Atlas Ontario LP

Consolidated and Combined Financial Statements as of December 31, 2023 and 2022 and for the years ended December 31, 2023, 2022, and 2021, 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 balance sheets as of December 31, 2023 and 2022, and the related consolidated and combined statements of operations, comprehensive loss, members' equity (deficit), and cash flows for each of the three years in the period ended December 31, 2023, 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, 2023 and 2022, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2023, 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.

Management's Discussion and Analysis of Financial Condition and Results of Operations Accompanying the Consolidated and Combined Financial Statements

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

In connection with our audits of the financial statements, our responsibility is to read the Management's Discussion and Analysis of Financial Condition and Results of Operations and consider whether a material inconsistency exists between the Management's Discussion and Analysis of Financial Condition and Results of Operations and the financial statements, or the Management's Discussion and Analysis of Financial Condition and Results of Operations otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the Management's Discussion and Analysis of Financial Condition and Results of Operations exists, we are required to describe it in our report.

Deloitte & Touche LLP

March 20, 2024

ITEM 1. FINANCIAL STATEMENTS

ATLAS ONTARIO LP
CONSOLIDATED BALANCE SHEETS
(Dollars and units in millions)

	December 31,	
	2023	**2022**
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 896	$ 812
Restricted cash	153	149
Accounts receivable, net of allowance for doubtful accounts of $103 and $73 as of December 31, 2023 and 2022, respectively	3,566	3,435
Inventories	136	142
Prepaid and other current assets	429	422
Total current assets	5,180	4,960
Property, equipment and software, net	760	688
Operating lease right-of-use assets	259	277
Goodwill	8,524	8,859
Intangible assets, net	2,515	2,852
Other assets	1,048	734
TOTAL ASSETS	$ 18,286	$ 18,370
LIABILITIES AND MEMBERS' (DEFICIT) EQUITY		
CURRENT LIABILITIES:		
Accounts payable	$ 355	$ 336
Accrued payroll and related payroll taxes	1,073	955
Accrued expenses and other current liabilities	1,150	1,194
Accrued claims reserves, current portion	221	275
Lease liabilities, current portion	160	160
Long-term debt, current portion	564	800
Total current liabilities	3,523	3,720
Long-term debt, net of current portion	12,873	12,223
Accrued claims reserves, net of current portion	578	520
Deferred tax liability	623	575
Lease liabilities, net of current portion	300	309
Other liabilities	395	360
Total liabilities	18,292	17,707
COMMITMENTS AND CONTINGENCIES (Note 8)		
MEMBERS' (DEFICIT) EQUITY:		
Class A units, no par value, 5,147 and 5,146 Class A units issued and outstanding as of December 31, 2023 and 2022, respectively	2,607	2,548
Accumulated other comprehensive loss	(120)	(57)
Accumulated deficit	(2,598)	(1,950)
Total members' (deficit) equity excluding noncontrolling interests	(111)	541
Noncontrolling interests	105	122
Total members' (deficit) equity	(6)	663
TOTAL LIABILITIES AND MEMBERS' (DEFICIT) EQUITY	$ 18,286	$ 18,370

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,		
	2023	**2022**	**2021**
REVENUES	$ 20,648	$ 19,418	$ 16,449
COSTS AND EXPENSES			
Cost of revenues (exclusive of depreciation and amortization)	17,074	16,128	13,612
Selling, general and administrative	2,115	2,000	1,850
Goodwill impairment	380	—	—
Depreciation and amortization	738	767	664
Acquisition and related costs	9	23	152
Total costs and expenses	20,316	18,918	16,278
INCOME FROM OPERATIONS	332	500	171
OTHER EXPENSE, NET:			
Interest expense, net	1,014	780	597
Loss on extinguishment of debt	—	—	277
Other income, net	(31)	(7)	(100)
Total other expense, net	983	773	774
LOSS BEFORE INCOME TAXES	(651)	(273)	(603)
INCOME TAX PROVISION	3	81	66
NET LOSS	(654)	(354)	(669)
NET (LOSS) INCOME ATTRIBUTABLE TO NONCONTROLLING INTERESTS	(6)	7	(4)
NET LOSS ATTRIBUTABLE TO ATLAS ONTARIO LP	$ (648)	$ (361)	$ (665)
Loss per unit:			
Basic	$ (0.12)	$ (0.07)	$ (0.14)
Diluted	$ (0.12)	$ (0.07)	$ (0.14)
Weighted-average units outstanding:			
Basic	5,235	5,186	4,862
Diluted	5,235	5,186	4,862

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,		
	2023	**2022**	**2021**
NET LOSS	$ (654)	$ (354)	$ (669)
Other comprehensive (loss) income:			
Foreign currency translation adjustment, net of tax of $3, $2, and $0, respectively	(2)	(144)	25
Actuarial movements on defined benefit plan, net of tax of $18, $16, and $53, respectively	(61)	(90)	161
Net unrealized gains (losses) on debt securities, net of tax of $0	1	(4)	—
Other comprehensive (loss) income	(62)	(238)	186
COMPREHENSIVE LOSS	(716)	(592)	(483)
COMPREHENSIVE (LOSS) INCOME ATTRIBUTABLE TO NONCONTROLLING INTERESTS			
Net (loss) income attributable to noncontrolling interests	(6)	7	(4)
Other comprehensive income attributable to noncontrolling interests			
Actuarial movements on defined benefit plan, net of tax of $0	1	3	2
TOTAL COMPREHENSIVE (LOSS) INCOME ATTRIBUTABLE TO NONCONTROLLING INTERESTS	(5)	10	(2)
COMPREHENSIVE LOSS ATTRIBUTABLE TO ATLAS ONTARIO LP	$ (711)	$ (602)	$ (481)

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

ATLAS ONTARIO LP
CONSOLIDATED AND COMBINED STATEMENTS OF MEMBERS' EQUITY (DEFICIT)
(Dollars and units in millions)

	Class A Units		Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Total Members' Equity (Deficit) Excluding Noncontrolling Interests	Noncontrolling Interests	Total Members' Equity (Deficit)
	Issued	Amount					
Balance as of December 31, 2020	4,063	$ 1,339	$ —	$ (924)	$ 415	$ 4	$ 419
Fair value of acquired noncontrolling interests (Note 9)					—	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 plans, net of tax of $53 and $0, respectively			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
Equity contributions	1	1			1		1
Equity-based compensation		58			58		58
Distributions		—			—	(11)	(11)
Translation adjustment, net of tax of $2			(144)		(144)		(144)
Purchase of noncontrolling interest in subsidiary		37			37	(37)	—
Actuarial movements on defined benefit plans, net of tax of $16 and $0, respectively			(93)		(93)	3	(90)
Net unrealized losses on debt securities, net of tax of $0			(4)		(4)		(4)
Net (loss) income				(361)	(361)	7	(354)
Balance as of December 31, 2022	5,146	$ 2,548	$ (57)	$ (1,950)	$ 541	$ 122	$ 663
Equity contributions	1	1			1		1
Equity-based compensation		60			60		60
Distributions		(1)			(1)	(12)	(13)
Translation adjustment, net of tax of $3			(2)		(2)		(2)
Purchase of noncontrolling interest in subsidiary		(1)			(1)		(1)
Actuarial movements on defined benefit plans, net of tax of $18 and $0, respectively			(62)		(62)	1	(61)
Net unrealized gains on debt securities, net of tax of $0			1		1		1
Net loss				(648)	(648)	(6)	(654)
Balance as of December 31, 2023	5,147	$ 2,607	$ (120)	$ (2,598)	$ (111)	$ 105	$ (6)

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,		
	2023	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net loss	$ (654)	$ (354)	$ (669)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:			
Gain on changes in fair value of contingent purchase consideration	(11)	(2)	(18)
Depreciation and amortization	738	767	664
Non-cash operating lease costs	85	93	77
Loss on extinguishment of debt	—	—	277
Provision for losses on accounts receivable	50	24	29
Equity-based compensation expenses	60	58	50
Deferred income taxes	(176)	(39)	(31)
Amortization of deferred financing costs	24	21	17
(Gain) loss on marketable securities	(15)	22	(4)
Gain on settlement of derivative contracts	—	—	(30)
Net periodic pension income	(22)	(36)	(26)
Goodwill impairment	380	—	—
Other	35	—	(1)
Changes in operating assets and liabilities, net of effects of acquisitions:			
Accounts receivable	(148)	(291)	(58)
Prepaid and other assets	(16)	(11)	(45)
Accounts payable	14	24	(20)
Accrued payroll and related payroll taxes	102	(135)	8
Accrued expenses, operating lease liabilities and other liabilities	(20)	(185)	(359)
Employer pension contributions	(104)	(171)	(90)
Net cash provided by (used in) operating activities	322	(215)	(229)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property, equipment and software	(288)	(241)	(141)
(Purchase) sale of marketable securities	(7)	7	(14)
Acquisitions, net of cash and restricted cash acquired	(49)	(361)	(4,485)
Other	20	22	4
Net cash used in investing activities	(324)	(573)	(4,636)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from credit facilities	606	—	11,591
Repayments of credit facilities	(55)	(48)	(7,531)
Borrowings on revolving credit loans	3,888	4,931	1,777
Repayments of revolving credit loans	(4,130)	(4,297)	(1,415)
Financing fees paid	(6)	—	(148)
Market premium and inducement offer on debt repayment	—	—	(140)
Finance lease and other financing payments	(91)	(89)	(81)
Payments of contingent purchase price consideration	(38)	(8)	(4)
Equity contributions	—	1	1,068
Distributions	(13)	(11)	(30)
Net change in bank overdrafts	(46)	22	58
Other	—	(2)	—
Net cash provided by financing activities	115	499	5,145
Effect of exchange rate changes on cash, cash equivalents, and restricted cash	(25)	(56)	13
NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	88	(345)	293
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH, Beginning of period	961	1,306	1,013
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH, End of period	$ 1,049	$ 961	$ 1,306

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 comprehensive staffed security services, technology services, and other services operating in more than 100 countries and is organized into two segments: North America and International. Through a combination of comprehensive staffed security services, technology services, 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 Irvine, 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 then direct parent and 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 (all 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, and (ii) the ownership interests held by Warburg Pincus LLC in each of Atlas Ontario and of Topco, prior and subsequent to the April 6, 2021 reorganization, the Company has 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 or controlled subsidiaries and variable interest entities ("VIE") in which the Company is the primary beneficiary. The Company considers itself as controlling an entity if it is the majority owner of, or has voting control over, such entity. The Company records the impact of its minority members' interests in its subsidiaries as non-controlling interests. All intercompany balances and transactions have been eliminated in consolidation, including the intercompany portion of transactions with variable interest entities.

Investments in business entities in which the Company does not have control but has the ability to exercise significant influence over operating and financial policies are accounted for as equity method investments or joint ventures under Accounting Standards Codification ("ASC") 323, *Investments-Equity Method and Joint Ventures,* and are included in other assets on the consolidated balance sheets. Under this method of accounting, the Company's share of the net earnings or losses of the investee entity is included in selling, general and administrative in the consolidated statements of operations since the activities of the investee entity are integral with the operations of the Company. The Company evaluates its equity method investments whenever events or changes in circumstance indicate that the carrying amounts of such investments may be impaired. If a decline in the value of an equity method investment is determined to be other than temporary, a loss is recorded in earnings in the current period.

Use of Estimates

In the preparation of the consolidated and combined financial statements, management has made estimates and assumptions that affect the accounting for and recognition and disclosure of assets, liabilities, equity, revenues and expenses. Management makes these estimates and assumptions because certain information that it uses is dependent on future events, cannot be calculated with precision or simply cannot be calculated. In some cases, these estimates are difficult to determine, and management must exercise significant judgment. In preparing the financial statements, the most difficult and complex estimates and the assumptions that present the greatest amount of uncertainty relate to our accounting for goodwill and long-lived asset impairments, the fair value of assets and liabilities acquired in business combinations or asset acquisitions, equity unit-based compensation expense, deferred income tax asset valuation allowances, fair value of pension assets and liabilities, uncertain tax positions, tax contingencies, and reserves associated with the Company's insured and self-insured claims. Actual results could differ materially from those estimates.

Macroeconomic Developments

The Company has been affected by the coronavirus ("COVID-19") pandemic, inflation, and rising interest rates, in some cases adversely; and to varying extents depending on prevailing government restrictions, economic conditions, and other factors in the markets in which the Company operates. In particular, the Company experienced some workforce disruption due to employee absences due to illness, quarantine requirements, low unemployment rates, enhanced unemployment compensation benefits and other government relief programs, or other employment restrictions. These disruptions, collectively, have resulted in continued labor shortages contributing to inflationary pressure on wages, fuel, and other costs. Global interest rates have risen in response to inflation.

Management is unable to predict the potential effects of inflation, rising interest rates, and any residual impacts of the COVID-19 pandemic on the business.

Revenue Recognition

In accordance with ASC 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.

The Company generates revenues primarily from comprehensive staffed security services including on-site, mobile and remote security, care and justice services, executive protection services, and other comprehensive staffed security services. Revenues are generally measured based on billable hours served by security professionals at a billable hourly rate, as determined by the customer contract. Revenues generated from comprehensive staffed security services are recognized over time as services are performed.

Revenues from technology services (including the outright sale of equipment) consist primarily of video, alarm, and electronic monitoring, security systems installation, and cash management solutions (i.e., ATMs and related software, retail cash solutions) 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. As of December 31, 2023 and 2022, the Company recorded $72.8 million and $77.0 million, respectively, in prepaid and other current assets for costs and estimated earnings in excess of billings on contracts-in-progress and $23.5 million and $23.4 million, respectively, in accrued expenses and other current liabilities for billings in excess of costs and estimated earnings on contracts-in-progress. When technology contracts involve the rental of technology related equipment, the Company determines whether the arrangement constitutes a lease and applies lessor accounting as applicable.

Revenues generated from other services consisting of facilities management services, risk consultancy, janitorial, cash services (i.e., cash in transit, cash processing and ATM services), and staffing and other ancillary services, are recognized as services are performed.

The Company generally bills its customers either in advance, weekly, bi-weekly or monthly. Unbilled receivables of $799.0 million and $589.4 million as of December 31, 2023 and 2022, respectively, represent amounts earned but not yet billed to customers and are included in accounts receivable in the consolidated balance sheets. Deferred revenue generally represents amounts received from customers in advance of performing the related services. As of December 31, 2023 and 2022, deferred revenue of $103.6 million and $103.6 million, respectively, is included in accrued expenses and other current liabilities, and $93.2 million and $84.0 million, respectively, is included in other liabilities in the consolidated balance sheets. The underlying revenue is recognized when the Company performs the related service.

