

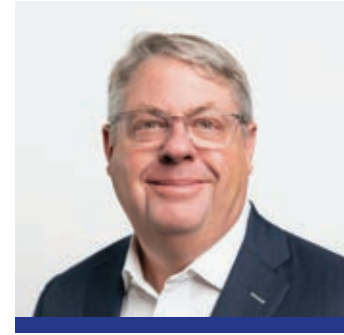
AN
GS
AS
A

Growth & Resilience

2022 ANNUAL REPORT



DEAR FELLOW STOCKHOLDERS



Theodore S. Hanson

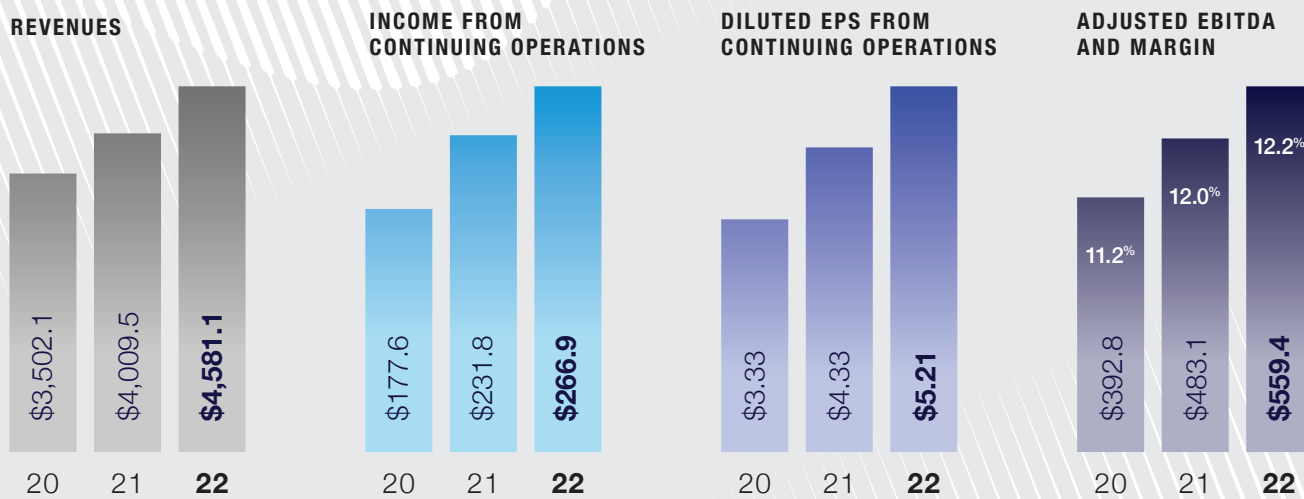
Over these past three decades, we’ve strategically shaped our portfolio of service offerings, moving up the pyramid into higher end, higher value IT consulting in a vastly greater total addressable market.

This evolution of our business was driven by both client and industry needs. Through organic growth and acquisitions, we’ve expanded our IT consulting business which now comprises approximately 50 percent of total Company revenues.

These value-added consulting services are exactly what our customers are asking for. Our growth over the decades – frequently ahead of industry averages – is evidence that this strategic positioning of our offerings to align with market demand is successful.

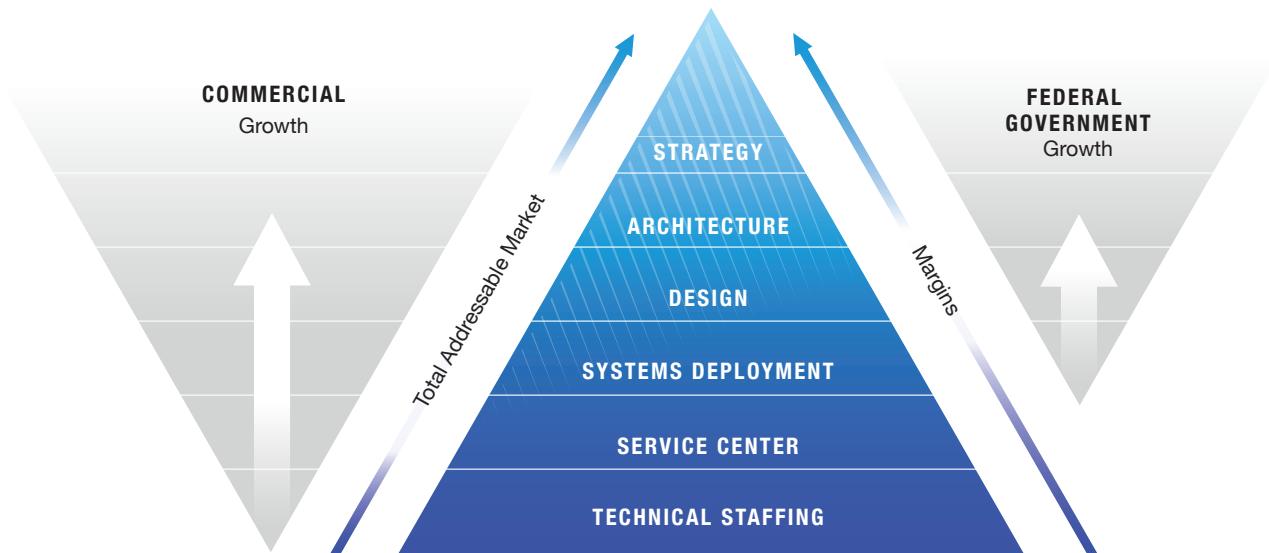
Our financial results for 2022 are an excellent proof point of ASGN’s growth and resilience. Revenues of \$4.6 billion, a new high-water mark, were up 14.3 percent year-over-year on an as reported basis, and up 10.3 percent organically. Adjusted EBITDA of \$559.4 million, or 12.2 percent of revenues, was up 15.8 percent year-over-year and also represented a record high. This best-in-class top line performance, combined with higher profitability, demonstrates that we are executing against our strategy.

In millions, except per share amounts



Adjusted EBITDA, a non-GAAP measure, is calculated by taking EBITDA (earnings before interest expense, income taxes, depreciation and amortization) plus stock-based compensation expense and acquisition, integration and strategic planning expenses; its most comparable GAAP measure is net income.

Free Cash Flow, a non-GAAP measure, is calculated by taking cash flows from operating activities minus capital expenditures. Reconciliations of GAAP to non-GAAP measures are presented in the Company’s quarterly earnings releases.



A PEOPLE BUSINESS

Ultimately, a business is only as strong as the people that comprise its operations. ASGN at its core is a people business, and our Company's achievements over the last 12 months are the result of the collective strength of our team.

All of our divisions contributed to our success this past year, and I cannot thank our team enough for their incredible efforts which resulted in the record performance.

ASGN is fortunate to have strong leaders who have been with us for many years. In fact, I celebrated my 10th anniversary with ASGN this past year, marking a total of 25 years with the Company including my tenure at Apex Systems. Even with this longevity of employee tenure, as our business has evolved, it is only natural that our executive leadership has as well. With that said, at the beginning of 2022, we announced a number of leadership changes as part of our long-term succession planning.

On the promotions front, Rand Blazer assumed the role of President of ASGN after 15 years with Apex Systems. Sean Casey stepped into Rand's prior role as President of Apex Systems. With the retirement of George Wilson at the start of 2022, John Heneghan became President of ECS and continued to drive our over \$1 billion federal government business.

On the retirement front, our long-time CFO Ed Pierce departed from his role this past August. Ed's orderly

and planned retirement provided us with ample opportunity to find the best candidate to fill his role. In the third quarter of 2022, we welcomed Marie Perry as our first new CFO in a decade. We are very excited to have Marie on board as we continue to execute on our strategic and financial priorities.

OUR GO-TO-MARKET APPROACH

Our roots in IT staffing offer a strong account base and foothold in our clients' businesses, while our growing consulting practice enables us to offer even more value to our clients, with higher growth and margin opportunities.

Expanding within the IT consulting space also offers ASGN an even larger addressable market than before, adding \$378 billion for a total addressable market of \$572 billion. So, let's review each of our segment go-to-market strategies.

In our Commercial Segment, our hybrid talent deployment model, that utilizes both contingent and full-time labor provided on an onshore and nearshore basis, gives us a leg up on the large traditional consulting players. We serve each of our commercial clients, many with whom we maintain years- and decades-long relationships, by effectively understanding their industry's specific needs

and providing the right solutions and talent at the right price points. Our solutions portfolio in the Commercial Segment specifically focuses on digital innovation, modern enterprise and workforce mobilization, areas that are leading our clients' IT spend.

In our Federal Government Segment, our go-to-market strategy is based on providing the most in-demand IT solutions to the most attractive government customers. Our industry leading IT solutions in cybersecurity, cloud & enterprise IT, AI/ML and digital transformation are in the fast currents of budget deployment and enable us to meet the critical needs of our Defense & Intelligence, Federal Civilian, and Homeland & Justice clients.

STRONG CASH FLOW & STRATEGIC CAPITAL ALLOCATION

Beyond working to maintain a unique go-to-market approach across each of our business segments, we are also acutely focused on our capital allocation strategy.

ASGN's balanced, but flexible, capital allocation strategy includes a combination of organic investments, strategic M&A and share repurchases. In 2022, we repurchased 2.8 million shares for a total of \$281.4 million and generated a total of \$270.3 million in free cash flow. Our strong free cash flow generation, along with our overall borrowing capacity, drives our capital allocation decisions.

We continue to believe that acquisitions remain the best use of, and provide the highest return on, capital. By having a strong grasp on where client spend is shifting, we can determine where we need to enhance our capabilities, solutions and talent base through strategic acquisitions. We continue to opportunistically look for companies that provide new solutions capabilities, that are in high demand by our customers, talent with industry expertise and new customers. In 2022, funded by net proceeds from the 2021 divestiture of a former business unit and free cash flow, we successfully completed and integrated two acquisitions, GlideFast and Iron Vine.

GlideFast, a ServiceNow Elite Partner and leading commercial IT consulting, implementation and development company, positions ASGN strongly in a fast-growing technology market and places our Company on the map as a key ServiceNow Partner. In January 2023, GlideFast was recognized as the 2023 ServiceNow Americas Elite Segment Partner of the Year and ServiceNow Americas Customer Workflow Partner of the Year.

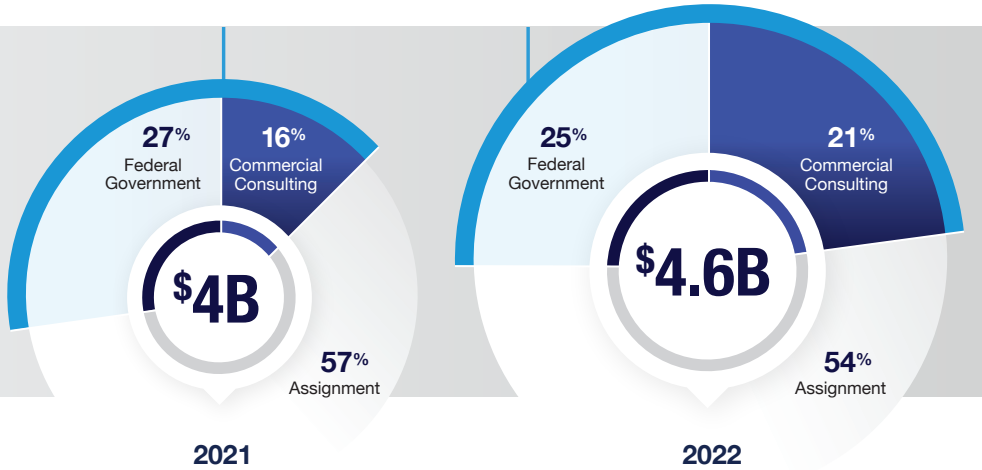
Iron Vine, a leading cybersecurity company that designs, implements and executes cybersecurity programs for federal customers, strengthens our end-to-end cyber capabilities and adds new accounts to our portfolio including the Securities and Exchange Commission, the Department of State, the National Institutes of Health and the Centers for Medicare & Medicaid Services. Iron Vine has enhanced our cybersecurity offering to government accounts and makes us more competitive for future work.

ASGN'S AUTOMATIC STABILIZERS

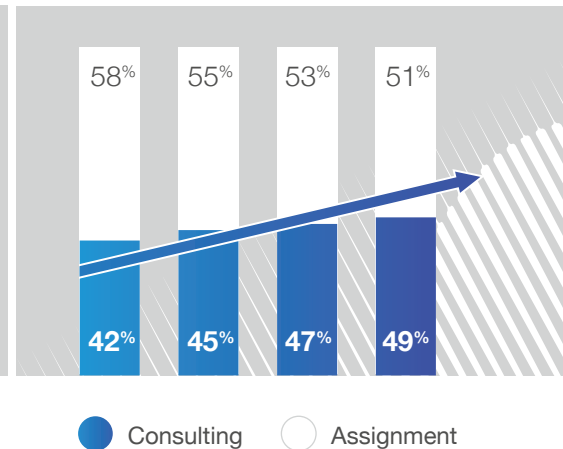


Consulting Revenue Mix **43%**

Consulting Revenue Mix **46%**



Q1 Q2 Q3 Q4



POSITIONED FOR THE FUTURE: A RESILIENT BUSINESS MODEL

The ability to win future work is not just about the right strategic market positioning; it’s also about building the right foundation, including a resilient business model with automatic stabilizers that can withstand various economic cycles.

It starts with our large, diversified U.S.-focused customer base. By providing IT services and solutions across industries, should one industry decline more than another, we are fortunate to have the stability provided by other industry sectors. Adding to that stability is our countercyclical federal government work, which supports ASGN’s growth in good times while cushioning our business in more difficult market conditions. The aforementioned characteristics in our business, in combination with a variable cost structure that supports our continued strong free cash flow generation and margins, are the stabilizers that provide resilience to our business model.

Macroeconomic conditions are naturally outside of our control. What is in our control, however, is the quality of service we provide, the high-end talent we source, the solutions we offer and the strategic positioning we maintain. When it comes to those factors, ASGN is in control.

CONCLUDING THOUGHTS

After a year of record performance that has us quickly approaching the positive inflection point of greater than 50 percent high-end, high value IT consulting revenues, our Company’s future is bright.

We are strategically making our way up the pyramid, providing leading IT services and solutions to the commercial and government end markets, and taking market share along the way. ASGN will continue to be focused on today, while also having an eye to the future. On behalf of our Board of Directors, our senior leadership and all of our employees, I want to thank you for your continued support of ASGN.

Sincerely,

Theodore S. Hanson

CHIEF EXECUTIVE OFFICER

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, DC 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 (the "Act")

For the fiscal year ended December 31, 2022

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

Commission File Number 001-35636

ASGN Incorporated

(Exact name of registrant as specified in its charter)

Delaware
(State of Incorporation)

95-4023433
(I.R.S. Employer Identification No.)

**4400 Cox Road, Suite 110
Glen Allen, Virginia 23060**
(Address, including zip code, of Principal Executive Offices)

(888) 482-8068
(Registrant's telephone number, including area code):
Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock	ASGN	NYSE

Securities registered pursuant to Section 12(g) of the Act:
None
(Title of Class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act of 1933. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

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 of 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, 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	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

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 has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

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 June 30, 2022, the aggregate market value of our common stock (based upon the closing price of the stock on the New York Stock Exchange) held by non-affiliates of the registrant was \$4.4 billion.

As of February 17, 2023, the registrant had 49.3 million outstanding shares of Common Stock, \$0.01 par value.

DOCUMENTS INCORPORATED BY REFERENCE

We are incorporating by reference into Part III of this Annual Report on Form 10-K portions of the registrant's definitive proxy statement for the 2023 Annual Meeting of Stockholders, to be filed within 120 days of the close of the registrant's fiscal year 2022.

ASGN INCORPORATED
ANNUAL REPORT ON FORM 10-K FOR THE YEAR ENDED DECEMBER 31, 2022
TABLE OF CONTENTS

PART I

Item 1.	Business	2
Item 1A.	Risk Factors	6
Item 1B.	Unresolved Staff Comments	12
Item 2.	Properties	13
Item 3.	Legal Proceedings	13
Item 4.	Mine Safety Disclosures	13

PART II

Item 5.	Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities	14
Item 6.	Selected Financial Data	15
Item 7.	Management’s Discussion and Analysis of Financial Condition and Results of Operations	15
Item 7A.	Quantitative and Qualitative Disclosures About Market Risk	20
Item 8.	Financial Statements and Supplementary Data	20
Item 9.	Changes in and Disagreements With Accountants on Accounting and Financial Disclosure	42
Item 9A.	Controls and Procedures	42
Item 9B.	Other Information	44
Item 9C.	Disclosure Regarding Foreign Jurisdictions that Prevent Inspections	44

PART III

Item 10.	Directors, Executive Officers and Corporate Governance	45
Item 11.	Executive Compensation	45
Item 12.	Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters	45
Item 13.	Certain Relationships and Related Transactions and Director Independence	45
Item 14.	Principal Accounting Fees and Services	45

PART IV

Item 15.	Exhibits and Financial Statement Schedule	45
Item 16.	Form 10-K Summary	45

SIGNATURES

50

SPECIAL NOTE ON FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Such statements are based upon current expectations, as well as management's beliefs and assumptions and involve a high degree of risk and uncertainty. Any statements contained herein that are not statements of historical fact may be deemed to be forward-looking statements. Statements that include the words "believes," "anticipates," "plans," "expects," "intends," and similar expressions that convey uncertainty of future events or outcomes are forward-looking statements. Forward-looking statements include statements regarding our anticipated financial and operating performance for future periods. Our actual results could differ materially from those discussed or suggested in the forward-looking statements herein. Factors that could cause or contribute to such differences include, but are not limited to, the following: (1) actual demand for our services; (2) the availability of qualified contract professionals and our ability to attract, train and retain them; (3) our ability to remain competitive in obtaining and retaining clients; (4) management of our growth; (5) continued performance and integration of our enterprise-wide information systems; (6) our ability to manage our litigation matters; (7) the successful integration of our acquired subsidiaries; (8) maintenance of our Federal Government Segment contract backlog; and (9) the factors described in *Item 1A. Risk Factors* of this Annual Report on Form 10-K ("2022 10-K"). Other factors also may contribute to the differences between our forward-looking statements and our actual results. In addition, as a result of these and other factors, our past financial performance should not be relied on as an indication of future performance. All forward-looking statements in this document are based on information available to us as of the date we file this 2022 10-K, and we assume no obligation to update any forward-looking statement or the reasons why our actual results may differ.

PART I

Item 1. Business

Overview and History

ASGN Incorporated ("ASGN," "we," or "us") is a leading provider of information technology (IT) services and professional solutions, including technology and creative digital marketing, across the commercial and government sectors. We operate through two segments, Commercial and Federal Government, which promote balance and strength through economic cycles. Our Commercial Segment, which is our largest segment, provides consulting, creative digital marketing and permanent placement services primarily to large enterprises and Fortune 1000 companies. Our Federal Government Segment provides mission-critical solutions to the Department of Defense, the intelligence community and federal civilian agencies.

We have grown through a combination of organic growth and strategic acquisitions. Over the last five years, we acquired ECS Federal, LLC ("ECS") in April 2018 and 11 "tuck-in" acquisitions that align with our strategy to expand our IT consulting services and solutions capabilities in the commercial and federal government markets.

ASGN was incorporated in 1992. Our principal office is located at 4400 Cox Road, Suite 110, Glen Allen, Virginia 23060, and our telephone number is (888) 482-8068.

Commercial Segment

Our Commercial Segment (75.0 percent of 2022 consolidated revenues) provides a broad spectrum of IT services and solutions and creative digital marketing services primarily to Fortune 1000 and large enterprise clients. Growth in this segment is being driven by digital transformation and innovation requirements, workforce mobilization and modern enterprise needs across five industry verticals and their respective subsectors. Our talent pool – which includes onshore, nearshore and offshore resources, can be deployed in short duration solution-specific engagements or long-term consultative roles. Our roots in IT staffing offer a strong account base and foothold in our clients' businesses, while our consulting offerings enable us to offer more value to our accounts, with higher growth and high-end, high margin work. Corporate support activities are primarily based in Richmond, Virginia, and there is a network of 97 branch offices across the United States, and six branch offices across Canada and Europe. In addition to our branch offices, we have one near-shore delivery center in Mexico and will open a second Mexican delivery center in early 2023 to expand our near-shore capabilities. We also maintain a smaller delivery center in India.

Assignment — We provide our clients with experienced IT and creative digital marketing contract professionals for temporary assignments and project engagements. Our contract professionals have knowledge and experience in specialized technical and creative digital marketing services that make them qualified to fill a given assignment or project.

