

Third Quarter 2024 Earnings Presentation

October 24, 2024



Forward Looking Statements and Non-GAAP Measures

ADT has made statements in this presentation that are forward-looking and therefore subject to risks and uncertainties, including those described below. All statements, other than statements of historical fact, included in this document are, or could be, "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995 and the applicable rules and regulations of the Securities and Exchange Commission (the "SEC") and are made in reliance on the safe harbor protections provided thereunder. These forward-looking statements relate to, among other things, the divestiture of the commercial business which was completed in October 2023 (the "Commercial Divestiture"); the Company's exit of the residential solar business and the expected costs and benefits of such exit (the "ADT Solar Exit"); repurchases of shares of the Company's common stock under the authorized share repurchase program; 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 regards to the foregoing; the impact from cybersecurity attacks, including the incidents disclosed in the Current Reports on Form 8-K filed with the SEC on August 8, 2024 and October 7, 2024 (together, the "Cybersecurity Incidents"), and the related scope of investigations and expectations regarding impact to the Company's operations or financial condition, and any assumptions related thereto; and other matters. Without limiting the generality of the preceding sentences, any time we use the words "ongoing," "expects," "intends," "will," "anticipates," "believes," "confident," "continue," "propose," "seeks," "could," "may," "should," "estimates," "forecasts," "might," "goals," "objectives," "targets," "planned," "projects," and, in each case, their negative or other various or comparable terminology, and similar expressions, 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 our control and could cause future events or results to be materially different from those stated or implied in this press release, including, among others, factors relating to uncertainties as to any difficulties with respect to the effect of the Commercial Divestiture and ADT Solar Exit on our ability to retain and hire key personnel and to maintain relationships with customers, suppliers and other business partners; risks related to the Commercial Divestiture and ADT Solar Exit, including ADT's business becoming less diversified and the possible diversion of management's attention from ADT's core CSB business operations; uncertainties as to our ability and the amount of time necessary to realize the expected benefits of the Commercial Divestiture and ADT Solar Exit, including the risk that the ADT Solar Exit may not be completed in a timely manner, or that the costs of the ADT Solar Exit may exceed our best estimates; our ability to maintain and grow our existing customer base and to integrate strategic bulk purchases of customer accounts; activity in repurchasing shares of ADT's common stock under the authorized share repurchase program; dividend rates or yields for any future quarter; the Company's ongoing assessments of the impacts of the Cybersecurity Incidents; the Company's expectations regarding its ability to contain and remediate the Cybersecurity Incidents and to effectively implement counter measures intended to safeguard the Company's information technology assets and operations; the impact of the 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 the Cybersecurity Incidents; legal, reputational and financial risks resulting from the 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 our actual results of operations or financial condition; and risks that are described in the Company's Annual Report 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 our 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.

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, all cash flows attributable to activities of the solar business are excluded from Adjusted Free Cash Flow measures as the business is substantially wound down.

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 Diluted Income (Loss) per Share ("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 2024, 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.





Table of Contents

- Company Overview Page 4
- Quarterly Results & Outlook Page 17
- Additional Financial Information Page 24
- Non-GAAP Reconciliations Page 31



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 resilient market

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

Flexible & Disciplined

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 Provider¹

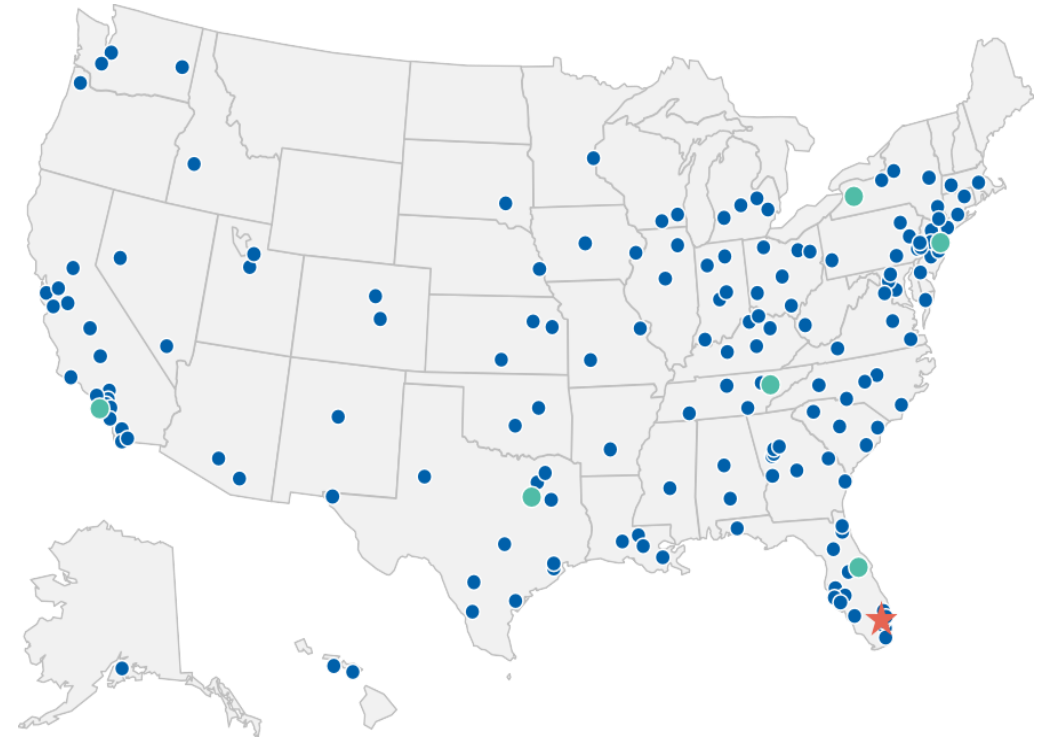
2X
more preferred
than the next closest
provider²

98%
brand awareness
among security system owners,
intenders, and prospects³

6.4M
subscribers

~8 YEARS
average customer tenure

Scaled Nationwide Monitoring and Technical Support Presence



● Locations ● Monitoring Centers ★ Corporate Headquarters

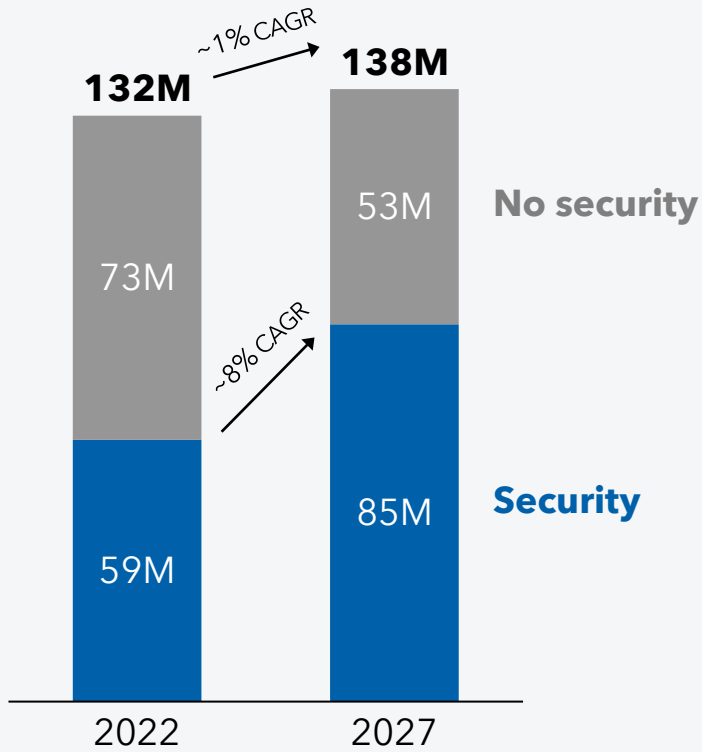
Notes:

