Second Quarter 2022 Earnings Presentation

August 4, 2022

Forward Looking Statements and Non-GAAP Measures

ADT has made statements in this presentation and in other reports, filings, and other public written and verbal announcements that are forward-looking and therefore subject to risks and uncertainties, including under the heading – "2022 Financial Outlook". All statements, other than statements of historical fact, included in such documents 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 and are made in reliance on the safe harbor protections provided thereunder. These forward-looking statements relate to anticipated financial performance, management's plans and objectives for future operations, our acquisition of Sunpro Solar, now ADT Solar, and its anticipated impact on our business and financial condition, business prospects, market conditions, our ability to successfully respond to the challenges posed by the COVID-19 pandemic, our 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 our next generation platform and innovative offerings, the successful commercialization of our joint venture with Ford, the successful conversion of customers who continue to utilize 3G services, and other matters. Forward-looking statements can be identified by various words such as "expects," "intends," "will," "anticipates," "believes," "confident," "continue," "propose," "seeks," "could," "may," "should," "estimates," "forecasts," "might," "goals," "objectives," "targets," "planned," "projects," and similar expressions. 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, risks and uncertainties related to the Company's ability to successfully integrate and operate the ADT Solar business, the Company's ability to commercialize its joint venture with Ford, the Company's ability to successfully generate profitable revenue from new and existing partnerships, 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, the Company's ability to successfully convert all remaining customers away from the use of a 3G platform, and risk factors that are described in the Company's Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and other filings with the Securities and Exchange Commission, including the sections entitled "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.

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, Free Cash Flow, Adjusted Free Cash Flow, 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, or superior to, our reported GAAP results.

The Company is not providing a quantitative reconciliation of its financial outlook for Adjusted EBITDA or Adjusted Free Cash Flow to net income (loss) and net cash provided by operating activities, which are their 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 below relating to Adjusted EBITDA and Adjusted Free Cash Flow 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.

Note: 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.

Company Overview

We are a Mission-Driven Company

Our mission has expanded beyond the traditional definition of security

Safe

We protect
what matters most

Smart

We deliver innovative,
customer-focused products,
technologies, and services

Sustainable

We make life better for the
customers and communities
we serve

Empowering people to protect and connect what matters most

Our Mission Delivers Superior Results For All Stakeholders

Our commitment to respect the environment, promote social responsibility, and lead with responsible governance is fundamental to who we are and guides our safe, smart, and sustainable business practices

- Product safety and quality
- Responsible governance
- Climate change risk management
- Environmental management

ADT

- Data privacy and cybersecurity
- Inclusive diversity and belonging
- Employee well-being and development
- Customer and community health and safety

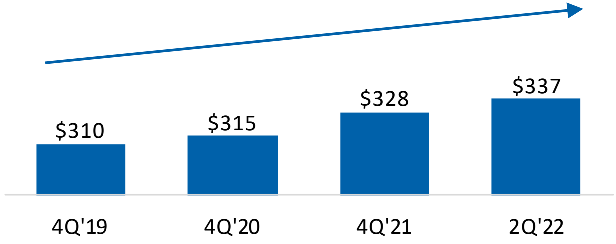
ADT's first corporate ESG report published in May 2022

Well-Positioned For Strong Cash Generation and Profitability

Consumer & Small Business (CSB)

- ✓ Home automation market growing **22%**; Core home security market growing **7%**
- ✓ **Google** as catalyst for improvement across the business
- ✓ **Growing addressable market** to 130M households

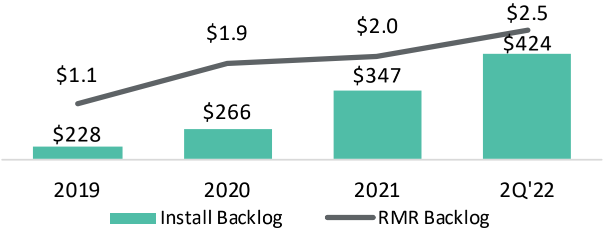
CSB End of Period RMR
$ in Millions



Commercial

- ✓ Poised to become a **$48B market by 2025** with a **growing need for full-service security** and fire/life safety providers
- ✓ Commercial **market growth** of **6%**
- ✓ **260K customers nationwide**…and growing

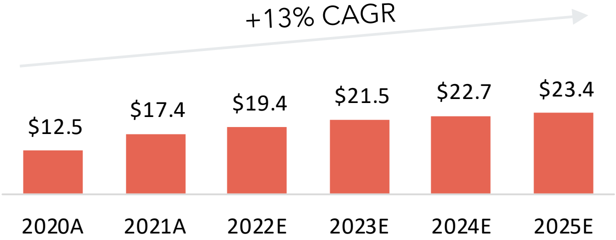
Commercial Backlog
$ in Millions



Solar

- ✓ **Market leading position** with the market positioned for **13% growth**
- ✓ **Industry tailwinds** supportive of the switch to Solar
- ✓ Significant **cross selling opportunity**, which can **capture ~5% market share by converting just 0.5%** of existing CSB customer base

Solar Market Size
$ in Billions



Notes: 2025 goals do not represent company guidance or projections. Market growth figures are 2020 – 2025 CAGRs. Market data source: Omdia, Parks Associates, Citi, ADT analysis. CSB End of Period RMR includes wholesale of ~$4 million for all periods. Prior period commercial backlog adjusted to align backlog and revenue recognition policy.

