


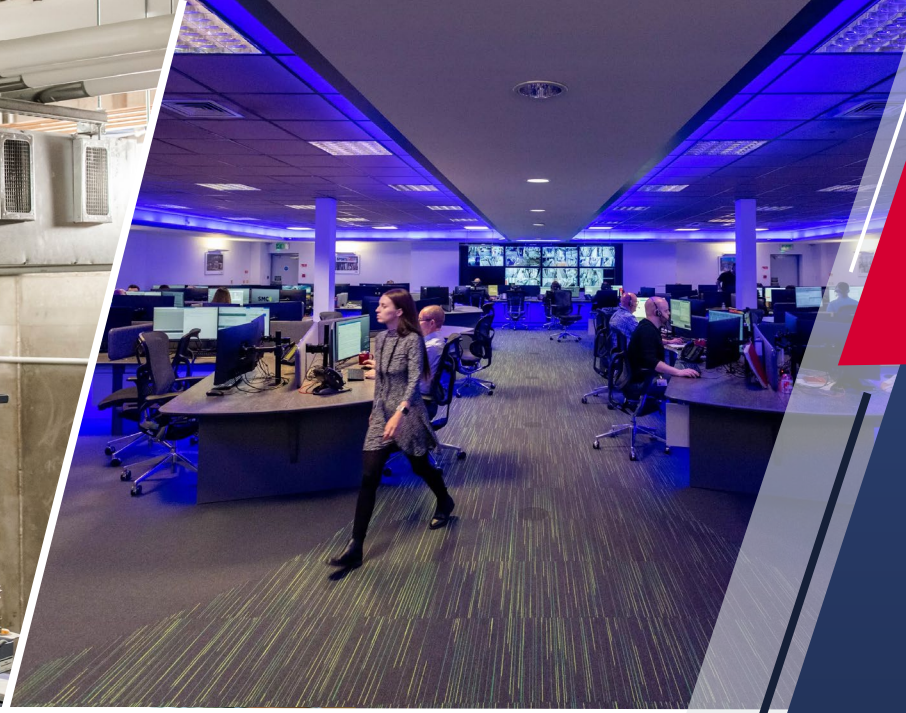





# Investor Update

September 6, 2023

Building Great Leaders®

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# The APi Group Opportunity

Building Great Leaders®

# Investment Overview

## Strategic Highlights

Global, market-leading business services provider of life safety, security and specialty services with a substantial recurring revenue base

Safety Services (~70% of total net revenues)(1):

- Provide statutorily-mandated and other contracted services to a large installed base of diverse customers
- Focused on non-discretionary, regulatory-driven, higher margin, recurring inspection, service and monitoring revenue, which represents 50%+ of total net revenues
- Acquisition of Chubb fire and security business ("Chubb") created world's leading life safety services provider

Specialty Services (~30% of total net revenues)(1):

- Diverse offering serving standing customers across largely counter cyclical markets (e.g. telecom and utilities represent majority of segment under Master Service Agreements)

Leadership culture driven by experienced and aligned operating leadership team and board with significant ownership

(1) Calculated based on rounded APi net revenues, excluding Corporate and Eliminations, for the twelve months ended December 31, 2022.


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# Investment Overview

## Investment Highlights

- Track record of long-term, above industry average organic growth augmented by cash flow-funded acquisitions
- Higher margin, inspection, service and monitoring revenue makes up 50%+ of APi's total net revenues
- Asset light, low CapEx, high free cash flow services platform
- Significant margin expansion opportunity driven by improving mix of inspection, service and monitoring revenue, pricing, disciplined project and customer selection, value capture opportunities, procurement and operating leverage
- Flexible operating structure driven by predominately variable cost structure and small average project size /shorter duration projects
- Free cash flow usage: support organic growth, accretive acquisitions, reduce leverage, shareholder returns
- Compounder of capital: strong free cash flow generation plus thoughtful, high return on invested capital investments


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

## Building Great Leaders

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

## Generating Free Cash Flow

- Long-term target of 80% adjusted free cash flow conversion and net leverage ratio of 2-2.5x
- Asset light, low capex operating model
- Continuously pursuing accretive M&A and portfolio optimization




Aspiring to be the #1 People-First Public Company

## 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
- Expanding capabilities and geographies

## 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
- Procurement savings and $100M value capture


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# What We Believe



## OUR PURPOSE

**Building Great Leaders®**

## OUR VALUES

- Safety, health, and well-being of all our leaders
- Caring and enduring relationships with others
- Honesty and integrity
- Excellence, nothing less
- Joy in our work and in each other
- Combining individual company agilities with large company advantages

## THE RESULTS



**Shareholder Value Creation**

## Great leaders are a competitive advantage and create shareholder value

- Everyone, everywhere is a leader
- Everyone should have the opportunity to develop as a leader
- We each own our development
- Leadership is the single biggest differentiator between average and excellent
- Leaders develop leaders


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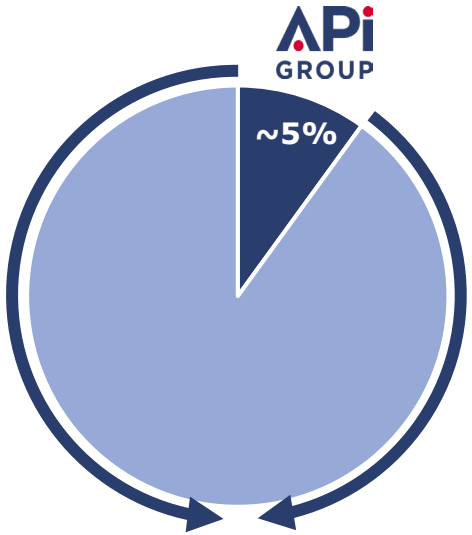
# Global Market Leader in Growing, Consolidating Markets

## #1 Player in Growing Fire Protection Systems Market

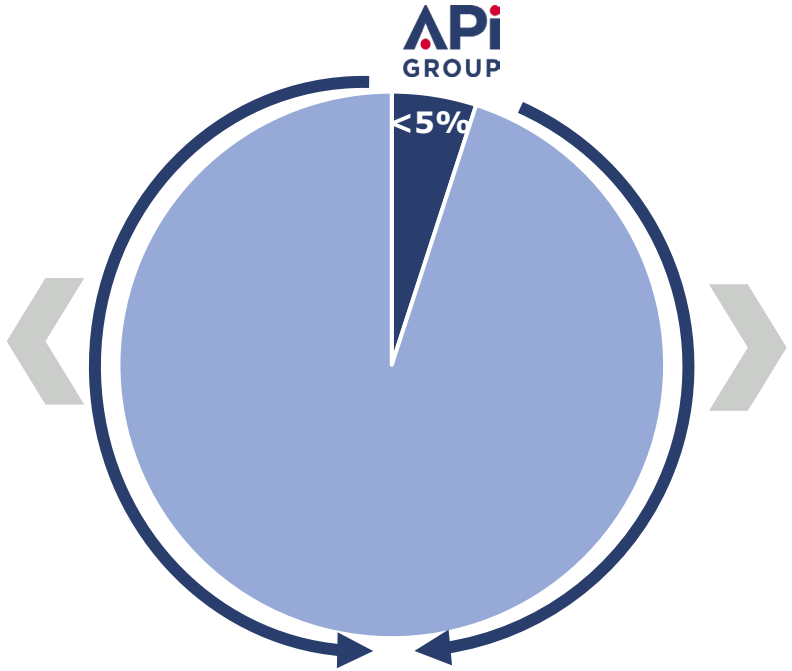



**$60+ Billion Fire Protection Systems Market(1)**

## Grow Market Share

- National Accounts
- New Inspections Customers
- New Geographies

## Expansion Into Security Significantly Increases Total Addressable Market




## Penetrate Existing Customers

- End-to-End Solutions
- New Capabilities

**$150+ Billion Fire Protection Systems & Commercial Security Market(2)**

(1) Based on Global Fire Protection Systems estimated market size of $60+ billion based on 360iResearch, MarketsandMarkets, DataBridge.
(2) Based on Global Fire Protection Systems estimated market size of $60+ billion plus the Commercial Security Systems market size of $90+ billion based on 360iResearch.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# APi: Long-Term Growth Strategy

## Organic Expansion

## M&A

### Grow

- Grow higher margin, recurring services revenue
- 10%+ inspection revenue growth target
- Cross-sell new capabilities
- Expansion into adjacencies
- Geographic expansion

