

# Fourth Quarter and Full Year 2024

## Earnings Presentation

February 27, 2025



# Forward Looking Statements and Non-GAAP Measures

ADT Inc. ("ADT or the "Company") 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, the Company's repurchases of shares of its common stock under the Company's \$500 million share repurchase plan announced on February 27, 2025 (the "2025 Share Repurchase Plan"; the expected costs, benefits and timing of the implementation of the Company's new enterprise resource planning (ERP) system; timing of the Company's dividend payment declared on February 27, 2025; the Company's expected future financial results, including the Company's ability to reduce debt or improve leverage ratios, or to achieve or maintain its long-term leverage goals; the integration of strategic bulk purchases of customer accounts; the Company's outlook and/or guidance, which includes Total Revenue, Adjusted EBITDA, Adjusted Diluted Income (Loss) per Share ("Adjusted EPS") and Adjusted Free Cash Flow (including interest rate swaps); any stated or implied outcomes with regard to the foregoing; the expected timing of the Company's partial redemption of \$500 million of its First Lien Notes due 2026; expectations regarding the Company's new first lien seven-year term loan facility (the "New Term Loan"), including timing and use of proceeds of the New Term Loan; the expected benefits of the Company's products and services; the expectations, plans and objectives of management; and other matters. Without limiting the generality of the preceding sentences, any time we use the words "ongoing," "expects," "intends," "will," "anticipates," "believes," "confident," "possible," "continue," "propose," "seeks," "could," "may," "should," "estimates," "forecasts," "might," "potential," "outlook," "goals," "objectives," "targets," "planned," "projects," and, in each case, their negative or other various or comparable terminology, and similar expressions, we intend 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. We caution that these statements are subject to risks and uncertainties, many of which are outside of the Company's control and could cause future events or results to be materially different from those stated or implied in this presentation, including, among others, factors relating to risks and uncertainties regarding the benefits and any difficulties with respect to the effect of the Company's divestiture of its commercial business (the "Commercial Divestiture") and the Company's exit from its residential solar business (the "ADT Solar Exit"), including that the costs of the ADT Solar Exit may exceed the Company's best estimates; the Company's ability to maintain and grow the Company's existing customer base and to integrate strategic bulk purchases of customer accounts; activity in repurchasing shares of ADT's common stock under the authorized 2025 Share Repurchase Plan; dividend rates or yields for any future quarter; the Company's ongoing assessments of the impacts of cybersecurity attacks; the Company's expectations regarding its ability to effectively implement counter measures intended to safeguard the Company's information technology assets and operations; the impact of cybersecurity incidents on the Company's relationships with customers, employees and regulators; the Company's ability to coordinate effectively with its third party business partners to address any cybersecurity incidents; legal, reputational and financial risks resulting from any cybersecurity incidents; and that any future, or still undetected, cybersecurity related incident, whether an attack, disruption, intrusion, denial of service, theft or other breach could result in unauthorized access to, or disclosure of, data, resulting in claims, costs and reputational harm that could negatively affect actual results of operations or financial condition; any material changes to the valuation allowances the Company takes with respect to its deferred tax assets; the timing and closing of the New Term Loan; the Company's ability to effectively implement its strategic partnerships with State Farm or Google, including, commercializing products or utilizing any of the amounts invested in the Company or provided by State Farm for research and development or other purposes; and risks that are described in the Company's most recently filed Annual Report on form 10-K and its Quarterly Reports on Form 10-Q, including the sections titled "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" contained in those reports, and in the Company's other filings with the SEC. 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 unless required by law.

**Note:** The Company's former commercial and solar segments are classified as discontinued operations in accordance with GAAP. 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. Beginning in the third quarter of 2024, Adjusted Free Cash Flow excludes all remaining cash flows attributable to the discontinued solar business.

**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 EBITDA margin, Adjusted Income (Loss) from continuing operations, Adjusted EPS, 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.

With regard to the Company's financial guidance for 2025, the Company is not providing a quantitative reconciliation for forward-looking Adjusted EBITDA and Adjusted EPS to GAAP income (loss) from continuing operations and diluted income (loss) per share from continuing operations, respectively, and Adjusted Free Cash Flow (including interest rate swaps) to GAAP 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 reconciliations herein. Additionally, information not currently available to the Company about other adjusting items could have a potentially unpredictable and potentially significant impact on 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, and Revenue Payback are approximated as there may be variations to reported results in each period due to certain adjustments made 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: Delivering Safe, Smart, Sustainable Solutions

### Market Leader

#1 brand in smart home security with national footprint and scale

### Well-Positioned

Opportunity to increase share in large, growing, and highly attractive markets

### Resilient

Long-term, stable subscriber base generates significant recurring revenue

### Evolved Portfolio

Broad product and solution portfolio spanning home security and smart home

### Differentiated

Innovative offerings, unrivaled safety, and premium customer experience

### Disciplined & Balanced

Strong cash flows support capital allocation flexibility

# Leading Brand in Home Security and Smart Home

**150** ADT  
**YEARS**  
of innovative protection

**#1**  
Smart Home Security Provider<sup>1</sup>

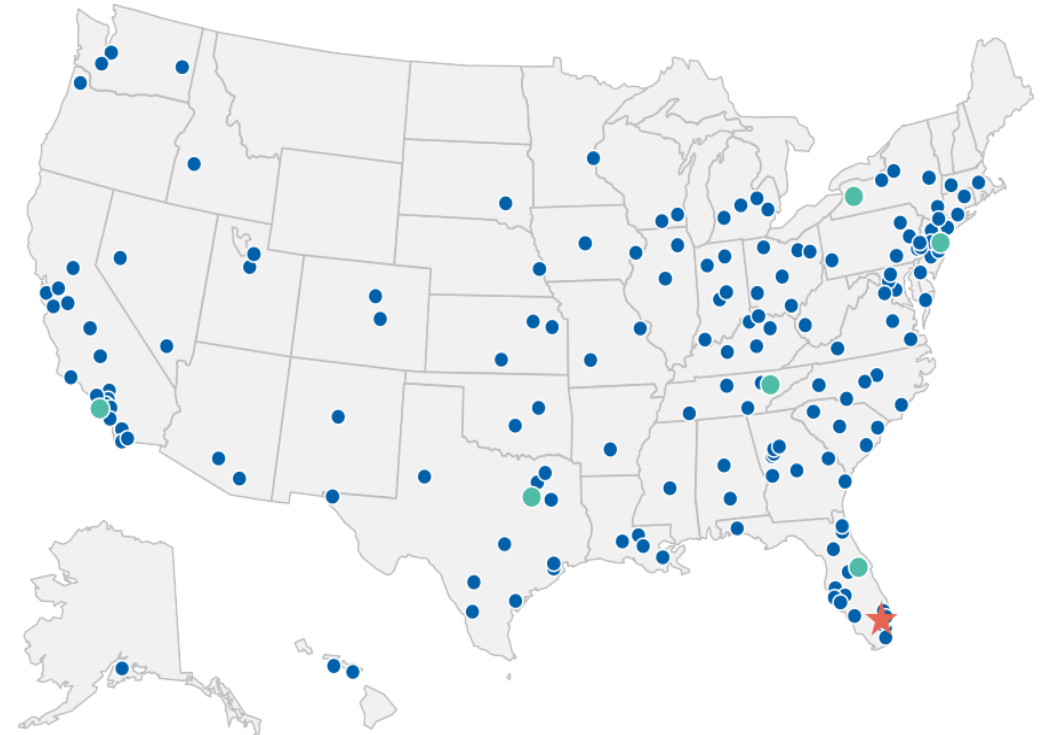
**2X**  
more preferred than the next closest provider<sup>2</sup>

**98%**  
brand awareness among security system owners, intenders, and prospects<sup>3</sup>

**6.4M**  
subscribers

**~8 YEARS**  
average customer tenure

## Scaled Nationwide Monitoring and Technical Support Presence



● Locations    ● Monitoring Centers    ★ Corporate Headquarters

**Notes:**

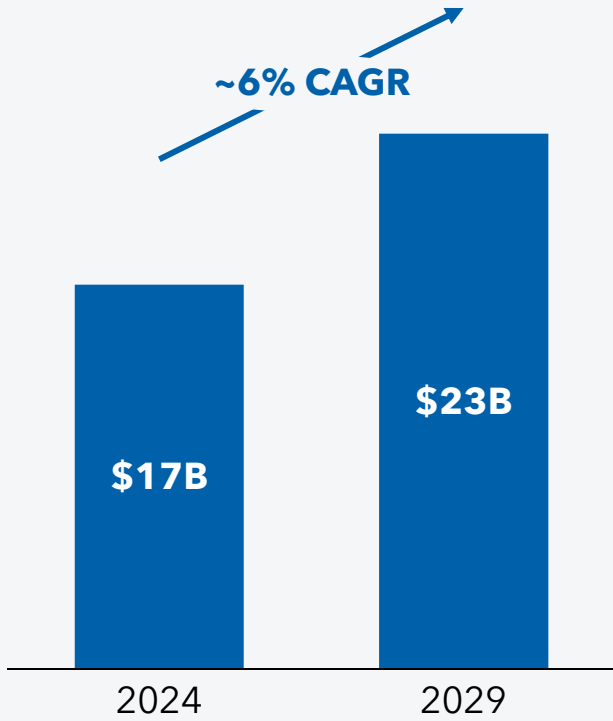
- 1. TechInsights Top 10 US Interactive Security Providers, July 2024.
- 2. Parks Associates, "Residential Security Dashboard", August 2024.
- 3. SightX, ADT analysis.

