Q4 2021 Earnings Call

MARCH 1, 2022

Forward Looking Statements and Disclaimers

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Please note that in this presentation, we may discuss events or results that have not yet occurred or been realized, commonly referred to as forward-looking statements. The Private Securities Litigation Reform Act of 1995 provides a safe harbor for forward-looking statements made by or on behalf of APi Group Corporation ("APi" or the "Company"). Such discussion and statements may contain words such as "expect," "anticipate, "will," "should," "believe," "intend," "plan," "estimate," "predict," "seek," "continue," "pro forma" "outlook," "may," "might," "should," "can have," "have," "likely," "potential," "target," "indicative," "illustrative," and variations of such words and similar expressions, and relate in this presentation, without limitation, to statements, beliefs, projections and expectations about future events. Such statements are based on the Company's expectations, intentions and projections regarding the Company's future performance, anticipated events or trends and other matters that are not historical facts, including expectations regarding: (i) the potential benefits of the acquisition of Chubb Limited's fire and security businesses ("Chubb" or the "Chubb Business") by APi, including the global expansion of the Company's business, cross selling and cost synergy opportunities, a positive effect on the Company's service mix and organic growth and margin expansion opportunities; (ii) the future investment into the Chubb Business; (iii) the Company's ability to drive long-term growth through organic expansion or M&A activities; (iv) the impact of characteristics of the Company's markets and market trends on growth; (v) the impact of the Company's focus on inspection and maintenance services, including statutorily required services, on future revenues; (vi) the impact of diversity in the Company's client base across geographies and end markets and low customer concentration; (vii) the Company's ability to manage results in volatile circumstances, including the expected impact of flexibility in the Company's cost structure, relatively short project duration and lower capital investments; (viii) future revenue and margin expansion through various initiatives, including growing inspection revenue, reduced costs, performance improvements, disciplined project and customer selection, mix of work, pricing initiatives, potential acquisitions, improved operational excellence or other means; (ix) the ability of the Company to achieve key financial targets, including organic revenue growth, adjusted EBITDA margin targets, margin goals, targeted average adjusted free cash flow conversion rates, or long-term leverage ratio targets; the Company's future financial performance, including net revenues, adjusted EBITDA, adjusted EBITDA margin and adjusted free cash flow conversion; and (xi) the Company's future net working capital, free cash flow, taxes, interest expenses, and capital expenditures. These statements are not guarantees of future performance and are subject to known and unknown risks, uncertainties and other factors that could cause actual results to differ materially from those expressed or implied by such forward-looking statements, including: (i) economic conditions, competition and other risks that may affect the Company's future performance, including the impacts of the COVID-19 pandemic on the Company's business, markets, supply chain, customers and workforce, on the credit and financial markets, on the alignment of expenses and revenues and on the global economy generally; (ii) the ability to recognize the anticipated benefits of the Company's acquisitions, including its ability to successfully integrate and make necessary capital investments to support additional acquisitions, and the Company's ability to take advantage of strategic opportunities; (iii) changes in applicable laws or regulations; (iv) the possibility that the Company may be adversely affected by other economic, business, and/or competitive factors; (v) the trading price of the Company's common stock, which may be positively or negatively impacted by market and economic conditions, including as a result of the COVID-19 pandemic, the availability of the Company's common stock, the Company's financial performance or determinations following the date of this presentation to use the Company's funds for other purposes; and (vi) other risks and uncertainties, including those discussed in the Company's Annual Report on Form 10-K for the year ended December 31, 2020 and Quarterly Reports on Form 10-Q for the quarters ended June 30, 2021 and September 30, 2021 under the heading "Risk Factors." Given these risks and uncertainties, you are cautioned not to place undue reliance on forward-looking statements. Additional information concerning these risks, uncertainties and other factors that could cause actual results to vary is, or will be, included in the periodic and other reports filed by the Company with the Securities and Exchange Commission. Forward-looking statements included in this presentation speak only as of the date hereof and, except as required by applicable law, the Company does not undertake any obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or circumstances after the date of this presentation.

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.