The Company defers costs that are considered to be incremental and recoverable costs of obtaining or fulfilling a contract with a customer if the benefit of those costs is expected to be longer than one year. These deferred costs are comprised primarily of sales commissions paid to the Company's employees and are amortized using the portfolio approach on a straight-line basis over the estimated period of benefit, which ranges between three and ten years. As of December 31, 2023 and 2022, deferred costs of $7.6 million and $1.3 million, respectively, were included in prepaid and other current assets, and $20.7 million and $3.9 million, respectively, were included in other assets in the consolidated balance sheets. Amortization expense related to costs to obtain or fulfill a contract was $3.5 million, $0.9 million, and $0.4 million during the years ended December 31, 2023, 2022, and 2021, respectively. Unamortized costs to obtain or fulfill a contract are assessed for impairment on a periodic basis.

The Company reports revenue net of sales tax collected from customers that are then remitted to government taxing authorities. Taxes collected are recorded within accrued expenses and other current liabilities in the consolidated balance sheets until remitted to the applicable government taxing authority.

Cash and Cash Equivalents

The Company considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents. Cash and cash equivalents are comprised primarily of domestic and foreign bank accounts and money market funds. These cash and cash equivalents are valued based on Level 1 inputs, which consist of quoted prices in active markets. To reduce its credit risk, the Company monitors the credit standing of the financial institutions that hold the Company’s cash and cash equivalents in which a portion of such balances exceed or are not subject to Federal Deposit Insurance Corporation (“FDIC”) insurance limits and other limits established by various international deposit insurance systems.

Bank overdrafts totaled $76.8 million and $115.0 million as of December 31, 2023 and 2022, respectively, and are recorded within accrued expenses and other current liabilities in the consolidated balance sheets.

Supplemental cash flow information is as follows (in millions):

	Year Ended December 31,		
	2023	2022	2021
Cash paid for interest	$ 998	$ 758	$ 572
Cash paid for income taxes	$ 135	$ 107	$ 112
Noncash financing activities:			
Member units issued	$ 1	$ —	$ 14

Restricted Cash

The Company’s restricted cash primarily represents balances on deposit or contractually required to pay insurance claims as they become due. The remainder of restricted cash represents legally restricted balances based on various local regulatory or contractual restrictions on the Company’s ability to use the balance for general corporate purposes.

Marketable Securities

Unrealized gains and losses on marketable equity securities are included in earnings and are reported in the accompanying consolidated and combined statements of operations as a component of other income, net. Unrealized gains (losses) on marketable equity securities for the years ended December 31, 2023, 2022, and 2021 were $11.6 million, $(21.7) million, and $4.4 million, respectively. The estimated fair values of the Company's marketable securities are $158.1 million and $138.6 million as of December 31, 2023 and 2022, respectively, which are recorded in other assets on the consolidated balance sheets.

Net unrealized gains (losses) on available-for-sale debt securities of $1.2 million and $(4.4) million were recognized in other comprehensive (loss) income during the years ended December 31, 2023 and 2022, respectively. No amounts were recognized in other comprehensive income during the year ended December 31, 2021. The amount in accumulated other comprehensive loss that has not yet been recognized as of December 31, 2023 and 2022 consists of net unrealized losses on available-for-sale debt securities of $(3.2) million and $(4.4) million, respectively.

Accounts Receivable, Net of Allowance for Doubtful Accounts

Accounts receivable includes billed and unbilled receivables, net of allowance for credit losses. The Company estimates the allowance for expected credit loss based on the following factors when determining the collectability of specific customer accounts: (1) customer creditworthiness, (2) aging of accounts receivable, (3) past transaction history with the customer, (4) current and supportable forecasts of future economic conditions and industry trends, and (5) changes in customer payment terms. If the financial condition of the Company's customers were to deteriorate, adversely affecting their ability to make payments, the Company would provide additional allowances. Based on management's assessment, the Company provides for estimated uncollectible amounts through a charge to earnings and a credit to the allowance for doubtful accounts. Balances that remain outstanding after the Company has used reasonable collection efforts are written off through a charge to the allowance for doubtful accounts and a reduction to customer accounts receivable.

Concentrations of credit risk with respect to trade receivables are limited since the Company's revenue base is composed of a large number of customers that are dispersed across different industries and geographic areas. As of and for the years ended December 31, 2023, 2022, and 2021, no customer represented greater than 10.0% of total accounts receivable or revenue. The Company extends differing levels of credit to customers and, when necessary, maintains reserves for potential credit losses based upon the expected collectability of accounts receivable. The Company manages credit risk related to its customers by following credit approval processes, establishing credit limits, performing periodic evaluations of credit worthiness, and applying other credit risk monitoring procedures.

Inventories

Inventories are stated at the lower of cost (primarily on the first-in, first-out basis) or net realizable value. The following are the major classes of inventory as of December 31, 2023 and 2022 (in millions):

	December 31,	
	2023	2022
Raw materials	$ 26	$ 20
Work in progress	19	15
Finished goods	91	107
Total inventories	$ 136	$ 142

Foreign Currencies

In the majority of countries in which the Company operates, the functional currency is the local currency. The Company's foreign subsidiaries' asset and liability accounts are translated for consolidated financial reporting purposes into U.S. dollar amounts at period-end exchange rates. Revenue and expense accounts are translated at the average rates applicable during the period. Foreign exchange translation adjustments are included in accumulated other comprehensive loss on the consolidated balance sheets. Except for operations that have a functional currency that is hyperinflationary, transactions in currencies other than the functional currency are translated at the rates of exchange prevailing on the dates of the transactions. The impact of foreign currency transactions from operations in hyperinflationary countries was immaterial during the periods presented.

During 2020, the Company entered into cross currency derivatives to facilitate the exchange of currency in connection with the acquisition of G4S. During 2021, the Company assumed the cross currency and interest rate swaps held by G4S to mitigate the effects of interest rate and currency exchange rate changes on borrowings. All derivatives were settled during the year ended December 31, 2021. The Company did not elect to apply hedge accounting for these transactions. Changes in the fair value of derivative instruments while held and upon settlement are recorded in other income, net and are included as adjustments to reconcile net loss to net cash provided by (used in) operating activities in the consolidated and combined statements of cash flows. There were no derivatives outstanding as of December 31, 2023 or 2022, and the gain from the change in fair value of derivative instruments recognized in earnings was $29.8 million for the year ended December 31, 2021.

Income Taxes

The Company accounts for income taxes using the asset and liability method, under which it recognizes 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 the Company's consolidated and combined financial statements or tax returns. The Company measures current and deferred tax assets and liabilities based on provisions of enacted tax law. The Company evaluates the realization of its 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 expense 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. The Company does not indefinitely invest substantially all its foreign subsidiary earnings, as well as its capital, in its foreign subsidiaries outside of the U.S. The Company provides for accruals in those jurisdictions in which it would incur significant, additional costs upon repatriation of such amounts.

The Company recognizes 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, the Company recognizes interest and penalties related to unrecognized tax benefits as a component of the income tax provision.

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

The Company is directly and indirectly affected by new tax legislation and regulation and the interpretation of tax laws. The Organization for Economic Cooperation and Development ("OECD") reached agreement with various countries to implement a minimum fifteen percent tax rate on certain multinational enterprises, commonly referred to as "Pillar Two." Many countries continue to announce changes in their tax laws and regulations based on the Pillar Two proposals. We are continuing to evaluate the impact of these proposed and enacted legislative changes as new guidance becomes available. Given the numerous proposed tax law changes and the uncertainty regarding such proposed legislative changes, the long-term impact of Pillar Two cannot be determined at this time. We do not expect it to have a material impact on the consolidated and combined financial statements in the next twelve months.

Goodwill, Intangibles, and Other Long-lived Assets

Land and construction-in-progress are recorded at historical cost. All other property, equipment and software are recorded at cost less accumulated depreciation and amortization. Depreciation and amortization are calculated on a straight-line basis over the following estimated useful lives of depreciable assets:

	Years
Buildings	up to 50
Leasehold improvements	3 - 10
Machinery and equipment	3 - 10
Software and software development	3 - 5
Automobiles and trucks	3 - 10
Uniforms	2 - 3

Leasehold improvements and other leased assets classified as property, equipment and software are amortized over their estimated useful lives or the remaining life of the respective lease, whichever is shorter.

The Company capitalizes certain computer software and software development costs incurred in connection with developing or obtaining computer software for internal use, which are included in property, equipment and software.

Long-lived assets include identifiable intangibles with finite lives, property, equipment, software, and right-of-use assets for leases. The Company reviews its 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. Recoverability of these asset groups is determined based upon the expected undiscounted future net cash flows from the operations to which the asset groups relate, utilizing management's 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. No impairment was recorded for the years ended December 31, 2023, 2022, or 2021.

The Company records goodwill as the excess of the purchase price of an acquired entity over the net of the fair values assigned to identifiable tangible and intangible assets acquired and liabilities assumed. The Company tests its goodwill for impairment annually at October 1 and whenever events or circumstances indicate that it is more-likely-than-not that an impairment may have occurred. The Company evaluates the recoverability of goodwill based on an assessment of qualitative factors to determine whether it is more likely than not that the fair value of its reporting units are less than their carrying amounts. In the qualitative assessment, the Company considers the macroeconomic conditions, including any deterioration of general conditions and industry and market conditions, 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 units, including changes in the carrying value of net assets. If the Company determines that it is more likely than not that the fair value of a reporting unit is less than its carrying value, then the Company would perform the quantitative goodwill impairment test as required. If the Company determines that it is not more likely than not that the fair value of a reporting unit is less than the carrying value, then no further testing is required. If the carrying amount exceeds the fair value, then the Company would record an impairment loss in an amount equal to that excess, limited to the total amount of goodwill recorded. The Company estimates the fair value of its reporting units 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.

During the year ended December 31, 2023, the Company performed a quantitative assessment and recorded goodwill impairment charges of $380.4 million during 2023. There were no goodwill impairment charges recorded during 2022 and 2021. Refer to Note 5, Goodwill and Intangible Assets, Net, for additional information. In addition, the Company considers the income tax effect of any tax deductible goodwill when measuring a goodwill impairment loss. Goodwill impairment losses during the year ended December 31, 2023, were not tax deductible.

Certain trade names have been determined to be indefinite-lived identifiable intangible assets, and therefore are not amortized. The Company’s finite-lived identifiable intangible assets, such as customer contracts, non-compete agreements, technology, and the G4S tradenames are amortized over their estimated economic lives on a straight-line basis. Intangible assets are tested for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. For the Company’s indefinite-lived trade names, the Company also conducts 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 the Company determines that it is more likely than not that the fair value of the trade names is less than the carrying value, the Company estimates the fair value of its 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. The Company performs the trade name impairment test annually at October 1, regardless of the results of the goodwill evaluation. During the year ended December 31, 2023, the Company performed a qualitative assessment and determined that it is not more likely than not that the fair values of indefinite-lived trade names are less than the carrying values. There were no impairment charges on indefinite-lived assets during the years ended December 31, 2023, 2022, or 2021.

Fair Value Measurements

The Company applies fair value accounting for all financial assets, including cash and cash equivalents, and liabilities that are recognized or disclosed at fair value in the consolidated and combined financial statements. The estimated fair value of financial instruments has been determined based on management’s assessment of available market information and appropriate valuation methodologies. The carrying values of short-term financial instruments, such as accounts receivable, accounts payable and various accrued expenses, approximate their fair values based on the short-term maturities of these instruments.

The Company utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible. The Company determines fair value based on assumptions that market participants would use in pricing an asset or liability in the principal or most advantageous market. When considering market participant assumptions in fair value measurements, the following fair value hierarchy distinguishes between observable and unobservable inputs, which are categorized in one of the following levels:

Level 1	Unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.
Level 2	Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active near the measurement date; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
Level 3	Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The remainder of this section outlines the valuation methodologies for the Company’s defined pension plan assets and the Company’s financial assets. While the Company believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

During the year ended December 31, 2023, there were no significant changes to valuation approaches or techniques that had, or are expected to have, a material impact on the Company's consolidated and combined financial position or results of operations.

Common Stocks: Investments in common stock listed on a national securities exchange and over-the-counter securities are valued at the last reported sale price on the valuation date or, if no sales are reported for that day, the last published sales price.

Registered Investment Companies: Registered investment companies (or mutual funds) are valued at the daily closing price as reported by the fund. Mutual funds held by the Company are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value ("NAV") and to transact at that price. The mutual funds held by the Company are deemed to be actively traded.

Government and Agency Bonds: Bonds issued by the U.S. Treasury, the Federal Home Loan Bank, the Federal Home Loan Mortgage Corporation, and other sovereign nations. The fair values of these bonds are based on quoted market prices and are determined using the spread above the risk-free yield curve, as applicable.

Corporate and Municipal Bonds: Corporate and municipal bonds are valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings.

Derivatives: Consists of derivatives publicly traded on active markets with quoted priced and non-exchange traded derivatives. Non-exchange traded derivatives are valued using independent pricing services using the market or cost approach depending on the type of instrument.

Collective Trust Funds: Collective trust funds represent investments held in pooled funds. The Company's interests in the collective trust funds are valued based on the NAV provided by the fund sponsor. The NAV, as provided by the trustee, is used as a practical expedient to estimate fair value. The NAV is based on the fair value of the underlying investments held by the fund less its liabilities. This practical expedient is not used when it is determined to be probable that the fund will sell the investment for an amount different than the reported NAV. Transactions (purchases and sales) may occur daily. Were the Company to initiate a full redemption of the collective trust funds, the investment advisor reserves the right to temporarily delay withdrawal from the trust in order to ensure that securities liquidations will be carried out in an orderly business manner. There are no significant redemption restrictions or unfunded commitments on these investments. These investments are direct filing entities. In accordance with GAAP, the collective trust funds measured at net asset value have not been classified in the fair value hierarchy.

The Company has not elected the fair value option as prescribed by ASC 825, *Financial Instruments*, for its financial assets and liabilities that are not otherwise required to be carried at fair value. Under ASC 820, *Fair Value Measurement*, material financial assets and liabilities not carried at fair value, such as the Company's debt and accounts receivable and payable, are reported at their carrying values.