# Large, Growing, Highly Attractive Markets

## Growing Consumer Spend on Residential Security

### Total Annual Revenue<sup>1</sup>

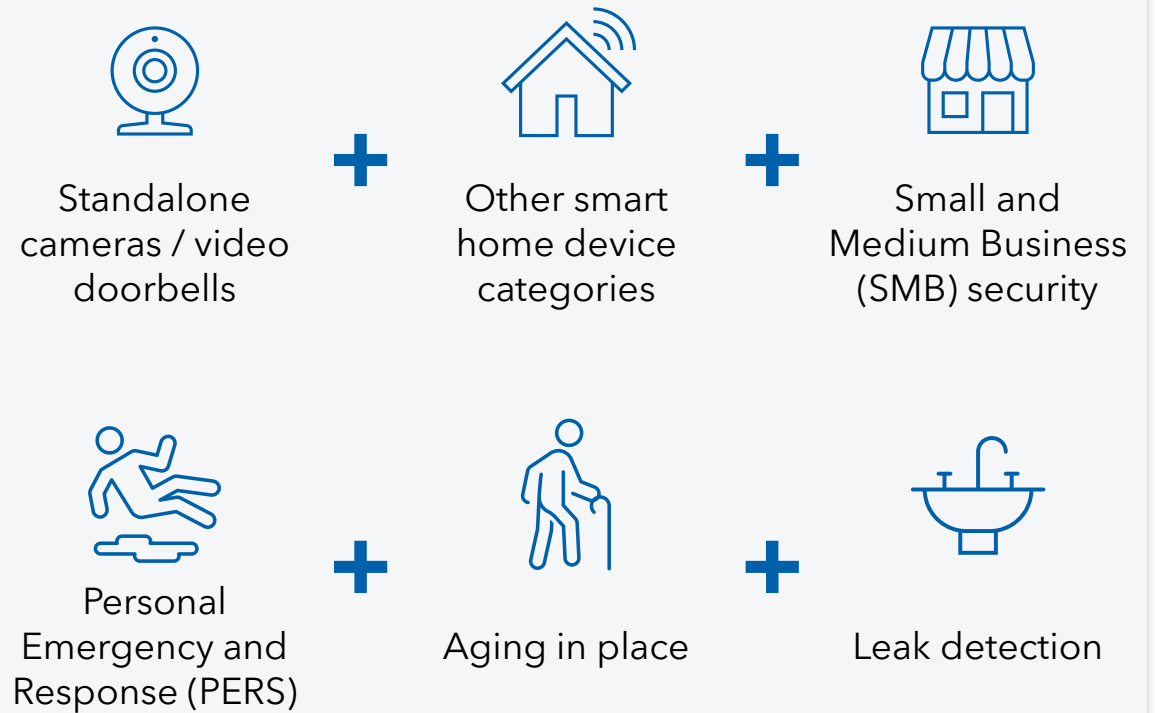
Security Services in HHs with a Security System and Security System Sales



Professional monitoring represents ~80% of Total Annual Revenue

## Significant Incremental Opportunity

### Select Security and Smart Home Adjacencies



**Notes:**

1. Parks Associates, "Residential Security Forecast 2024", October 2024.

## Business Model is Durable, Resilient, and Flexible...

### Durable Recurring Revenue Base

- Large existing subscriber base generates **~\$4.3B** in annualized recurring monthly revenue
- Retention remains near record high; implies **average customer tenure of ~8 years**

### Macroeconomic Resilience

- **Demand for home security** and personal safety increases during uncertain times
- Factors that pressure new subscriber additions also contribute to **customer retention**

### Capital Flexibility

- **Subscriber Acquisition Cost** (SAC) is largest use of capital (~\$1.4B/year)
- **Efficient customer adds** through new and existing channels with higher installation revenue
- **Strong balance sheet** and capital structure

## ... And Generates Strong Returns on Capital Through Three Key Levers...

**Efficient Customer  
Acquisition**



**Profitable Service  
of Customers**



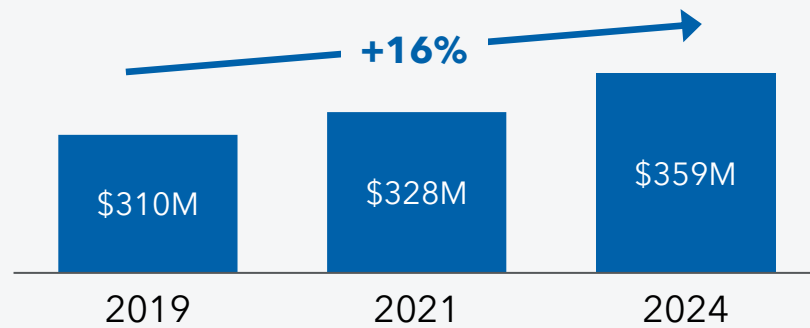
**Customer Loyalty  
and Retention**



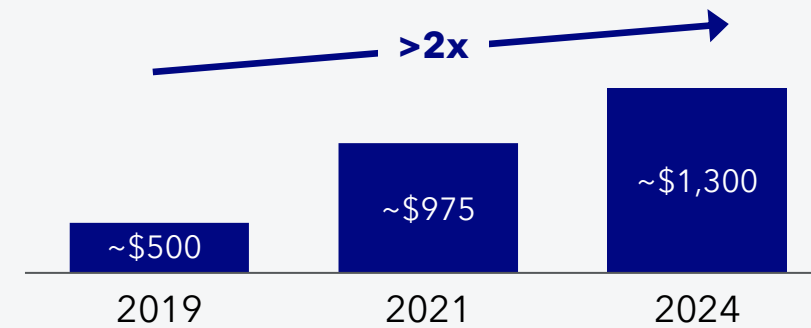
**Long-Term Value and Cash Generation**

## ...With Improved Performance Across Key Metrics

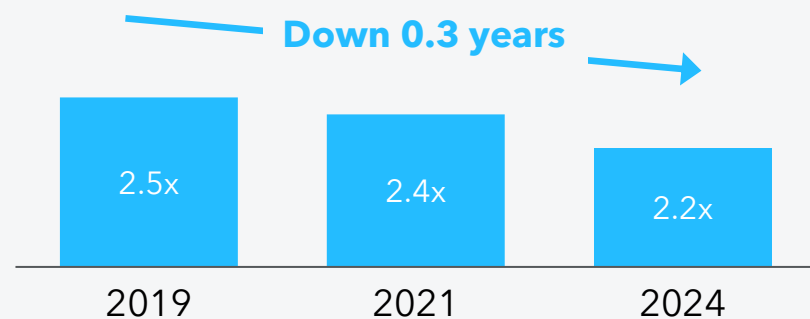
### Recurring Monthly Revenue



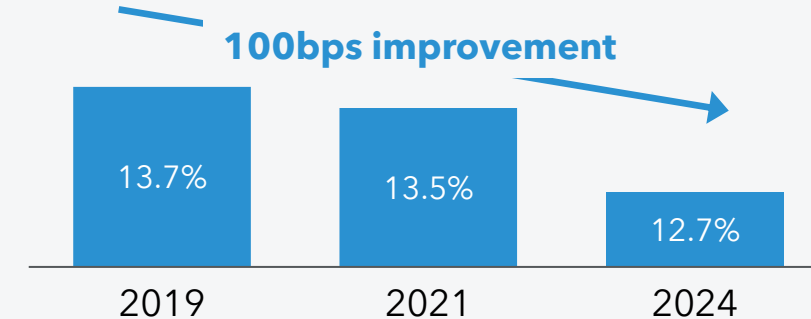
### Installation Revenue Per Unit



### Revenue Payback



### Attrition



**Note:** All metrics are continuing operations and reflect the business operations of the former CSB segment.

# Accelerating Differentiation Through Focused Initiatives to Drive Growth, Profitability, and Loyalty



## Use Cases and Features

- **ADT+** proprietary platform
- New **security and lifestyle**-oriented solutions
- **Alarm verification** and prioritized dispatch



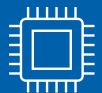
## Offer Structure

- Contract, price, and payment **flexibility**
- **Value-centric packages** to capture new segments
- **Partner specific offers** (e.g., State Farm)



## Routes to Market

- **Omnichannel** shopping and purchase experience
- Enhanced **e-commerce**
- Differentiator-focused **advertising**



## Digitization and AI

- **Virtual service** and call center efficiency
- Customer **propensity analytics**
- Scaling IT **infrastructure agility**

## 2024 Highlights

- ADT+ pro install available in all geographies
- Launched innovative and unique Trusted Neighbor capability
- Introduced ADT+ Glass Break Sensor
- Refined advertising campaign and media placement
- Simplified offer and pricing structure
- Improved customer save rate
- Virtual service calls >50% of total
- Enhanced customer self-service
- Remote Wi-Fi diagnostics



Supported by Blue Chip Equity and Commercial Partners



# Innovating on the new proprietary ADT+ Platform

## Strengthening our Smart Home Security Offerings



Trusted Neighbor launched nationally on the ADT+ platform, driving a growing percentage of sales and strong IRPU and RMR



ADT+ platform quality and install efficiency is already on par with legacy ADT security systems



ADT+ app is rated an average of 4.8 stars on the Apple App Store and Google Play store, one of the highest-rated in the home security and smart home category

## Continuing Product and Experience Innovation



Introducing Yale Touch Lock feature in 2Q25



Expanding Trusted Neighbor's smart access control capabilities to other helpful parties



Launching a translator device to enable homes with legacy systems to move into the ADT+ ecosystem



