

Non-GAAP Financial Measures

(Supplemental information to the press release dated November 10, 2020)

November 16, 2020

Non-GAAP Financial Measures

On November 10, 2020, APi Group Corporation (the “Company”) issued a press release announcing its financial results for the three and nine months ended September 30, 2020. 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, 2020 contained an adjustment to reflect annualized depreciation expense of \$60 million, which is approximately equivalent to the Company’s medium to long-term capital expenditures and excludes the portion of depreciation expense arising from purchase accounting step up to fair value of property and equipment.

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

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.

The Company’s press releases prior to the second quarter of 2020 did not include adjustments to depreciation expense as the fair values of fixed assets from the APi acquisition were preliminary. During the second quarter of 2020, the Company finalized the property and equipment fair values, and in the second quarter 2020 earnings press release, presented a depreciation expense adjustment in the non-GAAP financial measures to eliminate the purchase accounting impacts for all periods presented, including the 2019 periods, for consistency year over year. The adjustments also included a reclassification of depreciation expense between cost of revenues and selling, general, and administrative expenses to align with the finalized fixed asset fair values.

Non-GAAP Financial Measures (Cont'd)

This presentation contains non-U.S. GAAP financial measures within the meaning of Regulation G promulgated by the Securities and Exchange Commission and includes a reconciliation of these non-U.S. GAAP financial measures to the most directly comparable financial measures calculated in accordance with GAAP. 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 margin, "adjusted" selling, general and administrative ("SG&A") expense, "adjusted" net income, and "adjusted" earnings per share, which 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 and depreciation remeasurements associated with acquisitions, net COVID-19 relief, 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.

Non-GAAP Financial Measures (Cont'd)

- 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”). 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

2020 Quarterly Summary of Adjusted Financial Information (non-GAAP)

(\$ in millions)

	For the three months ended			For the nine months ended
	March 31, 2020	June 30, 2020	September 30, 2020	September 30, 2020
	(Successor) (a)	(Successor) (a)	(Successor) (a)	(Successor) (a)
Total Consolidated				
Adjusted gross profit	\$ 183	\$ 208	\$ 232	\$ 623
Adjusted gross margin	22.3 %	24.5 %	24.3 %	23.8 %
Adjusted SG&A expenses	\$ 140	\$ 127	\$ 137	\$ 404
Adjusted SG&A as a percentage of adjusted net revenues	17.1 %	15.0 %	14.4 %	15.4 %
Adjusted net income	\$ 26	\$ 59	\$ 69	\$ 154
Adjusted diluted EPS	\$ 0.15	\$ 0.34	\$ 0.39	\$ 0.88
Safety Services				
Adjusted gross profit	\$ 129	\$ 118	\$ 132	\$ 379
Adjusted gross margin	30.4 %	31.8 %	32.7 %	31.6 %
Specialty Services				
Adjusted gross profit	\$ 38	\$ 66	\$ 75	\$ 179
Adjusted gross margin	12.7 %	18.9 %	18.8 %	17.1 %
Industrial Services				
Adjusted gross profit	\$ 16	\$ 24	\$ 25	\$ 65
Adjusted gross margin	16.2 %	18.0 %	16.3 %	16.9 %

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

Reconciliation of GAAP to Non-GAAP Financial Measures

2019 Quarterly 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	\$ 161	\$ 203	\$ 238	\$ 218	\$ 820
Adjusted gross margin	19.1 %	20.5 %	22.8 %	23.6 %	21.6 %
Adjusted SG&A expenses	\$ 117	\$ 122	\$ 133	\$ 130	\$ 502
Adjusted SG&A as a percentage of adjusted net revenues	13.9 %	12.3 %	12.7 %	14.1 %	13.2 %
Adjusted net income	\$ 26	\$ 54	\$ 78	\$ 62	\$ 219
Adjusted diluted EPS	\$ 0.15	\$ 0.31	\$ 0.45	\$ 0.36	\$ 1.26
Safety Services					
Adjusted gross profit	\$ 127	\$ 130	\$ 142	\$ 135	\$ 534
Adjusted gross margin	29.8 %	29.3 %	30.1 %	31.0 %	30.1 %
Specialty Services					
Adjusted gross profit	\$ 33	\$ 67	\$ 74	\$ 72	\$ 246
Adjusted gross margin	11.5 %	16.2 %	18.2 %	18.7 %	16.5 %
Industrial Services					
Adjusted gross profit	\$ 1	\$ 6	\$ 22	\$ 11	\$ 40
Adjusted gross margin	0.8 %	4.4 %	12.7 %	10.3 %	7.3 %

