our ability and the ability of our subsidiaries to: incur additional indebtedness; issue preferred stock or provide guarantees; create liens on assets; engage in mergers or consolidations; sell assets; pay dividends; make distributions or repurchase our capital stock; make investments, loans or advances; repay or repurchase any subordinated debt, except as scheduled or at maturity; create restrictions on the payment of dividends or other amounts to us from our restricted subsidiaries; make certain acquisitions; engage in certain transactions with affiliates; amend material agreements governing our subordinated debt (or any indebtedness that refinances our subordinated debt); and fundamentally change our business. The indentures governing our senior notes contain similar provisions. As of March 29, 2024, we were compliant with these covenants.

As stated above, the Credit Agreement and the indentures governing our senior notes contain provisions that restrict our ability to pay dividends and repurchase stock (collectively, "Restricted Payments"). In addition to customary exceptions, the Credit Agreement and indentures permit Restricted Payments in the aggregate up to an amount that increases quarterly by 50% of our Consolidated Net Income, as such term is defined in these debt agreements, subject to being in compliance with the interest coverage ratio described below.

Under the Credit Agreement, we are required to satisfy and maintain specified financial ratios and other financial condition tests and covenants. The indentures governing our senior notes also require us to comply with certain financial ratios in order to take certain actions. Our continued ability to meet those financial ratios, tests and covenants can be affected by events beyond our control, and there can be no assurance that we will meet those ratios, tests and covenants.

These financial ratios, tests and covenants involve the calculation of certain measures that we refer to in this discussion as "Covenant Adjusted EBITDA." Covenant Adjusted EBITDA is not a measurement of financial performance under U.S. GAAP. Covenant Adjusted EBITDA is defined as net income of Aramark Services, Inc. ("ASI") and its restricted subsidiaries plus interest expense, net, provision for income taxes and depreciation and amortization, further adjusted to give effect to adjustments required in calculating covenant ratios and compliance under our Credit Agreement and the indentures governing our senior notes.

Our presentation of these measures has limitations as an analytical tool and should not be considered in isolation or as a substitute for analysis of our results as reported under U.S. GAAP. You should not consider these measures as alternatives to net income or operating income determined in accordance with U.S. GAAP. Covenant Adjusted EBITDA, as presented by us, may not be comparable to other similarly titled measures of other companies because not all companies use identical calculations.

The following is a reconciliation of net income attributable to ASI stockholders, which is a U.S. GAAP measure of ASI's operating results, to Covenant Adjusted EBITDA as defined in our debt agreements. The terms and related calculations are defined in the Credit Agreement and the indentures governing our senior notes. Covenant Adjusted EBITDA is a measure of ASI and its restricted subsidiaries only and does not include the results of Aramark.

(in millions)	Twelve Months Ended	
	March 29, 2024	
Net income Attributable to ASI stockholders	\$	625.9
Less: Income from Discontinued Operations, net of tax		(149.0)
Net income from Continuing Operations Attributable to ASI stockholders	\$	476.9
Interest expense, net		423.9
Provision for Income Taxes		149.6
Depreciation and Amortization		418.7
Share-based compensation expense <sup>(1)</sup>		66.7
Unusual or non-recurring gains <sup>(2)</sup>		(373.7)
Pro forma EBITDA for certain transactions <sup>(3)</sup>		5.8
Other <sup>(4)</sup>		117.0
Covenant Adjusted EBITDA	\$	1,284.9

(1) Represents share-based compensation expense resulting from the application of accounting for stock options, restricted stock units, performance stock units, deferred stock unit awards and employee stock purchases (see Note 10 to the condensed consolidated financial statements).

(2) Represents the fiscal 2024 non-cash charge for the impairment of certain assets related to a business held-for-sale (\$2.3 million), the fiscal 2023 gain from the sale of our equity method investment in AIM Services, Co., Ltd. (\$377.1 million) and the fiscal 2023 loss from the sale of a portion of our equity investment in the San Antonio Spurs NBA franchise (\$1.1 million).