Consulting — We provide workforce mobilization, modern enterprise and digital innovation IT consulting services. Our contract professionals and subject matter experts deliver solutions that are customer focused and value driven. We provide a continuum of cloud, data and analytics, cyber/information security, artificial intelligence/machine learning and digital transformation solutions to support our clients' modern enterprise and digital needs.

Federal Government Segment

Our Federal Government Segment (25.0 percent of 2022 consolidated revenues) delivers advanced solutions in cloud and enterprise IT, cybersecurity, artificial intelligence, machine learning, application and digital transformation to some of the world's leading agencies in both the public and private sectors. Our team of skilled experts tackle critical and highly-complex challenges for customers in the U.S. defense, intelligence and federal civilian agencies. We maintain relationships with leading cloud, cybersecurity and artificial intelligence/machine learning providers and hold specialized certifications in these technologies.

The segment provides services under time-and-materials, cost reimbursable and firm-fixed-price contracts. Contracts range from approximately three to five years in length. We have contract backlog of \$3.3 billion as of December 31, 2022, which represents the estimated amount of future revenues to be recognized under awarded contracts including task orders and options. Corporate support activities are based in Fairfax, Virginia, and there are 28 branch offices located across the United States.

Industry and Market Dynamics

ASGN is a leading provider of IT services and professional solutions, including technology and creative digital marketing, across the commercial and government sectors. ASGN helps leading corporate enterprises and government organizations develop, implement and operate critical IT and business solutions through its integrated offering of professional staffing and IT consulting services and solutions. Our total addressable market is approximately \$572 billion. It includes \$384 billion in commercial IT consulting, \$124 billion in government IT services and solutions and \$64 billion in professional staffing.

We anticipate that our clients will increase their use of contract labor, professional staffing and consulting services in 2023. By using our contract labor professional staffing and consulting services, our clients benefit from cost structure advantages, flexibility to address fluctuating demand in business, and access to greater expertise. Our business model continues to evolve in line with client needs and expectations to focus on higher-end, higher-margin IT consulting services and solutions capabilities, particularly those related to digital

transformation and other areas of technology change and specialization including data analytics, artificial intelligence/machine learning, big data, process automation and information security. We intend to continue to grow our diverse client base by focusing on large, stable accounts that are quick adopters of new technologies. We will invest in our organic growth while simultaneously looking to execute acquisitions in the commercial and federal government end markets focusing on consulting companies that provide us with new solution capabilities, industry expertise or government contract awards.

Clients

We serve our clients by effectively understanding their IT, consulting and digital creative marketing services needs and providing them qualified professionals with a unique combination of skills, experience and expertise to meet those needs. Our clients set rigorous requirements for the talent they are seeking, and we use our extensive databases and deep relationships with our contract professionals to quickly identify and pre-screen candidates whose qualifications meet those requirements. We are responsible for recruiting, verifying credentials upon request, hiring, administering pay and benefits, compliance and training, as applicable. In 2022, revenues from contracts directly with U.S. federal government agencies were approximately 21 percent of consolidated revenues and no other client represented more than 10 percent of revenues.

Candidates

We recruit candidates with backgrounds in IT services and consulting and digital creative marketing who seek contract or permanent work opportunities. When we place these candidates on assignments or consulting projects with clients, they become our employees. Many of these contract professionals, and those we place via subcontractors, are paid hourly wage or contract rates based on their specific skills. We pay the related costs of employment including social security taxes, federal and state unemployment taxes, workers' compensation insurance and other similar costs for our employees. After achieving minimum service periods and/or hours worked, our contract professionals are offered access to medical and other voluntary benefit programs (e.g., dental, vision, disability) and the right to participate in our 401(k) retirement savings plan. Each contract professional's employment relationship with us is terminable at will. We employed approximately 50,000 contract professionals throughout 2022, or approximately 25,500 on a full-time-equivalent ("FTE") basis.

Strategy

ASGN's strategy is to be a leading provider of IT services and professional solutions, including technology and creative digital marketing, across the commercial and federal government sectors. We are focused on high-margin work with high-volume scalable clients and projects, for large commercial enterprise accounts and federal government customers. We have built a sizable commercial consulting platform, and we plan to continue to grow our revenues both organically and through acquisitions. Our acquisition strategy focuses on IT consulting companies that add new services, capabilities and contracts that support our commercial and federal government customer needs and that are in high demand by our customer base.

Our strategic innovation efforts and technology investments focus on putting the best productivity tools in the hands of our recruiters, our candidates and our clients, so that it is seamless for clients and contract professionals to work with ASGN. We position our teams to stay at the forefront of emerging trends in digitization and candidate sourcing to better position our businesses and improve how we serve clients and consultants.

Competition

We see ourselves as a hybrid between pure staff augmentation and pure-play consulting due to the way in which we provide human capital on a project-by-project basis. We compete with other large publicly-held and privately-owned providers of human capital in the professional staffing and IT and management consulting service segments on a local, regional, national and international basis across the commercial and government end markets. With an industry focus that is supported by our solutions, our unique deployment model allows us to provide the right services at the right time. Our experienced engagement leaders and methodologies help our clients solve critical problems and create incremental value for their organizations.

From a talent perspective, we offer more opportunities for the billable professional and are viewed as a better partner for their career objectives. In addition, competitive factors that attract qualified candidates are salaries and benefits; availability and variety of opportunities; quality, duration and location of assignments (if not remote/hybrid); and responsiveness to requests for placement. Many people seeking contract employment through us may also be pursuing employment through other means. Therefore, the speed at which we assign prospective professionals and the availability of attractive and appropriate assignments are important factors in our ability to fill open positions.

From a client perspective, the principal competitive factors in obtaining and retaining clients are properly assessing the clients' specific job and project requirements, the appropriateness of the professional assigned to the client, the price of services and monitoring our clients' satisfaction. Although we believe we compete favorably with respect to these factors and maintain an intimacy and institutional knowledge with our clients that enables us to successfully compete in the market, we expect competition to continue to increase. Unlike our competitors, particularly in the traditional consulting space, for the majority of our business we do not rely upon a bench to support us; rather, we use our database and a deep labor pool of highly-skilled technical talent developed over decades to provide and build teams that offer our clients a full suite of services from staff augmentation to traditional consulting. This shared resource model provides sophisticated project delivery capabilities with a cost advantage that has enabled us to grow above industry averages.

Human Capital

Our workforce is the heart of our business. Our diverse talent pool helps build and maintain our competitive advantage as a global IT staffing and consulting firm. During 2022, we employed approximately 4,000 internal employees, including sales directors, account managers, recruiters and corporate office employees. We support our employees and contract professionals through the following initiatives:

Diversity, Equity and Inclusion — ASGN is committed to gender and racial equality goals across all levels of employment. We have diversity, equity and inclusion ("DEI") training, recruitment, retention and advancement programs across all brands, which include mandatory training to raise awareness and eliminate unconscious bias in hiring and promotion practices. Our DEI manager oversees a program designed to (i) encourage and support personal and professional development for employees from all ethnicities, races, religions and backgrounds and (ii) empower more women to become leaders. In 2022, a "mentee-led" mentorship pilot program was successful. Mentors reported the value of developing the next generation of leaders at ASGN while mentees reported help navigating interpersonal challenges as well as with preparations to take the next steps in their careers.

Through our participation in the United Nations Global Compact's Sustainable Development Goals (SDGs) Accelerator Program in 2022, ASGN aligned with SDG 5 (Gender Equality) and SDG 10 (Reduced Inequalities). To encourage more participation from, and support of, diverse businesses in our supply chain, ASGN established a Company-wide Vendor Diversity Policy. We exceeded our Company-wide commitment to employ at least 40 percent women and diverse people (including racial and ethnic diversity, sexual orientation, physical abilities, and veteran status) in senior executive positions, ahead of our target date of 2025. Also in 2022, ASGN proudly became a signatory to the UN's Women's Empowerment Principles (WEPs) to help guide us toward a more gender equal workplace. Women accounted for over 40 percent of our internal workforce and employees from underrepresented racial and ethnic groups accounted for over 30 percent of our internal workforce based on our census data as of December 31, 2022. Three of ASGN's eleven Board of Directors are women, and two members identify as being from an underrepresented group.

Health, Safety and Well-being — Our training and development opportunities aim to address, among other things, ethics and integrity; diversity and workplace inclusion; discrimination and harassment; unconscious bias; cybersecurity, privacy and information security; and workplace safety. We reward employees with attractive compensation and benefits packages, which may include medical, dental and vision plans; short- and long-term disability; life and accident insurance; health savings accounts and flexible spending accounts; and savings plans. We further support our employees emotional and physical health with wellness programming and personal growth workshops. In 2022 we adopted Company-wide Employee Wellness and Workplace Health and Safety policies. ASGN focused on providing a safe and healthy workplace. We understand that taking care of our employees' health is an expression of our values, essential to our business, and a vital aspect of building a happier workplace. Through our employee wellness programming, we aspire to help our employees reduce stress, improve their physical health and stamina, and flourish mentally and emotionally. Finally, in the wake of COVID-19, and to support work-life balance, ASGN is continuing to offer flexible work schedules.

Employee Engagement, Retention and Development — We are committed to career advancement through training and development that supports both personal and professional growth. Employees are provided with a comprehensive training program of continuing education and professional development that helps them stay ahead and deliver excellent results. In 2022, we implemented our first Company-wide employee engagement survey and we achieved a 71 percent overall participation rate. To promote more employee engagement in areas that are most meaningful to our diverse array of employees, we support Employee Resource Groups ("ERGs"). ERGs are voluntary, employee-led groups whose aim is to foster a diverse and inclusive workplace aligned with the organizations they serve and are designed to provide personal support and/or career development and create a safe space where employees can bring their whole selves to the table. They are also designed to help diverse employees be better prepared to move up within the organization. All our Commercial Segment divisions have ERGs in place, while our Federal Government Segment plans to roll out 11 new ERGs in 2023. ERGs at ASGN include: Black, 50Forward, Pride, Valor, Families and Women. In addition to ERGs, ASGN and its brands also support Employee Community Groups (ECGs), voluntary social circles of employees who join based on shared values, interests, perspectives or goals. ECGs at ASGN include: Caregivers, Environment and Wellness. Both types of employee groups enhance the well-being of the employees who choose to participate.

Collaborative Performance Management — We strongly support the belief that our employees should be the primary drivers of their own career growth. Employees are encouraged to seek opportunities that align with their long-term career goals, whether that be lateral job changes, cross-functional training, serving on committees or special projects, or any activity that will help to progress their career. Our performance management process emphasizes clear goals with timely and constructive feedback.

We encourage you to visit the Sustainability section of our website for more detailed information regarding our workforce programs and initiatives. Nothing on our website shall be deemed incorporated by reference into this 2022 10-K.

Government Regulation

We take reasonable steps to ensure that our contract professionals possess all current licenses and certifications required for each placement. We provide state-mandated workers' compensation insurance, unemployment insurance and professional liability insurance for our internal employees and our contract professionals who are our employees. These expenses have a direct effect on our costs of services, margins and likelihood of achieving or maintaining profitability.

For a further discussion of government regulation associated with our business, see *Part I, Item 1A. Risk Factors*.

Available Information and Access to Reports

We electronically file our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, Proxy Statements and all amendments to those reports and statements with the Securities and Exchange Commission ("SEC"). The SEC maintains an internet site *sec.gov* that contains reports, proxy and information statements and other information technology regarding issuers that file electronically with the SEC. You may also read and copy any of our reports that are filed with the SEC by visiting:

- Our website, *asgn.com*; or
- By contacting our Investor Relations Department at *info@asgn.com*.

Our reports are available through any of the foregoing means and are available free of charge on our website as soon as practicable after such material is electronically filed with or furnished to the SEC. Also available on our website are copies of our Code of Ethics for the Principal Executive Officer and Senior Financial Officers, Code of Business Conduct and Ethics, Corporate Governance Guidelines and the charters for the committees of our Board of Directors. We intend to disclose any amendment to, or waiver from, a provision of our Code of Ethics for Principal Executive Officer and Senior Financial Officers on our website promptly after the amendment or waiver has been granted.

Item 1A. Risk Factors

Our business is subject to various risks, including, but not limited to those described below, all of which could adversely affect our results of operations and financial condition, and as a result, could cause a decline in the trading price of our common stock.

Profitability and Operational Risks

If we are not able to remain competitive in obtaining and retaining clients, our future growth will suffer. Many of our agreements may be terminated by clients at will and the termination of a significant number of such agreements would adversely affect our revenues and results of operations.

The professional staffing and consulting services industry is highly competitive and fragmented with limited barriers to entry. We compete in national, regional and local markets with full-service agencies and in regional and local markets with specialized contract staffing agencies and consulting businesses. The success of our business depends upon our ability to continually secure new orders from clients and to fill those orders with our contract professionals.

Most of our agreements with clients do not provide for exclusive use of our services and many of our agreements may be terminated at will. As such, clients are free to place orders with our competitors. If clients terminate a significant number of our staffing and consulting agreements or do not use us for future assignments and we are unable to generate new work to replace lost revenues, the growth of our business could be adversely affected, and our revenues and results of operations could be harmed. As a result, it is imperative to our business that we maintain positive relationships with our clients. In our consulting business, clients may delay or cancel bookings which may cause expected revenues to be realized in a later period or not at all. If we are not able to comply with performance requirements, our revenues and relationships with our clients may be adversely affected.

To the extent that competitors seek to gain or retain market share by reducing prices or increasing marketing expenditures, we could lose revenues and our margins could decline, which could harm our operating results and cause the trading price of our stock to decline. We expect competition for clients to increase in the future, and the success and growth of our business depends on our ability to remain competitive. In addition, we participate in a number of third-party contracts as a subcontractor and that requires us to participate in vendor management contracts, which may subject us to greater risks or lower margins.

If we are unable to attract and retain qualified contract professionals, our business could be adversely affected.

Our business is substantially dependent upon our ability to attract and retain contract professionals who possess the skills, experience, advanced degrees, certifications, and licenses which may be required to meet the specified requirements of our clients. We compete for such contract professionals with other staffing and consulting companies, government contractors, and our clients and potential clients. There can be no assurance that qualified professionals will be available to us in adequate numbers to staff our temporary assignments. Moreover, our contract professionals are often hired to become regular employees of our clients and their employment is terminable at will. Attracting and retaining contract professionals depends on several factors, including our ability to provide contract professionals with desirable assignments and competitive wages and benefits. The cost of attracting and retaining contract professionals in the future may be higher than we anticipate if there is an increase in competitive wages and benefits and, as a result, if we are unable to pass these costs on to our clients, our likelihood of achieving or maintaining profitability could decline. In periods of low unemployment, there may be a shortage of and significant competition for, the skilled contract professionals sought by our clients. If we are unable to attract and retain a sufficient number of contract professionals to meet client demand, we may be required to forgo revenue opportunities, which may hurt the growth of our business. In periods of high unemployment, contract professionals frequently opt for full-time employment directly with clients and, due to a large pool of available candidates, clients are able to directly hire and recruit qualified candidates without the involvement of staffing agencies.

Sometimes we utilize subcontractors to provide us with qualified professionals. The subcontractors are generally small companies that may lack the resources or experience to comply with complex and fluid wage and hour and other laws. A subcontractor's failure in this regard could adversely affect our ability to perform and subject us to additional legal liabilities, which could have a material adverse effect on our relationships with clients and on our results of operations.

Our future performance depends on the Company's effective execution of our business strategy.

Over the past several years, we have experienced revenue and earnings growth both organically and through acquisitions. There is no assurance that we will be able to continue this pace of growth in the future or meet our strategic objectives for growth. Our growth could be adversely affected by many factors, including future technology industry conditions, macroeconomic events such as inflation, recession, and interest rate increases, competition, and labor market trends or regulations. If our growth rate slows, or we fail to grow at the pace anticipated and we are unsuccessful in our growth initiatives and strategies, our financial results could be less than our expectations or those of investors or analysts.

Our business strategy also includes continuing efforts to integrate and optimize our organization, programs, technology and delivery of services to make us a more agile and effective competitor, to reduce the cost of operating our business and to increase our operating profit and operating profit margin. We may not be successful in our continuing integration and optimization efforts, which may cause us to fail to achieve the cost savings we anticipate or limit our ability to scale growth. Further, we may fail to prevent the return of costs eliminated in

these efforts. If we are not successful in implementing our integration and optimization efforts, our business, financial condition and results of operations could be adversely affected.

We may not successfully make or integrate acquisitions, which could harm our business and growth.

As part of our growth strategy, we have made numerous acquisitions, and we intend to continue to pursue select acquisitions in the future. We compete with other companies in the professional staffing and consulting industries for acquisition opportunities and there can be no assurance that we will be able to successfully identify suitable acquisition candidates or be able to complete future acquisitions on favorable terms, if at all. In making acquisitions, we may pay substantial amounts of cash, incur debt or issue securities to finance our acquisitions, which would adversely affect our liquidity or capital resources or result in dilution to our stockholders. There also can be no assurance that we will realize the benefits expected from any transaction or receive a favorable return on investment from our acquisitions.

All of our acquisitions have been integrated into the business. The integration of an acquisition involves a number of factors that may affect our operations. These factors include diversion of management's attention from other business concerns, difficulties or delay in the integration of acquired operations, retention of key personnel, significant unanticipated costs or legal liabilities, and tax and accounting issues. Furthermore, once we have integrated an acquired business, the business may not achieve anticipated levels of revenue, profitability or productivity, or otherwise perform as expected. Any of these factors may have a material adverse effect on our results of operations and financial condition.

An impairment in the carrying amount of goodwill and other intangible assets could require a write-down that materially and adversely affects our results of operations and net worth.

As of December 31, 2022, we had \$1.9 billion of goodwill and \$569.6 million of net acquired intangible assets. We review goodwill and indefinite-lived intangible assets (consisting entirely of trademarks) for impairment at least annually and when events or changes in circumstances indicate that the carrying amount may not be recoverable. Intangible assets having finite lives are amortized over their useful lives and are tested for recoverability whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. We may be required to record a charge, which could be material, in our financial statements during the period in which we determine an impairment has occurred. Impairment charges could materially and adversely affect our results of operations in the periods that such charges are recorded.

Failure to comply with the terms of our debt agreements could affect our operating flexibility.

Our outstanding debt at December 31, 2022 included a term loan of \$490.8 million under our senior secured credit facility due 2025, \$550.0 million of 4.625 percent unsecured senior notes due 2028, and \$31.5 million outstanding on our senior secured revolving credit facility due 2024. Our term loan has a variable interest rate, making us more vulnerable to increases in interest rates. Additionally, we use a portion of our cash flow from operations for interest payments on our debt rather than for our operations.

Our failure to comply with restrictive covenants under our debt instruments could result in an event of default, which, if not cured or waived, could result in the requirement to repay such borrowings before their due date. Some covenants are tied to our operating results and thus may be breached if we do not perform as expected. We expect to use cash on hand and cash flows from operations to pay our expenses and repay our debt. If we do not have enough money, we may be required to refinance all or part of our existing debt, sell assets or borrow additional funds. The lenders may require fees and expenses to be paid or other changes to terms in connection with waivers or amendments. If we refinance these borrowings on less favorable terms or our costs and/or the interest rates on our outstanding debt increase, our results of operations and financial condition could be adversely affected by increased costs and/or rates.

U.S. and global market and economic developments could adversely affect our business, financial condition and results of operations.

Demand for the professional staffing and consulting services that we provide is significantly affected by global market and economic conditions, including recessions, inflation, interest rates, tax rates, and economic uncertainty. Our business is particularly susceptible to economic conditions in the United States where our clients or operations are concentrated. As economic activity slows, many clients or potential clients reduce their use of and reliance upon contract professionals, which reduces the demand for the Company's services and could significantly decrease the Company's revenues and profits. During periods of reduced economic activity, we may also be subject to increased competition for market share and pricing pressure. As a result, any significant economic downturn in the United States or other countries in which we operate could have a material adverse effect on our business, financial condition, and results of operations.

Natural disasters, the effects of climate change, pandemics, and other events beyond our control could harm our business.