(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

2020 Quarterly Gross profit and adjusted gross profit (non-GAAP)

(\$ in millions)

	For the three months ended			For the nine months ended
	March 31, 2020	June 30, 2020	September 30, 2020	September 30, 2020
	(Successor)	(Successor)	(Successor)	(Successor)
Gross profit (as reported)	\$ 162	\$ 174	\$ 222	\$ 558
Adjustments to reconcile gross profit to adjusted gross profit:				
Divested businesses (a)	-	(1)	-	(1)
Backlog amortization (b)	22	23	6	51
Depreciation remeasurement (c)	(1)	12	4	15
Adjusted gross profit	\$ 183	\$ 208	\$ 232	\$ 623
Adjusted net revenues (d)	\$ 820	\$ 849	\$ 953	\$ 2,622
Adjusted gross margin	22.3 %	24.5 %	24.3 %	23.8 %

- (a) Adjustment to reflect the elimination of amounts related to businesses classified as held-for-sale as of December 31, 2019 and divested as of September 30, 2020.
- (b) Adjustment to reflect the addback of amortization expense related to backlog intangibles assets. Amortization for the three months and nine months ended September 30, 2020 includes the reversal of \$12 million of amortization expense for remeasurements related to finalization of purchase accounting recorded during the three months ended September 30, 2020, which related to prior periods.
- (c) Adjustment to reflect annualized depreciation expense of \$60 million, an amount approximately equivalent to medium to long-term cash capital expenditures, which excludes the portion of depreciation arising from purchase accounting step up to fair value of property and equipment.
- (d) Adjusted net revenues derived from non-GAAP reconciliations included elsewhere in this presentation.

Reconciliation of GAAP to Non-GAAP Financial Measures

2019 Quarterly 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
Depreciation remeasurement	(c) 1	-	1	1	3
Adjusted gross profit	\$ 161	\$ 203	\$ 238	\$ 218	\$ 820
Adjusted net revenues	(d) \$ 841	\$ 990	\$ 1,046	\$ 925	\$ 3,802
Adjusted gross margin	19.1 %	20.5 %	22.8 %	23.6 %	21.6 %

- (a) Adjustment to reflect the elimination of amounts related to businesses classified as held-for-sale as of December 31, 2019 and divested as of September 30, 2020.
- (b) Adjustment to reflect the addback of amortization expense related to backlog intangibles assets.
- (c) Adjustment to reflect annualized depreciation expense of \$60 million, an amount approximately equivalent to medium to long-term cash capital expenditures, which excludes the portion of depreciation arising from purchase accounting step up to fair value of property and equipment.
- (d) Adjusted net revenues derived from non-GAAP reconciliations included elsewhere in this presentation.

Reconciliation of GAAP to Non-GAAP Financial Measures

2020 Quarterly SG&A and Adjusted SG&A (non-GAAP)

(\$ in millions)

	For the three months ended			For the nine months ended
	March 31, 2020	June 30, 2020	September 30, 2020	September 30, 2020
	(Successor)	(Successor)	(Successor)	(Successor)
Selling, general and administrative expenses ("SG&A") (as reported)	\$ 188	\$ 147	\$ 171	\$ 506
Adjustments to reconcile SG&A to adjusted SG&A:				
Divested businesses	(a) (1)	(1)	-	(2)
Contingent consideration and compensation	(b) (7)	10	(3)	-
Amortization of intangible assets	(c) (30)	(28)	(25)	(83)
Depreciation remeasurement	(d) (4)	3	(1)	(2)
Business process transformation costs	(e) (2)	(2)	(3)	(7)
Public company registration, listing and compliance	(f) (4)	(1)	-	(5)
Acquisition expenses	(g) -	-	(2)	(2)
COVID-19 severance costs at non-U.S. subsidiaries	(h) -	(1)	-	(1)
Share-based compensation	(i) -	-	-	-
Expenses related to prior ownership	(j) -	-	-	-
Adjusted SG&A expenses	\$ 140	\$ 127	\$ 137	\$ 404
Adjusted net revenues	(k) \$ 820	\$ 849	\$ 953	\$ 2,622
Adjusted SG&A as a percentage of adjusted net revenues	17.1 %	15.0 %	14.4 %	15.4 %