- 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

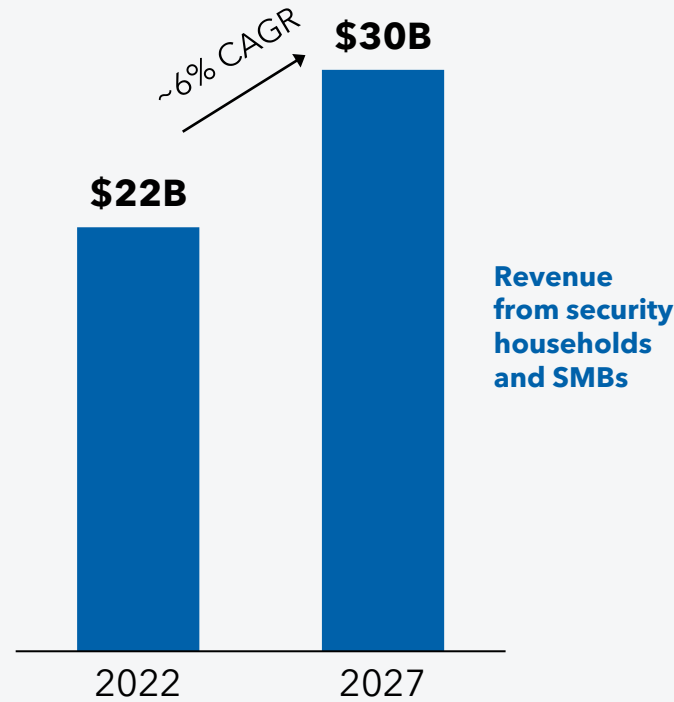
Increasing Security Demand Among New and Existing Homeowners

U.S. Households¹



Growing Consumer Spend on Home Security

U.S. Security Market²



Smart Home Represents Significant Incremental Opportunity

Non-Security Adjacencies

~\$40B in 2027³



Smart home device categories



Additional Market Potential

(i.e., aging-in-place, health, leak detection, etc.)

Notes:

1. U.S. Census Bureau, Interpret, ADT analysis. Security households defined as those with security system or device-based professional monitoring or self monitoring.
2. Interpret, TechInsights, Omdia, ADT analysis.
3. Omdia Smart Home Devices Database - 2023 Database.

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 (~\$1.5B/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**



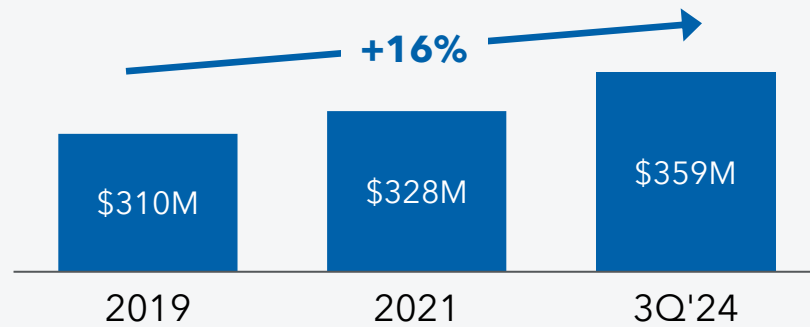
**Customer Loyalty
and Retention**



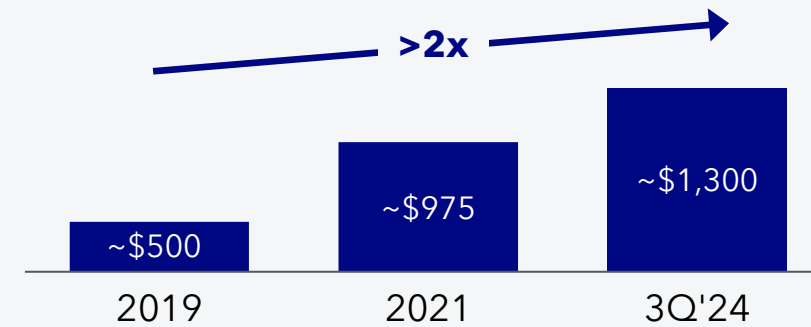
Long-Term Value and Cash Generation

...With Improved Performance Across Key Metrics

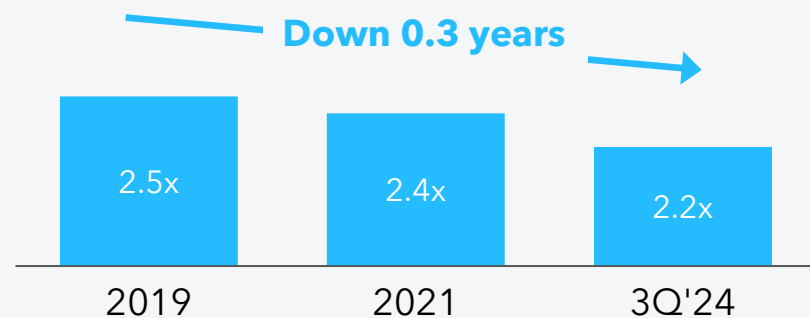
Recurring Monthly Revenue



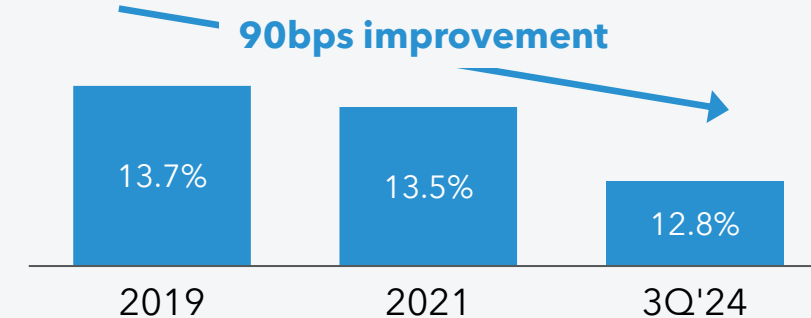
Installation Revenue Per Unit



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**

Recent Highlights

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



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 4.8 stars on iOS and 4.6 on Android, among the highest-rated apps in the home security and smart home category

Continuing Product and Experience Innovation



Introducing additional features such as the Yale fingerprint lock



Expanding Trusted Neighbor's smart access control capabilities to other helpful parties (e.g., first responders)