2Q 2022

2Q 2022: Highlights

- Strong customer satisfaction, record-high customer retention and recurring monthly revenue balance, and continued growth in subscribers
- Revenue growth of 23% versus prior year and adjusted net income of $50 million, or $0.06 per share
- Adjusted EBITDA of $597 million, up 10% versus prior year, driven by improved revenue and CSB cost performance
- Improving capital efficiency with reduction in revenue payback to 2.2 years, on a 23% increase in residential installation revenue per unit and solid demand for Google products
- Driving growth for the full year and affirming 2022 guidance metrics provided at Investor Day

Key Financial and Operating Metrics

($ in millions)	For the three months ended			
	June 30, 2022	June 30, 2021	Y/Y Change	
M&S Revenue	$1,146	$1,084	$62	6%
Total Revenue	$1,601	$1,304	$297	23%
Net Income (Loss)	$92	($126)	$217	173%
Adjusted Net Income (Loss)	$50	($55)	$105	191%
Adjusted EBITDA	$597	$542	$55	10%
Adjusted Free Cash Flow	$185	$164	$21	13%
Net SAC	$368	$409	($41)	(10%)
Gross RMR Additions	$15.5	$14.5	$1.0	7%
End of Period RMR	$369	$352	$16	5%
LTM Revenue Payback	2.2x	2.2x	0.0x	
Gross Revenue Attrition	12.7%	13.3%	(60 bps)	

Key Highlights

- **M&S Revenue:** Larger recurring revenue base from increase in average pricing and subscriber growth initiatives
- **Total Revenue:** Driven by addition of ADT Solar, larger recurring revenue base, and Commercial revenue growth
- **Adjusted Net Income:** First reported adjusted net profit since IPO
- **Adjusted EBITDA:** Higher M&S revenue and CSB margin improvement
- **Adjusted FCF:** Higher recurring revenue flow-through and lower net subscriber investments
- **Net SAC/Revenue Payback:** Improved efficiency driven by CSB installation revenue and securitization program enhancements
- **Gross RMR Additions:** Increase in subscribers due to growth initiatives
- **Gross Revenue Attrition:** Lower volume of relocations, and fewer voluntary disconnects driven by customer retention initiatives

Note: Net Subscriber Acquisition Costs (SAC) represents the estimated cash expenditures for sales and installation, net of inflows received, in our CSB and Commercial segments.

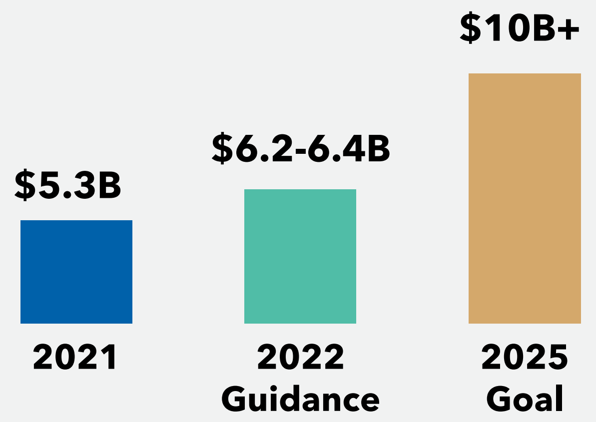
Google Partnership Building Momentum in 2022

- **National rollout of Google Nest indoor/outdoor cameras and thermostats** on Aug. 2, following successful launches of doorbell and Wi-Fi earlier in 2022
  - Positive early results from regional rollout
    - Improvement in point-of-install camera attach rate
    - Install revenue lift when Google camera sold vs. ADT camera
  - Next major product rollout in 4Q'22 with ADT+ app in concert with the self-setup Google product suite

- **Launching joint marketing and advertising campaigns** with Google in the fall, partially funded by the first $50 million in success funds from Google

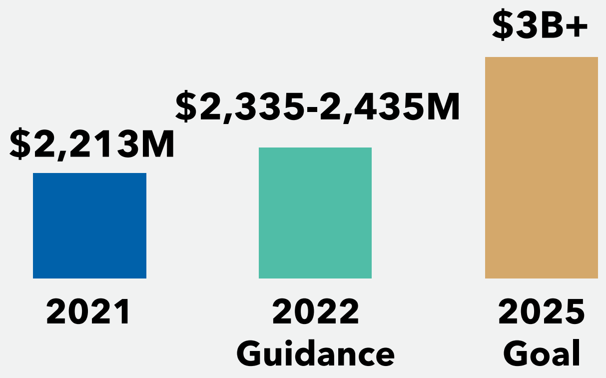
Financial Outlook

Total Revenue



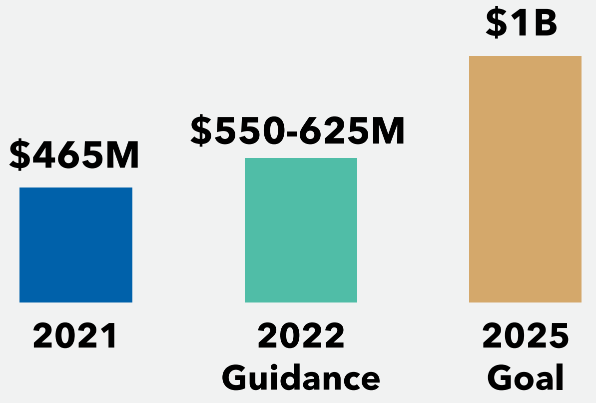
- Up 21% YTD-Jun, driven by contribution of ADT Solar, larger recurring revenue base, and Commercial revenue growth

Adjusted EBITDA



- Up 11% YTD-Jun, driven by M&S revenue and operating efficiency enhancements

Adjusted Free Cash Flow



- $143 million YTD-Jun, driven by recurring revenue drop-through and lower Net SAC

On Track to Achieve Full Year 2022 Guidance Metrics Provided at Investor Day

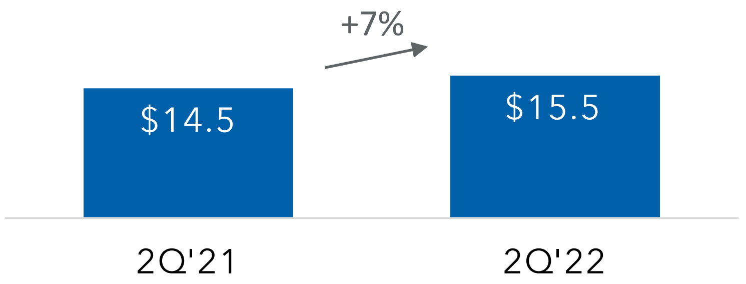
Note: 2025 goals do not represent company guidance or projections.