- (a) Adjustment to reflect the elimination of amounts related to businesses classified as held-for-sale as of December 31, 2019 and divested as of September 30, 2020.
- (b) Adjustment to reflect the elimination of 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. Amortization for the three months and nine months ended September 30, 2020 includes the reversal of \$3 million of amortization expense for remeasurements related to finalization of purchase accounting recorded during the three months ended September 30, 2020, which related to prior periods.
- (d) Adjustment to reflect annualized depreciation expense of \$60 million, an amount approximately equivalent to medium to long-term cash capital expenditures, which excludes the portion of depreciation arising from purchase accounting step up to fair value of property and equipment.
- (e) Adjustment to reflect the elimination of costs related to business process transformation.
- (f) Adjustment to reflect the elimination of costs relating to public company registration, listing and compliance.
- (g) Adjustment to reflect the elimination of acquisition-related expenses.
- (h) Adjustment to reflect the elimination of severance costs at non-U.S. subsidiaries related to COVID-19.
- (i) Adjustment to reflect the elimination of non-cash, share-based compensation costs, primarily including equity-based compensation related to prior ownership.
- (j) Adjustment to reflect the elimination of expense under prior ownership not expected to continue or recur following the APi Acquisition.
- (k) Adjusted net revenues derived from non-GAAP reconciliations included elsewhere in this presentation.

Reconciliation of GAAP to Non-GAAP Financial Measures

2019 Quarterly SG&A and Adjusted SG&A (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) (j)
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)
Depreciation remeasurement (d)	(2)	(1)	(2)	(2)	(7)
Public company registration, listing and compliance (e)	-	-	-	(5)	(24)
Acquisition expenses (f)	-	-	(5)	(8)	(17)
Share-based compensation (g)	-	-	(37)	(156)	(193)
Expenses related to prior ownership (h)	(1)	(6)	(11)	-	(18)
Adjusted SG&A expenses	\$ 117	\$ 122	\$ 133	\$ 130	\$ 502
Adjusted net revenues (i)	\$ 841	\$ 990	\$ 1,046	\$ 925	\$ 3,802
Adjusted SG&A as a percentage of adjusted net revenues	13.9 %	12.3 %	12.7 %	14.1 %	13.2 %

- (a) Adjustment to reflect the elimination of amounts related to businesses classified as held-for-sale as of December 31, 2019 and divested as of September 30, 2020.
- (b) Adjustment to reflect the elimination of 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 annualized depreciation expense of \$60 million, an amount approximately equivalent to medium to long-term cash capital expenditures, which excludes the portion of depreciation arising from purchase accounting step up to fair value of property and equipment.
- (e) Adjustment to reflect the elimination of costs relating to public company registration, listing and compliance.
- (f) Adjustment to reflect the elimination of acquisition-related expenses.
- (g) Adjustment to reflect the elimination of non-cash, share-based compensation costs, primarily including equity-based compensation related to prior ownership.
- (h) Adjustment to reflect the elimination of expense under prior ownership not expected to continue or recur following the API Acquisition.
- (i) Adjusted net revenues derived from non-GAAP reconciliations included elsewhere in this presentation.
- (j) 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

2020 Quarterly 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, 2020	June 30, 2020	September 30, 2020	September 30, 2020	
	(Successor)	(Successor)	(Successor)	(Successor)	
Income (loss) before income tax provision (as reported)	\$ (245)	\$ 24	\$ 55	\$ (166)	
Adjustments to reconcile income (loss) before income tax provision to adjusted income (loss) before income tax provision:					
Divested businesses	(a) 6	-	-	6	
Amortization of intangible assets	(b) 52	51	31	134	
Depreciation remeasurement	(c) 3	9	5	17	
Contingent consideration and compensation	(d) 7	(10)	3	-	
Impairment of goodwill and intangible assets	(e) 203	-	(10)	193	
Business process transformation costs	(f) 2	2	3	7	
Public company registration, listing and compliance	(g) 4	1	-	5	
Acquisition expenses	(h) -	-	2	2	
COVID-19 relief at non-U.S. subsidiaries, net	(i) -	(3)	(3)	(6)	
Adjusted income before income tax provision	\$ 32	\$ 74	\$ 86	\$ 192	
Income tax provision (benefit) (as reported)	\$ (51)	\$ (12)	\$ 28	\$ (35)	
Adjustments to reconcile income tax provision (benefit) to adjusted income tax provision:					
Income tax provision adjustment	(j) 57	27	(11)	73	
Adjusted income tax provision	\$ 6	\$ 15	\$ 17	\$ 38	
Adjusted income before income tax provision	\$ 32	\$ 74	\$ 86	\$ 192	
Adjusted income tax provision	6	15	17	38	
Adjusted net income	\$ 26	\$ 59	\$ 69	\$ 154	
Diluted weighted average shares outstanding (as reported)	170	176	182	170	
Adjustments to reconcile diluted weighted average shares outstanding to adjusted diluted weighted average shares outstanding:					
Dilutive impact of shares from GAAP net loss	(k) -	-	-	2	
Dilutive impact of Preferred Shares	(l) 4	(2)	(4)	4	
Adjusted diluted weighted average shares outstanding	174	174	178	176	
Adjusted diluted EPS	(m) \$ 0.15	\$ 0.34	\$ 0.39	\$ 0.88	

