Atlas Ontario LP

Consolidated and Combined Financial Statements as of December 31, 2021 and 2020 and for the years ended December 31, 2021, 2020, and 2019, Independent Auditor's Report and Management's Discussion and Analysis of Financial Condition and Results of Operations

ATLAS ONTARIO LP

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INDEPENDENT AUDITOR'S REPORT

To the Board of Managers of
Atlas Ontario LP:

Opinion

We have audited the consolidated and combined financial statements of Atlas Ontario LP and subsidiaries (the "Company"), which comprise the consolidated and combined balance sheets as of December 31, 2021 and 2020, and the related consolidated and combined statements of operations, comprehensive loss, members' capital, and cash flows for each of the three years then ended, and the related notes to the consolidated and combined financial statements (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and the results of its operations and its cash flows for each of the three years then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Information Accompanying the Consolidated and Combined Financial Statements

Management is responsible for the other information accompanying the consolidated and combined financial statements. The other information comprises the information accompanying the consolidated and combined financial statements but does not include the consolidated and combined financial statements and our auditor's report thereon. Our opinion on the consolidated and combined financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audits of the consolidated and combined financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the consolidated and combined financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Deloitte & Touche LLP

March 23, 2022

ITEM 1. FINANCIAL STATEMENTS

CONSOLIDATED AND COMBINED BALANCE SHEETS
(Dollars and units in millions)

	December 31, 2021	December 31, 2020
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 1,149	$ 972
Restricted cash	157	41
Accounts receivable, net of allowance for doubtful accounts of $56 and $35 as of December 31, 2021 and 2020, respectively	3,160	1,505
Inventories	107	4
Prepaid and other current assets	434	67
Total current assets	5,007	2,589
Property, equipment and software, net	630	183
Operating lease right of use assets	302	65
Goodwill	8,784	3,183
Intangible assets, net	3,249	1,218
Other assets	888	82
TOTAL ASSETS	$ 18,860	$ 7,320
LIABILITIES AND MEMBERS' CAPITAL		
CURRENT LIABILITIES:		
Accounts payable	$ 316	$ 53
Accrued payroll and related payroll taxes	1,110	418
Accrued expenses and other current liabilities	1,223	298
Accrued claims reserves, current portion	249	129
Lease liabilities, current portion	164	69
Long-term debt, current portion	419	22
Total current liabilities	3,481	989
Long-term debt, net of current portion	12,142	5,129
Accrued claims reserves, net of current portion	506	255
Deferred tax liability	832	224
Lease liabilities, net of current portion	328	100
Other liabilities	364	204
Total liabilities	17,653	6,901
COMMITMENTS AND CONTINGENCIES (Note 8)		
MEMBERS' CAPITAL:		
Class A units, no par value, 5,145 and 4,063 Class A units issued and outstanding as of December 31, 2021 and 2020, respectively	2,452	1,339
Accumulated other comprehensive income	184	-
Accumulated deficit	(1,589)	(924)
Total members' capital excluding noncontrolling interests	1,047	415
Noncontrolling interests	160	4
Total members' capital	1,207	419
TOTAL LIABILITIES AND MEMBERS' CAPITAL	$ 18,860	$ 7,320

The accompanying notes are an integral part of these consolidated and combined financial statements.

ATLAS ONTARIO LP
CONSOLIDATED AND COMBINED STATEMENTS OF OPERATIONS
(Dollars and units in millions, except per unit amounts)

	Year Ended December 31,		
	2021	**2020**	**2019**
REVENUES	$ 16,449	$ 8,501	$ 7,461
COSTS AND EXPENSES			
Cost of revenues (exclusive of depreciation and amortization)	13,612	6,913	6,201
Selling, general and administrative	1,850	936	783
Depreciation and amortization	664	356	340
Acquisition and related costs	152	26	105
Total costs and expenses	16,278	8,231	7,429
INCOME FROM OPERATIONS	171	270	32
OTHER EXPENSE (INCOME):			
Interest expense, net	597	346	335
Loss on extinguishment of debt	277	-	88
Other income	(100)	(15)	(6)
Total other expense, net	774	331	417
LOSS BEFORE INCOME TAXES	(603)	(61)	(385)
INCOME TAX PROVISION (BENEFIT)	66	20	(4)
NET LOSS	(669)	(81)	(381)
(LOSS) INCOME ATTRIBUTABLE TO NONCONTROLLING INTERESTS	(4)	1	1
NET LOSS ATTRIBUTABLE TO ATLAS ONTARIO LP	$ (665)	$ (82)	$ (382)
Earnings per unit:			
Basic	$ (0.14)	$ (0.02)	$ (0.11)
Diluted	$ (0.14)	$ (0.02)	$ (0.11)
Weighted-average units outstanding:			
Basic	4,862	4,063	3,517
Diluted	4,862	4,063	3,517

The accompanying notes are an integral part of these consolidated and combined financial statements.

ATLAS ONTARIO LP
CONSOLIDATED AND COMBINED STATEMENTS OF COMPREHENSIVE LOSS
(in millions)

	Year Ended December 31,		
	2021	**2020**	**2019**
NET LOSS	$ (669)	$ (81)	$ (381)
Other comprehensive income:			
Foreign currency translation adjustment, net of tax of $0	25	2	-
Actuarial movements on defined benefit plan, net of tax of $53	161	-	-
Other comprehensive income	186	2	-
COMPREHENSIVE LOSS	(483)	(79)	(381)
COMPREHENSIVE (LOSS) INCOME ATTRIBUTABLE TO NONCONTROLLING INTERESTS			
Net (loss) income attributable to noncontrolling interests	(4)	1	1
Other comprehensive income attributable to noncontrolling interests			
Actuarial movements on defined benefit plan, net of tax	2	-	-
TOTAL COMPREHENSIVE (LOSS) INCOME ATTRIBUTABLE TO NONCONTROLLING INTERESTS	(2)	1	1
COMPREHENSIVE LOSS ATTRIBUTABLE TO ATLAS ONTARIO LP	$ (481)	$ (80)	$ (382)

The accompanying notes are an integral part of these consolidated and combined financial statements.

ATLAS ONTARIO LP

CONSOLIDATED AND COMBINED STATEMENTS OF MEMBERS' CAPITAL

(Dollars and units in millions)

	Class A Units		Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Total Members' Capital Excluding Noncontrolling Interests	Noncontrolling Interests	Total Members' Capital
	Issued	Amount					
Balance as of December 31, 2018	3,476	$ 1,104	$ (2)	$ (455)	$ 647	$ 2	$ 649
Cumulative effect of adoption of ASC 842 (Note 2)				(5)	(5)		(5)
Equity contributions	577	208			208		208
Equity-based compensation		6			6		6
Distributions		(4)			(4)		(4)
Net (loss) income				(382)	(382)	1	(381)
Balance as of December 31, 2019	4,053	$ 1,314	$ (2)	$ (842)	$ 470	$ 3	$ 473
Equity contributions	10	9			9		9
Equity-based compensation		28			28		28
Distributions		(12)			(12)		(12)
Translation adjustment, net of tax			2		2		2
Net (loss) income				(82)	(82)	1	(81)
Balance as of December 31, 2020	4,063	$ 1,339	$ -	$ (924)	$ 415	$ 4	$ 419
Fair value of acquired noncontrolling interests (Note 12)						169	169
Equity contributions	1,082	1,082			1,082		1,082
Equity-based compensation		50			50		50
Distributions		(21)			(21)	(9)	(30)
Translation adjustment, net of tax of $0			25		25		25
Purchase of noncontrolling interest in subsidiary		2			2	(2)	-
Actuarial movements on defined benefit plan, net of tax of $53			159		159	2	161
Net loss				(665)	(665)	(4)	(669)
Balance as of December 31, 2021	5,145	$ 2,452	$ 184	$ (1,589)	$ 1,047	$ 160	$ 1,207

The accompanying notes are an integral part of these consolidated and combined financial statements.

ATLAS ONTARIO LP
CONSOLIDATED AND COMBINED STATEMENTS OF CASH FLOWS
(in millions)

	YEAR ENDED DECEMBER 31, 2021	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net loss	$ (669)	$ (81)	$ (381)
Adjustments to reconcile net loss to net cash (used in) provided by operating activities:			
Gain on changes in fair value of contingent purchase consideration	(18)	(2)	-
Depreciation and amortization	664	356	340
Non-cash operating lease costs	77	25	25
Loss on extinguishment of debt	277	-	88
Provision for losses on accounts receivable	29	8	12
Equity-based compensation expenses	50	28	6
Deferred income taxes	(31)	(39)	(18)
Amortization of deferred financing costs	17	10	20
Gain on settlement of derivative contracts	(30)	(8)	-
Net periodic pension costs	(26)	-	-
Other	(5)	(2)	3
Changes in operating assets and liabilities, net of effects of acquisitions:			
Accounts receivable	(58)	(81)	(143)
Prepaid and other assets	(45)	(28)	(17)
Accounts payable	(20)	26	(9)
Accrued payroll and related payroll taxes	8	142	(5)
Accrued expenses, operating lease liabilities and other liabilities	(359)	235	60
Employer pension contributions	(90)	-	-
Net cash (used in) provided by operating activities	(229)	589	(19)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property, equipment and software	(141)	(47)	(39)
Purchase of marketable securities	(14)	(9)	(2)
Acquisitions, net of cash and restricted cash acquired	(4,485)	(95)	(751)
Other	4	3	2
Net cash used in investing activities	(4,636)	(148)	(790)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from credit facilities	11,591	940	4,270
Repayments of credit facilities	(7,531)	(22)	(3,952)
Borrowings on revolving credit loans	1,777	764	3,200
Repayments of revolving credit loans	(1,415)	(1,169)	(2,824)
Original issue premium - senior secured notes	-	38	-
Financing fees paid	(148)	(2)	(91)
Market premium and inducement offer on debt repayment	(140)	-	-
Finance lease and other financing payments	(81)	(53)	(50)
Payments of contingent purchase price consideration	(4)	(27)	(1)
Equity contributions	1,068	-	208
Distributions	(30)	(12)	(4)
Net proceeds from bank overdrafts	58	-	-
Net cash provided by financing activities	5,145	457	756
Effect of exchange rate changes on cash, cash equivalents, and restricted cash	13	-	-
NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	293	898	(53)
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH, Beginning of period	1,013	115	168
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH, End of period	$ 1,306	$ 1,013	$ 115

The accompanying notes are an integral part of these consolidated and combined financial statements.

1. BUSINESS AND ORGANIZATION OF THE COMPANY

Atlas Ontario LP ("Atlas Ontario" or the "Company") is a limited partnership formed on November 24, 2020 under the laws of the Province of Ontario, Canada. The Company is a leading provider of integrated security solutions operating in approximately 90 countries and is organized into two segments: North America and International. Through a combination of integrated security solutions, technology solutions, and other services, the Company delivers high-quality and cost-effective security and other services to its customers. The Company, which was founded in 1965 as a predecessor company, is headquartered in Santa Ana, CA.

On April 6, 2021, pursuant to a reorganization resulting in a change to the Company's capital structure and in connection with the acquisition of the issued and outstanding stock of G4S plc ("G4S"), the owners of Allied Universal Topco LLC ("Topco"), the direct parent and the sole member of Allied Universal Holdco LLC ("Holdco"), contributed their membership interests and, in some cases, the legal entities holding such interests, to Atlas Ontario in exchange for proportionate membership interests in Atlas Ontario (such transactions collectively referred to as the "G4S Transaction"). Each Topco unit holder received approximately 1.25 Class A units in Atlas Ontario for every fully vested Topco unit, resulting in 4,063 million Class A units outstanding in Atlas Ontario as of April 6, 2021. Atlas Ontario's capital structure has been retrospectively presented throughout the consolidated and combined financial statements.

Based on (i) the voting rights of Allied Universal Manager LLC, the general partner of Atlas Ontario and managing member of Topco upon reorganization, and (ii) the ownership interests held by Warburg Pincus LLC in each of Atlas Ontario and of Topco, both as of December 31, 2020 and prior to the April 6, 2021 reorganization, the Company determined that Atlas Ontario and Topco are and were under common control. As a result, the accompanying consolidated and combined financial statements present Atlas Ontario, Topco, and the investor holding entities on a combined basis at their historical carrying amounts for all periods prior to the April 6, 2021 reorganization. Periods presented subsequent to this reorganization are presented on a consolidated basis.

2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation and Principles of Consolidation

The Company has prepared the accompanying consolidated and combined financial statements in accordance with U.S. Generally Accepted Accounting Principles ("GAAP").

The consolidated and combined financial statements include the accounts of all majority-owned subsidiaries and variable interest entities in which the Company is the primary beneficiary. The Company considers itself to control an entity if it is the majority owner of or has voting control over such entity. The Company also assesses control through means other than voting rights (a "variable interest entity" or "VIE") and determines which business entity is the primary beneficiary of the VIE. The Company records the impact of its minority members' interests in its subsidiaries as non-controlling interests. Non-controlling interests are presented in the consolidated and combined statements of operations and the consolidated and combined statements of comprehensive loss as an increase or reduction to net income or loss to arrive at net income or loss attributable to Atlas Ontario. The non-controlling interest is also shown as a separate line item in members' capital in the consolidated and

6. DEBT

The carrying value of the Company's outstanding debt as of December 31, 2021 consists of (in millions):

	First Lien	Senior Notes Secured	Senior Notes Unsecured	Total Debt
First Lien	$ 4,944	$ -	$ -	$ 4,944
Senior Notes	-	5,363	2,010	7,373
Other financing arrangements	-	-	13	13
	4,944	5,363	2,023	12,330
Less unamortized discount and deferred financing fees	77	21	33	131
Total first lien and senior notes, net	4,867	5,342	1,990	12,199
ABL and other revolving credit facilities	362	-	-	362
	5,229	5,342	1,990	12,561
Less current portion	411	-	8	419
Long-term debt, net	$ 4,818	$ 5,342	$ 1,982	$ 12,142

The carrying value of the Company's outstanding debt as of December 31, 2020 consists of (in millions):

	First Lien	Senior Notes Secured	Senior Notes Unsecured	Total Debt
First Lien	$ 2,198	$ -	$ -	$ 2,198
Senior Notes	-	1,940	1,050	2,990
	2,198	1,940	1,050	5,188
Less unamortized discount (premium) and deferred financing fees	32	(22)	27	37
Total first lien and senior notes, net	2,166	1,962	1,023	5,151
Less current portion	22	-	-	22
Long-term debt, net	$ 2,144	$ 1,962	$ 1,023	$ 5,129

On July 12, 2019, the Company refinanced its debt (the "2019 Refinancing") and entered into new senior secured credit facilities (the "July 2026 Senior Secured Credit Facilities"), which consisted of (i) a $2,020.0 million seven year senior secured term loan facility (the "July 2026 First Lien Term Loan Facility") and a delayed draw term loan facility providing borrowings of up to $200.0 million (the "July 2026 Delayed Draw Term Loan Facility" and, together with the July 2026 First Lien Term Loan Facility, the "July 2026 Term Loan Facility"), (ii) a $300.0 million five year senior secured revolving credit facility (the "July 2024 Revolving Credit Facility") and (iii) a $750.0 million asset based lending credit facility (the “May 2026 ABL Credit Facility”). The July 2026 First Lien Term Loan Facility was fully drawn on July 12, 2019. Contemporaneously with the entry into the July 2026 Senior Secured Credit Facilities, the Company issued (i) $1,000.0 million aggregate principal amount of 6.625% senior secured notes due 2026 (the “July 2026 Secured Notes”) under an indenture dated July 12, 2019 (the “Secured Indenture”) and (ii) $1,050.0 million aggregate principal amount of 9.750% senior notes due 2027 (the “July 2027 Unsecured Notes”) under an indenture dated July 12, 2019 (the “Unsecured Indenture”). The Secured Notes and Unsecured Notes were issued in a private transaction that was not subject to the registration requirements of the Securities Act of 1933, as amended (the “Securities Act”). Holders of the Secured Notes and Unsecured Notes are not entitled to any registration rights and the Secured Indenture and Unsecured Indenture are not qualified under the Trust Indenture Act.

The proceeds from the July 2026 Senior Secured Credit Facilities and the July 2026 Secured Notes and July 2026 Unsecured Notes were used to (i) repay in full all outstanding borrowings under the then existing facility, (ii) redeem in full all borrowings under the then existing second lien note purchase agreement, (iii) pay related fees, costs, premiums and expenses in connection with these transactions, (iv) cash collateralize, replace or provide credit support for certain existing letters of credit (“LoCs”) outstanding and (v) provide working capital and funds for other general corporate purposes (and certain fees and expenses related thereto) of the Company. The July 2026 Delayed Draw Term Loan Facility was fully drawn on December 30, 2019 in connection with the acquisition of SOS.

On February 3, 2020, the Company issued an additional $540.0 million aggregate principal amount of Secured Notes under the Secured Indenture. The additional Secured Notes were issued in a private transaction that was not subject to the registration requirements of the Securities Act. Holders of the additional Secured Notes are not entitled to any registration rights. In connection with the issuance, the Company capitalized $25.7 million of original issue premium. The proceeds from the additional Secured Notes were used to repay the outstanding borrowings under the May 2026 ABL Credit Facility and provide working capital and funds for other general corporate purposes of the Company.

On July 15, 2020, the Company issued an additional $400.0 million aggregate principal amount of Secured Notes under the Secured Indenture. The additional Secured Notes were issued in a private transaction that was not subject to the registration requirements of the Securities Act. Holders of the additional Secured Notes are not entitled to any registration rights. In connection with the issuance, the Company capitalized $12.0 million of original issue premium. The proceeds from the additional Secured Notes were used to provide working capital and funds for other general corporate purposes of the Company.