TOTAL COMPANY

Key Financial and Operating Metrics

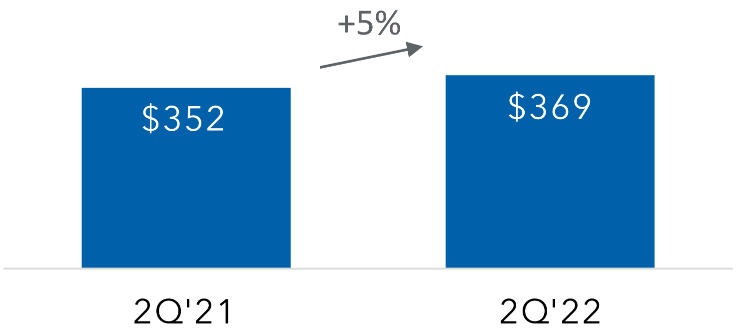
Gross RMR Additions

$ in Millions



End of Period RMR

$ in Millions



Total Company Statistics

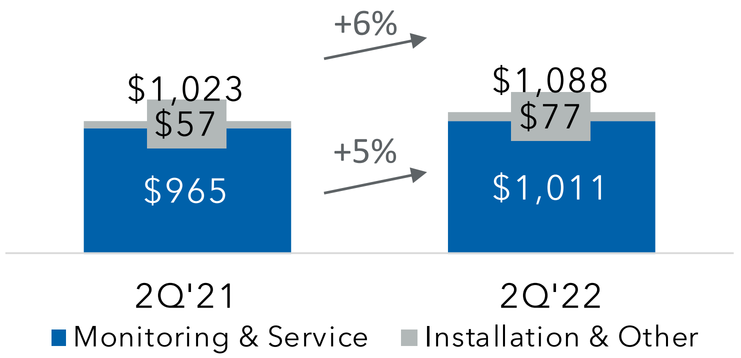
	Total	
	2Q'22	Y/Y Change
Ending Subscriber Count	6.7M	2%
M&S Revenue	$1,146M	6%
Installation and Other Revenue	$455M	106%
LTM Revenue Payback	2.2x	0.0x

CONSUMER AND SMALL BUSINESS

Segment Financials and Key Metrics

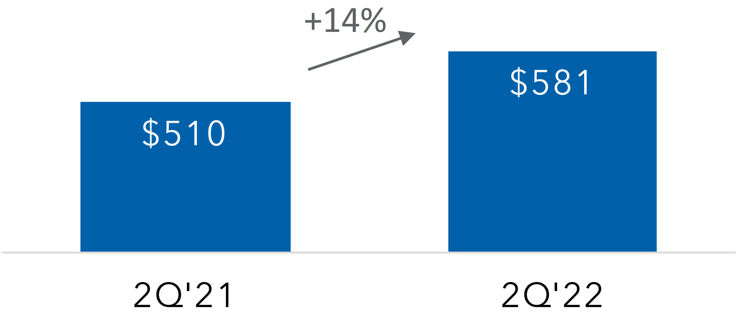
Revenue

$ in Millions



Adjusted EBITDA

$ in Millions



Segment Statistics

	Total 2Q'22	Total Y/Y Change
Ending Subscriber Count	6.5M	2%
Interactive Customers as a % of Total Residential and Small Business	61%	400 bps
End of Period RMR including wholesale	$337M	5%
Gross RMR Additions	$14.3M	8%
Gross Unit Additions	245K	8%
LTM Revenue Payback	2.3x	0.0x

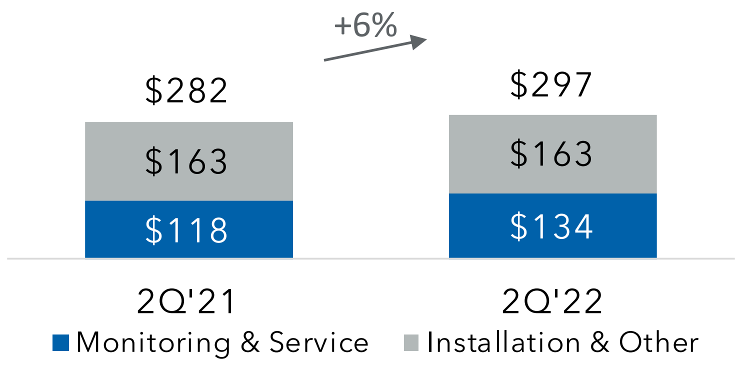
Notes: Operating metrics presented exclude wholesale customers who outsource their monitoring to ADT unless otherwise noted. Gross Unit Additions represent Residential and Small Business only and exclude our Health, Cyber, and Mobile businesses. Interactive services include Pulse, Control, and similar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

COMMERCIAL

Segment Financials and Key Metrics

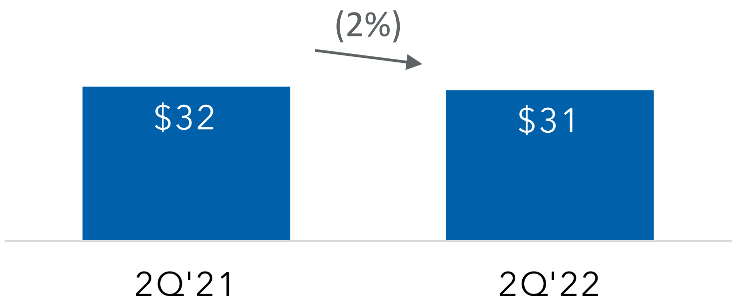
Revenue

$ in Millions



Adjusted EBITDA

$ in Millions



Segment Statistics

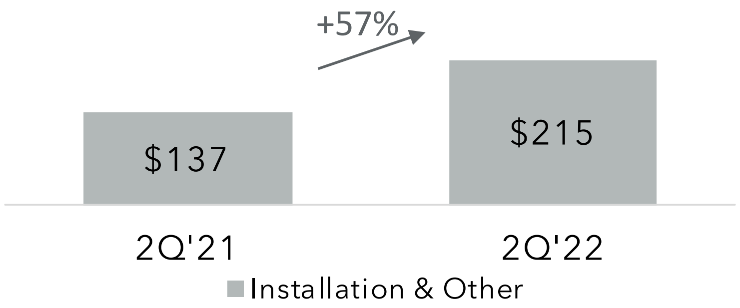
	Total	
	2Q'22	Y/Y Change
Ending Subscriber Count	260K	1%
End of Period RMR	$32M	6%
Gross RMR Additions	$1.2M	(5%)
LTM Revenue Payback	1.3x	0.0x

SOLAR

Segment Financials and Key Metrics

Revenue

$ in Millions



Adjusted EBITDA

$ in Millions

Segment Statistics

	Total 2Q'22	Total Y/Y Change
Solar Installations	5.6K	50%
Revenue per Installation	~$39K	4%
Financing Fees ~15% of gross revenue	$40M	16%
Battery Attachment Rate	~18%	(100 bps)

Notes: 2021 data is presented as prior to Sunpro acquisition on December 8, 2021. Revenue and revenue per installation are presented net of financing fees. 2Q'22 Adjusted EBITDA includes approximately $11 million of charges to reserve for estimated uncollectible receivables and rebates associated with a third-party lender insolvency.