- (a) Adjustment to reflect the elimination of amounts related to businesses classified as held-for-sale as of December 31, 2019 and divested as of September 30, 2020, inclusive of impairment charges and gain/(loss) on sale.
- (b) Adjustment to reflect the addback of pre-tax amortization expense related to intangibles assets. Amortization for the three months and nine months ended September 30, 2020 includes the reversal of \$15 million of amortization expense for remeasurements recorded during the three months ended September 30, 2020, which related to prior periods.
- (c) Adjustment to reflect annualized depreciation expense of \$60 million, an amount approximately equivalent to medium to long-term cash capital expenditures, which excludes the portion of depreciation arising from purchase accounting step up to fair value of property and equipment.
- (d) Adjustment to reflect the elimination of expense attributable to deferred consideration to prior owners of acquired businesses not expected to continue or recur.
- (e) Adjustment to reflect the elimination of non-cash impairment charges (or reversals) related to goodwill and intangible assets. For the three months ended September 30, 2020 the reversal is related to the finalization of purchase accounting.
- (f) Adjustment to reflect the elimination of pre-tax costs related to business process transformation.
- (g) Adjustment to reflect the elimination of pre-tax costs relating to public company registration, listing and compliance.
- (h) Adjustment to reflect the elimination of acquisition-related expenses.
- (i) Adjustment to reflect the elimination of miscellaneous income related to COVID-19 relief, net of severance costs, at our non-U.S. subsidiaries.
- (j) Adjustment to reflect an adjusted effective 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, RSU's, and warrants which were anti-dilutive and excluded from the diluted weighted average shares outstanding (as reported).
- (l) Adjustment for the three month periods reflect addition of the GAAP dilutive impact of 4 million shares associated with the deemed conversion of Preferred Shares and restricted stock units, 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.
- (m) Earnings per share calculations for each period are based on the weighted average shares outstanding for each period, and the sum of the quarterly amounts may not equal the annual earnings per share amounts.

Reconciliation of GAAP to Non-GAAP Financial Measures

2019 Quarterly 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	June 30, 2019	September 30, 2019	December 31, 2019	December 31, 2019	
	(Predecessor)	(Predecessor)	(Predecessor)	(Successor)	(Combined) (q)	
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	
Depreciation remeasurement (c)	3	1	2	3	9	
Contingent consideration and compensation (d)	4	5	(10)	2	1	
Impairment of goodwill and intangible assets (e)	-	-	12	-	12	
Business process transformation costs (f)	-	-	-	-	-	
Public company registration, listing and compliance (g)	-	-	-	5	17	
Acquisition expenses (h)	-	-	5	8	24	
COVID-19 relief at non-U.S. subsidiaries, net (i)	-	-	-	-	-	
Interest expense (j)	(8)	(8)	(8)	-	(24)	
Share-based compensation costs (k)	-	-	37	156	193	
Investment income (l)	-	-	-	-	(20)	
Expenses related to prior ownership (m)	1	6	11	-	18	
Adjusted income before income tax provision	\$ 32	\$ 68	\$ 97	\$ 78	\$ 274	
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 (n)	5	10	17	14	46	
Adjusted income tax provision	\$ 6	\$ 14	\$ 19	\$ 16	\$ 55	
Adjusted income before income tax provision	\$ 32	\$ 68	\$ 97	\$ 78	\$ 274	
Adjusted income tax provision	6	14	19	16	55	
Adjusted net income	\$ 26	\$ 54	\$ 78	\$ 62	\$ 219	
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 (o)	174	174	174	174	41	
Adjusted diluted weighted average shares outstanding	174	174	174	174	174	
Adjusted diluted EPS (p)	\$ 0.15	\$ 0.31	\$ 0.45	\$ 0.36	\$ 1.26	

