

Non-GAAP Financial Measures

(Supplemental information to the press release dated November 10, 2021)

November 10, 2021

Non-GAAP Financial Measures

On November 10, 2021, APi Group Corporation (the “Company”) issued a press release announcing its financial results for the three and nine months ended September 30, 2021. The press release included certain non-GAAP financial measures including adjusted gross profit and adjusted gross margin; adjusted SG&A and adjusted SG&A as a percentage of adjusted net revenues; and adjusted net income and adjusted diluted EPS. Each of these non-GAAP measures for the three and nine months ended September 30, 2021 excluded an adjustment to reflect annualized depreciation expense. Beginning with the three and nine months ended September 30, 2021, the Company no longer adjusts these non-GAAP measures for annualized depreciation expense.

The Company did not provide a recast of these measures for the prior periods that were not presented in the November 10, 2021 press release including to the first and second quarter of 2021, the first, second, and fourth quarters of 2020 and the full years of 2020 and 2019. These recast amounts had no impact to GAAP results presented in prior periods and do not change the amounts presented in the Company’s earnings release for the three and nine months ended September 30, 2021.

In order to allow sequential quarter over quarter comparison of these non-GAAP financial measures, the Company is providing additional supplemental information and the corresponding reconciliations of GAAP to non-GAAP financial measures for these periods herein.

Non-GAAP Financial Measures

This presentation contains non-U.S. GAAP financial measures within the meaning of Regulation G promulgated by the Securities and Exchange Commission. The Company uses certain non-U.S. GAAP financial measures that are included in this presentation and the additional financial information both in explaining its results to shareholders and the investment community and in its internal evaluation and management of its businesses. The Company's management believes that these non-U.S. GAAP financial measures and the information they provide are useful to investors since these measures (a) permit investors to view the Company's performance using the same tools that management uses to evaluate the Company's past performance, reportable business segments and prospects for future performance, (b) permit investors to compare the Company with its peers and (c) determine certain elements of management's incentive compensation. Specifically:

- The Company's management believes that adjusted net revenues, adjusted gross profit, adjusted selling, general and administrative ("SG&A") expenses, adjusted net income, and adjusted earnings per share, which are non-GAAP financial measures that exclude business transformation and other expenses for the integration of acquired businesses, the impact and results of businesses classified as assets held-for-sale and businesses divested, and one-time and other events such as impairment charges, share-based compensation, transaction and other costs related to acquisitions, amortization of intangible assets, net COVID-19 relief, severance related costs related to corporate leadership changes and certain tax benefits from the acquisition of APi Group, Inc. (the "APi Acquisition"), are useful because they provide investors with a meaningful perspective on the current underlying performance of the Company's core ongoing operations. The Company no longer adjusts gross profit, selling, general, and administrative expense and net income for depreciation remeasurements associated with acquisitions. The prior comparative periods have been recast to reflect the updated presentation.

Non-GAAP Financial Measures

- Earnings before interest, taxes, depreciation and amortization (“EBITDA”) is the measure of profitability used by management to manage its segments and, accordingly, in its segment reporting. The Company supplements the reporting of its consolidated financial information with certain non-U.S. GAAP financial measures, including EBITDA and adjusted EBITDA, which is defined as EBITDA excluding the impact of certain non-cash and other specifically identified items (“adjusted EBITDA”). Adjusted EBITDA margin is calculated as adjusted EBITDA divided by adjusted net revenues. The Company believes these non-U.S. GAAP measures provide meaningful information and help investors understand the Company’s financial results and assess its prospects for future performance. The Company uses EBITDA and adjusted EBITDA to evaluate its performance, both internally and as compared with its peers, because it excludes certain items that may not be indicative of the Company’s core operating results. Consolidated EBITDA is calculated in a manner consistent with segment EBITDA, which is a measure of segment profitability.
- While the Company believes these non-U.S. GAAP measures are useful in evaluating the Company’s performance, this information should be considered as supplemental in nature and not as a substitute for or superior to the related financial information prepared in accordance with U.S. GAAP. Additionally, these non-U.S. GAAP financial measures may differ from similar measures presented by other companies. A reconciliation of these non-U.S. GAAP financial measures is included later in this presentation.

Reconciliation of GAAP to Non-GAAP Financial Measures

Summary of Adjusted Financial Information (non-GAAP)

(\$ in millions)

	For the three months ended			For the nine months ended
	March 31, 2021	June 30, 2021	September 30, 2021	September 30, 2021
	(Successor) (a)	(Successor) (a)	(Successor) (a)	(Successor) (a)
Total Consolidated				
Adjusted gross profit	\$ 182	\$ 234	\$ 254	\$ 670
Adjusted gross margin	22.7 %	23.9 %	24.3 %	23.7 %
Adjusted SG&A expenses	\$ 142	\$ 152	\$ 152	\$ 446
Adjusted SG&A as a percentage of adjusted net revenues	17.7 %	15.5 %	14.5 %	15.8 %
Adjusted net income	\$ 22	\$ 58	\$ 72	\$ 152
Adjusted diluted EPS	\$ 0.10	\$ 0.29	\$ 0.35	\$ 0.74
Safety Services				
Adjusted gross profit	\$ 147	\$ 163	\$ 169	\$ 479
Adjusted gross margin	31.5 %	31.8 %	31.7 %	31.7 %
Specialty Services				
Adjusted gross profit	\$ 38	\$ 68	\$ 74	\$ 180
Adjusted gross margin	11.8 %	16.4 %	17.0 %	15.4 %
Industrial Services				
Adjusted gross profit	\$ (3)	\$ 3	\$ 11	\$ 11
Adjusted gross margin	(12.0)%	4.4 %	10.7 %	5.6 %

(a) Information derived from non-GAAP reconciliations included elsewhere in this presentation.