Natural disasters or other catastrophic events may cause damage or disruption to our operations, international commerce, and the global economy, and thus could have a negative effect on us. Our business operations are subject to interruption from earthquakes, hurricanes, tornadoes, floods, fires, extreme weather events, power shortages, pandemics such as COVID-19, terrorism, political unrest, telecommunications failure, vandalism, cyber-attacks, geopolitical instability, war, the effects of climate change, and other events beyond our control. Although we maintain disaster recovery plans, such events could disrupt our operations or those of our customers and suppliers, including through the inability of employees and contract professionals to work, destruction of facilities, loss of life, and adverse effects on supply chains, power, infrastructure and the integrity of information technology systems, all of which could materially increase our costs and

expenses, delay or decrease revenue from our customers and disrupt our ability to maintain business continuity. We could incur significant costs to improve the climate-related resiliency of our infrastructure and otherwise prepare for, respond to, and mitigate the effects of climate changes. Our insurance may not be sufficient to cover losses or additional expenses that we may sustain. A significant natural disaster or other event that disrupts our operations or those of our customers or suppliers could have a material adverse effect on our business, results of operations, financial condition, and prospects.

Our business relies heavily on the health and safety of our employees, contract professionals and customers. The impact of a health crisis such as the COVID-19 pandemic on our business, operations, and future financial performance could include, but is not limited to, adverse impacts to our operating income, operating margin, net income, earnings per share and operating cash flows, as expenses may not decrease at the same rate as revenues decline. In addition, our quarterly and annual revenue growth rates and expenses as a percentage of our revenues may differ significantly from our historical rates, and our future operating results may fall below expectations.

Our environmental, social and governance (ESG) commitments and disclosures may expose us to reputational risks and legal liability.

Our brand and reputation are associated with our public commitments to various corporate environmental, social and governance (ESG) initiatives, including our goals relating to sustainability and diversity and inclusion. Our disclosures on these matters and any failure or perceived failure to achieve or accurately report on our commitments, could harm our reputation and adversely affect our client relationships or our recruitment and retention efforts, as well as expose us to potential legal liability. Increasing focus on ESG matters has resulted in, and is expected to continue to result in, the adoption of legal and regulatory requirements designed to mitigate the effects of climate change on the environment, as well as legal and regulatory requirements requiring climate-related disclosures. If new laws or regulations are more stringent than current legal or regulatory requirements, we may experience increased compliance burdens and costs to meet such obligations. Our selection of voluntary disclosure frameworks and standards, and the interpretation or application of those frameworks and standards, may change from time to time or may not meet the expectations of investors or other stakeholders. Our processes and controls for reporting ESG matters across our operations and supply chain are evolving along with multiple disparate standards for identifying, measuring, and reporting ESG metrics, including ESG-related disclosures that may be required by the SEC, European and other regulators, and such standards may change over time, which could result in significant revisions to our current goals, reported progress in achieving such goals, or ability to achieve such goals in the future.

Risks Related to Government Contracts

We derive significant revenues from contracts and task orders awarded through a competitive bidding process. Our revenues and profitability may be adversely impacted if we fail to compete effectively in such processes.

Our contracts and task orders with the federal government are awarded through a competitive bidding process, which creates significant competition and pricing pressure. We spend time and resources to prepare bids and proposals for contracts. Some of these contracts may not be awarded to us or, if awarded, we may not receive meaningful task orders under these contracts. We may encounter delays and additional expenses if our competitors protest or challenge contracts awarded to us in competitive bidding, and any such protest or challenge could result in the resubmission of bids on modified specifications, or in the termination, reduction or modification of the awarded contract. If we are unable to win particular contracts, we may be prevented from providing services to customers that are purchased under those contracts for a number of years. In addition, upon the expiration of a contract, if the customer requires further services of the type provided by the contract, there is frequently a competitive rebidding process. There can be no assurance that we will win any particular bid, or that we will be able to replace business lost upon expiration or completion of a contract, and the termination or non-renewal of any of our significant contracts could cause our actual results to differ materially and adversely from those anticipated.

Our earnings and profitability may vary based on the mix of our contracts and may be adversely affected by our failure to accurately estimate and manage costs, time and resources.

Our Federal Government Segment generates revenues under various types of contracts: firm-fixed-price, cost reimbursable, and time and materials. Our earnings and profitability may vary materially depending on changes in the proportionate amount of revenues derived from each type of contract. Under firm-fixed-price contracts, we perform specific tasks and services for a fixed price. Compared with cost reimbursable, firm-fixed-price contracts generally offer higher margin opportunities, but involve greater financial risk because we bear the impact of cost overruns. Failure to accurately estimate costs, resources and technology needed to perform our contracts or to effectively manage and control our costs during the performance of work could result in reduced profits or in losses. Under cost reimbursable contracts, we are reimbursed for allowable costs plus a profit margin or fee. These contracts generally have lower profitability and less financial risk. Under time and materials contracts, we are reimbursed for labor at negotiated hourly billing rates and for certain expenses. We assume financial risk on time and materials contracts because we assume the risk of performing those contracts at negotiated hourly rates.

We may not realize the full value of our Federal Government Segment contract backlog, which may result in lower revenues than anticipated.

Contract backlog, which was \$3.3 billion at December 31, 2022, is a useful measure of potential future revenues for our Federal Government Segment. Contract backlog consists of contracts for which funding has been formally awarded (funded backlog of \$0.6 billion at December 31, 2022) and unfunded backlog, which represents the estimated future revenues to be earned from negotiated contract awards for which funding has not been awarded and from unexercised contract options (unfunded backlog of \$2.7 billion at December 31, 2022). The U.S. government's ability to not exercise contract options, to reduce orders, or to modify, curtail or terminate our contracts makes the calculation of

our Federal Government Segment contract backlog subject to numerous uncertainties. Due to the uncertain nature of our contracts with the U.S. government, we may never realize revenue from some of the contracts that are included in our contract backlog.

A significant loss or suspension of our facility security clearances with the federal government could lead to a reduction in our revenues, cash flows and operating results.

We act as a contractor and a subcontractor to the U.S. federal government and many of its agencies. Some government contracts require us to maintain facility security clearances and require some of our employees to have advanced degrees and/or to maintain individual security clearances. If we are unable to attract or retain qualified employees, our employees lose or are unable to timely obtain security clearances, or we lose a facility clearance, a government agency client may terminate the contract or decide not to renew it upon its expiration. In addition, a security breach by us could cause serious harm to our business, damage our reputation, and prevent us from being eligible for further work on sensitive or classified systems for federal government clients.

We are required to comply with numerous laws and regulations related to government contracts, some of which are complex, and our failure to comply could result in fines or civil or criminal penalties, or suspension or debarment, which could materially and adversely affect our results of operations.

We must comply with laws and regulations relating to the formation, administration and performance of federal government contracts. These laws and regulations affect how we conduct business with our federal government customers. Such laws and regulations may potentially impose added costs on our business and our failure to comply with them may lead to civil or criminal penalties, termination of our U.S. government contracts and/or suspension or debarment from contracting with U.S. government agencies. All of our U.S. government contracts can be terminated by the U.S. government either for its convenience or if we default by failing to perform under the contract. Termination for convenience provisions provide only for our recovery of costs incurred or committed settlement expenses and profit on the work completed prior to termination. Termination for default provisions provide for the contractor to be liable for excess costs incurred by the U.S. government in procuring undelivered items from another source and could damage our reputation and impair our ability to compete for future contracts. Failure to comply with regulations and required practices and procedures could harm our reputation or influence the award of new contracts.

Changes in U.S. government spending or budgetary priorities, the failure of government budgets to be approved on a timely basis, or delays in contract awards and other procurement activity may significantly and adversely affect our future financial results.

Our business depends upon continued U.S. government expenditures on cybersecurity, cloud and enterprise IT, artificial intelligence/machine learning, digital transformation, and other programs that we support. During 2022, revenues from contracts directly with U.S. federal government agencies were approximately 21 percent of consolidated revenues. All of our government contracts can be terminated by the U.S. government either for its convenience or if we default by failing to perform under the contract. The U.S. government conducts periodic reviews of U.S. defense strategies and priorities, which may shift Department of Defense budgetary priorities, reduce overall spending, or delay contract or task order awards for defense-related programs from which we would otherwise expect to derive a significant portion of our future revenues. Any of these changes could impair our ability to obtain new contracts or contract renewals. Any new contracting requirements or procurement methods could be costly or administratively difficult for us to implement. Our revenues, cash flows and operating results could be adversely affected by spending caps or changes in budgetary priorities, as well as by delays in the government budget process, program starts or the award of contracts or task orders under contracts.

Audits by U.S. government agencies for contracts with federal government clients could result in unfavorable audit results that could subject us to a variety of penalties and sanctions and could harm our reputation and relationships with our customers and adversely impact results of operations.

Federal government agencies, including the Defense Contract Audit Agency and the Defense Contract Management Agency, routinely audit and investigate government contracts and government contractors' administrative processes and systems. These agencies review our performance on contracts, pricing practices, cost structure and compliance with applicable laws, regulations and standards. Any costs found to be improperly allocated to a specific contract will not be reimbursed, while such costs already reimbursed must be refunded. If a government audit uncovers improper or illegal activities, we may be subject to civil and criminal penalties and administrative sanctions, including termination of contracts, forfeiture of profits, suspension of payments, fines and suspension or debarment from doing business with federal government agencies.

We depend on our teaming arrangements and relationships with other contractors and subcontractors. If we are not able to maintain these relationships, or if these parties fail to satisfy their obligations to us or the customer, our revenues, profitability, and growth prospects could be adversely affected.

We rely on teaming relationships with other prime contractors and subcontractors in order to submit bids for large procurements or other opportunities where we believe the combination of services, products and solutions provided by us and our teammates will help us to win and perform the contract. Our future revenues and growth prospects could be adversely affected if other contractors eliminate or reduce their contract relationships with us, or if the U.S. government terminates or reduces these other contractors' programs, does not award them new contracts or refuses to pay under a contract. We may have disputes with our subcontractors arising from, among other things, the quality and timeliness of work performed by the subcontractor, customer concerns about the subcontractor, our failure to extend existing task orders or issue new task orders under a subcontract, our hiring of a subcontractor's personnel or the subcontractor's failure to comply with applicable

law. If any of our subcontractors fail to satisfactorily perform the agreed-upon services or have regulatory compliance or other problems, our ability to fulfill our obligations as a prime contractor or higher tier subcontractor may be jeopardized. When we are in the role of a subcontractor, we often lack control over fulfillment of a contract, and poor performance on the contract could impact our customer relationship, even when we perform as required. Moreover, our revenues and operating results could be adversely affected if any prime contractor chose to offer directly to the customer services of the type that we provide, or if they team with other companies to provide those services.

Cybersecurity and Technology Risks

The failure to prevent a cybersecurity incident affecting our systems could result in the disruption of our services or the disclosure or misuse of sensitive information, which could harm our reputation, decrease demand for our services and products, expose us to liability, penalties and remedial costs, or otherwise adversely affect our financial performance.

Our daily business operations depend on our information technology systems for a wide variety of functions, including, among other things, identifying staffing resources, matching personnel with client assignments and managing our accounting and financial reporting functions. In conducting our business, we routinely collect and retain personal information on these systems about our employees and contract professionals and their dependents including, without limitation, full names, social security numbers, addresses, birth dates and payroll-related information.

Any information-technology systems are at risk of being compromised, whether through malicious activity or human or technological error. Although we devote significant resources to maintain and regularly upgrade our information security technologies, and we have implemented security controls to help protect the security and privacy of our business information, our information technology systems are subject to potential security breaches through third-party service providers, employee negligence, fraud or misappropriation, business email compromise and cybersecurity threats, including denial of service attacks, viruses, ransomware or other malicious software programs, and third parties gaining unauthorized access to our information technology systems for purposes of misappropriating assets or confidential information, corrupting data or causing operational disruption. We are continuously exposed to unauthorized attempts to compromise such sensitive information through cyber-attacks, insider threats and other information security threats, including physical break-ins and malicious insiders, and we have, from time to time, experienced security incidents.

Any security incident that results in the compromise of personal information we collect and retain, or that otherwise disrupts or negatively impacts our operations, could harm our reputation, lead to customer attrition, and expose us to regulatory enforcement action or litigation. Because the techniques used in cyber attacks change frequently and may be difficult to detect for periods of time, we may face difficulties in anticipating and implementing adequate security measures to prevent security breaches. In addition, our information technology systems are vulnerable to fire, storm, flood, power loss, computer and network failures, problems with transitioning to upgraded or replacement systems or platforms, flaws in third-party software or services, terrorist attacks and similar events. All of these risks are also applicable wherever we rely on outside vendors to provide services.

Our results of operations could be adversely affected if we cannot successfully keep pace with technological changes in the development and implementation of our services.

Our success depends on our ability to keep pace with rapid technological changes in the development and implementation of our services. We rely on a variety of technologies to support important functions in our business, including the recruitment, placement and monitoring of our contract professionals, our billings, and candidate and client data analytics. If we do not sufficiently invest in new technology and industry developments, such as emerging job and resume posting services, appropriately implement new technologies, or evolve our business at sufficient speed and scale in response to such developments, or if we do not make the right strategic investments to respond to these developments, our services, results of operations and ability to develop and maintain our business could be adversely affected.

Legal and Regulatory Risks

Significant legal actions and claims could subject us to substantial uninsured liabilities, result in damage to our business reputation, result in the discontinuation of our client relationships, and adversely affect our recruitment and retention efforts.

We employ people internally and in the workplaces of other businesses. Our ability to control or influence the workplace environment of our clients is limited. Further, many of the individuals that we place with our clients have access to client information systems and confidential information. As the employer of record of our contract professionals, we incur a risk of liability to our contract professionals for various workplace events, including claims of physical injury, discrimination, harassment or failure to protect confidential personal information. Other inherent risks include possible claims of errors and omissions, claims related to acquisitions and their earn-outs, intentional misconduct, release, misuse or misappropriation of client intellectual property, criminal activity, torts, or other claims. We have been and could in the future be subject to large collective, class or Private Attorneys General Act ("PAGA") actions alleging violation of wage and hour laws. These types of actions typically involve substantial claims and significant defense costs. We also have been subject to legal actions alleging vicarious liability, negligent hiring, discrimination, sexual harassment, retroactive entitlement to employee benefits or pay, retaliation and related legal theories. We may be subject to liability in such cases even if the contribution to the alleged injury was minimal. Moreover, in most instances, we are required to indemnify clients against some or all of these risks and we could be required to pay substantial sums to fulfill our indemnification obligations.

A failure of any of our employees internally, or contract professionals in clients' workplaces, to observe our policies and guidelines intended to reduce these risks could result in negative publicity, injunctive relief, criminal investigations and/or charges, payment of monetary damages or fines, or other material adverse impacts on our business. Claims raised by clients stemming from the improper actions of our contract professionals, even if without merit, could cause us to incur significant expense associated with the costs or damages related to such claims. Further, such claims by clients could damage our business reputation and result in the discontinuation of client relationships. Any associated negative publicity could adversely affect our ability to attract and retain qualified contract professionals in the future.

We proactively address many of these issues with our robust compliance program. Further, to protect ourselves from the costs and damages of significant legal actions and claims, we maintain workers' compensation, errors and omissions, cybersecurity, employment practices and general liability insurance coverage in amounts and with deductibles that we believe are appropriate for our operations. Our insurance policies include a retention amount and may not cover all claims against us or continue to be available to us at a reasonable cost. In addition, we face various employment-related risks not covered by insurance, such as wage and hour laws and employment tax responsibility. If we do not maintain adequate insurance coverage or are made party to significant uninsured claims, we may be exposed to substantial liabilities that could have a material adverse impact on our results of operations and financial condition.

Our business is subject to government regulation, which in the future could restrict the types of employment services we are permitted to offer or result in additional or increased costs that reduce our revenues and earnings.

The professional staffing and IT services industry is regulated in the United States and other countries in which we operate. We are subject to federal, state and local laws and regulations governing the employer/employee relationship, such as those related to payment of federal, state and local payroll and unemployment taxes for our corporate employees and contractor professional employees, tax withholding, social security or retirement benefits, licensing, wage and hour requirements, paid sick leave, paid family leave and other leaves, employee benefits, pay equity, non-discrimination, sexual harassment and workers' compensation; and we must further comply with immigration laws and a wide variety of notice and administrative requirements, such as record keeping, written contracts, notification and reporting. We are also subject to U.S. laws and regulations relating to government contracts with federal agencies. In certain other countries, we may not be considered the legal employers of our temporary personnel, however we are still responsible for collecting taxes and social security deductions and transmitting these amounts to the taxing authorities.

In addition, we are subject to data privacy, protection and security laws and regulations, the most significant of which are the European General Data Protection Act ("GDPR") and the U.K.'s Data Protection Act 2018 (which implements the GDPR into U.K. law). These laws impose stringent data protection requirements on personal information and provide for significant penalties for noncompliance. These laws impact our U.S. operations as well as our European operations as they apply not only to third-party transactions, but also to transfers of information among the Company and its subsidiaries. Certain U.S. states have also enacted data privacy laws requiring security measures for personal information. Any non-compliance with the data privacy laws applicable to our business could result in governmental enforcement actions, fines and other penalties that could potentially have an adverse effect our operations and reputation.

Future changes in the laws or governmental regulations affecting our business may result in the prohibition or restriction of certain types of employment services that we are permitted to offer, or the imposition of new or additional compliance requirements that could increase our costs and reduce our revenues and earnings. Due to the substantial number of state and local jurisdictions in which we operate, there also is a risk that we may be unable to adequately monitor actual or proposed changes in, or the interpretation of, the laws or governmental regulations of such states and localities. Any delay in our compliance with changes in such laws or governmental regulations could result in potential fines, penalties, or other sanctions for non-compliance. In addition, although we may elect to bill some or all of any additional costs to our customers, there can be no assurances that we will be able to increase the fees charged to our customers in a timely manner and in a sufficient amount to fully cover any increased costs as a result of future changes in laws or government regulations.

Our business may be materially affected by changes to fiscal and tax policies that could adversely affect our results of operations and cash flows.

Our business is subject to taxation in the United States and the foreign jurisdictions where we operate. Due to economic and political conditions, tax rates in various jurisdictions may be subject to significant change. Our future effective tax rates could be affected by changes made by the current administration in the United States and in the mix of earnings in countries with differing statutory tax rates or by changes in the tax laws or their interpretation.

Various levels of government also are increasingly focused on tax reform and other legislative action to increase tax revenue. Further changes in tax laws in the United States or foreign jurisdictions where we operate, or in the interpretation of such laws, could have a material adverse effect on our business, results of operations, financial condition or cash flows.

We are subject to various business and regulatory risks associated with international operations, which could increase our costs, cause our results of operations to fluctuate, and adversely affect our business.

We conduct business outside the United States primarily in Canada and Europe and we have delivery centers in Mexico and India. Our international operations, which in the aggregate represented approximately two percent of our consolidated revenues in 2022, expose us to, among other things, operational, regulatory and political risks in the countries in which we operate.

General Risks

The loss of key members of our senior management team could adversely affect the execution of our business strategy and our financial results.

We believe that the successful execution of our business strategy and our ability to build upon our business and acquisitions of new businesses depends on the continued employment of key members of our senior management team and good succession plans for their retirement or other departure. As the Company is expecting to have key personnel retire over the next few years, we need to implement appropriate succession plans, and if we cannot attract and retain qualified personnel or effectively implement appropriate succession plans, it could have a material adverse impact to our business, financial condition and/or results of operations. We have provided short-term and long-term incentive compensation to our key management in an effort to retain them, and have prepared succession plans at such time their employment ends. However, if members of our senior management team become unable or unwilling to continue in their present positions or our succession plans are not adequate, we could incur significant costs and experience business disruption related to time spent on efforts to replace them, and our financial results and our business could be adversely affected.

Failure of internal controls may leave us susceptible to errors and fraud.

Our management, including our Chief Executive Officer and Chief Financial Officer, does not expect that our disclosure controls and internal controls will prevent all errors and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable assurance that the objectives of the control system are met. Furthermore, because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, would be detected, particularly in our newly acquired companies and international operations. If our internal controls are unsuccessful, our business and results of operations could be adversely affected.

The trading price of our common stock has experienced significant volatility.

The market price of our stock has fluctuated substantially in the past and could fluctuate substantially in the future, based on a variety of factors, including our operating results, changes in general conditions in the economy, and the staffing and consulting industries, announcements by our competitors, involvement in a significant litigation matter, a major change in our management or Board of Directors, short sales, hedging and other derivative transactions in shares of our common stock. In addition, the stock market in general has experienced historical volatility that is unrelated to the operating performance of our Company. Broad market and industry fluctuations may adversely affect the market price of our common stock, regardless of our operating results. Among other things, volatility in our stock price could mean that investors will not be able to sell their shares at or above the prices they pay. The volatility also could impair our ability in the future to offer common stock as a source of additional capital or as consideration in the acquisition of other businesses, or as compensation for our key employees.