Insurance Reserves

The Company maintains insurance coverage, subject to certain self-insured retention limits, for workers' compensation, general liability, employment practices liability, automobile liability and healthcare claims. Medical benefit costs for the majority of the Company's workforce are premium-based. Costs associated with the premium-based plans equal the actual premiums paid. Conversely, for administrative employees and security officers not subject to premium-based coverage, the Company is self-insured and subject to stop-loss limits.

The Company records its reserves for workers' compensation, general liability, employment practices liability and automobile liability based on a third-party actuarial analysis which includes amounts adequate to cover the ultimate claim, incurred but not reported development risk and litigation defense costs. Estimates of the ultimate cost of claims are derived from the level of the Company's insurance coverage and the Company's retained risk of loss. The Company records a reserve for healthcare claims based upon a third-party lag study analysis. Management reviews these estimates on a quarterly basis subject to information then currently available to assess their adequacy and the propriety of disclosure. The Company adjusts the reserves, if needed, based on the results of management's review. Assessing the adequacy of these reserves is subjective and requires judgments about future events. The amount of the actual loss may differ significantly from these estimates.

Members' Equity-Based Compensation

The Company's management incentive plans allow the Company to attract and retain employees by allowing them to acquire an equity interest in and participate in the long-term growth and financial success of the Company.

The Company accounts for its equity-based compensation in accordance with the provisions of ASC 718, *Compensation-Stock Compensation*. Under ASC 718, equity-based compensation costs are measured at the grant date based on the fair value of the equity award 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. The Company determines the grant-date fair value of equity unit awards using an appropriate option-pricing method. The Company recognizes the equity-based compensation expense on a straight-line basis over the requisite service period of the award and presents such expense in the same financial statement line as the employees' related service costs in the consolidated and combined statements of operations.

The Company uses an independent valuation advisor to assist with determining equity unit valuations for calculating equity-based compensation. The Company considers both the historical volatility of its peer group's stock price, as well as implied volatilities from exchange-traded options on its peer group's equity units, as applicable. The expected term used by the Company represents the period that the Company's equity units are expected to be outstanding. The assumptions used in calculating the fair value of equity-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 the Company uses different assumptions, equity unit-based compensation could materially differ in the future.

Recently Issued Accounting Pronouncements

In December 2023, the FASB issued ASU 2023-09 "Income Taxes (Topic 740): Improvements in Income Tax Disclosures" to enhance the transparency and decision usefulness of income tax disclosures. This amendment requires public companies to disclose specific categories in the rate reconciliation and provide additional information for reconciling items that meet a quantitative threshold. Additionally, under the amendment, entities are required to disclose the amount of income taxes paid disaggregated by federal, state, and foreign taxes, as well as disaggregated by material individual jurisdictions. Finally, the amendment requires entities to disclose income from continuing operations before income tax expense disaggregated between domestic and foreign and income tax expense from continuing operations disaggregated by federal, state, and foreign. The new rules are effective for annual periods beginning after December 15, 2024. We will adopt this standard on a prospective basis as allowed by the standard. The adoption of this standard is not expected to have a material impact on our consolidated and combined financial statements.

3. PROPERTY, EQUIPMENT AND SOFTWARE, NET

Property, equipment and software, net, which includes right-of-use assets under finance leases, consists of the following as of December 31, 2023 and 2022 (in millions):

	December 31,	
	2023	2022
Land and buildings	$ 49	$ 47
Leasehold improvements	56	42
Machinery and equipment	386	289
Software and software development	194	161
Automobiles and trucks	304	259
Uniforms	396	361
Construction-in-progress	48	38
Total property, equipment and software	1,433	1,197
Less accumulated depreciation and amortization	(674)	(509)
Property, equipment and software, net	$ 760	$ 688

Depreciation and amortization expense for property, equipment and software, net for the years ended December 31, 2023, 2022, and 2021 was $313.9 million, $297.0 million, and $219.2 million, respectively, and is recorded within depreciation and amortization expense in the consolidated and combined statements of operations.

The Company purchases, leases and rents standard uniform garments to support the comprehensive staffed security services and facilities management service businesses. Purchased uniforms are capitalized in the consolidated balance sheets upon acquisition. Uniform lease and rental agreements are classified as leases and the respective lease classification is assessed under ASC 842.

4. VARIABLE INTEREST ENTITIES

The Company evaluates its ownership, contractual, and other interests in legal entities to determine if it has a variable interest in those entities, the nature and extent of those interests, and whether they are VIEs. These evaluations are complex and involve management judgment and the use of estimates and assumptions based on available historical information, among other factors. Based on its evaluations, if the Company determines it is the primary beneficiary of such VIEs, it consolidates such entities into its financial statements.

The process for identifying the primary beneficiary of a VIE requires consideration of the factors that indicate a party has the power to direct the activities that most significantly impact the entity's economic performance, including powers granted to the entity's program manager, powers contained in the entity's governing board and, to a certain extent, a company's economic interest in the entity. The Company analyzes its VIEs and classifies them as either:

- a VIE that must be consolidated because the Company is the primary beneficiary; or
- a VIE that does not require consolidation and is treated as an equity method investment because the Company is not the primary beneficiary.

As part of the above analysis, if it is determined that the Company has the power to direct the activities that most significantly impact the entity's economic performance, the Company considers whether or not it has the obligation to absorb losses or rights to receive benefits of the VIE that could potentially be significant to the VIE.

A summary of financial information of the Company's consolidated VIEs is as follows as of December 31, 2023 and 2022 (in millions):

	December 31,	
	2023	2022
Current assets	$ 362	$ 322
Non-current assets	76	77
Total assets	$ 438	$ 399
Current liabilities	$ 224	$ 205
Non-current liabilities	137	95
Total liabilities	361	300
Total Atlas Ontario LP capital	70	101
Noncontrolling interests	7	(2)
Total members' capital	77	99
Total liabilities and members' capital	$ 438	$ 399

The Company is involved with VIEs which it does not consolidate because it does not have the power to direct the activities that most significantly impact their economic performance and thus is not considered the primary beneficiary of the entities. The Company believes there is no material loss exposure on the assets held by these entities or from these relationships.

The Company also participates in joint ventures that have their own employees and operating expenses, and in which the Company generally makes a capital contribution. The Company accounts for these joint ventures either as consolidated entities or equity method investments based on the criteria discussed above.

5. GOODWILL AND INTANGIBLE ASSETS, NET

Goodwill

The Company records goodwill as the excess of the purchase price of an acquired entity over the net of the fair values assigned to identifiable tangible and intangible assets acquired and liabilities assumed.

Changes in the carrying amount of goodwill during the years ended December 31, 2023 and 2022 are as follows (in millions):

	Year Ended December 31, 2023		
	North America	International	Total
Balance at December 31, 2022	$ 6,631	$ 2,228	$ 8,859
Acquisition additions	29	4	33
Measurement period and related adjustments	—	(38)	(38)
Impairment losses	—	(380)	(380)
Foreign currency translation adjustment	—	50	50
Balance at December 31, 2023	$ 6,660	$ 1,864	$ 8,524

	Year Ended December 31, 2022		
	North America	International	Total
Balance at December 31, 2021	$ 6,633	$ 2,151	$ 8,784
Acquisition additions	18	168	186
Measurement period and related adjustments	(20)	57	37
Foreign currency translation adjustment	—	(148)	(148)
Balance at December 31, 2022	$ 6,631	$ 2,228	$ 8,859

See Note 9 for detail of acquisitions completed during the years ended December 31, 2023, 2022, and 2021.

Goodwill Impairments

The Company estimated the reporting units' fair value under an income and market approach using a discounted cash flow model and guideline company model, respectively. The determination of fair value of the Company's reporting units using an income approach included assumptions that are considered Level 3 inputs including internal projections and other unobservable measurement inputs.

The income approach used the reporting units' projections of estimated operating results and cash flows that were discounted using a market participant discount rate based on the weighted-average cost of capital. The main assumptions supporting the cash flow projections include, but are not limited to, revenue growth, margins, discount rate, and terminal growth rate. Under the market approach, the Company uses the guideline company method to develop valuation multiples and compares the single reporting unit to similar publicly traded companies.

The Company's fiscal 2023 annual goodwill impairment analysis resulted in impairment charges of $380.4 million within the International segment. The primary indicators of impairment were attributable to changes in performance relative to expected operating results, as well as adverse impacts from macroeconomic conditions such as inflationary pressures, competitive labor markets, and increase in cost of capital. There were no other goodwill impairment charges during 2023. There were no goodwill impairment charges recorded during 2022 and 2021.

Intangible Assets, Net

Intangible assets, net consist of the following at December 31, 2023 (in millions, except years):

		December 31, 2023		
Intangible Assets	**Weighted Average Amortization Period (years)**	**Gross Carrying Amount**	**Accumulated Amortization**	**Intangible Assets, Net**
Customer relationships	9.4	$ 2,915	$ 1,275	$ 1,640
Definite-lived trade names	9.1	550	177	373
Technology and other	9.8	243	71	172
		3,708	1,523	2,185
Trade names	Indefinite	330	—	330
Total intangible assets, net		$ 4,038	$ 1,523	$ 2,515

Intangible assets, net consist of the following at December 31, 2022 (in millions, except years):

		December 31, 2022		
Intangible Assets	**Weighted Average Amortization Period (years)**	**Gross Carrying Amount**	**Accumulated Amortization**	**Intangible Assets, Net**
Customer relationships	9.6	$ 2,862	$ 963	$ 1,899
Definite-lived trade names	9.1	526	108	418
Technology and other	9.0	291	86	205
		3,679	1,157	2,522
Trade names	Indefinite	330	—	330
Total intangible assets, net		$ 4,009	$ 1,157	$ 2,852

Intangible assets with definite lives are amortized on a straight-line basis over periods which management estimates to be consistent with the cash flow stream expected to be realized. Amortization expense was $424.0 million, $470.3 million, and $445.0 million for the years ended December 31, 2023, 2022, and 2021, respectively.

As of December 31, 2023, future amortization expense related to the Company's intangible assets with finite lives is expected to be recognized as follows (in millions):

2024	$ 398
2025	316
2026	282
2027	275
2028	274
Thereafter	640
Total amortization expense	$ 2,185

There was no impairment of identifiable intangible assets during the years ended December 31, 2023, 2022, or 2021.

6. DEBT

The carrying value of the Company's outstanding debt as of December 31, 2023 consists of the following (in millions):

		Senior Notes		
	First Lien	Secured	Unsecured	Total Debt
First Lien	$ 5,446	$ —	$ —	$ 5,446
Senior Notes	—	5,309	2,010	7,319
Other financing arrangements	—	—	9	9
	5,446	5,309	2,019	12,774
Less unamortized discount (premium) and deferred financing fees, net	75	17	22	114
Total first lien and senior notes, net	5,371	5,292	1,997	12,660
ABL and other revolving credit facilities	777	—	—	777
	6,148	5,292	1,997	13,437
Less current portion	556	—	8	564
Long-term debt, net of current portion	$ 5,592	$ 5,292	$ 1,989	$ 12,873

The carrying value of the Company's outstanding debt as of December 31, 2022 consists of the following (in millions):

	First Lien	Senior Notes: Secured	Senior Notes: Unsecured	Total Debt
First Lien	$ 4,847	$ —	$ —	$ 4,847
Senior Notes	—	5,256	2,010	7,266
Other financing arrangements	—	—	12	12
	4,847	5,256	2,022	12,125
Less unamortized discount (premium) and deferred financing fees, net	65	18	27	110
Total first lien and senior notes, net	4,782	5,238	1,995	12,015
ABL and other revolving credit facilities	1,008	—	—	1,008
	5,790	5,238	1,995	13,023
Less current portion	789	—	11	800
Long-term debt, net of current portion	$ 5,001	$ 5,238	$ 1,984	$ 12,223

On July 12, 2019, the Company refinanced its debt (the "2019 Refinancing") by entering into new senior secured credit facilities (the "July 2026 Senior Secured Credit Facilities"), consisting 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 July 2026 Secured Notes and July 2027 Unsecured Notes were issued in a private transaction 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 facilities, (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.

On February 3, 2020, the Company issued an additional $540.0 million aggregate principal amount of July 2026 Secured Notes under the Secured Indenture. The additional July 2026 Secured Notes were issued in a private transaction that was not subject to the registration requirements of the Securities Act.

Holders of the additional July 2026 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 July 2026 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 July 2026 Secured Notes under the Secured Indenture. The additional July 2026 Secured Notes were issued in a private transaction that was not subject to the registration requirements of the Securities Act. Holders of the additional July 2026 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 July 2026 Secured Notes were used to provide working capital and funds for other general corporate purposes of the Company.

In April 2021, in connection with the G4S Transaction, the Company, along with its subsidiary, Atlas LuxCo 4 S.à r.l., a private limited liability company incorporated under the laws of 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 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 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 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, the Company 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 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 (collectively, 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, the Company 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, the Company 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, the Company 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, the Company 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 subject to the terms of the July 2026 Senior Secured Credit Facilities associated with the 2019 Refinancing. The Company recognized a loss on extinguishment of debt of $277.3 million during the three months ended June 30, 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 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.

On May 11, 2023, and August 15, 2023, the Company further amended its Amended May 2028 First Lien USD Term Loan Facility to increase the total amount outstanding by $450.0 million and $175.0 million, respectively (collectively, the "Amended May 2028 First Lien USD Amendment No. 3 Term Loan Facility"). There were no changes in the terms of the existing borrowings under the Amended May 2028

First Lien USD Term Loan Facility as a result of the amendments. The net proceeds from the additional borrowings under the Amended May 2028 First Lien USD Term Loan Facility were used to repay outstanding borrowings under the May 2026 ABL Credit Facility and for other corporate purposes.

On June 1, 2023, the Company further amended its July 2024 Revolving Credit Facility (the "Amended July 2024 Revolving Credit Facility"), extending the maturity date to the earlier of (i) November 15, 2027, (ii) April 15, 2026, to the extent the July 2026 Secured Notes remain outstanding, or (iii) April 15, 2027, to the extent the July 2027 Unsecured Notes remain outstanding. Additionally, the amendment decreased the total borrowing capacity of the Amended July 2024 Revolving Credit Facility from $300.0 million to $275.0 million effective July 12, 2024.