Capital Structure Overview

Recent Highlights

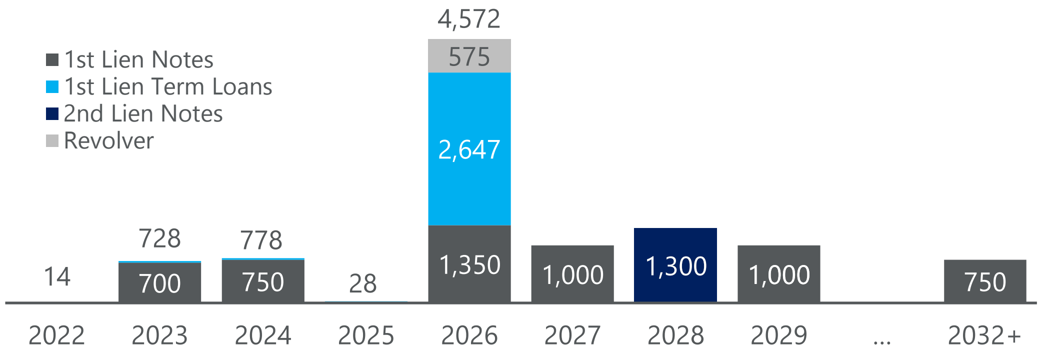
- Paid 2Q dividend of $0.035 per share in July, returning $32 million to shareholders
- Declared 3Q dividend of $0.035 per share payable on October 4, 2022
- Net leverage ratio of 4.2x, down sequentially and versus year-end 2021
- Goal of $1 billion net debt reduction by year-end 2025

Capital Structure

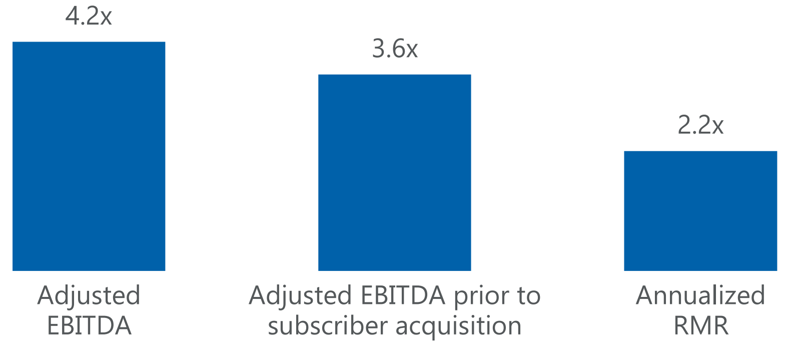
$ in Millions	12/31/21 Actual	6/30/22 Actual
Revolver	25	80
First Lien Term Loan	2,758	2,744
First Lien Notes	5,550	5,550
Finance Leases and Other	98	98
Total First Lien Debt	**$ 8,431**	**$ 8,472**
Second Lien Notes	1,300	1,300
Total Debt	**$ 9,731**	**$ 9,772**
Cash and Cash Equivalents	(24)	(44)
Net Debt	**$ 9,706**	**$ 9,728**
LTM Adjusted EBITDA	**2,213**	**2,327**
Net Leverage Ratio	**4.4x**	**4.2x**
Fixed vs. variable ratio	95%/5%	100%/0%

Debt Maturity Profile

$ in Millions



Net Debt Ratios



Notes: Debt instruments are stated at face value excluding debt issuance discount, deferred financing costs, and fair value adjustments. Capital Structure table excludes receivables facility balance, which was $199M as of 12/31/2021 and $292M as of 6/30/22. Fixed vs. variable ratio includes the impact of interest rate swaps. Debt Maturity Profile graph excludes receivables facility and finance leases, while revolver is indicative of total revolver capacity, not current drawn balances. Net debt excludes the receivables facility. 2025 net debt reduction goal does not represent company guidance or projections.

Additional Financial Information

Adjusted Free Cash Flow

	For the three months ended			For the six months ended		
($ in millions)	June 30, 2022	June 30, 2021	Y/Y Change	June 30, 2022	June 30, 2021	Y/Y Change
Adjusted EBITDA	**$597**	**$542**	**$55**	**$1,198**	**$1,084**	**$114**
Net Expensed SAC (1)	$85	$108	($23)	$175	$214	($38)
Net SAC	($368)	($409)	$41	($793)	($856)	$63
Cash Taxes	($10)	($3)	($7)	($10)	$1	($11)
Cash Interest	($61)	($61)	$0	($217)	($228)	$11
Capital Expenditures (2)	($49)	($40)	($9)	($86)	($77)	($10)
Working Capital & Other	($10)	$26	($36)	($125)	$89	($214)
Adjusted Free Cash Flow	**$185**	**$164**	**$21**	**$143**	**$227**	**($84)**

Notes:
1. Prior to 1Q'22, Net Expensed SAC included the estimated cash expenditures for sales and installation, net inflows received, in our Solar segment.
2. Capital expenditures exclude special items primarily related to integration activities.

Net SAC Calculation

($ in millions)	For the three months ended June 30, 2022			For the six months ended June 30, 2022		
	Capitalized	**Non-capitalized**	**Total**	**Capitalized**	**Non-capitalized**	**Total**
Selling, Advertising & Commissions	$103	$124	$227	$196	$254	$450
Installation Cost	-	$142	$142	-	$281	$281
Capitalized Direct SAC	$196	-	$196	$379	-	$379
Capitalized Dealer SAC	$157	-	$157	$342	-	$342
Upfront Cash Proceeds	($85)	($270)	($355)	($166)	($492)	($658)
Net Subscriber Acquisition Cost	**$370**	**($3)**	**$368**	**$749**	**$44**	**$793**

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 amounts of $96 million and $147 million in 2Q'22 and YTD 2Q'22, respectively.

