



Q1 2024 Earnings Call

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 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

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 execute the Company's bolt-on acquisition strategy to acquire other businesses and successfully integrate them into its operations; (v) failure to fully execute the Company's inspection first strategy or to realize the expected service revenue from such inspections; (vi) risks associated with the Company's decentralized business model and participation in joint ventures; (vii) improperly managed projects or project delays; (viii) adverse developments in the credit markets which could impact the Company's ability to secure financing in the future; (ix) the Company's substantial level of indebtedness; (x) risks associated with the Company's contract portfolio; (xi) changes in applicable laws or regulations; (xii) the possibility that the Company may be adversely affected by other economic, business, and/or competitive factors; (xiii) the impact of a global armed conflict; (xiv) 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 presentation to use the Company's funds for other purposes; (xv) geopolitical risks and (xvi) other risks and uncertainties, including those discussed in the Company's Annual Report on Form 10-K for the year ended December 31, 2023 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 (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, and non-service pension cost or benefit 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 release are based on translation into U.S. dollars at the fixed foreign currency exchange rates established by management at the beginning of 2024.
- 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-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.

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, one-time and other events such as post-measurement period purchase accounting adjustments for acquisitions and public offerings, and 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-U.S. GAAP measures are useful in evaluating the Company's performance, this information should be considered as supplemental in nature and not as a substitute for or superior to the related financial information prepared in accordance with U.S. GAAP. Additionally, these non-U.S. GAAP financial measures may differ from similar measures presented by other companies. A reconciliation of these non-U.S. GAAP financial measures is included later in this presentation.

The Company does not provide reconciliations of forward-looking non-U.S. 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, 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

- The safety, health, and well-being of each of our leaders is our #1 value
- Everyone, everywhere is a leader
- Best-in-class field leaders
- Paying for performance
- ESG & diversity, equity and inclusion
- Team Engagement

Generating Free Cash Flow

- Targeting long-term 80% adjusted free cash flow conversion and net leverage ratio of approximately 2.5x
- Driving organic growth: people, tools, innovation
- Pursuing accretive M&A and portfolio optimization



Growing Revenue

- Delivering long-term organic revenue growth above industry average
- Inspection first go-to-market strategy
- Expanding share with new and existing customers
- Fully leveraging our global platform

Expanding Margins

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

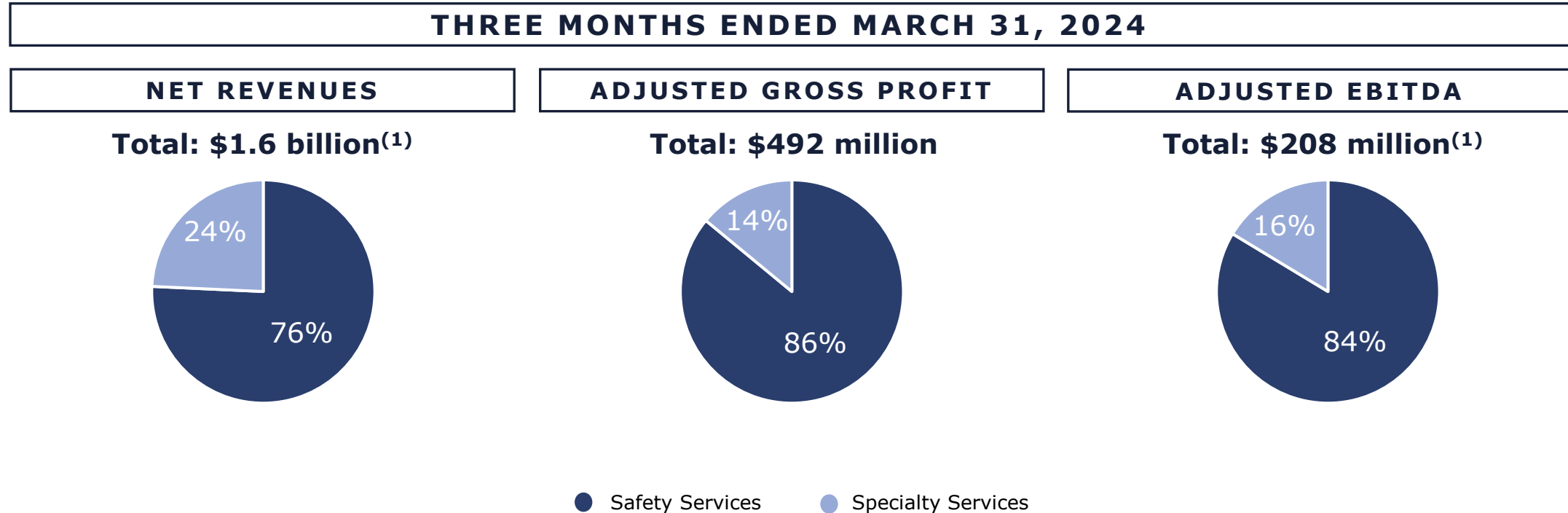
Our vision is to be the
#1 People-First Company and
#1 in Business Performance in our Industry