Outstanding balances under the Amended May 2028 First Lien USD Term Loan Facility accrue interest equal to, at the Company's option: (a) Adjusted Term Secured Overnight Financing Rate (or "SOFR") plus 3.75%, as amended on December 9, 2022, 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 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. Outstanding balances under the Amended May 2028 First Lien USD Amendment No. 3 Term Loan Facility accrue interest equal to, at the Company's option: (a) Term Secured Overnight Financing Rate (or "SOFR") plus 4.75% 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 Amended July 2024 Revolving Credit Facility accrue interest equal to, at the Company's option: (a) Term SOFR plus 4.25%, as amended on January 13, 2023, 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) Adjusted Term SOFR plus between 1.25% and 1.75%, as amended on February 10, 2023 or (b) an alternative base rate plus between 0.25% and 0.75%. As of December 31, 2023, the applicable interest rates on the Amended May 2028 First Lien USD Term Loan Facility, the May 2028 First Lien Euro Term Loan Facility, and the Amended May 2028 First Lien USD Amendment No. 3 Term Loan Facility were 9.21%, 7.59%, and 10.11%, respectively. As of December 31, 2022, the applicable interest rates on the Amended May 2028 First Lien USD Term Loan Facility and the May 2028 First Lien Euro Term Loan Facility were 8.17% and 5.65%, respectively.

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 June 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, 2023 and 2022 was $140.0 million and $134.4 million, respectively.

Principal on the Amended May 2028 First Lien USD Term Loan Facility and the June 2028 First Lien Euro Term Loan Facility is payable in 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. Principal on the Amended May 2028 First Lien USD Amendment No. 3 Term Loan Facility is payable in quarterly installments of 0.25% of the original aggregate principal amounts of such facilities, beginning in December 2023, with the remaining unpaid balances due on May 14, 2028, the maturity date. All unpaid balances of the Amended July 2024 Revolving Credit Facility are due and payable on the earlier of (i) November 15, 2027, (ii) April 15, 2026, to the extent the July 2026 Secured

Notes remain outstanding, or (iii) April 15, 2027, to the extent the July 2027 Unsecured Notes remain outstanding, the maturity date. All unpaid balances of the April 2026 Euro Revolving Credit Facility and May 2026 ABL Credit Facility are due and payable on 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 provide for potential additional principal payments based on excess cash flow for years commencing with the year ending December 31, 2022. Additional principal payments were not required for the years ended December 31, 2023 and 2022. 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 June 2029 Unsecured Notes are permitted under certain circumstances.

Borrowings under the Amended 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, 2023, the Company was in compliance with all financial debt covenants.

The Company may issue up to $100.0 million in LoCs against the Amended 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, 2023, the total amount of LoCs pledged against the Amended July 2024 Revolving Credit Facility, the April 2026 Euro Revolving Credit Facility, and May 2026 ABL Credit Facility was $0, $0, and $397.9 million, respectively. As of December 31, 2022, 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 $411.3 million, respectively.

The amount available for borrowing under the Amended July 2024 Revolving Credit Facility, the April 2026 Euro Revolving Credit Facility, and May 2026 ABL Credit Facility as of December 31, 2023 was $300.0 million, $55.3 million, and $602.1 million, respectively. The amount available for borrowing under the Amended July 2024 Revolving Credit Facility, the April 2026 Euro Revolving Credit Facility, and May 2026 ABL Credit Facility as of December 31, 2022 was $300.0 million, $53.6 million, and $348.7 million, respectively. As of December 31, 2023 and 2022, the weighted average interest rate on our outstanding revolving credit facility borrowings was 7.2% and 6.0%, respectively.

As of December 31, 2023 and 2022, $7.4 million and $9.7 million, respectively, of unamortized deferred financing fees related to revolving credit facilities were included in other assets on the accompanying consolidated balance sheets.

As of December 31, 2023, annual scheduled principal payments of term debt are as follows (in millions):

Year Ending December 31,		
2024	$	64
2025		56
2026		1,996
2027		1,106
2028		8,593
Thereafter		959
Total	$	12,774

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 the Company's customers. The Company considers 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, 2023 and 2022, the net investment receivable from these lease arrangements was $43.8 million and $32.3 million, respectively, of which, $14.5 million and $12.8 million is recorded in prepaid and other current assets and $29.3 million and $19.5 million is recorded in other assets on the consolidated balance sheets, respectively.

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

Less than one year	$	15
Between one and two years		14
Between two and three years		10
Between three and four years		6
Between four and five years		4
Thereafter		1
Total undiscounted cash flows		50
Less: Imputed interest		(6)
Net investment receivable from finance leases	$	44

The Company expects to receive operating lease income of $4.7 million, $3.0 million, $0.8 million, $0.5 million, $0.1 million, and $0.3 million in less than one year, between one and two years, between two and three years, between three and four years, between four and five years, and after five years, respectively, related to lessor arrangements.

Lessee

The Company has entered into various leases for its offices, vehicles, uniforms, and equipment, which are typically non-cancelable. 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 the Company's incremental borrowing rate to discount the lease payments based on information available at lease commencement. Management determines the Company's 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):

	December 31,	
	2023	2022
Operating lease assets, included within lease right-of-use assets	$ 259	$ 277
Finance lease assets, included within property, equipment and software, net	175	171
Total lease assets	$ 434	$ 448
Operating lease liabilities included within lease liabilities, current portion	$ 81	$ 79
Finance lease liabilities, included within lease liabilities, current portion	79	81
Operating lease liabilities included within lease liabilities, net of current portion	191	208
Finance lease liabilities, included within lease liabilities, net of current portion	109	101
Total lease liabilities	$ 460	$ 469

The components of lease costs for the years ended December 31, 2023, 2022, and 2021 were as follows (in millions):

	Year Ended December 31,		
	2023	2022	2021
Operating lease costs	$ 100	$ 106	$ 78
Finance lease costs - amortization of right-of-use assets	90	100	72
Finance lease costs - interest on lease liabilities	12	9	6
Short-term lease costs	9	9	25
Variable lease costs	50	49	20
Subtotal of lease costs, before sublease income	261	273	201
Less: Sublease income	(6)	(6)	(6)
Total lease costs	$ 255	$ 267	$ 195

Supplemental cash flow information for the years ended December 31, 2023, 2022, and 2021 related to leases is as follows (in millions):

	Year Ended December 31,		
	2023	2022	2021
Cash paid for amounts included in the measurement of lease liabilities:			
Operating cash flows for operating leases	$ 98	$ 113	$ 101
Financing cash flows for finance leases	$ 91	$ 86	$ 72
Right-of-use assets obtained in exchange for lease liabilities:			
Operating leases	$ 51	$ 59	$ 353
Finance leases	$ 159	$ 168	$ 250
Non-cash reduction of lease liabilities from disposals:			
Finance leases	$ 77	$ 79	$ 68

As of December 31, 2023, the weighted average remaining lease term of operating and financing leases was 5.3 years and 5.5 years, respectively, and the weighted average discount rate was 5.8% and 6.2%, respectively. As of December 31, 2022, the weighted average remaining lease term of operating and financing leases was 5.2 years and 5.1 years, respectively, and the weighted average discount rate was 5.1% and 4.9%, 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, 2023 were as follows (in millions):

2024	$ 176
2025	131
2026	88
2027	47
2028	23
Thereafter	58
Total minimum lease payments	523
Less imputed interest	(63)
Present value of future minimum lease payments	460
Less current portion of lease obligations	(160)
Long-term lease obligations	$ 300

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 legal matters in which it is involved and establishes reserves deemed appropriate by management for these matters when a loss is deemed to be probable and reasonably estimable.

While the Company believes its judgments relating to reserves are reasonable, litigation outcomes are not readily predictable and may differ materially 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 insured 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 insured 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, 2023 and 2022, expected payments on an undiscounted basis for estimated self-insured claims were $659.9 million and $587.5 million, respectively, of which $173.1 million and $154.2 million, respectively, are included in accrued claims reserves, current portion and $486.8 million and $433.3 million, respectively, are included in accrued claims reserves, net of current portion in the accompanying consolidated balance sheets. As of December 31, 2023 and 2022, the accrued reserve for estimated other claims and contingencies was $139.3 million and $207.6 million, respectively, of which $47.9 million and $120.9 million, respectively, are included in accrued claims reserves, current portion and $91.4 million and $86.7 million, respectively, are included in accrued claims reserves, net of current portion in the accompanying consolidated balance sheets.

Other Claims and Contingencies

The Company is involved in disputes, claims and litigation in respect of its business activities and operations in the ordinary course of business. These include disputes, claims and litigation relating to tort laws, labor and employment laws, commercial disputes with customers, subcontractors and vendors, and regulatory proceedings. In management's judgment, except as otherwise noted here, such matters will either be resolved in a manner that is not expected to be material to the Company, or it is not deemed reasonably possible for the Company to incur a loss or possible to estimate the potential exposure as of the balance sheet date.

In addition, the interpretation of laws and regulations in numerous 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 to the Company's activities. 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 the advice of counsel and in management's judgment, the Company determines that the dispute will result in a probable and reasonably estimable loss, an accrual is made based on the Company's estimate of the financial exposure. Where a reasonable 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. Legal costs in connection with claims and lawsuits in the ordinary course of business are expensed as incurred.

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, which payment was made in August 2021. As of December 31, 2023, the Company has reserved $42.5 million in relation to the BCA inquiries, 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 a 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 $17.4 million in aggregate as of December 31, 2023, $5.5 million of which is recorded in accrued claims reserves, current portion and $11.9 million of which is recorded within accrued claims reserves, net of current portion on the consolidated balance sheet. 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 $13.6 million in aggregate as of December 31, 2023, $4.8 million of which is recorded in accrued claims reserves, current portion and $8.8 million of which is 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 India Provident Funds. These disputes are currently awaiting court resolution. The aggregate of the Provident Fund related claims exposure is estimated to be approximately $63.8 million based on applicable exchange rates as of December 31, 2023. The Company believes it has a defensible legal position. Therefore, no accrual has been recorded for this matter as of December 31, 2023 as management does not believe a loss is probable.

During 2022, the Luxembourg Competition Authority (“LCA”) contacted G4S Luxembourg in connection with an investigation into suspected infringement of competition laws by several companies within the Luxembourg surveillance sector. The business is cooperating fully with the LCA. As of December 31, 2023, the Company has reserved $6.1 million in relation to the LCA inquiries, which is recorded within accrued claims reserves, current portion on the consolidated balance sheet. Owing to recent changes in law and a lack of relevant precedents, there is uncertainty regarding the range of possible outcomes in relation to this matter, including but not limited to the imposition of possible material fines and third-party claims.

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 portions thereof that management believes are probable of payment and estimable. Management believes that even if any one or more proposed assessments 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. BUSINESS COMBINATIONS

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

2023 Business Combinations

The Company completed seven acquisitions during the year ended December 31, 2023, which are accounted under ASC 805, and which have an aggregate purchase price of $63.5 million. The aggregate purchase price includes contingent consideration of $13.2 million, which is subject to be paid based on the satisfaction of certain post-closing conditions. These acquisitions resulted in the recording of net operating assets of $9.5 million, identifiable intangible assets of $21.6 million, and goodwill of $32.4 million, $28.8 million and $3.6 million of which was recorded within the Company's North America and International segments, respectively.

The results related to the 2023 acquired entities have been included in the Company's consolidated statement of operations since their respective acquisition dates.

Attenti Electronic Monitoring Group LTD

On August 1, 2022, the Company purchased all of the outstanding equity interests of Attenti Electronic Monitoring Group LTD ("Attenti") for a purchase price of $250.1 million. Attenti is a provider of electronic monitoring products and is based in Israel.

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 purchase price allocation resulted in a book goodwill amount of $80.3 million recorded in the Company's International segment, none of which is deductible for tax purposes, identifiable intangible assets of $102.4 million, and net operating assets of $67.8 million. 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. 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	$ 102	10.0

The Company recognized $40.8 million and $5.1 million of revenue and net income, respectively, in the consolidated statement of operations for the year ended December 31, 2022 as a result of the acquisition of Attenti since the date of acquisition.

T.S.S. (Total Security Services) Limited and Corporate Cupboard Limited

On March 22, 2022, the Company purchased the issued and outstanding shares of Total Security Services Limited ("TSS") and its affiliate, Corporate Cupboard Limited ("CCL"). TSS provides security services, including manned guarding and technology-based solutions in the United Kingdom. CCL purchases and supplies uniforms and ancillary security equipment. The purchase price for the acquisition was £71.8 million, or $94.6 million, in addition to contingent consideration of £9.9 million, or $13.0 million, based on the exchange rate as of March 22, 2022. On September 14, 2023, the Company made a payment of £5.1 million, or $7.0 million, to settle the contingent consideration. As of December 31, 2023, the Company has no remaining outstanding contingent consideration payable related to the TSS acquisition.

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 purchase price allocation resulted in a book goodwill amount of $52.7 million recorded in the Company's International segment, which is deductible for tax purposes, identifiable intangible assets of $43.2 million, and net operating assets of $10.9 million. 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. 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	$ 40	20.0
Tradenames	3	5.0
	$ 43	19.0

The Company recognized $148.4 million and $2.9 million of revenue and net income, respectively, in the consolidated statement of operations for the year ended December 31, 2022 as a result of the acquisition of T.S.S. since the date of acquisition.

Other 2022 Business Combinations

In addition to the Attenti and T.S.S. acquisitions, the Company completed 11 other acquisitions during the year ended December 31, 2022, which are accounted under ASC 805, and which have an aggregate purchase price of $41.2 million. The aggregate purchase price includes contingent consideration of $15.1 million, which is subject to be paid based on the satisfaction of certain post-closing conditions. These acquisitions resulted in the recording of net working capital of $8.8 million, identifiable intangible assets of $13.0 million, and goodwill of $19.4 million, $17.8 million, and $1.6 million of which was recorded within the Company's North America and International segments, respectively.

The results related to the 2022 acquisition entities have been included in the Company's consolidated statement of operations since their respective acquisition dates.

G4S

On April 6, 2021, the Company completed the acquisition of the outstanding stock of G4S for approximately £3.8 billion, or approximately $5.3 billion based on the exchange rate as of April 6, 2021. G4S 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 presents the fair value estimates of assets acquired and liabilities assumed on the date of acquisition (in millions):

Cash, cash equivalents and restricted cash	$ 1,629
Accounts receivable	1,558
Inventories	111
Investments	107
Property, equipment, software and right-of-use assets	726
Intangible assets	2,228
Goodwill	5,327
Deposits and other assets	934
Accounts payable	(432)
Accrued payroll and related payroll taxes	(662)
Accrued expenses and other current liabilities	(869)
Accrued claims reserves	(424)
Long-term debt and lease liabilities	(3,462)
Retirement benefit obligations	(370)
Deferred tax liabilities	(619)
Other liabilities	(290)
Noncontrolling interests	(169)
Net assets acquired	$ 5,323

The purchase price allocation resulted in a goodwill amount of $5,326.6 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. Items finalized during the measurement period included but were not limited to uninsured legal and other reserves and income taxes.