- (a) Adjustment to reflect the elimination of amounts related to businesses classified as held-for-sale as of December 31, 2019 and divested as of September 30, 2020, inclusive of impairment charges and gain/(loss) on sale.
- (b) Adjustment to reflect the addback of pre-tax amortization expense related to intangibles assets.
- (c) Adjustment to reflect annualized depreciation expense of \$60 million, an amount approximately equivalent to medium to long-term cash capital expenditures, which excludes the portion of depreciation arising from purchase accounting step up to fair value of property and equipment.
- (d) Adjustment to reflect the elimination of expense attributable to deferred consideration to prior owners of acquired businesses not expected to continue or recur.
- (e) Adjustment to reflect the elimination of non-cash impairment charges related to goodwill.
- (f) Adjustment to reflect the elimination of pre-tax costs related to business process transformation.
- (g) Adjustment to reflect the elimination of pre-tax costs relating to public company registration, listing and compliance.
- (h) Adjustment to reflect the elimination of acquisition-related expenses.
- (i) Adjustment to reflect the elimination of miscellaneous income related to COVID-19 relief, net of severance costs, at our non-U.S. subsidiaries.
- (j) Adjustment to reflect 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 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.
- (k) Adjustment to reflect the elimination of non-cash, share-based compensation costs, primarily including equity-based compensation related to prior ownership.
- (l) 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.
- (m) Adjustment to reflect the elimination of expense under prior ownership not expected to continue or recur following the APi Acquisition.
- (n) Adjustment to reflect an adjusted effective 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.
- (o) 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 October 1, 2019, which are exercisable at a price of \$11.50 per share for a total of 21.5 million ordinary shares.
- (p) Earnings per share calculations for each period are based on the weighted average shares outstanding for each period, and the sum of the quarterly amounts may not equal the annual earnings per share amounts.
- (q) 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

2020 and 2019 First Quarter Adjusted Segment Financial Information (non-GAAP)

(\$ in millions)

	For the three months ended March 31, 2020			For the three months ended March 31, 2019		
	As Reported	Adjustments	As Adjusted	As Reported	Adjustments	As Adjusted
Safety Services	<i>(Successor)</i>			<i>(Predecessor)</i>		
Net revenues	\$ 424	\$ -	\$ 424	\$ 426	\$ -	\$ 426
Cost of revenues	306	(10) (b)	295	300	(1) (c)	299
		(1) (c)				
Gross profit	\$ 118	\$ 11	\$ 129	\$ 126	\$ 1	\$ 127
Gross margin	27.8 %		30.4 %	29.6 %		29.8 %
Specialty Services						
Net revenues	\$ 300	\$ -	\$ 300	\$ 286	\$ -	\$ 286
Cost of revenues	270	(8) (b)	262	255	(2) (c)	253
Gross profit	\$ 30	\$ 8	\$ 38	\$ 31	\$ 2	\$ 33
Gross margin	10.0 %		12.7 %	10.8 %		11.5 %
Industrial Services						
Net revenues	\$ 137	\$ (38) (a)	\$ 99	\$ 213	\$ (81) (a)	\$ 132
Cost of revenues	123	(38) (a)	83	207	(78) (a)	131
		(4) (b)			2 (c)	
		2 (c)				
Gross profit	\$ 14	\$ 2	\$ 16	\$ 6	\$ (5)	\$ 1
Gross margin	10.2 %		16.2 %	2.8 %		0.8 %
Corporate and Eliminations						
Net revenues	\$ (3)	\$ -	\$ (3)	\$ (3)	\$ -	\$ (3)
Cost of revenues	(3)	-	(3)	(3)	-	(3)
Total Consolidated						
Net revenues	\$ 858	\$ (38) (a)	\$ 820	\$ 922	\$ (81) (a)	\$ 841
Cost of revenues	696	(38) (a)	637	759	(78) (a)	680
		(22) (b)			(1) (c)	
		1 (c)				
Gross profit	\$ 162	\$ 21	\$ 183	\$ 163	\$ (2)	\$ 161
Gross margin	18.9 %		22.3 %	17.7 %		19.1 %

- (a) Adjustment to reflect the elimination of amounts related to businesses classified as held-for-sale as of December 31, 2019 and divested as of September 30, 2020.
- (b) Adjustment to reflect the addback of amortization expense related to backlog intangibles assets.
- (c) Adjustment to reflect annualized depreciation expense of \$60 million, an amount approximately equivalent to medium to long-term cash capital expenditures, which excludes the portion of depreciation arising from purchase accounting step up to fair value of property and equipment.