First Quarter 2024 Performance Highlights

- ✓ First quarter net revenues of **\$1.6** billion, a decrease of **0.8%**
- ✓ Organic net revenue decline of **1.4%** in the first quarter (compared to organic growth of approximately **12%** in Q1 2023) which was driven by disciplined customer and project selection and lower revenues from declining material cost pass through
- ✓ Adjusted gross margin expansion of **390** basis points in the first quarter
- ✓ First quarter adjusted EBITDA of **\$175** million, representing adjusted EBITDA margin expansion of **180** basis points to a record **10.9%** adjusted EBITDA margin
- ✓ Adjusted diluted earnings per share in the first quarter of **\$0.34**, up **36.0%**
- ✓ First quarter adjusted free cash flow of **\$12** million, representing **7%** conversion in our seasonally lowest quarter for free cash flow

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

First Quarter 2024 Financial Results Overview



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

	THREE MONTHS ENDED MARCH 31,			
(\$ in millions, except per share figures)	2024	2023	YoY Change	YoY (FFX) ^(a)
Net Revenues	\$1,601	\$1,614	(0.8)%	(1.2)%
<i>Organic Net Revenue Growth ^(b)</i>				<i>(1.4)%</i>
Adjusted Gross Profit	\$ 492	\$ 432	+ 13.9%	
<i>Adjusted Gross Margin</i>	<i>30.7%</i>	<i>26.8%</i>	<i>+ 390 bps</i>	
Adjusted EBITDA	\$ 175	\$ 147	+ 19.0%	+ 19.0%
<i>Adjusted EBITDA Margin</i>	<i>10.9%</i>	<i>9.1%</i>	<i>+ 180 bps</i>	
Adjusted Net Income	\$ 94	\$ 69	+ 36.2%	
Adjusted Diluted EPS	\$ 0.34	\$ 0.25	+ 36.0%	
Operating Cash Flow	\$ 7	\$ (1)	NM	
Adjusted Free Cash Flow	\$ 12	\$ 0	NM	
<i>Adjusted Free Cash Flow Conversion</i>	<i>6.9%</i>	<i>—</i>	<i>NM</i>	

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)	2024	2023	YoY Change	YoY (FFX) ^(a)	2024	2023	YoY Change	YoY (FFX) ^(a)
Net Revenues	\$ 1,214	\$ 1,191	+ 1.9%	+ 1.5%	\$ 389	\$ 430	(9.5)%	(9.5)%
<i>Organic Net Revenue Growth ^(b)</i>				+ 0.2%				(7.4)%
Adjusted Gross Profit	\$ 423	\$ 375	+ 12.8%		\$ 69	\$ 57	+ 21.1%	
<i>Adjusted Gross Margin</i>	34.8%	31.5%	+ 330 bps		17.7%	13.3%	+ 440 bps	
Adjusted EBITDA	\$ 174	\$ 147	+ 18.4%	+ 17.6%	\$ 34	\$ 28	+ 21.4%	+ 21.4%
<i>Adjusted EBITDA Margin</i>	14.3%	12.3%	+ 200 bps		8.7%	6.5%	+ 220 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.

Q2 and Full Year 2024 Guidance

- ✓ Continue to expect full year net revenue to range from \$7.05 to \$7.25 billion, adjusted EBITDA to range from \$855 to \$905 million, and adjusted free cash flow conversion for the year to be approximately 70%
- ✓ This guidance has not been adjusted to include the impact from the announced Elevated acquisition, the divestiture announced this quarter, and the headwind from foreign exchange movements since our initial guidance announced on February 28, 2024
- ✓ Based on current foreign exchange rates, we expect an ~\$35 million headwind on revenue and ~\$5 million headwind on adjusted EBITDA from foreign exchange movements since our initial February 28, 2024 guidance

	Q2 2024	FY 2024
Net Revenues	\$1,750 to \$1,800 million	\$7,050 to \$7,250 million
<i>Net Revenue Growth versus Last Year</i>	(1)% - 2%	2% - 5%
<i>Net Revenue Organic Growth</i>	(1)% - 2%	2% - 5%
Adjusted EBITDA	\$220 to \$235 million	\$855 to \$905 million
<i>Adjusted EBITDA Growth versus Last Year</i>	8% - 16%	9% - 16%
<i>Adjusted EBITDA Growth at Fixed Currencies</i>	9% - 16%	9% - 16%
Adjusted Free Cash Flow Conversion		Approximately 70%

Capitalization

- 

As of the end of the first quarter, our net leverage ratio was approximately **2.8x** calculated pursuant to terms of existing debt agreements, not adjusted for the Elevated acquisition and second quarter financing activities
- 

On April 16th, priced primary follow-on offering of **12.65 million** shares including 15% greenshoe, raising over **\$450 million** in net proceeds
- 

Earlier this week, we launched a **\$550 million** incremental Term Loan due 2029 with proceeds expected to be used to refinance **\$330 million** Term Loan due 2026, repay **\$100 million** of outstanding revolver balances, and the remainder for general corporate purposes, including partially funding the acquisition of Elevated
- 

