Q1 2023 Earnings Call

May 4, 2023

Forward Looking Statements and Disclaimers

Please note that in this presentation the Company 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 press release, 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.

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, political risks, and other risks that may affect the Company's future performance, including the impacts of inflationary pressures and other macroeconomic factors 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) supply chain constraints and interruptions, and the resulting increases in the cost, or reductions in the supply, of the materials and commodities the Company uses in its business and for which the Company bears the risk of such increases; (iii) risks associated with the Company's expanded international operations; (iv) failure to realize the anticipated benefits of the acquisition of the Chubb fire and security business and our ability to successfully acquire other businesses and successfully integrate acquired businesses into our operations; (v) risks associated with the Company's decentralized business model and participation in joint ventures; (vi) improperly managed projects or project delays; (vii) adverse developments in the credit markets which could impact the Company's ability to secure financing in the future; (viii) the Company's substantial level of indebtedness; (ix) risks associated with the Company's contract portfolio; (x) changes in applicable laws or regulations; (xi) the possibility that the Company may be adversely affected by other economic, business, and/or competitive factors; (xii) the impact of the conflict between Russia and Ukraine; (xiii) the trading price of the Company's common stock, which may be positively or negatively impacted by market and economic conditions, the availability of the Company's common stock, the Company's financial performance or determinations following the date of this press release to use the Company's funds for other purposes; and (xiv) other risks and uncertainties, including those discussed in the Company's Annual Report on Form 10-K for the year ended December 31, 2022 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 press release 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-GAAP financial measures within the meaning of Regulation G promulgated by the Securities and Exchange Commission. The Company uses certain non-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-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 (d) provide consistent period-to-period comparisons of the results. 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, restructuring costs, transaction and other costs related to acquisitions, amortization of intangible assets, net COVID-19 relief, 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.

- The Company discloses fixed currency net revenues and adjusted EBITDA ("FFX") on a consolidated basis or segment specific basis to provide a more complete understanding of underlying revenue and adjusted EBITDA trends by providing net revenues and adjusted EBITDA on a consistent basis. Under U.S. GAAP, income statement results are translated in U.S. Dollars at the average exchange rates for the period presented. Management believes that the fixed currency non-GAAP measures are useful in providing period-to-period comparisons of the results of the Company's operational performance, as it excludes the translation impact of exchange rate fluctuations on our international results. Fixed currency amounts included in this presentation are based on translation into U.S. dollars at the fixed foreign currency exchange rates established by management at the beginning of 2023.

- The Company also presents organic changes in net revenues on a consolidated basis or segment specific basis 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 fixed foreign currency exchange rates (excluding material acquisitions and divestitures). The remainder is divided by prior year fixed currency net revenues, excluding the impacts of completed divestitures.

- 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-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-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.

Non-GAAP Financial Measures (cont'd)

- 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, payments on acquired liabilities, payments made for restructuring programs, impacts of businesses classified as assets held-for-sale and businesses divested, and one-time and other events such as post-measurement period purchase accounting adjustments for acquisitions, COVID-19 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.

- The Company calculates its leverage ratio in accordance with its debt agreements which include different adjustments to EBITDA from those included in the adjusted EBITDA numbers reported externally.

While the Company believes these non-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-GAAP financial measures may differ from similar measures presented by other companies. A reconciliation of these non-GAAP financial measures is included in this presentation.

Beginning with the first quarter of 2023, the Company simplified the presentation of non-GAAP reconciliations, by combining certain adjustment line items. Certain prior year amounts have been reclassified to conform to this presentation and the information in the tables below has been retroactively adjusted to reflect these changes in adjustment categories. Specifically, amounts previously classified as "integration and reorganization" have been reclassified as "business process transformation," and prior period amounts classified as "acquisition expenses" and "recent acquisition transition expenses" have been combined and categorized as "acquisition related expenses."

The Company does not provide reconciliations of forward-looking non-GAAP adjusted EBITDA and growth in organic net revenues 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, restructuring costs, 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.