Reconciliation of GAAP to Non-GAAP Financial Measures

2020 and 2019 Second Quarter Adjusted Segment Financial Information (non-GAAP)

(\$ in millions)

	For the three months ended June 30, 2020			For the three months ended June 30, 2019		
	As Reported (Successor)	Adjustments	As Adjusted	As Reported (Predecessor)	Adjustments	As Adjusted
Safety Services						
Net revenues	\$ 371	\$ -	\$ 371	\$ 444	\$ -	\$ 444
Cost of revenues	263	(11) (b)	253	314	-	314
		1 (c)				
Gross profit	\$ 108	\$ 10	\$ 118	\$ 130	\$ -	\$ 130
Gross margin	29.1 %		31.8 %	29.3 %		29.3 %
Specialty Services						
Net revenues	\$ 349	\$ -	\$ 349	\$ 414	\$ -	\$ 414
Cost of revenues	301	(8) (b)	283	349	(2) (c)	347
		(10) (c)				
Gross profit	\$ 48	\$ 18	\$ 66	\$ 65	\$ 2	\$ 67
Gross margin	13.8 %		18.9 %	15.7 %		16.2 %
Industrial Services						
Net revenues	\$ 173	\$ (40) (a)	\$ 133	\$ 212	\$ (77) (a)	\$ 135
Cost of revenues	155	(39) (a)	109	199	(72) (a)	129
		(4) (b)			2 (c)	
		(3) (c)				
Gross profit	\$ 18	\$ 6	\$ 24	\$ 13	\$ (7)	\$ 6
Gross margin	10.4 %		18.0 %	6.1 %		4.4 %
Corporate and Eliminations						
Net revenues	\$ (4)	\$ -	\$ (4)	\$ (3)	\$ -	\$ (3)
Cost of revenues	(4)	-	(4)	(3)	-	(3)
Total Consolidated						
Net revenues	\$ 889	\$ (40) (a)	\$ 849	\$ 1,067	\$ (77) (a)	\$ 990
Cost of revenues	715	(39) (a)	641	859	(72) (a)	787
		(23) (b)			- (c)	
		(12) (c)				
Gross profit	\$ 174	\$ 34	\$ 208	\$ 208	\$ (5)	\$ 203
Gross margin	19.6 %		24.5 %	19.5 %		20.5 %

- (a) Adjustment to reflect the elimination of amounts related to businesses classified as held-for-sale as of December 31, 2019 and divested as of September 30, 2020.
- (b) Adjustment to reflect the addback of amortization expense related to backlog intangibles assets.
- (c) Adjustment to reflect annualized depreciation expense of \$60 million, an amount approximately equivalent to medium to long-term cash capital expenditures, which excludes the portion of depreciation arising from purchase accounting step up to fair value of property and equipment.

Reconciliation of GAAP to Non-GAAP Financial Measures

2020 and 2019 Third Quarter Adjusted Segment Financial Information (non-GAAP)

(\$ in millions)