### Capitalize

- Improved project and customer selection
- Increase market share
- Pricing opportunities
- Investment in back-office infrastructure
- Investment in inspection sales organization

### Scale

- Expand core business and service offerings
- Sister company cross-selling
- Grow national accounts
- Win more share of entire facility life cycle
- Leverage scale and drive margins

### Seek

- Disciplined, opportunistic and accretive acquisitions
- Incremental customer base
- Add adjacent capabilities
- Expand geographies
- Culture, values, fit


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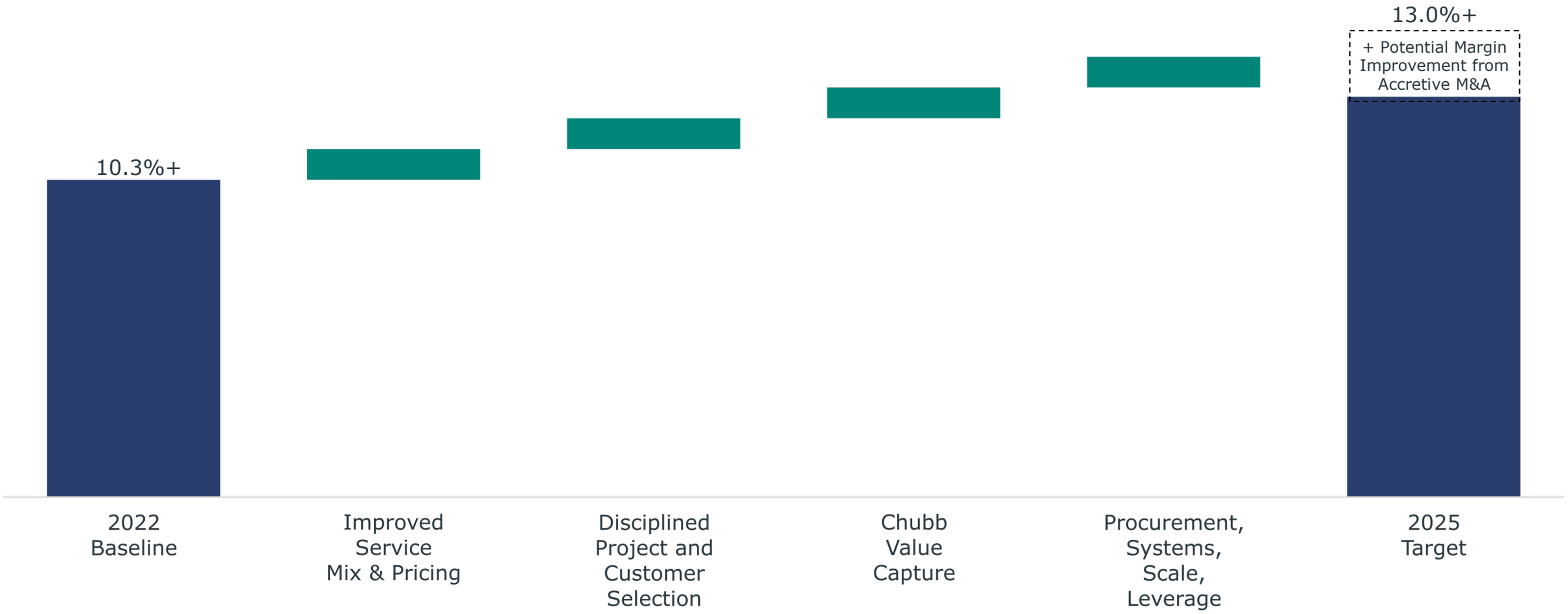
# Path to 13%+ Adjusted EBITDA Margin by 2025

## Path to 13%+





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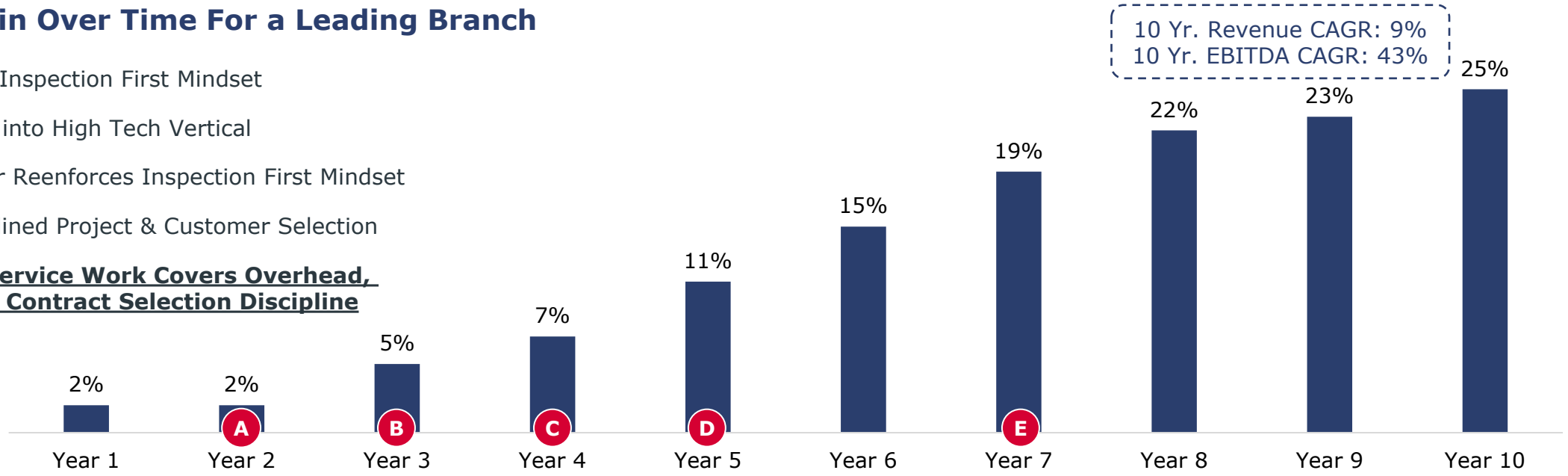
# Illustrative Branch Case Study – Inspection First Strategy

## % EBITDA Margin Over Time For a Leading Branch

- **A** Leadership Instills Inspection First Mindset
- **B** Start of Expansion into High Tech Vertical
- **C** New Branch Leader Reenforces Inspection First Mindset
- **D** Implements Disciplined Project & Customer Selection
- **E** **Inspection and Service Work Covers Overhead, Allowing Greater Contract Selection Discipline**




| | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Year 6 | Year 7 | Year 8 | Year 9 | Year 10 |
|---|---|---|---|---|---|---|---|---|---|---|
| **EBITDA Margin Expansion (bps)** | NM | NM | 300bps | 200bps | 400bps | 400bps | 400bps | 300bps | 100bps | 200bps |

Contract Margins Expand Significantly as Inspection and Service Revenue Scales

| | | | |
|---|---|---|---|
| **Contract Gross Margin (%)** | Year 1-5 Avg. = ~18% | Year 6-10 Avg. = ~32% | **Year 10: 40%+** |

**Long-Term Margin Expansion Opportunity as Branches Grow Inspection & Service Revenues Allowing for More Disciplined Contract Selection**

NM = Not Meaningful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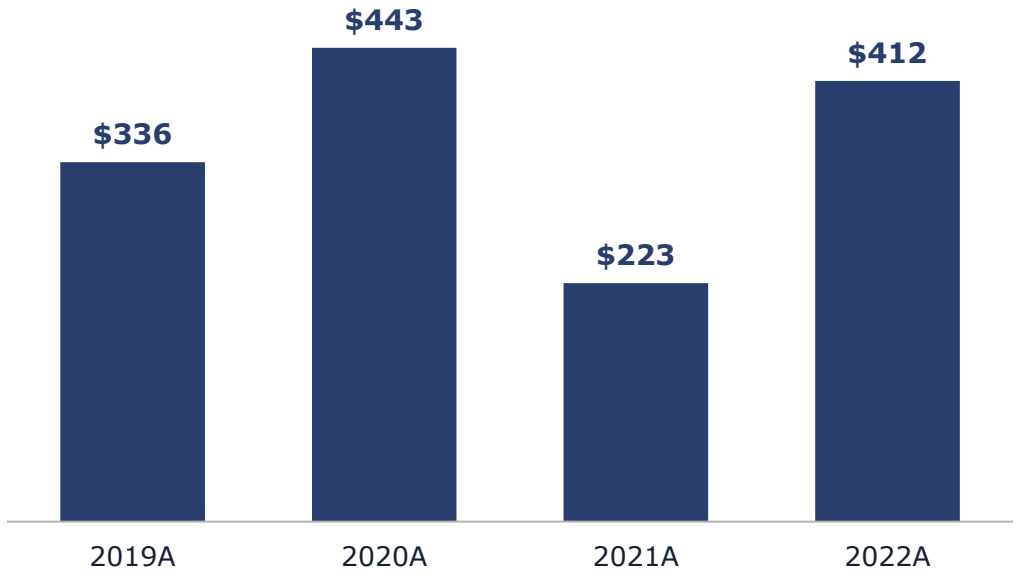
# Strong Adjusted Free Cash Flow Generation