Provisions in our corporate documents and Delaware law may delay or prevent a change in control that our stockholders consider favorable.

Provisions in our certificate of incorporation and bylaws could have the impact of delaying or preventing a change of control or changes in our management. These provisions include the following:

- Our Board has the right to elect directors to fill a vacancy in the Board upon the resignation, death or removal of a director, which prevents stockholders from being able to fill vacancies on our Board until the next applicable annual meeting of stockholders.
- Stockholders must provide advance notice to nominate individuals for election to the Board or to propose matters that can be acted upon at a stockholders' meeting. Further, our Board is divided into three classes and only one class is up for election each year. These provisions may discourage or deter a potential acquirer from conducting a solicitation of proxies to elect the acquirer's own slate of directors or otherwise attempting to obtain control of us.
- Our Board may issue, without stockholder approval, up to one million shares of undesignated or "blank check" preferred stock. The ability to issue undesignated or "blank check" preferred stock makes it possible for our Board to issue preferred stock with voting or other rights or preferences that could impede the success of any attempt by, or make it more difficult for, a third-party to acquire us.

As a Delaware corporation, we are also subject to certain Delaware anti-takeover provisions, including Section 203 of the Delaware General Corporation Law. Under these provisions, a corporation may not engage in a business combination with any large stockholders who hold 15 percent or more of our outstanding voting capital stock in a merger or business combination unless the holder has held the stock for three years, the Board has expressly approved the merger or business transaction, or at least two-thirds of the outstanding voting capital stock not owned by such large stockholder approves the merger or the transaction. These provisions of Delaware law may have the impact of delaying, deferring, or preventing a change of control and may discourage bids for our common stock at a premium over its market price. In addition, our Board could rely on these provisions of Delaware law to discourage, prevent, or delay an acquisition of us.

Item 1B. Unresolved Staff Comments

Not applicable.

Item 2. Properties

As of December 31, 2022, we leased office space in the following locations. We believe that our facilities are suitable and adequate for our current operations.

	Location	Square Feet	Lease Expiration
ASGN and Commercial Segment Headquarters	Richmond, Virginia	78,000	October 2024
Federal Government Segment Headquarters	Fairfax, Virginia	46,200	June 2024
Branch offices ⁽¹⁾	United States, Canada, United Kingdom, and Spain	771,300	January 2023 through May 2028
Delivery Centers	Mexico and India	84,700	May 2023, August 2026 and December 2027

⁽¹⁾ We have 131 branch office locations that occupy spaces ranging from approximately 195 to 47,000 square feet with lease terms that range from three months to 8.5 years.

Item 3. Legal Proceedings

We are involved in various legal proceedings, claims and litigation arising in the ordinary course of business, including collective class and PAGA actions alleging violations of wage and hour laws. However, based on the facts currently available, we do not believe that the disposition of matters that are pending or asserted will have a material effect on our financial position, results of operations or cash flows.

Item 4. Mine Safety Disclosures

Not applicable.

PART II

Item 5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Common Stock — Our common stock is listed on the New York Stock Exchange, or NYSE, under the symbol ASGN. At February 17, 2023 we had 49.3 million shares outstanding, 22 holders of record and an indeterminate number of beneficial owners of our common stock held through brokers and other intermediaries.

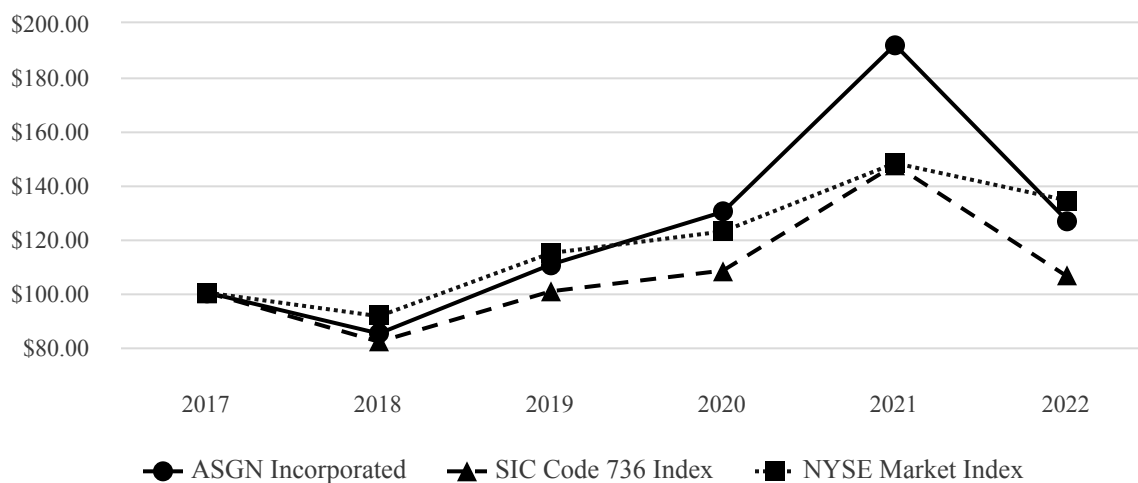
Dividend Information — Since inception, we have not declared or paid any cash dividends on our common stock, and we have no present intention of paying any dividends on our common stock in the foreseeable future. Our Board periodically reviews our dividend policy to determine whether the declaration of dividends is appropriate. The terms of our credit facility restrict our ability to pay dividends. The restriction is variable based upon our leverage ratio and certain other circumstances, as outlined in the agreement.

Securities Authorized for Issuance Under Equity Compensation Plan — Information responsive to this item will be set forth in the Company’s definitive proxy statement for use in connection with its 2023 Annual Meeting of Stockholders (the "2023 Proxy Statement") to be filed with the SEC within 120 days after the end of the Company’s fiscal year and is incorporated herein by reference.

Stock Performance Graph — The following graph compares the performance of ASGN’s common stock price during the period from December 31, 2017 to December 31, 2022 with the composite prices of companies listed on the NYSE and of companies included in the SIC Code No. 736—Personnel Supply Services Companies Index. The companies listed in the SIC Code No. 736 include peer companies in the same industry or line of business as ASGN. The graph depicts the results of investing \$100 in our common stock, the NYSE market index, and an index of the companies listed in the SIC Code No. 736 on December 31, 2017, and assumes that dividends were reinvested, where applicable, during the period.

The comparisons shown in the graph below are based upon historical data, and we caution stockholders that the stock price performance shown in the graph below is not indicative of, nor intended to forecast, potential future performance.

Comparison of Cumulative Total Return



At December 31,	2017	2018	2019	2020	2021	2022
ASGN	\$ 100.00	\$ 84.80	\$ 110.42	\$ 129.97	\$ 192.00	\$ 126.76
SIC Code No. 736 Index	\$ 100.00	\$ 81.73	\$ 100.48	\$ 108.17	\$ 147.43	\$ 106.05
NYSE Market Index	\$ 100.00	\$ 91.21	\$ 114.69	\$ 122.70	\$ 148.07	\$ 134.22

Recent Sales of Unregistered Securities — None.

Common Stock Repurchases — On December 9, 2021, the Board of Directors approved a two-year stock repurchase program under which the Company may repurchase up to \$350.0 million of its common stock. On July 27, 2022, the Board of Directors approved a new two-year stock repurchase program under which the Company may repurchase up to \$400.0 million of its common stock. Under these programs, the Company repurchased 2.8 million shares of its common stock at a cost of \$281.4 million in 2022. Under terms of the programs, purchases can be made in the open market or under a Rule 10b5-1 trading plan.

The Company's repurchases of its common stock during the three months ended December 31, 2022, and the approximate dollar value of shares that may be purchased under the program as of December 31, 2022, are shown in the table below.

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number (or Approximate Dollar Value) of Shares That May Yet be Purchased Under the Plans or Programs (in millions)
October	129,933	\$ 91.96	129,933	\$ 356.5
November	239,653	\$ 86.70	239,653	\$ 335.7
December	262,063	\$ 83.26	262,063	\$ 313.9
Total	631,649	\$ 86.35	631,649	\$ 313.9

In connection with our stock-based compensation plans, during the three months ended December 31, 2022, 43,316 shares of our common stock with an aggregate value of \$3.8 million were tendered by employees for payment of applicable statutory tax withholdings. These shares are excluded from the table above.

Item 6. Selected Financial Data

None.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion should be read in conjunction with the other sections of this 2022 10-K, including the *Special Note on Forward-Looking Statements* and *Part I, Item 1A. Risk Factors*.

OVERVIEW

ASGN provides information technology and professional services in the technology and creative digital marketing fields across the commercial and government sectors. ASGN operates through its Commercial and Federal Government segments. Virtually all of the Company's revenues are generated in the United States.

The Commercial Segment provides IT services and solutions, digital and creative services to Fortune 1000 and large enterprise clients across the United States, Canada and Europe. The Federal Government Segment delivers advanced solutions in cloud and enterprise IT, cybersecurity, artificial intelligence, machine learning and digital transformation to meet the mission critical needs of defense, intelligence and federal civilian agencies.

Critical Accounting Policies and Estimates

Our financial statements are prepared in conformity with accounting principles generally accepted in the United States ("GAAP"), which require us to make certain assumptions and related estimates affecting the amounts reported in the consolidated financial statements. Actual results could differ from those estimates.

Critical accounting policies are those we believe are both most important to the portrayal of our financial condition and results and require our most difficult, subjective or complex judgments, often because we must make estimates about matters that are inherently uncertain. Judgments and uncertainties affecting the application of those policies may result in materially different amounts being reported under different conditions or using different assumptions. We believe the accounting policies and estimates most critical in understanding the judgments involved in preparing our financial statements are goodwill and acquired intangible assets.

Recognition of Goodwill and Acquired Intangible Assets — Determining the fair value of goodwill and intangible assets requires management's judgment, the use of significant estimates and assumptions and, in some cases, the utilization of independent valuation experts. The most critical assumptions utilized in this determination are the future cash flow estimates associated with the acquired businesses, as well as discount rates and royalty rates applied to those cash flow estimates.

Recoverability of Goodwill and Acquired Intangible Assets — Goodwill is evaluated for impairment annually or more frequently if an event occurs or circumstances change, such as material deterioration in performance that would indicate an impairment may exist. We perform an annual impairment assessment as of October 31st for each of our reporting units. When evaluating goodwill for impairment, we may first perform a qualitative assessment ("step zero" of the impairment test) to determine whether it is more likely than not that a reporting unit is impaired. If we decide not to perform a qualitative assessment, or if we determine that it is more likely than not the carrying amount of a reporting unit exceeds its fair value, then we perform a quantitative assessment ("step one" of the impairment test), and calculate the estimated fair value of the reporting unit. If the carrying amount of the reporting unit exceeds the estimated fair value, an impairment charge would be recorded to reduce the carrying amount to its estimated fair value.

Given there were no impairment factors identified in the prior year, and there were no negative trends in the current year, we performed a qualitative assessment for the October 31, 2022 annual impairment evaluation for all reporting units. By review of macroeconomic conditions, industry and market conditions, cost factors, overall financial performance compared with prior projections, and other relevant entity-specific events, we determined it was more likely than not that the fair value of each reporting unit exceeded its carrying amount. Therefore it was concluded that there were no indicators of impairment.

RESULTS OF OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 2022 COMPARED WITH THE YEAR ENDED DECEMBER 31, 2021

In this section, we discuss the results of our operations for the year ended December 31, 2022 compared with the year ended December 31, 2021. For a discussion of the year ended December 31, 2021 compared with the year ended December 31, 2020, please refer to *Part II, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations* in our Annual Report on Form 10-K for the year ended December 31, 2021.

Revenues

Revenues for the year were \$4.6 billion, up 14.3 percent from 2021 primarily as a result of double-digit organic growth of our Commercial Segment and the contribution of \$158.0 million from acquired businesses. Excluding the contribution from acquisitions, revenues were up 10.3 percent. The table below shows our revenues by segment (in millions).

	2022	2021	Change	% of Total		Change
				2022	2021	
Commercial:						
Assignment	\$ 2,476.1	\$ 2,285.9	8.3 %	54.1 %	57.0 %	(2.9)%
Consulting	959.6	641.2	49.7 %	20.9 %	16.0 %	4.9 %
	3,435.7	2,927.1	17.4 %	75.0 %	73.0 %	2.0 %
Federal Government	1,145.4	1,082.4	5.8 %	25.0 %	27.0 %	(2.0)%
Consolidated	<u>\$ 4,581.1</u>	<u>\$ 4,009.5</u>	14.3 %	<u>100.0 %</u>	<u>100.0 %</u>	

Commercial Segment — Revenues from our Commercial Segment (75.0 percent of revenues) were up 17.4 percent from 2021. Assignment revenues were \$2.5 billion (72.1 percent of the segment's revenues), up 8.3 percent year-over-year. Consulting services revenues were \$959.6 million (27.9 percent of the segment's revenues), up 49.7 percent year-over-year. Excluding the contribution of \$69.0 million from acquired businesses, consulting services revenues were up 38.9 percent year-over-year.

From an industry perspective, Commercial revenues fall into five broad industry verticals: (i) Financial Services, (ii) Consumer and Industrials, (iii) Healthcare, (iv) Technology, Media and Telecom and (v) Business and Government Services. Four out of our five industry verticals achieved double-digit growth year-over-year, while our Business and Government Services vertical was slightly up over the prior year.

Within the Commercial Segment, IT services and solutions revenues, which accounted for 83.7 percent of the segment's revenues, were up 18.2 percent year-over-year, driven by high growth in consulting services, the contribution from acquired businesses, and high-single-digit growth in IT staffing services. Creative digital marketing and permanent placement revenues, which combined accounted for 16.3 percent of the segment's revenues, were up 13.4 percent over the prior year.

Federal Government Segment — Revenues from our Federal Government Segment (25.0 percent of revenues) were up 5.8 percent year-over-year. Revenues included a contribution of \$89.0 million from acquired businesses. Excluding that contribution, revenues were slightly below 2021, which had benefited from higher spending levels under two cost reimbursable contracts and approximately \$38.6 million in revenues from a low-margin web services contract that the segment elected to not renew in the third quarter of the prior year.

Gross Profit and Gross Margin

The table below shows gross profit and gross margin by segment (in millions).

	Gross Profit		Change	Gross Margin		
	2022	2021		2022	2021	Change
Commercial	\$ 1,126.2	\$ 934.8	20.5 %	32.8 %	31.9 %	0.9 %
Federal Government	243.4	207.6	17.2 %	21.3 %	19.2 %	2.1 %
Consolidated	<u>\$ 1,369.6</u>	<u>\$ 1,142.4</u>	19.9 %	<u>29.9 %</u>	<u>28.5 %</u>	1.4 %

Consolidated gross profit was up 19.9 percent on revenue growth of 14.3 percent. Gross margin was 29.9 percent, an expansion of 140 basis points from 2021. Both segments reported expansion in gross margin. The expansion in gross margin for the Commercial Segment was driven by double-digit growth of its high-margin services (commercial consulting, creative digital marketing and permanent placement services). The expansion in gross margin of the Federal Government Segment was driven by changes in business mix, including: (i) the contribution from acquired high-margin businesses; (ii) a lower contribution from cost reimbursable contracts, which carry a lower margin than other contract types; and (iii) the decision not to renew a low-margin web services resale program in the third quarter of last year.

Selling, General and Administrative Expenses

Selling, general and administrative ("SG&A") expenses were \$895.0 million (19.5 percent of revenues), compared with \$735.8 million (18.4 percent of revenues) in 2021. The increase was commensurate with the growth in the business, changes in business mix and investments to support the future growth of the business. These investments were mainly in headcount, employee compensation and IT applications and systems.

Amortization of Intangible Assets

Amortization of intangible assets was \$65.1 million, up from \$55.7 million in 2021. This increase reflects a full year of amortization from businesses acquired in 2021 and amortization from the two businesses acquired in 2022.

Interest Expense

Interest expense was \$45.9 million, up from \$37.5 million in 2021, primarily as a result of higher interest rates on the senior secured credit facility. Interest expense was comprised of \$25.4 million of interest on the unsecured senior notes, \$18.4 million of interest on the senior secured credit facility and \$2.1 million in amortization of deferred loan costs. The weighted-average outstanding borrowings were approximately \$1.0 billion for 2022 and 2021 and the weighted-average interest rate was 4.1 percent, up from 3.4 percent in 2021.

Provision for Income Taxes

The provision for income taxes was \$96.7 million, up from \$81.6 million in 2021, related to the growth in income before income taxes. The effective tax rate of 26.6 percent was slightly higher than the effective tax rate of 26.0 percent for 2021.

Income from Continuing Operations

Income from continuing operations was \$266.9 million, up from \$231.8 million in 2021, driven by the growth in the business and expansion of our gross margin.

Income from Discontinued Operations

Income from discontinued operations was \$1.2 million, down from \$178.1 million in 2021. In 2021, virtually all of the income from discontinued operations related to the gain, net of income taxes, on the sale of the Oxford business.

Net Income

Net income of \$268.1 million in 2022 was comprised of income from continuing operations of \$266.9 million and discontinued operations of \$1.2 million. Net income of \$409.9 million in 2021 was comprised of income from continuing operations of \$231.8 million and income from discontinued operations of \$178.1 million.

Commercial Segment - Consulting Metrics

Commercial consulting bookings are defined as the value of new contracts entered into during a specified period, including adjustments for the effects of changes in contract scope and contract terminations. The underlying contracts are terminable by the client on short notice with little or no termination penalties. The book-to-bill ratio for our commercial consulting revenues is the ratio of our commercial consulting bookings to the commercial consulting revenues for a specified period. The average duration of commercial consulting projects is one year.

<i>(Dollars in millions)</i>	Year Ended December 31,		
	2022	2021	2020
Bookings	\$ 1,192.2	\$ 810.3	\$ 479.4
Book-to-Bill Ratio	1.2 to 1	1.3 to 1	1.3 to 1

Federal Government Segment Metrics

Contract backlog for our Federal Government Segment represents the estimated amount of future revenues to be recognized under awarded contracts including task orders and options. These estimates are subject to change and may be affected by the execution of new contracts, the extension or early termination of existing contracts, the non-renewal or completion of current contracts and adjustments to estimates for previously included contracts. Changes in the funded contract backlog are also affected by the funding cycles of the government.

Contract backlog does not include potential value from contract awards that have been protested by competitors until the protest is resolved in our favor. Contract backlog does not include any estimate of future work expected under indefinite delivery, indefinite quantity contracts or U.S. General Services Administration schedules. Contract backlog is segregated into funded contract backlog and negotiated unfunded contract backlog, which together make up total contract backlog.

Funded contract backlog for contracts with U.S. government agencies primarily represents contracts for which funding has been formally awarded less revenues previously recognized on these contracts and does not include the unfunded portion of contracts where funding is incrementally awarded or authorized by the U.S. government even though the contract may call for performance over a number of years. Funded contract backlog for contracts with non-government agencies represents the estimated value of contracts, which may cover multiple future years, less revenues previously recognized on these contracts.

Negotiated unfunded contract backlog represents the estimated future revenues to be earned from negotiated contract awards for which funding has not yet been awarded or authorized and from unexercised priced contract options.

<i>(In millions)</i>	December 31,		
	2022	2021	2020
Funded Contract Backlog	\$ 582.3	\$ 529.2	\$ 444.5
Negotiated Unfunded Contract Backlog	2,681.2	2,472.0	2,201.7
Contract Backlog	<u>\$ 3,263.5</u>	<u>\$ 3,001.2</u>	<u>\$ 2,646.2</u>

The book-to-bill ratio for our Federal Government Segment was 0.9 to 1.0 for the year ended December 31, 2022. The book-to-bill ratio was calculated as the sum of the change in total contract backlog during the period plus revenues for the period, divided by revenues for the period. The contract backlog coverage ratio (backlog at December 31, 2022 divided by trailing-twelve-months of Federal Government Segment revenues) was 2.9 to 1.0.

Liquidity and Capital Resources

Our working capital at December 31, 2022 was \$539.2 million, and our cash and cash equivalents were \$70.3 million. Our cash flows from operating activities have been our primary source of liquidity and have been sufficient to fund our working capital and capital expenditure needs. At December 31, 2022, we had \$31.5 million outstanding under our \$460.0 million revolving credit facility. We believe that our cash and cash equivalents on hand, expected operating cash flows and availability under our revolving credit facility will be sufficient to fulfill our obligations, working capital requirements and capital expenditures for the next 12 months.