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



Redesigning ADT+ hardware to further reduce costs

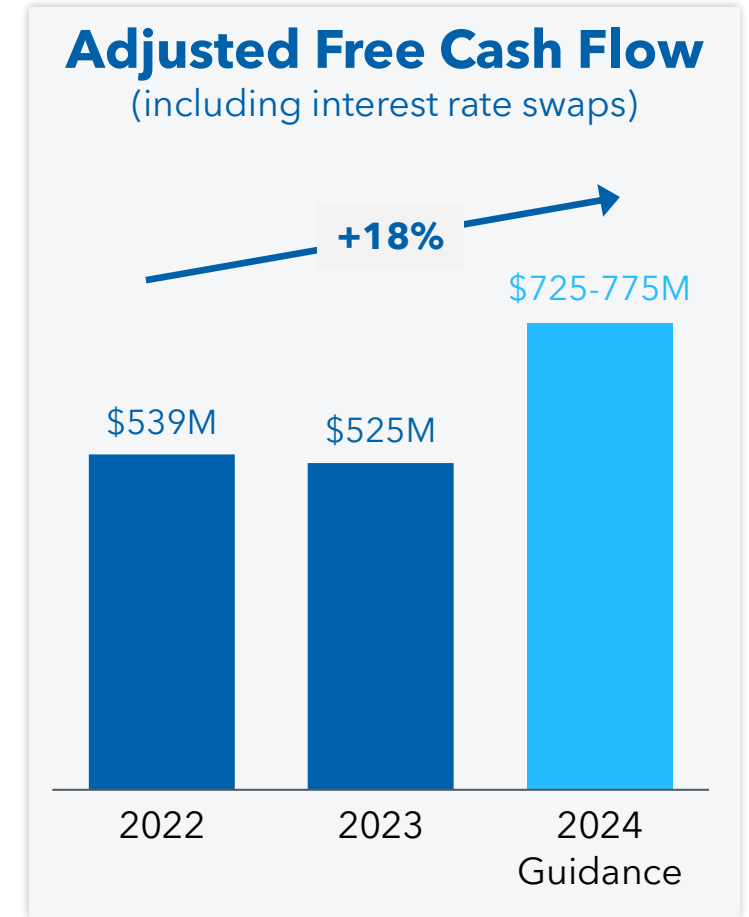
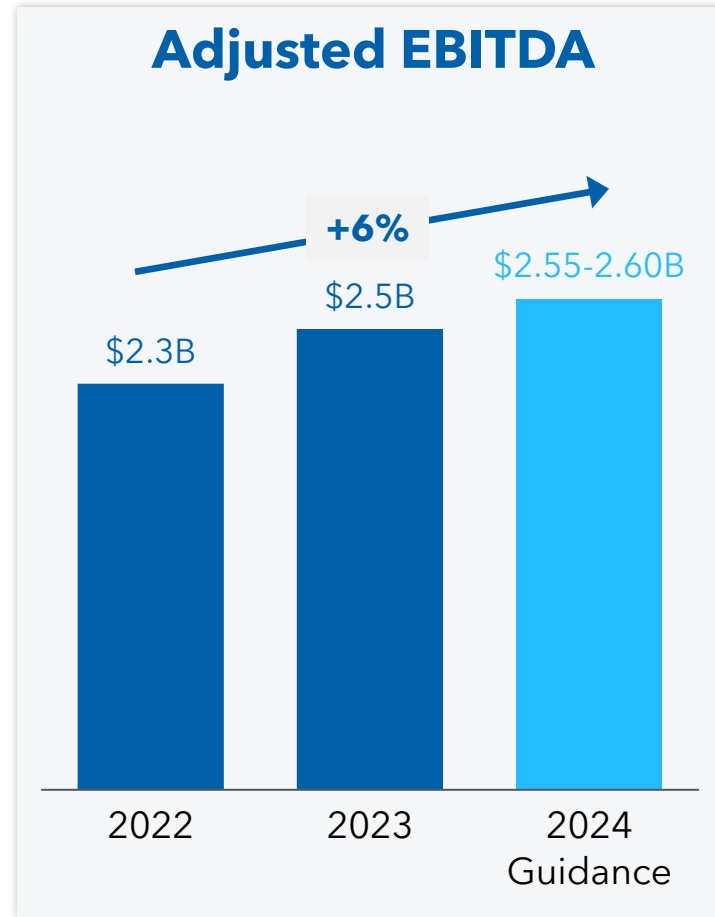
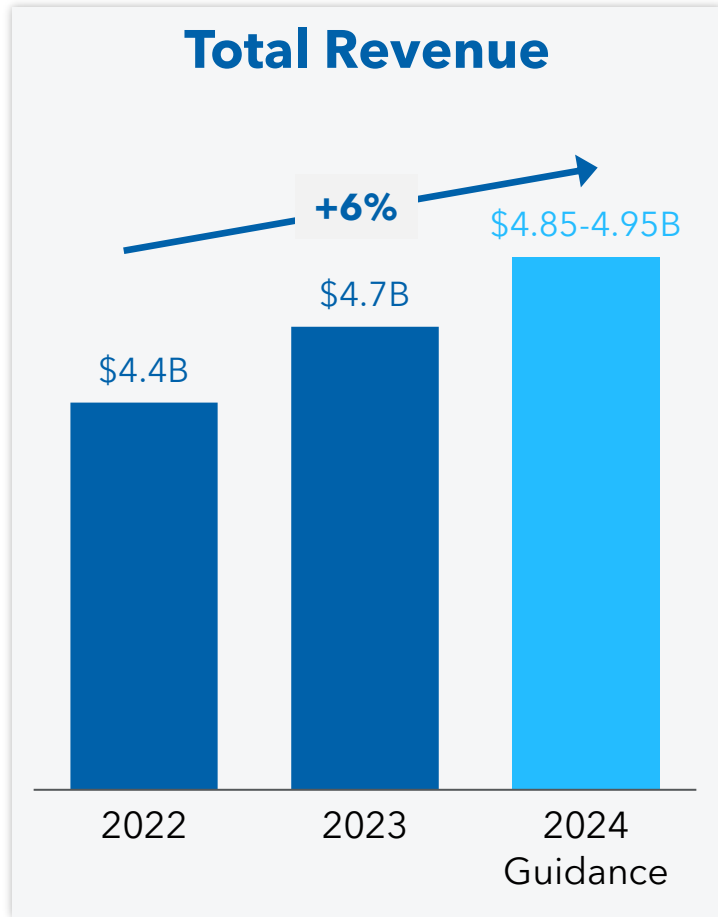


TrustedNeighbor™

"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 of capital efficient growth and return of capital to shareholders

Note: Total Revenue and Adjusted EBITDA are continuing operations and reflect the business operations of the former CSB segment. Beginning in the third quarter of 2024, all cash flows attributable to activities of the solar business are excluded from Adjusted Free Cash Flow measures as the business is substantially wound down.

Disciplined and Balanced Capital Allocation Framework



Investing in the Business

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



Strengthening the Balance Sheet

- Leverage reduction
- Liquidity access
- Well-laddered maturities



Returning Capital to Shareholders

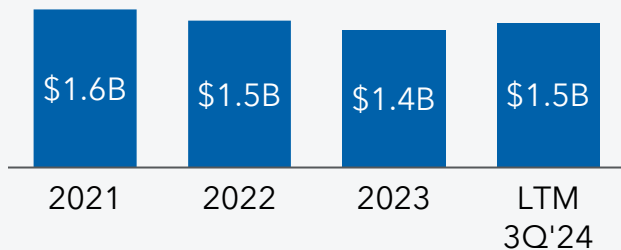
- Dividends
- Share repurchases

Strong Cash Flow Supports Capital Allocation Strategy

Investing in the Business

- **Capital-efficient** subscriber acquisition
- Product development and technology-led innovation
- Capacity for **opportunistic bulk account** purchases or tuck-in M&A

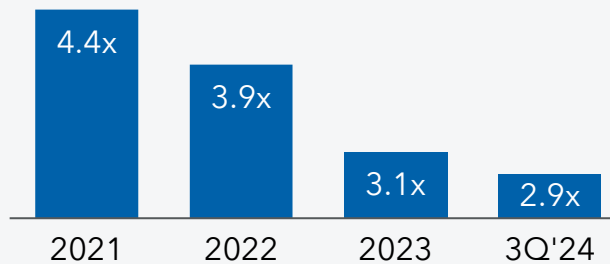
Net Subscriber Acquisition Costs



Strengthening the Balance Sheet

- **Reduced leverage to 2.9x**, below 2024 target, and down 1.5x vs. 2021
- Repaid \$2.1B in debt in 2023
- No significant maturities until 2026
- Extended and upsized revolving facility
- Effective cost of debt of ~4.5%