Redesigning ADT+ hardware to further reduce costs

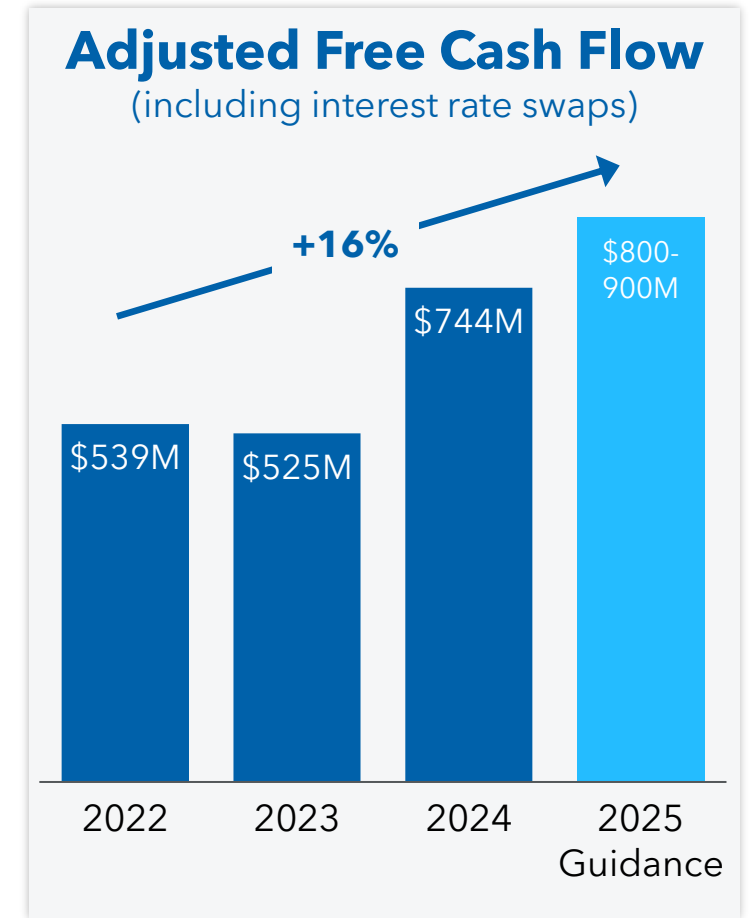
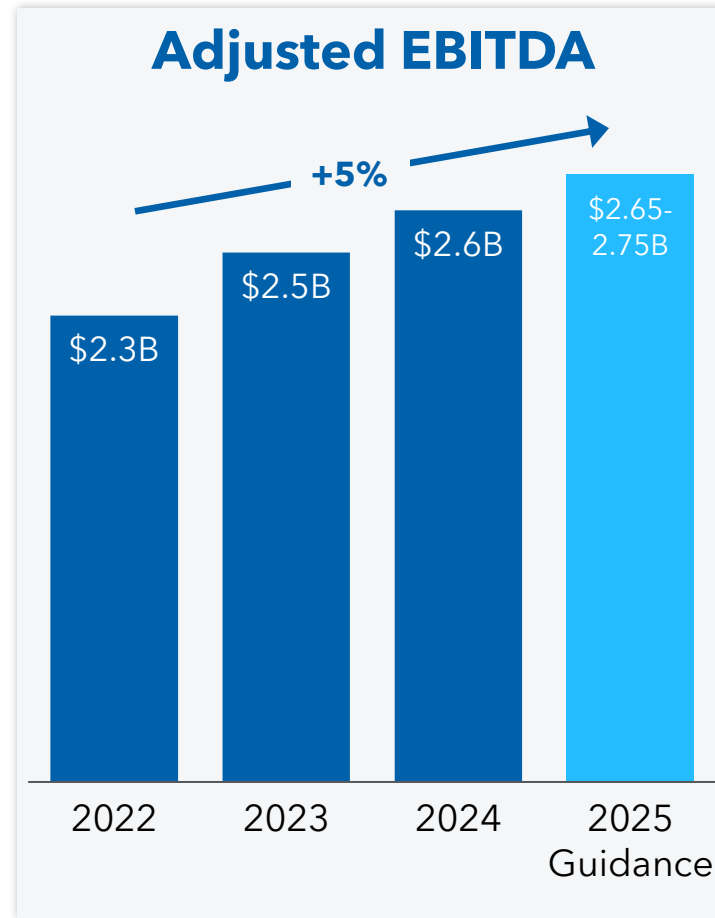
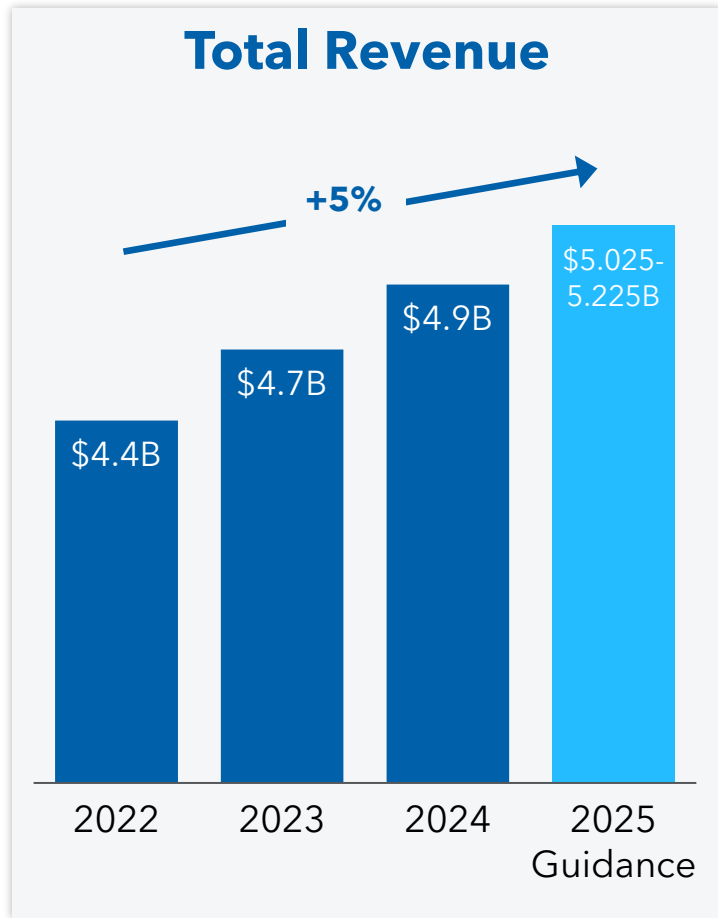


TrustedNeighbor™

"This [Trusted Neighbor] smart home security system **really makes me feel like I'm living in the future.**"

– Tom's Guide, Sep '24

# Delivering Top-Line Growth and Strong Free Cash Flow



**Significant FCF enables flexibility for efficient growth and return of capital to shareholders**

**Note:** Growth percentage represents CAGR from 2022 to midpoint of 2025 guidance. Total Revenue and Adjusted EBITDA are continuing operations only. Beginning in the third quarter of 2024, all cash flows attributable to the discontinued solar business are excluded from Adjusted Free Cash Flow measures.

## Disciplined and Balanced Capital Allocation Framework



### Investing in the Business

- Organic RMR growth
- Product and technology
- Selective M&A



### Strengthening the Balance Sheet

- Leverage reduction
- Liquidity access
- Well-laddered maturities



### Returning Capital to Shareholders

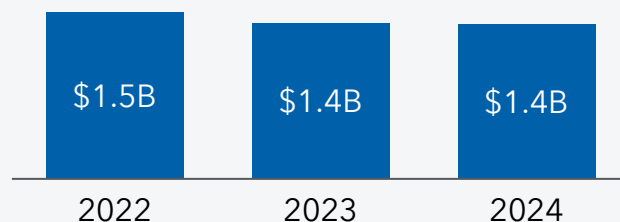
- Dividends
- Share repurchases

# Strong Cash Flow Supports Capital Allocation Strategy

## Investing in the Business

- **Capital-efficient** subscriber acquisition
- **Recurring monthly revenue** up 10% since beginning of 2022
- Product development and technology-led innovation
- Capacity for **opportunistic bulk account** purchases or tuck-in M&A

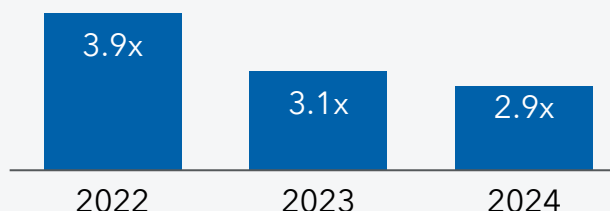
### Net Subscriber Acquisition Costs



## Strengthening the Balance Sheet

- **Reduced leverage to 2.9x**, below target
- \$2B debt reduction since 2022
- Extended and upsized revolving facility
- Effective cost of debt of ~4.5%

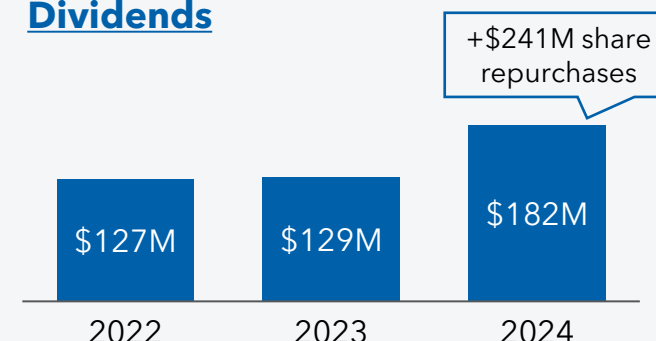
### Net Leverage Ratio<sup>1</sup>



## Returning Capital to Shareholders

- **Raised quarterly dividend by 57%** to \$0.055/share in January 2024
- **Share repurchases** of \$345 million since January 2024<sup>2</sup>
- Announced **new repurchase plan** of \$500 million in February 2025

### Dividends



#### Note:

1. LTM Adjusted EBITDA used in net leverage ratio for 2022 reflects historical amounts including the commercial and solar businesses; 2023 and 2024 reflect continuing operations only.
2. Share repurchases include \$241 million in 2024, \$104 million in 1Q'25.

# Compelling Value Creation Algorithm Focused on Driving Shareholder Returns

## Durable Recurring Revenue Base

- Annuity-like
- Stable and predictable
- Record low attrition

**\$4.3B**

Annualized RMR

## Generating Significant Adjusted Free Cash Flow

## Strong Revenue Growth

- Iconic brand
- Large and growing TAM
- Innovation focus

**+5%<sup>1</sup>**

Total Revenue

**+16%<sup>1</sup>**

3-year CAGR

## Efficient Operations

- Unmatched scale
- Best-in-class service delivery
- Improved acquisition cost

**>50%**

Adj. EBITDA Margin

**\$1.8B**

Cumulative  
2022-2024

## Solid Capital Structure

- Well-laddered maturities
- ~4.5% average cost of debt
- \$2B debt reduction since 2022

**2.9x**

2024 Leverage

## Over \$780M<sup>2</sup> Returned to Shareholders

**57% increase in quarterly dividend** in January 2024

**\$345M of shares repurchases** since January 2024

**\$500M new repurchase plan** announced in February 2025

**Note:**

1. Growth percentage represents CAGR from 2022 to midpoint of 2025 guidance.
2. Total dividends and share repurchases since 2022; share repurchases include \$241 million in 2024, \$104 million in 1Q'25.

## Investment Thesis for ADT is Strong

- 1 Large, growing, and highly resilient markets underpinned by secular tailwinds with opportunity to meaningfully increase share
- 2 #1 brand in smart home security combined with industry-leading scale and a national footprint
- 3 Stable recurring revenue base with compelling unit economics and resilient cash flows
- 4 Accelerating differentiation with industry's largest nationwide network of experienced professionals and new proprietary platform, complemented by long-term strategic partners
- 5 Attractive debt profile with disciplined capital allocation framework expected to drive long-term value for shareholders





# Financial Results & Outlook



## 2024 Highlights



### \$4.9B

Total Revenue

*up 5%*

### \$2.6B

Adjusted EBITDA

*up 4%*

### \$0.75

Adjusted EPS

*up 25%*

### 2.2 years

Revenue Payback

*up 0.1 years*

### \$744M

Adjusted Free Cash Flow  
(including interest rate swaps)

*up 42%*

### 2.9x

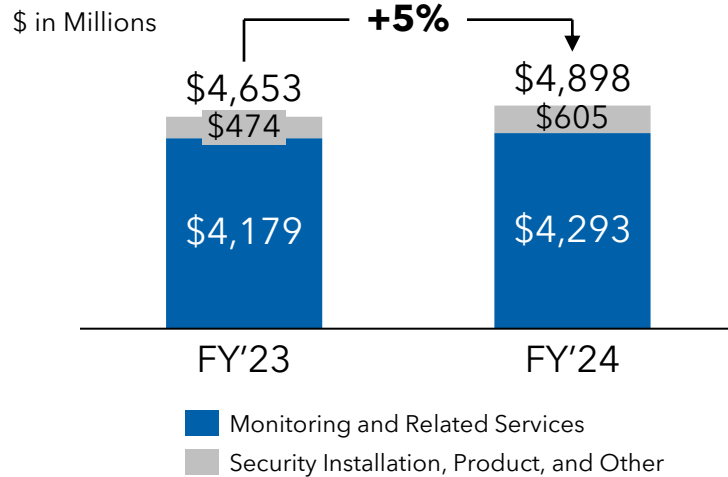
Net Leverage Ratio

*down 0.2x*

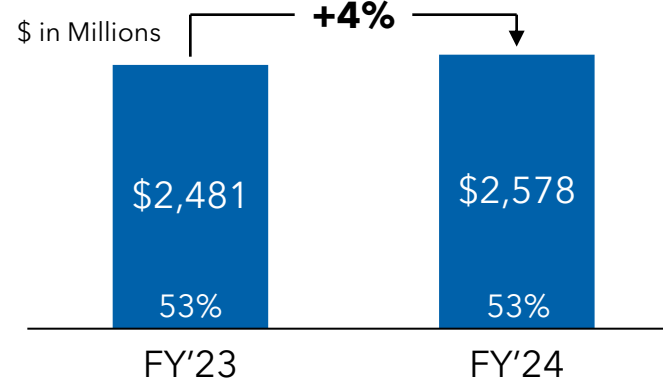
**Note:** All variances are on a year-over-year basis. Unless otherwise noted, metrics reflect continuing operations only. Beginning in the third quarter of 2024, Adjusted Free Cash Flow excludes all remaining cash flows attributable to the discontinued solar business.