The 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.

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 $7,051.1 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

On January 16, 2021, the Company purchased the outstanding equity interests in SecurAmerica, LLC and related entities ("SecurAmerica") for an initial purchase price, subject to certain post-closing adjustments, of $351.0 million, including contingent consideration. At the date of acquisition, management 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. There were no subsequent changes to the contingent 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 presents the fair value estimates of assets acquired and liabilities assumed on the date of acquisition (in millions):

Cash	$ 13
Accounts receivable	59
Prepaid and other assets	3
Property and equipment	8
Intangible assets	114
Goodwill	193
Accounts payable	(4)
Accrued payroll and related payroll taxes	(23)
Accrued expenses and other liabilities	(11)
Accrued claims reserves	(1)
Lease liabilities	(3)
Net assets acquired	$ 348

The purchase price allocation resulted in a goodwill amount of $192.6 million recorded within the Company's North America segment, which is deductible for tax purposes.

Acquired intangible assets consists 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. 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 million of revenue and net income, respectively, in the consolidated and combined 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

In addition to the SecurAmerica and G4S acquisitions, the Company completed seven other acquisitions during the year ended December 31, 2021 which are accounted under ASC 805, 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 upon the satisfaction of certain post-closing conditions. 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, all of which was recorded within the Company’s North America segment.

The results related to the 2021 acquisition entities have been included in the Company’s consolidated and combined statements 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% equity interest in Blackstone Consulting, Inc. (“BCI”) and R.J.B. Properties, Inc. (“RJB”), two affiliated entities that provide security services. The stock purchase agreement contained a provision for contingent consideration which was measured when the contingency was resolved and the consideration became payable as of December 31, 2022, resulting in an estimated fair value of $24.4 million recorded in accrued expenses on the consolidated balance sheet as of December 31, 2022. The contingent consideration of $24.4 million was paid during January 2023. This investment was accounted for under ASC 323, *Investments-Equity Method and Joint Ventures,* as an equity method investment and is included in other assets on the accompanying consolidated balance sheets.

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 $9.0 million, $23.4 million, and $152.3 million for the years ended December 31, 2023, 2022, and 2021, respectively.

Purchase Price Payable

As part of certain completed acquisitions, the Company has agreed to pay cash to the sellers based upon the satisfaction of certain post-closing conditions. 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, 2023 and 2022, purchase price payable of $18.3 million and $54.7 million, respectively, is reported in accrued expenses and other current liabilities and $5.6 million and $5.6 million, respectively, is reported in other liabilities on the accompanying consolidated balance sheets.

10. 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 plans around the world. 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, 2023 is as follows (in millions):

	Projected Benefit Obligation	Fair Value of Assets	Surplus
Securicor	$ 1,679	$ 1,898	$ 219
Group 4	378	422	44
GSL	240	342	102
Total UK Plan	$ 2,297	$ 2,662	$ 365

A summary of the Company's UK Plan as of December 31, 2022 is as follows (in millions):

	Projected Benefit Obligation	Fair Value of Assets	Surplus
Securicor	$ 1,599	$ 1,751	$ 152
Group 4	359	394	35
GSL	224	334	110
Total UK Plan	$ 2,182	$ 2,479	$ 297

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):

	December 31, 2023	December 31, 2022
Projected benefit obligations		
Beginning obligations	$ 2,182	$ 3,698
Service cost	3	2
Interest cost	107	63
Actuarial loss (gain)	7	(1,098)
Foreign currency exchange rate changes	120	(367)
Benefits paid	(119)	(115)
Expenses and other	(3)	(1)
Ending obligations	$ 2,297	$ 2,182
Fair value of plans' assets		
Beginning fair value	$ 2,479	$ 3,926
Actual return on plan assets	61	(1,102)
Foreign currency exchange rate changes	138	(393)
Employer contributions	106	164
Benefits paid	(119)	(115)
Expenses and other	(3)	(1)
Ending fair value	$ 2,662	$ 2,479
Overfunded status of the plans	$ 365	$ 297

Key assumptions of the UK Plan are as follows:

	Year Ended December 31, 2023	2022	2021
Discount rate used to determine the fiscal year-end benefit obligation	4.70%	4.90%	1.90%
Discount rate used to determine the interest cost component of net periodic benefit	4.90%	1.90%	2.10%
Rate of return on plan assets used to determine the expected rate of return on plan assets component of net periodic benefit	4.30% - 5.40%	1.95% - 3.10%	3.24%
Weighted average rate of compensation increase to determine the fiscal year-end benefit obligation	2.60%	2.60%	2.75%
Weighted average rate of compensation increase to determine the service cost component of net periodic benefit	2.60%	2.75%	3.35% - 3.50%

UK Plan Funded Status

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 $2,297.0 million, $2,290.0 million, and $2,662.0 million, respectively, as of December 31, 2023 and were $2,182.0 million, $2,174.0 million, and $2,479.0 million, respectively, as of December 31, 2022. There were no pension plans with projected benefit obligations in excess of plan assets for the UK Plan as of December 31, 2023 or 2022.

The Company's total accumulated pension benefit obligations for the UK Plan as of December 31, 2023 and 2022 were $2,290.0 million and $2,174.0 million, respectively.

UK Plan Assets

The primary investment objective for the UK 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 UK 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, 2023 and 2022 are summarized by level in the following tables (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.

	December 31, 2023			
Description	**Level 1**	**Level 2**	**Total**	**Plan Asset Mix**
Cash	$ 30	$ –	$ 30	100%
Total investments in the fair value hierarchy	$ 30	$ –	$ 30	100%
Asset value at NAV as a practical expedient:				
Collective trust funds			$ 2,632	
Total investments at fair value			$ 2,662	

Description	December 31, 2022 Level 1	Level 2	Total	Plan Asset Mix
Cash	$ 163	$ —	$ 163	15%
Registered investment companies	1	—	1	—%
Government and federal agency bonds	—	1,156	1,156	103%
Derivatives and other, net	—	(201)	(201)	(18)%
Total investments in the fair value hierarchy	$ 164	$ 955	$ 1,119	100%
Asset value at NAV as a practical expedient:				
Collective trust funds			$ 1,360	
Total investments at fair value			$ 2,479	

Plan Contributions

In connection with the G4S Transaction, 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, which was paid during January 2022, followed by quarterly contributions of £20 million for the calendar years 2021 to 2026 inclusive. The quarterly contributions will increase by 3% every year until the last payment in 2026.

During the years ended December 31, 2023, 2022, and 2021, the Company made $104.2 million, $171.3 million, and $91.7 million of contributions to its pension plans, respectively. The Company currently expects to make approximately $112.1 million in pension contributions to the UK Plan during the fiscal year ending December 31, 2024.

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

Year ending December 31,	
2024	$ 126
2025	131
2026	137
2027	142
2028	148
2029 - 2033	831
Total	$ 1,515

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 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 cash flows, 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.

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

	Year Ended December 31,		
	2023	2022	2021
Service cost	$ 11	$ 4	$ 2
Other costs (benefits):			
Interest cost	111	70	56
Expected return on plan assets	(133)	(106)	(84)
Total other benefits	(22)	(36)	(28)
Net periodic pension benefit	$ (11)	$ (32)	$ (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, net in the consolidated statement of operations.

Net actuarial (losses) gains of $(61.0) million, $(90.0) million, and $161.4 million were recognized in other comprehensive (loss) income during the years ended December 31, 2023, 2022, and 2021, respectively. The amounts in accumulated other comprehensive loss that have not yet been recognized as of December 31, 2023 and 2022 consist of net actuarial gains of $10.4 million and $71.4 million, respectively.

Other Defined Benefit Plans

As of December 31, 2023 and 2022, the Company's defined benefit plans with a net surplus totaled $365.0 million and $296.9 million, respectively, which is inclusive of the UK Plan and which was recorded within other assets on the consolidated balance sheets. As of December 31, 2023 and 2022, the Company's defined benefit plans with a net deficit totaled $111.0 million and $107.1 million, respectively, of which $105.3 million and $98.4 million, respectively, was recorded within other liabilities and $5.7 million and $8.7 million, respectively, was recorded within accrued expenses and other current liabilities on the accompanying consolidated balance sheets. The funded status of defined benefit plans is based on actuarial estimates and contributions during the period. The most recent actuarial estimates were completed as of December 31, 2023. Actual results may differ materially from these estimates.

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 $4.9 million, $3.8 million, and $4.0 million for the years ended December 31, 2023, 2022 and 2021, 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 $119.6 million and $97.5 million as of December 31, 2023 and 2022, respectively, which the Company intends to utilize to fund the deferred compensation plan liabilities. Employee vesting generally occurs over six years of service. The Company's expense (income) related to deferred compensation plans, exclusive of gains and losses on segregated marketable securities held by the plans, was $16.7 million, $(14.5) million, and $7.5 million during each of the years ended December 31, 2023, 2022 and 2021, respectively. As of December 31, 2023 and 2022, the Company had $121.9 million and $102.6 million, respectively, in other liabilities in the consolidated balance sheets for these 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.

11. MEMBERS' EQUITY (DEFICIT) AND EQUITY-BASED COMPENSATION

Members' Equity (Deficit)

The Company is a limited partnership in which each limited partner contributed cash or other property or consideration, including their service as employees, 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 non-voting 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 outstanding balance of their 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. Fifty percent of each grantee's Topco Class B Units issued were subject to time-vesting and fifty percent were subject to certain performance vesting conditions based on internal rate of return targets measured upon the occurrence of certain events and, in each case, 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 five-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 began awarding to eligible members of management Incentive Units in Topco. Fifty percent of the Topco Incentive Units issued were subject to time-vesting and fifty percent were subject to certain performance vesting conditions based on internal rate of return, targets measured upon the occurrence of certain events and, in each case, 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, one hundred percent of the time-based units would have vested.

The weighted-average grant-date fair values issued during the year ended December 31, 2020 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 year ended December 31, 2020:

	2020
Expected volatility	42.5%
Dividend yield	0.0%
Risk-free interest rate	1.7%
Expected term (in years)	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 unvested 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 units at the date of the G4S Transaction. All vesting conditions related to the converted 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. Fifty percent of each grantee's Atlas Ontario Incentive Units are subject to time-vesting and fifty percent were subject to certain performance vesting conditions based on internal rate of return, 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.

The fair value of each Atlas Ontario Incentive Unit award granted during the years ended December 31, 2023 and 2022, is estimated on the grant date using the Monte Carlo option-pricing model based on the following assumptions:

	2023	2022
Expected volatility	72.5 %	72.5 %
Dividend yield	0.0 %	0.0 %
Risk-free interest rate	2.2 %	2.2 %
Expected term (in years)	2.0	2.0

Equity-based compensation related activity during the year ended December 31, 2023 consisted of the following (in millions, except weighted-average information and years):

	Class B Units		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, 2022	30	$ 2.27	412	$ 0.40
Granted	—	—	31	0.23
Vested	(4)	3.96	(49)	0.39
Forfeited	(1)	2.26	(16)	0.29
Outstanding and unvested as of December 31, 2023	25	$ 1.98	378	$ 0.36
Unrecognized compensation cost		$ 23		$ 82
Weighted average remaining amortization period (years)		1.0		2.4

Loss per Unit

Basic loss per unit is computed by dividing net loss 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 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 442.6 million, 441.4 million, and 187.7 million potentially dilutive unit equivalents outstanding during the years ended December 31, 2023, 2022, and 2021, respectively, which have been excluded from diluted loss per unit during the years ended December 31, 2023, 2022, and 2021.

12. INCOME TAXES

Income Tax Provision

The Company's provision for income taxes for the years ended December 31, 2023, 2022, and 2021 consisted of the following (in millions):

	Year Ended December 31,		
	2023	2022	2021
Current provision:			
U.S. Federal	$ 27	$ 18	$ (9)
U.S. State	57	32	18
Foreign	92	71	88
Total current provision	176	121	97
Deferred benefit:			
U.S. Federal	(77)	(13)	(11)
U.S. State	(86)	(6)	(6)
Foreign	(10)	(21)	(14)
Total deferred benefit	(173)	(40)	(31)
Total provision for income taxes	$ 3	$ 81	$ 66

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

	Year Ended December 31,		
	2023	2022	2021
U.S.	$ (239)	$ (336)	$ (529)
Foreign	(412)	63	(74)
	$ (651)	$ (273)	$ (603)

The applicable statutory income tax rate in Canada was zero for Atlas Ontario for the years ended December 31, 2023, 2022, and 2021. 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, 2023, 2022, and 2021 as follows:

	Year Ended December 31,		
	2023	2022	2021
Income tax benefit at United States federal statutory rate	$ (137)	$ (57)	$ (127)
State taxes, net of federal benefit	12	1	1
Acquisition costs	—	—	11
Gain on liquidating distribution	—	—	17
Net income not subject to corporate taxation	12	11	14
Withholding & other taxes	10	5	8
Tax credits	(30)	(21)	(21)
Valuation allowance	71	113	175
Foreign tax rate differential	(6)	(3)	(16)
Change in tax rates	(11)	4	(13)
Uncertain tax positions	2	(22)	—
Return to provision	(7)	25	—
Goodwill impairment	80	—	—
Other permanent differences	7	25	17
Income tax provision	$ 3	$ 81	$ 66

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.

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

	December 31, 2023	December 31, 2022
Deferred tax assets:		
Net operating loss carryforwards	$ 315	$ 301
Tax credit carryforwards	68	88
Interest expense limitation	593	430
Compensation accruals	45	42
Legal accruals	3	2
Other deferred tax assets	158	146
Lease liability	8	7
Deferred tax assets before valuation allowance	1,190	1,016
Valuation allowance	(709)	(657)
Deferred tax assets net of valuation allowance	481	359
Deferred tax liabilities:		
Basis differences related to partnership investments	(160)	(199)
Amortization	(475)	(497)
Fixed assets	(17)	(17)
UK pension	(91)	(75)
Unremitted earnings	(70)	(70)
Other deferred tax liabilities	(17)	(8)
ROU asset	(7)	(6)
Deferred tax liabilities	(837)	(872)
Total deferred taxes, net	$ (356)	$ (513)

Unremitted Earnings

The Company's 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 $17.2 billion and has recorded a deferred tax liability of $70.3 million as of December 31, 2023. Significant portions of unremitted earnings are located in jurisdictions with no withholding tax.