## Strong Adjusted Free Cash Flow ($M)[1]…



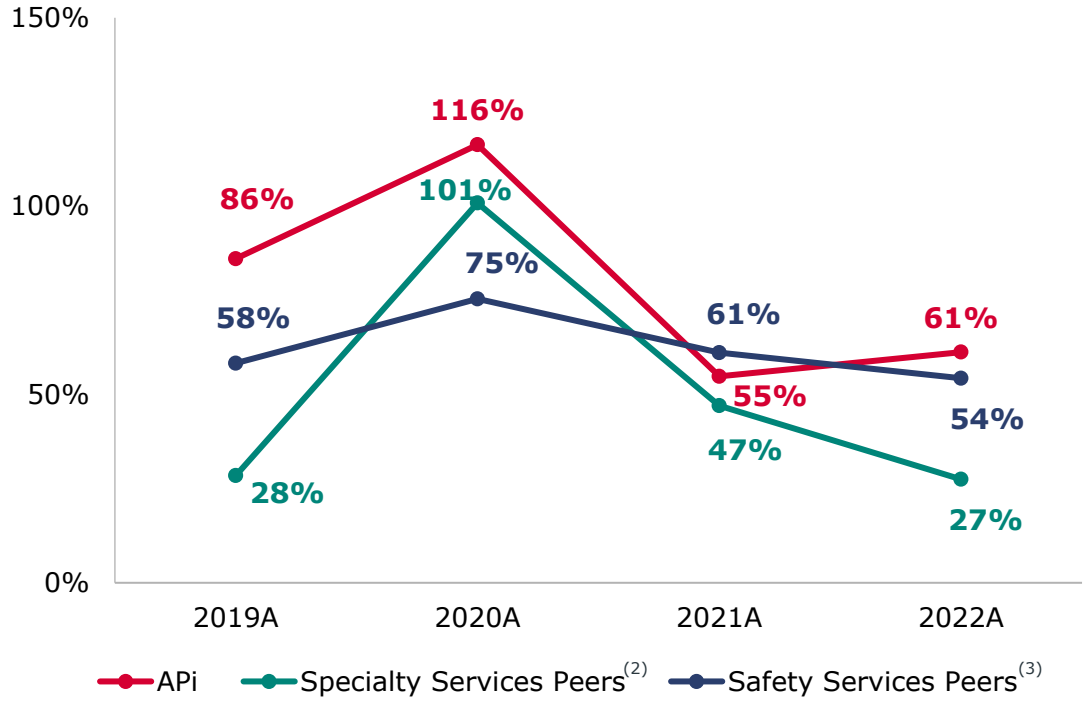

**Organic Revenue Growth[1]**

| 8% | (9%) | 8% | 12% |
|---|---|---|---|

**Organic Revenue growth / contraction drives cash conversion**

## …With Above-Peer Conversion

**Free Cash Flow Conversion (% of Adjusted EBITDA)[1][4]**




(1) Refer to Appendix for a reconciliation of non-GAAP measures to most directly comparable GAAP measures
(2) Reflects average of Specialty Services Peers which include Dycom, EMCOR, MasTec and Quanta Services.
(3) Reflects average of Safety Services Peers which include Cintas, Comfort Systems, Johnson Controls and OTIS.
(4) Peer free cash flow calculated as operating cash flow less capex. APi Adjusted Free Cash Flow as disclosed in appendix.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# Evolution of APi:

## Recurring Revenue, Services Focused Business

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# Evolution of APi: Recurring Revenue, Services Focused Business

## 2011 – 2019

- Defined identity, vision and culture
- Established inspection-first go-to market strategy
- Grew inspection, service and monitoring to ~40% of total net revenues in 2019
- Strong organic growth of ~7% augmented by cash flow-funded acquisitions

## 2020 – 2021

- Stress tested variable cost operating model
- Established organizational structure and incentives to align with objectives
- Navigated COVID-19 pandemic, supply chain disruptions, inflation

## 2022

- Global, market-leading business services provider of life safety, security and specialty services with a substantial recurring revenue base
- Inspection, service and monitoring 50%+ of total net revenues following acquisition of Chubb
- Built out depth of leadership team with significant international and integration experience

## 2025 +

**Long Term 13/60/80 Targets**

- Adjusted EBITDA margin of 13%+ by 2025
- Driving towards goal of inspection, service and monitoring representing 60%+ of total net revenues
- Long term adjusted free cash flow conversion of ~80%
- Net debt to adjusted EBITDA ratio of 2.0 - 2.5x


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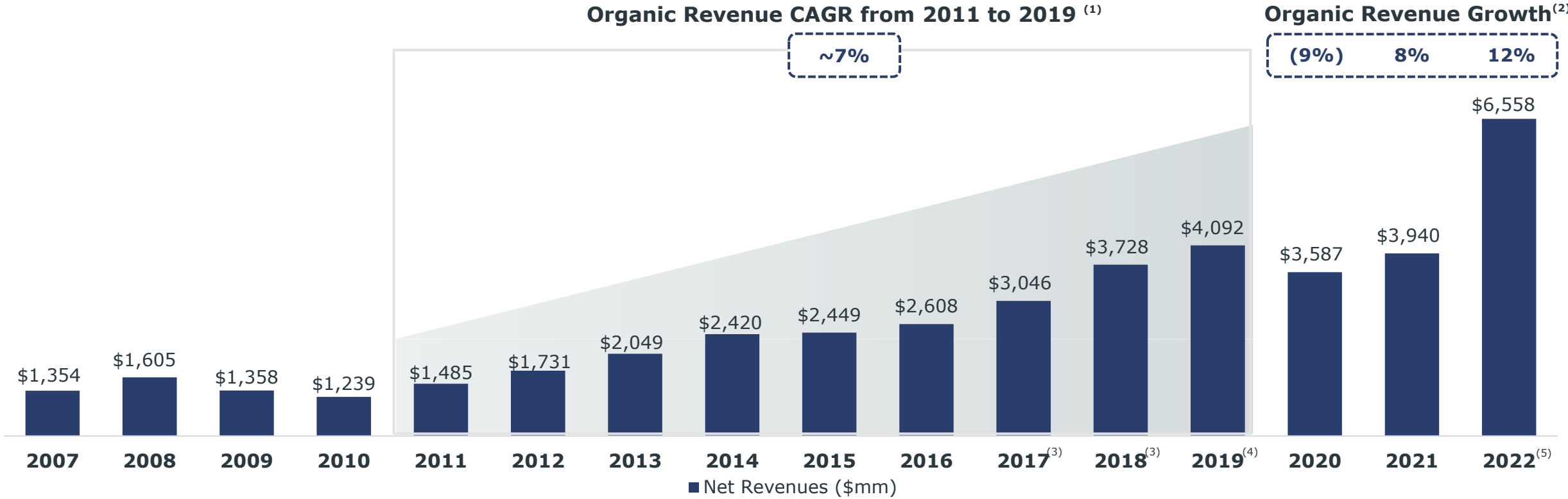
# APi: Strategic Shift to Recurring Revenue Services Model

**~15%** → **Inspection, Service and Monitoring as a Percent of Total Revenue** → **50%+**




Notes: Revenue for the years ended December 31, 2007 to December 31, 2016 per consolidated financial statements audited under U.S. accounting principles and standards applicable to private companies as promulgated by the AICPA. Revenue for the years ended December 31, 2017 through December 31, 2022 per audited financial statements calculated in accordance with GAAP.