APi's "13/60/80" Shareholder Value Creation Framework

Building Great Leaders

- Employee safety and engagement
- Everyone, everywhere is a leader
- Best-in-class field leaders
- Paying for performance
- ESG & diversity, equity and inclusion

Generating Free Cash Flow

- Targeting **80%** adjusted free cash flow conversion and net leverage ratio of 2-2.5x
- Generating high single-digit average earnings growth
- Driving organic growth: people, tools, innovation
- Pursuing accretive M&A and portfolio optimization

Growing Revenue

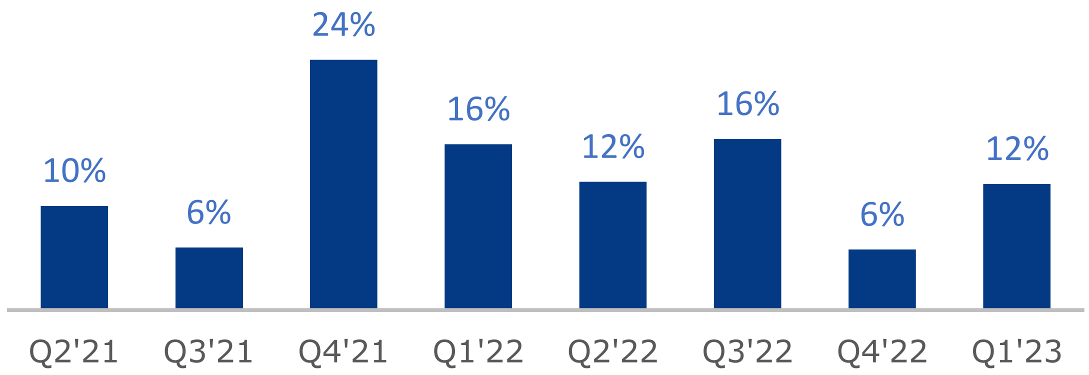
- Delivering long-term organic revenue growth above industry average
- Go-to-market strategy of selling inspections first
- Expanding share with new and existing customers
- Fully leverage global platform

Expanding Margins

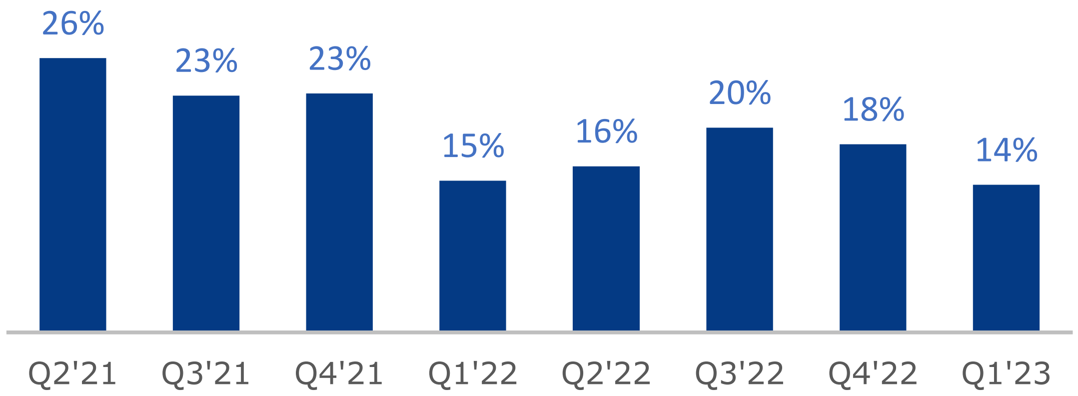
- **13%+** Adjusted EBITDA Margin by 2025
- Improving mix with target of **60%+** of revenue from inspection, service and monitoring
- Pricing initiatives and disciplined project and customer selection
- Systems, scale, leverage and operational excellence
- Procurement savings and Chubb value capture

APi's Organic Growth Strategy is Delivering Results

APi Organic Growth



Safety Services Organic Growth



- Continued focus on disciplined project selection in growing end markets
- Executing disciplined pricing strategy
- Increasing wallet share with existing customer base
- Expanding with new customers driven by growing inspection sales team
- Continued shifting of mix towards higher margin inspection, service & monitoring revenue

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

First Quarter 2023 Performance Highlights

- Record first quarter net revenues of **$1.6** billion, an increase of **9.7%, or $143 million**
- Organic net revenues increased **12.1%, or $175 million,** in the first quarter
- Adjusted gross margin expansion of **40** basis points in the first quarter
- Record first quarter adjusted EBITDA of **$147** million, representing adjusted EBITDA margin expansion of **40** basis points
- Adjusted diluted earnings per share in the first quarter of **$0.25**