# Key Full Year Financials

## Total Revenue

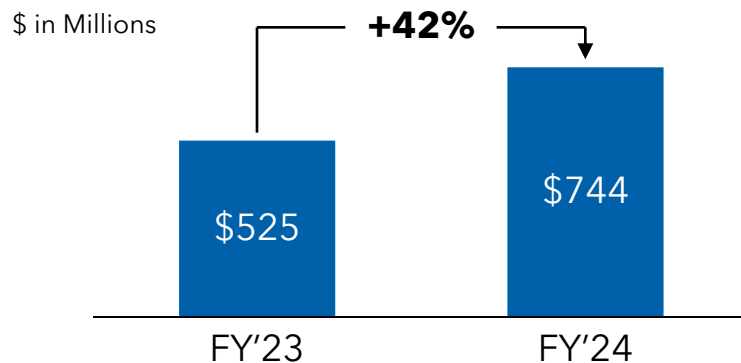


## Adjusted EBITDA & Margin

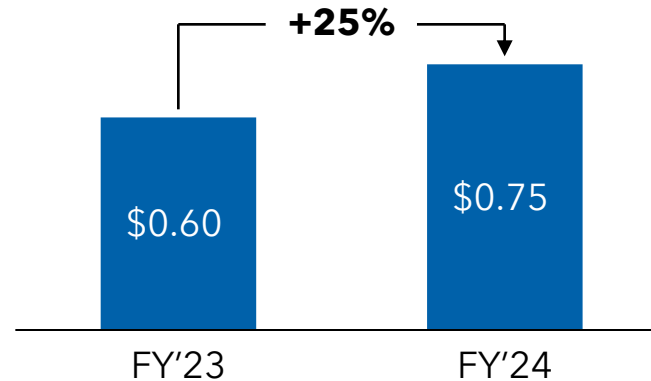


## Adjusted Free Cash Flow

(including interest rate swaps)



## Adjusted EPS



## Highlights

- Strong results and in line with all guidance metrics
- Increase in recurring revenue primarily due to higher average pricing
- Continued strong operating efficiency and service delivery
- Investment in product and technology
- Lower cash interest driven by debt reduction
- Returned \$423 million capital to shareholders via share repurchases and dividends

**Note:** Total Revenue, Adjusted EBITDA, and Adjusted EPS are continuing operations and reflect the business operations of the former CSB segment. Beginning in the third quarter of 2024, Adjusted Free Cash Flow excludes all remaining cash flows attributable to the discontinued solar business.

## Additional Key Metrics

	FY24	FY23	Y/Y Change
Ending Subscriber Count	6.4M	6.4M	0%
Interactive Customers <small>as a % of Total Residential and Small Business</small>	71%	68%	300 bps
End of Period RMR <small>including wholesale</small>	\$359M	\$353M	2%
Gross RMR Additions	\$49.7M	\$52.0M	(4%)
Gross Unit Additions	836K	883K	(5%)
Gross Revenue Attrition	12.7%	12.9%	(20 bps)
LTM Revenue Payback	2.2x	2.1x	0.1x
Net Cash SAC	\$1,392M	\$1,399M	0%

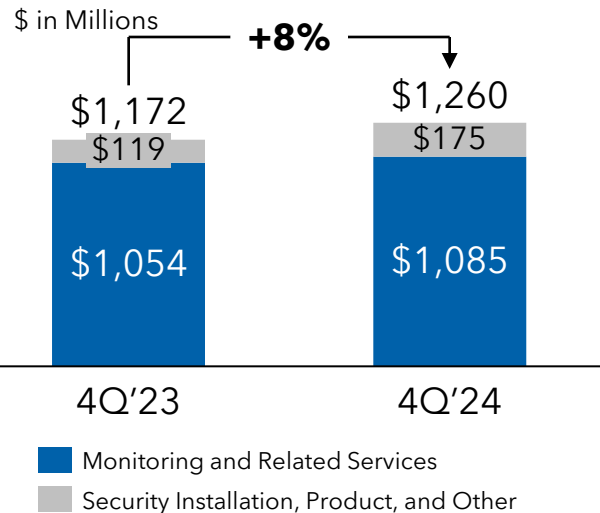
### Highlights

- Increase in RMR driven by higher average pricing
- Continued smart home adoption with high take rates for interactive and video services
- Record RMR balance with continued disciplined subscriber acquisition spend
- Retention initiatives driving fewer voluntary disconnects and improved attrition rate
- Some macro pressure on non-pay disconnects and direct subscriber additions

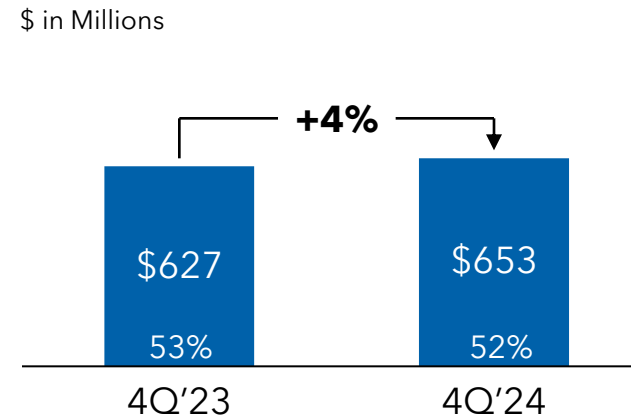
**Note:** Operating metrics presented reflect the business operations of the former CSB segment and exclude wholesale customers who outsource their monitoring to ADT unless otherwise noted. Interactive services include Pulse, Control, ADT+ and similar ADT platforms and are inclusive of services ranging from remote arm and disarm systems to full home automation. Gross Unit Additions represent Residential and Small Business. Net Cash Subscriber Acquisition Costs (SAC) represents the estimated cash expenditures for sales and installation, net of inflows received, and excludes former commercial business.

# Key Quarterly Financials & Metrics

## Total Revenue

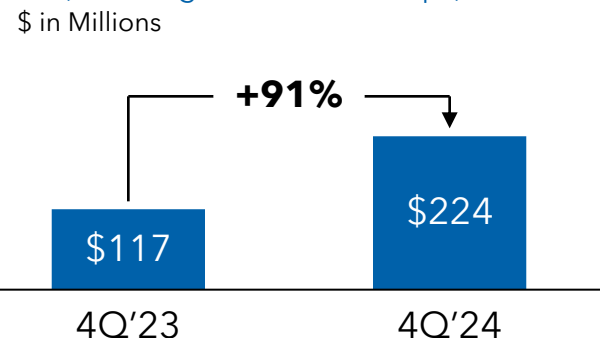


## Adjusted EBITDA & Margin

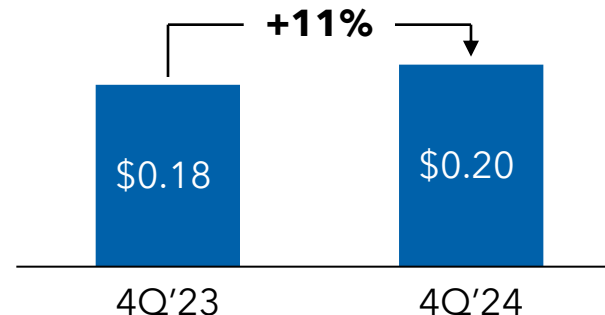


## Adjusted Free Cash Flow

(including interest rate swaps)



## Adjusted EPS



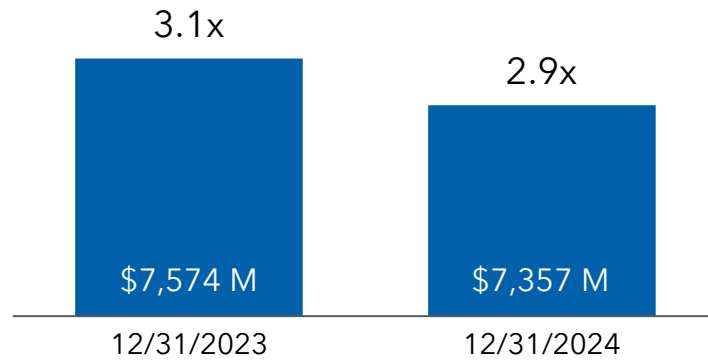
	4Q'24	4Q'23	Y/Y Change
Ending Subscriber Count	6.4M	6.4M	0%
Interactive Customers <small>as a % of Total Residential and Small Business</small>	71%	68%	300 bps
End of Period RMR <small>including wholesale</small>	\$359M	\$353M	2%
Gross RMR Additions	\$11.1M	\$14.3M	(22%)
Gross Unit Additions	186K	243K	(23%)
Gross Revenue Attrition	12.7%	12.9%	(20 bps)
LTM Revenue Payback	2.2x	2.1x	0.1x
Net Cash SAC	\$320M	\$404M	(21%)

**Note:** Total Revenue, Adjusted EBITDA, and Adjusted EPS are continuing operations and reflect the business operations of the former CSB segment. Beginning in the third quarter of 2024, Adjusted Free Cash Flow excludes all remaining cash flows attributable to the discontinued solar business. Operating metrics presented reflect the business operations of the former CSB segment and exclude wholesale customers who outsource their monitoring to ADT unless otherwise noted. Interactive services include Pulse, Control, ADT+ and similar ADT platforms and are inclusive of services ranging from remote arm and disarm systems to full home automation. Gross Unit Additions represent Residential and Small Business. Net Cash Subscriber Acquisition Costs (SAC) represents the estimated cash expenditures for sales and installation, net of inflows received, and excludes former commercial business.