- Adjusted net revenues is defined as net revenues excluding the impact and results of businesses classified as assets held-for-sale and businesses divested. The Company's management believes that this measure is useful as a supplement to enable investors to compare period-over-period results on a more consistent basis without the effects of businesses classified as assets held-for-sale and businesses divested, which more meaningfully reflects the Company's core ongoing operations and performance. The Company uses adjusted net revenues 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.

- The Company also presents organic changes in net revenues on a consolidated basis, segment specific basis, or on a consolidated basis excluding certain segments, to provide a more complete understanding of underlying revenue trends by providing net revenues on a consistent basis as it excludes the impacts of material acquisitions, completed divestitures, and changes in foreign currency from year-over-year comparisons on reported net revenues, calculated as the difference between the reported net revenues for the current period and reported net revenues for the current period converted at the prior year average monthly exchange rates (excluding acquisitions and divestitures). The remainder is divided by the prior year net revenues, excluding the impacts of material acquisitions and completed divestitures. This presentation also includes net revenues excluding Industrial Services on an organic basis in order to provide a more complete understanding for investors of the financial results of our two most significant segments for which organic growth is a key metric.

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"), and adjusted EBITDA margin. 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.

- The Company presents free cash flow, adjusted free cash flow and adjusted free cash flow conversion, which are liquidity measures used by management as factors in determining the amount of cash that is available for working capital needs or other uses of cash, however, it does not represent residual cash flows available for discretionary expenditures. Free cash flow is defined as cash provided by (used in) operating activities less capital expenditures. Adjusted free cash flow is defined as cash provided by (used in) operating activities plus or minus events including, but not limited to, transaction and other costs related to acquisitions, business transformation and other expenses for the integration of acquired businesses, impacts of businesses classified as assets held-for-sale and businesses divested, and one-time and other events such COVID related payroll tax deferral and relief items. Adjusted free cash flow conversion is defined as adjusted free cash flow as a percentage of adjusted EBITDA.

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 historical non-U.S. GAAP financial measures is included later in this presentation.

The Company does not provide reconciliations of forward-looking non-U.S. GAAP adjusted EBITDA and organic net revenues growth to GAAP due to the inherent difficulty in forecasting and quantifying certain amounts that are necessary for such reconciliations, including adjustments that could be made for acquisitions and divestitures, business transformation and other expenses for the integration of acquired businesses, one-time and other events such as impairment charges, transaction and other costs related to acquisitions, amortization of intangible assets, net COVID-19 relief, and certain tax benefits from the APi Acquisition, and other charges reflected in the Company's reconciliation of historic numbers, the amount of which, based on historical experience, could be significant.

Recent Performance Highlights

- ✓ Net revenues increased on an organic basis by **27.4%** in the fourth quarter, excluding Industrial Services
- ✓ Net revenues increased on an organic basis by **16.1%** for the full year, excluding Industrial Services
- ✓ Reported gross margin expansion of **219** and **276** basis points for the fourth quarter and full year, respectively
- ✓ Record backlog continues to build and provides us with a solid foundation for organic growth heading into 2022

2021 Financial Results Overview

THREE MONTHS ENDED DECEMBER 31, 2021

ADJUSTED NET REVENUES GROWTH

27.4%
Increase in net revenues on an organic basis compared to prior year period, excluding Industrial Services

27.2%
Increase in adjusted net revenues compared to prior year period, primarily driven by general market recoveries in Safety and Specialty Services, offset by the delay and suspension of certain projects in Industrial Services

ADJUSTED GROSS MARGIN

24.6%
Compared to 25.1% in the prior year period

ADJUSTED EBITDA

$115 million
10.3% margin, compared to prior year adjusted EBITDA margin of 11.8%

ADJUSTED DILUTED EPS

$0.29 / share
$0.04 decline from prior year primarily due to the increased number of shares to 229 million from 180 million in the prior year period

FULL YEAR ENDED DECEMBER 31, 2021

ADJUSTED NET REVENUES GROWTH

16.1%
Increase in net revenues on an organic basis compared to prior year period, excluding Industrial Services

12.7%
Increase in adjusted net revenues compared to prior year period, primarily driven by general market recoveries in Safety and Specialty Services, partially offset by the delay and suspension of certain projects in Industrial Services

ADJUSTED GROSS MARGIN

24.0%
Compared to 23.7% in the prior year period

ADJUSTED EBITDA

$407 million
10.3% margin, compared to prior year adjusted EBITDA margin of 10.9%

ADJUSTED DILUTED EPS

$1.03 / share
$0.10 decline from prior year primarily due to the increased number of shares to 211 million from 176 million in the prior year period

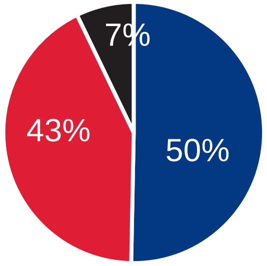
Note: Refer to Appendix for a reconciliation of non-GAAP measures to most directly comparable GAAP measures.