In connection with the G4S Transaction, during April 2021, the Company, along with its subsidiary, Atlas LuxCo 4 S.à r.l., a private limited liability company incorporated in Luxembourg, entered into new senior secured credit facilities (the “May 2028 Senior Secured Credit Facilities”), which consist of (i) a $950.0 million seven year senior secured U.S. dollar term loan facility bearing interest of 4.25% plus an applicable margin per annum (the “May 2028 First Lien USD Term Loan Facility”) and a €715.5 million seven year senior secured euro term loan facility bearing interest of 4.25% plus an applicable margin per annum (the “May 2028 First Lien Euro Term Loan Facility” and, together with the May 2028 First Lien USD Term Loan Facility, the “May 2028 First Lien Term Loan Facilities”) and (ii) a €300.0 million five year senior secured euro revolving credit facility bearing interest of a variable rate based on the Company’s leverage ratio plus an applicable margin per annum (the “April 2026 Euro Revolving Credit Facility”). During April 2021, the May 2028 First Lien USD Term Loan Facility was fully drawn and €96.8 million of the May 2028 First Lien Euro Term Loan Facility was drawn. In addition, we entered into (i) a new senior secured bridge loan credit facility, pursuant to which secured bridge loans in the amounts of $900.0 million bearing interest of 5.00% plus an applicable margin per annum, $775.0

million bearing interest of 5.00% plus an applicable margin per annum, €813.0 million bearing interest of 4.25% plus an applicable margin per annum, and £367.6 million bearing interest of 5.75% plus an applicable margin per annum were made available to us for borrowing (the “Secured Bridge Loan Credit Facility”) and (ii) a new senior unsecured bridge loan credit facility, pursuant to which unsecured bridge loans in the amount of $1,285.0 million bearing interest of 7.25% plus an applicable margin per annum were made available to us for borrowing (together with the Secured Bridge Loan Credit Facility, the “Bridge Credit Facilities”).

The amounts borrowed under the May 2028 Senior Secured Credit Facilities and the Bridge Credit Facilities, together with cash on hand and certain equity contributions, were used to (i) pay the acquisition consideration in connection with the G4S Transaction and (ii) pay related fees, costs, premiums and expenses in connection therewith. Such net proceeds were additionally used to repay the voluntary redemption by us in full of certain existing third-party indebtedness of G4S.

During April 2021, we also increased the total availability under the May 2026 ABL Credit Facility from $750.0 million to $1,000.0 million with other terms remaining unchanged, and on May 25, 2021, we further increased the total availability under the ABL Credit Facility to $1,500.0 million subject to certain limitations, extended the maturity date to May 25, 2026 and made certain other modifications thereto.

On May 14, 2021, we issued (i) $1,225.0 million aggregate principal amount of 4.625% senior secured notes due 2028 (the “June 2028 USD I Secured Notes”), (ii) $775.0 million aggregate principal amount of 4.625% senior secured notes due 2028 (the “June 2028 USD II Secured Notes”), (iii) €813.0 million aggregate principal amount of 3.625% senior secured notes due 2028 (the “June 2028 Euro Notes”) and (iv) £367.7 million aggregate principal amount of 4.875% senior secured notes due 2028 (the “June 2028 GBP Notes”) (collectively, the “June 2028 Secured Notes”) under an indenture dated May 14, 2021 (the “June 2028 Secured Indenture”) and (v) $960.0 million aggregate principal amount of 6.000% senior notes due 2029 (the “June 2029 Unsecured Notes”) under an indenture dated May 14, 2021 (the “June 2029 Unsecured Indenture”). The June 2028 Secured Notes and June 2029 Unsecured Notes were issued in a private transaction that was not subject to the registration requirements of the Securities Act. Holders of the June 2028 Secured Notes and June 2029 Unsecured Notes are not entitled to any registration rights and the June 2028 Secured Indenture and June 2029 Unsecured Indenture are not qualified under the Trust Indenture Act.

The proceeds from the June 2028 Secured Notes and June 2029 Unsecured Notes were used to (i) repay in full borrowings outstanding under the Bridge Credit Facilities and terminate all available borrowings thereunder, (ii) pay related fees, costs, premiums and expenses, and (iii) to repay assumed debt from the acquisition of G4S.

On May 14, 2021, we also entered into amended and restated new senior secured credit facilities (the “Amended and Restated May 2028 Senior Secured Credit Facilities”), which consist of (i) a $3,142.3 million seven year senior secured U.S. dollar term loan facility (the “Amended May 2028 First Lien USD Term Loan Facility”), (ii) the May 2028 First Lien Euro Term Loan Facility and (iii) the April 2026 Euro Revolving Credit Facility. The Amended and Restated May 2028 Senior Secured Credit Facilities modified the May 2028 First Lien USD Term Loan Facility, the May 2028 First Lien Euro Term Loan Facility and the April 2026 Euro Revolving Credit Facility. The Amended and Restated May 2028 Senior Secured Credit Facilities extinguished the July 2026 First Lien Term Loan Facility. The July 2024 Revolving Credit Facility was not modified and remains pursuant to the terms of the July 2026 Senior Secured Credit Facilities associated with the 2019 Refinancing.

In connection with the modification of the May 2028 First Lien Term Loan Facilities, on May 14, 2021, an additional €618.7 million was drawn under the May 2028 First Lien Euro Term Loan Facility.

On November 23, 2021, the Company amended its Amended May 2028 First Lien USD Term Loan Facility to increase the total amount outstanding by $1,000.0 million. There were no changes in the terms of the Amended May 2028 First Lien USD Term Loan Facility as a result of the amendment. The other proceeds from the additional borrowings under the Amended May 2028 First Lien USD Term Loan Facility were used to repay the outstanding borrowings under the May 2026 ABL Credit Facility, repay the outstanding borrowings under the July 2024 Revolving Credit Facility, and for other corporate purposes.

Outstanding balances under the Amended May 2028 First Lien USD Term Loan Facility and the May 2028 First Lien Euro Term Loan Facility accrue interest equal to, at the Company's option: (a) LIBOR plus 3.75% or (b) an alternative base rate plus 2.75%, in each case, subject to certain pricing step-downs as set forth therein. Outstanding balances under the April 2026 Euro Revolving Credit Facility accrue interest equal to, at the Company's option: (a) LIBOR plus 3.75% or (b) an alternative base rate plus 2.75%, in each case, subject to certain pricing step-downs as set forth therein. Amounts drawn on the July 2024 Revolving Credit Facility accrue interest equal to, at the Company's option: (a) LIBOR plus 4.25% or (b) an alternative base rate plus 3.25%, in each case, subject to certain pricing step-downs as set forth therein. Amounts drawn on the May 2026 ABL Credit Facility accrue interest equal to, at the Company's option: (a) LIBOR plus between 1.25% and 1.75% or (b) an alternative base rate plus between 0.25% and 0.75%.

Outstanding balances under the July 2026 Secured Notes and the July 2027 Unsecured Notes accrue interest at an annual rate of 6.625% and 9.750%, respectively. Outstanding balances under the June 2028 USD I Secured Notes, the June 2028 USD II Secured Notes, the June 2028 Euro Notes, the June 2028 GBP Notes and the May 2029 Unsecured Notes accrue interest at an annual rate of 4.625%, 4.625%, 3.625%, 4.875% and 6.000%, respectively. Accrued interest as of December 31, 2021 and 2020 was $130.1 million and $107.5 million, respectively.

Principal on the Amended May 2028 First Lien USD Term Loan Facility and the June 2028 First Lien Euro Term Loan Facility are payable in equal quarterly installments of 0.25% of the original aggregate principal amounts of such facilities, beginning in December 2021, with the remaining unpaid balances due on May 14, 2028, the maturity date. All unpaid balances of the July 2024 Revolving Credit Facility, the April 2026 Euro Revolving Credit Facility and May 2026 ABL Credit Facility are due and payable on July 12, 2024, April 8, 2026 and May 25, 2026, respectively, the maturity dates. The July 2026 Secured Notes are due and payable on July 15, 2026, the maturity date. The July 2027 Unsecured Notes are due and payable on July 15, 2027, the maturity date. The June 2028 Secured Notes are due and payable on June 1, 2028, the maturity date. The June 2029 Unsecured Notes are due and payable on June 1, 2029, the maturity date.

The May 2028 Senior Secured Credit Facilities contain provisions for potential additional principal payments based on excess cash flow for years commencing with the year ending December 31, 2022. Based on the provisions of the May 2028 Senior Secured Credit Facilities agreement, a potential additional principal payment based on excess cash flow is not applicable for the year ended December 31, 2021. The Company determined that an additional principal payment based on excess cash flow was not required for the year ended December 31, 2020. Voluntary prepayments of amounts outstanding under the May 2028 Term Loan Facility, and optional redemptions of all or a portion of the July 2026 Secured Notes, the July 2027 Unsecured Notes, the May 2028 Secured Notes and the May 2029 Unsecured Notes are permitted under certain circumstances.

Borrowings under the July 2024 Revolving Credit Facility, the May 2026 ABL Credit Facility, the Amended and Restated May 2028 Senior Secured Credit Facilities, the July 2026 Secured Notes and the June 2028 Secured Indenture are secured by substantially all of the assets of the Company and certain of its subsidiaries (subject to certain exceptions and limitations for each such facility) and the foregoing facilities each include certain restrictive covenants (subject to certain exceptions and limitations for each such facility). As of December 31, 2021, the Company was in compliance with all financial debt covenants.

The Company may issue up to $100.0 million in LoCs against the July 2024 Revolving Credit Facility, €100.0 million in LoCs against the April 2026 Euro Revolving Credit Facility and another $750.0 million against the May 2026 ABL Credit Facility. Availability under each of the foregoing facilities is reduced by pledged LoCs under such facility, which serve primarily as collateral for the Company's workers' compensation and general liability insurance policies and as collateral for the defined benefit plan assumed from the G4S Transaction. Furthermore, availability under the May 2026 ABL Credit Facility is subject to limitation based on the amount of the borrowing base, as defined pursuant to the terms of the May 2026 ABL Credit Facility agreement. As of December 31, 2021, the total amount of LoCs pledged against the July 2024 Revolving Credit Facility, the April 2026 Euro Revolving Credit Facility, and May 2026 ABL Credit Facility was $0, $0, and $294.4 million, respectively. As of December 31, 2020, the total amount of LoCs pledged against the July 2024 Revolving Credit Facility and May 2026 ABL Credit Facility was $0 and $142.9 million, respectively.

The amount available for borrowing under the July 2024 Revolving Credit Facility, the April 2026 Euro Revolving Credit Facility, and May 2026 ABL Credit Facility as of December 31, 2021 was $300.0 million, $288.3 million and $905.6 million, respectively. The amount available for borrowing under the July 2024 Revolving Credit Facility and May 2026 ABL Credit Facility as of December 31, 2020 was $300.0 million and $607.1 million, respectively. As of December 31, 2021, the weighted average interest rate on our outstanding revolving credit facility borrowings was 3.1%. There were no borrowings on our outstanding revolving credit facilities as of December 31, 2020.

The Company recognized a loss on extinguishment of debt of $277.3 million during the year ended December 31, 2021, which included: (i) the write-off of $126.3 million of deferred financing fees, issue discounts, and third party costs incurred associated with the extinguishment of the Bridge Loan Credit Facilities and the July 2026 First Lien Term Loan Facility; (ii) $60.3 million of market premiums paid and $10.7 million in other charges related to the redemption of G4S's Euro Market Term Loans; and (iii) $80.0 million incurred for the prepayment of G4S's USD Private Placement Notes in July 2021.

As of December 31, 2021 and 2020, $13.6 million and $8.0 million, respectively, of unamortized deferred financing fees related to revolving credit facilities were included in other assets on the accompany consolidated and combined balance sheets.

As of December 31, 2021, annual scheduled principal payments of term debt are as follows (in millions):

Year Ending December 31,		
2022	$	57
2023		54
2024		50
2025		50
2026		1,989
Thereafter		10,130
Total	$	12,330

7. LEASES

Lessor

The Company acts as a lessor in a limited number of arrangements. These mainly relate to the lease of smart safes, cash recycling equipment, and right-of-use assets related to those assets leased to our customers. We consider various inputs and assumptions including, but not necessarily limited to, lease terms, renewal options, discount rates, and other rights and provisions in the purchase and sale agreement, lease and other documentation to determine whether control has been transferred to the customer. A lease will be classified as direct-financing if risks and rewards are conveyed without the transfer of control and will be classified as a sales-type lease if control of the underlying asset is transferred to the customer. Otherwise, the lease is treated as an operating lease. These criteria also include estimates and assumptions regarding the fair value of the asset, minimum lease payments, the economic useful life of the asset, the existence of a purchase option and certain other terms in the lease agreements. As of December 31, 2021, the net investment receivable from these lease arrangements was $32.7 million, of which, $13.6 million is recorded in prepaid and other current assets and $19.1 million is recorded in other assets on the consolidated balance sheet. The Company did not have any receivables from lease arrangements as of December 31, 2020.

The maturities of lease receivables were as follows (in millions):

Less than one year	$	16
Between one and two years		10
Between two and three years		6
Between three and four years		3
Between four and five years		1
Total undiscounted cash flows		36
Less: Imputed interest		(3)
Net investment receivable from finance leases	$	33

The Company expects to receive operating lease income of $3.8 million, $2.2 million, $1.1 million and $0.5 million in less than one year, between one and two years, between two and three years and between three and four years, respectively, related to lessor arrangements. We do not have operating lessor agreements that are in excess of four years.

Lessee

The Company has various non-cancelable leases for our offices, vehicles, uniforms, and equipment. Certain lease agreements contain renewal options, rent abatement, and escalation clauses that are factored into the determination of lease payments when appropriate. Right-of-use assets and liabilities are recognized at the lease commencement date based on the estimated present value of lease payments over the lease term. If an implicit rate is not readily determinable, management estimates our incremental borrowing rate to discount the lease payments based on information available at lease commencement. We determine our incremental borrowing rate based on the lease term and the economic environment of the applicable country. Operating leases are comprised primarily of offices and equipment leases, and finance leases are comprised primarily of vehicle and uniform leases.

The assets and liabilities related to operating and finance leases were as follows (in millions):

	As of December 31,	
	2021	2020
Operating lease assets, included within lease right-of-use assets	$ 302	$ 65
Finance lease assets, included within property, equipment and software, net	184	94
Total lease assets	$ 486	$ 159
Operating lease liabilities included within lease liabilities, current portion	$ 92	$ 24
Finance lease liabilities, included within lease liabilities, current portion	72	45
Operating lease liabilities included within lease liabilities, net of current portion	220	48
Finance lease liabilities, included within lease liabilities, net of current portion	108	52
Total lease liabilities	$ 492	$ 169

The components of lease costs for the years ended December 31, 2021, 2020, and 2019 were as follows (in millions):

	Year Ended December 31,		
	2021	2020	2019
Operating lease costs	$ 78	$ 31	$ 31
Finance lease costs - amortization of right-of-use assets	72	45	42
Finance lease costs - interest on lease liabilities	6	5	5
Short-term lease costs	25	2	1
Variable lease costs	20	27	23
Subtotal of lease costs, before sublease income	201	110	102
Less: Sublease income	(6)	-	-
Total lease costs	$ 195	$ 110	$ 102

Supplemental lease information for the years ended December 31, 2021, 2020, and 2019 is as follows (in millions):

	Year Ended December 31,		
	2021	2020	2019
Cash paid for amounts included in the measurement of lease liabilities:			
Operating cash flows for operating leases	$ 101	$ 33	$ 33
Financing cash flows for finance leases	$ 72	$ 46	$ 40
Right-of-use assets obtained in exchange for lease liabilities:			
Operating leases	$ 353	$ 15	$ 27
Finance leases	$ 250	$ 113	$ 110

As of December 31, 2021, the weighted average remaining lease term of operating and financing leases was 5.1 years and 7.0 years, respectively, and the weighted average discount rate was 4.5% and 3.2%, respectively. As of December 31, 2020, the weighted average remaining lease term of operating and financing leases was 4.0 years and 2.6 years, respectively, and the weighted average discount rate was 6.2% and 3.7%, respectively.

The undiscounted cash flows for each of the first five years and total of the remaining years to the finance and operating lease liabilities recorded on the consolidated balance sheet as of December 31, 2021 were as follows (in millions):

Year ending December 31,	
2022	$ 180
2023	133
2024	91
2025	48
2026	30
Thereafter	66
Total minimum lease payments	548
Less imputed interest	(56)
Present value of future minimum lease payments	492
Less current portion of lease obligations	(164)
Long-term lease obligations	$ 328

8. COMMITMENTS AND CONTINGENCIES

The Company is from time to time subject to legal claims and litigation in the ordinary course of business. The Company regularly reviews all pending litigation matters in which it is involved and establishes reserves deemed appropriate by management for these litigation matters when a loss is deemed to be probable and reasonably estimable.

While the Company believes it judgments relating to reserves are reasonable, litigation outcomes are not readily predictable and may materially differ from management estimates. Although the Company may reserve amounts for certain matters based on the Company's judgment as to the likely outcome, if developments in a particular matter dictate a change to the Company's reserve, the Company may have to record additional expense.

Business Insurance Risks (Workers' Compensation, General Liability, Employment Practices Liability, Automobile Liability and certain Healthcare Claims)

The Company maintains insurance coverage, subject to certain self-insured retentions, for claims and liabilities incurred by the Company in the ordinary course of its business, including claims relating to workers' compensation, general liability, employment practices liability, automobile liability and certain healthcare claim expenses incurred under Company benefit plans. The Company has established reserves for these claims based on insurance coverage, the risk of loss retained by the Company, independent actuarial analyses, and management's judgment. The Company reserves for all known claims as well as those claims that management believes have been incurred but not reported as of the balance sheet date based on an independent actuary's estimate of the ultimate cost of the claims. Management does not expect the ultimate outcome of any one claim to have a material effect on the Company's consolidated and combined financial position, results of operations, or cash flows.