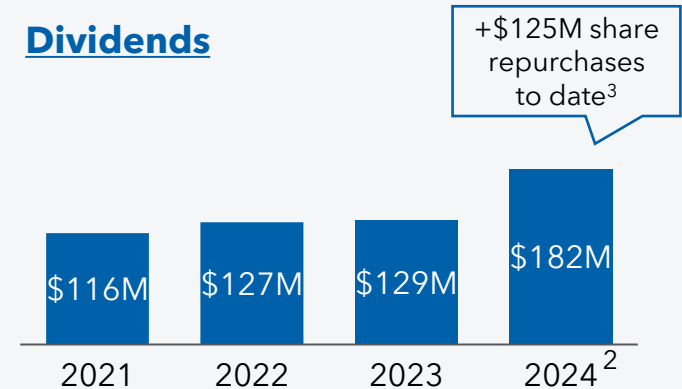
Net Leverage Ratio¹



Returning Capital to Shareholders

- **Raised quarterly dividend by 57%** to \$0.055/share in January 2024
- Authorized **\$350M share repurchase program**; repurchased \$93M in 1Q'24 and \$32M in Oct'24

Dividends



Note:
 1. LTM Adjusted EBITDA used in net leverage ratio for 2021 and 2022 reflects historical amounts including the commercial and solar businesses; 2023 and 3Q'24 reflects continuing operations only.
 2. Expected full year dividend based on current dividend rate.
 3. Share repurchases include \$93 million in 1Q'24 and \$32 million in early Oct'24.

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





Quarterly Results & Outlook



3Q 2024 Highlights



\$1.2B

Total Revenue

YTD \$3.6B, up 5%

\$659M

Adjusted EBITDA

YTD \$1.9B, up 4%

\$0.20

Adjusted EPS

YTD \$0.56, up 33%

2.2 years

Revenue Payback

up 0.2 years

\$359M

End of Period RMR

up 2%

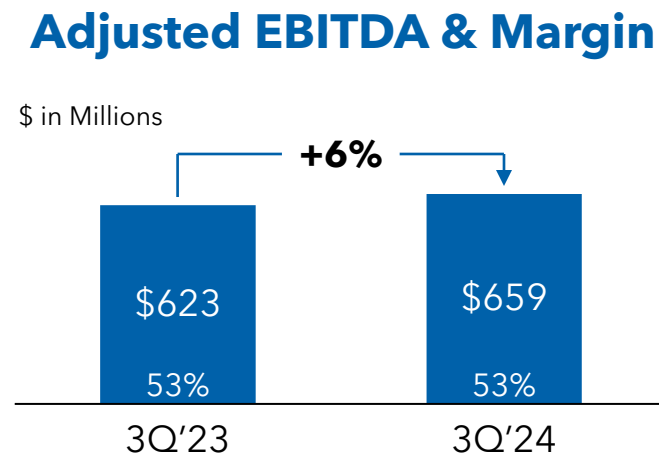
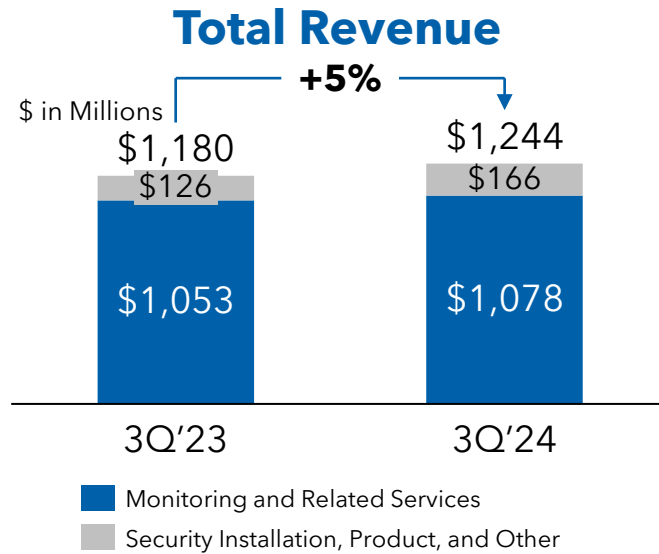
2.9x

Net Leverage Ratio

down 0.7x

Note: All variances are on a year-over-year basis. Reflects continuing operations and includes only the business operations of the former CSB segment. Prior year Net Leverage Ratio includes continuing and discontinued operations.

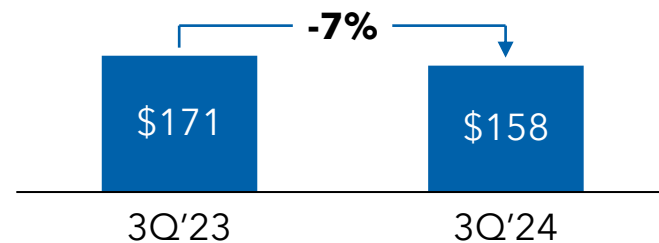
Key Quarterly Financials



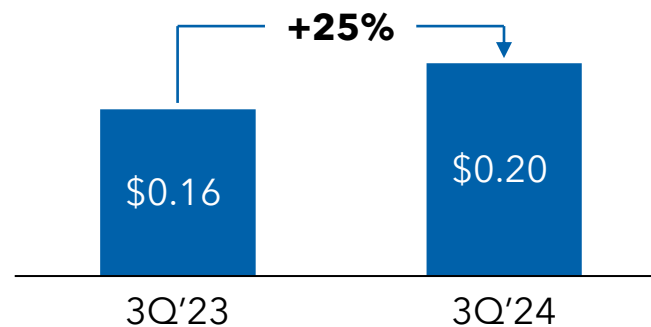
Adjusted Free Cash Flow

(including interest rate swaps)

\$ in Millions



Adjusted EPS

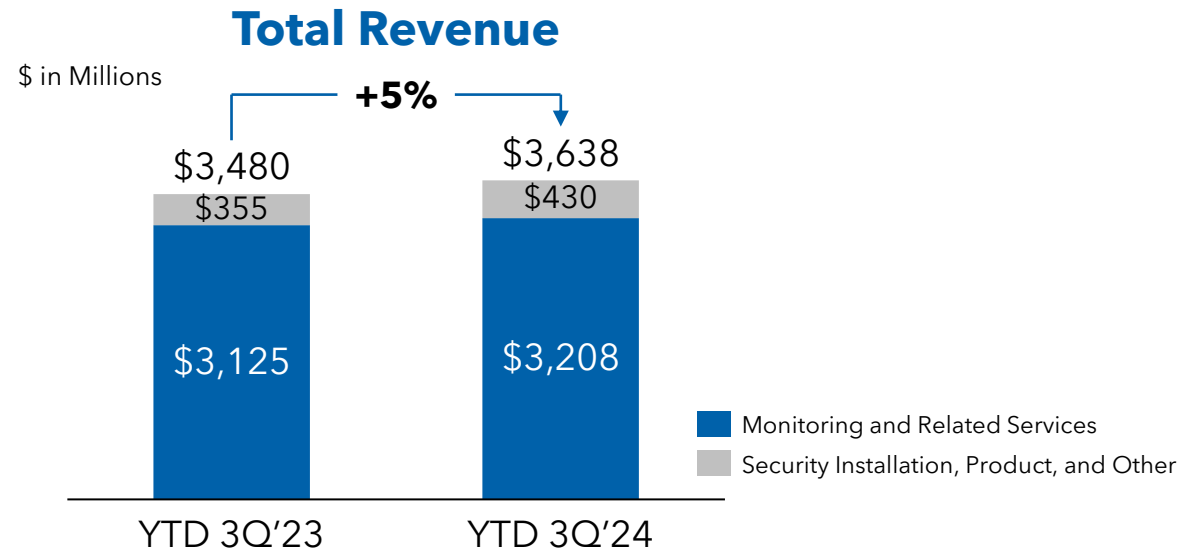


Highlights

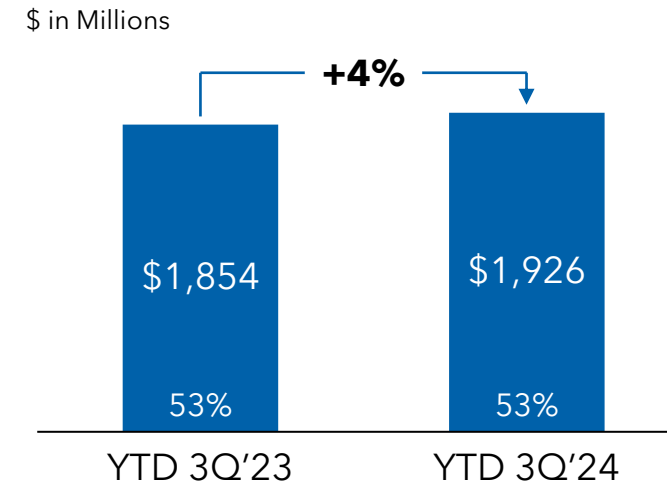
- Increase in recurring revenue primarily due to higher average pricing
- Continued strong operating efficiency and service delivery
- Investments in product and technology
- Strategic bulk account purchase for \$81M at attractive economics
- Lower cash interest driven by debt reduction