2021 Financial Results Overview

THREE MONTHS ENDED DECEMBER 31, 2021

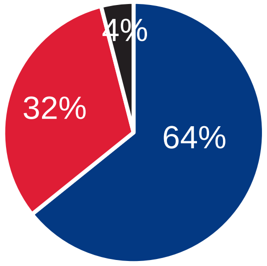
ADJUSTED NET REVENUES

Total: $1.1 billion(1)



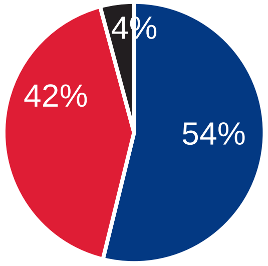
ADJUSTED GROSS PROFIT

Total: $274 million



ADJUSTED EBITDA

Total: $143 million(1)

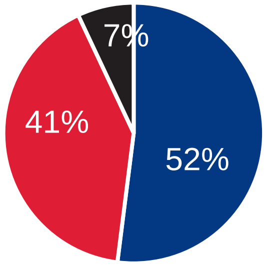


● Safety Services ● Specialty Services ● Industrial Services

FULL YEAR ENDED DECEMBER 31, 2021

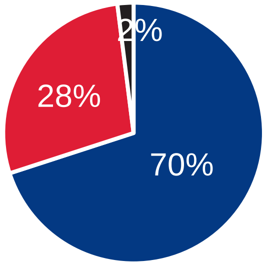
ADJUSTED NET REVENUES

Total: $4.0 billion(1)



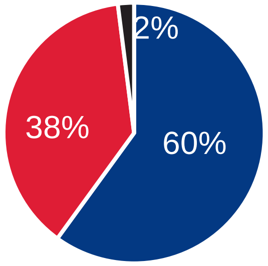
ADJUSTED GROSS PROFIT

Total: $944 million



ADJUSTED EBITDA

Total: $486 million(1)



● Safety Services ● Specialty Services ● Industrial Services

Note: Refer to Appendix for a reconciliation of non-GAAP measures to most directly comparable GAAP measures.
(1) Excludes Corporate and Eliminations.

Key Financial and Operating Metrics

$ IN MILLIONS

($ in millions, except per share figures)	THREE MONTHS ENDED DECEMBER 31, 2021	2020	YoY Change	FULL YEAR ENDED DECEMBER 31, 2021	2020	YoY Change
Adjusted Net Revenues	**$1,112**	**$874**	***+27.2%***	**$3,940**	**$3,496**	***+12.7%***
Net Revenues, Excluding Industrial Services, on an Organic Basis			*+27.4%*			*16.1%*
Adjusted Gross Profit	**$274**	**$219**	***+25.1%***	**$944**	**$827**	***+14.1%***
Adjusted Gross Margin	*24.6%*	*25.1%*	*(42 bp)*	*24.0%*	*23.7%*	*+30 bp*
Adjusted EBITDA	**$115**	**$103**	***+11.7%***	**$407**	**$381**	***+6.8%***
Adjusted EBITDA Margin	*10.3%*	*11.8%*	*(144 bp)*	*10.3%*	*10.9%*	*(57 bp)*
Adjusted Net Income	**$66**	**$58**	***+13.8%***	**$218**	**$198**	***+10.1%***
Adjusted Diluted EPS	**$0.29**	**$0.33**	***($0.04)***	**$1.03**	**$1.13**	***($0.10)***
Operating Cash Flow	**$114**	**$167**	***(31.7%)***	**$182**	**$496**	***(63.3%)***
Adjusted Free Cash Flow	**$139**	**$142**	***(2.1%)***	**$223**	**$443**	***(49.7%)***
Adjusted Free Cash Flow Conversion	*120.9%*	*137.9%*	*NM*	*54.8%*	*116.3%*	*NM*

Note: Refer to Appendix for a reconciliation of non-GAAP measures to most directly comparable GAAP measures.