Following this transaction and financing, we remain in a position of balance sheet **strength** providing the **flexibility** to continue to execute on our **robust** M&A pipeline at attractive multiples
- 

Remain focused on cash generation and deleveraging towards our **target net leverage ratio**

Series B Retirement Transaction Overview

- 

On February 28, 2024, APi reached an agreement with shareholders affiliated with Blackstone Tactical Opportunities Fund (“Blackstone”) and Viking Global Equities (“Viking”) to retire all the outstanding shares of their Series B Perpetual Convertible Preferred Stock (the “Series B Preferred Stock”)
- 

Blackstone and Viking each exercised their respective right to convert all of their Series B Preferred Stock into 32.5 million shares of common stock of APi (the “Conversion Shares”)
- 

Upon issuance of the Conversion Shares, APi repurchased 16.3 million, or one-half, of the Conversion Shares (on a pro rata basis) from Blackstone and Viking for an aggregate purchase price of \$600 million, of \$36.90 per share
- 

The transaction was financed by (i) an incremental term facility of \$300 million issued at par; (ii) cash on hand and available credit
- 

On February 28, 2024, Blackstone and Viking launched a secondary public offering of APi’s common stock, which was later upsized 30%⁽¹⁾, resulting in 12.2 million shares sold and leaving approximately 4.1 million remaining Conversion Shares subject to a 90-day lockup

(1) Plus 15% greenshoe.

Series B Retirement Transaction Overview (cont.)

The transaction provides substantial benefits to APi and its common stockholders:

- ✓ Simplifies APi Group's capital structure
- ✓ Preserves our strong, opportunistic balance sheet
- ✓ Reduces adjusted diluted share count by 16.3 million shares
- ✓ Provides immediate accretion to adjusted earnings per share
- ✓ Eliminates preferred dividend payments of \$44 million annually
- ✓ Not expected to impact reacceleration of bolt-on M&A strategy
- ✓ Opportunity to attract new long-term investors to diversify the Company's investor base

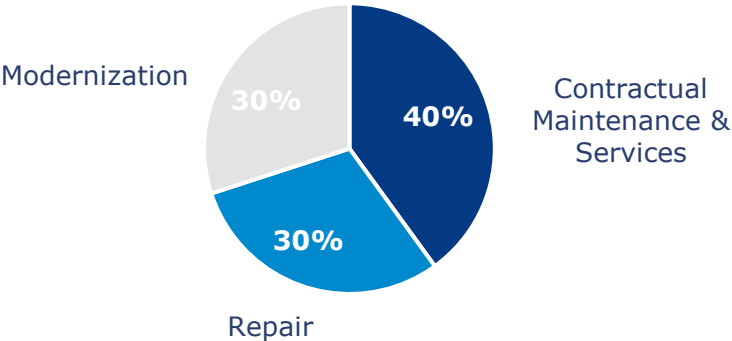
Acquisition of Elevated

- \$570 million cash consideration, subject to working capital and other standard adjustments
- Establishes new platform in the highly attractive elevator and escalator services space
- Expected to contribute approximately \$220 million in annual revenue at a ~20% Adjusted EBITDA margin
- The transaction is expected to be accretive to the Company’s “13/60/80” shareholder value creation targets