(3) Represents the annualizing of net EBITDA from certain acquisitions and divestitures made during the period.

(4) "Other" includes adjustments to remove the impact attributable to the adoption of certain accounting standards that are made to the calculation in accordance with the Credit Agreement and indentures (\$51.8 million), charges related to our spin-off of the Uniform segment (\$45.5 million), income related to non-United States governmental wage subsidies (\$13.6 million), the impact of hyperinflation in Argentina (\$11.4 million), the reversal of contingent consideration liabilities related to acquisition earn outs, net of expense (\$11.3 million), net severance charges (\$10.1 million), non-cash charges for inventory write-downs (\$6.1 million), labor charges and other expenses associated with closed or partially closed locations from adverse weather (\$5.4 million), non-cash charges related to information technology assets (\$2.1 million), multiemployer pension plan withdrawal charges (\$2.0 million) and other miscellaneous expenses.

Our covenant requirement and actual ratio for the twelve months ended March 29, 2024 are as follows:

	Covenant Requirement	Actual Ratio
Consolidated Secured Debt Ratio <sup>(1)</sup>	≤ 5.125x	2.75x
Interest Coverage Ratio (Fixed Charge Coverage Ratio) <sup>(2)</sup>	≥ 2.000x	3.62x

- (1) The Credit Agreement requires ASI to maintain a maximum Consolidated Secured Debt Ratio, defined as consolidated total indebtedness secured by a lien to Covenant Adjusted EBITDA, not to exceed 5.125x. Consolidated total indebtedness secured by a lien is defined in the Credit Agreement as total indebtedness consisting of debt for borrowed money, finance leases, debt in respect of sales-leaseback transactions, disqualified and preferred stock and advances under the Receivables Facility secured by a lien reduced by the amount of cash and cash equivalents on the consolidated balance sheet that is free and clear of any lien. Non-compliance with the maximum Consolidated Secured Debt Ratio could result in the requirement to immediately repay all amounts outstanding under the Credit Agreement, which, if ASI's lenders under our Credit Agreement (other than the lenders in respect of ASI's U.S. Term B Loans, which lenders do not benefit from the maximum Consolidated Debt Ratio covenant) failed to waive any such default, would also constitute a default under the indentures governing our senior notes.
- (2) Our Credit Agreement establishes an incurrence-based minimum Interest Coverage Ratio, defined as Covenant Adjusted EBITDA to consolidated interest expense, the achievement of which is a condition for us to incur additional indebtedness and to make certain restricted payments. If we do not maintain this minimum Interest Coverage Ratio calculated on a pro forma basis for any such additional indebtedness or restricted payments, we could be prohibited from being able to (1) incur additional indebtedness, other than the incremental capacity provided for under our Credit Agreement and pursuant to specified exceptions, and (2) make certain restricted payments, other than pursuant to certain exceptions. However, any failure to maintain the minimum Interest Coverage Ratio would not result in a default or an event of default under either the Credit Agreement or the indentures governing the senior notes. The minimum Interest Coverage Ratio is at least 2.000x for the term of the Credit Agreement. Consolidated interest expense is defined in our Credit Agreement as consolidated interest expense excluding interest income, adjusted for acquisitions and dispositions, further adjusted for certain non-cash or nonrecurring interest expense. The indentures governing our senior notes include a similar requirement which is referred to as a Fixed Charge Coverage Ratio.

We and our subsidiaries and affiliates may from time to time, in our sole discretion, purchase, repay, redeem or retire any of our outstanding debt securities (including any publicly issued debt securities), in privately negotiated or open market transactions, by tender offer or otherwise, or extend or refinance any of our outstanding indebtedness.