2022 Guidance

NET REVENUES

$6.3 – $6.5 billion

ADJUSTED EBITDA

$650 – $700 million

2022 Guidance (cont'd)

- 2022 net revenues between **$6.3 to $6.5 billion** driven by APi's relentless focus on growing recurring service revenue
- Growth in net revenues on an organic basis at constant currencies of **6 – 7%**, in line with historical performance
- 2022 adjusted EBITDA between **$650 to $700 million**, which will be largely dependent on the speed in which we finalize and implement certain integration activities across our platform

2022 Guidance (cont'd)

$ IN MILLIONS

	Q1	Q2	Second Half	FY
Net Revenues	$1,375 to $1,430	$1,575 to $1,625	$3,350 to $3,445	$6,300 to $6,500
Adjusted EBITDA	$120 to $130	$165 to $185	$365 to $385	$650 to $700

Focus on Long-Term Value Creation

Deliver long-term organic revenue growth above industry average

Leverage SG&A / COGS

Expand adjusted EBITDA margin to **13%+** BY YE 2025

Average adjusted free cash flow conversion of **~80%**

Generate high single digit average earnings growth

Target long-term net leverage ratio of **2.0x to 2.5x**

Appendix

Reconciliation of Non-GAAP Financial Measures

$ IN MILLIONS

Adjusted Net Revenues (non-GAAP)

		For the Three Months Ended December 31, 2021	For the Three Months Ended December 31, 2020	For the Year Ended December 31, 2021	For the Year Ended December 31, 2020
Net revenues (as reported)		$ 1,112	$ 882	$ 3,940	$ 3,587
Adjustments to reconcile net revenues to adjusted net revenues:					
Divested businesses	(a)	-	(8)	-	(91)
Adjusted net revenues		$ 1,112	$ 874	$ 3,940	$ 3,496

Organic Change in Net Revenues (non-GAAP)

For the Three Months Ended December 31, 2021	Net revenues change (as reported)	Acquisitions and divestitures, net (b)	Foreign currency translation (c)	Organic change in net revenues (d)
Safety Services	29.3 %	6.1 %	0.2 %	23.0 %
Specialty Services	36.6 %	-	-	36.6 %
Industrial Services	(14.7) %	(7.8) %	-	(6.9) %
Consolidated	**26.1 %**	**2.0 %**	**0.1 %**	**24.0 %**
Consolidated, excluding Industrial Services	**31.0 %**	**3.5 %**	**0.1 %**	**27.4 %**

For the Year Ended December 31, 2021	Net revenues change (as reported)	Acquisitions and divestitures, net (b)	Foreign currency translation (c)	Organic change in net revenues (d)
Safety Services	26.9 %	8.6 %	0.7 %	17.6 %
Specialty Services	18.0 %	-	-	18.0 %
Industrial Services	(50.8) %	(9.5) %	0.4 %	(41.7) %
Consolidated	**9.8 %**	**1.1 %**	**0.4 %**	**8.3 %**
Consolidated, excluding Industrial Services	**21.1 %**	**4.6 %**	**0.4 %**	**16.1 %**

a) Adjustment to reflect the elimination of amounts related to businesses divested and classified as held-for-sale.
b) Adjustments to exclude net revenues from material acquisitions from their respective dates of acquisition until the first year anniversary from date of acquisition and net revenues from divestitures for all periods for businesses divested as of December 31, 2021.
c) Represents the effect of foreign currency on reported net revenues, calculated as the difference between the reported net revenues for the current period and reported net revenues for the current period converted at the prior year average monthly exchange rates (excluding acquisitions and divestitures).
d) Organic change in net revenues provides a consistent basis for a year-over-year comparison in net revenues as it excludes the impacts of material acquisitions, divestitures, and the impact of changes due to foreign currency translation.