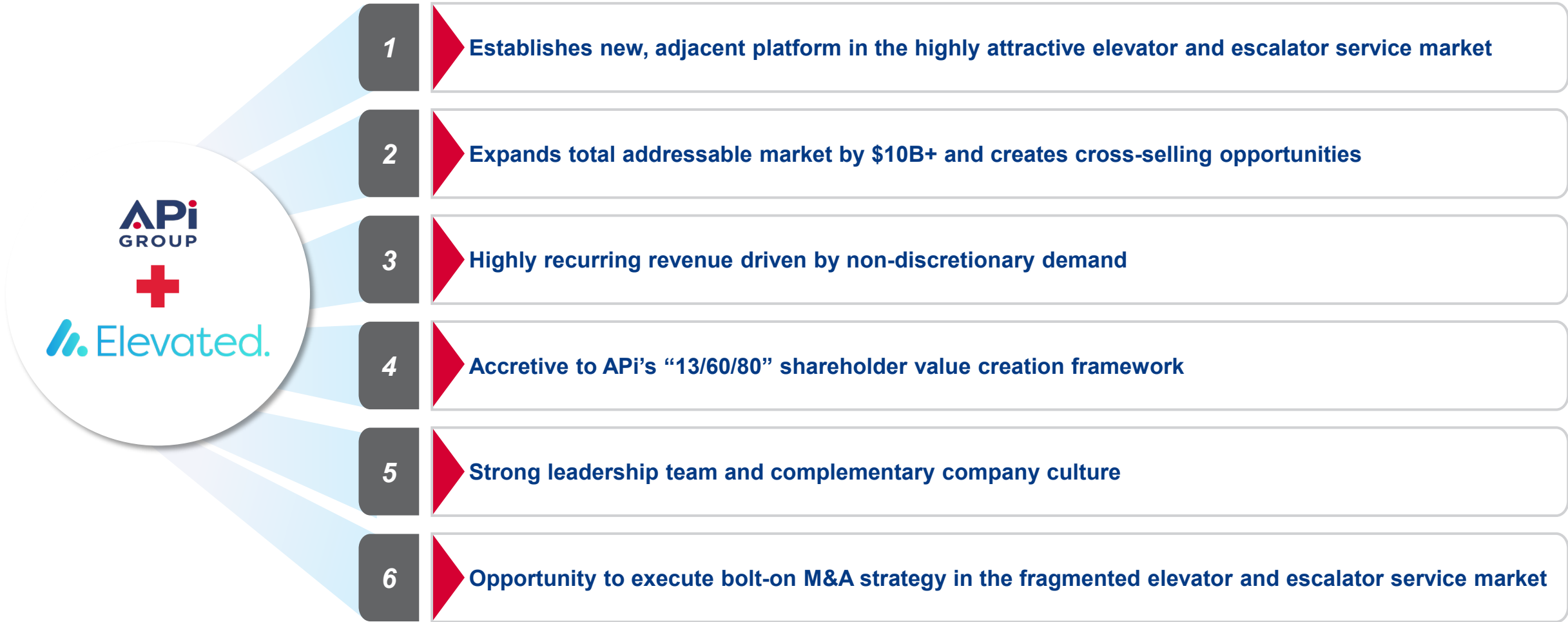
Elevated Business Overview

- Elevated Facility Services Group is a leading provider of contractually-based maintenance, repair, and modernization services for all major brands of elevator and escalator equipment
- Elevated provides statutorily mandated and other contracted services to a strong base of long-standing customers across industries
- Founded in 2004, Elevated is headquartered in Tampa, FL and serves 18 states through a branch-led operating model with approximately 600 team members

Revenue Breakdown



Summary Investment Highlights



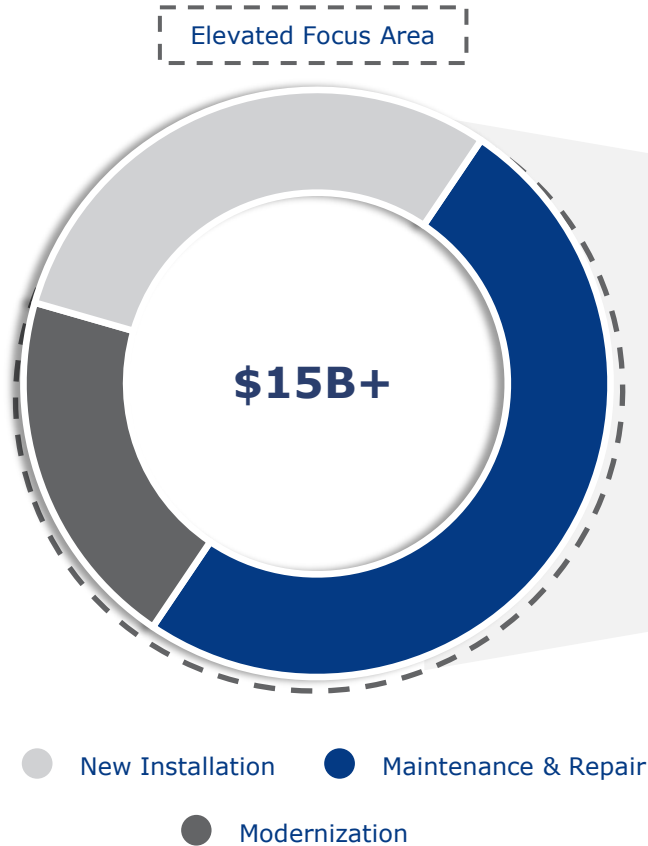
Elevated is a Logical Extension into a Highly Attractive Market

Acquisition adds a further \$10B+ of total addressable market to API's current market opportunity

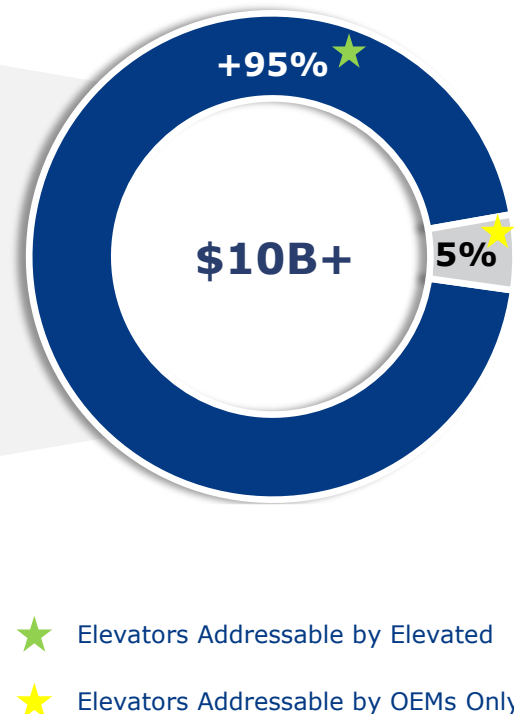
Attractive Industry Characteristics

- Continuous safety and regulatory requirements underpin vertical transportation services market
- Aging U.S. installed base is a key driver of elevator and escalator service work
- Growth of urbanization contributes to increased demand for maintenance service contracts
- Declining durability & quality of elevators increases frequency of modernizations
- Modernization projects are largely non-discretionary and driven by bringing aged elevators to code and compliance with safety requirements

U.S. Vertical Transportation Market



Total Addressable Services Market



Note: Company estimate based on independent market study.