Net cash provided by operating activities was \$307.8 million in 2022, compared with \$193.7 million in 2021. The year-over-year increase is mainly the result of income tax payments totaling \$91.5 million in the prior year that related to the gain on the sale of the Oxford business.

Net cash used in investing activities in 2022 was \$510.0 million and included \$484.6 million used to acquire two IT consulting businesses and \$37.5 million in capital expenditures. In 2021, investing activities generated net cash of \$246.5 million and included cash proceeds (before income taxes) of \$503.8 million from the sale of the Oxford business, as well as \$222.8 million used to acquire three IT consulting businesses and \$34.7 million in capital expenditures.

Net cash used in financing activities in 2022 was \$256.5 million and included \$281.4 million to repurchase the Company's common stock, as well as net borrowings under the revolving credit facility totaling \$31.5 million. In 2021, net cash used in financing activities was \$184.4 million and primarily consisted of \$181.3 million of stock repurchases.

Senior Secured Credit Facility — On November 22, 2022, the Company entered into the ninth amendment to its senior secured credit facility (the "facility"), which (i) increased the capacity of its revolving credit facility (the "revolver") to \$460.0 million from \$250.0 million; and (ii) replaced the LIBOR reference rate with the secured overnight financing rate plus a 10 basis points adjustment ("SOFR").

The facility consists of a term B loan and the aforementioned \$460.0 million revolver. At December 31, 2022, the Company had \$490.8 million outstanding under the term B loan and \$31.5 million outstanding borrowings under the revolver. Borrowings under the term B loan bear interest at SOFR plus 1.75 percent, or the bank's base rate plus 0.75 percent. Borrowings under the revolver bear interest at SOFR plus 1.25 to 2.25 percent, or the bank's base rate plus 0.25 to 1.25 percent, depending on leverage levels. A commitment fee of 0.20 to 0.35 percent is payable on the undrawn portion of the revolver. There are no required minimum principal payments on the facility until maturity. The facility is secured by substantially all of the Company's assets and includes various restrictive covenants. The facility permitted the sale of its Oxford business in 2021 and the net cash proceeds (approximately \$0.4 billion) were used for the acquisition of GlideFast on July 6, 2022 and other permitted investments within the required timeframe. At December 31, 2022, the Company was in compliance with its debt covenants.

Unsecured Senior Notes — The Company has \$550.0 million of unsecured senior notes due in 2028, which bear interest at 4.625 percent payable semiannually in arrears on May 15 and November 15. These notes are unsecured obligations and subordinate to the senior secured credit facility. These notes contain certain customary limitations including, among other terms and conditions, our ability to incur additional indebtedness, engage in mergers and acquisitions, transfer or sell assets and make certain distributions.

Commitments and Contingencies — The following table sets forth, on an aggregate basis, the amounts of specified contractual cash obligations required to be paid in the future periods shown (in millions):

Contractual Obligations	Less than 1 year	1-3 years	3-5 years	More than 5 years	Total
Long-term debt obligations ⁽¹⁾	\$ 58.2	\$ 613.3	\$ 50.9	\$ 559.4	\$ 1,281.8
Operating Leases ⁽²⁾	24.5	24.2	9.6	0.2	58.5
Purchase obligations ⁽³⁾	18.0	34.4	6.6	—	59.0
	<u>\$ 100.7</u>	<u>\$ 671.9</u>	<u>\$ 67.1</u>	<u>\$ 559.6</u>	<u>\$ 1,399.3</u>

⁽¹⁾ Long-term debt obligations include interest calculated based on the rates in effect at December 31, 2022.

⁽²⁾ Represents the future minimum lease payments for non-cancelable operating leases.

⁽³⁾ Purchase obligations are non-cancelable job board service agreements and software subscriptions, maintenance and license agreements.

For additional information about these contractual cash obligations, see *Notes 5. Leases, 9. Long-Term Debt and 10. Commitments and Contingencies* in *Item 8. Financial Statements and Supplementary Data*.

We have retention policies for our workers' compensation liability exposures. The workers' compensation loss reserves are based upon an actuarial report obtained from a third party and determined based on claims filed and claims incurred but not reported. We account for claims incurred but not yet reported based on estimates derived from historical claims experience and current trends of industry data. Changes in estimates, differences in estimates and actual payments for claims are recognized in the period that the estimates changed or the payments were made. The workers' compensation loss reserves were \$2.6 million and \$2.4 million, net of anticipated insurance and indemnification recoveries of \$10.2 million and \$10.4 million, at December 31, 2022 and 2021, respectively. We have undrawn stand-by letters of credit outstanding to secure obligations for workers' compensation claims and other obligations. The undrawn stand-by letters of credit were \$4.0 million at December 31, 2022 and 2021.

We have a deferred compensation plan liability of \$13.6 million and \$15.6 million at December 31, 2022 and 2021, which was primarily included in other long-term liabilities. We established a rabbi trust to fund the deferred compensation plan (see *Note 12. Stock-Based Compensation and Other Employee Benefit Plans* in *Item 8. Financial Statements and Supplementary Data*).

Off-Balance Sheet Arrangements

As of December 31, 2022, we had no off-balance sheet arrangements.

Accounting Standards Updates

See *Note 3. Accounting Standards Update* in *Item 8. Financial Statements and Supplementary Data* for a discussion of new accounting pronouncements.

Item 7A. Quantitative and Qualitative Disclosures about Market Risk

We are exposed to certain market risks arising from transactions in the normal course of business, principally risks associated with interest rates. Our exposure to interest rate risk is associated with our debt instruments. See *Note 9. Long-Term Debt* in *Item 8. Financial Statements and Supplementary Data* for a further description of our debt instruments. A hypothetical 100 basis-point change in interest rates on variable-rate debt would have resulted in interest expense fluctuating approximately \$5.2 million based on \$522.3 million of debt outstanding for any 12-month period. We have not entered into any market risk sensitive instruments for trading purposes.

Item 8. Financial Statements and Supplementary Data

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and the Board of Directors of ASGN Incorporated
Glen Allen, Virginia

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of ASGN Incorporated and subsidiaries (the "Company") as of December 31, 2022 and 2021, the related consolidated statements of operations and comprehensive income, stockholders' equity, and cash flows, for each of the three years in the period ended December 31, 2022, and the related notes and the financial statement schedule listed in the Index at Item 15(a)(2) (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2022, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2022, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 24, 2023 expressed an unqualified opinion on the Company's internal control over financial reporting.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current-period audit of the financial statements that was communicated or required to be communicated to the audit committee and that (1) relates to an account or disclosure that is material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Goodwill and Identifiable Intangible Assets — Refer to Notes 2, 6 and 7 to the financial statements

Critical Audit Matter Description

The Company accounts for acquired businesses using the acquisition method of accounting by recording tangible and intangible assets acquired and liabilities assumed at their respective fair values. During 2022, the Company acquired GlideFast Consulting ("GlideFast") for \$350 million in cash which is included in the Commercial Segment. Intangible assets acquired of \$102.8 million primarily related to contractual relationships and trademark. The determination of the acquisition date fair values of the contractual relationships and trademark intangible assets required management to make significant estimates and assumptions, including future revenue estimates, and discount rates and royalty rate used in the fair value models.

We identified the fair value of certain acquired contractual relationships and the acquired trademark as a critical audit matter because of the significant judgments made by management to estimate the respective fair values. This required a high degree of auditor judgment and an increased extent of effort when performing audit procedures to evaluate the reasonableness of management's estimates related to future revenues, and the need to involve our fair value specialists to evaluate the discount rates and the royalty rate assumptions.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to the future revenue estimates and the selection of the discount rates and the royalty rate for the specified contractual relationships and trademark included the following, among others:

- We tested the effectiveness of controls over the valuation of the identified intangible assets, including management's controls over the review of future revenue estimates and selected discount rates and royalty rate.
- We compared the future revenue estimates to historical results.
- We compared actual revenue results for the year ended December 31, 2022, to management's future revenue estimates included in the valuation models.
- We compared the future revenue estimates for the year ended December 31, 2022 to forecasted information included in the Company's press releases and external industry reports.
- With the assistance of our fair value specialists, we evaluated the reasonableness of management's selected discount rates and royalty rate assumptions by:
 - Testing the source information underlying the determination of the discount rates and royalty rate and testing the mathematical accuracy of the calculation.
 - Developing a range of independent estimates for the discount rates and royalty rate and comparing those to assumptions selected by management.
 - Evaluating the reasonableness of the valuation methodologies used by the Company.

/s/ DELOITTE & TOUCHE LLP
Los Angeles, California
February 24, 2023

We have served as the Company's auditor since 1987.

ASGN INCORPORATED AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(In millions, except per share data)

	December 31,	
	2022	2021
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 70.3	\$ 529.6
Accounts receivable, net	853.6	708.2
Prepaid expenses and income taxes	39.9	41.2
Other current assets	17.3	30.4
Total current assets	981.1	1,309.4
Property and equipment, net	66.3	55.0
Operating lease right-of-use assets	51.1	57.1
Identifiable intangible assets, net	569.6	487.9
Goodwill	1,892.0	1,569.5
Other non-current assets	25.6	23.9
Total assets	\$ 3,585.7	\$ 3,502.8
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 35.2	\$ 20.1
Accrued payroll	285.1	305.5
Operating lease liabilities	22.9	23.3
Other current liabilities	98.7	102.0
Total current liabilities	441.9	450.9
Long-term debt	1,066.6	1,033.9
Operating lease liabilities	32.3	40.2
Deferred income tax liabilities	129.2	89.0
Other long-term liabilities	14.4	23.4
Total liabilities	1,684.4	1,637.4
Commitments and contingencies (Note 10)		
Stockholders' equity:		
Preferred stock, \$0.01 par value, 1.0 million shares authorized, no shares issued	—	—
Common stock, \$0.01 par value, 75.0 million shares authorized, 49.5 million and 51.8 million shares outstanding at December 31, 2022 and 2021	0.5	0.5
Paid-in capital	703.5	690.8
Retained earnings	1,200.0	1,174.4
Accumulated other comprehensive loss	(2.7)	(0.3)
Total stockholders' equity	1,901.3	1,865.4
Total liabilities and stockholders' equity	\$ 3,585.7	\$ 3,502.8

See notes to consolidated financial statements.

ASGN INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(In millions, except per share data)

	Year Ended December 31,		
	2022	2021	2020
Revenues	\$ 4,581.1	\$ 4,009.5	\$ 3,502.1
Costs of services	3,211.5	2,867.1	2,554.9
Gross profit	1,369.6	1,142.4	947.2
Selling, general and administrative expenses	895.0	735.8	615.0
Amortization of intangible assets	65.1	55.7	51.0
Operating income	409.5	350.9	281.2
Interest expense	(45.9)	(37.5)	(39.7)
Income before income taxes	363.6	313.4	241.5
Provision for income taxes	96.7	81.6	63.9
Income from continuing operations	266.9	231.8	177.6
Income from discontinued operations, net of income taxes	1.2	178.1	22.7
Net income	<u>\$ 268.1</u>	<u>\$ 409.9</u>	<u>\$ 200.3</u>
Earnings per share:			
Basic —			
Continuing operations	\$ 5.27	\$ 4.40	\$ 3.37
Discontinued operations	0.03	3.38	0.43
	<u>\$ 5.30</u>	<u>\$ 7.78</u>	<u>\$ 3.80</u>
Diluted —			
Continuing operations	\$ 5.21	\$ 4.33	\$ 3.33
Discontinued operations	0.02	3.33	0.43
	<u>\$ 5.23</u>	<u>\$ 7.66</u>	<u>\$ 3.76</u>
Shares and share equivalents used to calculate earnings per share:			
Basic	<u>50.6</u>	<u>52.7</u>	<u>52.7</u>
Diluted	<u>51.3</u>	<u>53.5</u>	<u>53.3</u>
Reconciliation of net income to comprehensive income:			
Net income	\$ 268.1	\$ 409.9	\$ 200.3
Foreign currency translation adjustment	(2.4)	0.7	6.0
Comprehensive income	<u>\$ 265.7</u>	<u>\$ 410.6</u>	<u>\$ 206.3</u>

See notes to consolidated financial statements.

ASGN INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(In millions)

	Common Stock		Paid-in Capital	Retained Earnings	Other	Total
	Shares	Par Value				
Balance at December 31, 2019	52.9	\$ 0.5	\$ 638.0	\$ 744.7	\$ (7.0)	\$ 1,376.2
Stock-based compensation expense	—	—	32.4	—	—	32.4
Issuances under equity plans	0.8	—	12.1	—	—	12.1
Tax withholding on restricted stock vesting	—	—	(12.0)	—	—	(12.0)
Stock repurchase and retirement of shares	(0.8)	—	(9.2)	(18.7)	—	(27.9)
Other	—	—	—	—	6.0	6.0
Net income	—	—	—	200.3	—	200.3
Balance at December 31, 2020	52.9	0.5	661.3	926.3	(1.0)	1,587.1
Stock-based compensation expense	—	—	52.7	—	—	52.7
Issuances under equity plans	0.5	—	14.3	—	—	14.3
Tax withholding on restricted stock vesting	—	—	(16.0)	—	—	(16.0)
Stock repurchase and retirement of shares	(1.6)	—	(21.5)	(161.8)	—	(183.3)
Other	—	—	—	—	0.7	0.7
Net income	—	—	—	409.9	—	409.9
Balance at December 31, 2021	51.8	0.5	690.8	1,174.4	(0.3)	1,865.4
Stock-based compensation expense	—	—	49.3	—	—	49.3
Issuances under equity plans	0.5	—	18.9	—	—	18.9
Tax withholding on restricted stock vesting	—	—	(16.6)	—	—	(16.6)
Stock repurchase and retirement of shares	(2.8)	—	(38.9)	(242.5)	—	(281.4)
Other	—	—	—	—	(2.4)	(2.4)
Net income	—	—	—	268.1	—	268.1
Balance at December 31, 2022	49.5	\$ 0.5	\$ 703.5	\$ 1,200.0	\$ (2.7)	\$ 1,901.3

See notes to consolidated financial statements.

ASGN INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In millions)

	Year Ended December 31,		
	2022	2021	2020
Cash Flows from Operating Activities			
Net income	\$ 268.1	\$ 409.9	\$ 200.3
Adjustments to reconcile net income to net cash provided by operating activities:			
Gain on sale of discontinued operations	—	(216.9)	—
Depreciation and amortization	91.4	89.6	89.7
Stock-based compensation	49.3	52.7	32.3
Deferred income taxes	31.5	(19.7)	1.3
Other	8.2	6.3	5.9
Changes in operating assets and liabilities, net of effects of acquisitions:			
Accounts receivable	(116.3)	(111.1)	(12.9)
Prepaid expenses and income taxes	2.0	(18.2)	6.5
Accounts payable	7.6	(23.6)	0.8
Accrued payroll	11.3	67.4	12.6
Payroll tax deferral and other	(45.3)	(42.7)	88.3
Net cash provided by operating activities	<u>307.8</u>	<u>193.7</u>	<u>424.8</u>
Cash Flows from Investing Activities			
Cash paid for property and equipment	(37.5)	(34.7)	(32.6)
Cash paid for acquisitions, net of cash acquired	(484.6)	(222.8)	(186.2)
Cash received from sale of the Oxford business	9.8	503.8	—
Other	2.3	0.2	(0.2)
Net cash provided by (used in) investing activities	<u>(510.0)</u>	<u>246.5</u>	<u>(219.0)</u>
Cash Flows from Financing Activities			
Proceeds from long-term debt	94.0	—	65.5
Principal payments of long-term debt	(62.5)	—	(65.5)
Proceeds from employee stock purchase plan	18.9	14.3	12.1
Repurchase of common stock	(281.4)	(181.3)	(27.9)
Payment of employment taxes related to release of restricted stock awards	(16.6)	(16.0)	(12.0)
Payment of contingent consideration	(8.1)	—	—
Debt issuance or amendment costs	(0.8)	(1.4)	(1.2)
Net cash used in financing activities	<u>(256.5)</u>	<u>(184.4)</u>	<u>(29.0)</u>
Effect of exchange rate changes on cash and cash equivalents	(0.6)	(0.6)	2.4
Net Increase (Decrease) in Cash and Cash Equivalents	<u>(459.3)</u>	<u>255.2</u>	<u>179.2</u>
Cash and Cash Equivalents at Beginning of Year	<u>529.6</u>	<u>274.4</u>	<u>95.2</u>
Cash and Cash Equivalents at End of Year	<u>\$ 70.3</u>	<u>\$ 529.6</u>	<u>\$ 274.4</u>
Supplemental Disclosure of Cash Flow Information			
Cash paid for —			
Income taxes	\$ 54.5	\$ 170.3	\$ 64.2
Interest	\$ 43.7	\$ 35.2	\$ 37.6

See notes to consolidated financial statements.

ASGN INCORPORATED AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. General

Basis of Presentation — The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") and the rules of the Securities and Exchange Commission ("SEC"). The consolidated financial statements include the accounts of ASGN Incorporated and its wholly-owned subsidiaries ("ASGN" or the "Company"). The results of operations for acquired companies are included in the consolidated results of the Company from the date of acquisition (see *Note 6. Acquisitions*). All intercompany accounts and transactions have been eliminated.

Use of Estimates — The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Those estimates determined to be most critical to the preparation of the financial statements are discussed below in *Note 2. Summary of Critical and Significant Accounting Policies*. Actual results could differ from those estimates.

2. Summary of Critical and Significant Accounting Policies

Critical Accounting Policies and Estimates

Recognition of Goodwill and Acquired Intangible Assets — At the acquisition date, the Company records all tangible and intangible assets acquired and liabilities assumed in a business combination at fair value, the most significant of which would be goodwill and acquired intangible assets. Acquisition-date fair value represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants as measured on the acquisition date. Fair values were derived from valuations based on information that existed as of the acquisition date. The fair value assigned to identifiable intangible assets is primarily determined using estimates including future cash flows, discount rates, royalty rates and income tax rates utilized in a discounted cash flow model, which is a non-recurring fair value measurement based on unobservable inputs (Level 3 inputs). Acquired identified intangible assets typically include customer and contractual relationships, contractor relationships, contract backlog, non-compete agreements and trademarks. In an acquisition, the excess amount of the purchase consideration paid over the fair value of the net assets acquired and liabilities assumed is recorded as goodwill. Goodwill represents the acquired assembled workforce, potential new customers and future cash flows after the acquisition. During the measurement period, which does not exceed one year from the acquisition date, provisional amounts may be adjusted to reflect new information the Company has subsequently obtained regarding facts and circumstances that existed as of the acquisition date. Such fair value assessments require judgments and estimates, which may cause final amounts to differ materially from original estimates.

Recoverability of Goodwill and Acquired Intangible Assets — Goodwill is evaluated for impairment annually, or more frequently if an event occurs or circumstances change, including but not limited to a significant decrease in expected revenues or cash flows; an adverse change in the business environment, regulatory environment or legal factors; or a substantial sustained decline in the market capitalization of our stock. Goodwill is tested at the reporting unit level, which is generally an operating segment or one level below the operating segment level, where a business operates and for which discrete financial information is available and reviewed by segment management. The Company performs its annual impairment assessment as of October 31st for each of its reporting units. When evaluating goodwill for impairment, the Company may first perform a qualitative assessment to determine whether it is more likely than not that a reporting unit is impaired. If the Company decides not to perform a qualitative assessment, or if it determines that it is more likely than not that the carrying amount of a reporting unit exceeds its fair value, a quantitative assessment is performed to determine the estimated fair value of the reporting unit. If the carrying amount of the reporting unit exceeds the estimated fair value, an impairment charge is recorded to reduce the carrying amount to its estimated fair value. The decision to perform a qualitative impairment assessment in a given year is influenced by a number of factors including: (i) the significance of the excess of the reporting units' estimated fair value over carrying amount at the last quantitative assessment date; (ii) the amount of time between quantitative fair value assessments; and (iii) the date of acquisition.

The Company's only indefinite-lived intangible assets are trademarks. The Company performs its annual impairment assessment for its trademarks as of October 31st. A qualitative assessment is performed for trademarks to determine if there are any indicators that the carrying amount might not be recovered. A quantitative analysis may be performed in order to test the trademarks for impairment. If a quantitative analysis is necessary, an income approach, specifically a relief-from-royalty method, is used to estimate the fair value of the trademarks. The estimated fair value of each trademark is compared with its carrying amount to determine if impairment exists. If the carrying amount of a trademark exceeds the estimated fair value, an impairment charge would be recorded to reduce the carrying amount of the trademark.