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

$ IN MILLIONS

Adjusted Gross Profit (non-GAAP)

		For the Three Months Ended December 31,		For the Year Ended December 31,	
		2021	2020	2021	2020
Gross profit (as reported)		$ 274	$ 198	$ 939	$ 756
Adjustments to reconcile gross profit to adjusted gross profit:					
Divested businesses	(a)	-	(1)	-	(2)
Backlog amortization	(b)	-	18	5	69
Inventory step-up	(c)	-	4	-	4
Adjusted gross profit		$ 274	$ 219	$ 944	$ 827
Adjusted net revenues	(d)	*$ 1,112*	*$ 874*	*$ 3,940*	*$ 3,496*
Adjusted gross margin		*24.6%*	*25.1%*	*24.0%*	*23.7%*

Adjusted SG&A (non-GAAP)

		For the Three Months Ended December 31,		For the Year Ended December 31,	
		2021	2020	2021	2020
Selling, general and administrative expenses ("SG&A") (as reported)		$ 224	$ 219	$ 803	$ 725
Adjustments to reconcile SG&A to adjusted SG&A:					
Divested businesses	(a)	-	-	(1)	(2)
Contingent consideration and compensation	(e)	2	(29)	7	(29)
Amortization of intangible assets	(f)	(32)	(30)	(122)	(113)
Business process transformation costs	(g)	(10)	(6)	(35)	(13)
Corporate executive reorganization	(h)	-	-	(6)	-
Public company registration, listing and compliance	(i)	-	-	-	(5)
Acquisition expenses	(j)	(8)	(8)	(24)	(10)
COVID-19 severance costs at Canadian subsidiaries	(k)	-	-	-	(1)
Adjusted SG&A expenses		$ 176	$ 146	$ 622	$ 552
Adjusted net revenues	(d)	*$ 1,112*	*$ 874*	*$ 3,940*	*$ 3,496*
Adjusted SG&A as a percentage of adjusted net revenues		*15.8%*	*16.7%*	*15.8%*	*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 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 press release.
e) 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.
f) Adjustment to reflect the addback of amortization expense.
g) 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.
h) Adjustment to reflect the elimination of severance and related costs resulting from corporate leadership changes.
i) Adjustment to reflect the elimination of costs relating to public company registration, listing and compliance.
j) Adjustment to reflect the elimination of potential and completed acquisition-related expenses.
k) Adjustment to reflect the elimination of severance costs in Canada related to COVID-19.

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

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

$ IN MILLIONS

		For the Three Months Ended December 31, 2021	For the Three Months Ended December 31, 2020	For the Year Ended December 31, 2021	For the Year Ended December 31, 2020
Income (loss) before income tax provision (as reported)		$ 33	$ (18)	$ 79	$ (184)
Adjustments to reconcile income (loss) before income tax provision to adjusted income before income tax provision:					
Divested businesses	(a)	-	(2)	(1)	4
Amortization of intangible assets	(b)	32	48	127	182
Contingent consideration and compensation	(c)	(2)	29	(7)	29
Impairment of goodwill and intangible assets	(d)	-	-	-	193
Business process transformation costs	(e)	10	6	35	13
Corporate executive reorganization	(f)	-	-	6	-
Public company registration, listing and compliance	(g)	-	-	-	5
Acquisition expenses	(h)	13	8	30	10
Inventory step-up	(i)	-	4	-	4
COVID-19 relief at Canadian subsidiaries, net	(j)	-	(2)	(2)	(8)
Loss on extinguishment of debt	(k)	-	-	9	-
Adjusted income before income tax provision		$ 86	$ 73	$ 276	$ 248
Income tax provision (benefit) (as reported)		$ 18	$ 4	$ 32	$ (31)
Adjustments to reconcile income tax provision to adjusted income tax provision:					
Income tax provision adjustment	(l)	2	11	26	81
Adjusted income tax provision		$ 20	$ 15	$ 58	$ 50
Adjusted income before income tax provision		$ 86	$ 73	$ 276	$ 248
Adjusted income tax provision		20	15	58	50
Adjusted net income		$ 66	$ 58	$ 218	$ 198
Diluted weighted average shares outstanding (as reported)		225	169	206	169
Adjustments to reconcile diluted weighted average shares outstanding to adjusted diluted weighted average shares outstanding:					
Dilutive impact of shares from GAAP net loss	(m)	-	7	1	3
Dilutive impact of Series A Preferred Shares	(n)	4	4	4	4
Adjusted diluted weighted average shares outstanding		229	180	211	176
Adjusted diluted EPS		*$ 0.29*	*$ 0.33*	*$ 1.03*	*$ 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 severance and related costs resulting from corporate leadership changes.
g) Adjustment to reflect the elimination of costs relating to public company registration, listing and compliance.
h) Adjustment to reflect the elimination of potential and completed acquisition-related expenses.
i) Adjustment to reflect the elimination of costs related to the fair value step-up of acquired inventory.
j) Adjustment to reflect the elimination of miscellaneous income in Canada related to COVID-19 relief, net of severance costs.
k) Adjustment to reflect the elimination of loss on extinguishment of debt resulting from early repayments of long-term debt.
l) Adjustment to reflect an adjusted effective cash tax rate of 21% for the year ended December 31, 2021 and 20% for the three months and year ended December 31, 2020 (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. The adjustment for the three months ended December 31, 2021 is the amount required to adjust the year period to 21%.
m) 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).
n) Adjustment for the three months and year ended December 31, 2021 and 2020 reflects addition of the GAAP dilutive impact of 4 million shares associated with the deemed conversion of Series A Preferred Shares.

