Third Quarter 2023 Earnings Presentation

November 2, 2023

Forward Looking Statements and Non-GAAP Measures

ADT has made statements in this presentation that are forward-looking and therefore subject to risks and uncertainties, including those described below. All statements, other than statements of historical fact, included in this document are, or could be, "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995 and the applicable rules and regulations of the Securities and Exchange Commission (the "SEC") and are made in reliance on the safe harbor protections provided thereunder. These forward-looking statements relate to, among other things, planned ADT Solar restructuring activities; the commercial transaction between ADT and GTCR, the expected timetable for realizing expected benefits and synergies of the commercial transaction; the strategic investment by and long term partnership with State Farm; anticipated financial performance, including the Company's ability to achieve its stated guidance metrics and its progress toward its medium-term targets; management's plans and objectives for future operations; the successful development, commercialization, and timing of new or joint products; the expected timing of product commercialization with State Farm or any changes thereto, including the ADT home security program for State Farm; the Company's acquisition of ADT Solar and its anticipated impact on the Company's business and financial condition, including the subsequent announcement of planned ADT Solar restructuring activities; business prospects; outcomes of regulatory proceedings; market conditions; the Company's ability to successfully respond to the challenges posed by the COVID-19 Pandemic; the Company's strategic partnership and ongoing relationship with Google; the expected timing of product commercialization with Google or any changes thereto; the successful internal development, commercialization, and timing of the Company's next generation platform and innovative offerings; the successful conversion of customers who continue to utilize outdated technology; the current and future market size for existing, new, or joint products; any stated or implied outcomes with regards to the foregoing; and other matters. Without limiting the generality of the preceding sentences, any time the Company uses the words "expects," "intends," "will," "anticipates," "believes," "confident," "continue," "propose," "seeks," "could," "may," "should," "estimates," "forecasts," "might," "goals," "objectives," "targets," "planned," "projects," and, in each case, their negative or other various or comparable terminology, and similar expressions, the Company intends to clearly express that the information deals with possible future events and is forward-looking in nature. However, the absence of these words or similar expressions does not mean that a statement is not forward- looking. These forward-looking statements are based on management's current beliefs and assumptions and on information currently available to management. ADT cautions that these statements are subject to risks and uncertainties, many of which are outside of ADT's control, and could cause future events or results to be materially different from those stated or implied in this document, including among others, factors relating to uncertainties as to any difficulties with respect to planned ADT Solar restructuring activities, including expenses associated with the separation of certain Solar branches and personnel; the effect of the commercial transaction and of the announcement of the planned ADT Solar restructuring activities on ADT's ability to retain and hire key personnel and to maintain relationships with customers, suppliers and other business partners; risks related to the commercial transaction and planned ADT Solar restructuring activities and the possible diversion of management's attention from ADT's core CSB business operations; uncertainties as to ADT's ability and the amount of time necessary to realize the expected benefits of the commercial transaction and planned ADT solar restructuring activities; the achievement of potential benefits of the equity investment by and long-term partnership with State Farm, including as a result of restrictions on, or required prior regulatory approval of, various actions by regulated insurers; risks and uncertainties related to ADT's ability to successfully generate profitable revenue from new and existing partnerships; ADT's ability to successfully commercialize any joint products with State Farm or with Google; the Company's ability to successfully utilize the incremental funding committed by State Farm or Google; continued risks and uncertainties related to the Company's ability to successfully integrate and operate the ADT Solar business, including the planned ADT Solar restructuring activities risks related to the various financing arrangements, including third party owned arrangements, that the Company facilitates for some ADT Solar customers; the Company's ability to continuously and successfully commercialize innovative offerings; the Company's ability to successfully implement an Environmental, Social, and Governance program across the Company; risks related to the restatement of our consolidated financial statements included in our amended Annual Report on Form 10-K/A for the year ended December 31, 2022 (the "Amended Annual Report") and in our amended quarterly report on Form 10-Q/A for the quarter ended March 31, 2023; any litigation or investigation related to such restatements; the Company's ability to maintain effective internal control over financial reporting ("ICFR") and disclosure controls and procedures ("DCPs") including its ability to remediate any existing material weakness in ICFR and the timing of any such remediation, as well as ability to reestablish effective DCPs at a reasonable assurance level; and risks that are described in the Company's Amended Annual Report, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and other filings with the SEC, including the sections titled "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" contained therein. Any forward-looking statement made in this presentation speaks only as of the date on which it is made. ADT undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future developments, or otherwise.

Note

Beginning in the third quarter of 2023, the Company presented the results of the commercial business as discontinued operations. Except for Free Cash Flow, Adjusted Free Cash Flow, and Adjusted Free Cash Flow (including interest rate swaps) and unless otherwise noted, non-GAAP and other measures herein have been recast to reflect the results of the Company's continuing operations.

Non-GAAP Measures

To provide investors with additional information in connection with our results as determined in accordance with generally accepted accounting principles in the United States ("GAAP"), we disclose certain non-GAAP measures including, for example, Adjusted EBITDA, Adjusted Diluted Income (Loss) per Share ("Adjusted EPS"), Adjusted EBITDA margin, Free Cash Flow, Adjusted Free Cash Flow, Adjusted Free Cash Flow including interest rate swaps, and Net Leverage Ratio. Reconciliations from GAAP to these non-GAAP financial measures for reported results can be found in the appendix. Non-GAAP measures should not be considered a substitute for, or superior to, our reported GAAP results.

The Company is not providing a quantitative reconciliation of its financial outlook for Adjusted EBITDA and Adjusted EPS to net income (loss) or Adjusted Free Cash Flow and Adjusted Free Cash Flow (including interest rate swaps) to net cash provided by operating activities, which are the respective corresponding GAAP measures, because these GAAP measures that are excluded from the Company's non-GAAP financial outlook are difficult to reliably predict or estimate without unreasonable effort due to their dependence on future uncertainties, such as the adjustments or items discussed in the appendix relating to these non-GAAP measures under the heading "Non-GAAP Measures." Additionally, information that is currently not available to the Company could have a potentially unpredictable and potentially significant impact on its future GAAP financial results.

Amounts on subsequent pages may not sum due to rounding.

Operating Metrics

Operating metrics such as Gross Customer Revenue Attrition, Ending Subscriber Count, RMR, Gross RMR Additions, Interactive Customers, Solar Installations, and Revenue Payback are approximated as there may be variations to reported results in each period due to certain adjustments we might make in connection with the integration over several periods of acquired companies that calculated these metrics differently, or otherwise, including periodic reassessments and refinements in the ordinary course of business. These refinements, for example, may include changes due to systems conversion or historical methodology differences in legacy systems. Metrics referencing record performance reflect measurements made since the formation of ADT Inc. in 2015.

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Company Overview

ADT: Safe, Smart, and Sustainable Solutions for Customers

ADT provides safe, smart and sustainable solutions for people, homes and small businesses. Through innovative offerings, unrivaled safety and a premium customer experience, all delivered by one of the largest networks of smart home security and rooftop solar professionals in the U.S., we empower people to protect and connect to what matters most.

REVENUE BY SEGMENT[1]

$4.6B CONSUMER & SMALL BUSINESS (CSB)

$0.5B SOLAR

COMPANY STATISTICS[1]

#1	Smart Home Security Provider[2]	**6.4M**	CSB Subscribers	**3.3x**	Net Leverage Ratio
	24/7/365 pro monitoring	**85%+**	Recurring Revenue in CSB segment	**~2%**	Dividend Yield
150 years	of innovative protection	**~90%**	Take Rate for Interactive Services in CSB	**$800M+**	Current Liquidity

Notes:
1. Revenue figures presented for LTM 3Q23. Other measures presented as of 9/30/23, Net Leverage Ratio is as adjusted for commercial divestiture.
2. TechInsights. Top 10 US Interactive Security Providers. May 2023.

Investment Thesis for ADT Remains Strong with an Attractive Financial Profile

1. Large and expanding addressable market with opportunities to meaningfully increase share
2. Growing business with industry-leading scale positioned to benefit from secular tailwinds
3. Compelling unit economics that support increased investment for growth
4. Resilient cash flow profile with stable recurring revenue base
5. Large opportunity with strategic partnerships
6. Attractive debt profile with disciplined capital allocation framework to drive long-term value for our shareholders

Medium-term Target Framework

Revenue	In-line with market growth by lines of business
EBITDA and Free Cash Flow	Growth exceeding revenue
Internal Rate of Return	20%+ per new CSB subscriber
Net Leverage Ratio	<3.0x
Annual Adjusted Free Cash Flow *(including interest rate swaps)*	~$1B by 2025

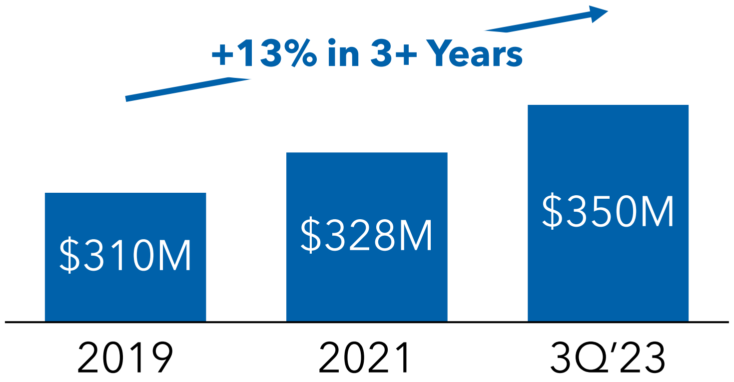
Capital Allocation Priorities

- Fund growth and capex to yield attractive returns
- Continue to pay down debt to achieve optimal leverage ratios
- Maximize shareholder returns through dividend policy and/or stock repurchase

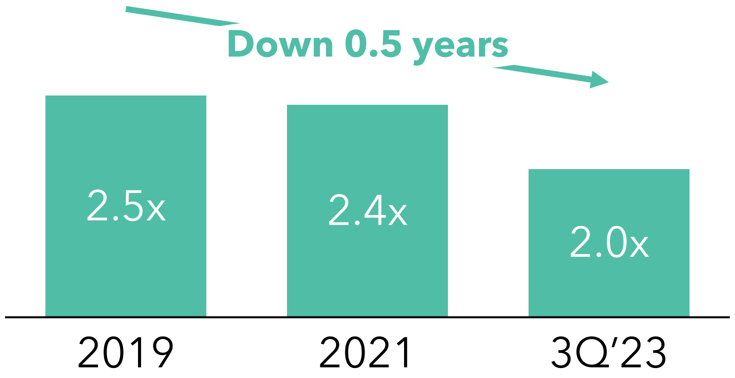
Our Core CSB Business is Durable and Resilient