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, all cash flows attributable to activities of the solar business are excluded from Adjusted Free Cash Flow measures as the business is substantially wound down.

Key Year-to-Date Financials

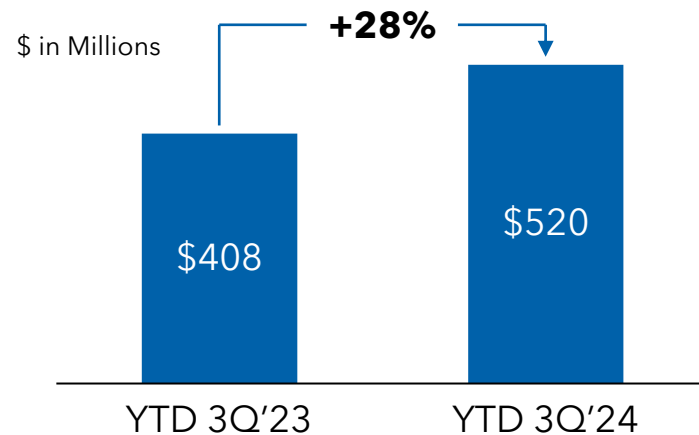


Adjusted EBITDA & Margin

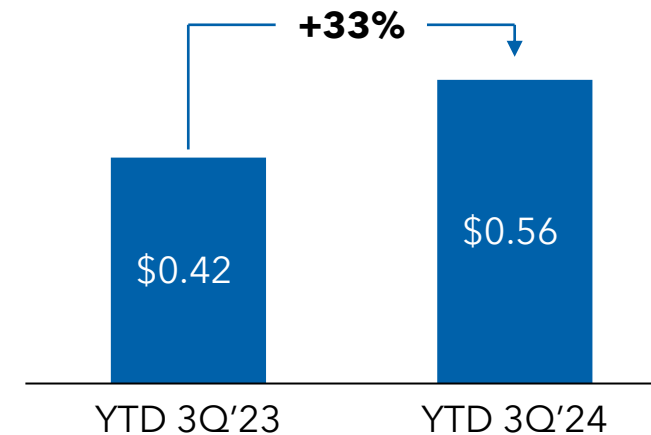


Adjusted Free Cash Flow

(including interest rate swaps)



Adjusted EPS



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, all cash flows attributable to activities of the solar business are excluded from Adjusted Free Cash Flow measures as the business is substantially wound down.

Additional Key Metrics

	3Q'24	3Q'23	Y/Y Change
Ending Subscriber Count	6.4M	6.4M	0%
Interactive Customers as a % of Total Residential and Small Business	71%	66%	500 bps
End of Period RMR including wholesale	\$359M	\$350M	2%
Gross RMR Additions	\$14.7M	\$13.1M	13%
Gross Unit Additions	250K	224K	12%
Gross Revenue Attrition	12.8%	12.9%	(10 bps)
LTM Revenue Payback	2.2x	2.0x	0.2x
Net Cash SAC	\$414M	\$354M	17%

Highlights

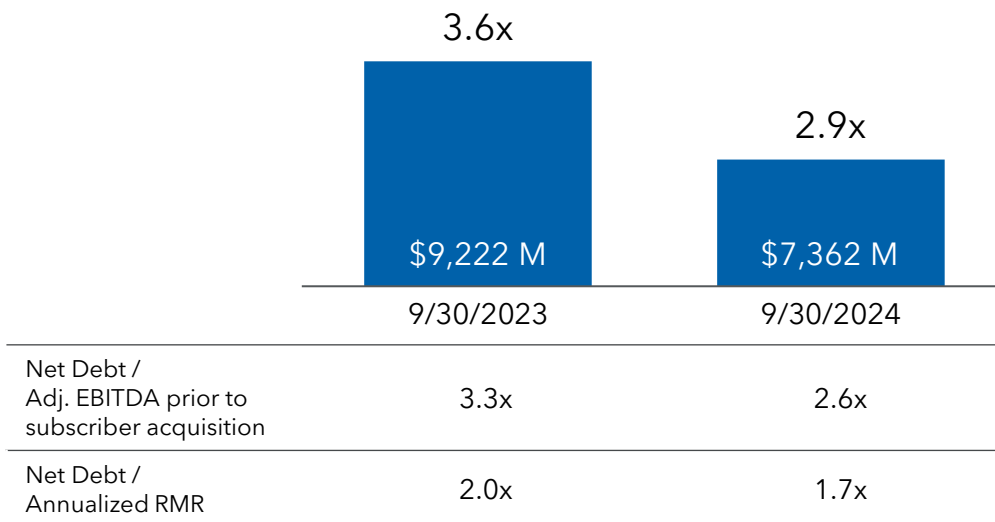
- Increase in RMR driven by higher average pricing and strategic bulk purchase
- Continued smart home adoption with high take rates for interactive and video services
- Strong SAC efficiency by channel, with some unfavorable mix dynamics due to strategic bulk purchase
- Improved retention driven by retention initiatives reducing voluntary disconnects
- 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.

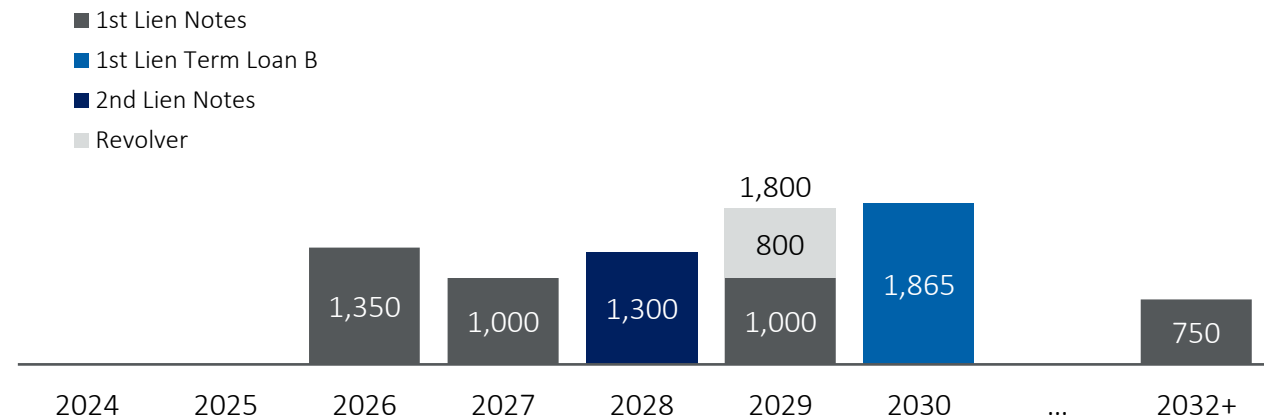
Capital Structure with Balanced Maturity Profile

- 2.9x Net Leverage Ratio, down 0.7x versus prior year, and below 3.0x 2024 target
- Issued new 5-year \$800M revolving credit facility in October (currently undrawn)
 - Replaced \$575M 2026 facility
 - Reduced commitment fee by 20 basis points and applicable margin by 85 basis points
- No other significant debt maturities until 2026, with effective ~4.5% cash interest rate

Net Debt and Leverage Ratios¹



Debt Maturity Profile²



Notes:

1. LTM Adjusted EBITDA measures for period ended 9/30/2023 reflect historical amounts including the commercial and solar businesses; those for period ended 9/30/2024 reflect continuing operations only. Net debt for all periods includes amounts related to the solar business.
2. Maturity profile as of 10/1/2024, following revolver amendment. Excludes approximately \$20 million in amortization payments per year for the First Lien Term Loan, receivables facility and finance leases, while the revolver is indicative of total capacity, not current drawn balances.