## Capital Structure with Balanced Maturity Profile

- 2.9x Net Leverage Ratio, down 0.2x versus prior year, and below 3.0x target; efficient ~4.5% cash interest rate
- Transactions during 2024 reduced debt by \$100M, increased commitment on revolver by \$225M and extended maturity, and reduced the interest spread on First Lien Term Loan B by 25 basis points
- Redeeming \$500M of 2026 notes using proceeds from new \$600M 7-year term loan facility, expected to close in early March 2025
- Cash on hand and Revolver provide flexibility to be opportunistic on timing to refinance the remaining 2026 Notes

### Net Debt and Leverage Ratios<sup>1</sup>



Net Debt /  
Adj. EBITDA prior to  
subscriber acquisition

2.7x

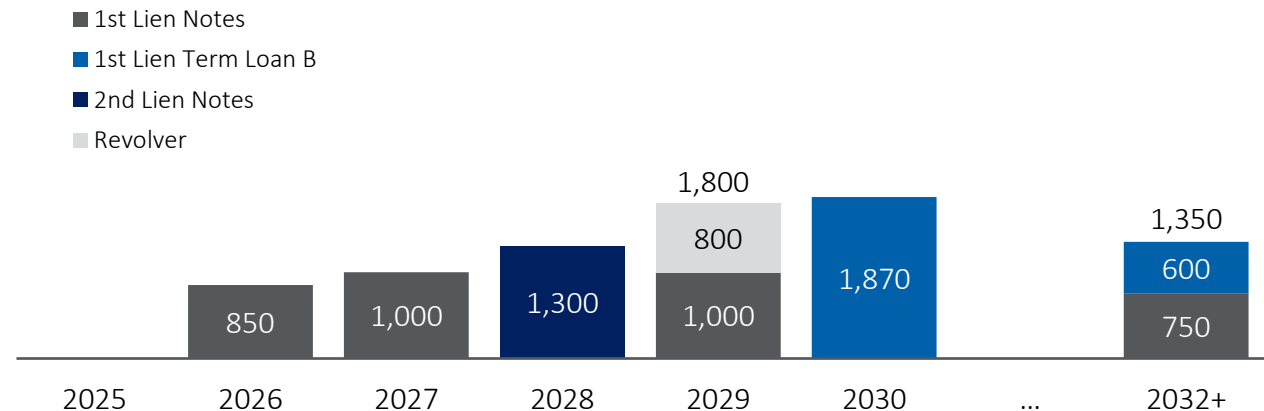
2.6x

Net Debt /  
Annualized RMR

1.8x

1.7x

### Debt Maturity Profile<sup>2</sup>



#### Notes:

1. LTM Adjusted EBITDA reflects continuing operations only. Net debt for all periods includes amounts related to the solar business.
2. Debt maturity profile assumes partial redemption of 2026 Notes using \$500 million of proceeds from new \$600 million 7-year term loan facility, which is expected to close in early March 2025, and excludes receivables facility of \$408 million and finance leases of \$69 million as of 12/31/2024.

## 2025 Guidance

(\$ in millions, except per share data)	<b>2024 Actual</b>	<b>2025 Guidance</b>	<b>Midpoint Year-over-year</b>	<b>Highlights / Key Drivers</b>
Total Revenue	\$4,898	\$5,025 - \$5,225	5%	<ul style="list-style-type: none"> <li>• Durable and growing RMR base</li> <li>• Higher outright sales mix</li> <li>• Continued efficiency and cost controls</li> <li>• Customer service and retention focus</li> <li>• SAC efficiency improvement</li> </ul>
Adjusted EBITDA	\$2,578	\$2,650 - \$2,750	5%	
Adjusted EPS	\$0.75	\$0.77 - \$0.85	8%	
Adjusted Free Cash Flow (including interest rate swaps)	\$744	\$800 - \$900	14%	

**Notes:** Total Revenue, Adjusted EBITDA, and Adjusted EPS are continuing operations only. Beginning in the third quarter of 2024, all cash flows attributable to the discontinued solar business are excluded from Adjusted Free Cash Flow measures. Adjusted EPS assumes a tax rate of ~27% and share count of ~880 million.



# Additional Financial Information & Non-GAAP Reconciliations



# Financial & Operating Measures

(\$ in millions)	For the Three Months Ended								For the Twelve Months Ended	
	Dec. 31, 2024	Sept. 30, 2024	Jun. 30, 2024	Mar. 31, 2024	Dec. 31, 2023	Sept. 30, 2023	Jun. 30, 2023	Mar. 31, 2023	Dec. 31, 2024	Dec. 31, 2023
<b>Financial Measures</b>										
Monitoring and related services (M&S)	\$1,085	\$1,078	\$1,068	\$1,063	\$1,054	\$1,053	\$1,043	\$1,029	\$4,293	\$4,179
Security installation, product, and other	\$175	\$166	\$136	\$127	\$119	\$126	\$125	\$104	\$605	\$474
<b>Total Revenue</b>	<b>\$1,260</b>	<b>\$1,244</b>	<b>\$1,205</b>	<b>\$1,190</b>	<b>\$1,172</b>	<b>\$1,180</b>	<b>\$1,168</b>	<b>\$1,132</b>	<b>\$4,898</b>	<b>\$4,653</b>
<b>Adjusted EBITDA (from continuing operations)</b>	<b>\$653</b>	<b>\$659</b>	<b>\$629</b>	<b>\$638</b>	<b>\$627</b>	<b>\$623</b>	<b>\$641</b>	<b>\$590</b>	<b>\$2,578</b>	<b>\$2,481</b>
<i>Adjusted EBITDA Margin (% Revenue)</i>	52%	53%	52%	54%	53%	53%	55%	52%	53%	53%
Historical Adjusted EBITDA	\$653	\$659	\$613	\$614	\$600	\$634	\$651	\$625	\$2,538	\$2,510
<b>Adjusted Income (Loss) from continuing operations</b>	<b>\$176</b>	<b>\$183</b>	<b>\$156</b>	<b>\$171</b>	<b>\$168</b>	<b>\$144</b>	<b>\$153</b>	<b>\$85</b>	<b>\$685</b>	<b>\$549</b>
Adjusted EPS	\$0.20	\$0.20	\$0.17	\$0.19	\$0.18	\$0.16	\$0.17	\$0.09	\$0.75	\$0.60
<b>GAAP Income (Loss) from continuing operations</b>	<b>\$197</b>	<b>\$132</b>	<b>\$126</b>	<b>\$164</b>	<b>\$107</b>	<b>\$123</b>	<b>\$180</b>	<b>\$40</b>	<b>\$619</b>	<b>\$450</b>
GAAP EPS	\$0.21	\$0.14	\$0.13	\$0.17	\$0.11	\$0.13	\$0.19	\$0.04	\$0.66	\$0.47
<b>Operating Measures</b>										
Gross RMR Additions <sup>(1)</sup>	\$11.1	\$14.7	\$12.5	\$11.4	\$14.3	\$13.1	\$13.1	\$11.5	\$49.7	\$52.0
Gross Unit Additions	186K	250K	212K	187K	243K	224K	227K	189K	836K	883K
LTM Gross Customer Revenue Attrition <sup>(1)</sup>	12.7%	12.8%	12.9%	13.1%	12.9%	12.9%	12.9%	12.9%	12.7%	12.9%
LTM Revenue Payback (in years) <sup>(1)(2)</sup>	2.2x	2.2x	2.2x	2.1x	2.1x	2.0x	2.1x	2.1x	2.2x	2.1x
End of Period RMR (including Wholesale)	\$359	\$359	\$355	\$353	\$353	\$350	\$348	\$344	\$359	\$353
<i>End of Period RMR (excluding Wholesale)</i>	\$355	\$354	\$351	\$349	\$349	\$346	\$343	\$340	\$355	\$349

**Notes:** Unless otherwise noted, amounts have been recast to present continuing operations which reflect the business operations of the former CSB segment. Historical Adjusted EBITDA includes continuing and discontinued operations.

1. Excludes wholesale customers who outsource their monitoring to ADT, unless otherwise noted.

2. LTM Revenue Payback measures the approximate time, in years, required to recover our net SAC through contractual monthly recurring fees.

# Adjusted Free Cash Flow Detail

(\$ in millions)	For the Three Months Ended								For the Twelve Months Ended	
	Dec. 31,	Sept. 30,	Jun. 30,	Mar. 31,	Dec. 31,	Sept. 30,	Jun. 30,	Mar. 31,	Dec. 31,	Dec. 31,
	2024	2024	2024	2024	2023	2023	2023	2023	2024	2023
<b><u>Adjusted Free Cash Flow</u></b>										
Historical Adjusted EBITDA <sup>(1)</sup>	\$653	\$659	\$613	\$614	\$600	\$634	\$651	\$625	\$2,538	\$2,510
Net Expensed SAC	\$52	\$68	\$69	\$72	\$83	\$59	\$61	\$67	\$262	\$270
Net Cash SAC <sup>(2)</sup>	(\$320)	(\$414)	(\$357)	(\$300)	(\$404)	(\$350)	(\$331)	(\$310)	(\$1,392)	(\$1,395)
Cash Taxes <sup>(3)</sup>	(\$1)	(\$4)	(\$16)	(\$1)	(\$11)	(\$7)	(\$16)	(\$2)	(\$22)	(\$36)
Cash Interest	(\$60)	(\$181)	(\$75)	(\$141)	(\$78)	(\$213)	(\$119)	(\$195)	(\$457)	(\$606)
Capital and Software Expenditures <sup>(4)</sup>	(\$55)	(\$55)	(\$73)	(\$54)	(\$55)	(\$55)	(\$64)	(\$66)	(\$238)	(\$240)
Working Capital & Other	(\$64)	\$65	\$69	(\$102)	(\$40)	\$79	\$19	(\$119)	(\$32)	(\$61)
<b>Adjusted Free Cash Flow <sup>(1)</sup></b>	<b>\$205</b>	<b>\$137</b>	<b>\$229</b>	<b>\$89</b>	<b>\$94</b>	<b>\$148</b>	<b>\$201</b>	<b>(\$0)</b>	<b>\$659</b>	<b>\$442</b>
Interest Rate Swaps	\$19	\$22	\$22	\$22	\$24	\$23	\$20	\$16	\$85	\$83
<b>Adjusted Free Cash Flow (incl. interest rate swaps) <sup>(1)</sup></b>	<b>\$224</b>	<b>\$158</b>	<b>\$251</b>	<b>\$111</b>	<b>\$117</b>	<b>\$171</b>	<b>\$221</b>	<b>\$16</b>	<b>\$744</b>	<b>\$525</b>
<b><u>Selected Items Detail</u></b>										
Non-capitalized Net SAC	\$52	\$52	\$47	\$19	\$28	\$26	\$17	\$23	\$170	\$95
Capitalized Net SAC	\$268	\$363	\$311	\$281	\$376	\$327	\$317	\$284	\$1,222	\$1,304
<b>Net Cash SAC (continuing operations) <sup>(2)</sup></b>	<b>\$320</b>	<b>\$414</b>	<b>\$357</b>	<b>\$300</b>	<b>\$404</b>	<b>\$354</b>	<b>\$334</b>	<b>\$307</b>	<b>\$1,392</b>	<b>\$1,399</b>
Net Cash SAC (commercial discontinued operations)	-	-	-	-	-	(\$4)	(\$3)	\$3	-	(\$4)
<b>Net Cash SAC <sup>(2)</sup></b>	<b>\$320</b>	<b>\$414</b>	<b>\$357</b>	<b>\$300</b>	<b>\$404</b>	<b>\$350</b>	<b>\$331</b>	<b>\$310</b>	<b>\$1,392</b>	<b>\$1,395</b>
<i>memo: Net Expensed SAC (continuing operations)</i>	\$52	\$68	\$69	\$72	\$83	\$72	\$72	\$75	\$262	\$303

## Notes:

- Adjusted Free Cash Flow and Historical Adjusted EBITDA include continuing and discontinued operations. Historical Adjusted EBITDA is a performance measure, and Adjusted Free Cash Flow is a liquidity measure; GAAP to Non-GAAP reconciliations for these two measures are available in the following section of this presentation. Beginning in the third quarter of 2024, Adjusted Free Cash Flow excludes all remaining cash flows attributable to the discontinued solar business.
- Differs from contractual amounts, due to the timing of cash receipts and repayments under the terms of our consumer financing program, as well as other non-cash add-backs.
- Cash taxes exclude special items related to cash tax payments associated primarily with the divestiture of the commercial business in 3Q'23.
- Capital expenditures exclude special items primarily related to integration activities, prior to 1Q'24 certain software investments were presented in working capital and other.