As of December 31, 2021 and 2020, expected payments for estimated self-insured claims was \$543.9 million and \$351.7 million, respectively, of which \$143.3 million and \$96.9 million, respectively, is included in accrued claims reserves, current portion and \$400.6 million and \$254.8 million, respectively, is included in accrued claims reserves, net of current portion in the accompanying consolidated and combined balance sheets. As of December 31, 2021 and 2020, the accrued reserve for estimated other claims and contingencies was \$211.1 million and \$32.5 million, respectively, of which \$106.0 million and \$32.5 million, respectively, is included in accrued claims reserves, current portion and \$105.1 million and \$0, respectively, is included in accrued claims reserves, net of current portion in the accompanying consolidated and combined balance sheets.

Other Claims and Contingencies

The Company is involved in disputes, claims and litigation in respect of its business activities and operations. These include disputes, claims and litigation relating to labor laws, commercial agreements with customers and subcontractors, and regulatory requirements. In management's judgment, these cases will either be resolved in a manner that is not expected to be material to the Company or, it is not possible to estimate the potential exposure as of the balance sheet date.

In addition, the interpretation of laws and regulations in a number of jurisdictions where the Company operates, including those relating to tax and labor regulation, is complex and there is inherent judgment involved in applying those laws and regulations. As such, there is risk that further disputes and claims could arise in the future. Where there is a dispute or claim or risk of a dispute or claims and where, based on legal counsel advice, the Company determines that it is probable that the dispute will result in an estimable loss, an accrual is made based on the Company's estimate of the financial outcome. Legal costs in connection with claims and lawsuits in the ordinary course of business are expensed as incurred. Where a reliable estimate cannot be made, or where the Company determines that it is not probable that there will be a loss incurred, no reserve is accrued. Additionally, with respect to certain business combinations, the Company assumes contingent losses from the seller, which are recorded as liabilities using management's best estimate of fair value as of the date of acquisition. Based on the inherent subjectivity of these estimates, actual results can materially deviate from these estimates.

In 2019, G4S received a claim seeking damages for alleged losses following the reduction in the G4S share price in 2013. At this point, the Company is unable to make a reliable estimate of the merit, outcome or impact of any litigation relating to this claim, and therefore no provision has been made in respect of it.

During 2020, G4S Care and Justice Services (UK) Limited, a wholly-owned subsidiary of the Company, concluded a Deferred Prosecution Agreement ("DPA") with the Serious Fraud Office ("SFO") in the United Kingdom ("UK"), in respect of the UK Care & Justice electronic monitoring contract investigation commenced in 2013. The DPA spans a period of three years, ending in July 2023, and requires G4S to take a number of actions focused on strengthening the internal control environment. In the event that the Company does not fulfill its commitments as set out in the DPA, the SFO may seek to prosecute the Company.

In April 2020, G4S received requests for information from the Belgium Competition Authority ("BCA") and the U.S. Department of Justice Antitrust Division ("DOJ") in connection with the Company's Belgium business. The BCA inquiry is continuing, and the Company is cooperating fully with the investigation. The DOJ portion of the inquiry has been resolved by way of a plea agreement entered into with the DOJ in July 2021, under which G4S agreed to a payment of $15.0 million, made in August 2021. As of December 31, 2021, the remaining liability for the BCA inquiries was $53.6 million, which is recorded within accrued claims reserves, net of current portion on the consolidated balance sheet. This accrual represents management's estimate after considering estimates of the potential penalties and costs which might arise on completion of the inquiry process. There is range of possible outcomes in respect of these inquiries, including but not limited to the imposition of incremental financial penalties and third-party claims.

The Company has been the subject of labor claims asserted by past and current employees in Brazil primarily related to allegations of insufficient payment of overtime wages and certain employee benefits. The Company recorded a loss reserve related to these matters of $31.1 million in aggregate as of December 31, 2021. The Company also is the subject of labor claims asserted in respect of employees' alleged wage and benefit discrepancies in Guatemala. The Company recorded a loss reserve related to the Guatemala claims of $24.8 million in aggregate as of December 31, 2021. The reserves in respect of the Brazil and Guatemala matters are recorded within accrued claims reserves, net of current portion on the consolidated balance sheet. These reserves represent management's estimate of the potential aggregate liability arising from these claims. There is a range of possible outcomes in respect of these claims.

The Company is currently involved in a number of claims in India, mainly related to periods prior to 2011, in relation to the interpretation of the basis for payments to the India Provident Fund. These disputes are currently awaiting court resolution. The aggregate of the Provident Fund related claims exposure is estimated to be approximately $67.7 million. The Company believes it has a defensible legal position. Therefore, no accrual has been recorded for this matter as of December 31, 2021 as management does not believe a loss is probable.

In the normal course of business, the Company is audited by taxing authorities and from time to time, receives proposed non-income tax related assessments as a result of those audits. The Company records obligations for those proposed tax assessments or portion thereof that management believes are probable of payment and estimable. Management believes that even if any one or more proposed assessment resulted in an unfavorable outcome, they would not be material to the Company's financial position individually or in the aggregate. The timing and outcome of a settlement of any proposed assessment may not always be reasonably ascertained.

9. RETIREMENT PLANS

Defined Benefit Plans

The Company has several funded and unfunded defined retirement benefit plans. These plans were assumed as a result of the acquisition of G4S on April 6, 2021.

The Company's primary defined benefit plan is based in the United Kingdom (the "UK Plan"), with other not material plans elsewhere. The UK Plan is comprised of three sections: (i) the Group 4 section, (ii) the Securicor section, which was assumed by G4S in 2004 with the acquisition of Securicor plc, and (iii) the GSL section, which was assumed by G4S in 2008 with the acquisition of GSL. A summary of the Company's UK Plan as of December 31, 2021 is as follows (in millions):

	Projected Benefit Obligation	Fair Value of Assets	(Deficit) / Surplus
Securicor	$ 2,702	$ 2,778	$ 76
Group 4	598	596	(2)
GSL	398	552	154
Total for the UK Plan	$ 3,698	$ 3,926	$ 228

The UK Plan is closed to future accrual apart from some sub-sections of the GSL section, and for most members defines the pension based on final salary. Certain sub-sections of the GSL section have historically remained open to provide a facility to accept former public-sector employees who join certain subsidiaries of the Company through outsourcings. In the Group 4 and Securicor sections, members retain their link to final salary where appropriate on their benefits accrued up to closure in 2011.

The UK Plan is set up under UK law and governed by a trustee company which is responsible for the plan's investments, administration and management. The board of the trustee company comprises an independent chairman and further appointees who are made up of plan membership representatives and company appointees.

The following chart summarizes the benefit obligations, assets, funded status and balance sheet impacts associated with the UK Plan (in millions):

	As of December 31, 2021
Projected benefit obligations	
Beginning obligations	$ -
Acquisition of plan benefit obligations	3,692
Service cost	2
Interest cost	56
Actuarial loss	148
Foreign currency exchange rate changes	(100)
Benefits paid	(99)
Expenses and other	(1)
Ending obligations	$ 3,698
Fair value of plans' assets	
Beginning fair value	$ -
Acquisition of plan assets	3,598
Actual return on plan assets	438
Foreign currency exchange rate changes	(102)
Employer contributions	92
Benefits paid	(99)
Expenses and other	(1)
Ending fair value	$ 3,926
Overfunded status of the plans	$ 228

Key assumptions of the UK Plan are as follows:

	Year Ended December 31, 2021
Discount rate used to determine the fiscal year-end benefit obligation	1.90%
Discount rate used to determine the interest cost component of net periodic benefit income	2.10%
Rate of return on plan assets used to determine the expected rate of return on plan assets component of net periodic benefit income	3.24%
Weighted average rate of compensation increase to determine the fiscal year-end benefit obligation	2.75%
Weighted average rate of compensation increase to determine the service cost component of net periodic benefit income	3.35% - 3.50%

Plan Funded Status

The projected benefit obligation, accumulated benefit obligation and aggregate fair value of plan assets for pension plans with projected benefit obligations in excess of plan assets for the UK Plan were $598.2 million, $599.3 million, and $595.6 million, respectively, as of December 31, 2021.

For pension plans with projected benefit obligations less than plan assets, the projected benefit obligation, accumulated benefit obligation and aggregate fair value of plan assets for the UK Plan were $3,099.8 million, $3,104.6 million, and $3,329.9 million, respectively, as of December 31, 2021.

The Company's total accumulated pension benefit obligations for the UK Plan as of December 31, 2021 were $3,703.9 million. The Company had no projected benefit obligations, accumulated benefit obligations, or plan assets as of December 31, 2020.

Plan Assets

The primary investment objective for the defined benefit plan assets is the prudent and cost effective management of assets to satisfy benefit obligations to plan participants. Financial risks are managed through diversification of plan assets, selection of investment managers and through the investment guidelines incorporated in investment management agreements. Investments are monitored to assess whether returns are commensurate with risks taken.

The long-term asset allocation policy for the defined benefit plan was established taking into consideration a variety of factors that include, but are not limited to, the average age of participants, the number of retirees, the duration of liabilities and the expected payout ratio. Liquidity needs of the plans are generally managed using cash generated by investments or by liquidating securities.

Assets are generally managed by external investment managers pursuant to investment management agreements that establish permitted securities and risk controls commensurate with the account's investment strategy. Some agreements permit the use of derivative securities (futures, options, interest rate swaps, credit default swaps) that enable investment managers to enhance returns and manage exposures within their accounts.

The UK Plan assets as of December 31, 2021 is summarized by level in the following table (in millions, except plan asset mix). See Note 2 for definitions of fair value measures, the levels within the fair value hierarchy, and valuation techniques.

	As of December 31, 2021			
Description	**Level 1**	**Level 2**	**Total**	**Plan Asset Mix**
Cash	$ 254	$ -	$ 254	11%
Registered investment companies	192	-	192	8%
Government and federal agency bonds	-	1,624	1,624	71%
Corporate bonds	-	218	218	10%
Derivatives and other, net	-	3	3	0%
Total investments in the fair value hierarchy	$ 446	$ 1,845	$ 2,291	100%
Asset value at NAV as a practical expedient:				
Collective trust funds			1,635	
Total investments at fair value			$ 3,926	

The Company had no defined benefit plan assets as of December 31, 2020.

Plan Contributions

During fiscal 2021, the Company made $91.7 million of contributions to its pension plans. The Company did not make any contributions during fiscal 2020 or 2019. The Company currently expects to make approximately $180.0 million in pension contributions to the UK Plan in fiscal 2022.

The following table presents estimated future benefit payments from the UK plans for the next ten fiscal years (in millions):

Year ending December 31,		
2022	$	137
2023		142
2024		148
2025		154
2026		161
2027 - 2031		907
Total	$	1,649

Assumptions

Assumptions, such as discount rates and the long-term rate of return on plan assets, have a significant effect on the amounts reported for net periodic benefit cost as well as the related benefit obligations.

The assumed discount rate for pension plans reflects the market rates for high-quality corporate bonds currently available. The Company's discount rate was determined by considering yield curves constructed of a large population of high-quality corporate bonds and reflects matching a model plan's liability cashflows, which has a similar duration to the UK Plan, to the yield curves.

The long-term rate of return on plan assets represents an estimate of long-term returns on an investment portfolio consisting of a mixture of equities, fixed income and alternative investments. When determining the long-term rate of return on plan assets, the Company considers long-term rates of return on the asset classes (both historical and forecasted) in which the Company expects the pension funds to be invested based on the investment managers' long term target for investment returns as agreed with the Trustees and Company. The plan assets are managed dynamically over time rather than a set strategic allocation.

The Company's pension plans create a number of risk exposures. Annual increases in benefits are, to a varying extent from plan to plan, dependent on inflation so the main uncertainties affecting the level of benefits payable are future inflation levels (including the impact of inflation on future salary increases) and the actual longevity of the membership. Benefits payable will also be influenced by a range of other factors including member decisions on matters such as when to retire and the possibility to draw benefits in different forms.

In contemplation of the acquisition of G4S, the Company entered into a memorandum of understanding with the UK Plan trustee in which the Company has agreed to pay a one-time lump sum payment of £50 million (or approximately $67.7 million based on the December 31, 2021 foreign exchange rate), which was paid during January 2022, followed by quarterly contributions of £20 million (or approximately $27.1 million) for the calendar years 2021 to 2026 inclusive. The quarterly contributions will increase by 3% every year until the last payment in 2026. In addition, the Company pledged to share the proceeds arising from the sale of any material dispositions of the Company, with material for these purposes defined as being in excess of 10% of G4S's consolidated net assets.

The components of net periodic benefit income are as follows (in millions):

	Year Ended December 31, 2021
Service cost	$ 2
Other costs (benefits):	
Interest cost	56
Expected return on plan assets	(84)
Total other benefits	(28)
Net periodic benefit income	$ (26)

The Company recognizes service costs within cost of revenues and selling, general and administrative in the consolidated statement of operations and recognizes interest costs and the expected return on plan assets within other income in the consolidated statement of operations.

Net actuarial gains of $161.4 million were recognized in other comprehensive income during the year ended December 31, 2021. No amounts were recognized in other comprehensive income during the years ended December 31, 2020 or 2019. The amounts in accumulated other comprehensive income that have not yet been recognized as of December 31, 2021 consists of net actuarial gains of $161.4 million.

Other Defined Benefit Plans

As of December 31, 2021, the Company's defined benefit plans with a net surplus totaled $230.1 million, which is inclusive of the UK Plan and which was recorded within other assets on the consolidated balance sheet. As of December 31, 2021, the Company's defined benefit plans with a net deficit totaled $85.8 million, which was recorded within other liabilities on the consolidated balance sheet. Due to size, certain defined benefit plans of the Company have been excluded from the tables above. The Company did not have any defined benefit plan surplus or obligations as of December 31, 2020.

Defined Contribution and Other Deferred Compensation Plans

The Company has 401(k) plans for eligible employees in the United States and may make discretionary matching contributions to qualified participants. Matching contributions for qualified participants amounted to $4.0 million, $5.1 million, and $2.4 million for the years ended December 31, 2021, 2020 and 2019, respectively.

The Company has non-qualified deferred compensation plans for select groups of management in the United States. These plans are generally unfunded and their benefits are paid from the general assets of the Company, except that the Company has segregated assets in marketable securities accounts of $120.9 million and $51.4 million as of December 31, 2021 and 2020, respectively, which the Company intends to utilize to fund the deferred compensation plan liabilities. Employee vesting generally occurs over six years of service. Expense related to deferred compensation plans was $7.5 million, $8.0 million, and $7.4 million during each of the years ended December 31, 2021, 2020 and 2019, respectively. As of December 31, 2021 and 2020, the Company had $71.2 million and $60.0 million, respectively, in other liabilities in the consolidated and combined balance sheets for deferred compensation plans.

The Company has employees in a number of countries that are covered by various deferred compensation plans. These plans are administered based upon the legal requirements in the countries in which they are established.

10. BUSINESS COMBINATIONS

All acquisitions were accounted for under ASC Topic 805, *Business Combinations*. Accordingly, the assets and liabilities were recorded at fair value and purchase accounting was applied.

G4S

On April 6, 2021, the Company acquired G4S's outstanding equity for approximately £3.8 billion, or approximately $5.3 billion based on the exchange rate as of April 6, 2021. G4S was acquired in a public tender transaction, and was acquired to enhance the Company's presence domestically and internationally. The assets acquired and liabilities assumed were accounted for as a business combination and at fair value at the acquisition date based on current available information and certain assumptions and estimates that management believes are reasonable. The following table, which is preliminary and subject to change until the end of the measurement period, presents the fair value estimates of assets acquired and liabilities assumed on the date of acquisition based on the best information the Company has received to date (in millions):

Cash, cash equivalents and restricted cash	$	1,629
Accounts receivable		1,555
Inventories		111
Investments		107
Property, equipment, software and right-of-use assets		726
Intangible assets		2,228
Goodwill		5,280
Deposits and other assets		867
Accounts payable		(422)
Accrued payroll and related payroll taxes		(657)
Accrued expenses and other current liabilities		(870)
Accrued claims reserves		(356)
Long-term debt and lease liabilities		(3,462)
Retirement benefit obligations		(370)
Deferred tax liabilities		(632)
Other liabilities		(242)
Noncontrolling interests		(169)
Net assets acquired	$	5,323

The preliminary purchase price allocation resulted in a goodwill amount of $5,280.1 million, none of which is deductible for tax purposes. The amount of goodwill relates to several factors including G4S's assembled workforce, potential buyer-specific synergies, and the potential to leverage the Company's sales force to attract new customers. Acquired intangible assets consist of tradenames, customer relationships and technology, to which the Company is still estimating the fair values, which the Company will finalize during the measurement period. Other items being finalized during the measurement period include but are not limited to uninsured legal and other reserves and income taxes.

The preliminary fair value of each intangible asset was determined with the assistance of an external valuation specialist using a combination of income, market and cost approach valuation methodologies in accordance with ASC 805. The income approach utilizes a projected discounted cash flow method using a discount rate determined by management to be commensurate with the risk inherent in the Company's business model. The market approach utilizes a guideline public company method, which assumes that businesses operating in the same industry as the Company will share similar characteristics and multiples derived from the stock prices of these businesses can be used to estimate fair value. The cost approach utilizes the replacement cost of a particular asset and discounts that cost for the estimated depreciation at the time of the valuation.

The purchase consideration was allocated to the identifiable net assets acquired based on estimated fair values at the date of the acquisition. Identified intangible assets and their weighted-average amortization periods are as follows (in millions, except years):

	Fair Value	Weighted Average Amortization Period (years)
Customer relationships	$ 1,409	10.0
Tradenames	584	9.2
Developed technology	235	10.0
	$ 2,228	9.8

The Company recognized $7,013.6 million and $77.2 million of revenue and net loss, respectively, in the consolidated statement of operations for the year ended December 31, 2021 as a result of the acquisition of G4S since the date of acquisition.

SecurAmerica, LLC, SecurAmerica Corporation and ERMC LLC

On January 16, 2021, the Company completed a purchase of the outstanding equity interests in SecurAmerica for an initial purchase price subject to certain post-closing adjustments of $351.0 million, including contingent consideration. At the date of acquisition, we estimated the fair value of contingent consideration to be $18.8 million. The contingent consideration was remeasured as of December 31, 2021, resulting in a gain of $9.4 million recorded in other income on the consolidated statement of operations.