Reconciliation of GAAP to Non-GAAP Financial Measures

Summary of Adjusted Financial Information (non-GAAP)

(\$ in millions)

	For the three months ended				For the year ended
	March 31, 2020	June 30, 2020	September 30, 2020	December 31, 2020	December 31, 2020
	(Successor) (a)	(Successor) (a)	(Successor) (a)	(Successor) (a)	(Successor) (a)
Total Consolidated					
Adjusted gross profit	\$ 184	\$ 196	\$ 228	\$ 219	\$ 827
Adjusted gross margin	22.4 %	23.1 %	3.9 %	25.1 %	23.7 %
Adjusted SG&A expenses	\$ 144	\$ 124	\$ 138	\$ 146	\$ 552
Adjusted SG&A as a percentage of adjusted net revenues	17.6 %	14.6 %	14.5 %	16.7 %	15.8 %
Adjusted net income	\$ 23	\$ 52	\$ 65	\$ 58	\$ 198
Adjusted diluted EPS	\$ 0.14	\$ 0.29	\$ 0.36	\$ 0.33	\$ 1.13
Safety Services					
Adjusted gross profit	\$ 128	\$ 119	\$ 132	\$ 144	\$ 523
Adjusted gross margin	30.2 %	32.1 %	32.7 %	32.7 %	31.9 %
Specialty Services					
Adjusted gross profit	\$ 38	\$ 56	\$ 71	\$ 62	\$ 227
Adjusted gross margin	12.7 %	16.0 %	17.8 %	17.6 %	16.2 %
Industrial Services					
Adjusted gross profit	\$ 18	\$ 21	\$ 25	\$ 13	\$ 77
Adjusted gross margin	18.2 %	15.8 %	16.3 %	14.9 %	16.3 %

(a) Information derived from non-GAAP reconciliations included elsewhere in this presentation.

Reconciliation of GAAP to Non-GAAP Financial Measures

Summary of Adjusted Financial Information (non-GAAP)

(\$ in millions)

	For the three months ended				For the year ended
	March 31, 2019 (Predecessor) (a)	June 30, 2019 (Predecessor) (a)	September 30, 2019 (Predecessor) (a)	December 31, 2019 (Successor) (a)	December 31, 2019 (Combined) (b)
Total Consolidated					
Adjusted gross profit	\$ 160	\$ 203	\$ 237	\$ 217	\$ 817
Adjusted gross margin	19.0 %	20.5 %	22.7 %	23.5 %	21.5 %
Adjusted SG&A expenses	\$ 119	\$ 123	\$ 135	\$ 132	\$ 509
Adjusted SG&A as a percentage of adjusted net revenues	14.1 %	12.4 %	12.9 %	14.3 %	13.4 %
Adjusted net income	\$ 23	\$ 54	\$ 76	\$ 60	\$ 212
Adjusted diluted EPS	\$ 0.13	\$ 0.31	\$ 0.44	\$ 0.34	\$ 1.22
Safety Services					
Adjusted gross profit	\$ 126	\$ 130	\$ 142	\$ 135	\$ 533
Adjusted gross margin	29.6 %	29.3 %	30.1 %	31.0 %	30.0 %
Specialty Services					
Adjusted gross profit	\$ 31	\$ 65	\$ 72	\$ 70	\$ 238
Adjusted gross margin	10.8 %	15.7 %	17.7 %	18.1 %	15.9 %
Industrial Services					
Adjusted gross profit	\$ 3	\$ 8	\$ 23	\$ 12	\$ 46
Adjusted gross margin	2.3 %	5.9 %	13.3 %	11.2 %	8.4 %

(a) Information derived from non-GAAP reconciliations included elsewhere in this presentation.

(b) The combined financial information for the year ended December 31, 2019 includes the results of operations of APi Group Corporation (Successor) for the period from January 1, 2019 through December 31, 2019 and the results of operations of APi Group, Inc. (Predecessor) for the period from January 1, 2019 through September 30, 2019, while quarterly financial information includes only the results of APi Group, Inc. (Predecessor) and excludes the results of operations for APi Group Corporation for the period from January 1, 2019 through September 30, 2019 (prior to the APi acquisition); therefore, the quarterly amounts presented above do not total the combined full year amounts.

Reconciliation of GAAP to Non-GAAP Financial Measures

Gross profit and adjusted gross profit (non-GAAP)

(\$ in millions)

	For the three months ended			For the nine months ended
	March 31, 2021	June 30, 2021	September 30, 2021	September 30, 2021
	(Successor)	(Successor)	(Successor)	(Successor)
Gross profit (as reported)	\$ 181	\$ 232	\$ 252	\$ 665
Adjustments to reconcile gross profit to adjusted gross profit:				
Backlog amortization (a)	1	2	2	5
Adjusted gross profit	\$ 182	\$ 234	\$ 254	\$ 670
<i>Adjusted net revenues</i> (b)	\$ 803	\$ 978	\$ 1,047	\$ 2,828
<i>Adjusted gross margin</i>	22.7 %	23.9 %	24.3 %	23.7 %

- (a) Adjustment to reflect the addback of amortization expense related to backlog intangible assets.
 (b) Adjusted net revenues derived from non-GAAP reconciliations included elsewhere in this presentation.

Reconciliation of GAAP to Non-GAAP Financial Measures

Gross profit and adjusted gross profit (non-GAAP)

(\$ in millions)

	For the three months ended				For the year ended
	March 31, 2020 <i>(Predecessor)</i>	June 30, 2020 <i>(Predecessor)</i>	September 30, 2020 <i>(Predecessor)</i>	December 31, 2020 <i>(Successor)</i>	December 31, 2020 <i>(Combined)</i>
Gross profit (as reported)	\$ 162	\$ 174	\$ 222	\$ 198	\$ 756
Adjustments to reconcile gross profit to adjusted gross profit:					
Divested businesses (a)	-	(1)	-	(1)	(2)
Backlog amortization (b)	22	23	6	18	69
Inventory step-up (c)	-	-	-	4	4
Adjusted gross profit	<u>\$ 184</u>	<u>\$ 196</u>	<u>\$ 228</u>	<u>\$ 219</u>	<u>\$ 827</u>
<i>Adjusted net revenues</i> (d)	\$ 820	\$ 849	\$ 953	\$ 874	\$ 3,496
<i>Adjusted gross margin</i>	22.4 %	23.1 %	23.9 %	25.1 %	23.7 %

- (a) Adjustment to reflect the elimination of amounts related to businesses divested and classified as held-for-sale.
- (b) Adjustment to reflect the addback of amortization expense related to backlog intangible assets.
- (c) Adjustment to reflect the elimination of costs related to the fair value step-up of acquired inventory.
- (d) Adjusted net revenues derived from non-GAAP reconciliations included elsewhere in this presentation.