Additional Historical Quarterly Data

($ in millions)	For the Three Months Ended				
	June 30, 2022	March 31, 2022	December 31, 2021	September 30, 2021	June 30, 2021
Operating and Financial Measures					
Monitoring and Service Revenue	$1,146	$1,121	$1,103	$1,098	$1,084
Total Revenue	$1,601	$1,545	$1,381	$1,317	$1,304
Net Income (Loss)	$92	$52	($58)	($109)	($126)
Adjusted EBITDA	$597	$601	$574	$554	$542
Adjusted EBITDA Margin (% Total Revenue)	37.3%	38.9%	41.6%	42.1%	41.5%
LTM Gross Customer Revenue Attrition (1)	12.7%	12.9%	13.1%	13.4%	13.3%
LTM Revenue Payback (in years) (1)(2)	2.2x	2.3x	2.3x	2.3x	2.2x
Net Subscriber Acquisition Costs (SAC)					
Non-capitalized (3)	$(3)	$46	$50	$71	$68
Capitalized	$370	$379	$352	$368	$341
Total	$368	$425	$402	$438	$409
memo: Net Expensed SAC (4)	*$85*	*$90*	*$96*	*$117*	*$108*
Adjusted Free Cash Flow					
Adjusted EBITDA	$597	$601	$574	$554	$542
Net Expensed SAC	$85	$90	$96	$117	$108
Net SAC	($368)	$(425)	($402)	($438)	($409)
Cash Taxes	($10)	($0)	($3)	($0)	($3)
Cash Interest	($61)	($156)	($60)	($169)	($61)
Capital Expenditures (5)	($49)	($37)	($40)	($41)	($40)
Working Capital & Other	($10)	($114)	$10	$38	$26
Adjusted Free Cash Flow	$185	$(42)	$176	$62	$164
Recurring Monthly Revenue (RMR)					
End of Period RMR (excluding Wholesale)	$365	$361	$355	$352	$348
Wholesale RMR	$4	$4	$4	$4	$4
End of Period RMR (including Wholesale)	$369	$365	$359	$356	$352
Gross RMR Additions (1)	$15.5	$15.8	$14.9	$15.5	$14.5

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. Prior to 1Q'22, Net Expensed SAC included the estimated cash expenditures for sales and installation, net of inflows received, in our Solar segment, which were ($16 million) in 4Q'21.
5. Capital expenditures exclude special items primarily related to integration activities.

Selected Statement of Operations Components

($ in millions)	For the three months ended June 30, 2022					For the three months ended June 30, 2021				
	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 & Service (M&S) Revenue	$1,138	-	-	-	$1,138	$1,073	-	-	-	$1,073
M&S Costs, G&A, and Other	-	(233)	(261)	-	(494)	-	(234)	(189)	-	(423)
Net Customer Acquisition Costs	215	(133)	(44)	-	38	-	-	-	-	-
subtotal: Adjusted EBITDA prior to subscriber acqusition	**$1,353**	**($365)**	**($305)**	-	**$682**	**$1,073**	**($234)**	**($189)**	-	**$650**
Net Expensed SAC	182	(142)	(124)	-	(85)	180	(147)	(141)	-	(108)
subtotal: Adjusted EBITDA	**$1,535**	**($508)**	**($430)**	-	**$597**	**$1,254**	**($382)**	**($330)**	-	**$542**
Depreciation and Amortization	58	-	(39)	(399)	(380)	41	-	(30)	(474)	(464)
Special Items	8	-	(18)	-	(10)	10	-	(84)	-	(74)
Total	**$1,601**	**($508)**	**($487)**	**($399)**		**$1,304**	**($382)**	**($444)**	**($474)**	

	Total Revenue	Cost of Revenue	SG&A and Other	D&A
Monitoring & Service (M&S) Revenue	Monitoring & Service Revenue	-	-	-
M&S Costs, G&A, and Other	-	Field Service and Customer Care Expenses	General & Administrative and Other Expense (Income)	-
Net Customer Acquistiion Costs (Solar) Net Expensed SAC (CSB and Commercial)	Installation Revenue	Installation Costs	Selling and Advertising	- -
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

Income Statement

	Three Months Ended June 30,				Six Months Ended June 30,			
(in millions, except per share data)	**2022**	**2021**	**$ Change**	**% Change**	**2022**	**2021**	**$ Change**	**% Change**
Monitoring and related services	$ 1,146	$ 1,084	$ 62	6 %	$ 2,267	$ 2,146	$ 121	6 %
Installation, product, and other	455	221	234	106 %	879	463	416	90 %
Total revenue	1,601	1,304	297	23 %	3,146	2,609	537	21 %
Cost of revenue (exclusive of depreciation and amortization shown separately below)	508	382	126	33 %	1,018	763	255	33 %
Selling, general, and administrative expenses	487	446	41	9 %	969	895	74	8 %
Depreciation and intangible asset amortization	399	474	(75)	(16)%	876	944	(69)	(7)%
Merger, restructuring, integration, and other	(4)	5	(9)	N/M	(3)	25	(29)	N/M
Operating income (loss)	211	(2)	212	N/M	287	(18)	305	N/M
Interest expense, net	(82)	(167)	85	(51)%	(88)	(214)	126	(59)%
Loss on extinguishment of debt	—	—	—	— %	—	—	—	N/M
Other income (expense)	1	2	—	(5)%	3	3	—	(11)%
Income (loss) before income taxes and equity in net earnings (losses) of equity method investee	130	(167)	297	N/M	202	(229)	431	N/M
Income tax benefit (expense)	(38)	41	(79)	N/M	(57)	56	(113)	N/M
Income (loss) before equity in net earnings (losses) of equity method investee	92	(126)	218	N/M	144	(174)	318	N/M
Equity in net earnings (losses) of equity method investee	(1)	—	(1)	N/M	(1)	—	(1)	N/M
Net income (loss)	$ 92	$ (126)	$ 217	N/M	$ 143	$ (174)	$ 317	N/M
Net income (loss) per share - basic:								
Common Stock	$ 0.10	$ (0.15)			$ 0.16	$ (0.21)		
Class B Common Stock	$ 0.10	$ (0.15)			$ 0.16	$ (0.21)		
Weighted-average shares outstanding - basic:								
Common Stock	848	766			846	764		
Class B Common Stock	55	55			55	55		
Net income (loss) per share - diluted:								
Common Stock	$ 0.10	$ (0.15)			$ 0.15	$ (0.21)		
Class B Common Stock	$ 0.10	$ (0.15)			$ 0.15	$ (0.21)		
Weighted-average shares outstanding - diluted:								
Common Stock	911	766			911	764		
Class B Common Stock	55	55			55	55		

Note: Amounts may not sum due to rounding.