The Company performed a qualitative assessment for the October 31, 2022 annual impairment test for all of its reporting units and trademarks. The Company determined there were no indicators of impairment and it was more likely than not that the fair value of each of the three reporting units, and the trademarks, exceeded their respective carrying amounts by reviewing (i) macroeconomic, industry and market conditions; (ii) cost factors; (iii) overall financial performance compared with prior projections; (iv) the excess of fair value over carrying value as of the most recent quantitative assessment performed; and (v) other relevant entity-specific events.

Significant Accounting Policies

Revenue Recognition — Revenues are recognized as control of the promised service is transferred to customers, in an amount that reflects the consideration expected in exchange for the services. The Company recognizes revenues on a gross basis as it acts as a principal for all of its revenue transactions. The Company has direct contractual relationships with its customers, bears the risks and rewards of its arrangements, has the discretion to select the contract professionals, and establish the price for the services to be provided.

The majority of the Company's services are provided under time-and-materials ("T&M") contracts where payments are based on fixed hourly rates for each direct labor hour expended and reimbursements for allowable material costs and out-of-pocket expenses. Revenues for T&M contracts are recognized over time, based on hours worked, because the customer simultaneously receives and consumes the benefits as services are provided. Generally, the performance of the requested service over time is a single performance obligation. To the extent actual direct labor and associated costs vary in relation to the agreed upon billing rates, the generated profit may vary.

The Federal Government Segment also provides services under cost reimbursable and firm-fixed-price ("FFP") contracts, which are recognized over time based on the amount invoiced as those amounts directly correspond with the value received by a customer. Generally, these contracts contain a single performance obligation involving a significant integration of various activities that are performed together to deliver a combined service or solution. Cost reimbursable contracts are usually subject to lower risk and tend to have lower margins. From time to time, the Company may have FFP contracts in which revenues are recognized using a cost-to-cost measurement method.

Under certain commercial contracts, customers may receive discounts (e.g., volume discounts, rebates, prompt-pay discounts) and adjustments to the amounts billed, which are considered variable consideration. Volume discounts are the largest component of variable consideration and are estimated using (i) the most likely amount method; (ii) contract terms; and (iii) estimates of revenue. Revenues are recognized net of variable consideration to the extent it is probable a significant reversal of revenues will not occur in subsequent periods. The Company includes billable expenses (allowable material costs and out-of-pocket reimbursable expenses) in revenues and the associated expenses are included in costs of services.

There are no incremental contract costs to obtain contracts. Contract fulfillment costs include, but are not limited to, direct labor for both employees and subcontractors, allowable materials such as third-party hardware and software that are integrated as part of the overall services and solutions provided to customers and out-of-pocket reimbursable expenses. Contract fulfillment costs are expensed as incurred, except for certain set-up costs for a federal government project, which were capitalized and are being amortized over the expected period of benefit.

The Company's contracts have termination for convenience provisions and do not have substantive termination penalties. Therefore, the contract duration for accounting purposes may be less than the stated terms. For accounting purposes, the Company's contracts with customers are considered to be of a short-term nature (one year or less). The Company does not disclose the value of remaining performance obligations for short-term contracts.

The Company has contract liabilities for payments received in advance of providing services under certain contracts. Contract liabilities for advance payments were \$16.1 million and \$13.3 million at December 31, 2022 and 2021, respectively. Contract liabilities are included in other current liabilities in the accompanying consolidated balance sheets and are generally recognized as revenues within three months from the balance sheet date.

Payment terms vary and the time between invoicing and when payment is due is not significant. There are no financing components to the Company's arrangements.

Costs of Services — Costs of services include direct costs consisting primarily of payroll, payroll taxes and benefit costs for the Company's contract professionals. Costs of services also include other direct costs and reimbursable out-of-pocket expenses.

Stock-Based Compensation — Stock-based compensation expense is measured based on the grant-date fair value of the respective awards and recognized over the requisite service period, net of an estimated forfeiture rate.

Amortization of Finite-Lived Intangible Assets — Finite-lived intangible assets are amortized over their useful lives and are tested for recoverability whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Customer and contractual relationships and contract backlog are amortized based on the annual cash flows observed in the valuation of the asset, which generally accelerates the amortization into the earlier years reflective of the economic life of the asset. Contractor relationships and non-compete agreements are amortized using the straight-line method.

Income Taxes — Income taxes are accounted for using the liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. Deferred tax assets are reduced by a valuation allowance if it is more likely than not that a portion of the deferred tax asset will not be realized.

The Company reviews its uncertain tax positions regularly. An uncertain tax position represents the Company's expected treatment of a tax position taken in a filed return, or planned to be taken in a future tax return or claim that has not been reflected in measuring income tax expense for financial reporting purposes. The Company recognizes the tax benefit from an uncertain tax position when it is more-likely-than-

not that the position will be sustained upon examination on the basis of the technical merits or the statute of limitations for the relevant taxing authority to examine and challenge the tax position has expired.

Foreign Currency Translation — The functional currency of the Company's foreign operations is their local currency. Assets and liabilities are translated into U.S. dollars at the rate of exchange in effect on the balance sheet date. Revenues and expenses are translated at the average rates of exchange prevailing during each monthly period. The related translation adjustments are recorded as cumulative foreign currency translation adjustments in accumulated other comprehensive (loss) income as a separate component of stockholders' equity.

Cash and Cash Equivalents — The Company considers all highly-liquid investments with original maturities of three months or less to be cash equivalents.

Accounts Receivable Allowances — The Company estimates an allowance for expected credit losses (the inability of customers to make required payments). These estimates are based on (i) a combination of past experience and current trends, (ii) consideration of the current aging of receivables and (iii) a specific review for potential bad debts. The resulting bad debt expense is included in SG&A expenses in the accompanying consolidated statements of operations and comprehensive income. Receivables are written off when deemed uncollectible. The accounts receivable allowance was \$4.0 million and \$3.1 million at December 31, 2022 and 2021, respectively.

Leases — The Company has operating leases for corporate offices, branch offices and data centers, which have lease terms ranging from three months to 8.5 years. At the inception of a contract, the Company determines if the contract contains a lease. A contract contains a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Operating lease ROU assets and lease liabilities are recognized at the lease commencement date, based on the present value of the future minimum lease payments. The Company's leases do not provide an implicit rate of return. Therefore, the Company uses its incremental borrowing rate ("IBR") in determining the present value of lease payments. In determining the IBR, the Company considers its credit rating and the current market interest rates. The IBR approximates the interest rate the Company would pay on collateralized debt with similar terms and payments as the lease agreements and in a similar economic environment where the leased assets are located. Leases with an initial term of 12 months or less are not recorded on the balance sheet. The Company does not have finance leases.

Lease expense is recognized on a straight-line basis over the lease term and is primarily included in SG&A expenses in the accompanying consolidated statements of operations and comprehensive income. Some lease agreements offer renewal options, which are assessed against relevant economic factors to determine whether it is reasonably certain that these renewal options will be exercised. As a result of this assessment, for most leases, renewal options were excluded from the minimum lease payments when calculating the operating lease assets and liabilities, as the Company does not consider the exercise of such options to be reasonably certain.

The Company has lease agreements with lease and non-lease components, which are accounted for as a single lease component for all underlying asset classes. Some leases require variable payments for common area maintenance, property taxes, parking, insurance and other variable costs. The variable portion of lease payments is not included in operating lease assets or liabilities. Variable lease costs are expensed when incurred.

Property and Equipment — Property and equipment are stated at cost. Depreciation and amortization are provided using the straight-line method over the estimated useful lives of the related assets, generally three to five years. Leasehold improvements are amortized over the shorter of the life of the related asset or the remaining term of the lease. Costs associated with customized internal-use software systems that have reached the application development stage and meet recoverability tests are capitalized and include external direct costs utilized in developing or obtaining the applications and payroll and payroll-related expenses for employees who are directly associated with the application development.

Impairment or Disposal of Long-Lived Assets — The Company evaluates long-lived assets, other than goodwill and identifiable intangible assets with indefinite lives, for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. An impairment loss is recognized when the sum of the undiscounted future cash flows is less than the carrying amount of the asset, in which case a write-down is recorded to reduce the related asset to its estimated fair value. There were no significant impairments of long-lived assets in 2022, 2021 and 2020.

Workers' Compensation Loss Reserves — The Company carries retention policies for its workers' compensation liability exposures. Under these policies, the Company pays a base premium plus actual losses incurred, not to exceed certain stop-loss limits. The Company is insured for losses above these limits. The Company estimates its workers' compensation loss reserves based on a third-party actuarial study based on claims filed and claims incurred but not reported. The Company accounts for claims incurred but not yet reported based on estimates derived from historical claims experience and current trends of industry data. Changes in estimates, differences in estimates and actual payments for claims are recognized in the period when the estimate changed or the payment was made.

Contingencies — The Company records an estimated loss from a loss contingency when information available prior to issuance of its financial statements indicates it is probable that an asset has been impaired or a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Accounting for contingencies, such as legal settlements and workers' compensation matters, requires the Company to use judgment.

Concentration of Credit Risk — Financial instruments that potentially subject the Company to credit risks consist primarily of cash and cash equivalents and trade receivables. The Company places its cash and cash equivalents with high-quality financial institutions. Concentration of

credit risk with respect to accounts receivable for the Commercial Segment is limited because of the large number of clients and their dispersion across different industries and geographies, thus spreading the trade credit risk. The Company performs ongoing credit evaluations to identify risks and maintains an allowance to address these risks. Accounts receivables for the Federal Government Segment are primarily from the U.S. government and are considered to have low credit risk.

Earnings per Share — Basic earnings per share are computed using the weighted-average number of shares outstanding and diluted earnings per share are computed using the weighted-average number of shares and dilutive share equivalents (consisting of restricted stock units and employee stock purchase plan contributions) outstanding during the periods using the treasury-stock method.

3. Accounting Standards Update

In October 2021, the Financial Accounting Standards Board issued Accounting Standards Update 2021-08, Business Combinations (Topic 805) Accounting for Acquired Contract Assets and Contract Liabilities, which requires an acquirer to recognize and measure contract assets and liabilities in a business combination in accordance with Accounting Standards Codification Topic 606 Revenue from Contracts with Customers, rather than adjust them to fair value at the acquisition date. The Company early adopted this standard during 2022 and it had no impact on the consolidated financial statements.

4. Discontinued Operations

On August 17, 2021, the Company sold its Oxford business to an affiliate of H.I.G. Capital for \$525.0 million. The gain on the sale was \$216.9 million (\$168.8 million net of income taxes). The sale of the Oxford business was a strategic shift that provided for the redeployment of capital on acquisitions of businesses that enhance the Company's IT consulting capabilities and services in the commercial and federal government sectors. As a result of the sale, the financial results of the Oxford business are reported as discontinued operations in the accompanying consolidated statements of operations and comprehensive income. The Company's reporting segments were retrospectively changed in 2021 for the effects of the sale.

There were no significant operating results from discontinued operations in 2022. The following table summarizes the results of operations of the Oxford business that are reported as discontinued operations (in millions).

	Year Ended December 31,	
	2021	2020
Revenues	\$ 324.3	\$ 448.5
Costs of services	223.0	306.4
Gross profit	101.3	142.1
Selling, general and administrative expenses	90.1	112.3
Amortization of intangible assets	0.4	0.7
Income before income taxes	10.8	29.1
Provision for income taxes	1.5	6.4
Gain on sale, net of income taxes	168.8	—
Income from discontinued operations, net of income taxes	<u>\$ 178.1</u>	<u>\$ 22.7</u>

During 2022, the Company received \$9.8 million cash related to the finalization of the purchase price. The following table provides select cash flow information related to the Oxford business (in millions):

	Year Ended December 31,	
	2021	2020
Net cash provided by (used in) operating activities	\$ (84.0)	\$ 49.9
Net cash provided by (used in) investing activities		
Cash received from sale of discontinued operations	503.8	—
Other	(3.9)	(6.4)
	<u>\$ 499.9</u>	<u>\$ (6.4)</u>

5. Leases

The Company has operating leases for corporate offices, branch offices and data centers. The following table includes certain information about these leases (dollars in millions).

	Year Ended December 31,		
	2022	2021	2020
Components of lease expense —			
Operating lease expense	\$ 25.4	\$ 26.9	\$ 28.1
Short-term lease expense	6.9	5.4	6.4
Variable lease expense	4.8	5.1	5.2
	<u>\$ 37.1</u>	<u>\$ 37.4</u>	<u>\$ 39.7</u>
Weighted-average remaining lease term of operating leases	3.1 years	3.2 years	3.7 years
Weighted-average discount rate of operating leases	3.67 %	3.47 %	3.86 %
Supplemental cash flow information —			
Cash paid for operating lease liabilities	\$ 28.3	\$ 29.1	\$ 28.1
Right-of-use assets obtained with lease liabilities	\$ 15.6	\$ 10.8	\$ 18.9

Future maturities of operating lease liabilities are as follows (in millions):

2023	\$ 24.5
2024	15.3
2025	8.9
2026	6.1
2027	3.5
Thereafter	0.2
Total future minimum lease payments	<u>58.5</u>
Less: imputed interest	3.3
	<u>\$ 55.2</u>

6. Acquisitions

The following is a summary of the Company's acquisitions (in millions).

	Year Ended December 31,		
	2022	2021	2020
Number of businesses acquired	Two	Three	Four
Aggregate purchase price ¹	\$ 483.0	\$ 221.3	\$ 186.0
Maximum contingent consideration ²	—	15.0	19.0
Status of purchase accounting	Open	Closed	Closed

¹ Generally, working capital adjustments and contingent consideration account for the difference between the aggregate purchase price and cash paid, net of cash acquired in the accompanying statements of cash flows.

² See Note 16. Fair Value Measurements for information on contingent consideration.

During 2022, the Company increased its investment in IT consulting through the acquisition of two businesses. On July 6th, the Company acquired GlideFast Consulting ("GlideFast") for \$350.0 million in cash. GlideFast is part of the Commercial Segment. The preliminary fair value of the identifiable intangible assets related to this acquisition totaled \$102.8 million, including a trademark of \$30.2 million which has an indefinite life, and the remaining intangible assets have a weighted-average useful life of six years. On October 3rd, the Company acquired Iron Vine Security, which is included in the Federal Government Segment.

None of the acquisitions in the periods presented were material individually or in the aggregate; therefore, we did not present any pro forma results for these acquisitions.

7. Goodwill and Other Identifiable Intangible Assets

The following table summarizes the activity related to the carrying amount of goodwill by reportable segment since December 31, 2020 (in millions). See Note 15. *Segment Reporting* for more information on the Company's reportable segments.

	Commercial	Federal Government	Total
Balance as of December 31, 2020	\$ 778.6	\$ 642.1	\$ 1,420.7
2021 acquisitions	51.1	94.8	145.9
Purchase price adjustment	—	3.3	3.3
Translation adjustment	(0.4)	—	(0.4)
Balance as of December 31, 2021	829.3	740.2	1,569.5
2022 acquisitions	246.4	85.5	331.9
Purchase price adjustment	0.4	(8.5)	(8.1)
Translation adjustment	(1.4)	—	(1.4)
Balance as of December 31, 2022	<u>\$ 1,074.7</u>	<u>\$ 817.2</u>	<u>\$ 1,891.9</u>

Approximately \$250.7 million and \$127.2 million of the goodwill for the 2022 and 2021 acquisitions, respectively, is deductible for income tax purposes.

Acquired intangible assets consisted of the following (in millions):

	Estimated Useful Life (in years)	December 31, 2022			December 31, 2021		
		Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Subject to amortization:							
Customer and contractual relationships	7 - 13	\$ 589.3	\$ 315.7	\$ 273.6	\$ 493.9	\$ 260.2	\$ 233.7
Contractor relationships	4	—	—	—	45.5	45.5	—
Contract Backlog	1 - 3	44.1	36.5	7.6	34.8	31.0	3.8
Non-compete agreements	1 - 7	41.2	25.6	15.6	29.4	21.6	7.8
		<u>674.6</u>	<u>377.8</u>	<u>296.8</u>	<u>603.6</u>	<u>358.3</u>	<u>245.3</u>
Not subject to amortization:							
Trademarks		272.8	—	272.8	242.6	—	242.6
		<u>\$ 947.4</u>	<u>\$ 377.8</u>	<u>\$ 569.6</u>	<u>\$ 846.2</u>	<u>\$ 358.3</u>	<u>\$ 487.9</u>

Estimated future amortization expense is as follows (in millions):

2023	\$ 71.6
2024	58.1
2025	48.8
2026	41.8
2027	32.0
Thereafter	44.5
	<u>\$ 296.8</u>

8. Property and Equipment

Net property and equipment consisted of the following (in millions):

	December 31,	
	2022	2021
Computer hardware and software	\$ 201.3	\$ 172.2
Furniture, fixtures and equipment	27.9	24.0
Leasehold improvements	27.0	24.4
Work-in-progress	7.4	8.2
	<u>263.6</u>	<u>228.8</u>
Less: accumulated depreciation	<u>(197.3)</u>	<u>(173.8)</u>
	<u>\$ 66.3</u>	<u>\$ 55.0</u>

The Company has capitalized costs related to its various technology initiatives. At December 31, 2022, the net book value of computer software was \$35.8 million, which included work-in-progress of \$7.3 million. At December 31, 2021, the net book value of computer software was \$27.7 million, which included work-in-progress of \$8.2 million.

The following table summarizes the presentation of depreciation expense within the accompanying consolidated statements of operations and comprehensive income (in millions).

	Year Ended December 31,		
	2022	2021	2020
Selling, general and administrative expenses	\$ 25.3	\$ 23.4	\$ 23.7
Costs of services	1.0	4.6	4.6
	<u>\$ 26.3</u>	<u>\$ 28.0</u>	<u>\$ 28.3</u>

9. Long-Term Debt

Long-term debt consisted of the following (in millions):

	December 31,	
	2022	2021
Senior Secured Credit Facility:		
Borrowings under \$460 million revolving credit facility, due 2024	\$ 31.5	\$ —
Term B loan facility, due 2025	490.8	490.8
Unsecured Senior Notes, due 2028	550.0	550.0
	<u>1,072.3</u>	<u>1,040.8</u>
Unamortized deferred loan costs	(5.7)	(6.9)
	<u>\$ 1,066.6</u>	<u>\$ 1,033.9</u>

Senior Secured Credit Facility — On November 22, 2022, the Company entered into the ninth amendment to its senior secured credit facility (the "facility"), which (i) increased the capacity of its revolving credit facility (the "revolver") to \$460.0 million from \$250.0 million; and (ii) replaced the LIBOR reference rate with the secured overnight financing rate plus a 10 basis points adjustment ("SOFR").

The facility consists of a term B loan and the aforementioned \$460.0 million revolver. Borrowings under the term B loan bear interest at SOFR plus 1.75 percent, or the bank's base rate plus 0.75 percent. Borrowings under the revolver bear interest at SOFR plus 1.25 to 2.25 percent or the bank's base rate plus 0.25 to 1.25 percent, depending on leverage levels. A commitment fee of 0.20 to 0.35 percent is payable on the undrawn portion of the revolver. The revolver is limited to a maximum ratio of senior secured debt to trailing 12-months of lender-defined consolidated EBITDA of 3.75 to 1.00, which was 0.92 to 1.00 at December 31, 2022. There are no required minimum payments on the facility. The facility is secured by substantially all of the Company's assets and includes various restrictive covenants. The facility permitted the sale of its Oxford business in 2021 and the net cash proceeds (approximately \$0.4 billion) were used for the acquisition of GlideFast on July 6, 2022 and other permitted investments within the required timeframe. At December 31, 2022, the Company was in compliance with its debt covenants.

Unsecured Senior Notes — The Company has \$550.0 million of unsecured senior notes, which bear interest at 4.625 percent payable semiannually in arrears on May 15 and November 15. These notes are unsecured obligations and are subordinate to the senior secured credit facility. These notes also contain certain customary limitations including, among other terms and conditions, the Company's ability to incur additional indebtedness, engage in mergers and acquisitions, transfer or sell assets, and make certain distributions.

10. Commitments and Contingencies

Purchase Obligations — The Company's purchase obligations include non-cancelable job board service agreements, software maintenance and license agreements and software subscriptions. The following is a summary of these obligations as of December 31, 2022, which excludes lease liabilities and other current liabilities that are included in the accompanying consolidated balance sheets (in millions):

2023	\$ 18.0
2024	16.6
2025	17.8
2026	6.6
	<u>\$ 59.0</u>

Other Commitments — The workers' compensation loss reserves were \$2.6 million and \$2.4 million, net of anticipated insurance and indemnification recoveries of \$10.2 million and \$10.4 million, at December 31, 2022 and 2021, respectively. To secure obligations for workers' compensation claims and other obligations, the Company has undrawn stand-by letters of credit of \$4.0 million.