Elevated is Accretive to APi's "13/60/80" Shareholder Value Creation Framework

Shareholder Value Creation Targets for APi	APi Standalone 2023	Elevated Standalone 2023
13%+ Adjusted EBITDA margin by 2025	11.3% Adjusted EBITDA margin in 2023	~20% Adjusted EBITDA margin
Long-term goal of 60% of revenues from inspection, service and monitoring	~52% of net revenues from highly recurring inspection, service and monitoring	70%+ of revenues from inspections, service and repair
Long-term goal of average of 80% adjusted free cash flow conversion from Adjusted EBITDA	~69% adjusted free cash flow conversion from Adjusted EBITDA	Asset-light business model improves APi's already strong adjusted free cash flow conversion

Appendix

What We Do

SAFETY SERVICES

Life Safety & Security

-  1 Backflow Preventers
-  2 Fire Pumps
-  3 Exit & Emergency Lights
-  4 Kitchen Hood Fire Suppression Systems
-  5 Fire Extinguishers
-  6 Automatic Wet & Dry Sprinkler Systems
-  7 Flame Detection Unit
-  8 Special Hazards / Clean Agent Systems
-  9 Security Cameras (CCTV)
-  10 Access Control & Intrusion Detection Systems
-  11 Fire Alarm Panel
-  12 Fire Alarm Annunciator Panel
-  13 Fire Protection Systems Inspections