**Supplemental Consolidating Information**

Pursuant to Regulation S-X Rule 13-01, which simplifies certain disclosure requirements for guarantors and issuers of guaranteed securities, we are not required to provide condensed consolidating financial statements for Aramark and its subsidiaries, including the guarantors and non-guarantors under our Credit Agreement and the indentures governing our senior notes. ASI, the borrower under our Credit Agreement and the indentures governing our senior notes, and its restricted subsidiaries together comprise substantially all of our assets, liabilities and operations, and there are no material differences between the consolidating information related to Aramark and Aramark Intermediate Holdco Corporation, the direct parent of ASI and a guarantor under our Credit Agreement, on the one hand, and ASI and its restricted subsidiaries on a standalone basis, on the other hand.

**Other**

Our business activities do not include the use of unconsolidated special purpose entities and there are no significant business transactions that have not been reflected in the accompanying condensed consolidated financial statements. We insure portions of our risk in general liability, automobile liability, workers' compensation liability claims as well as certain property damage risks through a wholly owned captive insurance subsidiary (the "Captive") as part of our approach to risk finance. The Captive is subject to the regulations within its domicile of Bermuda, including regulations established by the Bermuda Monetary Authority (the "BMA") relating to levels of liquidity and solvency as such concepts are defined by the BMA. The Captive was in compliance with these regulations as of March 29, 2024. These regulations may have the effect of limiting our ability to access certain cash and cash equivalents held by the Captive for uses other than for the payment of our general liability, automobile liability, workers' compensation liability, certain property damage and related Captive costs. As of March 29, 2024 and September 29, 2023, cash and cash equivalents at the Captive were \$13.2 million and \$32.8 million, respectively. The Captive also invests in United States Treasury securities where the amount as of March 29, 2024 and September 29, 2023 was \$112.8 million and \$110.7 million, respectively, and is recorded in "Prepayments and other current assets" on the Condensed Consolidated Balance Sheets.

### **Critical Accounting Policies and Estimates**

Our significant accounting policies are described in the notes to the audited consolidated financial statements included in our Annual Report on Form 10-K, filed with the SEC on November 21, 2023. For a more complete discussion of the critical accounting policies and estimates that we have identified in the preparation of our condensed consolidated financial statements, please refer to our Management's Discussion and Analysis of Financial Condition and Results of Operations included in our Annual Report on Form 10-K, filed with the SEC on November 21, 2023.

In preparing our financial statements, management is required to make estimates and assumptions that, among other things, affect the reported amounts of assets, liabilities, revenue and expenses. These estimates and assumptions are most significant where they involve levels of subjectivity and judgment necessary to account for highly uncertain matters or matters susceptible to change, and where they can have a material impact on our financial condition and operating performance. If actual results were to differ materially from the estimates made, the reported results could be materially affected.

Critical accounting estimates and the related assumptions are evaluated periodically as conditions warrant, and changes to such estimates are recorded as new information or changed conditions require.

### **New Accounting Standard Updates**

See Note 1 to the condensed consolidated financial statements for a full description of recent accounting standard updates, including the expected dates of adoption.

### **Item 3. Quantitative and Qualitative Disclosure About Market Risk**

We are exposed to the impact of interest rate changes and manage this exposure through the use of variable-rate and fixed-rate debt and by utilizing interest rate swaps. We do not enter into contracts for trading purposes and do not use leveraged instruments. The market risk associated with debt obligations as of March 29, 2024 has not materially changed from September 29, 2023 (see Part II, Item 7A "Quantitative and Qualitative Disclosure About Market Risk" in our Annual Report on Form 10-K for the fiscal year ended September 29, 2023 filed with the SEC on November 21, 2023). However, we completed several debt related transactions during the first half of fiscal 2024 that significantly reduced our consolidated debt and the applicable margin used to calculate our interest expense. As a result, we reduced our related exposure to this market risk. During the first quarter of fiscal 2024, we redeemed the 6.375% Senior Notes due 2025 of \$1,500.0 million from the proceeds received in conjunction with the separation and distribution of the Uniform segment. In addition, the Uniform segment United States term loans of \$800.0 million due 2025 and \$700.0 million due 2028 were removed from our condensed consolidated financial statements as a result of the separation and distribution of the Uniform segment on September 30, 2023. During the second quarter of fiscal 2024, we entered into Amendment No. 14 to the Credit Agreement, which provides for a reduction of the applicable margin for U.S. denominated Term B Loans. See Note 5 to the condensed consolidated financial statements related to the changes in our debt levels. See Note 6 to the condensed consolidated financial statements for a discussion of our derivative instruments and Note 14 for the disclosure of the fair value and related carrying value of our debt obligations as of March 29, 2024.