Reconciliation of GAAP to Non-GAAP Financial Measures

Gross profit and adjusted gross profit (non-GAAP)

(\$ in millions)

	For the three months ended				For the year ended
	March 31, 2019	June 30, 2019	September 30, 2019	December 31, 2019	December 31, 2019
	(Predecessor)	(Predecessor)	(Predecessor)	(Successor)	(Combined)
Gross profit (as reported)	\$ 163	\$ 208	\$ 233	\$ 198	\$ 802
Adjustments to reconcile gross profit to adjusted gross profit:					
Divested businesses	(a) (3)	(5)	4	(3)	(7)
Backlog amortization	(b) -	-	-	22	22
Adjusted gross profit	\$ 160	\$ 203	\$ 237	\$ 217	\$ 817
<i>Adjusted net revenues</i>	(c) \$ 841	\$ 990	\$ 1,046	\$ 925	\$ 3,802
<i>Adjusted gross margin</i>	19.0 %	20.5 %	22.7 %	23.5 %	21.5 %

- (a) Adjustment to reflect the elimination of amounts related to businesses divested and classified as held-for-sale.
- (b) Adjustment to reflect the addback of amortization expense related to backlog intangible assets.
- (c) Adjusted net revenues derived from non-GAAP reconciliations included elsewhere in this presentation.

Reconciliation of GAAP to Non-GAAP Financial Measures

SG&A and Adjusted SG&A (non-GAAP)

(\$ in millions)

	For the three months ended			For the nine months ended	
	March 31, 2021	June 30, 2021	September 30, 2021	September 30, 2021	
	(Successor)	(Successor)	(Successor)	(Successor)	
Selling, general and administrative expenses ("SG&A") (as reported)	\$ 183	\$ 185	\$ 211	\$	579
Adjustments to reconcile SG&A to adjusted SG&A:					
Divested businesses	(a) -	(1)	-		(1)
Contingent consideration and compensation	(b) (2)	6	1		5
Amortization of intangible assets	(c) (30)	(30)	(30)		(90)
Business process transformation costs	(d) (6)	(8)	(11)		(25)
Corporate executive reorganization	(e) -	-	(6)		(6)
Acquisition expenses	(f) (3)	-	(13)		(16)
Adjusted SG&A expenses	\$ 142	\$ 152	\$ 152	\$	446
<i>Adjusted net revenues</i>	(g) \$ 803	\$ 978	\$ 1,047	\$	2,828
<i>Adjusted SG&A as a percentage of adjusted net revenues</i>	17.7%	15.5%	14.5%		15.8%

- (a) Adjustment to reflect the elimination of amounts related to businesses divested and classified as held-for-sale.
- (b) Adjustment to reflect the elimination of the expense, or reversal of previously recorded expense, attributable to deferred consideration to prior owners of acquired businesses not expected to continue or recur.
- (c) Adjustment to reflect the addback of amortization expense.
- (d) Adjustment to reflect the elimination of non-operational costs related to business process transformation, including system and process development costs and implementation of processes and compliance programs related to the Sarbanes-Oxley Act of 2002.
- (e) Adjustment to reflect the elimination of costs related to non-recurring severance related costs related to corporate leadership changes.
- (f) Adjustment to reflect the elimination of potential and completed acquisition-related expenses.
- (g) Adjusted net revenues derived from non-GAAP reconciliations included elsewhere in this presentation.

Reconciliation of GAAP to Non-GAAP Financial Measures

SG&A and Adjusted SG&A (non-GAAP)

(\$ in millions)

	For the three months ended				For the year ended
	March 31, 2020	June 30, 2020	September 30, 2020	December 31, 2020	December 31, 2020
	(Successor)	(Successor)	(Successor)	(Successor)	(Successor)
Selling, general and administrative expenses ("SG&A") (as reported)	\$ 188	\$ 147	\$ 171	\$ 219	\$ 725
Adjustments to reconcile SG&A to adjusted SG&A:					
Divested businesses (a)	(1)	(1)	-	-	(2)
Contingent consideration and compensation (b)	(7)	10	(3)	(29)	(29)
Amortization of intangible assets (c)	(30)	(28)	(25)	(30)	(113)
Business process transformation costs (d)	(2)	(2)	(3)	(6)	(13)
Public company registration, listing and compliance (e)	(4)	(1)	-	-	(5)
Acquisition expenses (f)	-	-	(2)	(8)	(10)
COVID-19 severance costs at Canadian subsidiaries (g)	-	(1)	-	-	(1)
Adjusted SG&A expenses	\$ 144	\$ 124	\$ 138	\$ 146	\$ 552
Adjusted net revenues (h)	\$ 820	\$ 849	\$ 953	\$ 874	\$ 3,496
<i>Adjusted SG&A as a percentage of adjusted net revenues</i>	<i>17.6 %</i>	<i>14.6 %</i>	<i>14.5 %</i>	<i>16.7 %</i>	<i>15.8 %</i>

- (a) Adjustment to reflect the elimination of amounts related to businesses divested and classified as held-for-sale.
- (b) Adjustment to reflect the elimination of the expense, or reversal of previously recorded expense, attributable to deferred consideration to prior owners of acquired businesses not expected to continue or recur.
- (c) Adjustment to reflect the addback of amortization expense.
- (d) Adjustment to reflect the elimination of non-operational costs related to business process transformation, including system and process development costs and implementation of processes and compliance programs related to the Sarbanes-Oxley Act of 2002.
- (e) Adjustment to reflect the elimination of costs relating to public company registration, listing and compliance.
- (f) Adjustment to reflect the elimination of potential and completed acquisition-related expenses.
- (g) Adjustment to reflect the elimination of severance costs in Canada related to COVID-19.
- (h) Adjusted net revenues derived from non-GAAP reconciliations included elsewhere in this presentation.