The assets acquired and liabilities assumed were accounted for at fair value at the acquisition date based on current available information and certain assumptions and estimates that management believes are reasonable. The following table, which is preliminary and subject to change until the end of the measurement period, presents the fair value estimates of assets acquired and liabilities assumed on the date of acquisition based on the best information the Company has received to date (in millions):

Cash	$	13
Accounts receivable		59
Prepaid and other assets		3
Property and equipment		8
Intangible assets		114
Goodwill		194
Accounts payable		(4)
Accrued payroll and related payroll taxes		(23)
Accrued expenses and other liabilities		(9)
Accrued claims reserves		(1)
Lease liabilities		(3)
Net assets acquired	$	351

The preliminary purchase price allocation resulted in a goodwill amount of $194.1 million, which is deductible for tax purposes.

Acquired intangible assets consist of customer relationships. The fair value of each customer relationship was determined with the assistance of an external valuation specialist using the income approach valuation methodology in accordance with ASC 805. The purchase consideration was allocated to the identifiable net assets acquired based on estimated fair values at the date of the acquisition, which are preliminary particularly with respect to uninsured legal claims and other reserves and income taxes. Identified intangible assets and their weighted-average amortization periods are as follows (in millions, except years):

	Fair Value	Weighted Average Amortization Period (years)
Customer relationships	$ 114	10.0

In connection with the purchase of SecurAmerica, the Company also deposited $31.5 million into an escrow account to fund the future purchase of substantially all of the assets of SecurAmerica TN. Based in Chattanooga, Tennessee, SecurAmerica TN is a provider of security and janitorial services. The transaction closed on November 2, 2021, and as part of closing, $1.2 million in cash was released back to the Company from escrow due to closing adjustments, resulting in a final, adjusted purchase price of $30.3 million.

The Company has recognized $392.4 million and $28.7 of revenue and net income, respectively, in the consolidated statement of operations for the year ended December 31, 2021 as a result of the acquisition of SecurAmerica effective January 16, 2021.

Other 2021 Business Combinations and Equity Method Investments

In addition to the SecurAmerica and G4S acquisitions, the Company completed seven other acquisitions through December 31, 2021 which are accounted under ASC Topic 805, *Business Combinations,* and which have an aggregate purchase price of \$357.6 million. The aggregate purchase price includes contingent consideration of \$5.0 million, which is subject to be paid based on achievement of certain targets after the acquisition dates. These acquisitions resulted in the recording of net working capital of \$28.9 million, identifiable intangible assets of \$124.5 million and goodwill of \$199.2 million.

The results related to the 2021 acquisition entities have been included in the Company's consolidated statement of operations since their respective acquisition dates.

On September 1, 2021, the Company paid \$123.7 million, including \$10.0 million of Class A units in Atlas Ontario, to acquire a 49% investment in Blackstone Consulting, Inc. ("BCI") and R.J.B. Properties, Inc. ("RJB"), two affiliated entities that provide security services. This investment was accounted for under ASC Topic 323, *Investments-Equity Method and Joint Ventures,* as an equity method investment and is included in other assets on the accompanying consolidated balance sheet as of December 31, 2021.

2020 Business Combinations

The Company made six acquisitions during the year ended December 31, 2020 with an aggregate purchase price of \$117.0 million. The aggregate purchase price includes contingent consideration of \$10.8 million, which is subject to be paid based on achievement of certain targets after the acquisition dates. These acquisitions resulted in the recording of net working capital of \$2.8 million, identifiable intangible assets of \$39.2 million and goodwill of \$64.2 million. The Company finalized its determination of the fair values of the assets acquired and liabilities assumed during the third and fourth quarters of 2021.

SOS Security LLC

On December 31, 2019, the Company completed a purchase of the outstanding equity interests in SOS for a purchase price subject to certain post-closing adjustments of \$597.8 million, including \$7.6 million of member units issued in lieu of cash consideration.

The assets acquired and liabilities assumed were accounted for at fair value at the acquisition date based on current available information and certain assumptions and estimates that management believes are reasonable.

The following table summarizes the final allocation of the purchase price to assets acquired and liabilities assumed on the date of acquisition which includes measurement period adjustments (in millions):

Cash and restricted cash	$	8
Accounts receivable		51
Unbilled services rendered		28
Prepaid and other current assets		9
Property and equipment		12
Intangible assets		152
Goodwill		437
Deposits and other long-term assets		1
Accounts payable		(5)
Accrued payroll and related payroll taxes		(17)
Accrued expenses and other current liabilities		(28)
Accrued claims reserves, current portion		(1)
Accrued claims reserves, net of current portion		(3)
Deferred tax liability		(46)
Net assets acquired	$	598

The final purchase price allocation resulted in a book goodwill amount of $437.4 million, of which, $271.0 million is deductible for tax purposes.

Other 2019 Business Combinations

In addition to the SOS acquisition, the Company made eight acquisitions during the year ended December 31, 2019 with an aggregate purchase price of $250.5 million. The aggregate purchase price includes contingent consideration of $32.9 million, which is subject to be paid based on achievement of certain targets after the acquisition dates. These acquisitions resulted in the recording of net working capital of $20.8 million, identifiable intangible assets of $100.9 million and goodwill of $95.9 million.

Acquisition Costs

Acquisition and related costs which include transaction costs, such as legal, accounting, valuation, and other professional services, were expensed as incurred. Acquisition and related costs totaled $152.3 million, $26.0 million, and $105.4 million for the years ended December 31, 2021, 2020, and 2019, respectively.

Purchase Price Payable

As part of certain completed acquisitions, the Company has agreed to pay cash to the sellers based upon achievement of certain targets after the acquisition date. The Company evaluates the fair value of contingent consideration throughout the year and in every reporting period. Changes in the fair value resulting from events that occurred after the acquisition date are recorded as a gain or loss on changes in fair value of the contingent purchase consideration in the accompanying consolidated and combined statements of operations. As of December 31, 2021 and 2020, purchase price payable of $15.7 million and $16.3 million, respectively, is reported in accrued expenses and other current liabilities and $4.6 million and $0, respectively, is reported in other liabilities.

11. MEMBERS' CAPITAL AND EQUITY-BASED COMPENSATION

Members' Capital

The Company is a limited partnership in which each limited partner contributed cash or other property or consideration to the partnership in exchange for Class A units , Class B units or Incentive Units.

Equity-based compensation consists of Class B units and Incentive Units in Atlas Ontario or, prior to the G4S Transaction, Class B and Incentive Units issued in Topco. Class B units and Incentive Units are classified as equity and are measured based on fair value as of the grant date. Equity-based compensation is recognized using the straight-line attribution method over the requisite service period, and the Company accounts for forfeitures as they occur.

Class A units, Class B units and Incentive Units are nonvoting interests in Atlas Ontario. Distributions, including those made upon liquidation, dissolution or winding up the affairs of the partnership, are to be made to first to holders of Class A units, to the amount of their outstanding capital account, and then to holders of Class A units, Class B units and Incentive Units in accordance with their pro rata share of eligible units. Unvested Class B units and unvested Incentive Units are not eligible for distributions. Furthermore, vested Incentive Units are eligible for distributions only if distributions exceed a predefined threshold amount as specified by the applicable unit grant agreement with each unit holder.

Allied Universal Topco Class B and Incentive Units

From 2016 through 2019, the Company issued Class B units in Topco to certain members of management. 50% of each grantee's Topco Class B Units issued were subject to time-vesting and 50% were subject to certain performance vesting conditions based on internal rate of return, or IRR, targets measured upon the occurrence of certain events and subject to each unit holder's continued service with the Company. Time-vesting Topco Class B units generally vested in ratable annual installments over the four-year period following the grant date.

From 2019 through 2020 and in connection with the amendment of the Topco partnership agreement, the Company discontinued awarding Class B units, and instead awarded to eligible members of management Topco Incentive Units. The resulting modification approximated fair value as of the date of the G4S Transaction. 50% of the Topco Incentive Units issued were subject to time-vesting and 50% were subject to certain performance vesting conditions based on internal rate of return, or IRR, targets measured upon the occurrence of certain events and subject to each unit holder's continued service with the Company. Topco Incentive Units granted subject to time-vesting vested ratably in annual installments over the five-year period following the grant date, such that, by the fifth anniversary of the grant date, 100% of the time-based units would have vested.

The weighted-average grant-date fair values issued during the years ended December 31, 2020 and 2019 were $3.96 for each Topco Incentive Unit (as adjusted for the 0.2524 conversion into Atlas Ontario Class B units in 2021) subject to time-vesting and $1.59 for each Topco Incentive Unit (as adjusted for the 0.2524 conversion into Atlas Ontario Class B units in 2021) subject to performance conditions.

The fair value of each Topco Incentive Unit award was estimated on the grant date using the Monte Carlo option-pricing model based on the following assumptions for the years ended December 31, 2020 and 2019:

	2020	2019
Expected volatility	42.5%	42.5%
Dividend yield	0.0%	0.0%
Risk-free interest rate	1.7%	1.7%
Expected term (in years)	5.0	5.0

For the period between January 1, 2021 and April 6, 2021, the Company did not issue any Topco Incentive Units, and 3.6 million Topco Incentive Units were forfeited due to separations from employment. As of April 6, 2021, the Company had 48.1 million Topco Incentive Units outstanding.

2021 Atlas Ontario Units

On April 6, 2021, in conjunction with the G4S Transaction, Topco Incentive Units then issued and outstanding were converted into Atlas Ontario Class B units at a rate of 0.2524 Atlas Ontario Class B Units per Topco Incentive Unit, which represented the fair value of the awards at the date of the G4S Transaction. All vesting conditions related to the Topco Incentive Units remained unchanged. This conversion resulted in the issuance of 48.1 million of new Class B units in Atlas Ontario.

In conjunction with the G4S Transaction, the Company also issued Atlas Ontario Incentive Units to certain members of management. The fair value of each Atlas Ontario Incentive Unit award is estimated on the grant date using the Monte Carlo option-pricing model based on the following assumptions for the year ended December 31, 2021:

	2021
Expected volatility	60.0% - 65.0%
Dividend yield	0.0%
Risk-free interest rate	0.4% - 1.0%
Expected term (in years)	3.0

Fifty percent of each grantee's Atlas Ontario Incentive Units are subject to time-vesting and 50% were subject to certain performance vesting conditions based on internal rate of return, or IRR, targets measured upon the occurrence of certain events and subject to each unit holder's continued service with the Company. Atlas Ontario Incentive Units subject to time-vesting vest ratably in annual installments over the five-year period following the grant date.

Equity compensation related activity during the year ended December 31, 2021 consisted of the following (in millions, except weighted-average information and years):

	Class B Units (1)		Atlas Ontario Incentive Units	
	Number of Units	Weighted Average Grant Date Fair Value	Number of Units	Weighted Average Grant Date Fair Value
Outstanding as of December 31, 2020	52	$ 2.77	-	$ -
Granted	-	-	374	0.41
Vested	(11)	2.77	-	-
Forfeited	(6)	2.77	(9)	0.41
Outstanding and unvested as of December 31, 2021	35	$ 2.77	365	$ 0.41
Unrecognized compensation cost		$ 87		$ 128
Weighted average remaining amortization period (years)		3.0		4.3

(1) - Class B units are presented based on a conversion rate of 0.2524x per Topco Incentive Unit.

12. INCOME TAXES

Income Tax Provision (Benefit)

The Company's provision (benefit) for income taxes for the years ended December 31, 2021, 2020, and 2019 consisted of the following (in millions):

	2021	2020	2019
Current provision:			
U.S. Federal	$ (9)	$ 34	$ 5
U.S. State	18	24	9
Foreign	88	1	-
Total current provision	97	59	14
Deferred benefit:			
U.S. Federal	(11)	(26)	(17)
U.S. State	(6)	(13)	(1)
Foreign	(14)	-	-
Total deferred benefit	(31)	(39)	(18)
Total provision (benefit) for income taxes	$ 66	$ 20	$ (4)

U.S. and foreign components of loss before income taxes were as follows (in millions):

	2021	2020	2019
U.S.	$ (529)	$ (61)	$ (385)
Foreign	(74)	-	-
	$ (603)	$ (61)	$ (385)

The applicable statutory income tax rate in Canada was zero for Atlas Ontario for the years ended December 31, 2021, 2020, and 2019. For purposes of the reconciliation between the provision for income taxes at the statutory rate and the provision for income taxes at the effective tax rate, a notional 21% tax rate is applied for the years ended December 31, 2021, 2020, and 2019 as follows:

	2021	2020	2019
Income tax benefit at United States federal statutory rate	$ (127)	$ (13)	$ (81)
State taxes, net of federal benefit	1	(1)	(13)
Acquisition costs	11	(2)	1
Gain on liquidating distribution	17	-	-
Income/loss not subject to corporate taxation	14	2	5
Withholding tax	8	-	-
Tax credits	(21)	(11)	(18)
Valuation allowance	175	45	97
Foreign tax rate differential	(16)	1	2
Change in tax rates	(13)	(3)	2
Other permanent differences	17	2	1
Income tax provision (benefit)	$ 66	$ 20	$ (4)

Deferred Taxes

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. There is a difference between the movement of deferred tax assets as detailed below and the deferred tax provision primarily due to the acquisition of G4S.

Significant components of the Company's deferred tax assets and liabilities are as follows (in millions):

	2021	2020
Deferred tax assets:		
Net operating loss carryforwards	$ 384	$ 72
Tax credit carryforwards	70	61
Interest expense limitation	276	70
Compensation accruals	82	26
Legal accruals	13	5
Other deferred tax assets	49	23
Lease liability	11	-
Deferred tax assets before valuation allowance	885	257
Valuation allowance	(576)	(243)
Deferred tax assets net of valuation allowance	309	14
Deferred tax liabilities:		
Basis differences related to partnership investments	(125)	(106)
Amortization	(623)	(111)
Fixed assets	(5)	-
UK pension	(57)	-
Unremitted earnings	(73)	-
Other deferred tax liabilities	(5)	(7)
ROU asset	(9)	-
Deferred tax liabilities	(897)	(224)
Total deferred taxes	$ (588)	$ (210)

Unremitted Earnings

Income tax provision includes U.S. (federal and state) and foreign income taxes. Certain foreign subsidiary earnings and losses are subject to current U.S. taxation and the subsequent repatriation of those earnings is not subject to tax in the U.S. Additionally, the Company intends to remit its foreign subsidiary earnings, outside of the U.S. when necessary, in those jurisdictions in which the Company would incur significant, additional costs upon repatriation of such amounts. The Company has unremitted earnings of $26.1 billion and has recorded a liability of $72.5 million as of December 31, 2021. Significant portions of unremitted earnings are located in jurisdictions with no withholding tax.

Operating Loss and Tax Credit Carryforwards

As of December 31, 2021 and 2020, the Company's operating subsidiaries had net operating loss carryforwards of approximately $1.6 billion and $72.0 million, respectively, in various jurisdictions.

The gross net operating loss carryforwards and the related carryforward periods as of December 31, 2021 are summarized as follows (in millions, except years):

	Carryforward Amount	Tax Benefit Amount	Valuation Allowance	Net Tax Benefit	Carryforward Period Ends
U.S. federal net operating losses	$ 188	$ 36	$ (34)	$ 2	2035 - 2037
U.S. federal net operating losses	211	41	(39)	2	Indefinite
U.S. state net operating losses	193	13	(12)	1	2025 - 2037
U.S. state net operating losses	224	17	(15)	2	Indefinite
Non-U.S. net operating losses	793	137	(70)	47	Indefinite
Total	$ 1,609	$ 244	$ (170)	$ 54	

The Company also has tax credit carryforwards available to offset future tax liabilities of approximately $70.0 million and $61.0 million as of December 31, 2021 and 2020, respectively, which have various expiration dates and begin to expire in 2022.

The gross tax credit carryforwards and the related carryforward periods as of December 31, 2021 are summarized as follows (in millions, except years):

	Carryforward Amount	Valuation Allowance	Net Tax Benefit	Carryforward Period Ends
Work opportunity tax credits	$ 66	$ -	$ 66	Indefinite
Foreign tax credits	2	(2)	-	2022 - 2028
General business credits	2	-	2	Indefinite
Total	$ 70	$ (2)	$ 68	

Certain tax attributes are subject to an annual limitation as a result of the acquisitions which constitute a change of ownership as defined under Internal Revenue Code Section 382.

The Company has gross capital loss carryforwards in the UK of $3.6 billion that have not been included in the provision. The future use of such amounts are limited and remote.

Valuation Allowance

Where, based on the weight of available evidence, it is more likely than not that some amount of a recorded deferred tax asset will not be realized, a valuation allowance is established for the amount sufficient to reduce that deferred tax asset to an amount that will more likely than not be realized. Management believes that future results will be sufficient to realize the Company’s deferred tax assets with the exception of certain net operating losses, excess business interest expenses and foreign tax credits (“FTC”). As of December 31, 2021 and 2020, a valuation allowance of $576.1 million and $242.8 million, respectively, has been established against federal deferred tax assets.

Uncertain Tax Positions

As of December 31, 2021 and 2020, the gross uncertain tax positions were $60.0 million and $0, respectively. The addition of uncertain tax positions in 2021 was the result of the acquisition of G4S.

A reconciliation of the beginning and ending amount of uncertain tax positions, excluding interest, penalties, and foreign exchange, is as follows:

	2021	2020	2019
Uncertain gross tax positions, January 1	$ -	$ -	$ -
Uncertain tax positions assumed through acquisition	45	-	-
Current year tax positions	15	-	-
Increase in prior year tax positions	-	-	-
Decrease in prior year tax positions	-	-	-
Settlements	-	-	-
Lapse of statute of limitations	-	-	-
Uncertain gross tax positions, December 31	$ 60	$ -	$ -

The table above represents the gross amounts of uncertain tax positions without regard to reductions in tax liabilities or additions to deferred tax assets and liabilities if such uncertain tax positions were settled.