## Net Subscriber Acquisition Cost Calculation

(\$ in millions)	For the three months ended December 31, 2024			For the twelve months ended December 31, 2024
	Capitalized	Non-capitalized	Total	Total
Selling, Advertising, and Commissions	\$95	\$61	\$156	\$657
Security Installation, Product, and Other Cost	-	\$78	\$78	\$230
Capitalized Direct SAC	\$117	-	\$117	\$523
Capitalized Dealer SAC	\$112	-	\$112	\$586
Upfront Cash Proceeds	(\$56)	(\$86)	(\$142)	(\$603)
<b>Net Cash SAC (continuing operations)</b>	<b>\$268</b>	<b>\$52</b>	<b>\$320</b>	<b>\$1,392</b>

**Note:** Upfront cash proceeds in non-capitalized SAC differ from contractual amounts, due to the timing of cash receipts and repayments under the terms of our consumer financing program, as well as other non-cash add-backs.

# Statements of Operations

(in millions, except per share data)

	Three Months Ended December 31,				Twelve Months Ended December 31,			
	2024	2023	\$ Change	% Change	2024	2023	\$ Change	% Change
<b>Revenue:</b>								
Monitoring and related services	\$ 1,085	\$ 1,054	\$ 32	3%	\$ 4,293	\$ 4,179	\$ 114	3%
Security installation, product, and other	175	119	56	48%	605	474	131	28%
<b>Total revenue</b>	<b>1,260</b>	<b>1,172</b>	<b>88</b>	<b>8%</b>	<b>4,898</b>	<b>4,653</b>	<b>246</b>	<b>5%</b>
<b>Cost of revenue (exclusive of depreciation and amortization shown separately below):</b>								
Monitoring and related services	157	152	5	3%	617	604	13	2%
Security installation, product, and other	78	33	44	N/M	230	147	82	56%
<b>Total cost of revenue</b>	<b>234</b>	<b>185</b>	<b>50</b>	<b>27%</b>	<b>847</b>	<b>752</b>	<b>95</b>	<b>13%</b>
Selling, general, and administrative expenses	371	347	24	7%	1,476	1,348	129	10%
Depreciation and intangible asset amortization	341	327	14	4%	1,343	1,335	7	1%
Merger, restructuring, integration, and other	9	7	3	39%	24	39	(15)	(38)%
<b>Operating income (loss)</b>	<b>305</b>	<b>307</b>	<b>(2)</b>	<b>(1)%</b>	<b>1,208</b>	<b>1,179</b>	<b>29</b>	<b>2%</b>
Interest expense, net	(82)	(169)	87	51%	(441)	(570)	129	23%
Other income (expense)	3	(5)	8	N/M	48	(5)	53	N/M
<b>Income (loss) from continuing operations before income taxes and equity in net earnings (losses) of equity method investee</b>	<b>227</b>	<b>134</b>	<b>93</b>	<b>69%</b>	<b>815</b>	<b>604</b>	<b>211</b>	<b>35%</b>
Income tax benefit (expense)	(29)	(41)	11	28%	(196)	(161)	(35)	(22)%
<b>Income (loss) from continuing operations before equity in net earnings (losses) of equity method investee</b>	<b>197</b>	<b>93</b>	<b>104</b>	<b>N/M</b>	<b>619</b>	<b>444</b>	<b>176</b>	<b>40%</b>
Equity in net earnings (losses) of equity method investee	—	14	(14)	N/M	—	7	(7)	N/M
<b>Income (loss) from continuing operations</b>	<b>197</b>	<b>107</b>	<b>90</b>	<b>84%</b>	<b>619</b>	<b>450</b>	<b>169</b>	<b>38%</b>
Income (loss) from discontinued operations, net of tax	(7)	469	(476)	N/M	(118)	13	(131)	N/M
<b>Net income (loss)</b>	<b>\$ 190</b>	<b>\$ 576</b>	<b>\$ (386)</b>	<b>(67)%</b>	<b>\$ 501</b>	<b>\$ 463</b>	<b>\$ 38</b>	<b>8%</b>
<b>Common Stock:</b>								
Income (loss) from continuing operations per share - basic	\$ 0.22	\$ 0.12			\$ 0.69	\$ 0.49		
Income (loss) from continuing operations per share - diluted	\$ 0.21	\$ 0.11			\$ 0.66	\$ 0.47		
Net income (loss) per share - basic	\$ 0.21	\$ 0.63			\$ 0.56	\$ 0.51		
Net income (loss) per share - diluted	\$ 0.20	\$ 0.59			\$ 0.52	\$ 0.48		
Weighted-average shares outstanding - basic	832	858			847	857		
Weighted-average shares outstanding - diluted	895	919			909	919		
<b>Class B Common Stock:</b>								
Income (loss) from continuing operations per share - basic	\$ 0.22	\$ 0.12			\$ 0.69	\$ 0.49		
Income (loss) from continuing operations per share - diluted	\$ 0.21	\$ 0.11			\$ 0.66	\$ 0.47		
Net income (loss) per share - basic	\$ 0.21	\$ 0.63			\$ 0.56	\$ 0.51		
Net income (loss) per share - diluted	\$ 0.20	\$ 0.59			\$ 0.52	\$ 0.48		
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 Sheets

<i>in millions</i>	December 31, 2024	December 31, 2023
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 96	\$ 15
Restricted cash and restricted cash equivalents	108	115
Accounts receivable, net	394	370
Inventories, net	197	201
Prepaid expenses and other current assets	211	242
Current assets of discontinued operations	—	61
<b>Total current assets</b>	<b>1,005</b>	<b>1,005</b>
Property and equipment, net	247	254
Subscriber system assets, net	2,981	3,006
Intangible assets, net	4,854	4,877
Goodwill	4,904	4,904
Deferred subscriber acquisition costs, net	1,324	1,176
Other assets	735	699
Noncurrent assets of discontinued operations	—	43
<b>Total assets</b>	<b>\$ 16,051</b>	<b>\$ 15,964</b>
<b>Liabilities and stockholders' equity</b>		
Current liabilities:		
Current maturities of long-term debt	\$ 196	\$ 312
Accounts payable	154	277
Deferred revenue	248	255
Accrued expenses and other current liabilities	635	556
Current liabilities of discontinued operations	32	80
<b>Total current liabilities</b>	<b>1,264</b>	<b>1,480</b>
Long-term debt	7,511	7,513
Deferred subscriber acquisition revenue	2,068	1,915
Deferred tax liabilities	1,167	1,027
Other liabilities	224	219
Noncurrent liabilities of discontinued operations	16	21
<b>Total liabilities</b>	<b>12,250</b>	<b>12,175</b>
<b>Total stockholders' equity</b>	<b>3,801</b>	<b>3,789</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 16,051</b>	<b>\$ 15,964</b>

**Note:** Amounts may not sum due to rounding.

# Statements of Cash Flows

<i>in millions</i>	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2024	2023	2024	2023
<b>Cash flows from operating activities:</b>				
Net income (loss)	\$ 190	\$ 576	\$ 501	\$ 463
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:				
Depreciation and intangible asset amortization	341	330	1,345	1,389
Amortization of deferred subscriber acquisition costs	59	50	225	196
Amortization of deferred subscriber acquisition revenue	(89)	(81)	(346)	(309)
Share-based compensation expense	9	8	49	51
Deferred income taxes	52	118	140	125
Provision for losses on receivables and inventory	69	47	215	151
Loss on extinguishment of debt	5	17	5	17
Goodwill, intangible, and other asset impairments	3	7	24	529
(Gain) loss on sales of businesses	10	(649)	10	(649)
Unrealized (gain) loss on interest rate swap contracts	(16)	77	45	38
Other non-cash items, net	(88)	(3)	(34)	100
Changes in operating assets and liabilities, net of effects of acquisitions and dispositions:				
Deferred subscriber acquisition costs	(95)	(91)	(366)	(387)
Deferred subscriber acquisition revenue	56	68	252	290
Other, net	(46)	(61)	(178)	(346)
Net cash provided by (used in) operating activities	460	412	1,885	1,658
<b>Cash flows from investing activities:</b>				
Dealer generated customer accounts and bulk account purchases	(112)	(203)	(586)	(589)
Subscriber system asset expenditures	(117)	(150)	(523)	(631)
Purchases of property and equipment	(34)	(46)	(164)	(176)
Proceeds (payments) from sale of business, net of cash sold	3	1,609	(18)	1,609
Proceeds (payments) from interest rate swaps	(2)	—	(8)	—
Other investing, net	—	20	3	29
Net cash provided by (used in) investing activities	(261)	1,231	(1,295)	242
<b>Cash flows from financing activities:</b>				
Proceeds from long-term borrowings	98	217	1,069	867
Proceeds from receivables facility	39	69	229	282
Proceeds (payments) from interest rate swaps	21	24	93	83
Repurchases of common stock	(147)	—	(241)	—
Repayment of long-term borrowings, including call premiums	(98)	(2,073)	(1,186)	(2,962)
Repayment of receivables facility	(54)	(56)	(257)	(200)
Dividends on common stock	(50)	(32)	(182)	(129)
Payments on finance leases	(6)	(11)	(29)	(44)
Proceeds (payments) from opportunity fund	(7)	(9)	(7)	(9)
Other financing, net	5	2	(4)	(32)
Net cash provided by (used in) financing activities	(199)	(1,869)	(515)	(2,144)
<b>Cash and cash equivalents and restricted cash and restricted cash equivalents:</b>				
Net increase (decrease)	(1)	(226)	74	(244)
Beginning balance	205	356	130	374
Ending balance	\$ 204	\$ 130	\$ 204	\$ 130

**Note:** Amounts may not sum due to rounding.

## 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 the Company's non-GAAP financial measures used in this presentation, reasons management believes these measures are useful to investors regarding the Company's financial condition and results of operations, additional purposes, if any, for which 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. Each non-GAAP financial measure is presented following the corresponding GAAP measure so as not to imply that more emphasis should be placed on the non-GAAP measure. 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 the Company's financial guidance for 2025, the Company is not providing a quantitative reconciliation for forward-looking Adjusted EBITDA to GAAP income (loss) from continuing operations, Adjusted EPS to GAAP diluted income (loss) per share from continuing operations, or Adjusted Free Cash Flow (including interest rate swaps) to GAAP 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 not currently available to the Company about other adjusting items could have a potentially unpredictable and potentially significant impact on future GAAP financial results.