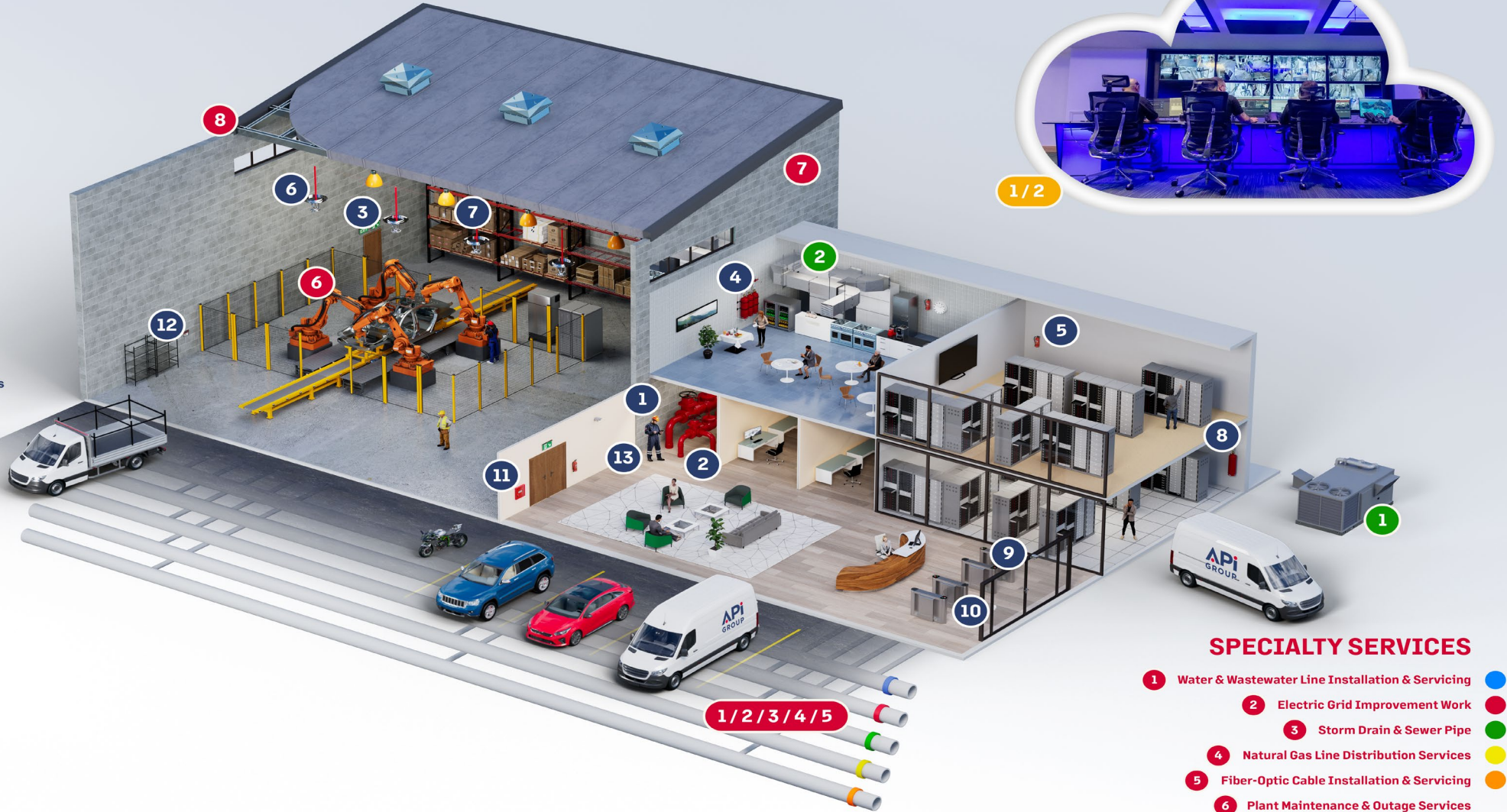
Remote Services

-  1 Remote Monitoring & Servicing
-  2 Chubb vision+

HVAC Systems & Servicing

-  1 Chiller / Condensing Units
-  2 Air Handlers / Boilers / Duct Systems
-  3 Piping / Plumbing*
-  4 Temperature Control*
-  5 Systems Repairs / Servicing*

* = service not visualized



SPECIALTY SERVICES

-  1 Water & Wastewater Line Installation & Servicing
-  2 Electric Grid Improvement Work
-  3 Storm Drain & Sewer Pipe
-  4 Natural Gas Line Distribution Services
-  5 Fiber-Optic Cable Installation & Servicing
-  6 Plant Maintenance & Outage Services
-  7 Siding, Roofing & Insulation Systems
-  8 Structural Fabrication & Erection

Reconciliation of Non-GAAP Financial Measures

Organic Change in Net Revenues (non-GAAP)

Three Months Ended March 31, 2024					
	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	1.9%	0.4%	1.5%	(1.3)%	0.2%
Specialty Services	(9.5)%	—%	(9.5)%	2.1%	(7.4)%
Consolidated	(0.8)%	0.4%	(1.2)%	(0.2)%	(1.4)%

- 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 2024.
- b) Amount represents the year-over-year change when comparing both years after eliminating the impact of fluctuations in foreign exchange 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, 2024.
- 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)

Adjusted Gross Profit (non-GAAP)

\$ IN MILLIONS

	Three Months Ended March 31,	
	2024	2023
Gross profit (as reported)	\$ 492	\$ 425
Adjustments to reconcile gross profit to adjusted gross profit:		
Backlog amortization (a)	—	7
Adjusted gross profit	\$ 492	\$ 432
Net revenues	\$ 1,601	\$ 1,614
Adjusted gross margin	30.7 %	26.8 %

Adjusted SG&A (non-GAAP)

	Three Months Ended March 31,	
	2024	2023
Selling, general, and administrative expenses ("SG&A") (as reported)	\$ 392	\$ 352
Adjustments to reconcile SG&A to adjusted SG&A:		
Amortization of intangible assets (b)	(50)	(48)
Contingent consideration and compensation (c)	(2)	(2)
Business process transformation expenses (d)	(6)	(4)
Acquisition related expenses (e)	(1)	(4)
Restructuring program related costs (f)	(5)	—
Other (g)	9	12
Adjusted SG&A expenses	\$ 337	\$ 306
Net revenues	\$ 1,601	\$ 1,614
Adjusted SG&A as a % of net revenues	21.0 %	19.0 %

- a) Adjustment to reflect the addback of amortization expense related to backlog intangible assets.
- b) Adjustment to reflect the addback of amortization expense.
- c) Adjustment to reflect the elimination of the expense attributable to deferred consideration to prior owners of acquired businesses not expected to continue or recur.
- 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 expenses associated with restructuring programs and related costs.
- g) Adjustment includes various miscellaneous non-recurring items, such as the gain on the sale of a building, costs associated with the Series B Preferred Stock conversion, elimination of changes in fair value estimates to acquired liabilities, and impairment recorded on disposed assets.

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

Adjusted EBITDA (non-GAAP)				
	Three Months Ended March 31,			
	2024		2023	
Net income (as reported)	\$	45	\$	26
Adjustments to reconcile net income to EBITDA:				
Interest expense, net		34		37
Income tax provision		18		12
Depreciation and amortization		69		74
EBITDA	\$	166	\$	149
Adjustments to reconcile EBITDA to adjusted EBITDA:				
Contingent consideration and compensation	(a)	2		2
Non-service pension cost (benefit)	(b)	4		(3)
Business process transformation expenses	(c)	6		4
Acquisition related expenses	(d)	1		4
Loss on extinguishment of debt, net	(e)	—		3
Restructuring program related costs	(f)	5		—
Other	(g)	(9)		(12)
Adjusted EBITDA	\$	175	\$	147
Net revenues	\$	1,601	\$	1,614
Adjusted EBITDA margin		10.9 %		9.1 %

- 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 cost (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 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 the elimination of loss on extinguishment of debt resulting from early repayments and repurchases of long-term debt.
- f) Adjustment to reflect the elimination of expenses associated with restructuring programs and related costs.
- g) Adjustment includes various miscellaneous non-recurring items, such as the gain on the sale of a building, costs associated with the Series B Preferred Stock conversion, elimination of changes in fair value estimates to acquired liabilities, and impairment recorded on disposed assets.