The Company recognizes interest and penalties, if any, related to uncertain tax positions in the provision of income taxes. As of December 31, 2021 and 2020, the Company had accrued $5.1 million and $0 of interest and penalties related to uncertain tax positions, respectively, which is recorded in other liabilities on the consolidated and combined balance sheets.

The calculation of the Company's tax liabilities involves dealing with uncertainties in the application of complex tax laws and regulations in a multitude of jurisdictions across the Company's global operations. ASC 740 states that a tax benefit from an uncertain tax position may be recognized when it is more likely than not that the position will be sustained upon examination, including resolutions of any related appeals or litigation processes, on the basis of the technical merits. The Company (1) records unrecognized tax benefits as liabilities in accordance with ASC 740 and (2) adjusts these liabilities when management's judgment changes as a result of the evaluation of new information not previously available. Because of the complexity of some of these uncertainties, the ultimate resolution may result in a payment that is materially different from the Company's current estimate of the unrecognized tax benefit liabilities. These differences will be reflected as increases or decreases to income tax provision in the period in which new information is available. The Company believes that it is reasonably possible that up to $14.0 million in unrecognized tax benefits related to international audit developments in Denmark may be realized within the coming year.

The Company files U.S. federal, state, and foreign tax returns. The Company strives to resolve open matters with each tax authority at the examination level and could reach agreement with a tax authority at any time.

At December 31, 2021, the Company is addressing the following material audits:

- The Company is awaiting final amended assessments from the Ministry of Taxation in Denmark for the years 2006 and 2007 regarding disputed certain valuation matters. The matter was addressed under a Mutual Agreement Procedure process with both the Denmark Ministry of Finance and the United Kingdom HM Revenue & Customs. Following a binding decision of an independent panel convened under the EU Arbitration Convention the Company will be due a refund of previously assessed and paid tax, interest, and penalties.

- The Company is currently in discussions with the Income Tax Department of the Government of India for the years 2013 to 2018 regarding unagreed transfer pricing matters. Discussions are ongoing and the ultimate outcome is uncertain.

13. SEGMENT INFORMATION

Operating segments are defined as components of an enterprise for which separate financial information is evaluated regularly by the chief operating decision maker ("CODM"), who is the Company's chief executive officer.

The CODM evaluates the Company's financial information and assesses the performance of the North America and International segments of the business in order to determine how to allocate resources. The CODM reviews the Company's revenues and operating income for the North America and International operating segments, which also constitute the Company's reportable segments, and the CODM reviews assets and capital expenditures on a consolidated basis. Therefore, revenues and operating income are presented by reportable segment and assets and capital expenditures by operating segment are not presented.

Revenues and operating income by segment reconciled to net loss are as follows:

	Year Ended December 31,		
	2021	**2020**	**2019**
REVENUES			
North America	$ 11,667	$ 8,501	$ 7,461
International	4,782	-	-
Total revenues	16,449	8,501	7,461
SEGMENT OPERATING INCOME			
North America	93	270	32
International	78	-	-
Total segment operating income	171	270	32
RECONCILIATION TO NET LOSS			
Segment operating income	171	270	32
Interest expense, net	(597)	(346)	(335)
Loss on early extinguishment of debt	(277)	-	(88)
Other income, net	100	15	6
Income tax (provision) benefit	(66)	(20)	4
Net loss	$ (669)	$ (81)	$ (381)

Long-lived assets by geographic area are as follows (in millions):

	As of December 31,	
	2021	2020
United States of America	$ 9,441	$ 4,646
United Kingdom	1,220	-
Other countries	2,287	3
	$ 12,948	$ 4,649

14. EARNINGS PER UNIT

Basic earnings per unit is computed by dividing net earnings by the weighted average number of common units outstanding for the period. Diluted earnings per unit is applicable only in periods of net income and is computed by dividing net income (loss) by the weighted average number of common units outstanding for the period and potentially dilutive common unit equivalents outstanding for the period. Periods of net loss require the diluted computation to be the same as the basic computation. There was an aggregate of 187.7 million, 20.4 million and 24.7 million potentially dilutive unit equivalents outstanding and that have been excluded from diluted earnings per unit during the years ended December 31, 2021, 2020 and 2019, respectively.

15. FAIR VALUE MEASUREMENTS

Instruments Measured at Fair Value on a Recurring Basis

The following tables present our cash and cash equivalents and investments' costs, net unrealized gains (losses), and fair value by security type as of December 31, 2021 and December 31, 2020 (in millions):

	As of December 31, 2021			
	Cost	Net Unrealized Gains (Losses)	Fair Value	Cash and Cash Equivalents
Cash and cash equivalents	$ 1,149	$ -	$ 1,149	$ 1,149
Restricted cash	157	-	157	-
	1,306	-	1,306	1,149
Level 1:				
Common stock	9	4	13	-
Registered investment companies	84	11	95	-
Subtotal	93	15	108	-
Level 2:				
Government and federal agency bonds	5	-	5	-
Corporate bonds	24	-	24	-
Municipal bonds	26	(1)	25	-
Subtotal	55	(1)	54	-
Level 3:	8	-	8	-
Total assets in the fair value hierarchy	156	14	170	-
Asset value at NAV as a practical expedient:				
Collective trust funds	2	-	2	-
Total assets	$ 1,464	$ 14	$ 1,478	$ 1,149

	As of December 31, 2020			
	Cost	Net Unrealized Gains	Fair Value	Cash and Cash Equivalents
Cash and cash equivalents	$ 972	$ -	$ 972	$ 972
Restricted cash	41	-	41	-
	1,013	-	1,013	972
Level 1:				
Common stock	9	2	11	-
Registered investment companies	30	2	32	-
Subtotal	39	4	43	-
Level 2:				
Government and federal agency bonds	4	1	5	-
Corporate bonds	2	-	2	-
Derivatives	-	8	8	-
Subtotal	6	9	15	-
Level 3:	-	-	-	-
Total assets in the fair value hierarchy	45	13	58	-
Asset value at NAV as a practical expedient:				
Collective trust funds	1	-	1	-
Total assets	$ 1,059	$ 13	$ 1,072	$ 972

The Company’s Level 3 investments consist primarily of derivative instruments acquired in connection with the G4S Transaction. The fair values of these investments are estimated using valuation techniques that rely heavily on management assumptions and qualitative observations. There were no transfers in or out of Level 3 financial assets or liabilities during the years ended December 31, 2021 or 2020. There was no other activity associated with Level 3 investments during the years ended December 31, 2021, 2020, or 2019.

The Company’s purchase price payable liabilities represent the estimated fair value of additional future contingent consideration payable for acquisitions of businesses that included contingent consideration clauses. The fair value of purchase price payable liabilities is evaluated on an ongoing basis and is based on management estimates and entity-specific assumptions which are considered Level 3 inputs. The valuation of purchase price payables are initially established using a range of methods, including Monte Carlo simulations, and discounted cash flow models.

Instruments Not Recorded at Fair Value on a Recurring Basis

We estimate the fair value of our debt instruments carried at face value, less unamortized discount and issuance costs, quarterly for disclosure purposes. The estimated fair values of the Company’s debt instruments are estimated using current market pricing quotes (Level 2). As of December 31, 2021, the estimated fair values of the Company’s first lien term loans, senior secured notes, and senior unsecured notes are approximately $4,951.9 million, $5,410.9 million, and $2,056.1 million, respectively, as compared to their carrying values, exclusive of discounts, premiums and related fees, of $4,944.4 million, $5,363.2 million, and $2,010.0 million, respectively. As of December 31, 2020, the estimated fair values of the Company’s first lien term loan, senior secured notes and senior unsecured notes are approximately $2,187.4 million, $2,070.5 million and $1,142.0 million, respectively, as compared to their carrying values, exclusive of discounts, premiums and related fees, of $2,197.8 million, $1,940.0 million and $1,050.0 million, respectively.

Assets and Liabilities Recorded at Fair Value on a Non-Recurring Basis

Certain assets and liabilities, including goodwill and intangible assets, are subject to measurement at fair value on a non-recurring basis if there are indicators of impairment or if they are deemed to be impaired as a result of an impairment review.

16. RELATED PARTY TRANSACTIONS

Prior to 2021, the Company was party to an Investor Management Agreement with certain funds and vehicles affiliated with Warburg Pincus LLC pursuant to which the Company received certain administrative and management services. In exchange for these services, the Company incurred management fee expense of $0, $6.8 million, and $5.6 million during the years ended December 31, 2021, 2020, and 2019, respectively.

Related party sales to BCI, an affiliated entity, for security services totaled $13.6 million, $0, and $0 during the years ended December 31, 2021, 2020, and 2019, respectively.

Our consolidated and combined statements of operations include sales to some of our joint venture partners. Related party sales to our joint venture partners totaled $89.6 million, $0, and $0, for the years ended December 31, 2021, 2020, and 2019, respectively. Accounts receivable from our joint venture partners totaled $2.8 million and $0 as of December 31, 2021 and 2020, respectively. The total investment in our joint venture partners was $10.9 million and $0 at December 31, 2021 and 2020, respectively, which is included in other assets on the consolidated and combined balance sheets.

17. SUBSEQUENT EVENTS

The Company has evaluated subsequent events through March 23, 2022, the date the consolidated and combined financial statements were available to be issued.

On February 1, 2022, the Company committed to a plan and received approval from its board of directors to actively pursue the sale its access control business based in the UK. This access control business was not classified as held for sale as of December 31, 2021 because it did not meet the accounting criteria established for such classification.

In February 2022, the Company signed a purchase agreement to acquire the outstanding equity interests of a security solutions company based in the UK for a preliminary purchase price of approximately £80 million, inclusive of deferred purchase consideration. The completion of this acquisition is subject to certain customary closing conditions, which are expected to be satisfied in March 2022.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The discussion and analysis of financial condition and results of operations are based upon financial statements which have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"), and should be read together with the applicable consolidated and combined financial statements, the notes to those financial statements and the other financial information appearing elsewhere in this report.

This report includes forward-looking statements regarding, among other things, our plans, strategies and prospects, both business and financial. These statements are based on the beliefs and assumptions of our management. Although we believe that our plans, intentions and expectations reflected in or suggested by these forward-looking statements are reasonable, we cannot make assurances that we will achieve or realize these plans, intentions or expectations. Forward-looking statements are inherently subject to risks, uncertainties and assumptions. Generally, statements that are not historical facts, including statements concerning our possible or assumed future actions, business strategies, events or results of operations, are forward-looking statements. These statements may be preceded by, followed by or include the words "believe," "estimate," "expect," "project," "forecast," "may," "will," "should," "seek," "plan," "scheduled," "anticipate" or "intend" or similar expressions. Forward-looking statements are not guarantees of performance. Readers of this report should not put undue reliance on these statements which speak only as of the date hereof.

Business Overview

Atlas Ontario LP (referred to as "Allied Universal" or the "Company") is a leading provider of integrated security solutions that operates across North America, and as a result of the acquisition of G4S Plc ("G4S") on April 6, 2021, in approximately 90 countries. Through a combination of integrated security solutions, technology solutions, and other services, we believe Allied Universal delivers high-quality and cost-effective premium security services to its customers.

Allied Universal was formed in August 2016 through the combination of AlliedBarton Security Services ("AlliedBarton") and Universal Services of America ("Universal"). Universal, founded in 1965, and AlliedBarton, founded in 1957, were industry leaders in customer service, organic growth, customer and employee retention, accretive mergers and acquisitions, with a highly complementary and diverse set of blue-chip customers. The combined company became the largest provider of security officer services in North America and has continued to grow since, both organically and through mergers and acquisitions. On April 6, 2021, pursuant to a reorganization resulting in a change to the Company's holding entity structure and in connection with the acquisition of G4S, the owners of Allied Universal Topco LLC ("Topco"), the direct parent and the sole member of Allied Universal Holdco LLC ("Holdco"), contributed their membership interests and, in some cases, the legal entities holding such interests, to Allied Universal in exchange for proportionate membership interests in Atlas Ontario LP. In connection with the acquisition of G4S, we incorporated key services and geographies into our core global strategy.

Allied Universal is a leading global security company, specializing in the provision of security services and solutions to customers around the world. We use our expertise, service delivery and system integration capabilities alongside our geographic scale to differentiate the business to customers, drive outsourcing and enhance the value of traditional security services through greater use of technology. We are responsible for providing "best-in-class" security services that allow clients to completely outsource the recruiting, screening, hiring, training, uniforming, scheduling and supervision of security professionals. Our security professionals work on-location at customer sites and are responsible for observing, detecting, deterring and reporting and responding to perceived, potential or actual security threats. Employing approximately 800,000 employees in approximately 90 countries across the globe, we provide services to a broad range of customers across a variety of types of facilities and locations, including over 400 of the Fortune 500 companies.

Our global footprint differentiates us in the ability to serve large national and multi-national customers across multiple continents. We leverage our service expertise to offer customized security solutions tailored to customer needs.

Our Service Offerings

As described above, the Company provides integrated security solutions, technology solutions, and other services, which are further described below:

- *Integrated security solutions* – includes on-site, mobile and remote security, care and justice, and other integrated security solutions
- *Technology solutions* – comprehensive solutions provided to customers include video and alarm monitoring, security systems installation, and cash management solutions (ATMs and related software, retail cash solutions)
- *Other services* – includes facilities management services, risk consultancy, janitorial, conventional cash services (cash in transit, cash processing and ATM services), staffing, and other ancillary services

Recent Developments

Due to government relief packages provided in the United States and elsewhere related to COVID-19, as of December 31, 2021, the Company had $208.1 million outstanding in deferred payroll tax and other indirect tax liabilities related to COVID-19, which are recorded within accrued payroll and payroll related taxes on the consolidated balance sheet. As of December 31, 2020, the Company had $282.0 million outstanding in deferred payroll tax and other indirect tax liabilities related to COVID-19, of which, $141.0 million is recorded within accrued payroll and payroll related taxes and $141.0 million is classified within other liabilities in the combined balance sheet. The decrease in COVID-19 related deferrals from December 31, 2020 to December 31, 2021 is primarily due to payments of deferred payroll tax and other liabilities of $226.0 million, offset by the assumption of liabilities as a result of acquisitions during 2021. Additionally, in certain jurisdictions outside of the United States, the Company received COVID-19 related government support income that partially mitigated the financial effect of incremental safety and operating costs and the cost of continuous employment for staff whose roles would have otherwise been at risk given the impact of the pandemic. This government support income is recognized as a reduction to cost of revenues and amounted to $12.4 million for the year ended December 31, 2021. No such income was recognized during 2020 or 2019.

As a result of the evolving and highly uncertain nature of the COVID-19 pandemic, no assurance may be made regarding potential exposure or the indirect effects of the outbreak on the Company’s business, results of operations, cash flows, liquidity and financial condition.

On January 16, 2021, the Company completed a purchase of the outstanding equity interests in SecurAmerica for an initial purchase price subject to certain post-closing adjustments of $351.7 million, including contingent consideration of $9.4 million, which is subject to be paid based on achievement of certain targets after the acquisition date.

On April 6, 2021, the Company completed a purchase of the outstanding equity interests in G4S for approximately £3.8 billion, or approximately $5.3 billion based on the exchange rate as of April 6, 2021. The assets acquired and liabilities assumed were accounted for as a business combination and at fair value at the acquisition date based on current available information and certain assumptions and estimates that management believes are reasonable.

In contemplation of the acquisition of G4S, the Company entered into a memorandum of understanding with the UK Plan trustee in which the Company has agreed to pay a one-time lump sum payment of £50 million (or approximately $67.7 million based on the December 31, 2021 foreign exchange rate), which was paid during January 2022, followed by quarterly contributions of £20 million (or approximately $27.1 million) for the calendar years 2021 to 2026 inclusive. The quarterly contributions will increase by 3% every year until the last payment in 2026. In addition, the Company pledged to share the proceeds arising from the sale of any material dispositions of the Company, with material for these purposes defined as being in excess of 10% of the G4S's consolidated net assets.

In connection with the G4S acquisition, during April 2021, we, along with our subsidiary, Atlas LuxCo 4 S.à r.l., a private limited liability company incorporated in Luxembourg, entered into the May 2028 Senior Secured Credit Facilities. The amounts borrowed under the May 2028 Senior Secured Credit Facilities and the Bridge Credit Facilities, together with cash on hand and certain equity contributions, were used to (i) pay the acquisition consideration in connection with the G4S acquisition and (ii) pay related fees, costs, premiums and expenses in connection therewith. Such net proceeds were additionally used to repay the voluntary redemption by us in full of certain existing third-party indebtedness of G4S. Refer to the Liquidity and Capital Resources section for additional information about our credit agreements.

Characteristics of our Revenues and Expenses

Revenues

We generate revenues primarily from integrated security solutions which are generally measured based on billable hours served by security professionals and rate per billable hour, as determined by the underlying customer contract. Revenues generated from integrated security solutions are recognized over time as services are performed. Revenues from technology solutions installation contracts (including the outright sale of equipment) consist primarily of video and alarm monitoring and security systems installation contracts, and are recorded as control is transferred to the Company's clients over time, as any assets created or enhanced by the Company's performance are controlled by the Company's clients and the Company has a legally enforceable right to payment for performance completed. Revenue is recognized using the cost-to-cost input method, which measures the percentage of actual cost incurred to date to the estimated total cost to complete. When our technology contracts involve the rental of technology related equipment, we determine whether the arrangement constitutes a lease and apply lessor accounting as applicable. Our revenue from other services is recognized as services are performed. We generally bill our customers either in advance, weekly, bi-weekly or monthly.

Our revenue growth in the year ended December 31, 2021 over the corresponding period was driven by acquisitions, as well as organic revenue growth related to bill-rate improvements and an increase in hours billed. Our organic revenue growth is driven primarily by our ability to maintain strong customer retention rates and to attract new customers. In turn, this has allowed us to realize higher than average customer bill rates.