Balance Sheet

	June 30, 2022	December 31, 2021
Assets		
Current assets:		
Cash and cash equivalents	$ 44	$ 24
Accounts receivable, net	528	442
Inventories, net	314	277
Work-in-progress	83	71
Prepaid expenses and other current assets	215	178
Total current assets	1,184	993
Property and equipment, net	369	364
Subscriber system assets, net	2,981	2,868
Intangible assets, net	5,238	5,413
Goodwill	5,967	5,943
Deferred subscriber acquisition costs, net	969	850
Other assets	607	463
Total assets	$ 17,315	$ 16,894
Liabilities and stockholders' equity		
Current liabilities:		
Current maturities of long-term debt	$ 844	$ 118
Accounts payable	462	475
Deferred revenue	388	374
Accrued expenses and other current liabilities	670	737
Total current liabilities	2,365	1,703
Long-term debt	8,999	9,575
Deferred subscriber acquisition revenue	1,431	1,199
Deferred tax liabilities	927	867
Other liabilities	214	301
Total liabilities	13,936	13,646
Total stockholders' equity	3,379	3,249
Total liabilities and stockholders' equity	$ 17,315	$ 16,894

Note: Amounts may not sum due to rounding.

Cash Flow Statement

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Cash flows from operating activities:				
Net income (loss)	$ 92	$ (126)	$ 143	$ (174)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:				
Depreciation and intangible asset amortization	399	474	876	944
Amortization of deferred subscriber acquisition costs	39	30	76	59
Amortization of deferred subscriber acquisition revenue	(58)	(41)	(112)	(78)
Share-based compensation expense	17	14	33	30
Deferred income taxes	34	(41)	50	(63)
Provision for losses on receivables and inventory	27	4	46	19
Loss on extinguishment of debt	—	—	—	—
Intangible asset impairments	—	—	—	18
Unrealized (gain) loss on interest rate swap contracts	(59)	14	(205)	(92)
Other non-cash items, net	13	32	79	71
Changes in operating assets and liabilities, net of effects of acquisitions:				
Deferred subscriber acquisition costs	(103)	(80)	(196)	(148)
Deferred subscriber acquisition revenue	85	72	166	130
Other, net	29	73	(134)	70
Net cash provided by (used in) operating activities	515	426	823	786
Cash flows from investing activities:				
Dealer generated customer accounts and bulk account purchases	(157)	(141)	(342)	(340)
Subscriber system asset expenditures	(196)	(195)	(379)	(339)
Purchases of property and equipment	(49)	(42)	(88)	(84)
Acquisition of businesses, net of cash acquired	(13)	(1)	(13)	(16)
Proceeds from sale of business, net of cash sold	27	—	27	—
Other investing, net	(14)	1	(13)	2
Net cash provided by (used in) investing activities	(402)	(378)	(807)	(777)
Cash flows from financing activities:				
Proceeds from long-term borrowings	100	—	380	11
Proceeds from receivables facility	93	42	140	71
Repayment of long-term borrowings, including call premiums	(198)	(14)	(340)	(32)
Repayment of receivables facility	(26)	(9)	(47)	(17)
Dividends on common stock	(32)	(29)	(63)	(58)
Payments on finance leases	(11)	(7)	(22)	(14)
Payments on interest rate swaps	(11)	(14)	(25)	(28)
Deferred financing costs	—	—	—	—
Other financing, net	1	13	(15)	7
Net cash provided by (used in) financing activities	(85)	(19)	7	(60)
Cash and cash equivalents and restricted cash and restricted cash equivalents:				
Net increase (decrease) during the period	27	29	22	(51)
Beginning balance	28	127	33	208
Ending balance	$ 56	$ 157	$ 56	$ 157

Note: Amounts may not sum due to rounding.

Segment Information

(in millions)	Three Months Ended					Six Months Ended	
	June 30, 2022	**March 31, 2022**	**December 31, 2021**	**September 30, 2021**	**June 30, 2021**	**June 30, 2022**	**June 30, 2021**
Total revenue							
Monitoring and related services	$ 1,146	$ 1,121	$ 1,103	$ 1,098	$ 1,084	$ 2,267	$ 2,146
Installation, product, and other	455	423	278	219	221	879	463
Total	$ 1,601	$ 1,545	$ 1,381	$ 1,317	$ 1,304	$ 3,146	$ 2,609
Total revenue - CSB							
Monitoring and related services	$ 1,011	$ 993	$ 981	$ 976	$ 965	$ 2,004	$ 1,916
Installation, product, and other	77	70	68	60	57	147	145
Total	$ 1,088	$ 1,063	$ 1,049	$ 1,036	$ 1,023	$ 2,151	$ 2,061
Total revenue - Commercial							
Monitoring and related services	$ 134	$ 128	$ 122	$ 123	$ 118	$ 263	$ 230
Installation, product, and other	163	162	162	159	163	325	318
Total	$ 297	$ 290	$ 284	$ 281	$ 282	$ 588	$ 548
Total revenue - Solar (1) (2)							
Installation, product, and other	$ 215	$ 192	$ 47	$ —	$ —	$ 407	$ —
Total	$ 215	$ 192	$ 47	$ —	$ —	$ 407	$ —
Adjusted EBITDA by segment							
CSB	$ 581	$ 561	$ 553	$ 529	$ 510	$ 1,141	$ 1,029
Commercial	31	24	16	26	32	55	55
Solar (2)	(15)	17	6	—	—	2	—
Total	$ 597	$ 601	$ 574	$ 554	$ 542	$ 1,198	$ 1,084
Adjusted EBITDA Margin (as percentage of Total Revenue)							
CSB	*36 %*	*36 %*	*40 %*	*40 %*	*39 %*	*36 %*	*39 %*
Commercial	*2 %*	*2 %*	*1 %*	*2 %*	*2 %*	*2 %*	*2 %*
Solar	*(1)%*	*1 %*	*— %*	*— %*	*— %*	*— %*	*— %*
Total	***37 %***	***39 %***	***42 %***	***42 %***	***42 %***	***38 %***	***42 %***

Note: Amounts may not sum due to rounding.
1. M&S revenue is not applicable to the Solar segment.
2. Sunpro Solar, now referred to as ADT Solar, was acquired on December 8, 2021.