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

2023 Financial Results Overview

THREE MONTHS ENDED MARCH 31, 2023

NET REVENUES

9.7%/$143 million
Increase in reported net revenues compared to prior year period, driven by double-digit growth in services revenue in both Safety and Specialty Services, partially offset by the unfavorable impact of foreign currency rates

12.1%/$175 million
Increase in net revenues on an organic basis

ADJUSTED GROSS MARGIN

26.8%
Representing a **40** basis point increase compared to prior year period driven by outsized growth in services work and in our Safety Services segment as well as disciplined project and customer selection, partially offset by inflation

ADJUSTED EBITDA

$147 million
Representing a **9.1%** margin, a **40** basis point increase compared to prior year period driven by outsized growth in services work and in our Safety Services segment as well as disciplined project and customer selection, partially offset by inflation

17.6%
Increase in adjusted EBITDA on a fixed currency basis; increase of 14.8% on a reported basis

ADJUSTED DILUTED EPS

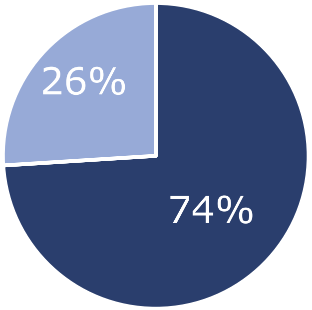
$0.25/share
$0.02 increase from prior year period driven by strong organic growth in Safety and Specialty Services and an increase in adjusted gross margin and adjusted EBITDA margin

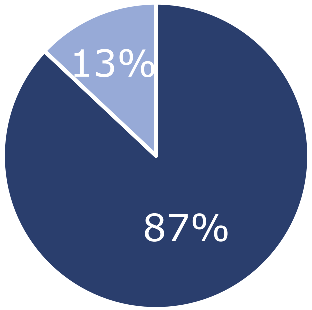
Note: Refer to Appendix for a reconciliation of non-GAAP measures to most directly comparable GAAP measures.

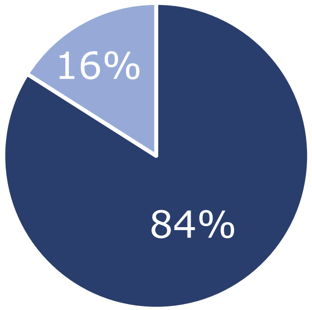
2023 Financial Results Overview (cont'd)

THREE MONTHS ENDED MARCH 31, 2023

NET REVENUES	ADJUSTED GROSS PROFIT	ADJUSTED EBITDA
Total: $1.6 billion(1)	**Total: $432 million**	**Total: $175 million(1)**







Safety Services   Specialty Services

Notes: 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, except per share figures)	THREE MONTHS ENDED MARCH 31, 2023	2022	YoY Change	YoY (FFX)[(a)]
Net Revenues	**$1,614**	**$ 1,471**	**+ 9.7%**	***+ 12.1%***
Organic Net Revenue Growth [(b)]				*+ 12.1%*
Adjusted Gross Profit	**$ 432**	**$ 388**	**+ 11.3%**	
Adjusted Gross Margin	*26.8%*	*26.4%*	*+ 40 bps*	
Adjusted EBITDA	**$ 147**	**$ 128**	**+ 14.8%**	***+ 17.6%***
Adjusted EBITDA Margin	*9.1%*	*8.7%*	*+ 40 bps*	
Adjusted Net Income	**$ 69**	**$ 62**	**+ 11.3%**	
Adjusted Diluted EPS	**$ 0.25**	**$ 0.23**	**+ 8.7%**	
Operating Cash Flow	**$ (1)**	**$ (118)**	**NM**	
Adjusted Free Cash Flow	**$ 0**	**$ (47)**	**NM**	
Adjusted Free Cash Flow Conversion	–	*(36.7)%*	*NM*	

NM = Not Meaningful.

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

(a) Amount represents the year-over-year change when comparing both years after eliminating the impact of fluctuations in foreign currency rates by translating foreign currency denominated results at fixed foreign currency ("FFX") rates for both periods.

(b) 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.