2024 Guidance

- Based on performance through the end of the third quarter, the Company is tightening guidance within prior full year guidance ranges
- Total Revenue, Adjusted EBITDA, and Adjusted Free Cash Flow remain at the midpoint of their ranges and Adjusted EPS at the higher end of its range

<i>(\$ in millions, except per share data)</i>	2023 Actual	Prior 2024 Guidance	Updated 2024 Guidance	Midpoint Year-over-year
Total Revenue	\$4,653	\$4,800 - \$5,000	\$4,850 - \$4,950	5%
Adjusted EBITDA	\$2,481	\$2,525 - \$2,625	\$2,550 - \$2,600	4%
Adjusted EPS	\$0.60	\$0.65 - \$0.75	\$0.70 - \$0.75	21%
Adjusted Free Cash Flow (including interest rate swaps)	\$525	\$700 - \$800	\$725 - \$775	~40%

Notes: 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, all cash flows attributable to activities of the solar business are excluded from Adjusted Free Cash Flow measures as the business is substantially wound down. Adjusted EPS assumes a tax rate of 26% and share count of 911 million.



Additional Financial Information & Non-GAAP Reconciliations



Quarterly Financial & Operating Measures

(\$ in millions)	For the Three Months Ended						
	September 30, 2024	June 30, 2024	March 31, 2024	December 31, 2023	September 30, 2023	June 30, 2023	March 31, 2023
Financial Measures							
Monitoring and related services (M&S)	\$1,078	\$1,068	\$1,063	\$1,054	\$1,053	\$1,043	\$1,029
Security installation, product, and other	\$166	\$136	\$127	\$119	\$126	\$125	\$104
Total Revenue	\$1,244	\$1,205	\$1,190	\$1,172	\$1,180	\$1,168	\$1,132
Adjusted EBITDA (from continuing operations)	\$659	\$629	\$638	\$627	\$623	\$641	\$590
<i>Adjusted EBITDA Margin (% Revenue)</i>	53%	52%	54%	53%	53%	55%	52%
Historical Adjusted EBITDA	\$659	\$613	\$614	\$600	\$634	\$651	\$625
Adjusted Income (Loss) from continuing operations	\$183	\$156	\$171	\$168	\$144	\$153	\$85
Adjusted EPS	\$0.20	\$0.17	\$0.19	\$0.18	\$0.16	\$0.17	\$0.09
GAAP Income (Loss) from continuing operations	\$132	\$126	\$164	\$107	\$123	\$180	\$40
GAAP EPS	\$0.14	\$0.13	\$0.17	\$0.11	\$0.13	\$0.19	\$0.04
Operating Measures							
Gross RMR Additions ⁽¹⁾	\$14.7	\$12.5	\$11.4	\$14.3	\$13.1	\$13.1	\$11.5
Gross Unit Additions	250K	212K	187K	243K	224K	227K	189K
LTM Gross Customer Revenue Attrition ⁽¹⁾	12.8%	12.9%	13.1%	12.9%	12.9%	12.9%	12.9%
LTM Revenue Payback (in years) ⁽¹⁾⁽²⁾	2.2x	2.2x	2.1x	2.1x	2.0x	2.1x	2.1x
End of Period RMR (including Wholesale)	\$359	\$355	\$353	\$353	\$350	\$348	\$344
<i>End of Period RMR (excluding Wholesale)</i>	<i>\$354</i>	<i>\$351</i>	<i>\$349</i>	<i>\$349</i>	<i>\$346</i>	<i>\$343</i>	<i>\$340</i>

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						
	September 30, 2024	June 30, 2024	March 31, 2024	December 31, 2023	September 30, 2023	June 30, 2023	March 31, 2023
Adjusted Free Cash Flow							
Historical Adjusted EBITDA ⁽¹⁾	\$659	\$613	\$614	\$600	\$634	\$651	\$625
Net Expensed SAC	\$68	\$69	\$72	\$83	\$59	\$61	\$67
Net Cash SAC ⁽²⁾	(\$414)	(\$357)	(\$300)	(\$404)	(\$350)	(\$331)	(\$310)
Cash Taxes ⁽³⁾	(\$4)	(\$16)	(\$1)	(\$11)	(\$7)	(\$16)	(\$2)
Cash Interest	(\$181)	(\$75)	(\$141)	(\$78)	(\$213)	(\$119)	(\$195)
Capital and Software Expenditures ⁽⁴⁾	(\$55)	(\$73)	(\$54)	(\$55)	(\$55)	(\$64)	(\$66)
Working Capital & Other	\$65	\$69	(\$102)	(\$40)	\$79	\$19	(\$119)
Adjusted Free Cash Flow ⁽¹⁾	\$137	\$229	\$89	\$94	\$148	\$201	(\$0)
Interest Rate Swaps	\$22	\$22	\$22	\$24	\$23	\$20	\$16
Adjusted Free Cash Flow (including interest rate swaps) ⁽¹⁾	\$158	\$251	\$111	\$117	\$171	\$221	\$16
Selected Items Detail							
Non-capitalized Net SAC	\$52	\$47	\$19	\$28	\$26	\$17	\$23
Capitalized Net SAC	\$363	\$311	\$281	\$376	\$327	\$317	\$284
Net Cash SAC (continuing operations) ⁽²⁾	\$414	\$357	\$300	\$404	\$354	\$334	\$307
Net Cash SAC (commercial discontinued operations)	-	-	-	-	(\$4)	(\$3)	\$3
Net Cash SAC ⁽²⁾	\$414	\$357	\$300	\$404	\$350	\$331	\$310
<i>memo: Net Expensed SAC (continuing operations)</i>	\$68	\$69	\$72	\$83	\$72	\$72	\$75

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, all cash flows attributable to activities of the solar business are excluded from Adjusted Free Cash Flow measures as the business is substantially wound down.
- 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 September 30, 2024			For the twelve months ended September 30, 2024
	Capitalized	Non-capitalized	Total	Total
Selling, Advertising, and Commissions	\$88	\$79	\$167	\$679
Security Installation, Product, and Other Cost	-	\$67	\$67	\$185
Capitalized Direct SAC	\$123	-	\$123	\$556
Capitalized Dealer SAC	\$214	-	\$214	\$677
Upfront Cash Proceeds	(\$62)	(\$94)	(\$156)	(\$621)
Net Cash SAC (continuing operations)	\$363	\$52	\$414	\$1,476