Non-GAAP Measures

We sometimes use information ("non-GAAP financial measures") that is derived from the condensed 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.

This presentation includes definitions of our non-GAAP financial measures, 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 used in this presentation to the most comparable GAAP measures. Each non-GAAP financial measure is presented along with 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.

GAAP to Non-GAAP Reconciliations

Adjusted EBITDA, Adjusted EBITDA prior to subscriber acquisition, and 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 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; and (ix) other income/gain or expense/loss items such as impairment charges, financing and consent fees, or acquisition-related adjustments. There are material limitations to using Adjusted EBITDA as it does not reflect certain significant items, which directly affect our net income or loss (the most comparable GAAP measure). This discussion is also applicable to Adjusted EBITDA prior to subscriber acquisition, which is defined as Adjusted EBITDA prior to sales and installation costs, net of installation revenue, in our CSB and Commercial segments, as well as Adjusted EBITDA margin, which is calculated as Adjusted EBITDA as a percentage of total revenue.

(in millions)	Three Months Ended					Six Months Ended		Twelve Months Ended	
	June 30, 2022	March 31, 2022	December 31, 2021	September 30, 2021	June 30, 2021	June 30, 2022	June 30, 2021	June 30, 2022	December 31, 2021
Net income (loss)	$ 92	$ 52	$ (58)	$ (109)	$ (126)	$ 143	$ (174)	$ (24)	$ (341)
Interest expense, net	82	6	110	133	167	88	214	331	458
Income tax expense (benefit)	38	20	(38)	(36)	(41)	57	(56)	(17)	(130)
Depreciation and intangible asset amortization	399	476	491	480	474	876	944	1,846	1,915
Amortization of deferred subscriber acquisition	39	37	35	33	30	76	59	143	126
Amortization of deferred subscriber acquisition	(58)	(53)	(49)	(45)	(41)	(112)	(78)	(206)	(172)
Share-based compensation expense	17	16	15	16	14	33	30	65	61
Merger, restructuring, integration, and other	(4)	1	19	(7)	5	(3)	25	9	38
Loss on extinguishment of debt	—	—	—	37	—	—	—	37	37
Radio conversion costs, net(1)	1	10	40	52	61	10	119	102	211
Acquisition related adjustments(2)	1	36	12	2	—	38	—	52	13
Other(3)	(9)	1	(2)	(2)	—	(8)	—	(12)	(3)
Adjusted EBITDA	$ 597	$ 601	$ 574	$ 554	$ 542	$ 1,198	$ 1,084	$ 2,327	$ 2,213
Selling (incl. Commissions) and Advertising	124				141			528	565
Installations costs	142				147			576	602
Installation revenue	(182)				(180)			(715)	(740)
Adjusted EBITDA prior to subscriber acquisition(4)	$ 682				$ 650			$ 2,716	$ 2,640
Net income (loss) to total revenue ratio	*5.7%*	*3.3%*	*(4.2)%*	*(8.3)%*	*(9.6)%*	*4.6%*	*(6.7)%*	*(0.4)%*	*(6.4)%*
Adjusted EBITDA Margin (as percentage of total revenue)	*37.3%*	*38.9%*	*41.6%*	*42.1%*	*41.5%*	*38.1%*	*41.5%*	*39.8%*	*41.7%*
Total revenue	1,601	1,545	1,381	1,317	1,304	3,146	2,609	5,844	5,307

Notes: Amounts may not sum due to rounding.
1. Represents net costs associated with replacing cellular technology used in many of our security systems pursuant to a replacement program.
2. Represents amortization of purchase accounting adjustments and compensation arrangements related to acquisitions. Such amortization in Q4 2021 and Q1 2022 primarily related to the acquisition of ADT Solar.
3. During 2022, primarily represents the gain on sale of a business.
4. Prior to Q1 2022, Adjusted EBITDA prior to subscriber acquisition excluded sales and installation costs, net of installation revenue, related to Solar of ($16 million).

GAAP to Non-GAAP Reconciliations

Free Cash Flow and Adjusted Free Cash Flow:

We believe the presentations of Free Cash Flow and Adjusted Free Cash Flow are appropriate to provide investors with useful information about our ability to repay debt, make other investments, and pay dividends. In addition, 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.

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.

There are material limitations to using Free Cash Flow and Adjusted Free Cash Flow. These metrics 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. Free Cash Flow and Adjusted Free Cash Flow 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					Six Months Ended		Twelve Months Ended	
	June 30, 2022	March 31, 2022	December 31, 2021	September 30, 2021	June 30, 2021	June 30, 2022	June 30, 2021	June 30, 2022	December 31, 2021
Net cash provided by (used in) operating activities	$ 515	$ 308	$ 494	$ 370	$ 426	$ 823	$ 786	$ 1,687	$ 1,650
Net cash provided by (used in) investing activities	$ (402)	$ (405)	$ (525)	$ (393)	$ (378)	$ (807)	$ (777)	$ (1,726)	$ (1,696)
Net cash provided by (used in) financing activities	$ (85)	$ 92	$ (4)	$ (64)	$ (19)	$ 7	$ (60)	$ (62)	$ (128)
Net cash provided by (used in) operating activities	$ 515	$ 308	$ 494	$ 370	$ 426	$ 823	$ 786	$ 1,687	$ 1,650
Dealer generated customer accounts and bulk account purchases	(157)	(185)	(163)	(173)	(141)	(342)	(340)	(677)	(675)
Subscriber system asset expenditures	(196)	(182)	(176)	(180)	(195)	(379)	(339)	(734)	(695)
Purchases of property and equipment	(49)	(38)	(42)	(43)	(42)	(88)	(84)	(172)	(168)
Free Cash Flow	$ 112	$ (97)	$ 114	$ (25)	$ 48	$ 15	$ 23	$ 104	$ 112
Net proceeds from receivables facility	67	26	33	35	32	93	55	161	123
Financing and consent fees	—	—	—	—	—	—	3	—	4
Restructuring and integration payments	3	3	2	2	6	6	7	10	11
Integration related capital expenditures	—	1	1	2	3	1	7	4	10
Radio conversion costs, net	—	12	25	50	72	12	123	87	198
Other, net(1)	3	13	—	(2)	3	16	9	14	7
Adjusted Free Cash Flow	$ 185	$ (42)	$ 176	$ 62	$ 164	$ 143	$ 227	$ 381	$ 465
Memo: Cash interest included above	$ 61	$ 156	$ 60	$ 169	$ 61	$ 217	$ 228	$ 446	$ 457