1	**Durable Recurring Revenue Base**	• Large existing subscriber base generates **~$4.2B** in annual recurring revenue • Retention remains near record high, driving **~8-year average subscriber life** • Demand for home security and personal safety increase during uncertain times
2	**Housing Volatility Hedge**	• Relocations are a large driver of attrition **(~30%)**, which are muted in a weaker economy • Managing delinquency risk through customer retention initiatives to maximize lifetime value • Strong existing customer demand for smart home upgrades, aided by workplace flexibility
3	**Capital Flexibility**	• Subscriber Acquisition Costs (SAC) is our largest use of capital **(~$1.3B/year)** • Steady state SAC of **~$1.2B/year** is reduced further by improved retention and revenue payback • We have the flexibility to invest in retention initiatives when the housing market slows

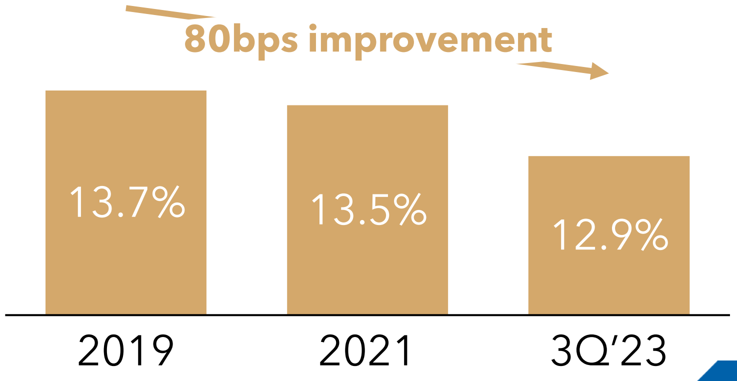
Recurring Monthly Revenue



Revenue Payback



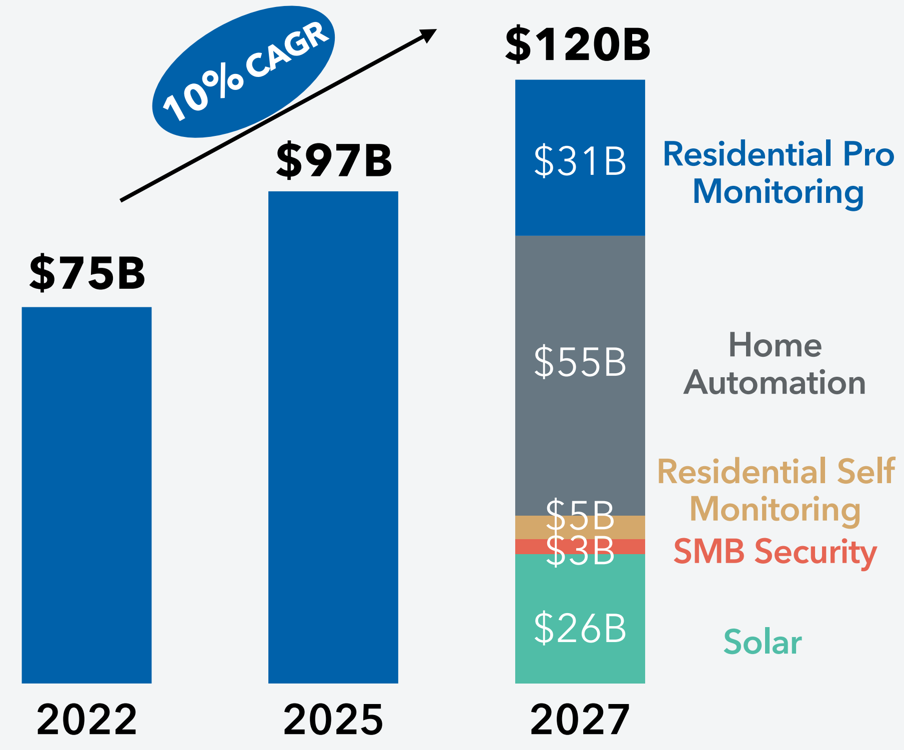
Attrition



Large And Expanding Addressable Market With Opportunities to Meaningfully Increase Share

Focused Business, Well Positioned to Gain Share in High-Growth Markets

U.S. Market Sizing



Market Growth and Key Drivers

CAGR % (2022-2027)	Key Growth Drivers	ADT Share
~6%	• Differentiated pro install and monitoring capability • Share expansion in fast-growing self-setup	Market Leader
~14%	• Adoption of affordable, easy-to-use devices • Broad use cases & device types addressed via Google partnership & Matter compatibility	Significant Upside Potential
~11%	• High adoption of video doorbells and cameras	
~7%	• SMB spend on technology increasing • Similar drivers & trends as residential market	
~8%	• Significant tailwinds i.e., Inflation Reduction Act • Cross selling opportunity leveraging ADT brand	

Upside Potential from Increasing Share of Wallet in High-Growth Markets

Source: Parks Associates, Tech Insights, Interpret, Omdia, Wood Mackenzie, Grandview Research, Infiniti Research, ADT analysis

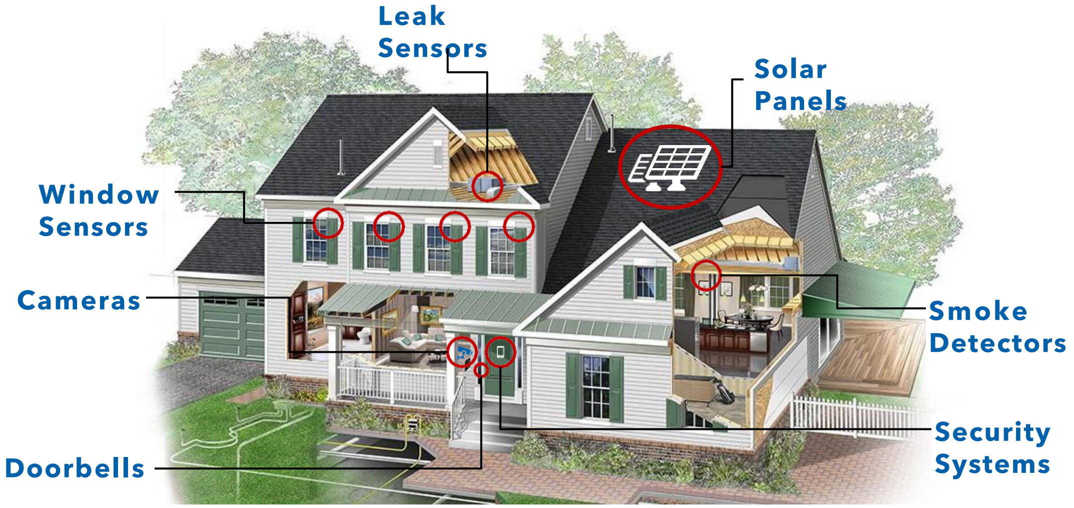
Blue-chip Partnerships Support Innovation and Customer Experience, Accelerating Our Evolution as the #1 Smart Home Solutions Provider

- Google products have **increased the number of smart home devices**, correlated with **higher retention**
  - **More devices,** with **video,** translates to higher RMR, and higher install revenue per unit (IRPU)
  - New customers report **higher satisfaction** when Google products are included
  - Joint marketing efforts supported by **Google Success Funds**

- Offer for State Farm homeowners is now **available in 13 states**
  - Positive trends and high **customer satisfaction** with early customers
  - ~2/3 of system installs include the purchase of additional ADT products and services resulting in higher IRPU
  - Marketing tactics for consumer awareness and subscriber growth funded via **$300 million opportunity fund**
  - Potential future opportunity to protect 13.7 million State Farm homeowner policyholders

Current Innovation Rollout

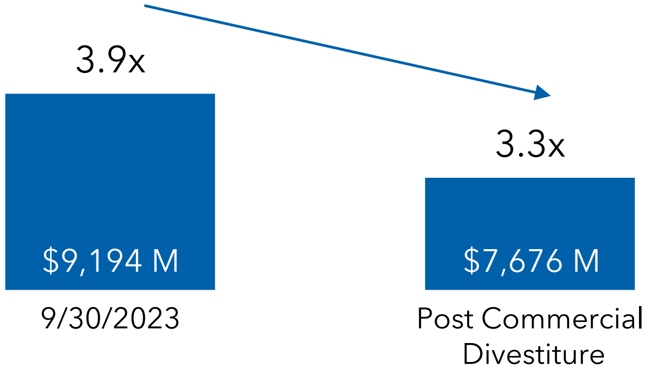
- Accelerated innovation and product development with the launch of the **ADT+ app** and **self setup**
  - **ADT+ professional installation** on track for phased rollout to begin in Q4'23