Operating Loss and Tax Credit Carryforwards

As of December 31, 2023 and 2022, the Company's operating subsidiaries had net operating loss carryforwards of approximately $1.5 billion and $1.5 billion, respectively, in various jurisdictions.

The gross net operating loss carryforwards and the related carryforward periods as of December 31, 2023 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	$ 63	$ 13	$ (13)	$ —	2036 - 2038
U.S. federal net operating losses	97	17	(15)	2	Indefinite
U.S. state net operating losses	63	4	(4)	—	2026 - 2038
U.S. state net operating losses	303	17	(11)	6	Indefinite
U.K. net operating losses	587	147	(38)	109	Indefinite
Other International net operating losses	6	1	(1)	—	2024 - 2029
Other International net operating losses	384	117	(110)	7	Indefinite
Total	$ 1,503	$ 316	$ (192)	$ 124	

The Company also has tax credit carryforwards available to offset future tax liabilities of approximately $68.0 million and $88.0 million as of December 31, 2023 and 2022, respectively, which have various expiration dates and begin to expire in 2024.

The gross tax credit carryforwards and the related carryforward periods as of December 31, 2023 are summarized as follows (in millions, except years):

	Carryforward Amount	Valuation Allowance	Net Tax Benefit	Carryforward Period Ends
Work opportunity tax credits	$ 62	$ (44)	$ 18	Indefinite
Foreign tax credits	6	(6)	—	2024 - 2030
Total	$ 68	$ (50)	$ 18	

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 is 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, 2023 and 2022, a valuation allowance of $709.0 million and $657.1 million, respectively, has been established against worldwide deferred tax assets.

Uncertain Tax Positions

As of December 31, 2023 and 2022, the gross uncertain tax positions were $36.0 million and $35.0 million, respectively.

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

	Year Ended December 31,		
	2023	**2022**	**2021**
Uncertain gross tax positions, January 1	$ 35	$ 60	$ —
Uncertain tax positions assumed through acquisition	—	—	45
Current year tax positions	3	—	15
Increase in prior year tax positions	1	2	—
Decrease in prior year tax positions	—	(25)	—
Settlements	(3)	(2)	—
Lapse of statute of limitations	—	—	—
Uncertain gross tax positions, December 31	$ 36	$ 35	$ 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. At December 31, 2023, 2022, and 2021, there are $36.0 million, $35.0 million, and $60.0 million of unrecognized tax benefits that if recognized would affect the annual effective tax rate. During the years ended December 31, 2023, 2022, and 2021, the Company recognized approximately $(1.3) million, $(3.2) million, and $1.2 million in interest and penalties, respectively.

The Company recognizes accrued interest and penalties related to unrecognized tax benefits in the income tax provision. The Company had approximately $0.6 million and $1.2 million for the payment of interest and penalties accrued on December 31, 2023 and 2022, respectively.

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, 2023, the Company is addressing the following material audits:

- The Company is currently in discussions with the Income Tax Department of the Government of India for the years 2013 to 2018.
- The Company has been selected for audit by the U.S. Internal Revenue Service for the tax year 2021.

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 (loss) 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 (loss) are presented by reportable segment and assets and capital expenditures by operating segment are not presented.

Revenues and operating income (loss) by segment reconciled to net loss are as follows (in millions):

	Year Ended December 31,		
	2023	2022	2021
REVENUES			
North America	$ 14,200	$ 13,372	$ 11,667
International	6,448	6,046	4,782
Total revenues	$ 20,648	$ 19,418	$ 16,449
SEGMENT OPERATING INCOME (LOSS)			
North America	$ 566	$ 327	$ 93
International	(234)	173	78
Total segment operating income	$ 332	$ 500	$ 171
RECONCILIATION TO NET LOSS			
Segment operating income	$ 332	$ 500	$ 171
Interest expense, net	(1,014)	(780)	(597)
Loss on extinguishment of debt	—	—	(277)
Other income, net	31	7	100
Income tax provision	(3)	(81)	(66)
Net loss	$ (654)	$ (354)	$ (669)

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

	December 31,	
	2023	2022
United States of America	$ 8,847	$ 9,084
United Kingdom	913	1,286
Other countries	2,298	2,306
	$ 12,058	$ 12,676

14. FAIR VALUE MEASUREMENTS

Investments 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, 2023 and 2022 (in millions):

	December 31, 2023			
	Cost	Net Unrealized Gains (Losses)	Fair Value	Cash and Cash Equivalents
Cash and cash equivalents	$ 896	$ —	$ 896	$ 896
Restricted cash	153	—	153	—
	1,049	—	1,049	896
Level 1:				
Common stock	9	1	10	—
Registered investment companies	99	1	100	—
Subtotal	108	2	110	—
Level 2:				
Government and federal agency bonds	5	—	5	—
Corporate bonds	22	(1)	21	—
Municipal bonds	18	(2)	16	—
Subtotal	45	(3)	42	—
Level 3: Other	4	—	4	—
Total assets in the fair value hierarchy	157	(1)	156	—
Asset value at NAV as a practical expedient:				
Collective trust funds	2	—	2	—
Total assets	$ 1,208	$ (1)	$ 1,207	$ 896

	December 31, 2022			
	Cost	Net Unrealized Gains (Losses)	Fair Value	Cash and Cash Equivalents
Cash and cash equivalents	$ 812	$ —	$ 812	$ 812
Restricted cash	149	—	149	—
	961	—	961	812
Level 1:				
Common stock	9	1	10	—
Registered investment companies	91	(12)	79	—
Subtotal	100	(11)	89	—
Level 2:				
Government and federal agency bonds	5	—	5	—
Corporate bonds	22	(2)	20	—
Municipal bonds	18	(2)	16	—
Subtotal	45	(4)	41	—
Level 3: Other	7	—	7	—
Total assets in the fair value hierarchy	152	(15)	137	—
Asset value at NAV as a practical expedient:				
Collective trust funds	2	—	2	—
Total assets	$ 1,115	$ (15)	$ 1,100	$ 812

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 is initially established using a range of methods, including discounted cash flow models and a probability weighted income approach.

Instruments Not Recorded at Fair Value on a Recurring Basis

Management estimates the fair value of the Company's 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, 2023, the estimated fair values of the Company's first lien term loans, senior secured notes, and senior unsecured notes are approximately $5,414.5 million, $4,945.8 million, and $1,823.0 million, respectively, as compared to their carrying values, exclusive of discounts, premiums and related fees, of $5,446.3 million, $5,308.8 million, and $2,010.0 million, respectively. As of December 31, 2022, the estimated fair values of the Company's first lien term loans, senior secured notes, and senior unsecured notes are approximately $4,704.5 million, $4,477.3 million, and $1,617.4 million, respectively, as compared to their carrying values, exclusive of discounts, premiums and related fees, of $4,847.4 million, $5,255.9 million, and $2,010.0 million, respectively. The fair value of the outstanding balances related to the April 2026 Euro Revolving Credit Facility and the May 2026 ABL Credit Facility are not estimated since the carrying value generally approximates fair value.

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.

15. RELATED PARTY TRANSACTIONS

The Company's consolidated and combined statements of operations include sales to some of its equity method investments and 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.

On September 1, 2021, the Company acquired a 49% equity interest in Blackstone Consulting, Inc. ("BCI") and R.J.B. Properties, Inc. ("RJB"), two affiliated entities that provide security services. Related party sales to BCI totaled $210.9 million, $196.0 million, and $13.6 million during the years ended December 31, 2023, 2022, and 2021, respectively. Accounts receivable from BCI totaled $55.5 million and $47.3 million as of December 31, 2023 and 2022, respectively. The Company's total investment in BCI and RJB was $146.0 million and $146.6 million as of December 31, 2023 and 2022, respectively, which is included in other assets on the consolidated balance sheets.

Related party sales to joint venture partners totaled $23.3 million, $104.2 million, and $89.6 million for the years ended December 31, 2023, 2022, and 2021, respectively. Accounts receivable from the Company's joint venture partners totaled $6.0 million and $4.5 million as of December 31, 2023 and 2022, respectively. The Company's total investment in its joint venture partners was $6.0 million and $9.3 million as of December 31, 2023 and 2022, respectively, which is included in other assets on the consolidated balance sheets.

16. SUBSEQUENT EVENTS

The Company has evaluated subsequent events through March 20, 2024, the date the consolidated and combined financial statements were available to be issued.

On February 16, 2024, the Company further amended its April 2026 Euro Revolving Credit Facility ("Amended April 2026 Euro Revolving Credit Facility") and its May 2026 ABL Credit Facility (the "Amended May 2026 ABL Credit Facility"), extending the maturity dates of the credit facilities to February 2029. Additionally, the amendment decreased the total borrowing capacity of the Amended April 2026 Euro Revolving Credit Facility from €300.0 million to €288.0 million, effective April 8, 2026. Furthermore, the Company increased the total borrowing capacity under the Amended May 2026 ABL Credit Facility from $1,500.0 million to $1,665.0 million until May 25, 2026, at which time the total borrowing capacity will then be reduced to $1,600.0 million.

On February 16, 2024, the Company also issued $1,000.0 million aggregate principal amount of 7.875% senior secured notes due 2031 (the "February 2031 USD Secured Notes"), the proceeds of which were used to refinance approximately $995.0 million in aggregate principal amount of the July 2026 Secured Notes and the unpaid interest thereof as of the date of the February 2031 USD Secured Notes, and to pay fees related to these transactions. The February 2031 USD Secured Notes were issued in a private transaction not subject to the registration requirements of the Securities Act. Holders of the February 2031

USD Secured Notes are not entitled to any registration rights and the Secured Indenture is not qualified under the Trust Indenture Act.

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

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 comprehensive staffed security services, technology services, and other services across North America and, as a result of the acquisition of G4S Plc ("G4S") on April 6, 2021, in more than 100 countries. We provide services to a broad range of customers across a variety of facilities and locations, including over 400 of the Fortune 500 companies. We use our expertise, service delivery and system integration capabilities alongside our geographic scale to differentiate our services to customers, drive outsourcing and enhance the value of traditional security services through the complementary use of technology. We provide "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-site at customer locations and are responsible for observing, detecting, deterring and reporting and responding to perceived, potential or actual security threats. Through a combination of comprehensive staffed security services, technology services, and other services, Allied Universal seeks to deliver high-quality and cost-effective 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, and accretive mergers and acquisitions, with a highly complementary and diverse set of blue-chip customers. The combined company became the largest provider of security services in North America and continues to grow 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, in exchange for proportionate membership interests in

Atlas Ontario LP. As a result of the acquisition of G4S, we incorporated additional services and geographies into our core global portfolio.

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

Our Service Offerings

The Company provides comprehensive staffed security services, technology services, and other services:

- *Comprehensive staffed security services* – includes on-site, mobile and remote security, care and justice services, executive protection services, and other comprehensive staffed security services
- *Technology services* – comprehensive solutions include video, alarm, and electronic monitoring, security systems installation, and cash management solutions (i.e., ATMs and related software, retail cash solutions)
- *Other services* – includes facilities management services, risk consultancy, janitorial, cash services (i.e., cash in transit, cash processing and ATM services), staffing, and other ancillary services

Recent Developments

The Company has been affected by the coronavirus ("COVID-19") pandemic, inflation, and rising interest rates, in some cases adversely; and to varying extents depending on prevailing government restrictions, economic conditions, and other factors in the markets in which the Company operates. In particular, the Company experienced some workforce disruption due to employee absences due to illness, quarantine requirements, low unemployment rates, enhanced unemployment compensation benefits and other government relief programs, or other employment restrictions. These disruptions, collectively, have resulted in continued labor shortages contributing to inflationary pressure on wages, fuel, and other costs. Global interest rates have risen in response to inflation.

Management is unable to predict the potential effects of inflation, rising interest rates, and any residual impacts of the COVID-19 pandemic on the business.

On August 1, 2022, the Company purchased all of the outstanding equity interests of Attenti Electronic Monitoring Group LTD ("Attenti") for a purchase price of $250.1 million. Attenti is a provider of electronic monitoring products and is based in Israel. 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.

On March 22, 2022, the Company purchased the issued and outstanding shares of Total Security Services Limited ("TSS") and its affiliate, Corporate Cupboard Limited ("CCL"). TSS provides security services, including manned guarding and technology-based solutions in the United Kingdom. CCL purchases and supplies uniforms and ancillary security equipment. The purchase price for the acquisition was £71.8 million, or $94.6 million, in addition to contingent consideration of £9.9 million, or $13.0 million, based on the exchange rate as of March 22, 2022. On September 14, 2023, the Company made a payment of £5.1 million, or $7.0 million, to settle the contingent consideration. As of December 31, 2023, the Company has no remaining outstanding contingent consideration payable related to the TSS acquisition. 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.

Characteristics of our Revenues and Expenses

Revenues

We generate revenues primarily from comprehensive staffed security services which are generally measured based on billable hours served by security professionals at a billable hourly rate, as determined by the customer contract. Revenues generated from comprehensive staffed security services are recognized over time as services are performed. Revenues from technology services (including the outright sale of equipment) consist primarily of video, alarm, and electronic monitoring, security systems installation contracts, and cash management solutions (i.e., ATMs and related software, retail cash solutions) 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, 2023 over the corresponding periods was driven by acquisitions, as well as organic revenue growth related to bill-rate improvements and new business wins. Our organic revenue growth is driven primarily by our ability to maintain strong customer retention rates and to attract new customers.