(1) Organic revenue CAGR compares growth in net revenues from 2010 to 2019 excluding approximately $1.8 billion of net revenues generated during the first twelve months following the close date for material acquisitions completed between 2011 to 2019, net of revenue from divestitures completed during 2011 through 2019.

(2) Refer to Appendix for a reconciliation of non-GAAP measures to most directly comparable GAAP measures

(3) Represents predecessor revenue for the years ended December 31, 2017 and December 31, 2018.

(4) Includes $3.1 billion predecessor revenue during the period from January 1, 2019 through September 30, 2019 and $985 million successor revenue during the period from October 1, 2019 to December 31 2019.

(5) Includes impact of Chubb acquisition following transaction close of January 3, 2022.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# Differentiated, Inspection-First Business Model

APi's strategy in Safety Services is to sell inspection work first, for which every $1 leads to $3 – $4 of service work(1), and ultimately to relationship based, higher margin, new contract revenue opportunities



Target inspection work at existing facility



$3 – $4 of service work generated for every $1 of core inspection work(1)



Relationship based, higher margin, new contract revenue opportunities

## COMPETITORS



Proposals submitted to general contractors hired by building owners for new construction opportunity



Subcontractors begin work on new construction opportunity



Begin targeting service and inspection work on building that is nearly complete

(1) Based on management estimate for core inspection revenues, excludes purely route based service revenues (primarily portable fire extinguishers).


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# Inspection First Organization Built on 10+ Years of Investment

Highly coordinated annual(1) inspection requiring years of investment, process improvement, and dedicated resources to deliver exceptional customer service at scale leading to sticky customer relationships

## 1 Sell & Schedule Inspection

- Industry's largest dedicated inspection sales force with 5+ years of investment and training
- Dedicated inspection scheduling team

## 2 Execute Inspection

- Experienced field leaders dedicated to inspections, and equipped with leading technology




## 3 Rapidly Develop Deficiency Report

- Provide deficiency report in timely fashion to:
  - Authority having jurisdiction
  - Customer
  - API service team
  - Insurance provider

## 4 Provide Service Proposal & Complete Work

- Dedicated service department
- Provide service proposal to customer and execute work in a timely fashion

## 5 Invoice & Collect Payment

- Drive cash conversion with completed job to invoice target of one week

(1) Or more frequently


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# Creating Value Through M&A

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# Proven Acquisition Strategy: 25+ Since Public Listing

## Bolt-On M&A Priorities

| | |
|---|---|
| **Segment** | Safety Services |
| **Financial Metrics** | 13/60/80 Targets:<br>- Above fleet average day 1 Adj. EBITDA margin<br>- Service mix at baseline or above<br>- Low capex, high free cash flow conversion |
| **Location** | United States focused, currently |
| **Service Lines** | Life Safety – sprinkler, alarm and detection, security |
| **People** | - Strong cultural fit<br>- Op-Co and leadership capacity for integration |

## Healthy Pipeline

**~300**

Identified Opportunities with Fit

***~90% Come Via Proprietary Channels***


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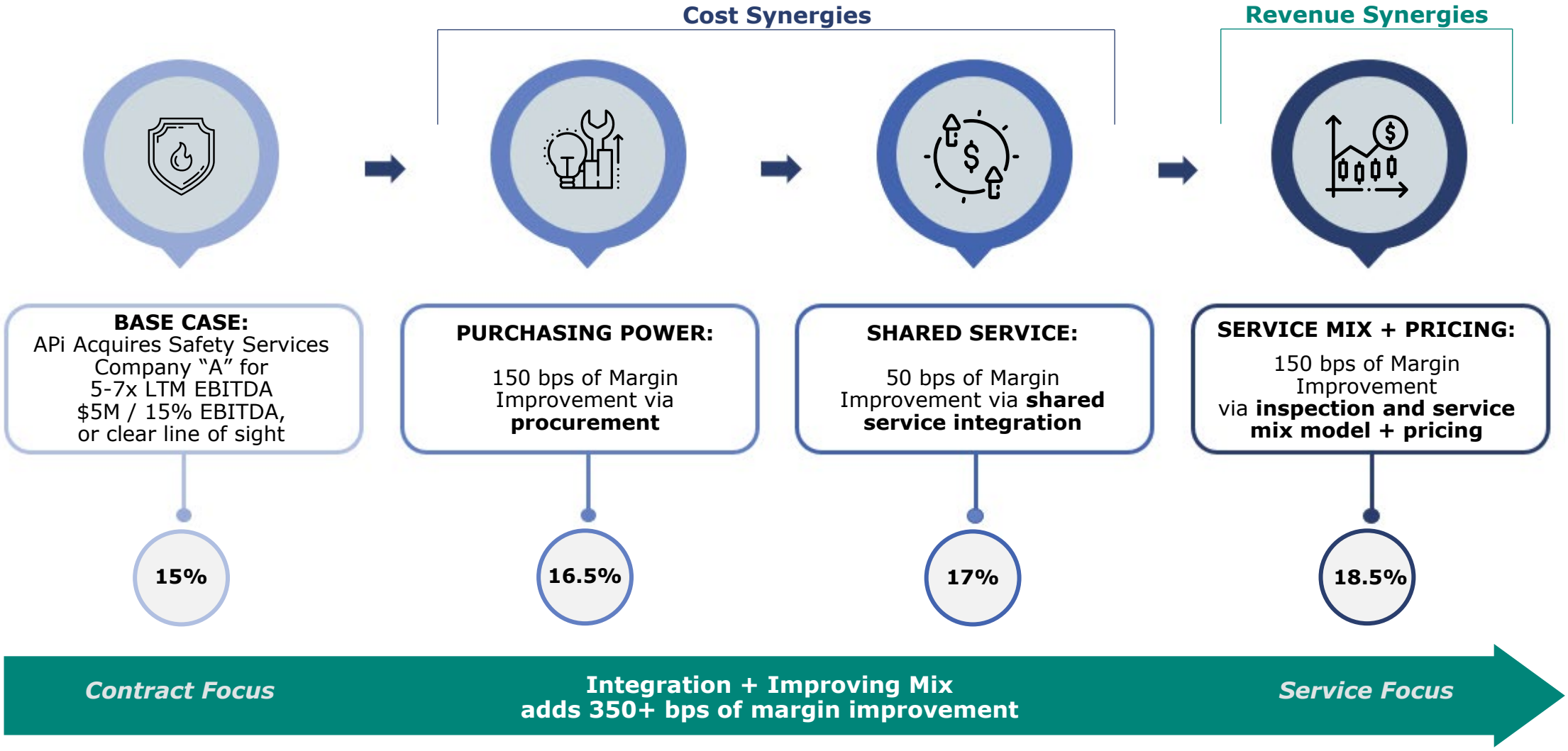
# Unlocking Value Through M&A – Illustrative Margin Expansion Opportunity





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# Unlocking Value Through M&A – Illustrative Value Creation Opportunity

| Value Creation (No Synergies) | | |
|---|---|---|
| Target LTM EBITDA: | $ | 5M |
| Purchase Price: | $ | 30M |
| Implied Purchase Multiple: | | 6.0x |
| Illustrative APG EBITDA Multiple: | | 13.0x |
| Multiple Uplift: | | 7.0x |
| Target LTM EBITDA: | $ | 5M |
| **Illustrative Value Creation:** | **$** | **35M** |

| Value Creation (+ Synergies) | | |
|---|---|---|
| Synergized Target LTM EBITDA(1): | $ | 7M |
| Purchase Price: | $ | 30M |
| Implied Synergized Purchase Multiple: | | 4.3x |
| Illustrative APG EBITDA Multiple: | | 13.0x |
| Multiple Uplift: | | 8.7x |
| Synergized Target LTM EBITDA: | $ | 10M |
| **Illustrative Value Creation:** | **$** | **87M** |

(1) Assumes acquisition target and synergy assumptions disclosed on prior page.