Significantly Improved Capital Structure with Balanced Maturity Profile

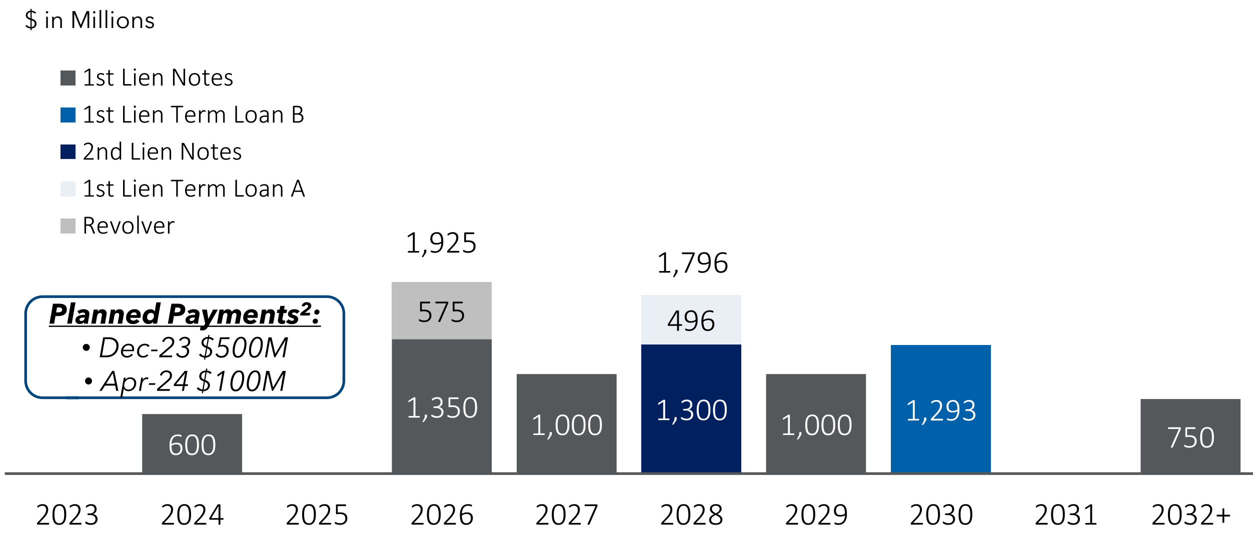
- Accelerated debt paydown with ~$2B expected in 2023; $200M in 2Q’23, ~$1.3B following divestiture, and $500M by year-end
- Well-laddered maturities, further enhanced through extension of ~$1.4B Term Loan B from 2026 to 2030
- Average cost of debt of ~5% with 100% fixed vs. variable rate, including impact of interest rate swaps
- Strength in balance sheet confirmed through credit rating upgrades from both S&P and Moody’s this year

Net Debt and Leverage Ratios



Net Debt / Adj. EBITDA prior to subscriber acquisition	3.5x	2.9x
Net Debt / Annualized RMR	2.2x	1.8x

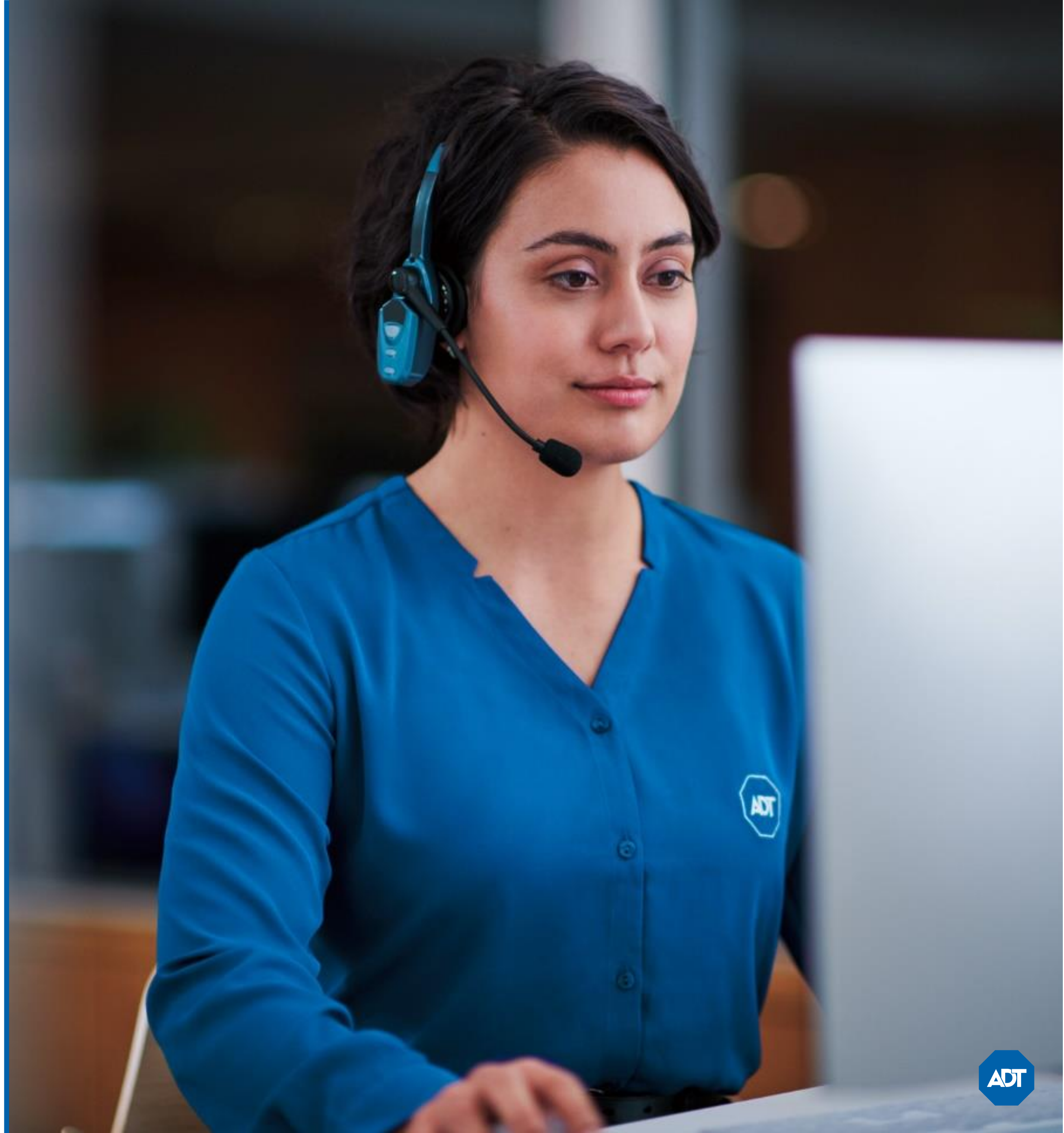
Debt Maturity Profile (As adjusted[1])



Notes: Debt Maturity Profile graph excludes receivables facility and finance leases, while the revolver is indicative of total capacity.

1. As adjusted debt reduced by net proceeds of commercial divestiture and refinancing of First Lien Term Loan B.
2. $200 million of Planned Payments in Dec-23 using proceeds from commercial sale, remainder of ~$300 million in Dec-23 and ~$100 million in Apr-24 from cash on hand.

3Q 2023 & Outlook

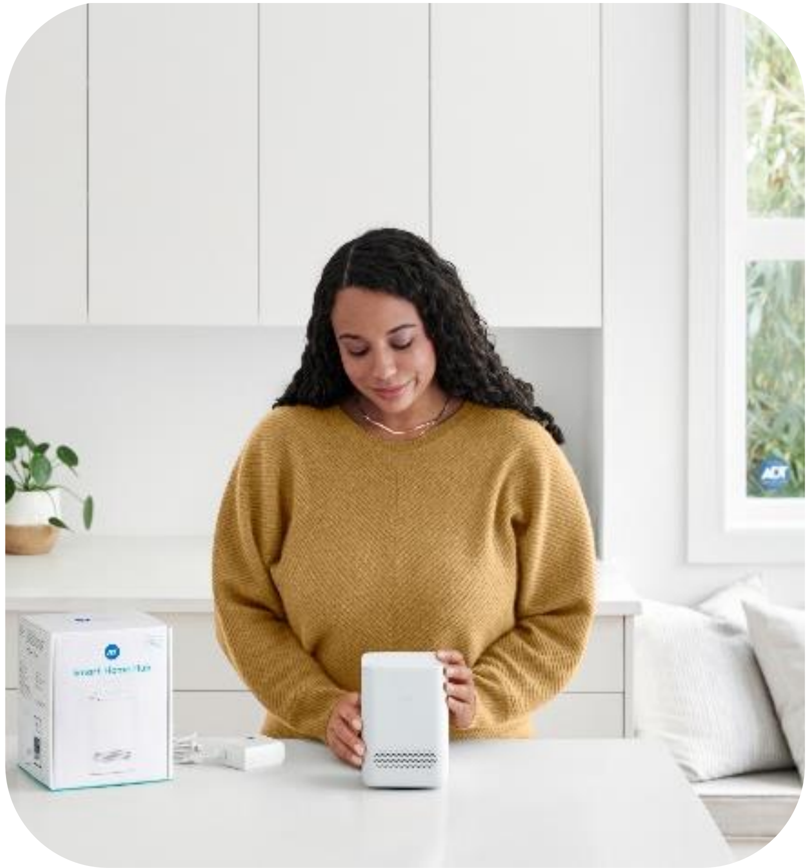


Strategic Highlights

1. **Completed the divestiture of our commercial business** on October 2nd for $1.6B
2. Improved balance sheet **using sale proceeds to pay down** debt and **extending maturity** for remaining ~$1.4B Term Loan B facility; received credit rating upgrade from Moody's and S&P
3. **Accelerated cash generation** aided by record subscriber acquisition efficiency and enhanced cost discipline, retention, and pricing strategies
4. **Growth undercurrents** driven by expansion of State Farm offering to 13 states and launch of ADT+ next gen platform
5. **Updated 2023 guidance** to reflect commercial divestiture and **solar rationalization strategy**

Streamlined business with strong performance; well-positioned for consumer-focused growth

3Q 2023: Highlights for Continuing Operations



+3%
M&S Revenue Growth
vs. prior year

$623M
CSB Adjusted EBITDA
up 6% vs. prior year

$0.08
Adjusted EPS
Adjusted Net Income of $69M, down 4% vs. prior year

12.9%
Gross Revenue Attrition
flat to prior year

$350M
End of Period RMR
up 3% vs. prior year

2.0 years
Revenue Payback
down 9% vs. prior year

Strength in operational performance across key measures in our CSB business

Note: All metrics reflect CSB only except Adjusted EPS.