Key Segment Financial and Operating Metrics

	THREE MONTHS ENDED MARCH 31,							
	Safety Services				Specialty Services			
($ in millions)	2023	2022	YoY Change	YoY (FFX)[a]	2023	2022	YoY Change	YoY (FFX)[a]
Net Revenues	**$ 1,191**	**$ 1,074**	**+ 10.9%**	***+ 14.1%***	**$ 430**	**$ 412**	**+ 4.4%**	***+ 4.4%***
Organic Net Revenue Growth [b]				*+ 14.1%*				*+ 4.4%*
Adjusted Gross Profit	**$ 375**	**$ 338**	**+ 10.9%**		**$ 57**	**$ 50**	**+ 14.0%**	
Adjusted Gross Margin	*31.5%*	*31.5%*	–		*13.3%*	*12.1%*	*+ 120 bps*	
Adjusted EBITDA	**$ 147**	**$ 127**	**+ 15.7%**	***+ 18.5%***	**$ 28**	**$ 23**	**+ 21.7%**	***+ 21.7%***
Adjusted EBITDA Margin	*12.3%*	*11.8%*	*+ 50 bps*		*6.5%*	*5.6%*	*+ 90 bps*	

Notes: Refer to Appendix for a reconciliation of non-GAAP measures to most directly comparable GAAP measures.
(a) Amount represents the year-over-year change when comparing both years after eliminating the impact of fluctuations in foreign currency rates by translating foreign currency denominated results at fixed foreign currency (“FFX”) rates for both periods.
(b) 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.

Updated 2023 Guidance as of May 4, 2023

NET REVENUES

$6,875 - $7,025 million

Up from

$6,800 – $6,950 million

ADJUSTED EBITDA

$740 - $780 million

Up from

$735 – $775 million

Updated 2023 & Q2 Guidance as of May 4, 2023

	Q2 2023	FY 2023
Net Revenues	**$1,750 to $1,780 million**	**$6,875 to $7,025 million**
Reported Net Revenues versus Last Year	***6% - 8%***	***5% - 7%***
Adjusted EBITDA	**$195 to $205 million**	**$740 to $780 million**
Adjusted EBITDA versus Last Year	***11% - 16%***	***10% - 16%***
Adjusted Free Cash Flow Conversion		**At or Above 65%**

Capitalization

- As of the end of the first quarter, our net debt to adjusted EBITDA ratio was approximately **3.1x** calculated pursuant to terms of existing debt agreements
- Repaid **$200 million** of Term Loan debt in the first quarter
- Remain laser focused on cash generation and deleveraging towards our target net leverage ratio of **2.0 to 2.5x,** which we expect to achieve near year-end 2023
- Weighted average debt maturity of approximately **5 years** as of March 31, 2023 with the earliest maturity in 2026

Appendix

Reconciliation of Non-GAAP Financial Measures

Organic Change in Net Revenues (non-GAAP)

	For the Three Months Ended March 31, 2023				
	Net revenues change (as reported)	Foreign currency translation (a)	Net revenues change (fixed currency) (b)	Acquisitions and divestitures, net (c)	Organic change in net revenues (d)
Safety Services	10.9%	(3.2)%	14.1%	—	14.1%
Specialty Services	4.4%	—	4.4%	—	4.4%
Consolidated	**9.7%**	**(2.4)%**	**12.1%**	—	**12.1%**

a) Represents the effect of foreign currency on reported net revenues, calculated as the difference between reported net revenues and net revenues at fixed currencies for both periods. Fixed currency amounts are based on translation into U.S. Dollars at fixed foreign currency exchange rates established by management at the beginning of 2023.
b) Amount represents the year-over-year change when comparing both years after eliminating the impact of fluctuations in foreign currency rates by translating foreign currency denominated results at fixed foreign currency ("FFX") rates for both periods.
c) Adjustment 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 March 31, 2023.
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

Organic Change in Net Revenues (non-GAAP)

	For the Three Months Ended March 31, 2022			
	Net revenues change (as reported)	Acquisitions and divestitures, net (a)	Foreign currency translation (b)	Organic change in net revenues (c)
Safety Services	130.5%	116.5%	(0.6)%	14.6%
Specialty Services	19.8%	—	—	19.8%
Consolidated	**83.2%**	**67.7%**	**(0.4)%**	**15.9%**