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# APi: Long-Term Value Creation Targets



- Deliver above industry long-term organic revenue growth
- Leverage SG&A / COGS
- Expand adjusted EBITDA margin to **13%+** by YE 2025
- Target adjusted free cash flow conversion of **~80%** through asset-light, services-focused business model
- Generate **60%+** of revenues from inspection, service and monitoring
- Target long-term net leverage ratio of **2.0x to 2.5x**
- Execute disciplined, accretive M&A


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# Appendix

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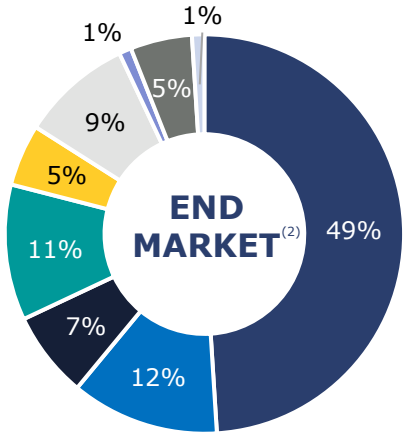
# APi: Diversified End Markets Create Long Runway for Growth

## Consolidated



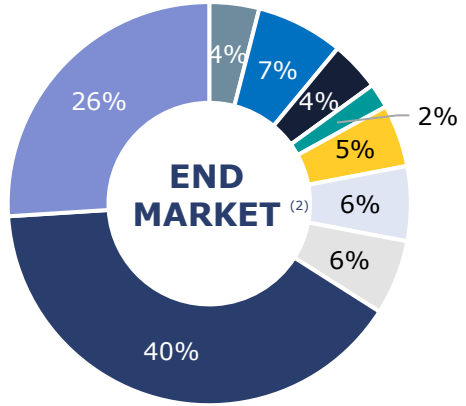

| End Market | Revenue |
|---|---|
| Commercial / Education / Entertainment | 32% |
| Industrial / Manufacturing | 10% |
| Fulfillment and Distribution Centers | 6% |
| Other | 7% |
| High Tech | 5% |
| Healthcare | 7% |
| Government / Infrastructure | 10% |
| Telecom / Utilities | 15% |
| Integrity / Transmission | 8% |

## Safety Services




| End Market | Revenue |
|---|---|
| Commercial / Education / Entertainment | 49% |
| Industrial / Manufacturing | 12% |
| Fulfillment and Distribution Centers | 7% |
| Other | 11% |
| High Tech | 5% |
| Healthcare | 9% |
| Government / Infrastructure | 1% |
| Telecom / Utilities | 5% |
| Integrity / Transmission | 1% |

## Specialty Services(1)




| End Market | Revenue |
|---|---|
| Commercial / Education / Entertainment | 4% |
| Industrial / Manufacturing | 7% |
| Fulfillment and Distribution Centers | 4% |
| Other | 2% |
| High Tech | 5% |
| Healthcare | 6% |
| Government / Infrastructure | 6% |
| Telecom / Utilities | 40% |
| Integrity / Transmission | 26% |

(1) Includes Industrial Services which was combined with Specialty Services effective January 1, 2022.
(2) Estimated based on 2022 net revenues.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# Resilient Business Model to Navigate Downturns…

- High margin, inspection, service and monitoring revenue drives 50%+ of APi's total revenue
  - On average, inspection and service revenue generates ~10%+ higher gross margin than contract revenue and monitoring revenue generates ~20%+ higher gross margin than contract revenue
- Mission-critical nature of services and regulatory-driven inspection requirements provide predictable, recurring revenue stream opportunities
- Asset-light model with minimal ongoing maintenance capital expenditures, particularly in Safety Services
- Predominantly union labor force allows APi to expand and contract its workforce as market conditions dictate without incurring significant trailing costs or severance
- Average project duration is relatively short, mitigating inflationary exposure to cost of goods sold or changes in labor expense that some peers may experience in an inflationary environment

| <1.5% | 50%+ | ~$5,000 | ~$75,000 | ~75% |
|---|---|---|---|---|
| Total CapEx as a % of Total Revenues (1) | % of Field Workforce Covered by Union Agreement | Average Project Size in Safety Services | Average Project Size in Specialty Services | % of Costs are Variable |

(1) Reflects 0.5% of revenues for Safety Services and 2.4% of revenues for Specialty Services in 2022.


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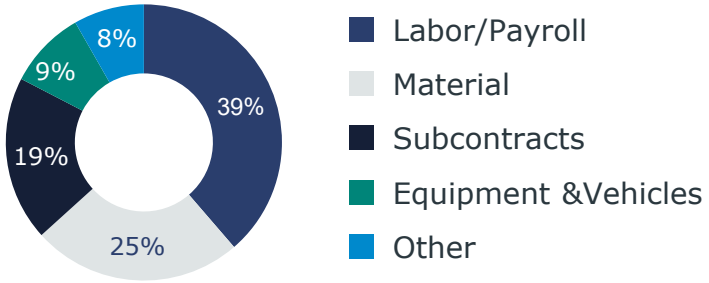
# … And Protect Margins Through Volatility

## Highlights

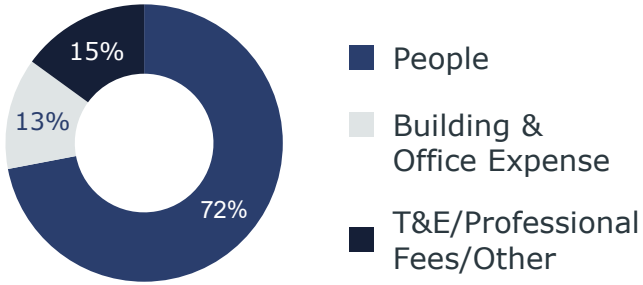
- APi's statutorily-mandated, recurring revenue services-focused business model provide significant flexibility for the Company to effectively navigate downturns
- Strong free cash flow generation in downturn through harvested working capital
- Strong variable cost structure and leadership's effective approach of proactively renegotiating vendor contracts / pricing, reducing direct labor costs and improving capital spending / working capital management led to resilient performance

## Variable Operating Cost

~$4.8bn Adjusted COGS (1)




~$1.2bn Adjusted SG&A (1)




~75% Variable Cost Base

## Business Resiliency: the COVID Model (2)

| YoY Change | Q2 2019 – Q2 2020 | FY 2019 – FY 2020 |
|---|---|---|
| Organic Net Revenues | (14.3%) | (9.0%) |
| Adjusted EBITDA | +2.0% | (3.1%) |
| Adjusted EBITDA Margin | +190 bp | +56 bp |
| Adjusted Free Cash Flow | $170 | $443 |
| Adjusted Free Cash Flow Conversion | 168.3% | 116.3% |

Q2 2020 adjusted EBITDA margin expansion of 190bps despite ~14% organic revenue decline during COVID shutdown