	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
Safety Services						
	<i>(Successor)</i>			<i>(Predecessor)</i>		
Net revenues	\$ 404	\$ -	\$ 404	\$ 472	\$ -	\$ 472
Cost of revenues	292	(20) (b)	272	330	-	330
Gross profit	\$ 112	\$ 20	\$ 132	\$ 142	\$ -	\$ 142
Gross margin	27.7 %		32.7 %	30.1 %		30.1 %
Specialty Services						
Net revenues	\$ 400	\$ -	\$ 400	\$ 407	\$ -	\$ 407
Cost of revenues	323	6 (b)	325	335	(2) (c)	333
		(4) (c)				
Gross profit	\$ 77	\$ (2)	\$ 75	\$ 72	\$ 2	\$ 74
Gross margin	19.3 %		18.8 %	17.7 %		18.2 %
Industrial Services						
Net revenues	\$ 158	\$ (5) (a)	\$ 153	\$ 245	\$ (72) (a)	\$ 173
Cost of revenues	125	(5) (a)	128	226	(76) (a)	151
		8 (b)			1 (c)	
Gross profit	\$ 33	\$ (8)	\$ 25	\$ 19	\$ 3	\$ 22
Gross margin	20.9 %		16.3 %	7.8 %		12.7 %
Corporate and Eliminations						
Net revenues	\$ (4)	\$ -	\$ (4)	\$ (6)	\$ -	\$ (6)
Cost of revenues	(4)	-	(4)	(6)	-	(6)
Total Consolidated						
Net revenues	\$ 958	\$ (5) (a)	\$ 953	\$ 1,118	\$ (72) (a)	\$ 1,046
Cost of revenues	736	(5) (a)	721	885	(76) (a)	808
		(6) (b)			(1) (c)	
		(4) (c)				
Gross profit	\$ 222	\$ 10	\$ 232	\$ 233	\$ 5	\$ 238
Gross margin	23.2 %		24.3 %	20.8 %		22.8 %

- (a) Adjustment to reflect the elimination of amounts related to businesses classified as held-for-sale as of December 31, 2019 and divested as of September 30, 2020.
- (b) Adjustment to reflect the addback of amortization expense related to backlog intangibles assets.
- (c) Adjustment to reflect annualized depreciation expense of \$60 million, an amount approximately equivalent to medium to long-term cash capital expenditures, which excludes the portion of depreciation arising from purchase accounting step up to fair value of property and equipment.

Reconciliation of GAAP to Non-GAAP Financial Measures

2019 Fourth Quarter and Annual Adjusted Segment Financial Information (non-GAAP)

(\$ in millions)

	For the three months ended December 31, 2019			For the year ended December 31, 2019		
	As Reported (Successor)	Adjustments	As Adjusted	As Reported Combined	Adjustments	As Adjusted
Safety Services						
Net revenues	\$ 435	\$ -	\$ 435	\$ 1,777	\$ -	\$ 1,777
Cost of revenues	310	(10) (b)	300	1,254	(10) (b)	1,243
					(1) (c)	
Gross profit	\$ 125	\$ 10	\$ 135	\$ 523	\$ 11	\$ 534
Gross margin	28.7 %		31.0 %	29.4 %		30.1 %
Specialty Services						
Net revenues	\$ 386	\$ -	\$ 386	\$ 1,493	\$ -	\$ 1,493
Cost of revenues	324	(8) (b)	314	1,263	(8) (b)	1,247
		(2) (c)			(8) (c)	
Gross profit	\$ 62	\$ 10	\$ 72	\$ 230	\$ 16	\$ 246
Gross margin	16.1 %		18.7 %	15.4 %		16.5 %
Industrial Services						
Net revenues	\$ 167	\$ (60) (a)	\$ 107	\$ 837	\$ (290) (a)	\$ 547
Cost of revenues	156	(57) (a)	96	788	(283) (a)	507
		(4) (b)			(4) (b)	
		1 (c)			6 (c)	
Gross profit	\$ 11	\$ -	\$ 11	\$ 49	\$ (9)	\$ 40
Gross margin	6.6 %		10.3 %	5.9 %		7.3 %
Corporate and Eliminations						
Net revenues	\$ (3)	\$ -	\$ (3)	\$ (15)	\$ -	\$ (15)
Cost of revenues	(3)	-	(3)	(15)	-	(15)
Total Consolidated						
Net revenues	\$ 985	\$ (60) (a)	\$ 925	\$ 4,092	\$ (290) (a)	\$ 3,802
Cost of revenues	787	(57) (a)	707	3,290	(283) (a)	2,982
		(22) (b)			(22) (b)	
		(1) (c)			(3) (c)	
Gross profit	\$ 198	\$ 20	\$ 218	\$ 802	\$ 18	\$ 820
Gross margin	20.1 %		23.6 %	19.6 %		21.6 %

- (a) Adjustment to reflect the elimination of amounts related to businesses classified as held-for-sale as of December 31, 2019 and divested as of September 30, 2020.
- (b) Adjustment to reflect the addback of amortization expense related to backlog intangibles assets.
- (c) Adjustment to reflect annualized depreciation expense of \$60 million, an amount approximately equivalent to medium to long-term cash capital expenditures, which excludes the portion of depreciation arising from purchase accounting step up to fair value of property and equipment.