	For the Three Months Ended June 30, 2022			
	Net revenues change (as reported)	Acquisitions and divestitures, net (a)	Foreign currency translation (b)	Organic change in net revenues (c)
Safety Services	123.8%	109.4%	(1.6)%	16.0%
Specialty Services	8.8%	—	(0.2)%	9.0%
Consolidated	**68.6%**	**57.2%**	**(0.9)%**	**12.3%**

	For the Three Months Ended September 30, 2022			
	Net revenues change (as reported)	Acquisitions and divestitures, net (a)	Foreign currency translation (b)	Organic change in net revenues (c)
Safety Services	116.7%	98.7%	(1.7)%	19.7%
Specialty Services	11.6%	0.1%	(0.2)%	11.7%
Consolidated	**65.7%**	**50.3%**	**(1.0)%**	**16.4%**

	For the Three Months Ended December 31, 2022			
	Net revenues change (as reported)	Acquisitions and divestitures, net (a)	Foreign currency translation (b)	Organic change in net revenues (c)
Safety Services	111.1%	98.4%	(1.8)%	18.1%
Specialty Services	(8.9)%	—	(0.4)%	(8.5)%
Consolidated	**53.1%**	**48.4%**	**(1.1)%**	**5.8%**

a) Adjustment 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 the respective periods presented.
b) Represents the effect of foreign currency on reported net revenues excluding material acquisitions, 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.
c) 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

Organic Change in Net Revenues (non-GAAP)

	For the Three Months Ended June 30, 2021			
	Net revenues change (as reported)	Acquisitions and divestitures, net (a)	Foreign currency translation (b)	Organic change in net revenues (c)
Safety Services	38.0%	13.2%	(1.6)%	26.4%
Specialty Services	18.9%	—	—	18.9%
Industrial Services	(60.7)%	(10.3)%	(0.8)%	(49.6)%
Consolidated	**10.0%**	**0.8%**	**(0.8)%**	**10.0%**
Consolidated, excluding Industrial Services	**27.1%**	**6.8%**	**(0.8)%**	**21.1%**

	For the Three Months Ended September 30, 2021			
	Net revenues change (as reported)	Acquisitions and divestitures, net (a)	Foreign currency translation (b)	Organic change in net revenues (c)
Safety Services	31.9%	6.1%	1.5%	22.8%
Specialty Services	9.0%	—	—	9.0%
Industrial Services	(34.8)%	(2.2)%	0.7%	(33.3)%
Consolidated	**9.3%**	**2.7%**	**0.7%**	**5.9%**
Consolidated, excluding Industrial Services	**18.0%**	**3.8%**	**0.8%**	**13.4%**

	For the Three Months Ended December 31, 2021			
	Net revenues change (as reported)	Acquisitions and divestitures, net (a)	Foreign currency translation (b)	Organic change in net revenues (c)
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%**

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 the respective periods presented.
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 March 31, 2023	For the Three Months Ended March 31, 2022
Gross profit (as reported)		$ 425	$ 376
Adjustments to reconcile gross profit to adjusted gross profit:			
Backlog amortization	(a)	7	3
Inventory step-up	(b)	—	9
Adjusted gross profit		$ 432	$ 388
Net revenues		$ 1,614	$ 1,471
Adjusted gross margin		*26.8%*	*26.4%*

Adjusted SG&A (non-GAAP)

		For the Three Months Ended March 31, 2023	For the Three Months Ended March 31, 2022
Selling, general, and administrative expenses ("SG&A") (as reported)		$ 352	$ 383
Adjustments to reconcile SG&A to adjusted SG&A:			
Amortization of intangible assets	(c)	(48)	(54)
Contingent consideration and compensation	(d)	(2)	(4)
Business process transformation expenses	(e)	(4)	(8)
Acquisition related expenses	(f)	(4)	(38)
Other	(g)	12	—
Adjusted SG&A expenses		$ 306	$ 279
Net revenues		$ 1,614	$ 1,471
Adjusted SG&A as a % of net revenues		*19.0%*	*19.0%*

a) Adjustment to reflect the addback of amortization expense related to backlog intangible assets.
b) Adjustment to reflect the elimination of costs related to the fair value step-up of acquired inventory.
c) Adjustment to reflect the addback of amortization expense.
d) Adjustment to reflect the elimination of the expense attributable to deferred consideration to prior owners of acquired businesses not expected to continue or recur.
e) Adjustment to reflect the elimination of expenses associated with the integration and reorganization of newly acquired businesses and 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 transaction costs related to potential and completed acquisitions and expenses associated with the transition of newly acquired businesses from prior ownership into APi Group.
g) Adjustment to reflect the elimination of changes in fair value estimates to acquired liabilities.