(1) Data for the year ended December 31, 2022. Refer to Appendix for a reconciliation of non-GAAP measures to most directly comparable GAAP measures.
(2) Refer to Appendix for a reconciliation of non-GAAP measures to most directly comparable GAAP measures.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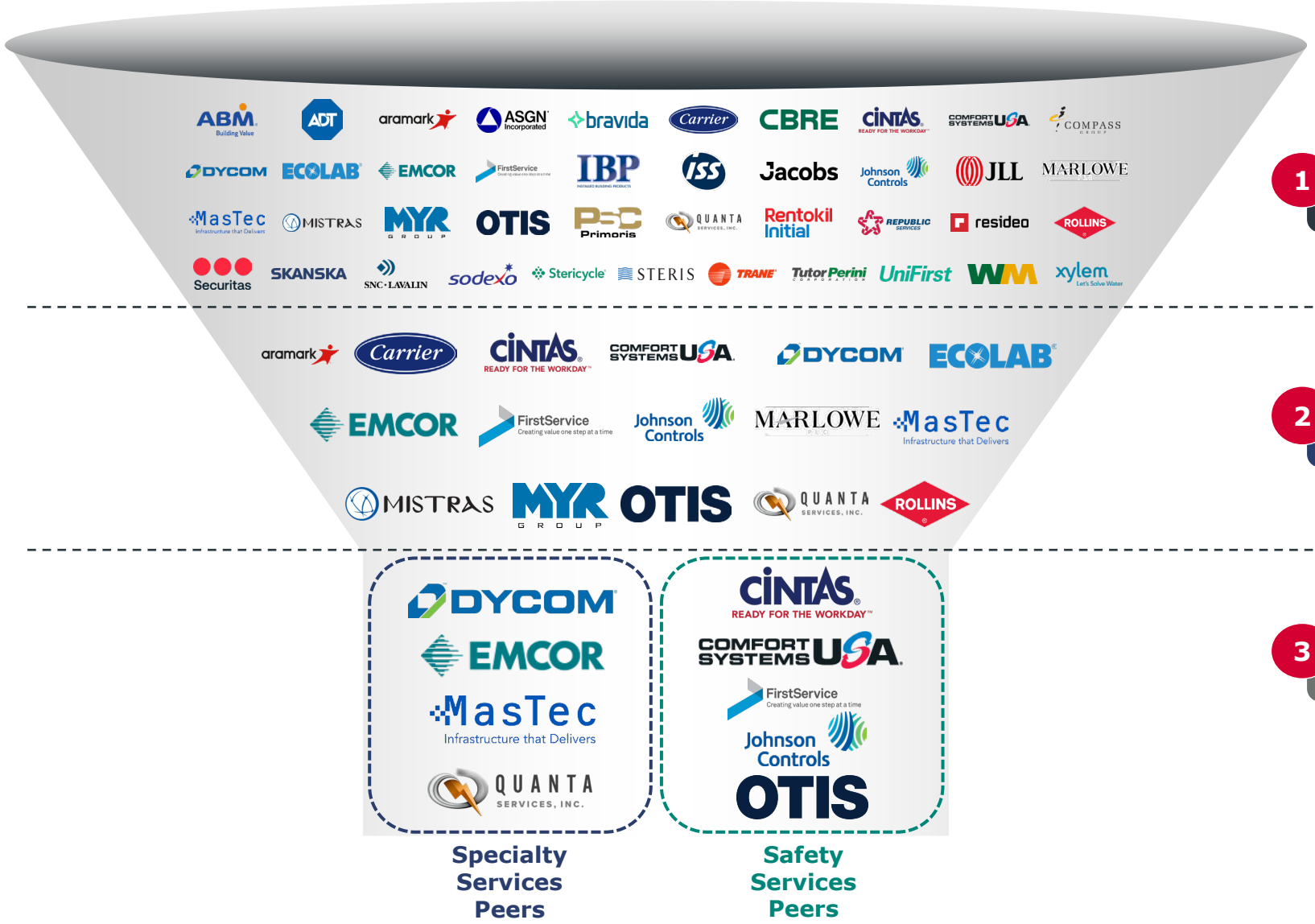
# Narrowing the Services Universe for APi Group




(1) Broader APi Peers selected based on business fit for Safety and Specialty Services.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# Non-GAAP Financial Measures

This presentation contains non-U.S. GAAP financial measures within the meaning of Regulation G promulgated by the Securities and Exchange Commission. The Company uses certain non-U.S. GAAP financial measures that are included in this presentation and the additional financial information both in explaining its results to shareholders and the investment community and in its internal evaluation and management of its businesses. The Company's management believes that these non-U.S. GAAP financial measures and the information they provide are useful to investors since these measures (a) permit investors to view the Company's performance using the same tools that management uses to evaluate the Company's past performance, reportable business segments and prospects for future performance, (b) permit investors to compare the Company with its peers and (c) determine certain elements of management's incentive compensation. Specifically:

- The Company's management believes that adjusted gross profit, adjusted selling, general and administrative ("SG&A") expenses, adjusted net income, and adjusted earnings per share, which are non-GAAP financial measures that exclude business transformation and other expenses for the integration of acquired businesses, the impact and results of businesses classified as assets held-for-sale and businesses divested, and one-time and other events such as impairment charges, 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 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 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.

- 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.


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# 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 made for restructuring programs, 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.

- 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 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, 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.

Beginning with the first quarter of 2022, the Company has combined its Industrial Services and Specialty Services segments into one operating segment (Specialty Services). Certain prior year amounts have been recast to conform to this presentation and certain information in the tables below has been retroactively adjusted to reflect these changes in reporting segments.

Chubb's financial results for 2021 and all prior periods included in this presentation, are unaudited and based on Chubb's internal records.


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# Reconciliation of Non-GAAP Financial Measures

## Organic change in net revenues (non-GAAP)

| | For the Year Ended December 31, 2019 | | | |
|---|---|---|---|---|
| | Net revenues change (as reported) | Acquisitions and divestitures, net (a) | Foreign currency translation (b) | Organic change in net revenues (c) |
| Safety Services | 4.2 % | — | (0.3) % | 4.5 % |
| Specialty Services | 9.9 % | 2.9 % | — | 7.0 % |
| Industrial Services | 15.8 % | 5.1 % | (0.2) % | 10.9 % |
| **Consolidated** | **9.8 %** | **2.2 %** | **(0.1) %** | **7.7 %** |

(a) Acquisitions include pre-acquisition net revenues in their respective years of acquisition. Planned divestitures exclude net revenues for both 2019 and 2018 for the Company's businesses held for sale.
(b) Represents the effect of foreign currency on 2019 reported net revenues, calculated as the difference between the 2019 reported net revenues and the 2019 local currency net revenues converted at the prior year average monthly exchange rates (excluding acquisitions and divestitures).
(c) Organic net revenue growth provides a consistent basis for year-over-year comparisons in net revenues as it excludes the impacts of acquisitions, planned and completed divestitures, and the impact of changes due to foreign currency translation.


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# Reconciliation of Non-GAAP Financial Measures

## Organic change in net revenues (non-GAAP)

| | For the Three Months Ended June 30, 2020 | | | |
|---|---|---|---|---|
| | Net revenues change (as reported) | Acquisitions and divestitures, net (a) | Foreign currency translation (b) | Organic change in net revenues (c) |
| Safety Services | (16.4) % | — | 0.2 % | (16.6) % |
| Specialty Services | (15.7) % | — | — | (15.7) % |
| Industrial Services | (18.4) % | (16.9) % | — | (1.5) % |
| **Consolidated** | **(16.7) %** | **(2.5) %** | **0.1 %** | **(14.3) %** |

| | For the Year Ended December 31, 2020 | | | |
|---|---|---|---|---|
| | Net revenues change (as reported) | Acquisitions and divestitures, net (d) | Foreign currency translation (b) | Organic change in net revenues (c) |
| Safety Services | (7.8) % | 2.1 % | (0.1) % | (9.8) % |
| Specialty Services | (6.2) % | — | — | (6.2) % |
| Industrial Services | (32.7) % | (18.8) % | — | (13.9) % |
| **Consolidated** | **(12.3) %** | **(3.3) %** | **—** | **(9.0) %** |

(a) Acquisitions include pre-acquisition net revenues in their respective years of acquisition. Planned divestitures exclude net revenues for all periods for the Company's businesses divested or classified as held-for-sale at June 30, 2020.
(b) Represents the effect of foreign currency on reported net revenues, calculated as the difference between the reported net revenues for the year and the prior year local currency net revenues converted at the prior year average monthly exchange rates (excluding acquisitions and divestitures).
(c) Organic net revenue change provides a consistent basis for a year-over-year comparison in net revenues as it excludes the impacts of acquisitions, planned and completed divestitures, and the impact of changes due to foreign currency translation.
(d) Acquisitions exclude net revenues of material acquisitions from their respective dates of acquisition until the first year anniversary from date of acquisition. Divestitures exclude net revenues for all periods for businesses divested as of December 31, 2020.


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# Reconciliation of Non-GAAP Financial Measures

## Organic change in net revenues (non-GAAP)

| | For the Year 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 | 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 %** |

| | For the Year 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 | 120.0% | 104.3% | (1.4)% | 17.1% |
| Specialty Services | 6.4% | — | (0.2)% | 6.7% |
| **Consolidated** | **66.4%** | **55.0%** | **(0.8)%** | **12.2%** |

(a) 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 and 2022.
(b) 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).
(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.