Notes: Amounts may not sum due to rounding.

1. During the six months ended June 30, 2022, primarily represents costs related to the ADT Solar acquisition.

GAAP to Non-GAAP Reconciliations

Adjusted Net Income (Loss) and Adjusted Diluted Net Income (Loss) per share:

We define Adjusted Net Income (Loss) as net income (loss) 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 impairment charges, financing and consent fees, or acquisition-related adjustments; and (vii) the impact these adjusted items have on taxes.

Adjusted Diluted Net Income (Loss) per share is Adjusted Net 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 Net Income (Loss) and Adjusted Diluted Net 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 net income (loss) and related per share amounts (the most comparable GAAP measures).

During the third quarter of 2021, Net Income (Loss) before special items was renamed Adjusted Net Income (Loss), and Diluted Net Income (Loss) per share before special items was renamed Adjusted Diluted Net Income (Loss) per share. There has been no change to the calculation of these measures.

(in millions, except per share data)	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Net income (loss)	$ 92	$ (126)	$ 143	$ (174)
Merger, restructuring, integration, and other	(4)	5	(3)	25
Loss on extinguishment of debt	—	—	—	—
Radio conversion costs, net	1	61	10	119
Share-based compensation expense	17	14	33	30
Unrealized (gain) loss on interest rate swaps[(1)]	(59)	14	(205)	(92)
Acquisition related adjustments	1	—	38	—
Other, net	(9)	—	(8)	—
Tax impact on adjustments	12	(22)	34	(20)
Adjusted Net Income (Loss)	$ 50	$ (55)	$ 43	$ (112)
Weighted-average shares outstanding - diluted[(2)]:				
Common Stock	911	766	911	764
Class B Common Stock	55	55	55	55
Net income (loss) per share - diluted:				
Common Stock	$ 0.10	$ (0.15)	$ 0.15	$ (0.21)
Class B Common Stock	$ 0.10	$ (0.15)	$ 0.15	$ (0.21)
Adjusted Diluted Net Income (Loss) per share[(3)]	$ 0.06	$ (0.07)	$ 0.05	$ (0.15)

Notes: Amounts may not sum due to rounding. Refer to the reconciliation from Adjusted EBITDA to net income (loss) herein for an explanation regarding radio conversion costs, net, acquisition related adjustments, and other, net.
1. Represents the change in the fair value of interest rate swaps not designated as cash flow hedges.
2. 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.
3. Calculated as Adjusted Net Income (Loss) divided by diluted weighted-average shares outstanding of Common Stock.

GAAP to Non-GAAP Reconciliations

Debt to Net Income (Loss) Leverage Ratio and Reconciliation to Net Leverage Ratio:

Net Leverage Ratio is calculated as the ratio of net debt to last twelve months ("LTM") Adjusted EBITDA. Net Leverage Ratio prior to subscriber acquisition is calculated as the ratio of net debt to Adjusted EBITDA prior to subscriber acquisition. 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 and Adjusted EBITDA prior to subscriber acquisition for descriptions of the differences between Adjusted EBITDA and net income (loss), which is the most comparable GAAP measure. Net Leverage Ratio and Net Leverage Ratio prior to subscriber acquisition are useful measures of the Company's credit position and progress towards leverage targets. The calculations are limited in that the Company may not always be able to use cash to repay debt on a dollar-for-dollar basis.

Debt to Net Income (Loss) Leverage Ratio:

(in millions)	June 30, 2022	December 31, 2021
Total debt (book value)	$ 9,843	$ 9,693
LTM net income (loss)	$ (24)	$ (341)
Debt to net income (loss) ratio	**(413.4x)**	**(28.4x)**

Leverage Ratios:

(in millions)	June 30, 2022	December 31, 2021
Revolver	$ 80	$ 25
First lien term loan	2,744	2,758
First lien notes	5,550	5,550
Receivables facility	292	199
Finance leases	94	93
Other	4	5
Total first lien debt	**$ 8,763**	**$ 8,630**
Second lien notes	1,300	1,300
Total debt[(1)]	**$ 10,063**	**$ 9,930**
Less:		
Cash and cash equivalents	(44)	(24)
Receivables Facility	(292)	(199)
Net debt	**$ 9,728**	**$ 9,706**
LTM Adjusted EBITDA	$ 2,327	$ 2,213
Net leverage ratio[(2)]	**4.2x**	**4.4x**
LTM Adjusted EBITDA prior to subscriber acquisition[(3)]	$ 2,716	$ 2,640
Net leverage ratio prior to subscriber acquisition	**3.6x**	**3.7x**
Annualized RMR	$ 4,425	$ 4,308
RMR Ratio	**2.2x**	**2.3x**

Notes: Amounts may not sum due to rounding.
1. Debt instruments are stated at face value.
2. During Q4 2021, we began presenting net leverage ratio excluding the Receivables Facility.
3. Prior to Q1 2022, Adjusted EBITDA prior to subscriber acquisition excluded sales and installation costs, net of installation revenue, related to Solar of ($16 million). There was no impact to net leverage ratio prior to subscriber acquisition as of 12/31/21.