Key Financial and Operating Metrics

($ in millions)	For the three months ended Sept. 30, 2023	Sept. 30, 2022	Y/Y Change	
M&S Revenue	$1,053	$1,022	$32	3%
Total Revenue	$1,237	$1,290	($52)	(4%)
Adjusted Net Income (Loss)	$69	$72	($3)	(4%)
Adjusted EPS	$0.08	$0.09	($0.01)	
Adjusted EBITDA	$583	$583	0	0%
Adjusted Free Cash Flow (including interest rate swaps)	$171	$143	$28	20%
Adjusted Free Cash Flow	$148	$145	$3	2%
Net SAC	$354	$380	($26)	(7%)
Gross RMR Additions	$13.1	$14.1	($1.0)	(7%)
Gross RMR Additions (excluding bulk purchases)	$13.1	$13.5	($0.4)	(3%)
End of Period RMR	$350	$340	$11	3%
LTM Revenue Payback	2.0x	2.2x	(0.2x)	(9%)

Key Highlights

CSB: Continued top-line growth, enhanced cost discipline, and significant cash generation enabled by strength in operating performance across key measures

- Growth in recurring revenue base driven by higher average pricing across CSB subscriber base; fewer relocations supporting strong retention but driving reduction in adds
- Strong operating margins aided by cost efficiency actions and receipt from Google for joint marketing efforts
- Higher install revenue on new adds, margin improvements on existing customer transactions, and greater mix of lower-cost channels help drive improved SAC efficiency
- Improved Adj. EBITDA throughput and greater efficiency in net subscriber investments accelerate cash generation

Solar: Announced lease and power purchase offerings; seeing improved battery attach rates despite sales and install pressure

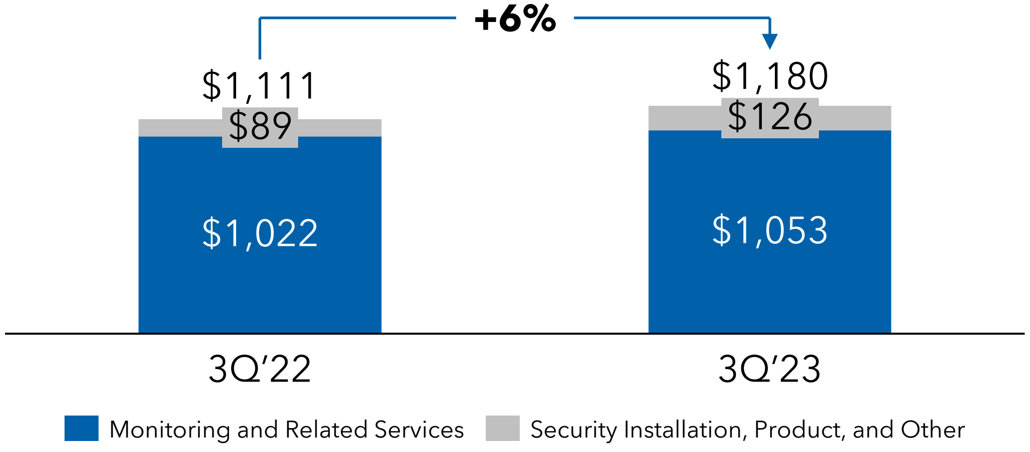
Note: Net Subscriber Acquisition Costs (SAC) represents the estimated cash expenditures for sales and installation, net of inflows received, in our CSB segment.; Adjusted Free Cash Flow measures represent continuing and discontinued operations; all other measures are for continuing operations only.

CONSUMER AND SMALL BUSINESS

Segment Financials and Key Metrics

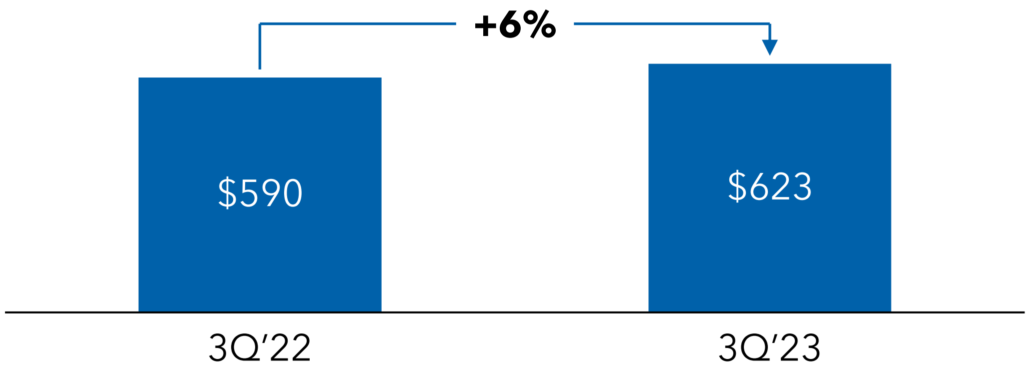
Revenue

$ in Millions



Adjusted EBITDA

$ in Millions



Segment Statistics

	3Q'23	Y/Y Change
Ending Subscriber Count	6.4M	0%
Interactive Customers as a % of Total Residential and Small Business	66%	300 bps
End of Period RMR including wholesale	$350M	3%
Gross RMR Additions excluding bulk purchases	$13.1M	(7%) (3%)
Gross Unit Additions excluding bulk purchases	224K	(6%) (2%)
LTM Revenue Payback	2.0x	(9%)

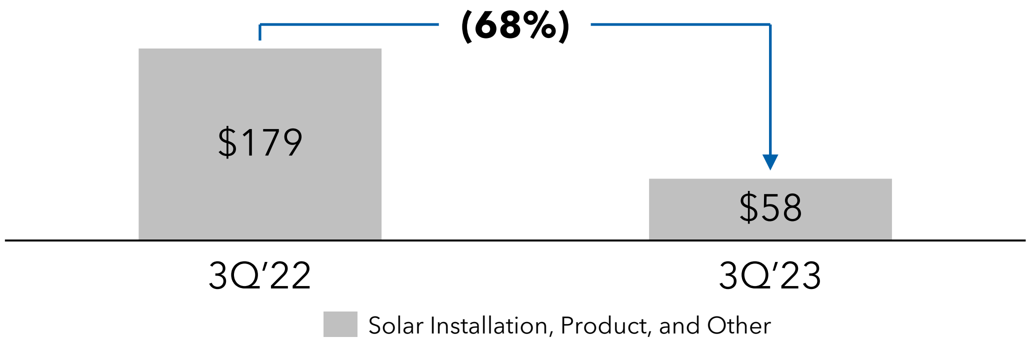
Note: Operating metrics presented exclude wholesale customers who outsource their monitoring to ADT unless otherwise noted. Gross Unit Additions represent Residential and Small Business only. Interactive services include Pulse, Control, and similar ADT platforms and are inclusive of services ranging from remote arm and disarm systems to full home automation.

SOLAR

Segment Financials and Key Metrics

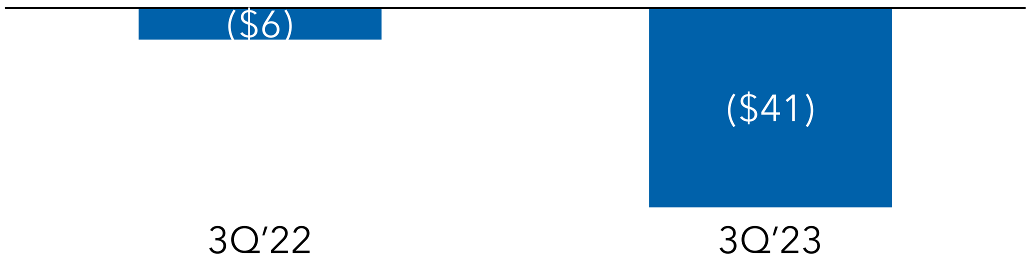
Revenue

$ in Millions



Adjusted EBITDA

$ in Millions



Portfolio optimization to restructure solar business

- Rationalization of footprint to focus on top performing branches and streamlined cost structure
  - Reduction in the number of branches from 38 to 16
- Financial impact of these actions expected to be sizable and beneficial to overall financial results with removal of more than $80M of annualized costs

ADT Solar

Segment Statistics

	3Q'23	Y/Y Change
Solar Installations	1.5K	(67%)
Revenue per Installation	~$38K	(4%)
Battery Attachment Rate	21.1%	400 bps

Navigating changing market conditions with decisive action to right-size business

Note: Revenue and revenue per installation are presented net of financing fees, which were $29 million and $12 million for 3Q'22 and 3Q'23, respectively. Following the recent impairments, the balance of goodwill in the Solar reporting unit is zero as of 9/30/2023; goodwill impairment charges have been excluded from Adjusted EBITDA.

2023 Guidance Update

- Updated guidance reflects the divestiture of our commercial business
- Strong CSB performance partially offsetting recent solar underperformance

$ in millions, except per share data	**Prior 2023 Guidance** *(Total ADT, incl. commercial)*	**Commercial Divestiture**[1]	**Operating Performance**	**Updated 2023 Guidance**[3] *(Continuing Ops)*
Total Revenue	$6,300 – $6,500	~ ($1,350)	--	$4,950 – $5,150
Adjusted EBITDA	$2,525 – $2,625	~ ($175)[2] *(~$150M run-rate and ~$25M other costs)*	*Decrease in mid-point of range reflects solar underperformance, partially offset by strength in CSB*	$2,350 – $2,400
Adj. FCF	$525 – $625	*Minimal impact; Adj. FCF includes results of continuing and discontinued operations*		$525 – $575
Adj. FCF w/ swaps	$600 – $700			$600 – $650
Adjusted EPS	$0.30 - $0.40	*The impact of classifying commercial as discontinued ops is offset by a lower tax rate and interest savings*	--	$0.40 – $0.45

Notes:
1. Represents the annualized impact of excluding the commercial business.
2. Includes approximately $150 million Commercial Adjusted EBITDA including $15 million estimated allocation of corporate costs and an additional $10 million of shared costs that do not qualify for discontinued operations that are now reflected in the CSB segment; in future quarters, these shared overhead costs will be offset by reimbursements through Transition Services Agreement.
3. Reflects expected results for "Continuing Operations" for Revenue, Adj. EBITDA, and Adj. EPS; consistent with GAAP presentation for cash flow from operations, reflects "Combined" reporting (including discontinued operations) for Adj. FCF and Adj. FCF w/ swaps.