Reconciliation of GAAP to Non-GAAP Financial Measures

SG&A and Adjusted SG&A (non-GAAP)

(\$ in millions)

	For the three months ended				For the year ended
	March 31, 2019 <i>(Predecessor)</i>	June 30, 2019 <i>(Predecessor)</i>	September 30, 2019 <i>(Predecessor)</i>	December 31, 2019 <i>(Successor)</i>	December 31, 2019 <i>(Combined) (i)</i>
Selling, general and administrative expenses ("SG&A") (as reported)	\$ 137	\$ 145	\$ 208	\$ 336	\$ 849
Adjustments to reconcile SG&A to adjusted SG&A:					
Divested businesses (a)	(4)	(2)	(22)	(5)	(33)
Contingent consideration and compensation (b)	(4)	(5)	10	(2)	(1)
Amortization of intangible assets (c)	(9)	(9)	(8)	(28)	(54)
Public company registration, listing and compliance (d)	-	-	-	(5)	(24)
Acquisition expenses (e)	-	-	(5)	(8)	(17)
Share-based compensation (f)	-	-	(37)	(156)	(193)
Expenses related to prior ownership (g)	(1)	(6)	(11)	-	(18)
Adjusted SG&A expenses	\$ 119	\$ 123	\$ 135	\$ 132	\$ 509
<i>Adjusted net revenues</i> (h)	\$ 841	\$ 990	\$ 1,046	\$ 925	\$ 3,802
<i>Adjusted SG&A as a percentage of adjusted net revenues</i>	14.1 %	12.4 %	12.9 %	14.3 %	13.4 %

- (a) Adjustment to reflect the elimination of amounts related to businesses divested and classified as held-for-sale.
- (b) Adjustment to reflect the elimination of the expense, or reversal of previously recorded expense, attributable to deferred consideration to prior owners of acquired businesses not expected to continue or recur.
- (c) Adjustment to reflect the addback of amortization expense.
- (d) Adjustment to reflect the elimination of costs relating to public company registration, listing and compliance.
- (e) Adjustment to reflect the elimination of potential and completed acquisition-related expenses.
- (f) Adjustment to reflect the elimination of non-cash charges of \$155 million associated with the Annual Preferred Share Dividend and with equity-based compensation related to prior ownership.
- (g) Adjustment to reflect the elimination of expense under prior ownership not expected to continue or recur following the APi Acquisition.
- (h) Adjusted net revenues derived from non-GAAP reconciliations included elsewhere in this presentation.
- (i) The combined financial information for the year ended December 31, 2019 includes the results of operations of APi Group Corporation (Successor) for the period from January 1, 2019 through December 31, 2019 and the results of operations of APi Group, Inc. (Predecessor) for the period from January 1, 2019 through September 30, 2019, while quarterly financial information includes only the results of APi Group, Inc. (Predecessor) and excludes the results of operations for APi Group Corporation for the period from January 1, 2019 through September 30, 2019 (prior to the APi acquisition); therefore, the quarterly amounts presented above do not total the combined full year amounts.

Reconciliation of GAAP to Non-GAAP Financial Measures

Income (loss) before income tax, Net income (loss) and EPS and Adjusted income before income tax, net income and EPS (non-GAAP)

(\$ in millions)

	For the three months ended			For the nine months ended	
	March 31, 2021	June 30, 2021	September 30, 2021	September 30, 2021	
	(Successor)	(Successor)	(Successor)	(Successor)	
Income (loss) before income tax provision (as reported)	\$ (14)	\$ 30	\$ 30	\$	46
Adjustments to reconcile income (loss) before income tax provision to adjusted income (loss) before income tax provision:					
Divested businesses (a)	-	(1)	-		(1)
Amortization of intangible assets (b)	31	32	32		95
Contingent consideration and compensation (c)	2	(6)	(1)		(5)
Business process transformation costs (d)	6	8	11		25
Corporate executive reorganization	-	-	6		6
Acquisition expenses (e)	4	-	13		17
COVID-19 relief at Canadian subsidiaries (f)	(2)	-	-		(2)
Loss on extinguishment of debt (g)	-	9	-		9
Adjusted income before income tax provision	\$ 27	\$ 72	\$ 91	\$	190
Income tax provision (benefit) (as reported)	\$ (6)	\$ 9	\$ 11	\$	14
Adjustments to reconcile income tax provision (benefit) to adjusted income tax provision:					
Income tax provision adjustment (h)	11	5	8		24
Adjusted income tax provision	\$ 5	\$ 14	\$ 19	\$	38
Adjusted income before income tax provision	\$ 27	\$ 72	\$ 91	\$	190
Adjusted income tax provision	5	14	19		38
Adjusted net income	\$ 22	\$ 58	\$ 72	\$	152
Diluted weighted average shares outstanding (as reported)	192	206	209		205
Adjustments to reconcile diluted weighted average shares outstanding to adjusted diluted weighted average shares outstanding:					
Dilutive impact of shares from GAAP net loss (i)	4	-	-		-
Dilutive impact of Preferred Shares (j)	4	-	1		-
Adjusted diluted weighted average shares outstanding	200	206	210		205
Adjusted diluted EPS	\$ 0.10	\$ 0.29	\$ 0.35	\$	0.74

(a) Adjustment to reflect the elimination of amounts related to businesses divested and classified as held-for-sale, inclusive of impairment charges and gain/(loss) on sale..

(b) Adjustment to reflect the addback of pre-tax amortization expense related to intangible assets.

(c) Adjustment to reflect the elimination of the expense, or reversal of previously recorded expense, attributable to deferred consideration to prior owners of acquired businesses not expected to continue or recur.

(d) Adjustment to reflect the elimination of non-operational costs related to business process transformation, including system and process development costs and implementation of processes and compliance programs related to the Sarbanes-Oxley Act of 2002.

(e) Adjustment to reflect the elimination of potential and completed acquisition-related expenses.

(f) Adjustment to reflect the elimination of miscellaneous income in Canada related to COVID-19 relief, net of severance costs.

(g) Adjustment to reflect the elimination of loss on extinguishment of debt resulting from early repayments of long-term debt.