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 exceed total hours billed principally due to unbillable overtime and certain other unbillable costs. Our contract security revenues and high customer retention rates are dependent on our ability to attract and retain high-quality, qualified employees. Our wage rates are generally above state and local minimum wage requirements, 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 support employee retention and in turn, help 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 North America and globally. As a market-leading provider of comprehensive staffed security services, technology services, and other services, overall industry growth is a factor driving our business. As such, our financial results are significantly affected by overall industry growth levels.
- Increasing pressure on customer pricing combined with a competitive labor market: The security market is highly-fragmented and intensely competitive as there are relatively low barriers to entry. We compete directly with local, regional, national and international companies. 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 competitors may be willing to provide services at lower prices. In addition, we face pressure to increase compensation and benefits for employees as we compete with other companies both within and beyond our industry 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 staffed security services and expand the use of technology: Increasingly, our clients are seeking more complex security services and incorporating technology and other complex capabilities. We believe that our success will depend 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, 2023, we have acquired 103 businesses. Our acquisition process allows us to integrate targets, while minimizing client disruption. Furthermore, we view expansion into additional international and adjacent markets to be an opportunity for 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 International segment primarily operates in the United Kingdom & Ireland, Europe, Middle East & Africa, Latin America, and Asia Pacific. Both segments offer comprehensive staffed security services, technology services, and other services.

Results of Operations

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

	For the Years Ended December 31,		
	2023	2022	2021
REVENUES	100.0 %	100.0 %	100.0 %
COSTS AND EXPENSES			
Cost of revenues (exclusive of depreciation and amortization)	82.7 %	83.1 %	82.8 %
Selling, general, and administrative	10.2 %	10.3 %	11.2 %
Goodwill impairment	1.8 %	0.0 %	0.0 %
Depreciation and amortization	3.6 %	3.9 %	4.0 %
Acquisition and related costs	0.0 %	0.1 %	0.9 %
Total costs and expenses	98.3 %	97.4 %	98.9 %
INCOME FROM OPERATIONS	1.7 %	2.6 %	1.1 %
OTHER EXPENSE, NET:			
Interest expense, net	4.9 %	4.0 %	3.6 %
Loss on extinguishment of debt	0.0 %	0.0 %	1.7 %
Other income, net	(0.2)%	0.0 %	(0.6%)
Total other expense, net	4.7 %	4.0 %	4.7 %
LOSS BEFORE INCOME TAXES	(3.0%)	(1.4%)	(3.6%)
INCOME TAX PROVISION	0.0 %	0.4 %	0.4 %
NET LOSS	(3.0%)	(1.8%)	(4.0%)
NET (LOSS) INCOME ATTRIBUTABLE TO NONCONTROLLING INTERESTS	0.0 %	0.0 %	0.0 %
NET LOSS ATTRIBUTABLE TO ATLAS ONTARIO LP	(3.0%)	(1.8%)	(4.0%)

Revenues

($ in millions)	For the Years Ended December 31, 2023	2022	Change Dollar	Percent
Revenues				
North America	$ 14,200	$ 13,372	$ 828	6.2 %
International	6,448	6,046	402	6.6 %
Total revenues	$ 20,648	$ 19,418	$ 1,230	6.3 %

Revenues increased by $1,229.7 million, or 6.3%, for the year ended December 31, 2023 as compared to the year ended December 31, 2022. This increase is partially attributable to the acquisitions of T.S.S. in March 2022 and Attenti in August 2022, which accounted for $41.6 million and $57.6 million, respectively, of the increase in revenue for the year ended December 31, 2023. The remaining $1,130.5 million increase in revenues is primarily attributable to other completed acquisitions, an increase in our average security officer bill rate, and new business wins, partially offset by a revenue decrease due to the relative strengthening of the U.S. Dollar against multiple foreign currencies.

North America segment revenues for the year ended December 31, 2023 as compared to the year ended December 31, 2022 increased by $827.7 million, or 6.2%, due to other completed acquisitions, an increase in our average security officer bill rate, and new business wins.

International segment revenues for the year ended December 31, 2023 as compared to the year ended December 31, 2022 increased by $402.0 million, or 6.6%, partially due to incremental revenue generated from the acquisitions of T.S.S. in March 2022 and Attenti in August 2022, which accounted for an increase in revenue of $41.6 million and $57.6 million, for the year ended December 31, 2023. The remaining $302.8 million increase in revenues is primarily attributable to other completed acquisitions, an increase in our average security officer bill rate, and new business wins, offset by the relative strengthening of the U.S. Dollar against multiple foreign currencies.

($ in millions)	For the Years Ended December 31, 2022	2021	Change Dollar	Percent
Revenues				
North America	$ 13,372	$ 11,667	$ 1,705	14.6 %
International	6,046	4,782	1,264	26.4 %
Total revenues	$ 19,418	$ 16,449	$ 2,969	18.0 %

Revenues increased by $2,969.0 million, or 18.0%, for the year ended December 31, 2022 as compared to the year ended December 31, 2021. Of this increase, $1,595.7 million relates to incremental revenue generated from the G4S acquisition that occurred in April 2021, along with an increase in our average security officer bill rate and new business wins, partially offset by a revenue decrease due to the relative strengthening of the U.S. Dollar against multiple foreign currencies.

North America segment revenues for the year ended December 31, 2022 as compared to the year ended December 31, 2021 increased by $1,705.0 million, or 14.6%, primarily due to an increase of $520.6 million relating to incremental revenue generated from the G4S acquisition in April 2021. The remaining $1,184.4

million increase in revenues is primarily attributable to other completed acquisitions, an increase in our average security officer bill rate, and new business wins.

International segment revenues for the year ended December 31, 2022 as compared to the year ended December 31, 2021 increased by $1,264.0 million, or 26.4%, primarily due to an increase of $1,075.1 million relating to incremental revenue generated from the G4S acquisition that occurred in April 2021. Additionally, the acquisitions of T.S.S. in March 2022 and Attenti in August 2022 accounted for $148.4 million and $40.8 million, respectively, of the increase in revenue for the year ended December 31, 2022. The remaining $0.3 million decrease in revenues is primarily attributable to other completed acquisitions, an increase in our average security officer bill rate, and new business wins, offset by the relative strengthening of the U.S. Dollar against multiple foreign currencies and temporary contracts from the year ended December 31, 2021.

Cost of Revenues (Exclusive of Depreciation and Amortization)

	For the Years Ended December 31,		Change	
($ in millions)	**2023**	**2022**	**Dollar**	**Percent**
Cost of revenues (exclusive of depreciation and amortization)	$ 17,074	$ 16,128	$ 946	5.9 %

Cost of revenues increased by $945.7 million, or 5.9%, for the year ended December 31, 2023 as compared to the year ended December 31, 2022. The increase in cost of revenues is primarily due to the increase in revenues of 6.3%, largely due to the T.S.S. acquisition in March 2022, Attenti acquisition in August 2022, and other completed acquisitions, which resulted in increased cost.

	For the Years Ended December 31,		Change	
($ in millions)	**2022**	**2021**	**Dollar**	**Percent**
Cost of revenues (exclusive of depreciation and amortization)	$ 16,128	$ 13,612	$ 2,516	18.5 %

Cost of revenues increased by $2,516.2 million, or 18.5%, for the year ended December 31, 2022 as compared to the year ended December 31, 2021. The increase in cost of revenues is primarily due to the increase in revenues of 18.0%, largely due to the G4S acquisition in April 2021 and other acquisitions, which resulted in increased cost, as well as an increase in labor costs due to labor market shortages, particularly in North America.

Operating Costs and Expenses

	For the Years Ended December 31,		Change	
($ in millions)	**2023**	**2022**	**Dollar**	**Percent**
Selling, general, and administrative	$ 2,115	$ 2,000	$ 115	5.8 %
Goodwill impairment	380	—	380	N/M
Depreciation and amortization	738	767	(29)	(3.8)%
Acquisition and related costs	9	23	(14)	(62.6)%

Selling, general and administrative expenses increased by $115.1 million, or 5.8%, for the year ended December 31, 2023 as compared to the year ended December 31, 2022. The increase is primarily due to additional general and administrative expenses from completed acquisitions in 2023 and 2022, offset by realized acquisition synergies and other profit improvement initiatives.

Goodwill impairment of $380.4 million for the year ended December 31, 2023 was related to the recognition of impairment charges within the International segment. The primary indicators of impairment were attributable to changes in performance relative to expected operating results, as well as adverse impacts from macroeconomic conditions such as inflationary pressures, competitive labor markets, and increase in cost of capital.

Depreciation and amortization decreased by $28.9 million, or 3.8%, for the year ended December 31, 2023 as compared to the year ended December 31, 2022. The decrease is primarily due to certain intangible assets becoming fully amortized during the year ended December 31, 2022, and the relative strengthening of the U.S. Dollar against multiple foreign currencies, offset by acquired property, equipment and software and identifiable intangible assets resulting from completed acquisitions in 2023 and 2022.

Acquisition and related costs decreased by $14.4 million, or 62.6%, for the year ended December 31, 2023 as compared to the year ended December 31, 2022. This decrease is primarily attributable to lower professional service expenses due to decreased mergers and acquisitions activity for the year ended December 31, 2023, compared to the year ended December 31, 2022, largely related to the acquisition of T.S.S. in March 2022 and Attenti in August 2022.

	For the Years Ended December 31,		Change	
($ in millions)	**2022**	**2021**	**Dollar**	**Percent**
Selling, general, and administrative	$ 2,000	$ 1,850	$ 150	8.1 %
Depreciation and amortization	767	664	103	15.5 %
Acquisition and related costs	23	152	(129)	(84.7)%

Selling, general and administrative expenses increased by $149.6 million, or 8.1%, for the year ended December 31, 2022 as compared to the year ended December 31, 2021. The increase is primarily due to additional general and administrative expenses from completed acquisitions in 2022 and 2021, offset by realized acquisition synergies and other profit improvement initiatives.

Depreciation and amortization increased by $102.8 million, or 15.5%, for the year ended December 31, 2022 as compared to the year ended December 31, 2021. The increase is primarily due to acquired property, equipment and software and identifiable intangible assets resulting from completed acquisitions in 2022 and 2021.

Acquisition and related costs decreased by $128.8 million, or 84.7%, for the year ended December 31, 2022 as compared to the year ended December 31, 2021. This decrease is primarily attributable to higher professional service expenses during the year ended December 31, 2021 related to the G4S acquisition completed in April 2021 and the SecurAmerica acquisition in January 2021.

Other Expense, Net

($ in millions)	For the Years Ended December 31, 2023	2022	Change Dollar	Percent
Interest expense, net	$ 1,014	$ 780	$ 234	29.9 %
Other income	(31)	(7)	(24)	347.1 %

Interest expense, net, increased by $233.6 million, or 29.9%, for the year ended December 31, 2023 as compared to the year ended December 31, 2022. The increase in interest expense, net is primarily related to an increase in the applicable rates on our variable rate debt and a higher outstanding debt balance. Refer to Liquidity and Capital Resources for additional information.

Other income increased by $24.3 million, or 347.1%, for the year ended December 31, 2023 as compared to the year ended December 31, 2022. The increase in other income is primarily the result of changes in the fair value of marketable equity securities during the year ended December 31, 2023, partially offset by lower net periodic pension income during the year ended December 31, 2023.

($ in millions)	For the Years Ended December 31, 2022	2021	Change Dollar	Percent
Interest expense, net	$ 780	$ 597	$ 183	30.6 %
Loss on extinguishment of debt	—	277	(277)	(100.0)%
Other income	(7)	(100)	93	(93.3)%

Interest expense, net, increased by $182.5 million, or 30.6%, for the year ended December 31, 2022 as compared to the year ended December 31, 2021. The increase in interest expense, net is primarily related to an increase in the applicable rates on our variable rate debt and a higher outstanding debt balance. 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 decreased by $93.3 million for the year ended December 31, 2022 as compared to the year ended December 31, 2021. The decrease in other income is primarily the result of activity associated with foreign exchange derivatives and interest rate swaps which were settled during 2021, and a net decrease in the fair market value of marketable securities during the year ended December 31, 2022.

Income Tax Expense

($ in millions)	For the Years Ended December 31, 2023	2022	Change Dollar	Percent
Income tax expense	$ 3	$ 81	$ (78)	(96.8)%

Income tax expense decreased by $78.4 million, or 96.8%, for the year ended December 31, 2023 as compared to the year ended December 31, 2022. This decrease in tax expense is primarily the result of a change in the valuation allowance during the year ended December 31, 2023.

($ in millions)	For the Years Ended December 31, 2022	2021	Change Dollar	Percent
Income tax expense	$ 81	$ 66	$ 15	22.0 %

Income tax expense increased by $14.5 million, or 22.0%, for the year ended December 31, 2022 as compared to the year ended December 31, 2021. This increase in tax expense is primarily the result of increased taxable income and change in the valuation allowance for the year ended December 31, 2022.

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 ASC 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 (loss) 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 (loss) 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 impact these estimates.

During the year ended December 31, 2023, the Company performed a quantitative assessment and recorded goodwill impairment charges of $380.4 million during 2023. There were no goodwill impairment charges recorded during 2022 and 2021. In addition, the Company considers the income tax effect of any tax deductible goodwill when measuring a goodwill impairment loss. Goodwill impairment losses during the year ended December 31, 2023, were not tax deductible.

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 workers' compensation liability, general liability, employment practices liability, and automobile liability insurance programs. Our reserves are estimated through actuarial methods, with the assistance of third-party actuaries, using loss development assumptions based on our claim 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 the satisfaction of certain post-closing conditions. 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 assist in reevaluating the assumptions to 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 selling, general and administrative expenses in the consolidated statements of operations.

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.

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 consolidated and combined 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 establish 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, 2023, we had $896.4 million in cash and $1,657.1 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, 2023, the Company has $76.8 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, $55.3 million and $602.1 million available for borrowing under our Amended July 2024 Revolving Credit Facility, April 2026 Euro Revolving Credit Facility and May 2026 ABL Credit Facility, respectively, as of December 31, 2023, that provide additional liquidity to the Company as needed. Purchases under other financing arrangements were $497.9 million, $467.7 million, and $255.0 million during the years ended December 31, 2023, 2022, and 2021 respectively.

Credit Agreements

On July 12, 2019, the Company refinanced its debt (the “2019 Refinancing”) by entering into new senior secured credit facilities (the “July 2026 Senior Secured Credit Facilities”), consisting 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 July 2026 Secured Notes and July 2027 Unsecured Notes were issued in a private transaction 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 facilities, (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.

On February 3, 2020, the Company issued an additional $540.0 million aggregate principal amount of July 2026 Secured Notes under the Secured Indenture. The additional July 2026 Secured Notes were issued in a private transaction that was not subject to the registration requirements of the Securities Act. Holders of the additional July 2026 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 July 2026 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 July 2026 Secured Notes under the Secured Indenture. The additional July 2026 Secured Notes were issued in a private transaction that was not subject to the registration requirements of the Securities Act. Holders of the additional July 2026 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 July 2026 Secured Notes were used to provide working capital and funds for other general corporate purposes of the Company.

