



Non-GAAP Financial Measures

(Supplemental information to the press release dated May 4, 2022)

MAY 4, 2022

Non-GAAP Financial Measures

On May 4, 2022, APi Group Corporation (the “Company”) issued a press release announcing its financial results for the three months ended March 31, 2022. 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 months ended March 31, 2022 included the resegmentation of the Company’s operating segments.

The Company did not provide a recast of these measures for the prior periods that were not presented in the March 31, 2022 press release including to the second and third quarter of 2021, the first, second, third and fourth quarters of 2020 and the full years of 2021 and 2020. 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 months ended March 31, 2022.

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 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, non-service pension benefit, non-service pension benefit, 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.
- 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 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 in this presentation.

Reconciliation of Non-GAAP Financial Measures

Adjusted Segment Financial Information (non-GAAP)

\$ IN MILLIONS

	For the three months ended				For the year ended
	March 31, 2021 <i>(Successor) (a)</i>	June 30, 2021 <i>(Successor) (a)</i>	September 30, 2021 <i>(Successor) (a)</i>	December 31, 2021 <i>(Successor) (a)</i>	December 31, 2021 <i>(Successor) (a)</i>
Total Consolidated					
Adjusted net revenues	\$ 803	\$ 978	\$ 1,047	\$ 1,112	\$ 3,940
Adjusted gross profit	182	234	254	274	944
<i>Adjusted gross margin</i>	22.7 %	23.9 %	24.3 %	24.6 %	24.0 %
Adjusted SG&A expenses	\$ 142	\$ 152	\$ 152	\$ 176	\$ 622
<i>Adjusted SG&A as a percentage of adjusted net revenues</i>	17.7 %	15.5 %	14.5 %	15.8 %	15.8 %
Adjusted net income	\$ 22	\$ 58	\$ 72	\$ 66	\$ 218
<i>Adjusted diluted EPS</i>	0.10	0.29	0.35	0.29	1.03
Safety Services					
Adjusted net revenues	\$ 466	\$ 512	\$ 533	\$ 569	\$ 2,080
Adjusted gross profit	147	163	169	176	655
<i>Adjusted gross margin</i>	31.5 %	31.8 %	31.7 %	30.9 %	31.5 %
Specialty Services					
Adjusted net revenues	\$ 344	\$ 476	\$ 527	\$ 560	\$ 1,907
Adjusted gross profit	35	71	85	98	289
<i>Adjusted gross margin</i>	10.2 %	14.9 %	16.1 %	17.5 %	15.2 %

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

Reconciliation of Non-GAAP Financial Measures (Cont'd)

Adjusted Segment 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 net revenues	\$ 820	\$ 849	\$ 953	\$ 874	\$ 3,496
Adjusted gross profit	184	196	228	219	827
Adjusted gross margin	22.4 %	23.1 %	23.9 %	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 net revenues	\$ 424	\$ 371	\$ 404	\$ 440	\$ 1,639
Adjusted gross profit	128	119	132	144	523
Adjusted gross margin	30.2 %	32.1 %	32.7 %	32.7 %	31.9 %
Specialty Services					
Adjusted net revenues	\$ 398	\$ 481	\$ 552	\$ 437	\$ 1,868
Adjusted gross profit	56	77	96	75	304
Adjusted gross margin	14.1 %	16.0 %	17.4 %	17.2 %	16.3 %

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

Reconciliation of Non-GAAP Financial Measures (Cont'd)

Adjusted Segment Financial Information (non-GAAP)