Additional Financial Information
&
Non-GAAP Reconciliations

Adjusted Free Cash Flow Bridge (1)

($ in millions)	For the three months ended			For the nine months ended		
	Sept. 30, 2023	Sept. 30, 2022	Y/Y Change	Sept. 30, 2023	Sept. 30, 2022	Y/Y Change
Historical Adjusted EBITDA (1) (2)	**$634**	**$620**	**$14**	**$1,910**	**$1,818**	**$92**
Memo: Adjusted EBITDA from continuing operations	*$583*	*$583*	*($0)*	*$1,766*	*$1,719*	*$46*
Net Expensed SAC	$59	$83	($23)	$187	$258	($71)
Net SAC	($350)	($392)	$42	($991)	($1,185)	$194
Cash Taxes	($7)	($7)	($0)	($25)	($17)	($8)
Cash Interest	($213)	($187)	($26)	($527)	($404)	($123)
Capital Expenditures (3)	($41)	($48)	$7	($131)	($134)	$4
Working Capital & Other	$66	$77	($11)	($75)	($48)	($28)
Adjusted Free Cash Flow (2)	**$148**	**$145**	**$3**	**$348**	**$288**	**$60**
Interest Rate Swaps	$23	($2)	$25	$60	($27)	$86
Adjusted Free Cash Flow (including interest rate swaps) (2)	**$171**	**$143**	**$28**	**$408**	**$261**	**$147**

Notes:
1. Adjusted Free Cash Flow includes results of continuing and discontinued operations to align with the GAAP presentation on the Statements of Cash Flows. For purposes of this bridge, Historical Adjusted EBITDA also includes the results of discontinued operations related to the commercial business.
2. Adjusted Free Cash Flow is a liquidity measure and Adjusted EBITDA is a performance measure; GAAP to Non-GAAP reconciliations for these two measures are available in the following section of this presentation.
3. Capital expenditures exclude special items primarily related to integration activities.

Net Subscriber Acquisition Cost Calculation

	For the three months ended Sept. 30, 2023			For the nine months ended Sept. 30, 2023		
($ in millions)	**Capitalized**	**Non-capitalized**	**Total**	**Capitalized**	**Non-capitalized**	**Total**
Selling, Advertising, and Commissions	$108	$81	$189	$287	$239	$526
Security Installation, Product, and Other Cost	-	$39	$39	-	$112	$112
Capitalized Direct SAC	$158	-	$158	$472	-	$472
Capitalized Dealer SAC	$133	-	$133	$385	-	$385
Upfront Cash Proceeds	($72)	($94)	($166)	($216)	($284)	($501)
Net SAC for Continuing Operations	**$327**	**$26**	**$354**	**$928**	**$67**	**$995**
memo: Net SAC including Commercial	*$331*	*$19*	*$350*	*$940*	*$51*	*$991*

Note: Net SAC represents the estimated cash costs associated with the sale and installation of security and smart home systems to new and existing customers, net of any cash received at the time of installation. Upfront cash proceeds differ from contractual amounts due to the timing of cash receipts related to our consumer financing program in the amount of $78 million in 3Q'23.

Selected Statement of Operations Components

($ in millions)	For the three months ended September 30, 2023					For the three months ended September 30, 2022				
	Total Revenue	Cost of Revenue	SG&A and Other[1]	D&A	Total	Total Revenue	Cost of Revenue	SG&A and Other[1]	D&A	Total
Monitoring & Related Services Revenue (M&S)	$1,052	-	-	-	$1,052	$1,015	-	-	-	$1,015
M&S Costs, G&A, and Other	-	($149)	($226)	-	($375)	-	($137)	($245)	-	($382)
Net Customer Acquisition Costs	$58	($49)	($30)	-	($22)	$179	($114)	($29)	-	$36
subtotal: Adjusted EBITDA prior to subscriber acqusition	**$1,109**	**($198)**	**($257)**	-	**$655**	**$1,194**	**($252)**	**($274)**	-	**$669**
Net Expensed SAC	$49	($39)	($82)	-	($72)	$27	($27)	($85)	-	($85)
subtotal: Adjusted EBITDA	**$1,158**	**($237)**	**($339)**	-	**$583**	**$1,221**	**($279)**	**($359)**	-	**$583**
Depreciation and Amortization	$77	-	($48)	($333)	($304)	$62	-	($40)	($387)	($366)
Special Items	$2	-	($11)	-	($9)	$7	-	($17)	-	($9)
Total	**$1,237**	**($237)**	**($398)**	**($333)**		**$1,290**	**($279)**	**($416)**	**($387)**	

	Total Revenue	Cost of Revenue	SG&A and Other	D&A
Monitoring & Related Services Revenue	Monitoring & Related Services Revenue	-	-	-
M&S Costs, G&A, and Other	-	Monitoring & Related Services Costs	General & Administrative and Other	-
Net Customer Acquisition Costs (Solar)	Solar Installation, Product, and Other Revenue	Solar Installation, Product, and Other Costs	Selling and Advertising	-
Net Expensed SAC (CSB)	Security Installation, Product, and Other Revenue	Security Installation, Product, and Other Costs		-
Depreciation and Amortization	Amortization of Deferred Subscriber Acquisition Revenue	-	Amortization of Deferred Subscriber Acquisition Costs (Commissions)	Depreciation and Amortization
Special Items	Radio Conversion Revenue	-	Special Items	-

Note: Excludes special items not applicable to the GAAP measures presented.

1. Other includes Other expense (income) and Equity in net earnings (losses) of equity method investee; excludes change in fair value of a contingent forward purchase contract related to the State Farm transaction during 3Q'22.

Additional Historical Quarterly Data

	For the Three Months Ended				
($ in millions)	**September 30, 2023**	**June 30, 2023**	**March 31, 2023**	**December 31, 2022**	**September 30, 2022**
Operating and Financial Measures					
Monitoring & Related Services Revenue (M&S)	$1,053	$1,043	$1,029	$1,024	$1,022
Total Revenue	$1,237	$1,246	$1,277	$1,317	$1,290
Adjusted Net Income (Loss)	$69	$49	$95	$77	$72
GAAP Net Income (Loss)	($21)	($2)	($127)	$142	($169)
Adjusted EBITDA (from continuing operations)	$583	$603	$579	$591	$583
Adjusted EBITDA Margin (% Total Revenue)	47.1%	48.4%	45.4%	44.9%	45.2%
LTM Gross Customer Revenue Attrition[1]	12.9%	12.9%	12.9%	12.8%	12.9%
LTM Revenue Payback (in years)[1][2]	2.0x	2.1x	2.1x	2.2x	2.2x
Net Subscriber Acquisition Costs (SAC)					
Non-capitalized[3]	$26	$17	$23	$17	$17
Capitalized	$327	$317	$284	$295	$363
Total	**$354**	**$334**	**$307**	**$312**	**$380**
memo: Net Expensed SAC	*$72*	*$72*	*$75*	*$82*	*$85*
Adjusted Free Cash Flow (presented including Commercial operations)					
Historical Adjusted EBITDA	$634	$651	$625	$629	$620
Net Expensed SAC	$59	$61	$67	$77	$83
Net SAC	($350)	($331)	($310)	($314)	($392)
Cash Taxes	($7)	($16)	($2)	($6)	($7)
Cash Interest	($213)	($119)	($195)	($48)	($187)
Capital Expenditures[4]	($41)	($30)	($59)	($41)	($48)
Working Capital & Other	$66	($16)	($126)	($27)	$77
Adjusted Free Cash Flow [5]	**$148**	**$201**	**($0)**	**$269**	**$145**
Interest Rate Swaps	$23	$20	$16	$8	($2)
Adjusted Free Cash Flow Incl. Swaps [5]	**$171**	**$221**	**$16**	**$277**	**$143**
Recurring Monthly Revenue (RMR)					
End of Period RMR (excluding Wholesale)	$346	$343	$340	$337	$336
Wholesale RMR	$4	$4	$4	$4	$4
End of Period RMR (including Wholesale)	**$350**	**$348**	**$344**	**$341**	**$340**
Gross RMR Additions[1]	$13.1	$13.1	$11.5	$11.9	$14.1

Notes:

1. Excludes wholesale customers who outsource their monitoring to ADT, unless otherwise noted.
2. LTM Revenue Payback measures the net SAC incurred in the period divided by the recurring monthly revenue added during the period and represents the approximate time, in years, required to recover our net SAC through contractual monthly recurring fees.
3. Excludes the non-cash effects of ASC 606, timing of receipts associated with our consumer financing program, and other non-cash adjustments.
4. Capital expenditures exclude special items primarily related to integration activities.
5. Adjusted Free Cash Flow is a liquidity measure; a GAAP to Non-GAAP reconciliation is available in the following section of this presentation.

Income Statement

(in millions, except per share data)	Three Months Ended September 30,				Nine Months Ended September 30,			
Revenue:	2023	2022	$ Change	% Change	2023	2022	$ Change	% Change
Monitoring and related services	$ 1,053	$ 1,022	$ 32	3%	$ 3,125	$ 3,029	$ 96	3%
Security installation, product, and other	126	89	38	42%	355	236	120	51%
Solar installation, product, and other	58	179	(122)	(68)%	280	586	(306)	(52)%
Total revenue	1,237	1,290	(52)	(4)%	3,760	3,851	(91)	(2)%
Cost of revenue *(exclusive of depreciation and amortization shown separately below):*								
Monitoring and related services	149	137	11	8%	453	446	7	2%
Security installation, product, and other	39	27	12	43%	114	67	47	70%
Solar installation, product, and other	49	114	(65)	(57)%	213	383	(170)	(44)%
Total cost of revenue	237	279	(42)	(15)%	779	895	(116)	(13)%
Selling, general, and administrative expenses	396	415	(20)	(5)%	1,159	1,254	(95)	(8)%
Depreciation and intangible asset amortization	333	387	(54)	(14)%	1,021	1,224	(203)	(17)%
Merger, restructuring, integration, and other	16	5	12	N/M	42	1	41	N/M
Goodwill impairment	88	201	(113)	(56)%	511	201	310	N/M
Operating income (loss)	167	3	165	N/M	247	276	(28)	(10)%
Interest expense, net	(147)	(30)	(117)	N/M	(402)	(117)	(285)	N/M
Other income (expense)	1	(156)	157	N/M	—	(153)	153	N/M
Income (loss) from continuing operations before income taxes and equity in net earnings (losses) of equity method investee	21	(183)	204	N/M	(155)	5	(160)	N/M
Income tax benefit (expense)	(39)	16	(55)	N/M	12	(38)	50	N/M
Income (loss) from continuing operations before equity in net earnings (losses) of equity method investee	(18)	(168)	150	(89)%	(143)	(33)	(110)	N/M
Equity in net earnings (losses) of equity method investee	(3)	(2)	(1)	69%	(7)	(3)	(5)	N/M
Income (loss) from continuing operations	(21)	(169)	148	(88)%	(150)	(35)	(114)	N/M
Income (loss) from discontinued operations, net of tax	(66)	8	(73)	N/M	37	17	20	N/M
Net income (loss)	$ (86)	$ (161)	$ 75	(47)%	$ (113)	$ (18)	$ (95)	N/M
Common Stock:								
Income (loss) from continuing operations per share - basic	$ (0.02)	$ (0.19)			$ (0.16)	$ (0.04)		
Income (loss) from continuing operations per share - diluted	$ (0.02)	$ (0.19)			$ (0.16)	$ (0.04)		
Net income (loss) per share - basic	$ (0.09)	$ (0.18)			$ (0.12)	$ (0.02)		
Net income (loss) per share - diluted	$ (0.09)	$ (0.18)			$ (0.12)	$ (0.02)		
Weighted-average shares outstanding - basic	857	850			856	847		
Weighted-average shares outstanding - diluted	857	850			856	847		
Class B Common Stock:								
Income (loss) from continuing operations per share - basic	$ (0.02)	$ (0.19)			$ (0.16)	$ (0.04)		
Income (loss) from continuing operations per share - diluted	$ (0.02)	$ (0.19)			$ (0.16)	$ (0.04)		
Net income (loss) per share - basic	$ (0.09)	$ (0.18)			$ (0.12)	$ (0.02)		
Net income (loss) per share - diluted	$ (0.09)	$ (0.18)			$ (0.12)	$ (0.02)		
Weighted-average shares outstanding - basic	55	55			55	55		
Weighted-average shares outstanding - diluted	55	55			55	55		