(h) Adjustment to reflect an adjusted effective cash tax rate of 20% (taking into consideration the tax benefits associated with the realization of accelerated depreciation attributable to the approximately \$350 million tax asset acquired with the API Acquisition) applied to resulting adjusted pre-tax income inclusive of the adjustments shown above.

(i) Adjustment to add the dilutive impact of options, RSUs, and warrants which were anti-dilutive and excluded from the diluted weighted average shares outstanding (as reported).

(j) Adjustment reflects addition of the GAAP dilutive impact of 4 million shares associated with the deemed conversion of Preferred Shares, offset by the elimination of the dilutive effect of the Preferred Share dividend as the dividend is contingent upon the share price the last ten days of the calendar year and was not earned as of any of the periods presented.

Reconciliation of GAAP to Non-GAAP Financial Measures

Income (loss) before income tax, Net income (loss) and EPS and Adjusted income before income tax, net income and EPS (non-GAAP)

(\$ in millions)

	For the three months ended				For the year ended December 31, 2020 (Successor)
	March 31, 2020 (Successor)	June 30, 2020 (Successor)	September 30, 2020 (Successor)	December 31, 2020 (Successor)	
Income (loss) before income tax provision (as reported)	\$ (245)	\$ 24	\$ 55	\$ (18)	\$ (184)
Adjustments to reconcile income (loss) before income tax provision to adjusted income (loss) before income tax provision:					
Divested businesses (a)	6	-	-	(2)	4
Amortization of intangible assets (b)	52	51	31	48	182
Contingent consideration and compensation (c)	7	(10)	3	29	29
Impairment of goodwill and intangible assets (d)	203	-	(10)	-	193
Business process transformation costs (e)	2	2	3	6	13
Public company registration, listing and compliance (f)	4	1	-	-	5
Acquisition expenses (g)	-	-	2	8	10
Inventory step-up (h)	-	-	-	4	4
COVID-19 relief at Canadian subsidiaries, net (i)	-	(3)	(3)	(2)	(8)
Adjusted income before income tax provision	\$ 29	\$ 65	\$ 81	\$ 73	\$ 248
Income tax provision (benefit) (as reported)	\$ (51)	\$ (12)	\$ 28	\$ 4	\$ (31)
Adjustments to reconcile income tax provision (benefit) to adjusted income tax provision:					
Income tax provision adjustment (j)	57	25	(12)	11	81
Adjusted income tax provision	\$ 6	\$ 13	\$ 16	\$ 15	\$ 50
Adjusted income before income tax provision	\$ 29	\$ 65	\$ 81	\$ 73	\$ 248
Adjusted income tax provision	6	13	16	15	50
Adjusted net income	\$ 23	\$ 52	\$ 65	\$ 58	\$ 198
Diluted weighted average shares outstanding (as reported)	170	176	182	169	169
Adjustments to reconcile diluted weighted average shares outstanding to adjusted diluted weighted average shares outstanding:					
Dilutive impact of shares from GAAP net loss (k)	-	-	-	7	3
Dilutive impact of Preferred Shares (l)	4	(2)	(4)	4	4
Adjusted diluted weighted average shares outstanding	174	174	178	180	176
Adjusted diluted EPS	\$ 0.14	\$ 0.29	\$ 0.36	\$ 0.33	\$ 1.13

(a) Adjustment to reflect the elimination of amounts related to businesses divested and classified as held-for-sale, inclusive of impairment charges and gain/(loss) on sale.

(b) Adjustment to reflect the addback of pre-tax amortization expense related to intangible assets.

(c) Adjustment to reflect the elimination of the expense, or reversal of previously recorded expense, attributable to deferred consideration to prior owners of acquired businesses not expected to continue or recur.

(d) Adjustment to reflect the elimination of non-cash impairment charges related to goodwill and intangible assets.

(e) Adjustment to reflect the elimination of non-operational costs related to business process transformation, including system and process development costs and implementation of processes and compliance programs related to the Sarbanes-Oxley Act of 2002.

(f) Adjustment to reflect the elimination of costs relating to public company registration, listing and compliance.

(g) Adjustment to reflect the elimination of potential and completed acquisition-related expenses.

(h) Adjustment to reflect the elimination of costs related to the fair value step-up of acquired inventory.

(i) Adjustment to reflect the elimination of miscellaneous income in Canada related to COVID-19 relief, net of severance costs.

(j) Adjustment to reflect an adjusted effective cash tax rate of 20% (taking into consideration the tax benefits associated with the realization of accelerated depreciation attributable to the approximately \$350 million tax asset acquired with the API Acquisition) applied to resulting adjusted pre-tax income inclusive of the adjustments shown above.

(k) Adjustment to add the dilutive impact of options, RSUs, and warrants which were anti-dilutive and excluded from the diluted weighted average shares outstanding (as reported).

(l) Adjustment reflects addition of the GAAP dilutive impact of 4 million shares associated with the deemed conversion of Preferred Shares, offset by the elimination of the dilutive effect of the Preferred Share dividend as the dividend is contingent upon the share price the last ten days of the calendar year and was not earned as of any of the periods presented.

Reconciliation of GAAP to Non-GAAP Financial Measures

Income (loss) before income tax, Net income (loss) and EPS and Adjusted income before income tax, net income and EPS (non-GAAP)

(\$ in millions)