Cost of Revenues (Exclusive of Depreciation and Amortization)

Cost of revenues are comprised primarily of direct labor, payroll taxes, medical and life insurance benefits, workers' compensation costs, general liability, employment practices liability and automobile insurance costs, and subcontract labor and other cost of revenues. We classify all of our security officer wages and payroll-related expenses as cost of revenues. Compensation paid includes regular pay, overtime pay for hourly personnel, bonus, vacation, training, holiday and sick time. The total hours paid normally exceeds total hours billed principally due to unbillable overtime and certain other unbillable costs. Our contract security officer revenues and high retention rates are dependent on our ability to attract and retain high-quality, qualified employees. Our wage rates are generally above market averages, and we provide our security professionals with benefits at a higher level than many of our competitors. In addition, we engage in extensive candidate screening, training and development, which supports employee retention and in turn, helps reduce the cost of employee turnover. We believe our employee retention rate compares favorably to the average retention rates in our industry. We believe that we have higher wage and benefit costs than other companies in our industry, due to our focus on attracting, developing and retaining a highly qualified workforce.

General wage inflation, payroll tax rate and related taxable wage threshold changes, and insurance premiums and related claim costs are the primary drivers that affect the major components of cost of revenues. Traditionally, we have been able to pass increased costs in these areas on to our customers.

Our payroll tax expenses historically are higher in the first half of the year because a significant number of employees do not reach their taxable wage limits for employer related federal and state unemployment taxes until the second half of the year.

Medical benefit costs for the majority of our workforce consist of premium-based insurance costs. Conversely, for administrative employees and security professionals not subject to premium-based coverage, we are self-insured and subject to self-insured retention limits. See "Critical Accounting Policies and Estimates" for further discussion.

Key Factors Affecting our Performance

We believe the following trends and factors have an important impact on our financial performance:

- Continued growth in the security market: Due to increased occurrences of adverse safety and security events affecting the general public, continued wage growth, and increased outsourced services penetration, we continue to see growth in the total size of the security market in the United States and globally. As a market-leading provider of security services and technology solutions, overall industry growth is a factor driving our business. As such, our financial results are significantly affected by overall industry growth.
- Increasing pressure on customer pricing combined with a competitive labor market: The security market is intensely competitive as there are relatively low barriers to entry. We compete directly with companies that are local, regional, national and international in scope. As more customers select service providers through competitive bid processes intended to procure quality services at lower prices, our customer retention may be affected as new market competitors may be willing to provide services at lower prices and margins. In addition, we face pressure to increase compensation and benefits for employees as we compete with other companies for the same workforce. Our ability to retain customers is dependent on our ability to hire, train and retain employees at scale while efficiently deploying our workforce to meet our customers' security service needs.
- Our ability to deliver comprehensive, integrated security solutions and expand the use of technology: Increasingly, our clients are seeking more complex technology solutions and security operations services. As such, we believe that our success will be based on our ability to tailor specific, innovative solutions to meet the changing needs of our clients.
- Our sales performance and ability to execute on strategy: The number of clients that we add in a given period impacts our longer-term revenue. We are focused on attracting new clients and

expanding our service offerings at existing clients. Furthermore, our ability to continue to pass along rate increases to our customers will protect our margins but in part, could be offset by reduced hours.

- Our continued ability to acquire and integrate accretive targets: Since 2007 and as of December 31, 2021, we have acquired 83 businesses. Our acquisition process allows us to integrate targets, while minimizing client disruption. Furthermore, we view expansion into international and adjacent markets to be an opportunity driving future growth.

Segments

The company operates and manages its business in two segments: North America and International. The North America segment primarily operates in the United States. The North America segment offers integrated security solutions, technology solutions, and other services. The International segment primarily operates in the United Kingdom & Ireland, Europe, Middle East & Africa, Latin America, and Asia Pacific. The International segment offers integrated security solutions, technology solutions and other services.

Results of Operations

The following table shows the percentages of each income statement caption in relation to total revenues.

	For the Years Ended		
	December 31, 2021	December 31, 2020	December 31, 2019
REVENUES	100.0%	100.0%	100.0%
COSTS AND EXPENSES			
Cost of revenues (exclusive of depreciation and amortization)	82.8%	81.3%	83.1%
Selling, general, and administrative	11.2%	11.0%	10.5%
Depreciation and amortization	4.0%	4.2%	4.6%
Acquisition and related costs	0.9%	0.3%	1.4%
Total costs and expenses	98.9%	96.8%	99.6%
INCOME FROM OPERATIONS	1.1%	3.2%	0.4%
OTHER EXPENSE (INCOME):			
Interest expense, net	3.6%	4.1%	4.5%
Loss on extinguishment of debt	1.7%	0.0%	1.2%
Other income	(0.6%)	(0.2%)	(0.1%)
Total other expense, net	4.7%	3.9%	5.6%
LOSS BEFORE INCOME TAXES	(3.7%)	(0.7%)	(5.2%)
INCOME TAX PROVISION (BENEFIT)	0.4%	0.2%	0.0%
NET LOSS	(4.1%)	(0.9%)	(5.2%)
(LOSS) INCOME ATTRIBUTABLE TO NONCONTROLLING INTERESTS	0.0%	0.0%	0.0%
NET LOSS ATTRIBUTABLE TO ATLAS ONTARIO LP	(4.1%)	(0.9%)	(5.2%)

Revenues

($ in millions)	For the Years Ended December 31, 2021	For the Years Ended December 31, 2020	Change Dollar	Change Percent
Revenues				
North America	$ 11,667	$ 8,501	$ 3,166	37.2%
International	4,782	-	4,782	N/M
Total Revenues	$ 16,449	$ 8,501	$ 7,948	93.5%

Revenues increased by $7,947.9 million, or 93.5%, for the year ended December 31, 2021 as compared to the year ended December 31, 2020. Of this increase, $7,013.6 million relates to incremental revenue generated from the G4S acquisition that occurred in April 2021. The remaining $934.3 million increase in revenues is primarily attributable to other completed acquisitions and an increase in our average security officer billing rate.

North America segment revenues from 2020 to 2021 increased by $3,166.3 million, or 37.2%, primarily due to an increase of $2,269.5 million relating to incremental revenue generated from the G4S acquisition in April 2021. The remaining $896.8 million increase in revenues is primarily attributable to other completed acquisitions and an increase in our average security officer billing rate.

International segment Revenues from 2020 to 2021 increased by $4,781.6 million due to the G4S acquisition.

($ in millions)	For the Years Ended December 31, 2020	For the Years Ended December 31, 2019	Change Dollar	Change Percent
Revenues				
North America	$ 8,501	$ 7,461	$ 1,040	13.9%
International	-	-	-	N/M
Total Revenues	$ 8,501	$ 7,461	$ 1,040	13.9%

Revenues increased by $1,039.8 million, or 13.9%, for the year ended December 31, 2020 as compared to the year ended December 31, 2019, entirely within North America. Of this increase, $473.5 million relates to incremental revenue generated from SOS, which was acquired on December 31, 2019. The remaining $566.3 million increase in revenues is primarily attributable to other completed acquisitions and an increase in our average security officer billing rate, in part due to premium services performed beginning at the end of March and through December 31, 2020. These premium services peaked during the second and third quarters of 2020 and began to diminish during the fourth quarter of 2020.

Cost of revenues (exclusive of depreciation and amortization)

($ in millions)		For the Years Ended December 31, 2021		For the Years Ended December 31, 2020		Change Dollar	Change Percent
Cost of revenues (exclusive of depreciation and amortization)							
North America	$	9,721	$	6,913	$	2,808	40.6%
International		3,891		-		3,891	N/M
Total Cost of revenues	$	13,612	$	6,913	$	6,699	96.9%

Cost of revenues increased by $6,698.6 million, or 96.9%, for the year ended December 31, 2021 as compared to the year ended December 31, 2020. The increase in cost of revenues is primarily due to the increase in revenues of 93.5%, primarily due to the G4S acquisition in April 2021 which resulted in $5,866.6 million of increased cost, as well as an increase in labor costs due to labor market shortages, particularly in North America.

North America segment cost of revenues from 2020 to 2021 increased by $2,807.7 million, or 40.6%, primarily due to the G4S acquisition in April 2021 which resulted in $1,916.9 million of increased cost, as well as an increase in labor costs as a result of labor market shortages.

International segment cost of revenues from 2020 to 2021 increased by $3,890.8 million due to the G4S acquisition.

($ in millions)		For the Years Ended December 31, 2020		For the Years Ended December 31, 2019		Change Dollar	Change Percent
Cost of revenues (exclusive of depreciation and amortization)							
North America	$	6,913	$	6,201	$	712	11.5%
International		-		-		-	N/M
Total Cost of Revenues	$	6,913	$	6,201	$	712	11.5%

Cost of revenues increased by $712.0 million, or 11.5%, for the year ended December 31, 2020 as compared to the year ended December 31, 2019, entirely within North America. The increase in cost of revenues is primarily due to the increase in revenues of 13.9%, partially offset by reduced insurance and overtime costs, as well as improved employee retention which resulted in a reduction of training and recruiting costs, reduced payroll taxes and less unbillable overtime.

Operating costs and expenses

($ in millions)		For the Years Ended December 31, 2021		For the Years Ended December 31, 2020		Change Dollar	Change Percent
Selling, general, and administrative	$	1,850	$	936	$	914	97.7%
Depreciation and amortization		664		356		308	86.7%
Acquisition and related costs		152		26		126	484.9%

Selling, general and administrative expenses increased by $914.0 million, or 97.7%, for the year ended December 31, 2021 as compared to the year ended December 31, 2020. The increase is primarily due to additional general and administrative expenses from the G4S acquisition of $959.8 million, partially offset by realized acquisition synergies and other profit improvement initiatives.

Depreciation and amortization increased by $308.5 million, or 86.7%, for the year ended December 31, 2021 as compared to the year ended December 31, 2020. The increase is primarily due to acquired property, equipment and software and identifiable intangible assets resulting from the acquisition of G4S.

Acquisition and related costs increased by $126.3 million, or 484.9%, for the year ended December 31, 2021 as compared to the year ended December 31, 2020. This increase is primarily attributable to higher professional expenses related to the G4S acquisition completed in April 2021 and the SecurAmerica acquisition in January 2021.

($ in millions)		For the Years Ended December 31, 2020		For the Years Ended December 31, 2019		Change Dollar	Change Percent
Selling, general, and administrative	$	936	$	783	$	153	19.5%
Depreciation and amortization		356		340		16	4.8%
Acquisition and related costs		26		105		(79)	(75.3%)

Selling, general and administrative expenses increased by $152.6 million, or 19.5%, for the year ended December 31, 2020 as compared to the year ended December 31, 2019. The increase is primarily due to additional general and administrative expenses from acquisitions, additional equity based compensation expense due to the issuance of Topco Incentive Units to certain management-level employees during the last quarter of 2019, as well as higher amortization of intangible assets, partially offset by realized acquisition synergies, reduced travel expenses, and a decrease in loss on disposal of property and equipment due to a decrease in disposal activity during the year ended December 31, 2020.

Depreciation and amortization increased by $16.2 million, or 4.8%, for the year ended December 31, 2020 as compared to the year ended December 31, 2019. The increase is primarily due to acquired intangible assets from acquisitions, particularly the SOS acquisition.

Acquisition and related costs decreased by $79.3 million, or (75.3)%, for the year ended December 31, 2020 as compared to the year ended December 31, 2019. This decrease is primarily attributable to lower professional expenses for the year ended December 31, 2020 as compared to the year ended December 31, 2019. Acquisition and related costs for the year ended December 31, 2019 primarily related to completed acquisitions during the year.

Other expense (income)

($ in millions)	For the Years Ended December 31, 2021	For the Years Ended December 31, 2020	Change Dollar	Change Percent
Interest expense, net	$ 597	$ 346	$ 251	72.4%
Loss on extinguishment of debt	277	-	277	N/M
Other income	(100)	(15)	(85)	571.2%

Interest expense, net, increased by $250.7 million, or 72.4%, for the year ended December 31, 2021 as compared to the year ended December 31, 2020. The increase in interest expense, net is primarily related to a higher outstanding balance related to the issuance of debt in connection with the acquisition of G4S . Refer to Liquidity and Capital Resources for additional information.

Loss on extinguishment of debt of $277.3 million during the year ended December 31, 2021, includes: (i) the write-off of $126.3 million of deferred financing fees, issue discounts, and third party costs incurred associated with the extinguishment of the Bridge Loan Credit Facilities and the April 2021 First Lien USD Term Loan Facility; (ii) $60.3 million of market premiums paid and $10.7 million in other charges related to the redemption of G4S's Euro Market Term Loans; (iii) $80.0 million incurred for the prepayment of G4S's USD Private Placement Notes.

Other income increased by $85.4 million, or by 571.2%, for the year ended December 31, 2021 as compared to the year ended December 31, 2020. The increase in other income is primarily the result of activity associated with foreign exchange derivatives and interest rate swaps, the net periodic benefit income of $26 million from pension plans and gains from contingent consideration recognized during 2021.

($ in millions)	For the Years Ended December 31, 2020	For the Years Ended December 31, 2019	Change Dollar	Change Percent
Interest expense, net	$ 346	$ 335	$ 11	3.4%
Loss on extinguishment of debt	-	88	(88)	(100.0%)
Other	(15)	(6)	(9)	170.6%

Interest expense, net, increased by $11.4 million, or 3.4%, for the year ended December 31, 2020 as compared to the year ended December 31, 2019. The increase in interest expense, net is primarily related to the issuance of $540.0 million and $400.0 million of Secured Notes on February 3, 2020 and July 15, 2020, respectively, partially offset by a decrease of $10.2 million related to lower amortization of deferred financing fees and lower interest rates resulting from the July 12, 2019 Refinancing.

In connection with the Refinancing on July 12, 2019, we recognized a loss on early extinguishment of debt of $88.3 million during the year ended December 31, 2019, which includes the write-off of existing deferred financing fees that had a carrying value of $62.4 million, $17.7 million of un-accreted original issue discount and $8.2 million of fees paid to noteholders under the former second lien note purchase agreement.

Other income increased by $9.4 million, or by 170.6%, for the year ended December 31, 2020 as compared to the year ended December 31, 2019. The increase in other income is primarily the result of activity associated with foreign exchange derivatives.

Income Tax Expense (Benefit)

($ in millions)	For the Years Ended December 31, 2021	For the Years Ended December 31, 2020	Change Dollar	Change Percent
Income tax expense	$ 66	$ 20	$ 46	230.2%

Income tax expense increased by $46 million, or 230.2%, for the year ended December 31, 2021 as compared to the year ended December 31, 2020. This increase in tax expense is primarily the result of increased taxable income and the inclusion of foreign earnings from the acquisition of G4S.

($ in millions)	For the Years Ended December 31, 2020	For the Years Ended December 31, 2019	Change Dollar	Change Percent
Income tax expense (benefit)	$ 20	$ (4)	$ 24	(641.5%)

Income tax expense increased by $23.7 million, or 641.5%, for the year ended December 31, 2020 as compared to a benefit for the year ended December 31, 2019. This increase in tax expense is primarily the result of an increase in taxable income and a decrease in tax credits. The increase in taxable income in 2020 was due, in part, to the deferral of the payment of the employer share of social security taxes for the period beginning March 27, 2020 through December 31, 2020, as permitted under the CARES Act.

Critical Accounting Policies and Estimates

Our discussion and analysis of our financial condition and results of operations are based upon our consolidated and combined financial statements, which have been prepared in accordance with GAAP. The preparation of the consolidated and combined financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated and combined financial statements and the reported amounts of revenues and expenses during the reporting period. We base these estimates, judgments and assumptions on historical experience and on other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates under different assumptions or conditions. We believe the following critical policies affect our more significant estimates and assumptions used in the preparation of our consolidated and combined financial statements.

Revenue Recognition

In accordance with Accounting Standards Codification ("ASC") Topic 606, *Revenue from Contracts with Customers*, the Company accounts for a customer contract when both parties have approved the arrangement, the performance obligations can be identified, payment terms can be determined and it is probable the Company will collect substantially all of the consideration to which it is entitled. The Company recognizes revenue when its performance obligation is satisfied upon the transfer of control of the promised product or service to customers in an amount that reflects the consideration the Company expects to receive in exchange for those goods and services. Revenue is recognized over time in the period in which services are provided pursuant to the terms of the Company's contractual relationships with its clients. The Company recognizes revenue in an amount that corresponds directly with the value to the customer of the Company's performance completed to date and for which the Company has the right to invoice the customer.

Segments

Operating segments are defined as components of an enterprise for which separate financial information is evaluated regularly by the chief operating decision maker ("CODM"), who is the Company's chief executive officer.

The CODM evaluates the Company's financial information and assesses the performance of the North America and International segments of the business in order to determine how to allocate resources. The CODM reviews the Company's revenues and operating income for the North America and International operating segments, which also constitute the Company's reportable segments, and the CODM reviews assets and capital expenditures on a consolidated basis. Therefore, revenues and operating income are presented by reportable segment and assets and capital expenditures by operating segment are not presented.

Long-lived Asset Impairment

Long-lived assets include identifiable intangibles with finite lives, property and equipment and right-of-use assets. We review our long-lived asset groups for impairment whenever events or changes in circumstances indicate that the carrying amount of such asset groups may not be recoverable. Such events and circumstances include, among other factors:

- current period operating losses or negative cash flow combined with a history of similar losses or forecasts indicating continuing losses associated with the use of an asset group,

- significant decreases in the market value of an asset group,
- technological developments resulting in obsolescence,
- significant changes in demand for our services in competition and competitive practices, or
- significant negative changes in the business climate, industry or economic conditions.

Recoverability of our long-lived asset groups is determined based upon the expected undiscounted future net cash flows from the operations to which the asset groups relate, utilizing our best estimates, appropriate assumptions, and projections at the time of review. If the carrying value is determined not to be recoverable from future operating cash flows, the asset group is deemed impaired, and an impairment loss would be recognized to the extent the carrying value exceeded the estimated fair market value of the asset group.