Note: Amounts may not sum due to rounding.

Balance Sheet

	September 30, 2023	December 31, 2022
Assets		
Current assets:		
Cash and cash equivalents	$ 239	$ 257
Restricted cash and restricted cash equivalents	117	116
Accounts receivable, net	384	335
Inventories, net	199	225
Work-in-progress	7	12
Prepaid expenses and other current assets	238	307
Current assets held for sale	450	470
Total current assets	1,635	1,722
Property and equipment, net	276	306
Subscriber system assets, net	2,991	2,919
Intangible assets, net	4,823	4,927
Goodwill	4,904	5,430
Deferred subscriber acquisition costs, net	1,135	991
Other assets	771	641
Noncurrent assets held for sale	895	886
Total assets	$ 17,431	$ 17,821
Liabilities and stockholders' equity		
Current liabilities:		
Current maturities of long-term debt	$ 835	$ 858
Accounts payable	276	418
Deferred revenue	272	310
Accrued expenses and other current liabilities	582	777
Current liabilities held for sale	314	299
Total current liabilities	2,279	2,661
Long-term debt	8,832	8,947
Deferred subscriber acquisition revenue	1,849	1,581
Deferred tax liabilities	909	893
Other liabilities	216	240
Noncurrent liabilities held for sale	107	106
Total liabilities	14,192	14,428
Total stockholders' equity	3,239	3,393
Total liabilities and stockholders' equity	$ 17,431	$ 17,821

Note: Amounts may not sum due to rounding.

Cash Flow Statement

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Cash flows from operating activities:				
Net income (loss)	$ (86)	$ (161)	$ (113)	$ (18)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:				
Depreciation and intangible asset amortization	330	406	1,059	1,282
Amortization of deferred subscriber acquisition costs	51	42	146	118
Amortization of deferred subscriber acquisition revenue	(80)	(64)	(228)	(176)
Share-based compensation expense	16	17	43	50
Deferred income taxes	138	(14)	7	36
Provision for losses on receivables and inventory	37	23	104	68
Goodwill, intangible, and other asset impairments	94	201	522	201
Unrealized (gain) loss on interest rate swap contracts	(16)	(108)	(38)	(313)
Change in fair value of other financial instruments	—	158	—	158
Other non-cash items, net	50	26	103	104
Changes in operating assets and liabilities, net of effects of acquisitions and divestitures:				
Deferred subscriber acquisition costs	(110)	(109)	(295)	(304)
Deferred subscriber acquisition revenue	73	89	222	256
Other, net	(50)	(7)	(285)	(141)
Net cash provided by (used in) operating activities	446	498	1,246	1,321
Cash flows from investing activities:				
Dealer generated customer accounts and bulk account purchases	(133)	(159)	(385)	(500)
Subscriber system asset expenditures	(161)	(194)	(481)	(573)
Purchases of property and equipment	(41)	(48)	(131)	(136)
Acquisition of businesses, net of cash acquired	—	—	—	(13)
Proceeds from sale of business, net of cash sold	—	—	—	27
Other investing, net	2	—	9	(14)
Net cash provided by (used in) investing activities	(333)	(401)	(988)	(1,209)
Cash flows from financing activities:				
Proceeds from long-term borrowings	—	100	650	480
Proceeds from receivables facility	72	73	212	212
Proceeds (payments) from interest rate swaps	23	(2)	59	(27)
Repayment of long-term borrowings, including call premiums	(15)	(187)	(889)	(528)
Repayment of receivables facility	(52)	(35)	(145)	(81)
Dividends on common stock	(32)	(32)	(96)	(95)
Payments on finance leases	(11)	(12)	(32)	(34)
Other financing, net	(2)	2	(34)	(13)
Net cash provided by (used in) financing activities	(18)	(93)	(275)	(86)
Cash and cash equivalents and restricted cash and restricted cash equivalents:				
Net increase (decrease)	95	4	(18)	27
Beginning balance	261	56	374	33
Ending balance	$ 356	$ 60	$ 356	$ 60

Note: Amounts may not sum due to rounding.

Segment Information

(in millions)	Three Months Ended					Nine Months Ended		Twelve Months Ended	
	September 30, 2023	**June 30, 2023**	**March 31, 2023**	**December 31, 2022**	**September 30, 2022**	**September 30, 2023**	**September 30, 2022**	**September 30, 2023**	**December 31, 2022**
Total revenue - CSB									
Monitoring and related services	$ 1,053	$ 1,043	$ 1,029	$ 1,024	$ 1,022	$ 3,125	$ 3,029	$ 4,149	$ 4,052
Security installation, product, and other	126	125	104	93	89	355	236	448	329
Total	$ 1,180	$ 1,168	$ 1,132	$ 1,117	$ 1,111	$ 3,480	$ 3,265	$ 4,598	$ 4,381
Total revenue - Solar[(1)]									
Solar installation, product, and other	$ 58	$ 78	$ 145	$ 200	$ 179	$ 280	$ 586	$ 480	$ 786
Total	$ 58	$ 78	$ 145	$ 200	$ 179	$ 280	$ 586	$ 480	$ 786
Total revenue	$ 1,237	$ 1,246	$ 1,277	$ 1,317	$ 1,290	$ 3,760	$ 3,851	$ 5,078	$ 5,168
Adjusted EBITDA by segment									
CSB	$ 623	$ 641	$ 590	$ 581	$ 590	$ 1,854	$ 1,724	$ 2,436	$ 2,305
Solar	(41)	(37)	(11)	10	(6)	(89)	(4)	(79)	5
Total	$ 583	$ 603	$ 579	$ 591	$ 583	$ 1,766	$ 1,719	$ 2,356	$ 2,310
Adjusted EBITDA Margin by segment (as a percentage of segment revenue)									
CSB	*53 %*	*55 %*	*52 %*	*52 %*	*53 %*	*53 %*	*53 %*	*53 %*	*53 %*
Solar	*(71) %*	*(48) %*	*(7) %*	*5 %*	*(4) %*	*(32) %*	*(1) %*	*(16) %*	*1 %*
Total	***47 %***	***48 %***	***45 %***	***45 %***	***45 %***	***47 %***	***45 %***	***46 %***	***45 %***

Note: Amounts may not sum due to rounding.
1. M&S revenue is not applicable to the Solar segment.

Non-GAAP Measures

ADT sometimes uses information (“non-GAAP financial measures”) that is derived from the consolidated financial statements, but that is not presented in accordance with accounting principles generally accepted in the U.S. (“GAAP”). Under SEC rules, non-GAAP financial measures may be considered in addition to results prepared in accordance with GAAP, but should not be considered a substitute for, or, superior to GAAP results. The following information includes definitions of our non-GAAP financial measures used in this presentation, reasons our management believes these measures are useful to investors regarding our financial condition and results of operations, additional purposes, if any, for which our management uses the non-GAAP financial measures, and limitations to using these non-GAAP financial measures, as well as reconciliations of these non-GAAP financial measures to the most comparable GAAP measures. The limitations of non-GAAP financial measures are best addressed by considering these measures in conjunction with the appropriate GAAP measures. In addition, computations of these non-GAAP measures may not be comparable to other similarly titled measures reported by other companies.

With regard to our financial guidance for 2023, the Company is not providing a quantitative reconciliation for forward-looking Adjusted EBITDA and Adjusted EPS to income (loss) from continuing operations, and Adjusted Free Cash Flow and Adjusted Free Cash Flow (including interest rate swaps) to net cash provided by operating activities, which are the most directly comparable respective GAAP measures. These GAAP measures cannot be reliably predicted or estimated without unreasonable effort due to their dependence on future uncertainties, such as the adjustment of items used in the following reconciliations. Additionally, information about other adjusting items that is currently not available to the Company could have a potentially unpredictable and potentially significant impact on its future GAAP financial results.

Beginning in the third quarter of 2023, the Company is presenting the results of the commercial business as a discontinued operation (with the exception of certain costs previously reflected in the Commercial segment that do not qualify to be presented as discontinued operations and are now reflected in the CSB segment). Except for Free Cash Flow, Adjusted Free Cash Flow, and Adjusted Free Cash Flow (including interest rate swaps) which, consistent with the presentation of the GAAP measure net cash provided by (used in) operating activities, continue to reflect the results of both continuing and discontinued operations (through the date of sale), and unless otherwise noted, non-GAAP measures herein have been recast for prior periods to reflect the results of only the Company’s continuing operations and to exclude the results of discontinued operations related to the commercial business to conform with the current period presentation.