### **Item 4. Controls and Procedures**

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures (as that term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended) as of the end of the period covered by this report. Based on that evaluation, management, with the participation of our Chief Executive Officer and Chief Financial Officer, concluded that our disclosure controls and procedures, as of the end of the period covered by this report, are functioning effectively to provide reasonable assurance that the information required to be disclosed by us in reports filed under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and is accumulated and communicated to our management, including our principal executive and principal financial officers, to allow timely decisions regarding required disclosures. A controls system, no matter how well designed and operated, cannot provide absolute assurance that the objectives of the controls system are met, and no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within a company have been detected. No change in our internal control over financial reporting occurred during our second quarter of fiscal 2024 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

## PART II

### Item 1. Legal Proceedings

From time to time, we and our subsidiaries are party to various legal actions, proceedings and investigations involving claims incidental to the conduct of our business, including those brought by clients, customers, employees, government entities and third parties under, among others, federal, state, international, national, provincial and local employment laws, wage and hour laws, discrimination laws, immigration laws, human health and safety laws, import and export controls and customs laws, environmental laws, false claims or whistleblower statutes, minority, women and disadvantaged business enterprise statutes, tax codes, antitrust and competition laws, consumer protection statutes, procurement regulations, intellectual property laws, food safety and sanitation laws, cost and accounting principles, the Foreign Corrupt Practices Act, the U.K. Bribery Act, other anti-corruption laws, lobbying laws, motor carrier safety laws, data privacy and security laws and alcohol licensing and service laws, or alleging negligence and/or breaches of contractual and other obligations. Based on information currently available, advice of counsel, available insurance coverage, established reserves and other resources, we do not believe that any such actions, proceedings or investigations are likely to be, individually or in the aggregate, material to our business, financial condition, results of operations or cash flows. However, in the event of unexpected further developments, it is possible that the ultimate resolution of these matters, or other similar matters, if unfavorable, may be materially adverse to our business, financial condition, results of operations or cash flows.

Our business is subject to various federal, state, international, and local laws and regulations governing, among other things, the generation, handling, storage, transportation, treatment and disposal of water wastes and other substances. We engage in informal settlement discussions with federal, state, local and foreign authorities regarding allegations of violations of environmental laws in connection with our operations or businesses conducted by our predecessors or companies that we have acquired, the aggregate amount of which and related remediation costs we do not believe should have a material adverse effect on our financial condition or results of operations as of March 29, 2024.

### Item 1A. Risk Factors

There have been no material changes to the risk factors disclosed in Part I, Item 1A, "Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended September 29, 2023 filed with the SEC on November 21, 2023.

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

None.

### Item 3. Defaults Upon Senior Securities

None.

### Item 4. Mine Safety Disclosures

None.

### Item 5. Other Information

During the three months ended March 29, 2024, none of our directors or officers (as defined in Rule 16a-1(f) of the Securities Exchange Act of 1934, as amended), adopted, terminated or modified a Rule 10b5-1 trading arrangement or non-Rule 10b5-1 trading arrangement (as such terms are defined in Item 408 of Regulation S-K of the Securities Act of 1933, as amended).

### Item 6. Exhibits

See the Exhibit Index which is incorporated herein by reference.