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 September 30,				Nine Months Ended September 30,			
	2024	2023	\$ Change	% Change	2024	2023	\$ Change	% Change
Revenue:								
Monitoring and related services	\$ 1,078	\$ 1,053	\$ 24	2%	\$ 3,208	\$ 3,125	\$ 83	3%
Security installation, product, and other	166	126	40	32%	430	355	75	21%
Total revenue	1,244	1,180	64	5%	3,638	3,480	158	5%
Cost of revenue (exclusive of depreciation and amortization shown separately below):								
Monitoring and related services	155	149	6	4%	461	453	8	2%
Security installation, product, and other	67	39	28	73%	152	114	38	33%
Total cost of revenue	222	187	35	19%	613	567	46	8%
Selling, general, and administrative expenses	359	346	12	3%	1,106	1,001	105	10%
Depreciation and intangible asset amortization	335	330	6	2%	1,002	1,009	(7)	(1)%
Merger, restructuring, integration, and other	2	10	(8)	(84)%	15	32	(17)	(53)%
Operating income (loss)	326	307	20	6%	903	872	31	4%
Interest expense, net	(162)	(147)	(15)	(10)%	(359)	(401)	42	11%
Other income (expense)	18	1	17	N/M	45	—	45	N/M
Income (loss) from continuing operations before income taxes and equity in net earnings (losses) of equity method investee	182	160	22	14%	589	470	118	25%
Income tax benefit (expense)	(50)	(34)	(16)	(46)%	(167)	(120)	(47)	(39)%
Income (loss) from continuing operations before equity in net earnings (losses) of equity method investee	132	126	6	5%	422	350	72	20%
Equity in net earnings (losses) of equity method investee	—	(3)	3	N/M	—	(7)	7	N/M
Income (loss) from continuing operations	132	123	9	7%	422	343	79	23%
Income (loss) from discontinued operations, net of tax	(5)	(209)	205	98%	(111)	(456)	345	76%
Net income (loss)	\$ 127	\$ (86)	\$ 213	N/M	\$ 311	\$ (113)	\$ 424	N/M
Common Stock:								
Income (loss) from continuing operations per share - basic	\$ 0.15	\$ 0.13			\$ 0.46	\$ 0.38		
Income (loss) from continuing operations per share - diluted	\$ 0.14	\$ 0.13			\$ 0.44	\$ 0.36		
Net income (loss) per share - basic	\$ 0.14	\$ (0.09)			\$ 0.34	\$ (0.12)		
Net income (loss) per share - diluted	\$ 0.13	\$ (0.09)			\$ 0.32	\$ (0.12)		
Weighted-average shares outstanding - basic	850	857			852	856		
Weighted-average shares outstanding - diluted	913	918			913	919		
Class B Common Stock:								
Income (loss) from continuing operations per share - basic	\$ 0.15	\$ 0.13			\$ 0.46	\$ 0.38		
Income (loss) from continuing operations per share - diluted	\$ 0.14	\$ 0.13			\$ 0.44	\$ 0.36		
Net income (loss) per share - basic	\$ 0.14	\$ (0.09)			\$ 0.34	\$ (0.12)		
Net income (loss) per share - diluted	\$ 0.13	\$ (0.09)			\$ 0.32	\$ (0.12)		
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

	September 30, 2024	December 31, 2023
Assets		
Current assets:		
Cash and cash equivalents	\$ 95	\$ 15
Restricted cash and restricted cash equivalents	109	115
Accounts receivable, net	397	370
Inventories, net	203	201
Prepaid expenses and other current assets	195	242
Current assets of discontinued operations	3	61
Total current assets	1,003	1,005
Property and equipment, net	260	254
Subscriber system assets, net	3,003	3,006
Intangible assets, net	4,899	4,877
Goodwill	4,904	4,904
Deferred subscriber acquisition costs, net	1,289	1,176
Other assets	727	699
Noncurrent assets of discontinued operations	1	43
Total assets	\$ 16,085	\$ 15,964
Liabilities and stockholders' equity		
Current liabilities:		
Current maturities of long-term debt	\$ 197	\$ 312
Accounts payable	227	277
Deferred revenue	250	255
Accrued expenses and other current liabilities	534	556
Current liabilities of discontinued operations	38	80
Total current liabilities	1,245	1,480
Long-term debt	7,525	7,513
Deferred subscriber acquisition revenue	2,058	1,915
Deferred tax liabilities	1,117	1,027
Other liabilities	230	219
Noncurrent liabilities of discontinued operations	12	21
Total liabilities	12,187	12,175
Total stockholders' equity	3,897	3,789
Total liabilities and stockholders' equity	\$ 16,085	\$ 15,964

Note: Amounts may not sum due to rounding.

Statements of Cash Flows

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Cash flows from operating activities:				
Net income (loss)	\$ 127	\$ (86)	\$ 311	\$ (113)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:				
Depreciation and intangible asset amortization	335	330	1,004	1,059
Amortization of deferred subscriber acquisition costs	56	51	165	146
Amortization of deferred subscriber acquisition revenue	(88)	(80)	(258)	(228)
Share-based compensation expense	10	16	39	43
Deferred income taxes	39	138	88	7
Provision for losses on receivables and inventory	39	37	146	104
Goodwill, intangible, and other asset impairments	—	94	21	522
Unrealized (gain) loss on interest rate swap contracts	63	(16)	61	(38)
Other non-cash items, net	11	50	54	103
Changes in operating assets and liabilities, net of effects of acquisitions and dispositions:				
Deferred subscriber acquisition costs	(88)	(110)	(271)	(295)
Deferred subscriber acquisition revenue	62	73	196	222
Other, net	(68)	(50)	(133)	(285)
Net cash provided by (used in) operating activities	498	446	1,425	1,246
Cash flows from investing activities:				
Dealer generated customer accounts and bulk account purchases	(214)	(133)	(474)	(385)
Subscriber system asset expenditures	(123)	(161)	(407)	(481)
Purchases of property and equipment	(43)	(41)	(130)	(131)
Proceeds (payments) from interest rate swaps	(2)	—	(7)	—
Proceeds from sale of business, net of cash sold	(21)	—	(21)	—
Other investing, net	1	2	4	9
Net cash provided by (used in) investing activities	(402)	(333)	(1,034)	(988)
Cash flows from financing activities:				
Proceeds from long-term borrowings	65	—	971	650
Proceeds from receivables facility	44	72	190	212
Proceeds (payments) from interest rate swaps	24	23	72	59
Repurchases of common stock	—	—	(93)	—
Repayment of long-term borrowings, including call premiums	(70)	(15)	(1,088)	(889)
Repayment of receivables facility	(45)	(52)	(203)	(145)
Dividends on common stock	(50)	(32)	(132)	(96)
Payments on finance leases	(8)	(11)	(23)	(32)
Other financing, net	(2)	(2)	(10)	(34)
Net cash provided by (used in) financing activities	(41)	(18)	(316)	(275)
Cash and cash equivalents and restricted cash and restricted cash equivalents:				
Net increase (decrease)	56	95	75	(18)
Beginning balance	149	261	130	374
Ending balance	\$ 205	\$ 356	\$ 205	\$ 356

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 2024, 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, 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 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 only the Company's continuing operations. 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, which is consistent with the presentation of the GAAP measure net cash provided by (used in) operating activities. Adjusted Free Cash Flow and Adjusted Free Cash Flow (including interest rate swaps) exclude amounts related to the exit from the solar business, consistent with the definition of these measures. Beginning in the third quarter of 2024, all remaining cash flows attributable to activities of the solar business are excluded from these measures as the business is now substantially wound down.