\$ IN MILLIONS

	For the three months ended March 31, 2021			For the three months ended March 31, 2020		
	<i>As Reported</i> <i>(Successor)</i>	<i>Adjustments</i>	<i>As Adjusted</i>	<i>As Reported</i> <i>(Successor)</i>	<i>Adjustments</i>	<i>As Adjusted</i>
Safety Services						
Net revenues	\$ 466	\$ -	\$ 466	\$ 424	\$ -	\$ 424
Cost of revenues	319	-	319	306	(10) (b)	296
Gross profit	\$ 147	\$ -	\$ 147	\$ 118	\$ 10	\$ 128
<i>Gross margin</i>	<i>31.5 %</i>		<i>31.5 %</i>	<i>27.8 %</i>		<i>30.2 %</i>
Specialty Services						
Net revenues	\$ 344	\$ -	\$ 344	\$ 436	\$ (38) (a)	\$ 398
Cost of revenues	310	(1) (b)	309	392	(38) (a)	342
Gross profit	\$ 34	\$ 1	\$ 35	\$ 44	\$ 12	\$ 56
<i>Gross margin</i>	<i>9.9 %</i>		<i>10.2 %</i>	<i>10.1 %</i>		<i>14.1 %</i>
Corporate and Eliminations						
Net revenues	\$ (7)	\$ -	\$ (7)	\$ (2)	\$ -	\$ (2)
Cost of revenues	(7)	-	(7)	(2)	-	(2)
Total Consolidated						
Net revenues	\$ 803	\$ -	\$ 803	\$ 858	\$ (38) (a)	\$ 820
Cost of revenues	\$ 622	(1) (b)	\$ 621	\$ 696	(38) (a)	\$ 636
Gross profit	\$ 181	\$ 1	\$ 182	\$ 162	\$ 22	\$ 184
<i>Gross margin</i>	<i>22.5 %</i>		<i>22.7 %</i>	<i>18.9 %</i>		<i>22.4 %</i>

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 Non-GAAP Financial Measures (Cont'd)

Adjusted Segment Financial Information (non-GAAP)

\$ IN MILLIONS

	For the three months ended June 30, 2021			For the three months ended June 30, 2020		
	<i>As Reported</i> <i>(Successor)</i>	<i>Adjustments</i>	<i>As Adjusted</i>	<i>As Reported</i> <i>(Successor)</i>	<i>Adjustments</i>	<i>As Adjusted</i>
Safety Services						
Net revenues	\$ 512	\$ -	\$ 512	\$ 371	\$ -	\$ 371
Cost of revenues	350	(1) (b)	349	263	(11) (b)	252
Gross profit	\$ 162	\$ 1	\$ 163	\$ 108	\$ 11	\$ 119
Gross margin	31.6 %		31.8 %	29.1 %		32.1 %
Specialty Services						
Net revenues	\$ 476	\$ -	\$ 476	\$ 521	\$ (40) (a)	\$ 481
Cost of revenues	406	(1) (b)	405	455	(39) (a)	404
					(12) (b)	
Gross profit	\$ 70	\$ 1	\$ 71	\$ 66	\$ 11	\$ 77
Gross margin	14.7 %		14.9 %	12.7 %		16.0 %
Corporate and Eliminations						
Net revenues	\$ (10)	\$ -	\$ (10)	\$ (3)	\$ -	\$ (3)
Cost of revenues	(10)	-	(10)	(3)	-	(3)
Total Consolidated						
Net revenues	\$ 978	\$ -	\$ 978	\$ 889	\$ (40) (a)	\$ 849
Cost of revenues	\$ 746	(2) (b)	744	715	(39) (a)	653
					(23) (b)	
Gross profit	\$ 232	\$ 2	\$ 234	\$ 174	\$ 22	\$ 196
Gross margin	23.7 %		23.9 %	19.6 %		23.1 %

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 Non-GAAP Financial Measures (Cont'd)

Adjusted Segment Financial Information (non-GAAP)

\$ IN MILLIONS

	For the three months ended September 30, 2021			For the three months ended September 30, 2020		
	<i>As Reported</i>	<i>Adjustments</i>	<i>As Adjusted</i>	<i>As Reported</i>	<i>Adjustments</i>	<i>As Adjusted</i>
Safety Services	<i>(Successor)</i>			<i>(Successor)</i>		
Net revenues	\$ 533	\$ -	\$ 533	\$ 404	\$ -	\$ 404
Cost of revenues	364	-	364	292	(20) (b)	272
Gross profit	\$ 169	\$ -	\$ 169	\$ 112	\$ 20	\$ 132
Gross margin	31.7 %		31.7 %	27.7 %		32.7 %
Specialty Services						
Net revenues	\$ 527	\$ -	\$ 527	\$ 557	\$ (5) (a)	\$ 552
Cost of revenues	444	(2) (b)	442	447	(5) (a)	456
Gross profit	\$ 83	\$ 2	\$ 85	\$ 110	\$ (14)	\$ 96
Gross margin	15.7 %		16.1 %	19.7 %		17.4 %
Corporate and Eliminations						
Net revenues	\$ (13)	\$ -	\$ (13)	\$ (3)	\$ -	\$ (3)
Cost of revenues	(13)	-	(13)	(3)	-	(3)
Total Consolidated						
Net revenues	\$ 1,047	\$ -	\$ 1,047	\$ 958	\$ (5) (a)	\$ 953
Cost of revenues	\$ 795	\$ (2) (b)	\$ 793	\$ 736	\$ (5) (a)	\$ 725
Gross profit	\$ 252	\$ 2	\$ 254	\$ 222	\$ 6 (b)	\$ 228
Gross margin	24.1 %		24.3 %	23.2 %		23.9 %