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

Adjusted income before income tax, net income (loss) and EPS (non-GAAP) \$ IN MILLIONS

	Three Months Ended March 31,	
	2024	2023
Income before income tax provision (as reported)	\$ 63	\$ 38
Adjustments to reconcile income before income tax provision to adjusted income before income tax provision:		
Amortization of intangible assets (a)	50	55
Contingent consideration and compensation (b)	2	2
Non-service pension cost (benefit) (c)	4	(3)
Business process transformation expenses (d)	6	4
Acquisition related expenses (e)	1	4
Loss on extinguishment of debt, net (f)	—	3
Restructuring program related costs (g)	5	—
Other (h)	(9)	(12)
Adjusted income before income tax provision	\$ 122	\$ 91
Income tax provision (as reported)	\$ 18	\$ 12
Adjustments to reconcile income tax provision to adjusted income tax provision:		
Income tax provision adjustment (i)	10	10
Adjusted income tax provision	\$ 28	\$ 22
Adjusted income before income tax provision	\$ 122	\$ 91
Adjusted income tax provision	28	22
Adjusted net income	\$ 94	\$ 69
Diluted weighted average shares outstanding (as reported)	250	267
Adjustments to reconcile diluted weighted average shares outstanding to adjusted diluted weighted average shares outstanding:		
Dilutive impact of shares from GAAP net loss (j)	1	—
Dilutive impact of Series A Preferred Stock (k)	4	4
Dilutive impact of conversion of Series B Preferred Stock (l)	22	—
Adjusted diluted weighted average shares outstanding	277	271
Adjusted diluted EPS	\$ 0.34	\$ 0.25

- 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 cost (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 expenses associated with the integration and reorganization of newly acquired businesses and nonoperational 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 expenses associated with restructuring programs and related costs.
- h) Adjustment includes various miscellaneous non-recurring items, such as the gain on the sale of a building, costs associated with the Series B Preferred Stock conversion, elimination of changes in fair value estimates to acquired liabilities, and impairment recorded on disposed assets.
- i) Adjustment to reflect an adjusted effective tax rate of 23% which reflects the Company's estimated expectations for taxes to be paid on its adjusted non-GAAP earnings.
- j) Adjustment to add the dilutive impact of options and RSUs which were anti-dilutive and excluded from the diluted weighted average shares outstanding (as reported).
- k) Adjustment for the three months ended March 31, 2024 and 2023 reflect the addition of the dilutive impact of 4 million shares associated with the deemed conversion of Series A Preferred Stock.
- l) Adjustment for the weighted average impact of the Series B Preferred Stock that were convertible into approximately 33 million common shares and were outstanding for two months of the first quarter. On February 28, 2024, all Series B Preferred Stock was converted to common stock and there is no longer any dilutive impact from the Series B Preferred Stock.

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

Adjusted Segment Financial Information (non-GAAP)

\$ IN MILLIONS

	Three Months Ended March 31,	
	2024 (a)	2023 (a)
Safety Services		
Net revenues	\$ 1,214	\$ 1,191
Adjusted gross profit	423	375
Adjusted EBITDA	174	147
<i>Adjusted gross margin</i>	34.8%	31.5%
<i>Adjusted EBITDA margin</i>	14.3%	12.3%
Specialty Services		
Net revenues	\$ 389	\$ 430
Adjusted gross profit	69	57
Adjusted EBITDA	34	28
<i>Adjusted gross margin</i>	17.7%	13.3%
<i>Adjusted EBITDA margin</i>	8.7%	6.5%
<i>Total net revenues before corporate and eliminations</i>	(b) \$ 1,603	\$ 1,621
<i>Total adjusted EBITDA before corporate and eliminations</i>	(b) 208	175
<i>Adjusted EBITDA margin before corporate and eliminations</i>	(b) 13.0%	10.8%
Corporate and Eliminations		
Net revenues	\$ (2)	\$ (7)
Adjusted EBITDA	(33)	(28)
Total Consolidated		
Net revenues	\$ 1,601	\$ 1,614
Adjusted gross profit	492	432
Adjusted EBITDA	175	147
<i>Adjusted gross margin</i>	30.7%	26.8%
<i>Adjusted EBITDA margin</i>	10.9%	9.1%