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

$ IN MILLIONS

Adjusted EBITDA (non-GAAP)

		For the Three Months Ended March 31,	
		2023	2022
Net income (loss) (as reported)		$ 26	$ (7)
Adjustments to reconcile net income (loss) to EBITDA:			
Interest expense, net		37	27
Income tax provision (benefit)		12	(16)
Depreciation and amortization		74	76
EBITDA		$ 149	$ 80
Adjustments to reconcile EBITDA to adjusted EBITDA:			
Contingent consideration and compensation	(a)	2	4
Non-service pension benefit	(b)	(3)	(11)
Inventory step-up	(c)	—	9
Business process transformation expenses	(d)	4	8
Acquisition related expenses	(e)	4	38
Loss on extinguishment of debt, net	(f)	3	—
Other	(g)	(12)	—
Adjusted EBITDA		$ 147	$ 128
Net revenues		*$ 1,614*	*$ 1,471*
Adjusted EBITDA as a % of net revenues		*9.1%*	*8.7%*

a) Adjustment to reflect the elimination of the 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-service pension benefit, which consists of interest cost, expected return on plan assets and amortization of actuarial gains/losses of the pension programs assumed as part of the Chubb acquisition.
c) Adjustment to reflect the elimination of costs related to the fair value step-up of acquired inventory.
d) Adjustment to reflect the elimination of expenses associated with the integration and reorganization of newly acquired businesses and non-operational costs related to business process transformation, including system and process development costs and implementation of processes and compliance programs related to the Sarbanes-Oxley Act of 2002.
e) Adjustment to reflect the elimination of transaction costs related to potential and completed acquisitions and expenses associated with the transition of newly acquired businesses from prior ownership into APi Group.
f) Adjustment to reflect the elimination of loss on extinguishment of debt resulting from early repayments and repurchases of long-term debt.
g) Adjustment to reflect the elimination of changes in fair value estimates to acquired liabilities.

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 March 31, 2023	2022
Income (loss) before income tax provision (benefit) (as reported)		$ 38	$ (23)
Adjustments to reconcile income (loss) before income tax provision (benefit) to adjusted income before income tax provision:			
Amortization of intangible assets	(a)	55	57
Contingent consideration and compensation	(b)	2	4
Non-service pension benefit	(c)	(3)	(11)
Inventory step-up	(d)	—	9
Business process transformation expenses	(e)	4	8
Acquisition related expenses	(f)	4	38
Loss on extinguishment of debt, net	(g)	3	—
Other	(h)	(12)	—
Adjusted income before income tax provision (benefit)		$ 91	$ 82
Income tax provision (benefit) (as reported)		$ 12	$ (16)
Adjustments to reconcile income tax provision (benefit) to adjusted income tax provision:			
Income tax provision adjustment	(i)	10	36
Adjusted income tax provision		$ 22	$ 20
Adjusted income before income tax provision		$ 91	$ 82
Adjusted income tax provision		22	20
Adjusted net income		$ 69	$ 62
Diluted weighted average shares outstanding (as reported)		267	232
Adjustments to reconcile diluted weighted average shares outstanding to adjusted diluted weighted average shares outstanding:			
Dilutive impact of Series A Preferred Stock	(j)	4	4
Dilutive impact of Series B Preferred Stock	(k)	—	33
Adjusted diluted weighted average shares outstanding		271	269
Adjusted diluted EPS		*$ 0.25*	*$ 0.23*