- 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 Non-GAAP Financial Measures (Cont'd)

Adjusted Segment Financial Information (non-GAAP)

\$ IN MILLIONS

	For the three months ended December 31, 2021			For the three months ended December 31, 2020		
	<i>As Reported</i> <i>(Successor)</i>	<i>Adjustments</i>	<i>As Adjusted</i>	<i>As Reported</i> <i>(Successor)</i>	<i>Adjustments</i>	<i>As Adjusted</i>
Safety Services						
Net revenues	\$ 569	\$ -	\$ 569	\$ 440	\$ -	\$ 440
Cost of revenues	393	-	393	313	(13) (b)	296
					(4) (c)	
Gross profit	\$ 176	\$ -	\$ 176	\$ 127	\$ 17	\$ 144
Gross margin	30.9 %		30.9 %	28.9 %		32.7 %
Specialty Services						
Net revenues	\$ 560	\$ -	\$ 560	\$ 445	\$ (8) (a)	\$ 437
Cost of revenues	462	-	462	374	(7) (a)	362
					(5) (b)	
Gross profit	\$ 98	\$ -	\$ 98	\$ 71	\$ 4	\$ 75
Gross margin	17.5 %		17.5 %	16.0 %		17.2 %
Corporate and Eliminations						
Net revenues	\$ (17)	\$ -	\$ (17)	\$ (3)	\$ -	\$ (3)
Cost of revenues	(17)	-	(17)	(3)	-	(3)
Total Consolidated						
Net revenues	\$ 1,112	\$ -	\$ 1,112	\$ 882	\$ (8) (a)	\$ 874
Cost of revenues	838	-	838	684	(7) (a)	655
					(18) (b)	
					(4) (c)	
Gross profit	\$ 274	\$ -	\$ 274	\$ 198	\$ 21	\$ 219
Gross margin	24.6 %		24.6 %	22.4 %		25.1 %

- 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 Non-GAAP Financial Measures (Cont'd)

Adjusted Segment Financial Information (non-GAAP)

\$ IN MILLIONS

	For the year ended December 31, 2021			For the year ended December 31, 2020		
	<i>As Reported</i>	<i>Adjustments</i>	<i>As Adjusted</i>	<i>As Reported</i>	<i>Adjustments</i>	<i>As Adjusted</i>
Safety Services	<i>(Successor)</i>			<i>Combined</i>		
Net revenues	\$ 2,080	\$ -	\$ 2,080	\$ 1,639	\$ -	\$ 1,639
Cost of revenues	1,426	(1) (b)	1,425	1,174	(54) (b)	1,116
		-			(4) (c)	
Gross profit	\$ 654	\$ 1	\$ 655	\$ 465	\$ 58	\$ 523
Gross margin	31.4 %		31.5 %	28.4 %		31.9 %
Specialty Services						
Net revenues	\$ 1,907	\$ -	\$ 1,907	\$ 1,959	\$ (91) (a)	\$ 1,868
Cost of revenues	1,622	(4) (b)	1,618	1,668	(89) (a)	1,564
		-			(15) (b)	
Gross profit	\$ 285	\$ 4	\$ 289	\$ 291	\$ 13	\$ 304
Gross margin	14.9 %		15.2 %	14.9 %		16.3 %
Corporate and Eliminations						
Net revenues	\$ (47)	\$ -	\$ (47)	\$ (15)	\$ -	\$ (15)
Cost of revenues	(47)	-	(47)	(15)	-	(15)
Total Consolidated						
Net revenues	\$ 3,940	\$ -	\$ 3,940	\$ 3,583	\$ (91) (a)	\$ 3,492
Cost of revenues	3,001	(5) (b)	2,996	2,827	(89) (a)	2,665
					(69) (b)	
					(4) (c)	
Gross profit	\$ 939	\$ 5	\$ 944	\$ 756	\$ 71	\$ 827
Gross margin	23.8 %		24.0 %	21.1 %		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.



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