Unless otherwise noted, non-GAAP measures herein reflect the results of the Company's continuing operations. Through the second quarter of 2024, Free Cash Flow, Adjusted Free Cash Flow, and Adjusted Free Cash Flow (including interest rate swaps) reflect the results of both continuing and discontinued operations. Beginning in the third quarter of 2024, all remaining cash flows attributable to activities of the solar business have been excluded from these measures as the business was substantially wound down.

# GAAP to Non-GAAP Reconciliations

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

The Company defines Free Cash Flow as cash flows from operating activities less cash outlays related to capital expenditures. The Company defines capital expenditures to include accounts purchased through the Company's network of authorized dealers or third parties outside of the 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.

The Company defines Adjusted Free Cash Flow as Free Cash Flow adjusted for net cash flows related to (i) net proceeds or payments from the Company's consumer receivables facility; (ii) restructuring and integration payments; (iii) integration-related capital expenditures; and (iv) transaction costs and other payments or receipts that may mask 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 outside of net cash provided by (used in) operating activities.

The Company believes the presentations of these non-GAAP measures are appropriate to provide investors with useful information about the Company's ability to repay debt, pay dividends, repurchase shares, and make other investments. The Company believes the presentation of Adjusted Free Cash Flow is also a useful measure of cash flow attributable to normal business activities, inclusive of the net cash flows associated with the acquisition of subscribers, as well as the Company's 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.

The non-GAAP measures in the table below include cash flows associated with both continuing and discontinued operations consistent with the applicable GAAP presentation on the Statement of Cash Flows.

(in millions)	Three Months Ended								Twelve Months Ended		
	Dec. 31, 2024	Sep. 30, 2024	Jun. 30, 2024	Mar. 31, 2024	Dec. 31, 2023	Sep. 30, 2023	Jun. 30, 2023	Mar. 31, 2023	Dec. 31, 2024	Dec. 31, 2023	Dec. 31, 2022
Net cash provided by (used in):											
Operating activities	\$ 460	\$ 498	\$ 563	\$ 364	\$ 412	\$ 446	\$ 493	\$ 307	\$ 1,885	\$ 1,658	\$ 1,888
Investing activities	\$ (261)	\$ (402)	\$ (333)	\$ (300)	\$ 1,231	\$ (333)	\$ (319)	\$ (336)	\$ (1,295)	\$ 242	\$ (1,533)
Financing activities	\$ (199)	\$ (41)	\$ (200)	\$ (75)	\$ (1,869)	\$ (18)	\$ (217)	\$ (41)	\$ (515)	\$ (2,144)	\$ (15)
<b>Net cash provided by (used in) operating activities</b>	<b>\$ 460</b>	<b>\$ 498</b>	<b>\$ 563</b>	<b>\$ 364</b>	<b>\$ 412</b>	<b>\$ 446</b>	<b>\$ 493</b>	<b>\$ 307</b>	<b>\$ 1,885</b>	<b>\$ 1,658</b>	<b>\$ 1,888</b>
Dealer generated customer accounts and bulk account purchases	(112)	(214)	(142)	(118)	(203)	(133)	(136)	(116)	(586)	(589)	(622)
Subscriber system asset expenditures	(117)	(123)	(143)	(141)	(150)	(161)	(161)	(159)	(523)	(631)	(735)
Purchases of property and equipment	(34)	(43)	(47)	(41)	(46)	(41)	(30)	(59)	(164)	(176)	(177)
<b>Free Cash Flow</b>	<b>\$ 197</b>	<b>\$ 119</b>	<b>\$ 231</b>	<b>\$ 65</b>	<b>\$ 13</b>	<b>\$ 111</b>	<b>\$ 165</b>	<b>\$ (28)</b>	<b>\$ 612</b>	<b>\$ 262</b>	<b>\$ 355</b>
Net proceeds (payments) from receivables facility	(15)	(1)	(20)	8	14	20	28	19	(28)	81	156
Restructuring and integration payments <sup>(1)</sup>	3	4	12	13	16	13	7	7	33	43	17
Tax payments associated with gain on divestitures	—	—	—	—	25	—	—	—	—	25	—
Other, net <sup>(2)</sup>	20	14	7	2	26	4	—	1	42	30	29
<b>Adjusted Free Cash Flow</b>	<b>\$ 205</b>	<b>\$ 137</b>	<b>\$ 229</b>	<b>\$ 89</b>	<b>\$ 94</b>	<b>\$ 148</b>	<b>\$ 201</b>	<b>\$ —</b>	<b>\$ 659</b>	<b>\$ 442</b>	<b>\$ 558</b>
Interest rate swaps presented outside operating activities <sup>(3)</sup>	19	22	22	22	24	23	20	16	85	83	(19)
<b>Adjusted Free Cash Flow (including interest rate swaps)</b>	<b>\$ 224</b>	<b>\$ 158</b>	<b>\$ 251</b>	<b>\$ 111</b>	<b>\$ 117</b>	<b>\$ 171</b>	<b>\$ 221</b>	<b>\$ 16</b>	<b>\$ 744</b>	<b>\$ 525</b>	<b>\$ 539</b>

**Note:** Amounts may not sum due to rounding.

- During 2024, primarily includes costs related to the ADT Solar Exit. During 2023, primarily includes costs associated with the ADT Solar. During 2022, primarily includes CSB restructuring costs and ADT Solar integration costs.
- During 2024, primarily includes net payments related to ADT Solar, settlement costs associated with the termination of our pension plan, and third-party costs associated with a multi-year implementation of a new ERP system that the Company will not continue to incur once the ERP system is fully implemented. During the three months ended December 2023, primarily includes separation costs associated with the Commercial Divestiture. During 2022, primarily includes costs related to the ADT Solar acquisition.
- Includes net settlements related to interest rate swaps presented outside of net cash provided by (used in) operating activities.

# GAAP to Non-GAAP Reconciliations

## Adjusted EBITDA from Continuing Operations ("Adjusted EBITDA") and Adjusted EBITDA Margin from Continuing Operations ("Adjusted EBITDA Margin")

The Company believes Adjusted EBITDA is useful to investors to measure the operational strength and performance of its business. The Company believes Adjusted EBITDA is useful as it provides investors additional information about operating profitability adjusted for certain non-cash items, non-routine items the Company does not expect to continue at the same level in the future, as well as other items not core to its operations. Further, the Company believes Adjusted EBITDA provides a meaningful measure of operating profitability because the Company uses it for evaluating business performance, making budgeting decisions, and comparing performance against other peer companies using similar measures. The Company defines Adjusted EBITDA as income (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; (vii) impairment charges; and (viii) non-cash, non-routine, or other adjustments or charges not necessary to operate the business. There are material limitations to using Adjusted EBITDA as it does not include certain significant items which directly affect income (loss) from continuing operations (the most comparable GAAP measure). The discussion above is also applicable to Adjusted EBITDA margin, which is calculated as Adjusted EBITDA as a percentage of total revenue.

(in millions unless otherwise noted)

	Three Months Ended								Twelve Months Ended		
	Dec. 31, 2024	Sep. 30, 2024	Jun. 30, 2024	Mar. 31, 2024	Dec. 31, 2023	Sep. 30, 2023	Jun. 30, 2023	Mar. 31, 2023	Dec. 31, 2024	Dec. 31, 2023	Dec. 31, 2022
<b>Income (loss) from continuing operations</b>	\$ 197	\$ 132	\$ 126	\$ 164	\$ 107	\$ 123	\$ 180	\$ 40	\$ 619	\$ 450	\$ 312
Interest expense, net	82	162	110	87	169	147	83	171	441	570	263
Income tax expense (benefit)	29	50	60	56	41	34	67	19	196	161	88
Depreciation and intangible asset amortization	341	335	334	333	327	330	321	358	1,343	1,335	1,600
Amortization of deferred subscriber acquisition costs	59	56	55	55	50	48	46	44	225	188	154
Amortization of deferred subscriber acquisition revenue	(89)	(88)	(86)	(83)	(81)	(77)	(74)	(70)	(346)	(302)	(235)
Share-based compensation expense	9	10	21	8	8	10	8	13	49	39	53
Merger, restructuring, integration, and other <sup>(1)</sup>	9	2	2	12	7	10	8	14	24	39	10
Change in fair value of other financial instruments <sup>(2)</sup>	—	—	—	—	—	—	—	—	—	—	63
Other, net <sup>(3)</sup>	14	(1)	8	6	—	(1)	—	1	28	1	(3)
<b>Adjusted EBITDA</b>	<b>\$ 653</b>	<b>\$ 659</b>	<b>\$ 629</b>	<b>\$ 638</b>	<b>\$ 627</b>	<b>\$ 623</b>	<b>\$ 641</b>	<b>\$ 590</b>	<b>\$ 2,578</b>	<b>\$ 2,481</b>	<b>\$ 2,305</b>
Selling (incl. Commissions) and Advertising									291	326	
Security Installations costs									230	146	
Security Installation revenue									(259)	(172)	
<b>Adjusted EBITDA prior to subscriber acquisition</b>									<b>\$ 2,840</b>	<b>\$ 2,781</b>	
<i>Income (loss) from continuing operations to total revenue ratio</i>	16%	11%	10%	14%	9%	10%	15%	3%	13%	10%	7%
<i>Adjusted EBITDA Margin (as % of total revenue)</i>	52%	53%	52%	54%	53%	53%	55%	52%	53%	53%	53%
Total revenue	1,260	1,244	1,205	1,190	1,172	1,180	1,168	1,132	4,898	4,653	4,382

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

1. During 2024 and 2022, primarily relates to restructuring costs. During 2023, includes integration and third-party strategic optimization costs, as well as restructuring costs.

2. During 2022, represents the change in fair value of the Forward Contract

3. During 2024, primarily includes unrealized gain / loss related to interest rate swaps presented in other income (expense). During 2023, primarily includes, the gain on sale of a business and other investment, offset by loss on extinguishment of debt, and unrealized (gain) / loss related to interest rate swaps presented in other income (expense).

# GAAP to Non-GAAP Reconciliations

## Historical Adjusted EBITDA (including discontinued operations)

Historical Adjusted EBITDA includes results of the Company's continuing and discontinued operations and reflects the calculation of the measure prior to the Company reporting results of the commercial and solar businesses as discontinued operations. The Company believes the presentation of historical Adjusted EBITDA provides useful information to investors about the Company's measure of Adjusted EBITDA prior to the results of the commercial and solar businesses being reported as discontinued operations. The Company also uses this measure in certain calculations such as historical leverage ratio.