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

Adjusted Segment Financial Information (non-GAAP)

$ IN MILLIONS

		For the Three Months Ended December 31,		For the Year Ended December 31,	
		2021 (a)	2020 (a)	2021 (a)	2020 (a)
Safety Services					
Adjusted net revenues		$ 569	$ 440	$ 2,080	$ 1,639
Adjusted gross profit		176	144	655	523
Adjusted EBITDA		77	59	291	224
Adjusted gross margin		*30.9%*	*32.7%*	*31.5%*	*31.9%*
Adjusted EBITDA as a percentage of adjusted net revenues		*13.5%*	*13.4%*	*14.0%*	*13.7%*
Specialty Services					
Adjusted net revenues		$ 481	$ 352	$ 1,653	$ 1,401
Adjusted gross profit		87	62	267	227
Adjusted EBITDA		60	44	184	170
Adjusted gross margin		*18.1%*	*17.6%*	*16.2%*	*16.2%*
Adjusted EBITDA as a percentage of adjusted net revenues		*12.5%*	*12.5%*	*11.1%*	*12.1%*
Industrial Services					
Adjusted net revenues		$ 81	$ 87	$ 277	$ 472
Adjusted gross profit		11	13	22	77
Adjusted EBITDA		6	11	11	64
Adjusted gross margin		*13.6%*	*14.9%*	*7.9%*	*16.3%*
Adjusted EBITDA as a percentage of adjusted net revenues		*7.4%*	*12.6%*	*4.0%*	*13.6%*
Total adjusted net revenues before corporate and eliminations	(b)	*$ 1,131*	*$ 879*	*$ 4,010*	*$ 3,512*
Total adjusted EBITDA before corporate and eliminations	(b)	*143*	*114*	*486*	*458*
Adjusted EBITDA as a percentage of adjusted net revenues before corporate and eliminations	(b)	*12.6%*	*13.0%*	*12.1%*	*13.0%*
Corporate and Eliminations					
Adjusted net revenues		$ (19)	$ (5)	$ (70)	$ (16)
Adjusted EBITDA		(28)	(11)	(79)	(77)
Total Consolidated					
Adjusted net revenues		$ 1,112	$ 874	$ 3,940	$ 3,496
Adjusted gross profit		274	219	944	827
Adjusted EBITDA		115	103	407	381
Adjusted gross margin		*24.6%*	*25.1%*	*24.0%*	*23.7%*
Adjusted EBITDA as a percentage of adjusted net revenues		*10.3%*	*11.8%*	*10.3%*	*10.9%*

a) Information derived from non-GAAP reconciliations included elsewhere in this press release.
b) Calculated from results of the Company's operating segments shown above, excluding Corporate and Eliminations.