a) Adjustment to reflect the addback of pre-tax amortization expense related to intangible assets.
b) Adjustment to reflect the elimination of the expense attributable to deferred consideration to prior owners of acquired businesses not expected to continue or recur.
c) Adjustment to reflect the elimination of non-service pension benefit, which consists of interest cost, expected return on plan assets and amortization of actuarial gains/losses of the pension programs assumed as part of the Chubb acquisition.
d) Adjustment to reflect the elimination of costs related to the fair value step-up of acquired inventory.
e) Adjustment to reflect the elimination of expenses associated with the integration and reorganization of newly acquired businesses and 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 transaction costs related to potential and completed acquisitions and expenses associated with the transition of newly acquired businesses from prior ownership into APi Group.
g) Adjustment to reflect the elimination of loss on extinguishment of debt resulting from early repayments and repurchases of long-term debt.
h) Adjustment to reflect the elimination of changes in fair value estimates to acquired liabilities.
i) Adjustment to reflect an adjusted effective cash tax rate of 24% for the three months ended March 31, 2023 and 2022.
j) Adjustment for the three months ended March 31, 2023 and 2022 reflects addition of the dilutive impact of 4 million shares associated with the deemed conversion of Series A Preferred Stock.
k) Adjustment for the three months ended March 31, 2022 reflects addition of the GAAP dilutive impact of 33 million shares associated with the deemed conversion of Series B Preferred Stock.

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

Adjusted Segment Financial Information (non-GAAP)

$ IN MILLIONS

		For the Three Months Ended March 31,	
		2023 (a)	2022 (a)
Safety Services			
Net revenues		$ 1,191	$ 1,074
Adjusted gross profit		375	338
Adjusted EBITDA		147	127
Adjusted gross margin		*31.5%*	*31.5%*
Adjusted EBITDA as a % of net revenues		*12.3%*	*11.8%*
Specialty Services			
Net revenues		$ 430	$ 412
Adjusted gross profit		57	50
Adjusted EBITDA		28	23
Adjusted gross margin		*13.3%*	*12.1%*
Adjusted EBITDA as a % of net revenues		*6.5%*	*5.6%*
Total net revenues before corporate and eliminations	(b)	$ 1,621	$ 1,486
Total adjusted EBITDA before corporate and eliminations	(b)	175	150
Adjusted EBITDA as a % of net revenues before corporate and eliminations	(b)	*10.8%*	*10.1%*
Corporate and Eliminations			
Net revenues		$ (7)	$ (15)
Adjusted EBITDA		(28)	(22)
Total Consolidated			
Net revenues		$ 1,614	$ 1,471
Adjusted gross profit		432	388
Adjusted EBITDA		147	128
Adjusted gross margin		*26.8%*	*26.4%*
Adjusted EBITDA as a % of net revenues		*9.1%*	*8.7%*

a) Information derived from non-GAAP reconciliations included elsewhere in this presentation.
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 March 31, 2023			For the Three Months Ended March 31, 2022		
	As Reported	*Adjustments*	*As Adjusted*	*As Reported*	*Adjustments*	*As Adjusted*
Safety Services						
Net revenues	$ 1,191	$ —	$ 1,191	$ 1,074	$ —	$ 1,074
Cost of revenues	823	(7) (a)	816	747	(2) (a)	736
					(9) (b)	
Gross profit	$ 368	$ 7	$ 375	$ 327	$ 11	$ 338
Gross margin	*30.9%*		*31.5%*	*30.4%*		*31.5%*
Specialty Services						
Net revenues	$ 430	$ —	$ 430	$ 412	$ —	$ 412
Cost of revenues	373	—	373	363	(1) (a)	362
Gross profit	$ 57	$ —	$ 57	$ 49	$ 1	$ 50
Gross margin	*13.3%*		*13.3%*	*11.9%*		*12.1%*
Corporate and Eliminations						
Net revenues	$ (7)	$ —	(7)	$ (15)	$ —	$ (15)
Cost of revenues	(7)	—	(7)	(15)	—	(15)
Total Consolidated						
Net revenues	$ 1,614	$ —	$ 1,614	$ 1,471	$ —	$ 1,471
Cost of revenues	1,189	(7) (a)	1,182	1,095	(3) (a)	1,083
					(9) (b)	
Gross profit	$ 425	$ 7	$ 432	$ 376	$ 12	$ 388
Gross margin	*26.3%*		*26.8%*	*25.6%*		*26.4%*