	For the three months ended				For the year ended
	March 31, 2019 (Predecessor)	June 30, 2019 (Predecessor)	September 30, 2019 (Predecessor)	December 31, 2019 (Successor)	December 31, 2019 (Combined) (m)
Income (loss) before income tax provision (as reported)	\$ 22	\$ 57	\$ 14	\$ (148)	\$ (59)
Adjustments to reconcile income (loss) before income tax provision to adjusted income (loss) before income tax provision:					
Divested businesses (a)	1	(2)	26	2	27
Amortization of intangible assets (b)	9	9	8	50	76
Contingent consideration and compensation (c)	4	5	(10)	2	1
Impairment of goodwill and intangible assets (d)	-	-	12	-	12
Public company registration, listing and compliance (e)	-	-	-	5	17
Acquisition expenses (f)	-	-	5	8	24
Interest expense (g)	(8)	(8)	(8)	-	(24)
Share-based compensation costs (h)	-	-	37	156	193
Investment income (i)	-	-	-	-	(20)
Expenses related to prior ownership (j)	1	6	11	-	18
Adjusted income before income tax provision	\$ 29	\$ 67	\$ 95	\$ 75	\$ 265
Income tax provision (benefit) (as reported)	\$ 1	\$ 4	\$ 2	\$ 2	\$ 9
Adjustments to reconcile income tax provision (benefit) to adjusted income tax provision:					
Income tax provision adjustment (k)	5	9	17	13	44
Adjusted income tax provision	\$ 6	\$ 13	\$ 19	\$ 15	\$ 53
Adjusted income before income tax provision	\$ 29	\$ 67	\$ 95	\$ 75	\$ 265
Adjusted income tax provision	6	13	19	15	53
Adjusted net income	\$ 23	\$ 54	\$ 76	\$ 60	\$ 212
Diluted weighted average shares outstanding (as reported)	N/A	N/A	N/A	N/A	133
Adjustments to reconcile diluted weighted average shares outstanding to adjusted diluted weighted average shares outstanding:					
Dilutive impact of shares issued in the APi Acquisition (l)	174	174	174	174	41
Adjusted diluted weighted average shares outstanding	174	174	174	174	174
Adjusted diluted EPS	\$ 0.13	\$ 0.31	\$ 0.44	\$ 0.34	\$ 1.22

(a) Adjustment to reflect the elimination of amounts related to businesses divested and classified as held-for-sale, inclusive of impairment charges and gain/(loss) on sale.

(b) Adjustment to reflect the addback of pre-tax amortization expense related to intangible assets.

(c) Adjustment to reflect the elimination of the expense, or reversal of previously recorded expense, attributable to deferred consideration to prior owners of acquired businesses not expected to continue or recur.

(d) Adjustment to reflect the elimination of non-cash impairment charges related to goodwill and intangible assets.

(e) Adjustment to reflect the elimination of costs relating to public company registration, listing and compliance.

(f) Adjustment to reflect the elimination of potential and completed acquisition-related expenses.

(g) Adjustment to reflect an increase in interest expense due to an increase in pre-tax interest expense of \$13 million for each of the three-month periods related to the \$1.2 billion Term Loan at a rate of 4.29% issued in connection with the APi Acquisition, and an increase of approximately \$2 million for each of the three-month periods related to pre-tax amortization of debt issuance costs and commitment fees, partially offset by elimination of approximately \$7 million for each of the three-month periods related to pre-tax interest expense related to the Predecessor's Term Loan and Revolving Credit Facility.

(h) Adjustment to reflect the elimination of non-cash charges of \$155 million associated with the Annual Preferred Share Dividend and with equity-based compensation related to prior ownership.

(i) Adjustment to reflect the elimination of APG investment income prior to the APi Acquisition that is not expected to recur. Cash from these investments was used to fund a portion of the cash consideration for the APi Acquisition.

(j) Adjustment to reflect the elimination of expense under prior ownership not expected to continue or recur following the APi Acquisition.

(k) Adjustment to reflect an adjusted effective cash tax rate of 20% (taking into consideration the tax benefits associated with the realization of accelerated depreciation attributable to the approximately \$350 million tax asset acquired with the APi Acquisition) applied to resulting adjusted pre-tax income inclusive of the adjustments shown above.

(l) Adjustment to reflect the diluted weighted average shares outstanding as if the APi Acquisition had occurred on January 1, 2019. Excludes 64.5 million warrants outstanding at December 31, 2019, which were exercisable at a price of \$11.50 per share for a total of 21.5 million ordinary shares

(m) The combined financial information for the year ended December 31, 2019 includes the results of operations of APi Group Corporation (Successor) for the period from January 1, 2019 through December 31, 2019 and the results of operations of APi Group, Inc. (Predecessor) for the period from January 1, 2019 through September 30, 2019, while quarterly financial information includes only the results of APi Group, Inc. (Predecessor) and excludes the results of operations for APi Group Corporation for the period from January 1, 2019 through September 30, 2019 (prior to the APi acquisition); therefore, the quarterly amounts presented above do not total the combined full year amounts.

Reconciliation of GAAP to Non-GAAP Financial Measures

Summary of Adjusted Financial Information (non-GAAP)

(\$ in millions)

	For the year ended December 31, 2020			For the year ended December 31, 2019		
	As Reported (Successor)	Adjustments	As Adjusted	As Reported Combined	Adjustments	As Adjusted
Safety Services						
Net revenues	\$ 1,639	\$ -	\$ 1,639	\$ 1,777	\$ -	\$ 1,777
Cost of revenues	1,174	(54) (b)	1,116	1,254	(10) (b)	1,244
		(4) (c)				
Gross profit	\$ 465	\$ 58	\$ 523	\$ 523	\$ 10	\$ 533
Gross margin	28.4%		31.9%	29.4%		30.0%
Specialty Services						
Net revenues	\$ 1,401	\$ -	\$ 1,401	\$ 1,493	\$ -	\$ 1,493
Cost of revenues	1,189	(15) (b)	1,174	1,263	(8) (b)	1,255
Gross profit	\$ 212	\$ 15	\$ 227	\$ 230	\$ 8	\$ 238
Gross margin	15.1%		16.2%	15.4%		15.9%
Industrial Services						
Net revenues	\$ 563	\$ (91) (a)	\$ 472	\$ 837	\$ (290) (a)	\$ 547
Cost of revenues	484	(89) (a)	395	788	(283) (a)	501
					(4) (b)	
Gross profit	\$ 79	\$ (2)	\$ 77	\$ 49	\$ (3)	\$ 46
Gross margin	14.0%		16.3%	5.9%		8.4%
Corporate and Eliminations						
Net revenues	\$ (16)	\$ -	\$ (16)	\$ (15)	\$ -	\$ (15)
Cost of revenues	(16)	-	(16)	(15)	-	(15)
Total Consolidated						
Net revenues	\$ 3,587	\$ (91) (a)	\$ 3,496	\$ 4,092	\$ (290) (a)	\$ 3,802
Cost of revenues	2,831	(89) (a)	2,669	3,290	(283) (a)	2,985
		(69) (b)			(22) (b)	
		(4) (c)				
Gross profit	\$ 756	\$ 71	\$ 827	\$ 802	\$ 15	\$ 817
Gross margin	21.1%		23.7%	19.6%		21.5%

- (a) Adjustment to reflect the elimination of amounts related to businesses divested and classified as held-for-sale.
(b) Adjustment to reflect the addback of amortization expense related to backlog intangible assets.
(c) Adjustment to reflect the elimination of costs related to the fair value step-up of acquired inventory.