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		
	As Reported	*Adjustments*	*As Adjusted*	*As Reported*	*Adjustments*	*As Adjusted*
Safety Services						
Net revenues	$ 569	$ -	$ 569	$ 440	$ -	$ 440
Cost of revenues	393	-	393	313	(13) (a) (4) (c)	296
Gross profit	$ 176	$ -	$ 176	$ 127	$ 17	$ 144
Gross margin	*30.9%*		*30.9%*	*28.9%*		*32.7%*
Specialty Services						
Net revenues	$ 481	$ -	$ 481	$ 352	$ -	$ 352
Cost of revenues	394	-	394	295	(5) (a)	290
Gross profit	$ 87	$ -	$ 87	$ 57	$ 5	$ 62
Gross margin	*18.1%*		*18.1%*	*16.2%*		*17.6%*
Industrial Services						
Net revenues	$ 81	$ -	$ 81	$ 95	$ (8) (b)	$ 87
Cost of revenues	70	-	70	81	(7) (b)	74
Gross profit	$ 11	$ -	$ 11	$ 14	$ (1)	$ 13
Gross margin	*13.6%*		*13.6%*	*14.7%*		*14.9%*
Corporate and Eliminations						
Net revenues	$ (19)	$ -	$ (19)	$ (5)	$ -	$ (5)
Cost of revenues	(19)	-	(19)	(5)	-	(5)
Total Consolidated						
Net revenues	$ 1,112	$ -	$ 1,112	$ 882	$ (8) (b)	$ 874
Cost of revenues	838	-	838	684	(7) (b) (18) (a) (4) (c)	655
Gross profit	$ 274	$ -	$ 274	$ 198	$ 21	$ 219
Gross margin	*24.6%*		*24.6%*	*22.4%*		*25.1%*

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

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		
	As Reported	*Adjustments*	*As Adjusted*	*As Reported*	*Adjustments*	*As Adjusted*
Safety Services						
Net revenues	$ 2,080	$ -	$ 2,080	$ 1,639	$ -	$ 1,639
Cost of revenues	1,426	(1) (a)	1,425	1,174	(54) (a) (4) (c)	1,116
Gross profit	$ 654	$ 1	$ 655	$ 465	$ 58	$ 523
Gross margin	*31.4%*		*31.5%*	*28.4%*		*31.9%*
Specialty Services						
Net revenues	$ 1,653	$ -	$ 1,653	$ 1,401	$ -	$ 1,401
Cost of revenues	1,390	(4) (a)	1,386	1,189	(15) (a)	1,174
Gross profit	$ 263	$ 4	$ 267	$ 212	$ 15	$ 227
Gross margin	*15.9%*		*16.2%*	*15.1%*		*16.2%*
Industrial Services						
Net revenues	$ 277	$ -	$ 277	$ 563	$ (91) (b)	$ 472
Cost of revenues	255		255	484	(89) (b)	395
Gross profit	$ 22	$ -	$ 22	$ 79	$ (2)	$ 77
Gross margin	*7.9%*		*7.9%*	*14.0%*		*16.3%*
Corporate and Eliminations						
Net revenues	$ (70)	$ -	$ (70)	$ (16)	$ -	$ (16)
Cost of revenues	(70)	-	(70)	(16)	-	(16)
Total Consolidated						
Net revenues	$ 3,940	$ -	$ 3,940	$ 3,587	$ (91) (b)	$ 3,496
Cost of revenues	3,001	(5) (a)	2,996	2,831	(89) (b) (69) (a) (4) (c)	2,669
Gross profit	$ 939	$ 5	$ 944	$ 756	$ 71	$ 827
Gross margin	*23.8%*		*24.0%*	*21.1%*		*23.7%*