GAAP to Non-GAAP Reconciliations

Adjusted EBITDA from continuing operations ("Adjusted EBITDA") and Adjusted EBITDA Margin from continuing operations ("Adjusted EBITDA Margin")

We believe the presentation of Adjusted EBITDA provides useful information to investors about our operating profitability adjusted for certain non-cash items, non-routine items that we do not expect to continue at the same level in the future, as well as other items that are not core to our operations. Further, we believe Adjusted EBITDA provides a meaningful measure of operating profitability because we use it for evaluating our business performance, making budgeting decisions, and comparing our performance against that of other peer companies using similar measures. We define Adjusted EBITDA as income or loss from continuing operations adjusted for (i) interest; (ii) taxes; (iii) depreciation and amortization, including depreciation of subscriber system assets and other fixed assets and amortization of dealer and other intangible assets; (iv) amortization of deferred costs and deferred revenue associated with subscriber acquisitions; (v) share-based compensation expense; (vi) merger, restructuring, integration, and other items such as separation costs; (vii) losses on extinguishment of debt; (viii) radio conversion costs net of any related incremental revenue earned; (ix) adjustments related to acquisitions, such as contingent consideration and purchase accounting adjustments, or dispositions; (x) impairment charges; and (xi) other income/gain or expense/loss items such as changes in fair value of certain financial instruments or financing and consent fees. There are material limitations to using Adjusted EBITDA as it does not reflect certain significant items, which directly affect our income or loss from continuing operations (the most comparable GAAP measure). The Adjusted EBITDA discussion above is also applicable to Adjusted EBITDA margin, which is calculated as Adjusted EBITDA as a percentage of total revenue.

(in millions)	**Three Months Ended**					**Nine Months Ended**		**Twelve Months Ended**	
	September 30, 2023	**June 30, 2023**	**March 31, 2023**	**December 31, 2022**	**September 30, 2022**	**September 30, 2023**	**September 30, 2022**	**September 30, 2023**	**December 31, 2022**
Income (loss) from continuing operations	$ (21)	$ (2)	$ (127)	$ 142	$ (169)	$ (150)	$ (35)	$ (8)	$ 107
Interest expense, net	147	84	171	147	30	402	117	549	264
Income tax expense (benefit)	39	23	(74)	—	(16)	(12)	38	(13)	38
Depreciation and intangible asset amortization	333	326	362	392	387	1,021	1,224	1,413	1,616
Amortization of deferred subscriber acquisition costs	48	46	44	42	40	138	112	181	154
Amortization of deferred subscriber acquisition revenue	(77)	(74)	(70)	(66)	(62)	(221)	(169)	(287)	(235)
Share-based compensation expense	10	9	13	14	14	31	40	45	53
Merger, restructuring, integration, and other[1]	16	11	16	16	5	42	1	58	17
Goodwill impairment[2]	88	181	242	—	201	511	201	511	201
Change in fair value of other financial instruments[3]	—	—	—	(94)	158	—	158	(94)	63
Non-cash acquisition-related adjustments and other, net[4]	(1)	1	2	(2)	(5)	2	34	—	32
Adjusted EBITDA (from continuing operations)	$ 583	$ 603	$ 579	$ 591	$ 583	$ 1,766	$ 1,719	$ 2,356	$ 2,310
Selling (incl. Commissions) and Advertising	82				86			314	
Installations costs	39				27			149	
Installation revenue	(49)				(27)			(161)	
Adjusted EBITDA (from continuing operations) prior to subscriber acquisition	$ 655				$ 669			$ 2,658	
Income (loss) from continuing operations to total revenue ratio	*(2)%*	*—%*	*(10)%*	*11%*	*(13)%*	*(4)%*	*(1)%*	*—%*	*2%*
Adjusted EBITDA Margin (as percentage of total revenue)	*47%*	*48%*	*45%*	*45%*	*45%*	*47%*	*45%*	*46%*	*45%*
Total revenue	1,237	1,246	1,277	1,317	1,290	3,760	3,851	5,078	5,168

Note: Amounts may not sum due to rounding. Amounts are recast to reflect the presentation of the commercial business as discontinued operations.

1. During 2023, includes integration and third-party costs related to the strategic optimization of the Solar business operations following the ADT Solar acquisition.
2. Represents goodwill impairment charges related to the Solar reporting unit.
3. In connection with the State Farm investment, amounts represent the change in fair value of a contingent forward purchase contract related to the tender offer during 2022.
4. Primarily represents amortization of the customer backlog intangible asset during Q1 2022 related to the ADT Solar Acquisition and other non-cash purchase accounting adjustments, partially offset by gain on sale of a business of $10 million during Q2 2022.

GAAP to Non-GAAP Reconciliations

Historical Adjusted EBITDA (as reported)

We believe the presentation of historical Adjusted EBITDA provides useful information to investors about our operating profitability adjusted for certain non-cash items, non-routine items that we do not expect to continue at the same level in the future, as well as other items that are not core to our operations. Further, we believe historical Adjusted EBITDA provides a meaningful measure of operating profitability because we use it for evaluating our business performance, making budgeting decisions, and comparing our performance against that of other peer companies using similar measures. We define historical Adjusted EBITDA as net income or loss adjusted for (i) interest; (ii) taxes; (iii) depreciation and amortization, including depreciation of subscriber system assets and other fixed assets and amortization of dealer and other intangible assets; (iv) amortization of deferred costs and deferred revenue associated with subscriber acquisitions; (v) share-based compensation expense; (vi) merger, restructuring, integration, and other; (vii) losses on extinguishment of debt; (viii) radio conversion costs net of any related incremental revenue earned; (ix) adjustments related to acquisitions, such as contingent consideration and purchase accounting adjustments, or dispositions; (x) impairment charges; and (xi) other income/gain or expense/loss items such as changes in fair value of certain financial instruments or financing and consent fees. There are material limitations to using historical Adjusted EBITDA as it does not reflect certain significant items, which directly affect our net income or loss (the most comparable GAAP measure).

Historical Adjusted EBITDA includes results of the Company's continuing and discontinued operations. Amounts are as reported prior to the presentation of the commercial business as a discontinued operation.

(in millions)	Three Months Ended		Nine Months Ended		Twelve Months Ended
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022	December 31, 2022
Net income (loss)	$ (86)	$ (161)	$ (113)	$ (18)	$ 133
Interest expense, net	148	30	404	118	265
Income tax expense (benefit)	67	(11)	(51)	47	49
Depreciation and intangible asset amortization	330	406	1,059	1,282	1,694
Amortization of deferred subscriber acquisition costs	51	42	146	118	163
Amortization of deferred subscriber acquisition revenue	(80)	(64)	(228)	(176)	(244)
Share-based compensation expense	16	17	43	50	67
Merger, restructuring, integration, and other	25	6	60	3	22
Goodwill impairment[(1)]	88	201	511	201	201
Change in fair value of other financial instruments[(2)]	—	158	—	158	63
Non-cash acquisition-related adjustments and other, net[(3)]	(1)	(4)	2	36	35
Historical Adjusted EBITDA (as reported)	$ 634	$ 620	$ 1,910	$ 1,818	$ 2,447

Note: Amounts may not sum due to rounding. Amounts presented include the results of the commercial business. Prior periods agree to amounts that have been previously reported.

1. Represents goodwill impairment charges related to the Solar reporting unit.
2. In connection with the State Farm investment, amounts represent the change in fair value of a contingent forward purchase contract related to the tender offer during 2022.
3. Primarily represents amortization of the customer backlog intangible asset during Q1 2022 related to the ADT Solar Acquisition.

GAAP to Non-GAAP Reconciliations

Free Cash Flow, Adjusted Free Cash Flow, Adjusted Free Cash Flow including interest rate swaps

We define Free Cash Flow as cash flows from operating activities less cash outlays related to capital expenditures. We define capital expenditures to include accounts purchased through our network of authorized dealers or third parties outside of our authorized dealer network, subscriber system asset expenditures, and purchases of property and equipment. These items are subtracted from cash flows from operating activities because they represent long-term investments that are required for normal business activities.

We define Adjusted Free Cash Flow as Free Cash Flow adjusted for net cash flows related to (i) net proceeds from our consumer receivables facility; (ii) financing and consent fees; (iii) restructuring and integration; (iv) integration-related capital expenditures; (v) radio conversion costs net of any related incremental revenue collected; and (vi) other payments or receipts that may mask our operating results or business trends. Adjusted Free Cash Flow including interest rate swaps reflects Adjusted Free Cash Flow plus net cash settlements on interest rate swaps presented within net cash provided by (used in) financing activities.

We believe the presentations of these non-GAAP measures are appropriate to provide investors with useful information about our ability to repay debt, make other investments, and pay dividends. We believe the presentation of Adjusted Free Cash Flow is also a useful measure of our cash flow attributable to our normal business activities, inclusive of the net cash flows associated with the acquisition of subscribers, as well as our ability to repay other debt, make other investments, and pay dividends. Further, Adjusted Free Cash Flow including interest rate swaps is a useful measure of Adjusted Free Cash Flow inclusive of all cash interest.

There are material limitations to using these non-GAAP measures. These non-GAAP measures adjust for cash items that are ultimately within management's discretion to direct, and therefore, may imply that there is less or more cash available than the most comparable GAAP measure. These non-GAAP measures are not intended to represent residual cash flow for discretionary expenditures since debt repayment requirements and other non-discretionary expenditures are not deducted.