Reconciliation of GAAP to Non-GAAP Financial Measures

Adjusted Segment Financial Information (non-GAAP)

(\$ in millions)

	For the three months ended March 31, 2021			For the three months ended March 31, 2020			For the three months ended March 31, 2019		
	As Reported (Successor)	Adjustments	As Adjusted	As Reported (Successor)	Adjustments	As Adjusted	As Reported (Predecessor)	Adjustments	As Adjusted
Safety Services									
Net revenues	\$ 466	\$ -	\$ 466	\$ 424	\$ -	\$ 424	\$ 426	\$ -	\$ 426
Cost of revenues	319	-	319	306	(10) (b)	296	300	-	300
Gross profit	\$ 147	\$ -	\$ 147	\$ 118	\$ 10	\$ 128	\$ 126	\$ -	\$ 126
Gross margin	31.5 %		31.5 %	27.8 %		30.2 %	29.6 %		29.6 %
Specialty Services									
Net revenues	\$ 321	\$ -	\$ 321	\$ 300	\$ -	\$ 300	\$ 286	\$ -	\$ 286
Cost of revenues	284	(1) (b)	283	270	(8) (b)	262	255	-	255
Gross profit	\$ 37	\$ 1	\$ 38	\$ 30	\$ 8	\$ 38	\$ 31	\$ -	\$ 31
Gross margin	11.5 %		11.8 %	10.0 %		12.7 %	10.8 %		10.8 %
Industrial Services									
Net revenues	\$ 25	\$ -	\$ 25	\$ 137	\$ (38) (a)	\$ 99	\$ 213	\$ (81) (a)	\$ 132
Cost of revenues	28	-	28	123	(38) (a)	81	207	(78) (a)	129
					(4) (b)				
Gross profit	\$ (3)	\$ -	\$ (3)	\$ 14	\$ 4	\$ 18	\$ 6	\$ (3)	\$ 3
Gross margin	(12.0)%		(12.0)%	10.2 %		18.2 %	2.8 %		2.3 %
Corporate and Eliminations									
Net revenues	\$ (9)	\$ -	\$ (9)	\$ (3)	\$ -	\$ (3)	\$ (3)	\$ -	\$ (3)
Cost of revenues	(9)	-	(9)	(3)	-	(3)	(3)	-	(3)
Total Consolidated									
Net revenues	\$ 803	\$ -	\$ 803	\$ 858	\$ (38) (a)	\$ 820	\$ 922	\$ (81) (a)	\$ 841
Cost of revenues	622	(1) (b)	621	696	(38) (a)	636	759	(78) (a)	681
					(22) (b)				
Gross profit	\$ 181	\$ 1	\$ 182	\$ 162	\$ 22	\$ 184	\$ 163	\$ (3)	\$ 160
Gross margin	22.5 %		22.7 %	18.9 %		22.4 %	17.7 %		19.0 %

(a) Adjustment to reflect the elimination of amounts related to businesses divested and classified as held-for-sale.

(b) Adjustment to reflect the addback of amortization expense related to backlog intangible assets.

Reconciliation of GAAP to Non-GAAP Financial Measures

Adjusted Segment Financial Information (non-GAAP)

(\$ in millions)

	For the three months ended June 30, 2021			For the three months ended June 30, 2020			For the three months ended June 30, 2019		
	As Reported	Adjustments	As Adjusted	As Reported	Adjustments	As Adjusted	As Reported	Adjustments	As Adjusted
Safety Services	<i>(Successor)</i>			<i>(Successor)</i>			<i>(Predecessor)</i>		
Net revenues	\$ 512	\$ -	\$ 512	\$ 371	\$ -	\$ 371	\$ 444	\$ -	\$ 444
Cost of revenues	350	(1) (b)	349	263	(11) (b)	252	314	-	314
Gross profit	\$ 162	\$ 1	\$ 163	\$ 108	\$ 11	\$ 119	\$ 130	\$ -	\$ 130
Gross margin	31.6%		31.8%	29.1%		32.1%	29.3%		29.3%
Specialty Services									
Net revenues	\$ 415	\$ -	\$ 415	\$ 349	\$ -	\$ 349	\$ 414	\$ -	\$ 414
Cost of revenues	348	(1) (b)	347	301	(8) (b)	293	349		349
Gross profit	\$ 67	\$ 1	\$ 68	\$ 48	\$ 8	\$ 56	\$ 65	\$ -	\$ 65
Gross margin	16.1%		16.4%	13.8%		16.0%	15.7%		15.7%
Industrial Services									
Net revenues	\$ 68	\$ -	\$ 68	\$ 173	\$ (40) (a)	\$ 133	\$ 212	\$ (77) (a)	\$ 135
Cost of revenues	65	-	65	155	(39) (a)	112	199	(72) (a)	127
					(4) (b)				
Gross profit	\$ 3	\$ -	\$ 3	\$ 18	\$ 3	\$ 21	\$ 13	\$ (5)	\$ 8
Gross margin	4.4%		4.4%	10.4%		15.8%	6.1%		5.9%
Corporate and Eliminations									
Net revenues	\$ (17)	\$ -	\$ (17)	\$ (4)	\$ -	\$ (4)	\$ (3)	\$ -	\$ (3)
Cost of revenues	(17)	-	(17)	(4)	-	(4)	(3)	-	(3)
Total Consolidated									
Net revenues	\$ 978	\$ -	\$ 978	\$ 889	\$ (40) (a)	\$ 849	\$ 1,067	\$ (77) (a)	\$ 990
Cost of revenues	746	(2) (b)	744	715	(39) (a)	653	859	(72) (a)	787
					(23) (b)				
Gross profit	\$ 232	\$ 2	\$ 234	\$ 174	\$ 22	\$ 196	\$ 208	\$ (5)	\$ 203
Gross margin	23.7%		23.9%	19.6%		23.1%	19.5%		20.5%

(a) Adjustment to reflect the elimination of amounts related to businesses divested and classified as held-for-sale.