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

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	For the Year Ended December 31, 2021	For the Year Ended December 31, 2020
Safety Services					
Safety Services EBITDA		$ 74	$ 56	$ 287	$ 140
Adjustments to reconcile EBITDA to adjusted EBITDA:					
Contingent consideration and compensation	(a)	-	1	2	5
Impairment of goodwill and intangible assets	(b)	-	-	-	83
Business process transformation	(e)	2	-	3	-
Acquisition expenses	(g)	1	-	1	-
Inventory step-up	(j)	-	4	-	4
COVID-19 relief at Canadian subsidiaries, net	(c)	-	(2)	(2)	(8)
Safety Services adjusted EBITDA		$ 77	$ 59	$ 291	$ 224
Specialty Services					
Specialty Services EBITDA		$ 62	$ 15	$ 193	$ 95
Adjustments to reconcile EBITDA to adjusted EBITDA:					
Contingent consideration and compensation	(a)	(2)	28	(9)	22
Impairment of goodwill and intangible assets	(b)	-	-	-	52
Acquisition expenses	(g)	-	1	-	1
Specialty Services adjusted EBITDA		$ 60	$ 44	$ 184	$ 170
Industrial Services					
Industrial Services EBITDA		$ 6	$ 13	$ 12	$ 2
Adjustments to reconcile EBITDA to adjusted EBITDA:					
Divested businesses	(d)	-	(1)	(1)	4
Contingent consideration and compensation	(a)	-	(1)	-	-
Impairment of goodwill and intangible assets	(b)	-	-	-	58
Industrial Services adjusted EBITDA		$ 6	$ 11	$ 11	$ 64
Corporate and Eliminations					
Corporate and Eliminations EBITDA		$ (44)	$ (24)	$ (151)	$ (106)
Adjustments to reconcile EBITDA to adjusted EBITDA:					
Business process transformation	(e)	8	6	32	13
Divested businesses	(d)	-	(1)	-	-
Contingent consideration and compensation	(a)	-	1	-	2
Public company registration, listing and compliance	(f)	-	-	-	5
Acquisition expenses	(g)	8	7	25	9
Loss on extinguishment of debt	(h)	-	-	9	-
Corporate executive reorganization	(i)	-	-	6	-
Corporate and Eliminations adjusted EBITDA		$ (28)	$ (11)	$ (79)	$ (77)

a) 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.
b) Adjustment to reflect the elimination of non-cash impairment charges related to goodwill and intangible assets.
c) Adjustment to reflect the elimination of miscellaneous income in Canada related to COVID-19 relief, net of severance costs.
d) 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.
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 loss on extinguishment of debt resulting from early repayments of long-term debt.
i) Adjustment to reflect the elimination of severance and related costs resulting from corporate leadership changes.
j) Adjustment to reflect the elimination of costs related to the fair value step-up of acquired inventory.

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

Adjusted Free Cash Flow and Conversion (non-GAAP)

$ IN MILLIONS

		For the Year Ended December 31,	
		2021	2020
Net cash provided by operating activities (as reported)		$ 182	$ 496
Less: Purchases of property and equipment		(55)	(38)
Free cash flow		$ 127	$ 458
Add (deduct): Cash payments (sources) related to following items:			
Divested businesses	(a)	-	(15)
Contingent compensation	(b)	20	19
Business process transformation costs	(c)	35	13
Public company registration, listing and compliance	(d)	-	5
Acquisition expenses	(e)	24	10
COVID-19 relief at Canadian subsidiaries, net	(f)	(2)	(8)
Payroll tax deferral	(g)	19	(39)
Adjusted free cash flow		$ 223	$ 443
Adjusted EBITDA	(h)	*$ 407*	*$ 381*
Adjusted free cash flow conversion		*54.8%*	*116.3%*

a) Adjustment to reflect the elimination of operating cash and purchases of property and equipment related to businesses divested and classified as held-for-sale.
b) Adjustment to reflect the elimination of deferred payments to prior owners of acquired businesses not expected to continue or recur.
c) Adjustment to reflect the elimination of operating cash used for 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.
d) Adjustment to reflect the elimination of operating cash used for public company registration, listing and compliance costs.
e) Adjustment to reflect the elimination of potential and completed acquisition-related costs.
f) Adjustment to reflect the elimination of cash received in Canada for COVID-19 relief, net of severance costs paid, not expected to continue or recur.
g) Adjustment reflects the elimination of operating cash for the impact of the Coronavirus Aid, Relief and Economic Security (CARES) Act. During the first quarter of 2020, the Coronavirus Aid, Relief and Economic Security (CARES) Act was passed, allowing the Company to defer the payment of the employer's share of Social Security taxes until December 2021 and December 2022.
h) Adjusted EBITDA derived from non-GAAP reconciliations included elsewhere in this presentation.

Investor Relations Inquiries:
Olivia Walton
Vice President of Investor Relations
+1 651-604-2773
email: investorrelations@apigroupinc.us

Media Contact:
Liz Cohen
Kekst CNC
+1 212-521-4845
Liz.Cohen@kekstcnc.com

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Earnings Call