Certain employees participate in the Company's Amended and Restated Change in Control Severance Plan and/or have separate agreements that provide for certain benefits in the event of termination at the Company's convenience, as defined by the plan or agreement. Generally, these benefits are based on the employee's position in the Company and include severance and continuation of health insurance, and may contain acceleration of equity grants and a pro-rata bonus based on the amount earned prior to a change in control.

Legal Proceedings — The Company is involved in various legal proceedings, claims and litigation arising in the ordinary course of business, including collective class and PAGA actions alleging violations of wage and hour laws. The Company does not believe that the disposition of matters that are pending or asserted will have a material effect on its consolidated financial statements.

11. Stockholder's Equity

Under stock repurchase programs approved by the Company's Board of Directors, the Company repurchased 2.8 million of its common shares for \$281.4 million during 2022 and 1.6 million shares for \$183.3 million during 2021. All repurchased shares have been retired. Under the two-year, \$400.0 million stock repurchase program, which was approved on July 27, 2022 and superseded the previous program, there was approximately \$313.9 million remaining at year end for future stock repurchases.

12. Stock-Based Compensation and Other Employee Benefit Plans

The Company believes that stock-based compensation aligns the interests of its employees and directors with those of its stockholders. Stock-based compensation provides incentives to retain and motivate executive officers and key employees responsible for driving Company performance and maintaining important relationships that contribute to the growth of the Company. As of December 31, 2022, the Company has two stock-based compensation plans:

2010 Plan — On June 13, 2019, the stockholders of the Company approved the Second Amended and Restated 2010 Incentive Award Plan (the "2010 Plan"). This plan permits the grant of incentive stock options, nonqualified stock options, dividend equivalent rights, stock payments, deferred stock, restricted stock awards, restricted stock units ("RSUs"), performance shares and other incentive awards, stock appreciation rights and cash awards to its employees, directors and consultants. As of December 31, 2022, there were 2.2 million shares available for issuance under the 2010 Plan.

2012 Plan — The Board of Directors adopted the Second Amended and Restated 2012 Employment Inducement Incentive Award Plan on April 26, 2018 (the "2012 Plan"), which is amended from time to time to add additional shares. This plan allows for grants of stock to employees as employment inducement awards pursuant to NYSE rules. The terms of the 2012 Plan are similar to the 2010 Plan. As of December 31, 2022, there were 0.1 million shares available for issuance under the 2012 Plan.

Stock-based compensation expense in the accompanying consolidated statements of operations and comprehensive income was as follows:

	Year ended December 31,		
	2022	2021	2020
Continuing operations (included in SG&A expenses)	\$ 49.3	\$ 39.6	\$ 27.4
Discontinued operations	—	13.1	4.9
	<u>\$ 49.3</u>	<u>\$ 52.7</u>	<u>\$ 32.3</u>

The Company recognized income tax benefits for stock-based compensation arrangements of \$4.3 million, \$2.5 million and \$1.4 million for the years ended December 31, 2022, 2021 and 2020, respectively.

Restricted Stock Units — The Company issues RSUs with (i) service conditions; and (ii) a combination of (i) service and market and/or performance conditions. RSUs generally vest over one- to five-year periods, and the RSUs that have performance conditions are based on the achievement of specified annual or multi-year financial or other targets. In 2022 and 2021, the Company granted certain awards that included three-year financial performance targets plus a component based on achievement of total shareholder return ("TSR") relative to an objectively selected group of industry peers over a three-year period, with payouts ranging from zero to 200 percent of the target award. In 2020, the Company granted certain awards that vest solely based on achievement of TSR relative to an objectively selected group of industry peers over a three-year period, with payouts ranging from zero to 200 percent of the target award.

The fair value of each RSU is based on the grant-date fair market value of the awards. The fair value of the Company's RSUs, other than the TSR components thereof, were determined on the grant date based on the closing market price for the Company's stock. The fair values of the TSR components of the awards were \$8.71, \$13.90 and \$49.11 per share for the 2022, 2021 and 2020 awards, respectively, determined on the grant date using a Monte Carlo simulation model based on the following assumptions:

	2022 Awards	2021 Awards	2020 Awards
Expected term (years)	3.0	3.0	3.0
Dividend yield	—	—	—
Volatility factor	43.9 %	46.0 %	38.8 %
Risk-free interest rate	1.8 %	0.3 %	0.3 %

Compensation expense for RSUs is determined based on the grant-date fair value of those awards, net of an estimated forfeiture rate. The forfeiture rate estimates the number of awards that will eventually vest and is based on historical vesting patterns. Compensation expense for RSUs with performance conditions based on financial targets are measured on the amount of shares ultimately expected to vest, estimated at each reporting date based on management's expectations regarding the relevant performance criteria. Compensation expense for all other RSUs are recognized on a straight-line basis, net of an estimated forfeiture rate over the requisite service period of the award.

A summary of the status of the Company's unvested RSUs as of December 31, 2022 and changes during the year then ended are presented below (number of units in millions, except fair value per unit):

	Service Conditions	Performance/ Market and Service Conditions	Total	Weighted- Average Grant-Date Fair Value Per Unit
Unvested RSUs outstanding at December 31, 2021	0.6	0.3	0.9	\$ 76.29
Granted	0.3	0.1	0.4	\$110.62
Vested	(0.3)	(0.2)	(0.5)	\$ 73.99
Forfeited	(0.1)	—	(0.1)	\$ 85.67
Unvested RSUs outstanding at December 31, 2022	<u>0.5</u>	<u>0.2</u>	<u>0.7</u>	\$ 92.13
Unvested and expected to vest RSUs outstanding at December 31, 2022	<u>0.5</u>	<u>0.5</u>	<u>1.0</u>	\$ 91.80

Vested shares include 0.2 million shares surrendered for payment of employee income taxes, which are available for re-issuance under the 2010 Plan.

As of December 31, 2022, there was unrecognized compensation expense of \$56.5 million related to unvested RSUs based on awards that are expected to vest. The unrecognized compensation expense is expected to be recognized over a weighted-average period of approximately 1.6 years. The fair value of RSUs that vested was \$49.3 million in 2022, \$47.9 million in 2021 and \$34.4 million in 2020. The weighted-average grant-date fair value per unit of RSUs was \$110.62 in 2022, \$93.36 in 2021 and \$61.23 in 2020.

Employee Stock Purchase Plan — The stockholders of the Company approved the Second Amended and Restated 2010 Employee Stock Purchase Plan ("ESPP") on June 18, 2020. The ESPP allows eligible employees to purchase common stock of the Company, through payroll deductions, at a 15 percent discount of the lower of the market price on the first day or the last day of the semi-annual purchase periods. Participants are required to hold the shares for a 12-month period after the purchase date. The ESPP is intended to qualify as an employee stock purchase plan under the Internal Revenue Service ("IRS") Code Section 423. Eligible employees may contribute up to a certain percentage set by the plan administrator of their eligible earnings toward the purchase of the stock (subject to certain IRS limitations). As of December 31, 2022, there were 0.9 million shares available for issuance under the ESPP.

Shares of common stock are transferred to participating employees at the conclusion of each six-month offering period, which ends on the last business day of the month in March and September each year. Compensation expense is measured using a Black-Scholes valuation model. The fair values of the options granted under the ESPP were estimated using the Black-Scholes valuation model at the date of grant based on the following assumptions:

	Year Ended December 31,		
	2022	2021	2020
Expected term (years)	0.5	0.5	0.5
Dividend yield	—	—	—
Expected volatility	27.8 - 32.4%	39.2 - 55.2%	32.0 - 63.3%
Weighted-average risk-free interest rate	0.1 - 1.0%	0.1 - 0.1%	0.1 - 1.8%
Average Black-Scholes valuation per share	\$ 27.60	\$ 21.70	\$ 12.53
Shares issued (millions)	0.2	0.2	0.4
Stock-based compensation expense (millions)	\$ 6.2	\$ 4.9	\$ 4.0

Deferred Compensation Plan — The Company's Deferred Compensation Plan, which became effective on June 1, 2017 and has been amended from time to time (the "DCP"), allows for eligible management and highly-compensated key employees to elect to defer a portion of their compensation to later years. These deferrals are subject to investment risk and a risk of forfeiture under certain circumstances. Participants may choose from various investment options representing a broad range of asset classes. The Company's deferred compensation plan liability was \$13.6 million and \$15.6 million at December 31, 2022 and 2021, respectively, which was primarily included in other long-term liabilities. The Company established a rabbi trust to fund the DCP and is primarily comprised of mutual funds, which are measured at fair value using the net asset value practical expedient.

Employee Defined Contribution Plans — The Company maintains various 401(k) retirement savings plans for the benefit of our eligible U.S. employees. Under terms of these plans, eligible employees are able to make contributions to these plans on a tax-deferred basis. The Company made matching contributions to the 401(k) plans of \$22.5 million in 2022, \$19.9 million in 2021 and \$15.9 million in 2020.

13. Income Taxes

The provision for income taxes for consists of the following (in millions):

	Year Ended December 31,		
	2022	2021	2020
Current:			
Federal	\$ 44.4	\$ 43.6	\$ 44.9
State	15.8	15.5	15.5
Foreign	4.9	3.0	1.7
	<u>65.1</u>	<u>62.1</u>	<u>62.1</u>
Deferred:			
Federal and State	31.6	19.5	1.8
	<u>\$ 96.7</u>	<u>\$ 81.6</u>	<u>\$ 63.9</u>

Income from continuing operations before income taxes consists of the following (in millions):

	Year Ended December 31,		
	2022	2021	2020
United States	\$ 347.6	\$ 304.5	\$ 237.6
Foreign	16.0	8.9	3.9
	<u>\$ 363.6</u>	<u>\$ 313.4</u>	<u>\$ 241.5</u>

The components of deferred tax (liabilities) assets are as follows (in millions):

	December 31,	
	2022	2021
Intangibles	\$ (159.9)	\$ (127.5)
Depreciation expense	(8.8)	(11.4)
Operating lease right-of-use assets	(11.8)	(14.8)
Operating lease liabilities	12.2	15.6
Allowance for doubtful accounts	1.3	1.5
Employee-related accruals	21.0	20.5
Stock-based compensation	11.1	10.0
Payroll tax deferral	—	10.5
Other	5.7	6.6
	<u>\$ (129.2)</u>	<u>\$ (89.0)</u>

The reconciliation between the amount computed by applying the U.S. federal statutory tax rate of 21 percent to income before income taxes and the income tax provision is as follows (in millions):

	Year Ended December 31,		
	2022	2021	2020
Income tax provision at the statutory rate	\$ 76.3	\$ 65.8	\$ 50.7
State income taxes, net of federal benefit	17.3	15.2	12.7
Nondeductible executive compensation	5.4	3.3	1.3
Disallowed meals and entertainment expenses	0.5	0.2	0.5
Excess stock-based compensation benefit	(3.5)	(2.0)	(1.1)
Work opportunity tax credit	(2.1)	(3.1)	(2.0)
Other	2.8	2.2	1.8
	<u>\$ 96.7</u>	<u>\$ 81.6</u>	<u>\$ 63.9</u>

As of December 31, 2022, the Company had \$0.5 million domestic credit carryforwards and had \$1.6 million of foreign net operating losses, which will start to expire in 2030. The Company has recorded a valuation allowance of approximately \$0.9 million at December 31, 2022 related to credits and net operating loss carryforwards.

At December 31, 2022, the Company had undistributed earnings of foreign subsidiaries of approximately \$16.2 million, substantially all of which are permanently reinvested. The Company will repatriate a portion of these foreign earnings in situations it deems advantageous for business operations, tax or cash management reasons. In doing so, the Company could be subject to state income and foreign taxes which would be insignificant. The determination of the amount of unrecognized deferred income tax liability for any basis differences on the permanently reinvested foreign earnings is not practicable due to the complexities associated with this hypothetical calculation.

The Company had gross deferred tax assets of \$59.3 million and \$71.7 million and gross deferred tax liabilities of \$187.6 million and \$160.4 million at December 31, 2022 and 2021, respectively. Management has determined the gross deferred tax assets are realizable.

At December 31, 2022 and 2021, there were \$1.4 million and \$1.3 million of unrecognized tax benefits, respectively, and changes during those years were not significant. If recognized, these unrecognized tax benefits would affect the annual effective tax rate. The gross unrecognized tax benefits are included in other long-term liabilities in the accompanying consolidated balance sheets. The Company recognizes interest and penalties related to uncertain tax positions in income tax expense in the accompanying consolidated statements of operations and comprehensive income. The amount of interest and penalties recognized in the consolidated financial statements is not significant. The Company believes that there will be no significant decrease in unrecognized tax benefits by the end of 2023.

The Company is subject to taxation in the United States and various states and foreign jurisdictions. The IRS has completed an examination of the Company's U.S. income tax return for the 2018 tax year with no change. The Company remains subject to U.S. federal income tax examinations for 2019 and subsequent years. For the majority of U.S. states, with few exceptions and generally for the foreign tax jurisdictions, the Company remains subject to examination for 2018 and subsequent years.

14. Earnings per Share

The following is a reconciliation of the number of shares and share equivalents used to calculate basic and diluted earnings per share (in millions, except per share amounts):

	Year Ended December 31,		
	2022	2021	2020
Income from continuing operations	\$ 266.9	\$ 231.8	\$ 177.6
Income from discontinued operations, net of income taxes	1.2	178.1	22.7
Net income	<u>\$ 268.1</u>	<u>\$ 409.9</u>	<u>\$ 200.30</u>
Weighted-average number of common shares outstanding - basic	50.6	52.7	52.7
Dilutive effect of common share equivalents	0.7	0.8	0.6
Weighted-average number of common shares and share equivalents outstanding - diluted	<u>51.3</u>	<u>53.5</u>	<u>53.3</u>
Basic earnings per share:			
Continuing operations	\$ 5.27	\$ 4.40	\$ 3.37
Discontinued operations	0.03	3.38	0.43
	<u>\$ 5.30</u>	<u>\$ 7.78</u>	<u>\$ 3.80</u>
Diluted earnings per share:			
Continuing operations	\$ 5.21	\$ 4.33	\$ 3.33
Discontinued operations	0.02	3.33	0.43
	<u>\$ 5.23</u>	<u>\$ 7.66</u>	<u>\$ 3.76</u>

15. Segment Reporting

ASGN provides information technology and professional services in the technology and creative digital marketing fields across the commercial and government sectors. ASGN operates through its Commercial and Federal Government segments. Virtually all of the Company's revenues are generated in the United States.

The Commercial Segment provides IT services and solutions, digital and creative services to Fortune 1000 and large enterprise clients across the United States, Canada and Europe. The Federal Government Segment delivers advanced solutions in cloud and enterprise IT, cybersecurity, artificial intelligence, machine learning and digital transformation to meet the mission critical needs of defense, intelligence and federal civilian agencies. Management evaluates the performance of each segment primarily based on revenues, gross profit and operating income derived directly from internal financial reporting of the segments used for corporate management purposes, which is presented below by segment (in millions):

	Year Ended December 31,		
	2022	2021	2020
Commercial			
Revenues	\$ 3,435.7	\$ 2,927.1	\$ 2,497.9
Gross profit	1,126.2	934.9	778.3
Operating income	411.1	355.9	284.5
Depreciation	16.3	13.9	14.4
Amortization	31.3	25.7	22.9
Federal Government			
Revenues	\$ 1,145.4	\$ 1,082.4	\$ 1,004.2
Gross profit	243.4	207.6	168.9
Operating income	89.1	76.1	58.0
Depreciation	5.5	8.5	9.0
Amortization	33.8	30.0	28.1
Consolidated			
Revenues	\$ 4,581.1	\$ 4,009.5	\$ 3,502.1
Gross profit	1,369.6	1,142.4	947.2
Operating income	409.5	350.9	281.2
Depreciation	26.3	28.0	28.3
Amortization	65.1	55.7	51.0

Consolidated operating income includes corporate operating expenses, which are not allocated to the segments. These include stock-based compensation expense, depreciation expense, compensation for corporate employees, acquisition, integration and strategic planning expenses and public company expenses.

Virtually all of the revenues from the Commercial Segment are generated from time-and-materials ("T&M") contracts where payments are based on fixed hourly rates for each direct labor hour expended and reimbursements for allowable material costs and out-of-pocket expenses. Revenues from the Federal Government Segment are generated from: (i) firm-fixed-price, (ii) T&M and (iii) cost reimbursable contracts. Revenues by segment and by type are as follows (in millions):

	Year Ended December 31,		
	2022	2021	2020
Commercial			
Assignment	\$ 2,476.1	\$ 2,285.9	\$ 2,117.0
Consulting	959.6	641.2	380.9
	<u>3,435.7</u>	<u>2,927.1</u>	<u>2,497.9</u>
Federal Government			
Firm-fixed-price	331.6	295.6	272.0
Time and materials	456.3	399.0	322.6
Cost reimbursable	357.5	387.8	409.6
	<u>1,145.4</u>	<u>1,082.4</u>	<u>1,004.2</u>
Consolidated	<u>\$ 4,581.1</u>	<u>\$ 4,009.5</u>	<u>\$ 3,502.1</u>

Federal Government Segment revenues by customer type are as follows (in millions):

	Year Ended December 31,		
	2022	2021	2020
Department of Defense and Intelligence Agencies	\$ 606.3	\$ 589.7	\$ 558.5
Federal Civilian	503.4	421.8	370.6
Other	35.7	70.9	75.1
	<u>\$ 1,145.4</u>	<u>\$ 1,082.4</u>	<u>\$ 1,004.2</u>

16. Fair Value Measurements

Recurring Fair Value Measurements — The carrying amounts of cash and cash equivalents, accounts receivable, accounts payable and accrued payroll and contract professional pay approximate their fair value based on their short-term nature. The carrying amount of long-term debt recorded in the Company's accompanying consolidated balance sheet at December 31, 2022 was \$1.1 billion (see *Note 9. Long-Term Debt*) and its fair value was \$1.0 billion on December 31, 2022, which was determined using quoted prices in active markets for identical liabilities (Level 1 inputs).

Certain acquisitions contained provisions requiring the Company to pay contingent consideration in the event the underlying acquired businesses achieved certain specified earning targets or obtained specified contract awards (see *Note 6. Acquisitions*). Contingent consideration liabilities had a fair value of \$15.1 million at December 31, 2021, of which \$8.1 million was paid in 2022 and the remaining amount was reduced to zero as a measurement period adjustment, with no effect on results of operations. There were no fair value adjustments for non-financial assets or liabilities as of December 31, 2022.

Nonrecurring Fair Value Measurements — Certain assets, such as goodwill and trademarks, are not measured at fair value on an ongoing basis but are subject to fair value adjustments in certain circumstances, such as, when there is evidence of impairment.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

As of the end of the period covered by this Annual Report on Form 10-K, our management carried out an evaluation, under the supervision and with the participation of our Principal Executive Officer and Principal Financial Officer, of the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) of the Exchange Act). Based on this evaluation, our Principal Executive Officer and Principal Financial Officer have concluded that our disclosure controls and procedures are effective as of the end of the period covered by this report. The term "disclosure controls and procedures" means controls and other procedures of the Company that are designed to ensure that information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. "Disclosure controls and procedures" include, without limitation, controls and procedures designed to ensure that information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the Company's management, including its Principal Executive Officer and Principal Financial Officer, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

Management's Report on Internal Control over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rule 13a-15(f) of the Exchange Act) for the Company. The term "internal control over financial reporting" is defined as a process designed by, or under the supervision of, our Principal Executive and Principal Financial Officers, or persons performing similar functions and effected by our Board of Directors, management and other personnel, 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 and includes those policies and procedures that:

- Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- Provide reasonable assurance that the transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and
- Provide reasonable assurance regarding prevention of timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with policies or procedures may deteriorate.

Management, under the supervision and with the participation of our Principal Executive Officer and Principal Financial Officer, assessed the effectiveness of our internal control over financial reporting as of December 31, 2022. In making this assessment, management used criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in *Internal Control-Integrated Framework (2013)*. Based on our assessment and those criteria, management believes that the Company maintained effective internal control over financial reporting as of December 31, 2022. Our independent registered public accounting firm, Deloitte & Touche LLP, has included an attestation report on our internal control over financial reporting, which is included above.