(in millions)	Three Months Ended					Nine Months Ended	
	September 30, 2023	**June 30, 2023**	**March 31, 2023**	**December 31, 2022**	**September 30, 2022**	**September 30, 2023**	**September 30, 2022**
Net cash provided by (used in):							
Operating activities	$ 446	$ 493	$ 307	$ 567	$ 498	$ 1,246	$ 1,321
Investing activities	$ (333)	$ (319)	$ (336)	$ (324)	$ (401)	$ (988)	$ (1,209)
Financing activities	$ (18)	$ (217)	$ (41)	$ 71	$ (93)	$ (275)	$ (86)
Net cash provided by (used in) operating activities	$ 446	$ 493	$ 307	$ 567	$ 498	$ 1,246	$ 1,321
Dealer generated customer accounts and bulk account purchases	(133)	(136)	(116)	(121)	(159)	(385)	(500)
Subscriber system asset expenditures	(161)	(161)	(159)	(162)	(194)	(481)	(573)
Purchases of property and equipment	(41)	(30)	(59)	(41)	(48)	(131)	(136)
Free Cash Flow	$ 111	$ 165	$ (28)	$ 243	$ 97	$ 249	$ 112
Net proceeds from receivables facility	20	28	19	25	38	68	131
Restructuring and integration payments(1)	13	7	7	4	6	27	13
Integration-related capital expenditures	1	—	—	—	1	1	2
Radio conversion costs, net(2)	(1)	(1)	(1)	(6)	(2)	(4)	10
Other, net(3)	5	1	2	3	4	8	21
Adjusted Free Cash Flow	$ 148	$ 201	$ —	$ 269	$ 145	$ 348	$ 288
Interest rate swaps presented within financing activities(4)	23	20	16	8	(2)	59	(27)
Adjusted Free Cash Flow (including interest rate	$ 171	$ 221	$ 16	$ 277	$ 143	$ 408	$ 261
Memo: Cash interest included above(5)	$ 213	$ 119	$ 195	$ 48	$ 187	$ 527	$ 404

Note: Amounts may not sum due to rounding. The non-GAAP measures in the table above include cash flows associated with both continuing and discontinued operations consistent with the applicable GAAP presentation on the Statement of Cash Flows.

1. During 2023, primarily represents ADT Solar integration costs and CSB restructuring costs.
2. Represents net costs associated with replacing cellular technology used in many of our security systems pursuant to a replacement program.
3. During the nine months ended September 2022, primarily represents costs related to the ADT Solar acquisition. During the three months ended September 2023, primarily represents separation costs related to the commercial divestiture.
4. Includes net settlements related to interest rate swaps with an other-than-insignificant financing element at inception, which is presented within net cash provided by (used in) financing activities.
5. Excludes interest on interest rate swaps presented within financing activities.

GAAP to Non-GAAP Reconciliations

Adjusted Income (Loss) from Continuing Operations ("Adjusted Income (Loss)") and Adjusted Diluted Income (Loss) per Share (or, Adjusted EPS)

We define Adjusted Income (Loss) as income (loss) from continuing operations adjusted for (i) merger, restructuring, integration, and other; (ii) losses on extinguishment of debt; (iii) radio conversion costs net of any related incremental revenue earned; (iv) share-based compensation expense; (v) unrealized gains and losses on interest rate swap contracts not designated as hedges; (vi) other income/gain or expense/loss items such as changes in fair value of certain financial instruments, impairment charges, financing and consent fees, or acquisition-related adjustments; and (vii) the impact these adjusted items have on taxes.

Adjusted Diluted Income (Loss) per share is Adjusted Income (Loss) divided by diluted weighted-average shares outstanding of common stock. In periods of GAAP net loss, diluted weighted-average shares outstanding of common stock does not include the assumed conversion of Class B Common Stock and other potential shares, such as share-based compensation awards, to shares of Common Stock as the results would be anti-dilutive.

We believe Adjusted Income (Loss) and Adjusted Diluted Income (Loss) per share are benchmarks used by analysts and investors who follow the industry for comparison of its performance with other companies in the industry, although our measures may not be directly comparable to similar measures reported by other companies.

There are material limitations to using these measures, as they do not reflect certain significant items which directly affect our income (loss) from continuing operations and related per share amounts (the most comparable GAAP measures).

Prior to the third quarter of 2023, the Company presented Adjusted Net Income along with a reconciliation to GAAP net income and Adjusted Diluted Net Income (Loss) per share along with a reconciliation to GAAP Diluted Net Income (Loss) per share. As the Company did not report discontinued operations prior to the third quarter of 2023, net income (loss) reflected all of the Company's operations, including the commercial business. Since the beginning of the third quarter of 2023, results of the commercial business are presented in accordance with GAAP as discontinued operations. Therefore, the Company now presents Adjusted Income (Loss) and Adjusted Diluted Income (Loss) per share along with reconciliations to GAAP income (loss) from continuing operations and GAAP Diluted income (loss) from continuing operations per share, respectively, as the most directly comparable GAAP measures.

(in millions, except per share data)	Three Months Ended				
	September 30, 2023	**June 30, 2023**	**March 31, 2023**	**December 31, 2022**	**September 30, 2022**
Income (loss) from continuing operations	$ (21)	$ (2)	$ (127)	$ 142	$ (169)
Merger, restructuring, integration, and other	16	11	16	16	5
Goodwill impairment[1]	88	181	242	—	201
Change in fair value of other financial instruments[2]	—	—	—	(94)	158
Share-based compensation expense	10	9	13	14	14
Interest rate swaps, net[3]	9	(55)	33	11	(108)
Non-cash acquisition-related adjustments and other, net	(1)	1	2	(2)	(5)
Tax impact on adjustments[4]	(33)	(95)	(83)	(9)	(23)
Adjusted Income (Loss)	$ 69	$ 49	$ 95	$ 77	$ 72
Weighted-average shares outstanding - diluted[6]:					
Common Stock	857	917	854	922	850
Class B Common Stock	55	55	55	55	55
Income (loss) per share from continuing operations - diluted:					
Common Stock	$ (0.02)	$ —	$ (0.14)	$ 0.15	$ (0.19)
Class B Common Stock	$ (0.02)	$ —	$ (0.14)	$ 0.15	$ (0.19)
Adjusted Diluted Income (Loss) per share[6]	$ 0.08	$ 0.05	$ 0.11	$ 0.08	$ 0.09

Note: Amounts may not sum due to rounding. Amounts are recast to reflect the presentation of the commercial business as discontinued operations.

1. Represents goodwill impairment charges related to the Solar reporting unit.
2. In connection with the State Farm investment, amounts represent the change in fair value of a contingent forward purchase contract related to the tender offer during 2022.
3. Primarily includes the unrealized (gain) or loss on interest rate swaps not designated as cash flow hedges. During Q3 2023, includes $25 million associated with the reclassification to interest expense, net from AOCI of historical losses related to certain interest rate swaps for which the Company previously applied hedge accounting but for which the cash flows are probable of not occurring as a result of the partial redemption of the Company's First Lien Term Loan due 2026.
4. Represents the statutory rate, inclusive of the federal statutory rate, which reflects the tax impact of our filing posture in combined, unitary, and separate reporting states. Our state tax profile varies by state.
5. Refer to the Company's Quarterly Reports on Form 10-Q and Annual Reports on Form 10-K for further discussion regarding the computation of diluted weighted-average shares outstanding of common stock.
6. Calculated as Adjusted Income (Loss) divided by diluted weighted-average shares outstanding of Common Stock.

GAAP to Non-GAAP Reconciliations

Leverage Ratios

Net Leverage Ratio and Net Leverage Ratio (as adjusted) are calculated as the ratio of net debt or net debt (as adjusted) to last twelve months ("LTM") Adjusted EBITDA. Net debt is calculated as total debt excluding the Receivables Facility, including capital leases, minus cash and cash equivalents. Net debt (as adjusted) is calculated as net debt excluding the estimated total debt paydown using the proceeds from the divestiture of the commercial business. Refer to the discussion on Adjusted EBITDA for descriptions of the differences between Adjusted EBITDA and income (loss) from continuing operations, which is the most comparable GAAP measure. We believe these measures are useful measure of the Company's credit position and progress towards leverage targets. There are material limitations to using these measures as the Company may not always be able to use cash to repay debt on a dollar-for-dollar basis.

(in millions)		September 30, 2023
Total debt (book value)	$	9,668
LTM Income (loss) from continuing operations	$	27
Debt to income (loss) from continuing operations ratio		**360.8x**

(in millions)		September 30, 2023
First lien term loans		3,343
First lien and ADT notes		4,700
Receivables facility		423
Finance leases and other		89
Total first lien debt	**$**	**8,555**
Second lien notes		1,300
Total debt[(1)]	**$**	**9,855**
Less: Cash and cash equivalents		(239)
Less: Receivables Facility		(423)
Net debt	**$**	**9,194**
Less: debt reduced by net proceeds of commercial divestiture		1,518
Net debt (as adjusted)[(2)]	**$**	**7,676**
LTM Adjusted EBITDA from continuing operations	$	2,356
Net leverage ratio[(3)]		**3.9x**
Net leverage ratio (as adjusted)[(2)]		**3.3x**
LTM Adjusted EBITDA from continuing operations prior to subscriber acquisition	$	2,658
Net leverage ratio[(3)]		**3.5x**
Net leverage ratio prior to subscriber acquisition (as adjusted)[(2)]		**2.9x**
Annualized RMR	$	4,205
Net leverage ratio[(3)]		**2.2x**
RMR Ratio (as adjusted)[(2)]		**1.8x**

Note: Amounts may not sum due to rounding.

1. Debt instruments are stated at face value.
2. Calculated using net debt post commercial divestiture.
3. Calculated using net debt as reported.

GAAP to Non-GAAP Reconciliations

Historical Leverage Ratios (As previously reported)

Net Leverage Ratio (as reported) is calculated as the ratio of net debt to last twelve months ("LTM") Historical Adjusted EBITDA. Net debt is calculated as total debt excluding the Receivables Facility, including capital leases, minus cash and cash equivalents. Refer to the discussion on Historical Adjusted EBITDA for descriptions of the differences between Historical Adjusted EBITDA and net income (loss), which is the most comparable GAAP measure. We believe Net Leverage Ratio is a useful measure of the Company's credit position and progress towards leverage targets. There are material limitations to using Net Leverage Ratio as the Company may not always be able to use cash to repay debt on a dollar-for-dollar basis.

(in millions)		**December 31, 2022**
Total debt (book value)	$	9,829
LTM net income (loss)	$	133
Debt to net income (loss) ratio		**74.1x**

(in millions)		**December 31, 2022**
First lien term loans		2,730
First lien and ADT notes		5,550
Receivables facility		355
Finance leases and other		97
Total first lien debt	**$**	**8,732**
Second lien notes		1,300
Total debt[(1)]	**$**	**10,032**
Less: Cash and cash equivalents		(257)
Less: Receivables Facility		(355)
Net debt	**$**	**9,420**
LTM Historical Adjusted EBITDA (as reported)	$	2,447
Net leverage ratio (as reported)		**3.9x**

Note: Amounts may not sum due to rounding. Amounts are recast to reflect the presentation of the Commercial Business as discontinued operations.
1. Debt instruments are stated at face value.