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# Reconciliation of Non-GAAP Financial Measures

## Adjusted EBITDA (non-GAAP)

*($ in millions)*

| | | For the Year Ended December 31, | | Period from January 1, 2019 through September 30, | Adjusted EBITDA for the Year Ended December 31, |
|---|---|---|---|---|---|
| | | 2020 | 2019 | 2019 | 2019 |
| | | *(Successor)* | *(Successor)* | *(Predecessor)* | *(Combined) (m)* |
| Net income (loss) (as reported) | | $ (153) | $ (153) | $ 86 | |
| Adjustments to reconcile net income (loss) to EBITDA: | | | | | |
| Interest expense, net | | 52 | 15 | 20 | |
| Income tax provision (benefit) | | (31) | 2 | 7 | |
| Depreciation and amortization | | 263 | 69 | 78 | |
| EBITDA | | $ 131 | $ (67) | $ 191 | |
| Adjustments to reconcile EBITDA to adjusted EBITDA: | | | | | |
| Divested businesses | (a) | 4 | 1 | 23 | |
| Contingent consideration and compensation | (b) | 29 | 2 | (1) | |
| Impairment of goodwill | (c) | 193 | — | 12 | |
| Business process transformation costs | (d) | 13 | — | — | |
| Public company registration, listing and compliance | (e) | 5 | 17 | — | |
| Acquisition expenses | (f) | 10 | 19 | 5 | |
| Inventory step-up | (g) | 4 | — | — | |
| COVID-19 relief at Canadian subsidiaries, net | (h) | (8) | — | — | |
| Share-based compensation costs | (i) | — | 156 | 37 | |
| Expenses related to prior ownership | (j) | — | — | 18 | |
| Investment income | (k) | — | (20) | — | |
| Adjusted EBITDA | | $ 381 | $ 108 | $ 285 | $ 393 |
| *Adjusted net revenues* | (l) | *$ 3,496* | | | *$ 3,802* |
| *Adjusted EBITDA as a percentage of adjusted net revenues* | | *10.9 %* | | | *10.3 %* |

(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 elimination of 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-cash impairment charges related to goodwill.
(d) Adjustment to reflect the elimination of costs related to business process transformation.
(e) Adjustment to reflect the elimination of costs relating to public company registration, listing and compliance.
(f) Adjustment to reflect the elimination of potential and completed acquisition-related expenses.
(g) Adjustment to reflect the elimination of costs related to the fair value step-up of acquired inventory.
(h) Adjustment to reflect the elimination of miscellaneous income in Canada related to COVID-19 relief, net of severance costs.
(i) Adjustment to reflect the elimination of non-cash charges of $155 million associated with the Annual Preferred Share Dividend and equity-based compensation related to prior ownership.
(j) Adjustment to reflect the elimination of expense under prior ownership not expected to continue or recur following the APi Acquisition.
(k) Adjustment to reflect the elimination of APG investment income prior to the APi Acquisition that is not expected to recur. Cash from these investments was used to fund a portion of the cash consideration for the APi Acquisition.
(l) Adjusted net revenues derived from non-GAAP reconciliations included elsewhere in this presentation.
(m) The combined financial information for the year ended December 31, 2019 includes the results of operations of APi Group Corporation (Successor) for the period from January 1, 2019 through December 31, 2019 and the results of operations of APi Group, Inc. (Predecessor) for the period from January 1, 2019 through September 30, 2019.


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# Reconciliation of Non-GAAP Financial Measures

## Adjusted EBITDA (non-GAAP)

*($ in millions)*

| | | For the Year Ended December 31, | |
|---|---|---|---|
| | | 2022 | 2021 |
| Net income (as reported) | | $ 73 | $ 47 |
| Adjustments to reconcile net income to EBITDA: | | | |
| Interest expense, net | | 125 | 60 |
| Income tax provision | | 20 | 32 |
| Depreciation and amortization | | 304 | 202 |
| EBITDA | | $ 522 | $ 341 |
| Adjustments to reconcile EBITDA to adjusted EBITDA: | | | |
| Contingent consideration and compensation | (a) | 9 | (7) |
| Non-service pension benefit | (b) | (42) | — |
| Inventory step-up | (c) | 9 | — |
| Business process transformation expenses | (d) | 22 | 35 |
| Acquisition expenses | (e) | 26 | 26 |
| Recent acquisition transition expenses | (f) | 95 | — |
| Integration and reorganization expenses | (g) | 9 | — |
| Restructuring costs | (h) | 30 | — |
| (Gain) loss on extinguishment of debt, net | (i) | (5) | 9 |
| Divested businesses | (j) | — | (1) |
| COVID-19 relief at international subsidiaries, net | (k) | (2) | (2) |
| Corporate executive reorganization | (l) | — | 6 |
| Adjusted EBITDA | | $ 673 | $ 407 |
| | | | |
| *Net revenues* | | *$ 6,558* | *$ 3,940* |
| *Adjusted EBITDA as a % of net revenues* | | *10.3 %* | *10.3 %* |

(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-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 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 potential and completed acquisition-related expenses.
(f) Adjustment to reflect the elimination of expenses associated with the transition of newly acquired businesses from prior ownership into APi Group.
(g) Adjustment to reflect the elimination of expenses related to the integration and reorganization of newly acquired businesses.
(h) Adjustment to reflect the elimination of expenses associated with restructuring programs.
(i) Adjustment to reflect the elimination of (gain)/loss on extinguishment of debt resulting from early repayments and repurchases of long-term debt.
(j) 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.
(k) Adjustment to reflect the elimination of miscellaneous income in international subsidiaries related to COVID-19 relief, net of severance costs.
(l) Adjustment to reflect the elimination of costs related to non-recurring severance related costs resulting from corporate leadership changes.


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# Reconciliation of Non-GAAP Financial Measures

## Adjusted EBITDA (non-GAAP)

*($ in millions)*

| | | For the Three Months Ended June 30, | | For the Six Months Ended June 30, | |
|---|---|---|---|---|---|
| | | 2023 | 2022 | 2023 | 2022 |
| Net income (as reported) | | $ 48 | $ 30 | $ 74 | $ 23 |
| Adjustments to reconcile net income to EBITDA: | | | | | |
| Interest expense, net | | 38 | 28 | 75 | 55 |
| Income tax provision (benefit) | | 27 | 14 | 39 | (2) |
| Depreciation and amortization | | 75 | 76 | 149 | 152 |
| EBITDA | | $ 188 | $ 148 | $ 337 | $ 228 |
| Adjustments to reconcile EBITDA to adjusted EBITDA: | | | | | |
| Contingent consideration and compensation | (a) | 2 | 1 | 4 | 5 |
| Non-service pension benefit | (b) | (3) | (11) | (6) | (22) |
| Inventory step-up | (c) | — | — | — | 9 |
| Business process transformation expenses | (d) | 7 | 9 | 11 | 17 |
| Acquisition related expenses | (e) | 2 | 18 | 6 | 56 |
| Loss on extinguishment of debt, net | (f) | — | — | 3 | — |
| Restructuring program related costs | (g) | 7 | 11 | 7 | 11 |
| Other | (h) | — | — | (12) | — |
| Adjusted EBITDA | | $ 203 | $ 176 | $ 350 | $ 304 |
| | | | | | |
| *Net revenues* | | *$ 1,771* | *$ 1,649* | *$ 3,385* | *$ 3,120* |
| *Adjusted EBITDA as a % of net revenues* | | *11.5%* | *10.7%* | *10.3%* | *9.7%* |

(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 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 eliminations of changes in fair value estimates to acquired liabilities.


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# Reconciliation of Non-GAAP Financial Measures

## Adjusted Gross Profit (non-GAAP)

*($ in millions)*

| | | For the Year Ended December 31, | |
|---|---|---|---|
| | | 2022 | 2021 |
| Gross profit (as reported) | | $ 1,714 | $ 939 |
| Adjustments to reconcile gross profit to adjusted gross profit: | | | |
| Backlog amortization | (a) | 30 | 5 |
| Inventory step-up | (b) | 9 | — |
| Restructuring costs | (c) | 7 | — |
| Adjusted gross profit | | $ 1,760 | $ 944 |
| | | | |
| *Net revenues* | | *$ 6,558* | *$ 3,940* |
| *Adjusted gross margin* | | *26.8 %* | *24.0 %* |

## Adjusted SG&A (non-GAAP)

*($ in millions)*

| | | For the Year Ended December 31, | |
|---|---|---|---|
| | | 2022 | 2021 |
| Selling, general, and administrative expenses ("SG&A") (as reported) | | $ 1,552 | $ 803 |
| Adjustments to reconcile SG&A to adjusted SG&A: | | | |
| Amortization of intangible assets | (d) | (197) | (122) |
| Contingent consideration and compensation | (e) | (9) | 7 |
| Business process transformation expenses | (f) | (22) | (35) |
| Acquisition expenses | (g) | (26) | (24) |
| Recent acquisition transition expenses | (h) | (95) | — |
| Integration and reorganization expenses | (i) | (9) | — |
| Restructuring costs | (c) | (23) | — |
| Divested businesses | (j) | — | (1) |
| COVID-19 relief at international subsidiaries, net | (k) | 2 | — |
| Corporate executive reorganization | (l) | — | (6) |
| Adjusted SG&A expenses | | $ 1,173 | $ 622 |
| | | | |
| *Net revenues* | | $ 6,558 | $ 3,940 |
| *Adjusted SG&A as a % of net revenues* | | *17.9 %* | *15.8 %* |

(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 elimination of expenses associated with restructuring programs.
(d) Adjustment to reflect the addback of amortization expense.
(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 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.
(g) Adjustment to reflect the elimination of potential and completed acquisition-related expenses.
(h) Adjustment to reflect the elimination of expenses associated with the transition of newly acquired businesses from prior ownership into APi Group.
(i) Adjustment to reflect the elimination of expenses related to the integration and reorganization of newly acquired businesses.
(j) Adjustment to reflect the elimination of amounts related to businesses divested and classified as held-for-sale.
(k) Adjustment to reflect the elimination of income in international subsidiaries related to COVID-19 relief, net of severance costs.
(l) Adjustment to reflect the elimination of costs related to non-recurring severance related costs resulting from corporate leadership changes.