The Company defines 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 net income or loss (the most comparable GAAP measure).

(in millions)

	Three Months Ended								Twelve Months Ended			
	Dec. 31, 2024	Sep. 30, 2024	Jun. 30, 2024	Mar. 31, 2024	Dec. 31, 2023	Sep. 30, 2023	Jun. 30, 2023	Mar. 31, 2023	Dec. 31, 2024	Dec. 31, 2023	Dec. 31, 2022	Dec. 31, 2021
<b>Net income (loss)</b>	\$ 190	\$ 127	\$ 92	\$ 92	\$ 576	\$ (86)	\$ 92	\$ (119)	\$ 501	\$ 463	\$ 133	\$ (341)
Interest expense, net	82	162	110	89	170	148	84	172	443	573	265	458
Income tax expense (benefit)	27	50	47	31	157	144	(55)	(63)	154	183	49	(130)
Depreciation and intangible asset amortization	341	335	334	334	330	330	346	383	1,345	1,389	1,694	1,915
Amortization of deferred subscriber acquisition costs	59	56	55	55	50	51	48	47	225	196	163	126
Amortization of deferred subscriber acquisition revenue	(89)	(88)	(86)	(83)	(81)	(80)	(76)	(72)	(346)	(309)	(244)	(172)
Share-based compensation expense	9	10	21	8	8	16	12	16	49	51	67	61
Merger, restructuring, integration, and other	6	—	6	45	20	25	18	18	58	80	22	38
Goodwill impairment <sup>(1)</sup>	—	—	—	—	—	88	181	242	—	511	201	—
Gain on sale of business <sup>(2)</sup>	—	—	12	—	(630)	—	—	—	12	(630)	—	—
Other solar exit costs	—	—	13	38	—	—	—	—	52	—	—	—
Change in fair value of other financial instruments	—	—	—	—	—	—	—	—	—	—	63	—
Non-cash acquisition-related adjustments and other, net <sup>(3)</sup>	27	7	8	6	—	(1)	1	2	47	2	35	258
<b>Historical Adjusted EBITDA</b>	<b>\$ 653</b>	<b>\$ 659</b>	<b>\$ 613</b>	<b>\$ 614</b>	<b>\$ 600</b>	<b>\$ 634</b>	<b>\$ 651</b>	<b>\$ 625</b>	<b>\$ 2,539</b>	<b>\$ 2,510</b>	<b>\$ 2,447</b>	<b>\$ 2,213</b>

**Note:** Amounts may not sum due to rounding.

1. Represents goodwill impairment charges related to the Solar reporting unit.

2. Represents the gain associated with the Commercial Divestiture.

3. During 2021 primarily includes radio conversion costs and loss on extinguishment of debt.

# GAAP to Non-GAAP Reconciliations

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

The Company defines Adjusted Income (Loss) as income (loss) from continuing operations adjusted for (i) merger, restructuring, integration, and other; (ii) share-based compensation expense; (iii) unrealized gains and losses on interest rate swap contracts not designated as hedges; (iv) impairment charges; (v) non-cash, non-routine, or other adjustments or charges not necessary to operate our business; and (vi) 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. When the control number for the GAAP calculation is negative, 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.

The Company believes 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 these 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 income (loss) from continuing operations and related per share amounts (the most comparable GAAP measures).

(in millions, except per share data)

	Three Months Ended								Twelve Months Ended	
	Dec. 31, 2024	Sep. 30, 2024	Jun. 30, 2024	Mar. 31, 2024	Dec. 31, 2023	Sep. 30, 2023	Jun. 30, 2023	Mar. 31, 2023	Dec. 31, 2024	Dec. 31, 2023
<b>Income (loss) from continuing operations</b>	\$ 197	\$ 132	\$ 126	\$ 164	\$ 107	\$ 123	\$ 180	\$ 40	\$ 619	\$ 450
Merger, restructuring, integration, and other <sup>(1)</sup>	9	2	2	12	7	10	8	14	24	39
Share-based compensation expense	9	10	21	8	8	10	8	13	49	39
Interest rate swaps, net <sup>(2)</sup>	(16)	63	8	(10)	77	9	(55)	33	45	64
Other, net <sup>(3)</sup>	11	(5)	5	(1)	(16)	(1)	—	1	10	(16)
Tax adjustments <sup>(4)</sup>	(35)	(18)	(6)	(2)	(15)	(7)	10	(15)	(62)	(27)
<b>Adjusted Income (Loss)</b>	<b>\$ 176</b>	<b>\$ 183</b>	<b>\$ 156</b>	<b>\$ 171</b>	<b>\$ 168</b>	<b>\$ 144</b>	<b>\$ 153</b>	<b>\$ 85</b>	<b>\$ 685</b>	<b>\$ 549</b>
<b>Weighted-average shares outstanding - diluted<sup>(5)</sup>:</b>										
Common Stock	895	913	909	918	919	918	917	922	909	919
Class B Common Stock	55	55	55	55	55	55	55	55	55	55
<b>Income (loss) per share from continuing operations - diluted:</b>										
Common Stock	\$ 0.21	\$ 0.14	\$ 0.13	\$ 0.17	\$ 0.11	\$ 0.13	\$ 0.19	\$ 0.04	\$ 0.66	\$ 0.47
Class B Common Stock	\$ 0.21	\$ 0.14	\$ 0.13	\$ 0.17	\$ 0.11	\$ 0.13	\$ 0.19	\$ 0.04	\$ 0.66	\$ 0.47
<b>Adjusted Diluted Income (Loss) per share<sup>(6)</sup></b>	<b>\$ 0.20</b>	<b>\$ 0.20</b>	<b>\$ 0.17</b>	<b>\$ 0.19</b>	<b>\$ 0.18</b>	<b>\$ 0.16</b>	<b>\$ 0.17</b>	<b>\$ 0.09</b>	<b>\$ 0.75</b>	<b>\$ 0.60</b>

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

- During 2024, primarily relates to restructuring costs. During 2023, includes integration and third-party strategic optimization costs, as well as restructuring costs.
- Primarily includes the unrealized (gains) or losses on interest rate swaps presented in interest expense, net and other income (expense). During the three months ended September 2023, includes \$25 million associated with the reclassification to interest expense, net from accumulated other comprehensive income 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.
- During 2023, primarily includes the gain on sale of a business and other investment, partially offset by loss on extinguishment of debt.
- Represents the tax impact on adjustments, using the federal and state blended statutory rate. During 2024, also includes tax reserve releases of approximately \$30 million associated with The ADT Security Company's separation from Tyco.
- 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.
- 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, Net Leverage Ratio prior to subscriber acquisition, and Net Debt / Annualized RMR are calculated as the ratio of net debt to last twelve months ("LTM") Adjusted EBITDA from continuing operations, LTM Adjusted EBITDA from continuing operations prior to subscriber acquisition, and annualized RMR, respectively. Net debt is calculated as total debt excluding the Receivables Facility, including capital leases, minus cash and cash equivalents. 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. The Company believes these measures are useful measures 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.

<i>(in millions)</i>	Dec. 31, 2024	Dec. 31, 2023
Total debt (book value) <sup>(1)</sup>	\$ 7,707	\$ 7,826
LTM Income (loss) from continuing operations	\$ 619	\$ 450
<b>Debt to income (loss) from continuing operations ratio</b>	<b>12.4x</b>	<b>17.4x</b>
<i>(in millions)</i>	Dec. 31, 2024	Dec. 31, 2023
Revolver	\$ —	\$ —
Term loans	1,984	2,001
First lien and ADT notes	4,100	4,200
Receivables facility	408	436
Finance leases and other <sup>(2)</sup>	69	88
<b>Total first lien debt</b>	<b>\$ 6,561</b>	<b>\$ 6,724</b>
Second lien notes	1,300	1,300
<b>Total debt<sup>(3)</sup></b>	<b>\$ 7,861</b>	<b>\$ 8,024</b>
Less: Cash and cash equivalents	(96)	(15)
Less: Receivables Facility	(408)	(436)
<b>Net debt</b>	<b>\$ 7,357</b>	<b>\$ 7,574</b>
LTM Adjusted EBITDA from continuing operations	\$ 2,578	\$ 2,481
<b>Net leverage ratio</b>	<b>2.9x</b>	<b>3.1x</b>
LTM Adjusted EBITDA from continuing operations prior to subscriber acquisition	\$ 2,840	\$ 2,781
<b>Net leverage ratio prior to subscriber acquisition</b>	<b>2.6x</b>	<b>2.7x</b>
Annualized RMR	\$ 4,313	\$ 4,237
<b>Net Debt / Annualized RMR</b>	<b>1.7x</b>	<b>1.8x</b>

**Note:** Amounts may not sum due to rounding.

1. Excludes Solar finance leases consistent with the GAAP presentation as a discontinued operation.
2. Includes debt related to Solar business.
3. Debt instruments are stated at face value.

# GAAP to Non-GAAP Reconciliations

## Historical Leverage Ratios (including discontinued operations)

Net Leverage Ratio (historical), Net Leverage Ratio prior to subscriber acquisition (historical), and Net Debt / Annualized RMR (historical) is calculated as the ratio of net debt to last twelve months ("LTM") Historical Adjusted EBITDA, LTM Historical Adjusted EBITDA prior to subscriber acquisition, and annualized RMR, respectively. 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. The Company believes 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.

Historical Leverage Ratio includes results of the Company's continuing and discontinued operations and reflects the calculation of the measure prior to the Company reporting results of the commercial and solar businesses as discontinued operations.

<i>(in millions)</i>	Dec. 31, 2022	Dec. 31, 2021
Total debt (book value)	\$ 9,829	\$ 9,693
LTM net income (loss)	\$ 133	\$ (341)
<b>Debt to net income (loss) ratio</b>	<b>74.1x</b>	<b>(28.4x)</b>

<i>(in millions)</i>	Dec. 31, 2022	Dec. 31, 2021
Revolver	\$ —	\$ 25
Term loans	2,730	2,758
First lien and ADT notes	5,550	5,550
Receivables facility	355	199
Finance leases and other	97	98
<b>Total first lien debt</b>	<b>\$ 8,732</b>	<b>\$ 8,630</b>
Second lien notes	1,300	1,300
<b>Total debt<sup>(1)</sup></b>	<b>\$ 10,032</b>	<b>\$ 9,930</b>
Less: Cash and cash equivalents	(257)	(24)
Less: Receivables Facility	(355)	(199)
<b>Net debt</b>	<b>\$ 9,420</b>	<b>\$ 9,706</b>
LTM Historical Adjusted EBITDA	\$ 2,447	\$ 2,213
<b>Net leverage ratio</b>	<b>3.9x</b>	<b>4.4x</b>

**Note:** Amounts may not sum due to rounding.  
1. Debt instruments are stated at face value.