- 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

	Three Months Ended March 31, 2024			Three Months Ended March 31, 2023		
	<i>As Reported</i>	<i>Adjustments</i>	<i>As Adjusted</i>	<i>As Reported</i>	<i>Adjustments</i>	<i>As Adjusted</i>
Safety Services						
Net revenues	\$ 1,214	\$ —	\$ 1,214	\$ 1,191	\$ —	\$ 1,191
Cost of revenues	791	—	791	823	(7) (a)	816
Gross profit	<u>\$ 423</u>	<u>\$ —</u>	<u>\$ 423</u>	<u>\$ 368</u>	<u>\$ 7</u>	<u>\$ 375</u>
Gross margin	34.8%		34.8%	30.9%		31.5%
Specialty Services						
Net revenues	\$ 389	\$ —	\$ 389	\$ 430	\$ —	\$ 430
Cost of revenues	320	—	320	373	—	373
Gross profit	<u>\$ 69</u>	<u>\$ —</u>	<u>\$ 69</u>	<u>\$ 57</u>	<u>\$ —</u>	<u>\$ 57</u>
Gross margin	17.7%		17.7%	13.3%		13.3%
Corporate and Eliminations						
Net revenues	\$ (2)	\$ —	\$ (2)	\$ (7)	\$ —	\$ (7)
Cost of revenues	(2)	—	(2)	(7)	—	(7)
Total Consolidated						
Net revenues	\$ 1,601	\$ —	\$ 1,601	\$ 1,614	\$ —	\$ 1,614
Cost of revenues	1,109	—	1,109	1,189	(7) (a)	1,182
Gross profit	<u>\$ 492</u>	<u>\$ —</u>	<u>\$ 492</u>	<u>\$ 425</u>	<u>\$ 7</u>	<u>\$ 432</u>
Gross margin	30.7%		30.7%	26.3%		26.8%

a) 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

		Three Months Ended March 31,	
		2024	2023
Safety Services			
Safety Services EBITDA	\$	163	\$ 146
Adjustments to reconcile EBITDA to adjusted EBITDA:			
Contingent consideration and compensation	(a)	2	1
Non-service pension cost (benefit)	(b)	4	(3)
Acquisition related expenses	(c)	—	3
Business process transformation expenses	(d)	1	—
Restructuring program related costs	(e)	5	—
Other	(f)	(1)	—
Safety Services adjusted EBITDA	\$	174	\$ 147
Specialty Services			
Specialty Services EBITDA	\$	33	\$ 27
Adjustments to reconcile EBITDA to adjusted EBITDA:			
Contingent consideration and compensation	(a)	—	1
Other	(f)	1	—
Specialty Services adjusted EBITDA	\$	34	\$ 28
Corporate and Eliminations			
Corporate and Eliminations EBITDA	\$	(30)	\$ (24)
Adjustments to reconcile EBITDA to adjusted EBITDA:			
Business process transformation expenses	(d)	5	4
Acquisition related expenses	(c)	1	1
Loss on extinguishment of debt, net	(g)	—	3
Other	(f)	(9)	(12)
Corporate and Eliminations adjusted EBITDA	\$	(33)	\$ (28)

- 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 cost (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 transaction costs related to potential and completed acquisitions and expenses associated with the transition of newly acquired businesses from prior ownership into API Group.
- 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 expenses associated with restructuring programs and related costs.
- f) Adjustment includes various miscellaneous non-recurring items, such as the gain on the sale of a building, costs associated with the Series B Preferred Stock conversion, elimination of changes in fair value estimates to acquired liabilities, and impairment recorded on disposed assets.
- g) Adjustment to reflect the elimination of loss on extinguishment of debt resulting from early repayments and repurchases of long-term debt.

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

Change in adjusted EBITDA (non-GAAP)

	Three Months Ended March 31, 2024		
	Change in Adjusted EBITDA (public rates) (a)	Foreign currency translation (b)	Change in Adjusted EBITDA (fixed currency) (c)
Safety Services	18.4%	0.8%	17.6%
Specialty Services	21.4%	—%	21.4%
Consolidated	19.0%	—%	19.0%

a) Adjusted EBITDA derived from non-GAAP reconciliations included elsewhere in this presentation.

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 2024.

c) Amount represents the year-over-year change when comparing both years after eliminating the impact of fluctuations in foreign exchange 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

	Three Months Ended March 31,	
	2024	2023
Net cash provided by (used in) operating activities (as reported)	\$ 7	\$ (1)
Less: Purchases of property and equipment	(22)	(21)
Free cash flow	\$ (15)	\$ (22)
Add: Cash payments related to following items:		
Contingent compensation (a)	5	—
Business process transformation expenses (b)	6	5
Acquisition related expenses (c)	1	4
Restructuring program related payments (d)	12	5
Payroll tax deferral (e)	—	8
Other (f)	\$ 3	\$ —
Adjusted free cash flow	\$ 12	\$ —
<i>Adjusted EBITDA</i> (g)	\$ 175	\$ 147
<i>Adjusted free cash flow conversion</i>	6.9 %	— %

- 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 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.
- c) 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.
- d) Adjustment to reflect payments made for restructuring programs and related costs.
- e) 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. The final payments were made on the amount deferred in 2020 during the first half of 2023.
- f) Adjustment includes various miscellaneous non-recurring items, such as elimination of payments made on the Series B Preferred Stock conversion.
- g) Adjusted EBITDA derived from non-GAAP reconciliations included elsewhere in this presentation.

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Q1 2024 Earnings Call