(b) Adjustment to reflect the addback of amortization expense related to backlog intangible assets.

Reconciliation of GAAP to Non-GAAP Financial Measures

Adjusted Segment Financial Information (non-GAAP)

(\$ in millions)

	For the three months ended September 30, 2021			For the three months ended September 30, 2020			For the three months ended September 30, 2019		
	As Reported	Adjustments	As Adjusted	As Reported	Adjustments	As Adjusted	As Reported	Adjustments	As Adjusted
Safety Services	<i>(Successor)</i>			<i>(Successor)</i>			<i>(Predecessor)</i>		
Net revenues	\$ 533	\$ -	\$ 533	\$ 404	\$ -	\$ 404	\$ 472	\$ -	\$ 472
Cost of revenues	364	-	364	292	(20) (b)	272	330	-	330
Gross profit	\$ 169	\$ -	\$ 169	\$ 112	\$ 20	\$ 132	\$ 142	\$ -	\$ 142
Gross margin	31.7 %		31.7 %	27.7 %		32.7 %	30.1 %		30.1 %
Specialty Services									
Net revenues	\$ 436	\$ -	\$ 436	\$ 400	\$ -	\$ 400	\$ 407	\$ -	\$ 407
Cost of revenues	364	(2) (b)	362	323	6 (b)	329	335	-	335
Gross profit	\$ 72	\$ 2	\$ 74	\$ 77	\$ (6)	\$ 71	\$ 72	\$ -	\$ 72
Gross margin	16.5 %		17.0 %	19.3 %		17.8 %	17.7 %		17.7 %
Industrial Services									
Net revenues	\$ 103	\$ -	\$ 103	\$ 158	\$ (5) (a)	\$ 153	\$ 245	\$ (72) (a)	\$ 173
Cost of revenues	92	-	92	125	(5) (a)	128	226	(76) (a)	150
					8 (b)				
Gross profit	\$ 11	\$ -	\$ 11	\$ 33	\$ (8)	\$ 25	\$ 19	\$ 4	\$ 23
Gross margin	10.7 %		10.7 %	20.9 %		16.3 %	7.8 %		13.3 %
Corporate and Eliminations									
Net revenues	\$ (25)	\$ -	\$ (25)	\$ (4)	\$ -	\$ (4)	\$ (6)	\$ -	\$ (6)
Cost of revenues	(25)	-	(25)	(4)	-	(4)	(6)	-	(6)
Total Consolidated									
Net revenues	\$ 1,047	\$ -	\$ 1,047	\$ 958	\$ (5) (a)	\$ 953	\$ 1,118	\$ (72) (a)	\$ 1,046
Cost of revenues	795	(2) (b)	793	736	(5) (a)	725	885	(76) (a)	809
					(6) (b)				
Gross profit	\$ 252	\$ 2	\$ 254	\$ 222	\$ 6	\$ 228	\$ 233	\$ 4	\$ 237
Gross margin	24.1 %		24.3 %	23.2 %		23.9 %	20.8 %		22.7 %

(a) Adjustment to reflect the elimination of amounts related to businesses divested and classified as held-for-sale.

(b) Adjustment to reflect the addback of amortization expense related to backlog intangible assets.

Reconciliation of GAAP to Non-GAAP Financial Measures

Adjusted Segment Financial Information (non-GAAP)

(\$ in millions)

	For the three months ended December 31, 2020			For the three months ended December 31, 2019		
	As Reported (Successor)	Adjustments	As Adjusted	As Reported (Successor)	Adjustments	As Adjusted
Safety Services						
Net revenues	\$ 440	\$ -	\$ 440	\$ 435	\$ -	\$ 435
Cost of revenues	313	(13) (b)	296	310	(10) (b)	300
		(4) (c)				
Gross profit	\$ 127	\$ 17	\$ 144	\$ 125	\$ 10	\$ 135
Gross margin	28.9 %		32.7 %	28.7 %		31.0 %
Specialty Services						
Net revenues	\$ 352	\$ -	\$ 352	\$ 386	\$ -	\$ 386
Cost of revenues	295	(5) (b)	290	324	(8) (b)	316
Gross profit	\$ 57	\$ 5	\$ 62	\$ 62	\$ 8	\$ 70
Gross margin	16.2 %		17.6 %	16.1 %		18.1 %
Industrial Services						
Net revenues	\$ 95	\$ (8) (a)	\$ 87	\$ 167	\$ (60) (a)	\$ 107
Cost of revenues	81	(7) (a)	74	156	(57) (a)	95
					(4) (b)	
Gross profit	\$ 14	\$ (1)	\$ 13	\$ 11	\$ 1	\$ 12
Gross margin	14.7 %		14.9 %	6.6 %		11.2 %
Corporate and Eliminations						
Net revenues	\$ (5)	\$ -	\$ (5)	\$ (3)	\$ -	\$ (3)
Cost of revenues	(5)	-	(5)	(3)	-	(3)
Total Consolidated						
Net revenues	\$ 882	\$ (8) (a)	\$ 874	\$ 985	\$ (60) (a)	\$ 925
Cost of revenues	684	(7) (a)	655	787	(57) (a)	708
		(18) (b)			(22) (b)	
		(4) (c)				
Gross profit	\$ 198	\$ 21	\$ 219	\$ 198	\$ 19	\$ 217
Gross margin	22.4 %		25.1 %	20.1 %		23.5 %

(a) Adjustment to reflect the elimination of amounts related to businesses divested and classified as held-for-sale.

(b) Adjustment to reflect the addback of amortization expense related to backlog intangible assets.

(c) Adjustment to reflect the elimination of costs related to the fair value step-up of acquired inventory.