## Exhibit Index

Exhibit No.	Description
10.1	<a href="#"><u>Amendment No. 14 (the "Amendment"), dated as of March 27, 2024, among Aramark Services, Inc. (the "Company"), Aramark Intermediate HoldCo Corporation ("Holdings"), certain wholly-owned subsidiaries of the Company, the financial institutions party thereto and JPMorgan Chase Bank, N.A. as administrative agent for the Lenders (as defined below) and collateral agent for the secured parties thereunder to the Credit Agreement, dated March 28, 2017, among the Company, Holdings, certain other borrowers party thereto, the financial institutions from time to time party thereto (including the financial institutions party to the Amendment, the "Lenders"), the issuing banks named therein and JPMorgan Chase Bank, N.A., as administrative agent for the Lenders and collateral agent for the secured parties thereunder (incorporated by reference to Exhibit 10.1 to Aramark's Current Report on Form 8-K filed with the SEC on March 27, 2024, pursuant to the Exchange Act (file number 001-36223)).</u></a>
31.1*	<a href="#"><u>Certification of John J. Zillmer, Chief Executive Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u></a>
31.2*	<a href="#"><u>Certification of James J. Tarangelo, Chief Financial Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u></a>
32.1*	<a href="#"><u>Certification of John J. Zillmer, Chief Executive Officer, and James J. Tarangelo, Chief Financial Officer, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u></a>
101	<a href="#"><u>The following financial information from Aramark's Quarterly Report on Form 10-Q for the period ended March 29, 2024 formatted in inline XBRL: (i) Condensed Consolidated Balance Sheets as of March 29, 2024 and September 29, 2023; (ii) Condensed Consolidated Statements of Income for the three and six months ended March 29, 2024 and March 31, 2023; (iii) Condensed Consolidated Statements of Comprehensive Income for the three and six months ended March 29, 2024 and March 31, 2023; (iv) Condensed Consolidated Statements of Cash Flows for the six months ended March 29, 2024 and March 31, 2023; (v) Condensed Consolidated Statements of Stockholders' Equity for the three and six months ended March 29, 2024 and March 31, 2023; and (vi) Notes to condensed consolidated financial statements.</u></a>
104	Inline XBRL for the cover page of this Quarterly Report on Form 10-Q; included in Exhibit 101 Inline XBRL document set.

\* Filed herewith.

The agreements and other documents filed as exhibits to this report are not intended to provide factual information or other disclosure other than with respect to the terms of the agreements or other documents themselves, and should not be relied upon for that purpose. In particular, any representations and warranties made by the Company in these agreements or other documents were made solely within the specific context of the relevant agreement or document and may not describe the actual state of affairs as of the date they were made or at any other time.

The XBRL instance document does not appear in the interactive data file because the XBRL tags are embedded within the inline XBRL document.

## CERTIFICATIONS

I, John J. Zillmer, Chief Executive Officer, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Aramark for the quarter ended March 29, 2024;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ JOHN J. ZILLMER

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**John J. Zillmer**  
**Chief Executive Officer**

Date: May 7, 2024



## CERTIFICATIONS

I, James J. Tarangelo, Senior Vice President and Chief Financial Officer, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Aramark for the quarter ended March 29, 2024;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ JAMES J. TARANGELO

**James J. Tarangelo**  
**Senior Vice President and**  
**Chief Financial Officer**

Date: May 7, 2024

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO SECTION 906 OF  
THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Aramark (the "Company") on Form 10-Q for the fiscal quarter ended March 29, 2024, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), we, John J. Zillmer, Chief Executive Officer of the Company, and James J. Tarangelo, Senior Vice President and Chief Financial Officer of the Company, each certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, based on each of our knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 7, 2024

/s/ JOHN J. ZILLMER

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**John J. Zillmer**  
**Chief Executive Officer**

/s/ JAMES J. TARANGELO

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**James J. Tarangelo**  
**Senior Vice President and**  
**Chief Financial Officer**

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.