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# Reconciliation of Non-GAAP Financial Measures

## Adjusted Free Cash Flow (non-GAAP)

*($ in millions)*

| | | For the three months ended, | | For the six months ended, | |
|---|---|---|---|---|---|
| | | June 30, 2020 | June 30, 2019 | June 30, 2020 | June 30, 2019 |
| Net cash provided by operating activities | (a) | $ 177 | $ 28 | $ 232 | $ 53 |
| Less: Purchases of property and equipment | | (6) | (18) | (17) | (40) |
| Free cash flow | | $ 171 | $ 10 | $ 215 | $ 13 |
| Add (deduct): Cash payments (sources) related to following items: | | | | | |
| Businesses classified as held-for-sale | (b) | $ (7) | $ 3 | $ (4) | $ 1 |
| Contingent consideration and compensation | (c) | 6 | 1 | 6 | 1 |
| Business process transformation expenses | (d) | 2 | — | 4 | — |
| Public company registration, listing, and compliance | (e) | 1 | — | 5 | — |
| COVID-19 relief at Canadian subsidiaries, net | (f) | (3) | — | (3) | — |
| Expenses related to prior ownership | (g) | — | 6 | — | 7 |
| Adjusted free cash flow | | $ 170 | $ 14 | $ 223 | $ 22 |
| | | | | | |
| *Adjusted EBITDA* | (h) | $ 101 | $ 99 | *$ 163* | *$ 158* |
| *Adjusted free cash flow conversion* | | *168.3 %* | *14.1 %* | *136.8 %* | *13.9 %* |

(a) Operating cash flows and purchases of property and equipment for the six months ended June 30, 2020, and 2019 are as reported. Amounts for the three months ended June 30, 2020 and 2019 are calculated as the six months ended less the amounts reported for the three ended March 31, 2020 and 2019, respectively.
(b) Adjustment to reflect the elimination of operating cash and purchases of property and equipment related to businesses classified as held-for-sale and businesses divested as of June 30, 2020.
(c) Adjustment to reflect the elimination of expense attributable to deferred payments to prior owners of acquired businesses not expected to continue or recur.
(d) Adjustment to reflect the elimination of operating cash used for business process transformation costs.
(e) Adjustment to reflect the elimination of operating cash used for public company registration, listing and compliance costs.
(f) Adjustment to reflect the elimination of operating cash used for prior ownership costs not expected to continue or recur following the APi Acquisition.
(g) Adjustment to reflect the elimination of cash received for COVID-19 relief, net of severance costs paid, at our non-U.S. subsidiaries.
(h) Adjusted EBITDA based on non-GAAP reconciliation included in this presentation.


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# Reconciliation of Non-GAAP Financial Measures

## Adjusted Free Cash Flow (non-GAAP)

*($ in millions)*

| | | For the Years Ended December 31, 2020 (Successor) | For the Years Ended December 31, 2019 (Successor) | Period from January 1, 2019 through September 30, 2019 (Predecessor) | Adjusted Free Cash Flow for the Year Ended December 31, 2019 (Combined) (k) |
|---|---|---|---|---|---|
| Net cash provided by operating activities (as reported) | | $ 496 | $ 150 | $ 145 | |
| Less: Purchases of property and equipment | | (38) | (11) | (53) | |
| Free cash flow | | $ 458 | $ 139 | $ 92 | |
| Add (deduct): Cash payments (sources) related to following items: | | | | | |
| Businesses divested | (a) | (15) | (8) | (9) | |
| Contingent consideration and compensation | (b) | 19 | — | 1 | |
| Business process transformation costs | (c) | 13 | — | — | |
| Public company registration, listing and compliance | (d) | 5 | 17 | — | |
| Acquisition expenses | (e) | 10 | 19 | 5 | |
| COVID-19 relief at Canadian subsidiaries, net | (f) | (8) | — | — | |
| Payroll tax deferral | (g) | (39) | — | — | |
| Expenses related to prior ownership | (h) | — | — | 18 | |
| Settlement of Predecessor stock options | (i) | — | 62 | — | |
| Adjusted free cash flow | | $ 443 | $ 229 | $ 107 | $ 336 |
| *Adjusted EBITDA* | (j) | *$ 381* | | | *$ 393* |
| *Adjusted free cash flow conversion* | | *116.3%* | | | *85.5%* |

(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 business process transformation costs.
(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) Adjustment to reflect the elimination of operating cash used for prior ownership costs not expected to continue or recur following the Api Acquisition.
(i) Adjustment to eliminate the cash settlement of equity compensation paid by prior ownership at the closing of the APi Acquisition.
(j) Adjusted EBITDA derived from non-GAAP reconciliations included elsewhere in this presentation.
(k) The combined financial information for the year ended December 31, 2019 includes the results of operations of APi Group Corporation (Successor) for the period from January 1, 2019 through December 31, 2019 and the results of operations of APi Group, Inc. (Predecessor) for the period from January 1, 2019 through September 30, 2019.


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# Reconciliation of Non-GAAP Financial Measures

## Adjusted Free Cash Flow (non-GAAP)

*($ in millions)*

| | | For the Year Ended December 31, | |
|---|---|---|---|
| | | 2022 | 2021 |
| Net cash provided by operating activities | (a) | $ 270 | $ 182 |
| Less: Purchases of property and equipment | (a) | (79) | (55) |
| Free cash flow | | $ 191 | $ 127 |
| Add (deduct): Cash payments (sources) related to following items: | | | |
| Contingent compensation | (b) | $ 3 | $ 20 |
| Pension contributions | (c) | 27 | — |
| Business process transformation expenses | (d) | 22 | 35 |
| Acquisition costs | (e) | 35 | 24 |
| Recent acquisition transition expenses | (f) | 95 | — |
| Integration and reorganization expenses | (g) | 14 | — |
| Restructuring payments | (h) | 8 | — |
| COVID-19 relief at international subsidiaries, net | (i) | (2) | (2) |
| Payroll tax deferral | (j) | 11 | 19 |
| Payments on acquired liabilities | (k) | 8 | — |
| Adjusted free cash flow | | $ 412 | $ 223 |
| | | | |
| *Adjusted EBITDA* | (l) | $ *673* | $ *407* |
| *Adjusted free cash flow conversion* | | *61.2 %* | *54.8 %* |

(a) Operating cash flows and purchases of property and equipment for the year ended December 31, 2022 and 2021 are as reported.
(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 initial pension contribution payment related to the Chubb acquisition not expected to continue or recur.
(d) 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.
(e) Adjustment to reflect the elimination of potential and completed acquisition-related costs.
(f) Adjustment to reflect the elimination of expenses associated with the transition of newly acquired businesses from prior ownership into APi Group.
(g) Adjustment to reflect the elimination of integration and reorganization expenses associated with newly acquired businesses.
(h) Adjustment to reflect payments made for restructuring programs.
(i) Adjustment to reflect the elimination of cash received in international subsidiaries for COVID-19 relief, net of severance costs paid, not expected to continue or recur.
(j) 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 December 2021 and 2022, payments were made on a portion of the amount deferred in 2020.
(k) Adjustment to reflect the elimination of the impact of payments made on acquired liabilities, which are not expected to continue or recur.
(l) Adjusted EBITDA derived from non-GAAP reconciliations included elsewhere in this presentation.


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