In April 2021, in connection with the G4S Transaction, the Company, along with its subsidiary, Atlas LuxCo 4 S.à r.l., a private limited liability company incorporated under the laws of 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 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 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 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, the Company 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 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 (collectively, 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, the Company 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, the Company 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, the Company 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, the Company 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 subject to the terms of the July 2026 Senior Secured Credit Facilities associated with the 2019 Refinancing. The Company recognized a loss on extinguishment of debt of $277.3

million during the three months ended June 30, 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 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.

On May 11, 2023, and August 15, 2023, the Company further amended its Amended May 2028 First Lien USD Term Loan Facility to increase the total amount outstanding by $450.0 million and $175.0 million, respectively (collectively, the "Amended May 2028 First Lien USD Amendment No. 3 Term Loan Facility"). There were no changes in the terms of the existing borrowings under the Amended May 2028 First Lien USD Term Loan Facility as a result of the amendments. The net proceeds from the additional borrowings under the Amended May 2028 First Lien USD Term Loan Facility were used to repay outstanding borrowings under the May 2026 ABL Credit Facility and for other corporate purposes.

On June 1, 2023, the Company further amended its July 2024 Revolving Credit Facility (the "Amended July 2024 Revolving Credit Facility"), extending the maturity date to the earlier of (i) November 15, 2027, (ii) April 15, 2026, to the extent the July 2026 Secured Notes remain outstanding, or (iii) April 15, 2027, to the extent the July 2027 Unsecured Notes remain outstanding. Additionally, the amendment decreased the total borrowing capacity of the Amended July 2024 Revolving Credit Facility from $300.0 million to $275.0 million effective July 12, 2024.

On February 16, 2024, the Company further amended its April 2026 Euro Revolving Credit Facility ("Amended April 2026 Euro Revolving Credit Facility") and its May 2026 ABL Credit Facility (the "Amended May 2026 ABL Credit Facility"), extending the maturity dates of the credit facilities to February 2029. Additionally, the amendment decreased the total borrowing capacity of the Amended April 2026 Euro Revolving Credit Facility from €300.0 million to €288.0 million, effective April 8, 2026. Furthermore, the Company increased the total borrowing capacity under the Amended May 2026 ABL Credit Facility from $1,500.0 million to $1,665.0 million until May 25, 2026, at which time the total borrowing capacity will then be reduced to $1,600.0 million.

On February 16, 2024, the Company also issued $1,000.0 million aggregate principal amount of 7.875% senior secured notes due 2031 (the "February 2031 USD Secured Notes"), the proceeds of which were used to refinance approximately $995.0 million in aggregate principal amount of the July 2026 Secured Notes and the unpaid interest thereof as of the date of the February 2031 USD Secured Notes, and to pay fees related to these transactions. The February 2031 USD Secured Notes were issued in a private transaction not subject to the registration requirements of the Securities Act. Holders of the February 2031 USD Secured Notes are not entitled to any registration rights and the Secured Indenture is not qualified under the Trust Indenture Act.

Outstanding balances under the Amended May 2028 First Lien USD Term Loan Facility accrue interest equal to, at the Company's option: (a) Adjusted Term Secured Overnight Financing Rate (or "SOFR") plus 3.75%, as amended on December 9, 2022, 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 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. Outstanding balances under the Amended May 2028 First Lien USD Amendment No. 3 Term Loan Facility accrue interest equal to, at the Company's option: (a) Term Secured Overnight Financing Rate (or "SOFR") plus 4.75% 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 Amended July 2024 Revolving Credit Facility accrue interest equal to, at the Company's option: (a) Term SOFR plus 4.25%, as amended on January 13, 2023, 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) Adjusted Term SOFR plus between 1.25% and 1.75%, as amended on February 10, 2023 or (b) an alternative base rate plus between 0.25% and 0.75%. As of December 31, 2023, the applicable interest rates on the Amended May 2028 First Lien USD Term Loan Facility, the May 2028 First Lien Euro Term Loan Facility, and the Amended May 2028 First Lien USD Amendment No. 3 Term Loan Facility were 9.21%, 7.59%, and 10.11%, respectively. As of December 31, 2022, the applicable interest rates on the Amended May 2028 First Lien USD Term Loan Facility and the May 2028 First Lien Euro Term Loan Facility were 8.17% and 5.65%, respectively.

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 June 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, 2023 and 2022 was $140.0 million and $134.4 million, respectively.

Principal on the Amended May 2028 First Lien USD Term Loan Facility and the June 2028 First Lien Euro Term Loan Facility is payable in 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. Principal on the Amended May 2028 First Lien USD Amendment No. 3 Term Loan Facility is payable in quarterly installments of 0.25% of the original aggregate principal amounts of such facilities, beginning in December 2023, with the remaining unpaid balances due on May 14, 2028, the maturity date. All unpaid balances of the Amended July 2024 Revolving Credit Facility are due and payable on the earlier of (i) November 15, 2027, (ii) April 15, 2026, to the extent the July 2026 Secured Notes remain outstanding, or (iii) April 15, 2027, to the extent the July 2027 Unsecured Notes remain outstanding, the maturity date. All unpaid balances of the April 2026 Euro Revolving Credit Facility and May 2026 ABL Credit Facility are due and payable on 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 provide for potential additional principal payments based on excess cash flow for years commencing with the year ending December 31, 2022. Additional principal payments were not required for the years ended December 31, 2023 and 2022. 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 June 2029 Unsecured Notes are permitted under certain circumstances.

Borrowings under the Amended 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, 2023, the Company was in compliance with all financial debt covenants.

The Company may issue up to $100.0 million in LoCs against the Amended 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, 2023, the total amount of LoCs pledged against the Amended July 2024 Revolving Credit Facility, the April 2026 Euro Revolving Credit Facility, and May 2026 ABL Credit Facility was $0, $0, and $397.9 million, respectively. As of December 31, 2022, 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 $411.3 million, respectively.

The amount available for borrowing under the Amended July 2024 Revolving Credit Facility, the April 2026 Euro Revolving Credit Facility, and May 2026 ABL Credit Facility as of December 31, 2023 was $300.0 million, $55.3 million, and $602.1 million, respectively. The amount available for borrowing under the Amended July 2024 Revolving Credit Facility, the April 2026 Euro Revolving Credit Facility, and May 2026 ABL Credit Facility as of December 31, 2022 was $300.0 million, $53.6 million, and $348.7 million, respectively. As of December 31, 2023 and 2022, the weighted average interest rate on our outstanding revolving credit facility borrowings was 7.2% and 6.0%, respectively.

As of December 31, 2023 and 2022, $7.4 million and $9.7 million, respectively, of unamortized deferred financing fees related to revolving credit facilities were included in other assets on the accompanying consolidated balance sheets.

Contractual Obligations

The following table summarizes our contractual obligations by year as of December 31, 2023:

	Payments Due by Year as of December 31,						
(in millions)	**Total**	**2024**	**2025**	**2026**	**2027**	**2028**	**Thereafter**
Contractual Obligations [1]:							
Debt obligations [2][4]	$ 12,774	$ 64	$ 56	$ 1,996	$ 1,106	$ 8,593	$ 959
Interest on debt [3][4]	3,620	922	859	835	700	275	29
Non-cancelable operating leases	307	94	71	54	34	21	33
Non-cancelable finance leases	216	82	60	34	13	2	25
Total	$ 16,917	$ 1,162	$ 1,046	$ 2,919	$ 1,853	$ 8,891	$ 1,046

(1) The contractual obligations table does not include (a) liabilities for our defined contribution plans and other deferred compensation plans which amounted to $121.9 million and $102.6 million as of December 31, 2023 and 2022, respectively, or (b) contingent purchase price payable for business combinations which amounts to $23.9 million and $60.3 million as of December 31, 2023 and 2022, respectively.

(2) Represents the unpaid principal payments due under the First Lien Term Loan, Senior Notes, and other financing arrangements. Amounts are gross of loan costs.

(3) Debt interest was calculated using the December 31, 2023 foreign exchange rates, as applicable, and variable interest rates estimated based on the forward-looking EURIBOR and SOFR curves, as applicable; assuming required pay downs were made in accordance with the related agreements and the debt obligations are outstanding until maturity date.

(4) The principal and interest payable related to the April 2026 Euro Revolving Credit Facility and the May 2026 ABL Credit Facility are not reflected in the table since outstanding principal balances vary from time to time. Additionally, as of December 31, 2023, there were no amounts outstanding under the Amended July 2024 Revolving Credit Facility.

Cash Flows

Below is a summary of our cash flows for the years ended December 31, 2023, 2022, and 2021:

(in millions)	For the Years Ended December 31, 2023	2022	2021
Net cash provided by (used in) operating activities	$ 322	$ (215)	$ (229)
Net cash used in investing activities	(324)	(573)	(4,636)
Net cash provided by financing activities	115	499	5,145
Effect of exchange rate changes	(25)	(56)	13
Net increase (decrease) in cash, cash equivalents, and restricted cash	$ 88	$ (345)	$ 293

Operating Activities

Cash provided by operating activities for the year ended December 31, 2023 was $321.9 million, cash used in operating activities for the year ended December 31, 2022 was $215.4 million, and cash used in operating activities for the year ended December 31, 2021 was $229.0 million. For the year ended December 31, 2023, cash provided by operating activities was generated from net losses of $654.2 million adjusted for non-cash expenses of $1,147.9 million as well as changes in working capital of $(171.8) million. Changes in working capital during the year ended December 31, 2023 included employer pension plan contributions of $104.2 million. For the year ended December 31, 2022, cash used in operating activities was generated from net losses of $353.6 million adjusted for non-cash expenses of $907.6 million as well as changes in working capital of $(769.4) million. Changes in working capital during the year ended December 31, 2022 included employer pension plan contributions of $171.3 million and the repayment of COVID-19 related deferrals. For the year ended December 31, 2021, cash used in 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.

Investing Activities

Cash used in investing activities for the year ended December 31, 2023 was $323.9 million, cash used in investing activities for the year ended December 31, 2022 was $573.0 million, and cash used in investing activities for the year ended December 31, 2021 was $4,636.0 million. For the years ended December 31, 2023, 2022, and 2021, we paid $287.9 million, $240.7 million, and $141.4 million, respectively, for purchases of property and equipment. Additionally, for the years ended December 31, 2023, 2022, and 2021, net (purchases) sales of marketable securities were $(7.4) million, $7.1 million, and $(14.2) million, respectively. During the year ended December 31, 2023, we paid approximately $49.4 million (net of cash acquired) for seven acquisitions. During the year ended December 31, 2022, we paid approximately $361.3 million (net of cash acquired) for the acquisitions of T.S.S., Attenti, and 11 other acquisitions. 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 seven 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. Cash used in investing activities was partially offset by proceeds from the sale of property, equipment, software, and other items during the years ended December 31, 2023, 2022, and 2021.

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 year ended December 31, 2023 was $115.4 million, cash provided by financing activities for the year ended December 31, 2022 was $498.7 million, and cash provided by financing activities for the year ended December 31, 2021 was $5,145.0 million.

During the year ended December 31, 2023, we received proceeds from credit facilities of $606.3 million, net of financing fees of $6.2 million, and borrowings on the revolving credit facilities of $3,888.2 million. In addition, we made payments on certain revolving credit facilities in the amount of $4,129.9 million, made finance lease and other financing payments of $90.7 million, made distributions to members and noncontrolling interests of $13.2 million, made principal payments on our existing term loan facilities of $54.6 million, and made contingent purchase price payments of $37.5 million, and had net cash outflows of $46.0 million from changes in bank overdrafts.

During the year ended December 31, 2022, we received proceeds from borrowings on the revolving credit facilities of $4,931.3 million and received equity contributions of $0.5 million. In addition, we made payments on certain revolving credit facilities in the amount of $4,296.9 million, made finance lease and other financing payments of $91.4 million, made distributions to members and noncontrolling interests of $10.9 million, made principal payments on our existing term loan facilities of $48.4 million, and made contingent purchase price payments of $7.6 million, and had net cash inflows of $22.1 million from changes in bank overdrafts.

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.

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, principal 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. We believe that sufficient funds will be available to enable us to service our indebtedness and to make capital expenditures for at least the next 12 months. As of December 31, 2023, we do not have any material commitments related to capital expenditures.

Off-Balance Sheet Arrangements

In connection with the G4S Transaction, 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, which was paid during January 2022, followed by quarterly contributions of £20 million for the calendar years 2021 to 2026 inclusive. The quarterly contributions will increase by 3% every year until the last payment in 2026.

Inflation

In general, our costs are affected by inflation, and we may experience the effects of inflation in future periods, particularly with respect to rising labor costs. Additionally, the impact of foreign currency transactions from operations in hyperinflationary countries was immaterial during the periods presented.

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

The Company's consolidated and combined statements of operations include sales to some of its equity method investments and 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.

On September 1, 2021, the Company acquired a 49% equity interest in Blackstone Consulting, Inc. ("BCI") and R.J.B. Properties, Inc. ("RJB"), two affiliated entities that provide security services. Related party sales to BCI totaled $210.9 million, $196.0 million, and $13.6 million during the years ended December 31, 2023, 2022, and 2021, respectively. Accounts receivable from BCI totaled $55.5 million and $47.3 million as of December 31, 2023 and 2022, respectively. The Company's total investment in BCI and RJB was $146.0 million and $146.6 million as of December 31, 2023 and 2022, respectively, which is included in other assets on the consolidated balance sheets.

Related party sales to joint venture partners totaled $23.3 million, $104.2 million, and $89.6 million for the years ended December 31, 2023, 2022, and 2021, respectively. Accounts receivable from the Company's joint venture partners totaled $6.0 million and $4.5 million as of December 31, 2023 and 2022, respectively. The Company's total investment in its joint venture partners was $6.0 million and $9.3 million as of December 31, 2023 and 2022, respectively, which is included in other assets on the consolidated 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, 2023.

Interest Rate Risk

We are exposed to market risk primarily from changes in interest rates. Interest rates on the First Lien Credit Facilities, Amended July 2024 Revolving Credit Facility, April 2026 Euro Revolving Credit Facility, and May 2026 ABL Credit Facility 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, 2023, if interest rates were to increase or decrease by 100 basis points for the year and our borrowing amounts remained constant, our annual interest expense could increase by $62.2 million or decrease by $62.2 million.