Changes in Internal Control over Financial Reporting

There were no changes in the Company's internal control over financial reporting that occurred during the Company's fourth quarter that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and the Board of Directors of ASGN Incorporated
Glen Allen, Virginia

Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of ASGN Incorporated and subsidiaries (the “Company”) as of December 31, 2022, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2022, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated financial statements as of and for the year ended December 31, 2022, of the Company and our report dated February 24, 2023, expressed an unqualified opinion on those financial statements.

Basis for Opinion

The Company’s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company’s internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control over Financial Reporting

A company’s internal control over financial reporting is a process designed 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. A company’s internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ DELOITTE & TOUCHE LLP
Los Angeles, California
February 24, 2023

Item 9B. Other Information

None.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

Information responsive to this item will be set forth in the Company's definitive proxy statement for use in connection with its 2023 Proxy Statement and is incorporated herein by reference. The 2023 Proxy Statement will be filed with the SEC within 120 days after the end of the Company's fiscal year.

Item 11. Executive Compensation

Information responsive to this item will be set forth in the 2023 Proxy Statement to be filed with the SEC within 120 days after the end of the Company's fiscal year and is incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

Information responsive to this item will be set forth in the 2023 Proxy Statement to be filed with the SEC within 120 days after the end of the Company's fiscal year and is incorporated herein by reference.

Item 13. Certain Relationships and Related Transactions and Director Independence

Information responsive to this Item will be set forth in the 2023 Proxy Statement to be filed with the SEC within 120 days after the end of the Company's fiscal year and is incorporated herein by reference.

Item 14. Principal Accounting Fees and Services

Information responsive to this Item will be set forth in the 2023 Proxy Statement, to be filed with the SEC within 120 days after the end of the Company's fiscal year and is incorporated herein by reference.

PART IV

Item 15. Exhibits and Financial Statement Schedule

(a) List of documents filed as part of this report

1. Financial Statements:

Report of Independent Registered Public Accounting Firm (PCAOB ID No. 34)
Consolidated Balance Sheets at December 31, 2022 and 2021
Consolidated Statements of Operations and Comprehensive Income for the Years Ended December 31, 2022, 2021 and 2020
Consolidated Statements of Stockholders' Equity for the Years Ended December 31, 2022, 2021 and 2020
Consolidated Statements of Cash Flows for the Years Ended December 31, 2022, 2021 and 2020
Notes to Consolidated Financial Statements

2. Financial Statement Schedule:

Schedule II—Valuation and Qualifying Accounts
Schedules other than those referred to above have been omitted because they are not applicable or not required under the instructions contained in Regulation S-X or because the information is included elsewhere in the financial statements or notes thereto.

Item 16. Form 10-K Summary

None.

ASGN INCORPORATED AND SUBSIDIARIES
SCHEDULE II—VALUATION AND QUALIFYING ACCOUNTS
Years Ended December 31, 2022, 2021 and 2020
(In millions)

Description	Balance at beginning of year	Charged to costs and expenses	Deductions ⁽¹⁾	Balance at end of year
Year ended December 31, 2022				
Allowance for doubtful accounts	\$ 3.1	2.0	(1.1)	\$ 4.0
Workers' compensation loss reserves	\$ 12.8	3.2	(3.2)	\$ 12.8
Year ended December 31, 2021				
Allowance for doubtful accounts	\$ 3.9	0.4	(1.2)	\$ 3.1
Workers' compensation loss reserves	\$ 13.1	3.3	(3.6)	\$ 12.8
Year ended December 31, 2020				
Allowance for doubtful accounts	\$ 4.1	1.0	(1.2)	\$ 3.9
Workers' compensation loss reserves	\$ 16.1	2.7	(5.7)	\$ 13.1

⁽¹⁾ Deductions from allowance for doubtful accounts include write-offs of uncollectible accounts receivable.
Deductions from workers' compensation loss reserves include payments of claims and changes related to anticipated insurance and indemnification recoveries.

INDEX TO EXHIBITS

Number	Description
2.1	Membership Interest Purchase Agreement, dated June 30, 2021, by and between ASGN Incorporated and H.I.G. Orca Acquisition Holdings, Inc. (incorporate by reference from Exhibit 10.1 to our Current Report on Form 8-K filed with the SEC on July 1, 2021)
3.1	Amended and Restated Certificate of Incorporation of On Assignment, Inc., effective June 23, 2014 (incorporated by reference from Exhibit 3.1 to our Current Report on Form 8-K filed with the SEC on June 25, 2014)
3.2	Certificate of Amendment of Amended and Restated Certificate of Incorporation of On Assignment, Inc. effective April 2, 2018 (incorporated by reference from Exhibit 3.1 to our Current Report on Form 8-K filed with the SEC on March 16, 2018)
3.3	Fifth Amended and Restated Bylaws of ASGN Incorporated, effective December 7, 2022 (incorporated by reference from Exhibit 3.1 to our Current Report on Form 8-K filed with the SEC on December 13, 2022)
4.1	Specimen Common Stock Certificate (P)
4.2	Description of the Registrant Securities Registered Under Section 12 of the Securities Exchange Act of 1934 (incorporated by reference from Exhibit 4.2 to our Annual Report on Form 10-K filed with the SEC on March 2, 2020)
4.3	Indenture, dated November 22, 2019, among ASGN Incorporated, the guarantors party thereto and U.S. Bank National Association, as trustee (incorporated by reference from Exhibit 10.8 to our Annual Report on Form 10-K filed with the SEC on March 2, 2020)
4.4	Supplemental Indenture No. 1 dated as of June 7, 2021, among ASGN Incorporated, the guarantors party thereto, the released parties thereto and U.S. Bank National Association, as trustee (incorporated by reference from Exhibit 4.2 to our Quarterly Report on Form 10-Q filed with the SEC on August 9, 2021)
4.5	Supplemental Indenture No. 2 dated as of September 29, 2021 among ASGN Incorporated, the guarantors party thereto, the released parties thereto and U.S. Bank National Association, as trustee dated as of November 22, 2019 (incorporated by reference from Exhibit 10.1 to our Quarterly Report on Form 10-Q filed with the SEC on November 9, 2021)
4.6 *	Supplemental Indenture No. 3 dated as of November 15, 2022, among ASGN Incorporated, the guarantors party thereto, and U.S. Bank Trust Company, National Association, as trustee
10.1	Second Amended and Restated Credit Agreement, dated as of June 5, 2015, among On Assignment, Inc., as the Borrower, Wells Fargo Bank, National Association, as administrative agent, and the other lenders party thereto (incorporated by reference from Exhibit 10.1 to our Current Report on Form 8-K filed with the SEC on June 5, 2015)
10.2	First Amendment to the Second Amended and Restated Credit Agreement, dated as of August 5, 2016, among On Assignment, Inc. as the Borrower, Wells Fargo Bank, National Association, as administrative agent, and the other lenders party thereto (incorporated by reference from Exhibit 10.1 to our Quarterly Report on Form 10-Q filed with the SEC on August 9, 2016)
10.3	Second Amendment to the Second Amended and Restated Credit Agreement, dated as of February 21, 2017, among On Assignment, Inc. as the Borrower, Wells Fargo Bank, National Association, as administrative agent, and the other lenders party thereto (incorporated by reference from Exhibit 10.1 to our Current Report on Form 8-K filed with the SEC on February 22, 2017)
10.4	Third Amendment to the Second Amended and Restated Credit Agreement, dated as of August 22, 2017, among On Assignment, Inc., as Borrower, Wells Fargo Bank, National Association, as administrative agent, and the other lenders party thereto (incorporated by reference from Exhibit 10.1 to our Current Report on Form 8-K filed with the SEC on August 28, 2017)
10.5	Fourth Amendment to the Second Amended and Restated Credit Agreement, dated as of September 22, 2017, among On Assignment, Inc., as Borrower, Wells Fargo Bank, National Association, as administrative agent, and the other lenders party thereto (incorporated by reference from Exhibit 10.2 to our Quarterly Report on Form 10-Q filed with the SEC on November 8, 2017)
10.6	Fifth Amendment to the Second Amended and Restated Credit Agreement, dated as of April 2, 2018, among ASGN Incorporated, as Borrower, Wells Fargo Bank, National Association, as administrative agent, and the other lenders party thereto (incorporated by reference from Exhibit 10.1 to our Quarterly Report on Form 10-Q filed with the SEC on May 10, 2018)

- 10.7 Sixth Amendment to the Second Amended and Restated Credit Agreement, dated as of November 22, 2019, among ASGN Incorporated, as Borrower, Wells Fargo Bank, National Association, as administrative agent, and the other lenders party thereto (incorporated by reference from Exhibit 10.7 to our Annual Report on Form 10-K filed with the SEC on March 2, 2020)
- 10.8 Seventh Amendment to the Second Amended and Restated Credit Agreement, dated as of May 21, 2021, among ASGN Incorporated as the Borrower, Wells Fargo Bank, National Association, as administrative agent, and the other lenders party thereto (incorporated by reference from Exhibit 10.2 to our Quarterly Report on Form 10-Q filed with the SEC on August 9, 2021)
- 10.9 Eighth Amendment to the Second Amended and Restated Credit Agreement, dated as of July 19, 2021, among ASGN Incorporated as the Borrower, Wells Fargo Bank, National Association, as administrative agent, and the other lenders party thereto (incorporated by reference from Exhibit 10.3 to our Quarterly Report on Form 10-Q filed with the SEC on August 9, 2021)
- 10.1 Ninth Amendment to the Second Amended and Restated Credit Agreement, dated as of November 22, 2022, among ASGN Incorporated as the Borrower, Wells Fargo Bank, National Association, as administrative agent, and the other lenders party thereto (incorporated by reference from Exhibit 10.1 to our Current Report on Form 8-K filed with the SEC on November 22, 2022)
- 10.11 ASGN Incorporated Second Amended and Restated 2010 Employee Stock Purchase Plan, dated as of March 18, 2020 (incorporated by reference from Exhibit 10.1 to our Quarterly Report on Form 10-Q filed with the SEC on May 11, 2020)†
- 10.12 ASGN Incorporated Second Amended and Restated 2010 Incentive Award Plan, dated as of August 8, 2019 (incorporated by reference from Exhibit 10.1 to our Quarterly Report on Form 10-Q filed with the SEC on November 8, 2019)†
- 10.13 ASGN Incorporated 2010 Incentive Award Plan Senior Executive Time-Vesting Restricted Stock Unit Award Notice (incorporated by reference from Exhibit 10.11 to our Annual Report on Form 10-K filed with the SEC on March 2, 2020)†
- 10.15 ASGN Incorporated 2010 Incentive Award Plan Form of Retention Notice Restricted Stock Unit Award and Agreement (incorporated by reference from Exhibit 10.3 to our Quarterly Report on Form 10-Q filed with the SEC on August 8, 2019)†
- 10.16 ASGN Incorporated 2010 Incentive Award Plan Form of Senior Executive Performance-Based Restricted Stock Unit Award Notice and Agreement (incorporated by reference from Exhibit 10.2 to our Quarterly Report on Form 10-Q filed with the SEC on May 11, 2020)†
- 10.17 ASGN Incorporated 2010 Incentive Award Plan Form of Senior Executive Performance-Based Restricted Stock Unit Award Notice (incorporated by reference from Exhibit 10.17 from our Annual Report on Form 10-K filed with the SEC on March 1, 2022)
- 10.18 Second Amended and Restated ASGN Incorporated 2012 Employment Inducement Incentive Award Plan, effective as of April 26, 2018 (incorporated by reference from Exhibit 10.20 to our Annual Report on Form 10-K filed with the SEC on March 1, 2019)†
- 10.19 First Amendment to the Second Amended and Restated ASGN Incorporated 2012 Employment Inducement Incentive Award Plan, effective as of June 8, 2021 (incorporated by reference from Exhibit 10.1 to our Quarterly Report on Form 10-Q filed with the SEC on August 9, 2021)
- 10.20 ASGN Incorporated Second Amended and Restated Deferred Compensation Plan, effective as of April 26, 2018 (incorporated by reference from Exhibit 10.2 to our Quarterly Report on Form 10-Q filed with the SEC on May 10, 2018)†
- 10.21 ASGN Incorporated Amended and Restated Change in Control Severance Plan, as amended and restated on December 11, 2019 (incorporated by reference from Exhibit 10.1 to our Current Report on Form 8-K filed with the SEC on September 17, 2019)†
- 10.22 Employment Agreement, dated as of June 3, 2019, by and between ASGN Incorporated and Theodore S. Hanson (incorporated by reference from Exhibit 10.22 to our Annual Report on Form 10-K filed with the SEC on March 2, 2020)†
- 10.23 Employment Agreement, dated as of September 1, 2012, by and between On Assignment, Inc. and Edward L. Pierce (incorporated by reference from Exhibit 10.1 to our current Report on Form 8-K filed with the SEC on September 7, 2012)†
- 10.24 Employment Agreement, dated January 3, 2022, by and between ASGN Incorporated and Marie Perry (incorporated by reference form Exhibit 10.1 to our Quarterly Report on From 10-Q filed with the SEC on November 7, 2022)†
- 10.25 Employment Agreement, dated as of January 8, 2007, by and between Rand Blazer and Apex Systems, Inc. (incorporated by reference from Exhibit 10.35 to our Annual Report on Form 10-K filed with the SEC on March 18, 2013)†

- 10.26 Amendment No. 1 to the Employment Agreement, dated as of December 31, 2008, by and between Rand Blazer and Apex Systems, Inc. (incorporated by reference from Exhibit 10.36 to our Annual Report on Form 10-K filed with the SEC on March 18, 2013)†
- 10.27 Amendment No. 2 to the Employment Agreement, dated as of August 3, 2009, by and between Rand Blazer and Apex Systems, Inc. (incorporated by reference from Exhibit 10.37 to our Annual Report on Form 10-K filed with the SEC on March 18, 2013)†
- 10.28 Amendment No. 3 to the Employment Agreement, dated as of May 15, 2012, by and between Rand Blazer, On Assignment, Inc. and Apex Systems, Inc. (incorporated by reference from Exhibit 10.38 to our Annual Report on Form 10-K filed with the SEC on March 18, 2013)†
- 10.29 Amendment No. 4 to the Employment Agreement, dated as of May 15, 2012, by and between Rand Blazer and Apex Systems, Inc. (incorporated by reference from Exhibit 10.39 to our Annual Report on Form 10-K filed with the SEC on March 18, 2013)†
- 10.30 Severance Term Letter, as of December 13, 2017, by and between On Assignment, Inc. and Jennifer Hanks Painter (incorporated by reference from Exhibit 10.38 to our Annual Report on Form 10-K filed with the SEC on March 1, 2018)†
- 10.31 Form of Indemnification Agreement (incorporated by reference from Exhibit 10.1 to our Annual Report on Form 10-K filed with the SEC on March 16, 2007)†
- 21.1* Subsidiaries of the Registrant
- 23.1* Consent of Independent Registered Public Accounting Firm
- 31.1* Certification of Theodore S. Hanson, Chief Executive Officer, pursuant to Rule 13a-14(a) or 15d-14(a)
- 31.2* Certification of Marie L. Perry, Executive Vice President and Chief Financial Officer, pursuant to Rule 13a-14(a) or 15d-14(a)
- 32.1* Certification of Theodore S. Hanson, Chief Executive Officer, pursuant to 18 U.S.C. Section 1350
- 32.2* Certification of Marie L. Perry, Executive Vice President and Chief Financial Officer, pursuant to 18 U.S.C. Section 1350
- 101.INS* Inline XBRL Instance Document (the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the XBRL document)
- 101.SCH* Inline XBRL Taxonomy Extension Schema Document
- 101.CAL* Inline XBRL Taxonomy Extension Calculation Linkbase Document
- 101.DEF* Inline XBRL Taxonomy Extension Definition Linkbase Document
- 101.LAB* Inline XBRL Taxonomy Extension Label Linkbase Document
- 101.PRE* Inline XBRL Taxonomy Extension Presentation Linkbase Document
- 104.1* Cover page interactive data file (embedded within the Inline XBRL document)

(*) Filed herewith.

† These exhibits relate to management contracts or compensatory plans, contracts or arrangements in which directors and/or named executive officers of the Registrant may participate.

P This exhibit originally filed in paper format. Accordingly, a hyperlink has not been provided.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Exchange Act, the registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized, on this 24th day of February 2023.

ASGN Incorporated

/s/ Theodore S. Hanson

Theodore S. Hanson

Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities indicated and on the dates indicated.

Signature	Title	Date
/s/ Theodore S. Hanson Theodore S. Hanson	Chief Executive Officer, Director (Principal Executive Officer)	February 24, 2023
/s/ Marie L. Perry Marie L. Perry	Executive Vice President and Chief Financial Officer (Principal Financial Officer)	February 24, 2023
/s/ Rose Cunningham Rose Cunningham	Vice President, Chief Accounting Officer and Controller (Principal Accounting Officer)	February 24, 2023
/s/ Arshad Matin Arshad Matin	Chair of the Board of Directors	February 24, 2023
/s/ Brian J. Callaghan Brian J. Callaghan	Director	February 23, 2023
/s/ Joseph W. Dyer Joseph W. Dyer	Director	February 24, 2023
/s/ Mark A. Frantz Mark A. Frantz	Director	February 24, 2023
/s/ Maria R. Hawthorne Maria R. Hawthorne	Director	February 23, 2023
/s/ Jonathan S. Holman Jonathan S. Holman	Director	February 23, 2023
/s/ Mariel A. Joliet Mariel A. Joliet	Director	February 23, 2023
/s/ Marty R. Kittrell Marty R. Kittrell	Director	February 23, 2023
/s/ Carol J. Lindstrom Carol J. Lindstrom	Director	February 23, 2023
/s/ Edwin A. Sheridan IV Edwin A. Sheridan IV	Director	February 23, 2023

ABOUT ASGN INCORPORATED

OUR PROFILE

ASGN Incorporated (NYSE: ASGN) is a leading provider of IT services and solutions, including technology and creative digital marketing, across the commercial and government sectors. ASGN helps corporate enterprises and government organizations develop, implement and operate critical IT and business solutions through its integrated offering of professional staffing and IT consulting. For more information, please visit asgn.com.

COMMON STOCK

ASGN Incorporated common stock is traded on the New York Stock Exchange under the symbol ASGN.

INDEPENDENT AUDITORS

Deloitte & Touche LLP

LEGAL COUNSEL

Latham & Watkins LLP

BOARD OF DIRECTORS

Arshad Matin⁴

Chair of the Board
President and CEO, Avetta, LLC

Brian J. Callaghan^{1,2}

Founder and Former Co-Chief Executive Officer,
Apex Systems, LLC

Joseph W. Dyer⁴

Chair of the Strategy and Technology Committee
Chief Strategy Officer, National Spectrum Consortium
Commissioner on the Congressional Acquisition
Streamlining Commission

Mark A. Frantz^{3,4}

Co-Founder, BlueDelta Capital Partners

Theodore S. Hanson

Chief Executive Officer

Maria R. Hawthorne¹

Former President and CEO, PS Business Parks, Inc.

Jonathan S. Holman^{2,3}

Chair of the Compensation Committee
President, The Holman Group, Inc.

Mariel A. Joliet^{1,2}

Former SVP, Treasurer of Hilton Hotels Corporation

Marty R. Kittrell¹

Chair of the Audit Committee
Former CFO of Dresser, Inc. and Andrew Corporation

Carol J. Lindstrom⁴

Former Vice Chair of Deloitte LLP

Edwin A. Sheridan IV³

Chair of the Nominating and
Corporate Governance Committee
Founder and Former Co-Chief Executive Officer,
Apex Systems

EXECUTIVE OFFICERS AND SENIOR MANAGEMENT

Theodore S. Hanson

Chief Executive Officer

Randolph C. Blazer

President

Marie L. Perry

Executive Vice President and Chief Financial Officer

Jennifer H. Painter

Senior Vice President, Chief Legal Officer and Secretary

James L. Brill

Senior Vice President, Chief Administrative Officer and Treasurer

Rose L. Cunningham

Vice President, Chief Accounting Officer and Controller

Michele C. McCauley

Chief Human Resources Officer

Robin G. Palmer

Chief Technology Officer

DIVISION PRESIDENTS

Commercial

Federal Government

Sean P. Casey

Apex Systems, LLC

John P. Heneghan

ECS Federal, LLC

Matthew M. Riley

Creative Circle, LLC

Shane Lamb

CyberCoders, Inc.

¹ Member of the Audit Committee

² Member of the Compensation Committee

³ Member of the Nominating and Corporate Governance Committee

⁴ Member of the Strategy and Technology Committee