a) Adjustment to reflect the addback of amortization expense related to backlog intangible assets.
b) 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 March 31, 2023	2022
Safety Services			
Safety Services EBITDA		$ 146	$ 123
Adjustments to reconcile EBITDA to adjusted EBITDA:			
Contingent consideration and compensation	(a)	1	1
Non-service pension benefit	(b)	(3)	(11)
Inventory step-up	(c)	—	9
Acquisition related expenses	(d)	3	5
Safety Services adjusted EBITDA		$ 147	$ 127
Specialty Services			
Specialty Services EBITDA		$ 27	$ 20
Adjustments to reconcile EBITDA to adjusted EBITDA:			
Contingent consideration and compensation	(a)	1	3
Specialty Services adjusted EBITDA		$ 28	$ 23
Corporate and Eliminations			
Corporate and Eliminations EBITDA		$ (24)	$ (63)
Adjustments to reconcile EBITDA to adjusted EBITDA:			
Business process transformation expenses	(e)	4	8
Acquisition related expenses	(d)	1	33
Loss on extinguishment of debt, net	(f)	3	—
Other	(g)	(12)	—
Corporate and Eliminations adjusted EBITDA		$ (28)	$ (22)

a) Adjustment to reflect the elimination of the 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-service pension benefit, which consists of interest cost, expected return on plan assets and amortization of actuarial gains/losses of the pension programs assumed as part of the Chubb acquisition.
c) Adjustment to reflect the elimination of costs related to the fair value step-up of acquired inventory.
d) Adjustment to reflect the elimination of transaction costs related to potential and completed acquisitions and expenses associated with the transition of newly acquired businesses from prior ownership into APi Group.
e) Adjustment to reflect the elimination of expenses associated with the integration and reorganization of newly acquired businesses and 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 loss on extinguishment of debt resulting from early repayments and repurchases of long-term debt.
g) Adjustment to reflect the elimination of changes in fair value estimates to acquired liabilities.

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

Change in adjusted EBITDA (non-GAAP)

	For the Three Months Ended March 31, 2023		
	Change in Adjusted EBITDA (public rates) (a)	Foreign currency translation (b)	Change in Adjusted EBITDA (fixed currency) (c)
Safety Services	15.7%	(2.8)%	18.5%
Specialty Services	21.7%	—	21.7%
Consolidated	**14.8%**	**(2.8)%**	**17.6%**

a) Adjusted EBITDA derived from non-GAAP reconciliations included elsewhere in this press release.
b) Adjusted to eliminate the impact of foreign currency on adjusted EBITDA amounts, calculated as the difference between adjusted EBITDA at public currency rates and adjusted EBITDA at fixed currency rates for both periods. Fixed currency amounts are based on translation into U.S. Dollars at fixed foreign currency exchange rates established by management at the beginning of 2023.
c) Amount represents the year-over-year change when comparing both years after eliminating the impact of fluctuations in foreign currency rates by translating foreign currency denominated results at fixed foreign currency ("FFX") rates for both periods.

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

Adjusted Free Cash Flow and Conversion (non-GAAP)

$ IN MILLIONS

		For the Three Months Ended March 31, 2023	2022
Net cash used in operating activities (as reported)		$ (1)	$ (118)
Less: Purchases of property and equipment		(21)	(12)
Free cash flow		$ (22)	$ (130)
Add: Cash payments related to following items:			
Contingent compensation	(a)	$ —	$ 1
Pension contributions	(b)	—	27
Business process transformation expenses	(c)	5	8
Acquisition related expenses	(d)	4	47
Restructuring payments	(e)	5	—
Payroll tax deferral	(f)	8	—
Adjusted free cash flow		$ —	$ (47)
Adjusted EBITDA	(g)	*$ 147*	*$ 128*
Adjusted free cash flow conversion		—	*(36.7) %*

a) Adjustment to reflect the elimination of deferred payments to prior owners of acquired businesses not expected to continue or recur.
b) Adjustment to reflect the elimination of initial pension contribution payment related to the Chubb acquisition not expected to continue or recur.
c) Adjustment to reflect the elimination of expenses associated with the integration and reorganization of newly acquired businesses and 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 transaction costs related to potential and completed acquisitions and expenses associated with the transition of newly acquired businesses from prior ownership into APi Group.
e) Adjustment to reflect payments made for restructuring programs.
f) 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 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. In January 2023, the final payments were made on the amount deferred in 2020.
g) Adjusted EBITDA derived from non-GAAP reconciliations included elsewhere in this presentation.

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Q1 2023 Earnings Call