Goodwill and Indefinite-lived Intangible Asset Impairment

Goodwill and intangible assets with indefinite lives are not amortized; rather, they are tested for impairment annually as of October 1. For goodwill, we may conduct an assessment of qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount. In a qualitative assessment, we would consider the macroeconomic conditions, including any deterioration of general conditions and industry and market conditions, including any deterioration in the environment where the reporting unit operates, increased competition, changes in the products/services and regulatory and political developments, cost of doing business, overall financial performance, including any declining cash flows and performance in relation to planned revenues and earnings in past periods, other relevant reporting unit specific facts, such as changes in management or key personnel or pending litigation, and events affecting the reporting unit, including changes in the carrying value of net assets. If we determine that it is more likely than not that the fair value of the reporting unit is less than its carrying value, then we would perform the quantitative goodwill impairment test as required. If we determine that it is not more likely than not that the fair value of the reporting unit is less than the carrying value, then no further testing is required. If the carrying amount exceeds the fair value then we would record an impairment loss in an amount equal to that excess, limited to the total amount of goodwill allocated to the reporting unit. We estimate the fair value of our reporting unit based on a combination of significant observable and unobservable inputs, including estimates of future operating performance. Changes in market conditions, among other factors, may have an impact on these estimates.

For our indefinite-lived trade names, we may also conduct an assessment of qualitative factors to determine whether or not it is more likely than not that the fair value of the assets is less than their carrying value. If we determine that it is more likely than not that the fair value of the trade names is less than their carrying value, we estimate the fair value of our indefinite-lived trade names using the relief from royalty method. The relief from royalty method measures the discounted cash flow savings realized from owning such intangible assets and not having to pay a royalty for their use. Impairment would then be recognized for the difference between the determined fair value and their carrying value, if applicable.

Self-Insurance and Other Reserves

We self-insure for certain obligations related to our employee health care benefit programs. We also maintain self-insured retentions and deductibles under our general liability, automobile liability and workers' compensation liability insurance programs. Our reserves are estimated through actuarial methods, with the assistance of third-party actuaries, using loss development assumptions based on our claims history and related factors. The accounting estimates related to our self-insurance reserves are critical accounting estimates because changes in our claim experience, our ability to settle claims or other estimates and judgments we use could potentially have a material impact on our results of operations.

In the normal course of operations, various legal claims are filed against the Company for which we maintain insurance coverage. We have reserved for these claims based on insurance coverage, the risk of loss retained by the Company and estimated by our external actuary and management's judgment. We do not expect the ultimate outcome of any of these actions to have a material adverse effect on our consolidated and combined financial position, results of operations, or cash flows.

Business Combinations

The cost of an acquired business is assigned to the tangible and intangible assets purchased and liabilities assumed on the basis of their fair values at the date of acquisition. The determination of fair values of assets acquired and liabilities assumed requires us to make estimates and use valuation techniques when a market value is not readily available. Any excess of purchase price over the fair value of tangible and intangible assets acquired and obligations assumed is allocated to goodwill. Goodwill typically represents the value paid for the assembled workforce and enhancement of our service offerings.

As part of certain completed acquisitions, we may agree to pay cash to the sellers based upon achievement of certain targets after the acquisition date. The fair values of these contingent consideration arrangements are estimated using a probability weighted income approach. We evaluate the fair value of the contingent consideration throughout the year and every reporting period. Changes in the fair value during the measurement period that pertain to facts and circumstances that existed as of the acquisition date are recorded as measurement period adjustments to goodwill. Changes in the fair value resulting from events that occurred after the acquisition date are recorded as a gain or loss on changes in fair value of the contingent purchase consideration in the consolidated and combined statements of operations.

Defined Benefit Plans

The Company has several funded and unfunded defined retirement benefit plans in various jurisdictions around the world. The valuation of pension plan liabilities requires estimation in determining appropriate assumptions such as salary increases, mortality rates, discount rates and inflation levels. Movement in these assumptions can have a material impact on the determination of the liability. Management uses external actuaries to assist in determining these assumptions and are reviewed by management on an annual basis. If management determines that there are changes in the assumptions or market conditions that would result in a material change to the pension plan liability, an external actuary will be used to reevaluate the assumptions and calculate the pension plan liability.

The actuary determines the fair value of the pension plan liabilities using the projected unit credit method and values the plan assets based on fair market value. The projected unit credit method involves projecting future salaries and benefits to which an employee will be entitled at the expected date of employment termination. The obligation for these estimated future payments is then discounted to determine the present value of the defined benefit obligation and allocated to remaining service periods to determine the current service cost recorded within other expenses in the consolidated and combined statement of operations.

The Company's pension plans create a number of risk exposures. Annual increases in benefits are, to a varying extent from scheme to scheme, dependent on inflation so the main uncertainties affecting the level of benefits payable are future inflation levels (including the impact of inflation on future salary increases) and the actual longevity of the membership. Benefits payable will also be influenced by a range of other factors including member decisions on matters such as when to retire and the possibility to draw benefits in different forms.

Equity-Based Compensation

Equity-based compensation costs are measured at the grant date based on the fair value of the equity award using an appropriate option-pricing method and are recognized in the statements of operations over the period during which an employee is required to provide service in exchange for the award.

We use an independent valuation advisor to assist with determining the fair value of the equity awards used for calculating equity unit-based compensation. We consider both the historical volatility of our peer group's stock prices, as well as implied volatilities from exchange-traded options on our peer group's equity units, as applicable. The expected term used represents the period that the equity units are expected to be outstanding and is determined using a combination of the vesting period and management's judgment on when an expected liquidity event will occur. The assumptions used in calculating the fair value of equity unit-based awards represent management's best estimates, but these estimates involve inherent uncertainties and the application of management's judgment. As a result, if factors change and different assumptions were used, equity unit-based compensation could materially differ in the future.

Income Taxes and Other Tax Contingencies

We account for income taxes using the asset and liability method, under which we recognize the amount of taxes payable or refundable for the current year and deferred tax assets and liabilities for the future tax consequences of events that have been recognized in our financial statements or tax returns. We measure current and deferred tax assets and liabilities based on provisions of enacted tax law. We evaluate the realization of our deferred tax assets based on all available evidence and establishes a valuation allowance to reduce deferred tax assets when it is more likely than not that they will not be realized.

Income tax provision includes U.S. (federal and state) and foreign income taxes. Certain foreign subsidiary earnings and losses are subject to current U.S. taxation and the subsequent repatriation of those earnings is not subject to tax in the U.S. We do not indefinitely invest substantially all its foreign subsidiary earnings, as well as its capital, in its foreign subsidiaries outside of the U.S. We provide for accruals in those jurisdictions in which it would incur significant, additional costs upon repatriation of such amounts.

We recognize the financial statement effects of a tax position when it is more likely than not that, based on technical merits, the position will be sustained upon examination. The tax benefits of the position recognized in the consolidated and combined financial statements are then measured based on the largest amount of benefit that is greater than 50% likely to be realized upon settlement with a taxing authority. In addition, we recognize interest and penalties related to unrecognized tax benefits as a component of the income tax provision.

We are also currently subject to tax controversies in various jurisdictions, and these jurisdictions may assess additional income tax liabilities against us. Developments in an audit, investigation, or other tax controversy could have a material effect on our operating results or cash flows in the period or periods for which that development occurs, as well as for prior and subsequent periods. We regularly assess the likelihood of an adverse outcome resulting from these proceedings to determine the adequacy of our tax accruals. Although we believe our tax estimates are reasonable, the final outcome of audits, investigations, and any other tax controversies could be materially different from our historical income tax provisions and accruals.

Liquidity and Capital Resources

As of December 31, 2021, we had $1,149.0 million in cash and $1,526.0 million in working capital. Our liquidity requirements are principally for debt service, working capital, and potential acquisitions. Our primary source of liquidity is cash provided by operating and financing activities. As of December 31, 2021, the Company has $61.3 million in bank overdrafts, which represent temporary financing from the bank for issued checks that have not yet been presented to the bank for payment. Bank overdrafts reduce our available liquidity. However, we also had $300.0 million, $288.3 million and $905.6 million available for borrowing under our July 2024 Revolving Credit Facility, May 2026 Revolving Credit Facility and May 2026 ABL Credit Facility, respectively, as of December 31, 2021, that provide additional liquidity to the Company as needed. Purchases under other financing arrangements were $255.0 million, $52.9 million, and $54.8 million during the years ended December 31, 2021, 2020, and 2019, respectively.

Credit Agreements

On July 12, 2019, the Company refinanced its debt (the “2019 Refinancing”) and entered into new senior secured credit facilities (the “July 2026 Senior Secured Credit Facilities”), which consisted of (i) a $2,020.0 million seven year senior secured term loan facility (the “July 2026 First Lien Term Loan Facility”) and a delayed draw term loan facility providing borrowings of up to $200.0 million (the “July 2026 Delayed Draw Term Loan Facility” and, together with the July 2026 First Lien Term Loan Facility, the “July 2026 Term Loan Facility”), (ii) a $300.0 million five year senior secured revolving credit facility (the “July 2024 Revolving Credit Facility”) and (iii) a $750.0 million five year asset based lending credit facility (the “May 2026 ABL Credit Facility”). The July 2026 First Lien Term Loan Facility was fully drawn on July 12, 2019. Contemporaneously with the entry into the July 2026 Senior Secured Credit Facilities, the Company issued (i) $1,000.0 million aggregate principal amount of 6.625% senior secured notes due 2026 (the “July 2026 Secured Notes”) under an indenture dated July 12, 2019 (the “Secured Indenture”) and (ii) $1,050.0 million aggregate principal amount of 9.750% senior notes due 2027 (the “July 2027 Unsecured Notes”) under an indenture dated July 12, 2019 (the “Unsecured Indenture”). The Secured Notes and Unsecured Notes were issued in a private transaction that was not subject to the registration requirements of the Securities Act of 1933, as amended (the “Securities Act”). Holders of the Secured Notes and Unsecured Notes are not entitled to any registration rights and the Secured Indenture and Unsecured Indenture are not qualified under the Trust Indenture Act.

The proceeds from the July 2026 Senior Secured Credit Facilities and the July 2026 Secured Notes and July 2026 Unsecured Notes were used to (i) repay in full all outstanding borrowings under the then existing 2015 facility, (ii) redeem in full all borrowings under the then existing second lien note purchase agreement, (iii) pay related fees, costs, premiums and expenses in connection with these transactions, (iv) cash collateralize, replace or provide credit support for certain existing letters of credit (“LoCs”)outstanding and (v) provide working capital and funds for other general corporate purposes (and certain fees and expenses related thereto) of the Company. The July 2026 Delayed Draw Term Loan Facility was fully drawn on December 30, 2019 in connection with the acquisition of SOS Security LLC (“SOS”).

On February 3, 2020, we issued an additional $540.0 million aggregate principal amount of Secured Notes under the Secured Indenture. The additional Secured Notes were issued in a private transaction that was not subject to the registration requirements of the Securities Act. Holders of the additional Secured Notes are not entitled to any registration rights. In connection with the issuance, we capitalized $25.7 million of original issue premium. The proceeds from the additional Secured Notes were used to repay the outstanding borrowings under the May 2026 ABL Credit Facility and provide working capital and funds for other general corporate purposes of the Company.

On July 15, 2020, we issued an additional $400.0 million aggregate principal amount of Secured Notes under the Secured Indenture. The additional Secured Notes were issued in a private transaction that was not subject to the registration requirements of the Securities Act. Holders of the additional Secured Notes are not entitled to any registration rights. In connection with the issuance, we capitalized $12.0 million of original issue premium. The proceeds from the additional Secured Notes were used to provide working capital and funds for other general corporate purposes of the Company.

In connection with the G4S Acquisition, during April 2021, we, along with our consolidated subsidiary, Atlas LuxCo 4 S.à r.l., a private limited liability company incorporated in Luxembourg, entered into new senior secured credit facilities (the "May 2028 Senior Secured Credit Facilities"), which consist of (i) a $950.0 million seven year senior secured U.S. dollar term loan facility bearing interest of 4.25% plus an applicable margin per annum (the "May 2028 First Lien USD Term Loan Facility") and a €715.5 million seven year senior secured euro term loan facility bearing interest of 4.25% plus an applicable margin per annum (the "May 2028 First Lien Euro Term Loan Facility" and, together with the May 2028 First Lien USD Term Loan Facility, the "May 2028 First Lien Term Loan Facilities") and (ii) a €300.0 million five year senior secured euro revolving credit facility bearing interest of a variable rate based on our leverage ratio plus an applicable margin per annum (the "April 2026 Euro Revolving Credit Facility"). During April 2021, the May 2028 First Lien USD Term Loan Facility was fully drawn and €96.8 million of the May 2028 First Lien Euro Term Loan Facility was drawn. In addition, we entered into (i) a new senior secured bridge loan credit facility, pursuant to which secured bridge loans in the amounts of $900.0 million bearing interest of 5.00% plus an applicable margin per annum, $775.0 million bearing interest of 5.00% plus an applicable margin per annum, €813.0 million bearing interest of 4.25% plus an applicable margin per annum and £367.6 million bearing interest of 5.75% plus an applicable margin per annum were made available to us for borrowing (the "Secured Bridge Loan Credit Facility") and (ii) a new senior unsecured bridge loan credit facility, pursuant to which unsecured bridge loans in the amount of $1,285.0 million bearing interest of 7.25% plus an applicable margin per annum were made available to us for borrowing (together with the Secured Bridge Loan Credit Facility, the "Bridge Credit Facilities"). On April 8, 2021, we issued secured bridge loans in the amounts of $900.0 million, $775.0 million and £367.6 million and unsecured bridge loans in the amount of $1,285.0 million.

The amounts borrowed under the May 2028 Senior Secured Credit Facilities and the Bridge Credit Facilities, together with cash on hand and certain equity contributions, were used to (i) pay the acquisition consideration in connection with the G4S Acquisition and (ii) pay related fees, costs, premiums and expenses in connection therewith. Such net proceeds were additionally used to repay for the voluntary redemption by us in full of certain existing third-party indebtedness of G4S.

During April 2021, we also increased the total availability under the May 2026 ABL Credit Facility from $750.0 million to $1,000.0 million with other terms remaining unchanged, and on May 25, 2021, we further increased the total availability under the ABL Credit Facility to $1,500.0 million subject to certain limitations, extended the maturity date to May 25, 2026 and made certain other modifications thereto.

On May 14, 2021, we issued (i) $1,225.0 million aggregate principal amount of 4.625% senior secured notes due 2028 (the "June 2028 USD I Secured Notes"), (ii) $775.0 million aggregate principal amount of 4.625% senior secured notes due 2028 (the "June 2028 USD II Secured Notes"), (iii) €813.0 million aggregate principal amount of 3.625% senior secured notes due 2028 (the "June 2028 Euro Notes") and (iv) £367.7 million aggregate principal amount of 4.875% senior secured notes due 2028 (the "June 2028 GBP Notes") (collectively, the "June 2028 Secured Notes") under an indenture dated May 14, 2021 (the "June 2028 Secured Indenture") and (v) $960.0 million aggregate principal amount of 6.000% senior notes due 2029 (the "June 2029 Unsecured Notes") under an indenture dated May 14, 2021 (the "June 2029 Unsecured Indenture"). The June 2028 Secured Notes and June 2029 Unsecured Notes were issued in a private transaction that was not subject to the registration requirements of the Securities Act. Holders of the June

2028 Secured Notes and June 2029 Unsecured Notes are not entitled to any registration rights and the June 2028 Secured Indenture and June 2029 Unsecured Indenture are not qualified under the Trust Indenture Act.

The proceeds from the June 2028 Secured Notes and June 2029 Unsecured Notes were used to (i) repay in full borrowings outstanding under the Bridge Credit Facilities and terminate all available borrowings thereunder, (ii) pay related fees, costs, premiums and expenses, and (iii) to repay assumed debt from the acquisition of G4S.

On May 14, 2021, we also entered into amended and restated new senior secured credit facilities (the "Amended and Restated May 2028 Senior Secured Credit Facilities"), which consist of (i) a $3,142.3 million seven year senior secured U.S. dollar term loan facility (the "Amended May 2028 First Lien USD Term Loan Facility"), (ii) the May 2028 First Lien Euro Term Loan Facility and (iii) the April 2026 Euro Revolving Credit Facility. The Amended and Restated May 2028 Senior Secured Credit Facilities modified the May 2028 First Lien USD Term Loan Facility, the May 2028 First Lien Euro Term Loan Facility and the April 2026 Euro Revolving Credit Facility. The Amended and Restated May 2028 Senior Secured Credit Facilities extinguished the July 2026 First Lien Term Loan Facility. The July 2024 Revolving Credit Facility was not modified and remains pursuant to the terms of the July 2026 Senior Secured Credit Facilities associated with the 2019 Refinancing.

In connection with the modification of the May 2028 First Lien Term Loan Facilities, on May 14, 2021, an additional €618.7 million was drawn under the May 2028 First Lien Euro Term Loan Facility. As of June 30, 2021, the outstanding notes assumed from the acquisition of G4S were redeemed and extinguished in exchange for cash, except for G4S's US Private Placement Notes which had an outstanding balance of $455.0 million as of such date, and which were subsequently redeemed in full for $535.0 million on July 23, 2021, inclusive of an $80.0 million make-whole premium.

On November 23, 2021, we amended our Amended May 2028 First Lien USD Term Loan Facility to increase the total amount outstanding by $1,000.0 million. There were no changes in the terms of the Amended May 2028 First Lien USD Term Loan Facility as a result of the amendment. The other proceeds from the additional borrowings under the Amended May 2028 First Lien USD Term Loan Facility were used to repay the outstanding borrowings under the May 2026 ABL Credit Facility, repay the outstanding borrowings under the July 2024 Revolving Credit Facility, and for other corporate purposes.

Outstanding balances under the Amended May 2028 First Lien USD Term Loan Facility and the May 2028 First Lien Euro Term Loan Facility accrue interest equal to, at the Company's option: (a) LIBOR plus 3.75% or (b) an alternative base rate plus 2.75%, in each case, subject to certain pricing step-downs as set forth therein. Outstanding balances under the April 2026 Euro Revolving Credit Facility accrue interest equal to, at the Company's option: (a) LIBOR plus 3.75% or (b) an alternative base rate plus 2.75%, in each case, subject to certain pricing step-downs as set forth therein. Amounts drawn on the July 2024 Revolving Credit Facility accrue interest equal to, at the Company's option: (a) LIBOR plus 4.25% or (b) an alternative base rate plus 3.25%, in each case, subject to certain pricing step-downs as set forth therein. Amounts drawn on the May 2026 ABL Credit Facility accrue interest equal to, at the Company's option: (a) LIBOR plus between 1.25% and 1.75% or (b) an alternative base rate plus between 0.25% and 0.75%.

Outstanding balances under the July 2026 Secured Notes and the July 2027 Unsecured Notes accrue interest at an annual rate of 6.625% and 9.750%, respectively. Outstanding balances under the June 2028 USD I Secured Notes, the June 2028 USD II Secured Notes, the June 2028 Euro Notes, the June 2028 GBP Notes and the May 2029 Unsecured Notes accrue interest at an annual rate of 4.625%, 4.625%, 3.625%, 4.875% and 6.000%, respectively. Accrued interest as of December 31, 2021 and 2020 was $130.1 million and $107.5 million, respectively.

Principal on the Amended May 2028 First Lien USD Term Loan Facility and the June 2028 First Lien Euro Term Loan Facility are payable in equal quarterly installments of 0.25% of the original aggregate principal amounts of such facilities, beginning in December 2021, with the remaining unpaid balances due on May 14, 2028, the maturity date. All unpaid balances of the July 2024 Revolving Credit Facility, the April 2026 Euro Revolving Credit Facility and May 2026 ABL Credit Facility are due and payable on July 12, 2024, April 8, 2026 and May 25, 2026, respectively, the maturity dates. The July 2026 Secured Notes are due and payable on July 15, 2026, the maturity date. The July 2027 Unsecured Notes are due and payable on July 15, 2027, the maturity date. The June 2028 Secured Notes are due and payable on June 1, 2028, the maturity date. The June 2029 Unsecured Notes are due and payable on June 1, 2029, the maturity date.

The May 2028 Senior Secured Credit Facilities contain provisions for potential additional principal payments based on excess cash flow for years commencing with the year ending December 31, 2022. Based on the provisions of the May 2028 Senior Secured Credit Facilities agreement, a potential additional principal payment based on excess cash flow is not applicable for the year ended December 31, 2021. The Company determined that an additional principal payment based on excess cash flow was not required for the year ended December 31, 2020. Voluntary prepayments of amounts outstanding under the May 2028 Term Loan Facility, and optional redemptions of all or a portion of the July 2026 Secured Notes, the July 2027 Unsecured Notes, the May 2028 Secured Notes and the May 2029 Unsecured Notes are permitted under certain circumstances.

Borrowings under the July 2024 Revolving Credit Facility, the May 2026 ABL Credit Facility, the Amended and Restated May 2028 Senior Secured Credit Facilities, the July 2026 Secured Notes and the June 2028 Secured Indenture are secured by substantially all of the assets of the Company and certain of its subsidiaries (subject to certain exceptions and limitations for each such facility) and the foregoing facilities each include certain restrictive covenants (subject to certain exceptions and limitations for each such facility). As of December 31, 2021, the Company was in compliance with all financial debt covenants.

The Company may issue up to $100.0 million in LoCs against the July 2024 Revolving Credit Facility, €100.0 million in LoCs against the April 2026 Euro Revolving Credit Facility and another $750.0 million against the May 2026 ABL Credit Facility. Availability under each of the foregoing facilities is reduced by pledged LoCs under such facility, which serve primarily as collateral for the Company’s workers’ compensation and general liability insurance policies and as collateral for the defined benefit plan assumed from the G4S Transaction. Furthermore, availability under the May 2026 ABL Credit Facility is subject to limitation based on the amount of the borrowing base, as defined pursuant to the terms of the May 2026 ABL Credit Facility agreement. As of December 31, 2021, the total amount of LoCs pledged against the July 2024 Revolving Credit Facility, the April 2026 Euro Revolving Credit Facility, and May 2026 ABL Credit Facility was $0, $0, and $294.4 million, respectively. As of December 31, 2020, the total amount of LoCs pledged against the July 2024 Revolving Credit Facility and May 2026 ABL Credit Facility was $0 and $142.9 million, respectively.

The Company recognized a loss on extinguishment of debt of $277.3 million during the year ended December 31, 2021, which includes: (i) the write-off of $126.3 million of deferred financing fees, issue discounts, and third party costs incurred associated with the extinguishment of the Bridge Loan Credit Facilities and the July 2026 First Lien Term Loan Facility; (ii) $60.3 million of market premiums paid and $10.7 million in other charges related to the redemption of G4S’s Euro Market Term Loans; and (iii) $80.0 million incurred for the prepayment of G4S’s USD Private Placement Notes in July 2021.

The amount available for borrowing under the July 2024 Revolving Credit Facility, the April 2026 Euro Revolving Credit Facility, and May 2026 ABL Credit Facility as of December 31, 2021 was $300.0 million, $288.3 million and $905.6 million, respectively. The amount available for borrowing under the July 2024

Revolving Credit Facility and May 2026 ABL Credit Facility as of December 31, 2020 was $300.0 million and $607.1 million, respectively. As of December 31, 2021, the weighted average interest rate on our outstanding revolving credit facility borrowings was 3.1%. There were no borrowings on our outstanding revolving credit facilities as of December 31, 2020.

The Company recognized a loss on extinguishment of debt of $277.3 million during the year ended December 31, 2021, which included: (i) the write-off of $126.3 million of deferred financing fees, issue discounts, and third party costs incurred associated with the extinguishment of the Bridge Loan Credit Facilities and the July 2026 First Lien Term Loan Facility; (ii) $60.3 million of market premiums paid and $10.7 million in other charges related to the redemption of G4S's Euro Market Term Loans; and (iii) $80.0 million incurred for the prepayment of G4S's USD Private Placement Notes in July 2021.

As of December 31, 2021 and 2020, $13.6 million and $8.0 million, respectively, of unamortized deferred financing fees related to revolving credit facilities were included in other assets on the accompany consolidated and combined balance sheets.

Contractual Obligations

The following table summarizes our contractual obligations by year as of December 31, 2021:

	Payments Due by Year as of December 31,						
	Total	**2022**	**2023**	**2024**	**2025**	**2026**	**Thereafter**
				(in millions)			
Contractual Obligations (1):							
Debt obligations (2)	$12,692	$419	$ 54	$ 50	$ 50	$ 1,989	$10,130
Interest on debt (3)	3,809	610	679	640	638	578	667
Non-cancelable operating leases	350	107	76	58	38	28	43
Non-cancelable finance leases	198	73	57	33	10	2	23
Total	$17,049	$1,209	$863	$781	$736	$2,597	$10,863

(1) The contractual obligations table does not include (a) liabilities for our defined contribution plans and other deferred compensation plans which amounted to $71.2 million and $60.0 million as of December 31, 2021 and December 31, 2020, respectively, or (b) contingent purchase price payable for business combinations which amounts to $15.7 million and $16.3 million as of December 31, 2021 and December 31, 2020, respectively.

(2) Amounts are gross of loan costs.

(3) Debt interest was calculated using the December 31, 2021 interest rates of 4.25% for the $4,142.3 million Amended May 2028 First Lien USD Term Loan Facility, 4.625% for the $1,225.0 million June 2028 USD I Secured Notes, 6.00% for the $960.0 million June 2029 Unsecured Notes, 4.625% for the $775.0 million June 2028 USD II Secured Notes, 4.875% for the £367.7 million June 2028 GBP Notes, 3.750% for the €715.5 million May 2028 First Lien Euro Term Loan Facility, 6.63% for the $1,940 million July 2026 Senior Secured Credit Facilities, 9.75% for the $1,050 million July 2027 Unsecured Notes, and 3.625% for the €813.0 million June 2028 Euro Notes; assuming required pay downs were made in accordance with the related agreements and the term loans are outstanding until maturity date. Interest related to the July 2024 Revolving Credit Facility, April 2026 Euro Revolving Credit Facility, and May 2026 ABL Credit Facility is not included within this table.

Cash Flows

Below is a summary of our cash flows for the years ended December 31, 2021, 2020 and 2019:

	For the Years Ended December 31, 2021	2020	2019
		(in millions)	
Net cash (used in) provided by operating activities	$ (229)	$ 589	$ (19)
Net cash used in investing activities	(4,636)	(148)	(790)
Net cash provided by financing activities	5,145	457	756
Effect of exchange rate changes	13	-	-
Net increase (decrease) in cash and restricted cash	$ 293	$ 898	$ (53)

Operating Activities

Cash used in operating activities for the year ended December 31, 2021 was $229.0 million, cash provided by operating activities for the year ended December 31, 2020 was $589.0 million, and cash used in operating activities for the year ended December 31, 2019 was $19.0 million. For the year ended December 31, 2021, cash provided by operating activities was generated from net losses of $668.8 million adjusted for non-cash expenses of $1,004.3 million as well as changes in working capital of $(564.4) million. Changes in working capital during the year ended December 31, 2021 included the repayment of COVID-19 related deferrals of $226.0 million and employer pension plan contributions of $90.0 million. For the year ended December 31, 2020, cash provided by operating activities was generated from net losses of $80.7 million adjusted for non-cash expenses of $392.0 million as well as changes in working capital of $278.0 million, which is inclusive of $282.0 million of qualified payroll tax payment deferrals from the CARES Act. CARES Act payroll tax deferrals are due to be repaid by December 31, 2023. For the year ended December 31, 2019, cash used in operating activities was generated from net losses of $381.4 million adjusted for non-cash expenses of $476.0 million as well as changes in working capital of $(113.6) million. Cash paid for interest for the years ended December 31, 2021, 2020 and 2019 was $572.0 million, $312.4 million, and $229.4 million, respectively.

Investing Activities

Cash used in investing activities for the years ended December 31, 2021, 2020, and 2019 was $4,636.0 million, $148.4 million, and $790.2 million, respectively. For the years ended December 31, 2021, 2020 and 2019, we paid $141.4 million, $46.7 million, and $38.8 million, respectively, for purchases of property and equipment and paid $14.2 million, $9.2 million, and $2.2 million, respectively, for purchases of marketable securities. During the year ended December 31, 2021, we paid approximately $4,485.2 million (net of cash acquired) for the acquisitions of SecurAmerica, G4S, and six other acquisitions and an equity method investment. Cash used for acquisitions was partially offset by the settlement of foreign currency and interest rate swap derivatives and other items. During the year ended December 31, 2020, we paid approximately $95.4 million (net of cash acquired) for six acquisitions. Additionally, we received a $1.6 million refund from escrow and recorded a measurement period adjustment of $1.6 million to cash and restricted cash acquired as part of the acquisition of SOS. During the year ended December 31, 2019, we paid approximately $750.9 million (net of cash acquired) for the acquisitions of SOS and seven other acquisitions, received a $10.0 million refund from escrow related to a USSA acquisition working capital adjustment and received a $1.7 million refund from escrow related to the settlement of certain other acquisition earn out provisions.

Financing Activities

Financing activities have consisted primarily of borrowings and repayments on long-term debt associated with acquisitions of businesses. Cash provided by financing activities for the years ended December 31, 2021, 2020, and 2019 was $5,145.0 million, $456.8 million, and $756.4 million respectively.

During the year ended December 31, 2021, we received proceeds from credit facilities of $11,591.2 million, net of financing fees of $148.0 million, borrowings on the revolving credit facilities of $1,776.7 million, bank overdrafts of $58.3 million, and received equity contributions of $1,068.3 million, which were used to redeem credit facilities in the amount of $1,415.0 million and pay market premiums and inducement offers on the extinguishment of G4S's debt of $140.0 million. In addition, we made finance lease and other financing payments of $81 million, made distributions to members and noncontrolling interests of $29.8 million, made principal payments and fully repaid certain term loan facilities of $7,531.4 million, and made contingent purchase price payments of $3.9 million.

During the year ended December 31, 2020, we received proceeds from the issuance of additional senior secured notes of $975.5 million, inclusive of issue premiums of $37.7 million and net of financing fees paid of $2.2 million, had net repayments on our ABL Credit Facility of $405.0 million, made capital lease and other financing payments of $53.2 million, made contingent purchase price payments of $26.7 million, made principal payments on our existing term loan facilities of $22.2 million, made distributions to members of $12.0 million and received an equity contribution of $0.4 million.

During the year ended December 31, 2019, we refinanced our debt on July 12, 2019 and received proceeds from a new first lien term loan of $2,020.0 million, new senior secured notes of $1,000.0 million and new senior unsecured notes of $1,050.0 million, repaid in full the then existing first lien term loan of $2,981.4 million, second lien term loan of $245.0 million and second lien notes of $710.0 million and paid $91.4 million of financing fees. Additionally, during the year ended December 31, 2019, we received proceeds from a new delayed draw term loan of $200.0 million, had net borrowings on our ABL Credit Facility of $405.0 million and net repayments of our revolving credit loan of $29.0 million, received equity contributions including $208.0 million, made capital lease and other financing payments of $50.0 million, made principal payments on our then existing term loan facilities of $15.3 million, made distributions to members of $3.6 million, and made contingent purchase price payments of $0.9 million.

Based upon our current level of operations, we believe that our existing cash balances and our cash from operating activities, together with available borrowings under our Senior Secured Credit Facilities, will be adequate to meet our anticipated requirements for working capital, capital expenditures, income tax payments and distributions, commitments and interest payments for the next 12 months. There can be no assurance, however, that our business will continue to generate cash flow at our current level of operations or that anticipated improvements in our current level of operations will be achieved. If we are unable to generate sufficient cash flow from operations to service our debt, we may be required to sell assets, reduce capital expenditures, refinance all or a portion of our indebtedness or obtain additional financing. Our ability to make scheduled principal payments or to pay interest on or to refinance our indebtedness depends on our future performance and financial results, which, to a certain extent, are subject to general conditions in or affecting our industry and to general conditions and factors that are beyond our control. There can be no assurance that sufficient funds will be available to enable us to service our indebtedness or to make capital expenditures. As of December 31, 2021, we do not have any material commitments related to capital expenditures.

Off-Balance Sheet Arrangements

In contemplation of the G4S Acquisition, the Company entered into a memorandum of understanding with the trustee of the Company's United Kingdom defined benefit plan (the "UK Plan") in which the Company has agreed to pay a one-time lump sum payment of £50 million (or approximately $67.7 million based on the December 31, 2021 foreign exchange rate) and quarterly contributions of £20 million (or approximately $27.1 million) for the calendar years 2021 to 2026 inclusive. The quarterly contributions will increase by 3% every year until the last payment in 2026. In addition, the Company pledged to share the proceeds arising from the sale of any material dispositions of the Company, with material for these purposes defined as being in excess of 10% of the G4S's consolidated net assets.

Inflation

In general, our costs are affected by inflation and we may experience the effects of inflation in future periods. Management believes, however, that such effects have not been material to us during the past three years. Additionally, the impact of foreign currency transactions from operations in hyperinflationary countries were immaterial during each period.

The Company's defined pension plans create a number of risk exposures. Annual increases in benefits are, to a varying extent from plan to plan, dependent on inflation so the main uncertainties affecting the level of benefits payable are future inflation levels (including the impact of inflation on future salary increases) and the actual longevity of the membership. Benefits payable will also be influenced by a range of other factors including member decisions on matters such as when to retire and the possibility to draw benefits in different forms.

Related Party Transactions

Prior to 2021, the Company was party to an Investor Management Agreement with certain funds and vehicles affiliated with Warburg Pincus LLC pursuant to which we receive certain administrative and management services. In exchange for these services, we incurred management fee expense of $0, $6.8 million, and $5.6 million during the years ended December 31, 2021, 2020, and 2019, respectively.

Related party sales to BCI, an affiliated entity, for security services totaled $13.6 million, $0, and $0 during the years ended December 31, 2021, 2020, and 2019, respectively.

Our consolidated and combined statements of operations include sales to some of our joint venture partners. Sales agreements with related parties include terms that are consistent with those that we believe would have been negotiated at an arm's length with an independent party. Related party sales to our joint venture partners totaled $89.6 million, $0, and $0, for the years ended December 31, 2021, 2020, and 2019, respectively. Accounts receivable from our joint venture partners totaled $2.8 million and $0 as of December 31, 2021 and 2020, respectively. The total investment in our joint venture partners was $10.9 million and $0 at December 31, 2021 and 2020, respectively, which is included in other assets on the consolidated and combined balance sheets.

Quantitative and Qualitative Disclosures about Market Risk

Foreign Exchange Risk

We transact business globally and are subject to risks associated with changes in foreign exchange rates. The majority of our foreign subsidiaries designate their local currencies as their functional currencies. Our objective is to minimize the impact to earnings and cash flow associated with foreign exchange rate fluctuations. From time to time, we may enter into foreign exchange derivatives in the ordinary course of business primarily to reduce exposure to currency fluctuations attributable to intercompany transactions. There were no such transactions as of December 31, 2021.

Interest Rate Risk

We are exposed to market risk primarily from changes in interest rates. Interest rates on the First Lien Credit Facilities bear interest at variable rates and therefore actual interest rates could be significantly different than the assumed rates. Based on the contractual interest rates on our floating rate debt at December 31, 2021, a hypothetical 10% increase in rates would not result in any incremental cash flows due to the minimum fixed rate that the Company is currently subject to of 0.50%, which exceeds LIBOR by more than 10%.