GAAP to Non-GAAP Reconciliations

Free Cash Flow, Adjusted Free Cash Flow, 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 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, make other investments, and pay dividends. 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				Nine Months Ended			Twelve Months Ended			
	Sep. 30, 2024	Jun. 30, 2024	Mar. 31, 2024	Dec. 31, 2023	Sep. 30, 2023	Jun. 30, 2023	Mar. 31, 2023	Sep. 30, 2024	Sep. 30, 2023	Dec. 31, 2023	Dec. 31, 2022
Net cash provided by (used in):											
Operating activities	\$ 498	\$ 563	\$ 364	\$ 412	\$ 446	\$ 493	\$ 307	\$ 1,425	\$ 1,246	\$ 1,658	\$ 1,888
Investing activities	\$ (402)	\$ (333)	\$ (300)	\$ 1,231	\$ (333)	\$ (319)	\$ (336)	\$ (1,034)	\$ (988)	\$ 242	\$ (1,533)
Financing activities	\$ (41)	\$ (200)	\$ (75)	\$ (1,869)	\$ (18)	\$ (217)	\$ (41)	\$ (316)	\$ (275)	\$ (2,144)	\$ (15)
Net cash provided by (used in) operating activities	\$ 498	\$ 563	\$ 364	\$ 412	\$ 446	\$ 493	\$ 307	\$ 1,425	\$ 1,246	\$ 1,658	\$ 1,888
Dealer generated customer accounts and bulk account purchases	(214)	(142)	(118)	(203)	(133)	(136)	(116)	(474)	(385)	(589)	(622)
Subscriber system asset expenditures	(123)	(143)	(141)	(150)	(161)	(161)	(159)	(407)	(481)	(631)	(735)
Purchases of property and equipment	(43)	(47)	(41)	(46)	(41)	(30)	(59)	(130)	(131)	(176)	(177)
Free Cash Flow	\$ 119	\$ 231	\$ 65	\$ 13	\$ 111	\$ 165	\$ (28)	\$ 415	\$ 249	\$ 262	\$ 355
Net proceeds from receivables facility	(1)	(20)	8	14	20	28	19	(13)	68	81	156
Restructuring and integration payments ⁽¹⁾	4	12	13	16	13	7	7	30	27	43	17
Tax payments associated with gain on divestitures	—	—	—	25	—	—	—	—	—	25	—
Other, net ⁽²⁾	14	7	2	26	4	—	1	23	5	30	29
Adjusted Free Cash Flow	\$ 137	\$ 229	\$ 89	\$ 94	\$ 148	\$ 201	\$ —	\$ 454	\$ 348	\$ 442	\$ 558
Interest rate swaps presented outside operating activities ⁽³⁾	22	22	22	24	23	20	16	66	59	83	(19)
Adjusted Free Cash Flow (including interest rate swaps)	\$ 158	\$ 251	\$ 111	\$ 117	\$ 171	\$ 221	\$ 16	\$ 520	\$ 408	\$ 525	\$ 539

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 ADT. During 2022, primarily includes CSB restructuring costs and ADT Solar integration costs.
- During 2024, primarily includes payments related to liabilities related to the Solar business, as well as third party costs associated with implementation of a new ERP system that the Company will not continue to incur once the ERP system is fully implemented, which is expected to complete in the second half of 2025. During the three months ended December 2023, primarily includes transaction costs related to the Commercial Divestiture. During 2022, primarily includes costs related to the ADT Solar acquisition.
- Includes net settlements related to interest rate swaps presented outside 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				Nine Months Ended			Twelve Months Ended				
	Sep. 30, 2024	Jun. 30, 2024	Mar. 31, 2024	Dec. 31, 2023	Sep. 30, 2023	Jun. 30, 2023	Mar. 31, 2023	Sep. 30, 2024	Sep. 30, 2023	Sep. 30, 2024	Dec. 31, 2023	Dec. 31, 2022
Income (loss) from continuing operations	\$ 132	\$ 126	\$ 164	\$ 107	\$ 123	\$ 180	\$ 40	\$ 422	\$ 343	\$ 529	\$ 450	\$ 312
Interest expense, net	162	110	87	169	147	83	171	359	401	528	570	263
Income tax expense (benefit)	50	60	56	41	34	67	19	167	120	207	161	88
Depreciation and intangible asset amortization	335	334	333	327	330	321	358	1,002	1,009	1,329	1,335	1,600
Amortization of deferred subscriber acquisition costs	56	55	55	50	48	46	44	165	138	216	188	154
Amortization of deferred subscriber acquisition revenue	(88)	(86)	(83)	(81)	(77)	(74)	(70)	(258)	(221)	(338)	(302)	(235)
Share-based compensation expense	10	21	8	8	10	8	13	39	31	47	39	53
Merger, restructuring, integration, and other ⁽¹⁾	2	2	12	7	10	8	14	15	32	22	39	10
Loss on extinguishment of debt	—	5	—	14	—	—	2	5	2	19	17	—
Change in fair value of other financial instruments	—	—	—	—	—	—	—	—	—	—	—	63
Other, net ⁽²⁾	(1)	4	6	(14)	(1)	—	(1)	9	(2)	(5)	(16)	(3)
Adjusted EBITDA	\$ 659	\$ 629	\$ 638	\$ 627	\$ 623	\$ 641	\$ 590	\$ 1,926	\$ 1,854	\$ 2,553	\$ 2,481	\$ 2,305
Selling (incl. Commissions) and Advertising										317	326	
Security Installations costs										185	146	
Security Installation revenue										(210)	(172)	
Adjusted EBITDA prior to subscriber acquisition										\$ 2,846	\$ 2,781	
<i>Income (loss) from continuing operations to total revenue ratio</i>	11%	10%	14%	9%	10%	15%	3%	12%	10%	11%	10%	7%
<i>Adjusted EBITDA Margin (as % of total revenue)</i>	53%	52%	54%	53%	53%	55%	52%	53%	53%	53%	53%	53%
Total revenue	1,244	1,205	1,190	1,172	1,180	1,168	1,132	3,638	3,480	4,810	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.

- During 2024, primarily includes loss on an investment as well as restructuring costs primarily related to certain facility exits. During 2023, includes restructuring costs primarily related to certain facility exits.
- During 2024, primarily includes unrealized (gains) / losses related to interest rate swaps presented in other income (expense). During 2023, primarily includes, the gain on sale of a business and other investment, partially offset by unrealized (gains) / losses related to interest rate swaps presented in other income (expense).

GAAP to Non-GAAP Reconciliations

Historical Adjusted EBITDA (including discontinued operations)

The Company believes the presentation of historical Adjusted EBITDA provides useful information to investors about the Company's operating profitability adjusted for certain non-cash items, non-routine items that the Company does not expect to continue at the same level in the future, as well as other items that are not core to the Company's operations. Further, the Company believes historical Adjusted EBITDA provides a meaningful measure of operating profitability because the Company uses it for evaluating business performance, making budgeting decisions, and comparing company performance against that of other peer companies using similar measures. 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).

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.

(in millions)

	Three Months Ended						Twelve Months Ended			
	Sep. 30, 2024	Jun. 30, 2024	Mar. 31, 2024	Dec. 31, 2023	Sep. 30, 2023	Jun. 30, 2023	Mar. 31, 2023	Sep. 30, 2023	Dec. 31, 2022	Dec. 31, 2021
Net income (loss)	\$ 127	\$ 92	\$ 92	\$ 576	\$ (86)	\$ 92	\$ (119)	\$ 38	\$ 133	\$ (341)
Interest expense, net	162	110	89	170	148	84	172	551	265	458
Income tax expense (benefit)	50	47	31	157	144	(55)	(63)	28	49	(130)
Depreciation and intangible asset amortization	335	334	334	330	330	346	383	1,470	1,694	1,915
Amortization of deferred subscriber acquisition costs	56	55	55	50	51	48	47	190	163	126
Amortization of deferred subscriber acquisition revenue	(88)	(86)	(83)	(81)	(80)	(76)	(72)	(296)	(244)	(172)
Share-based compensation expense	10	21	8	8	16	12	16	60	67	61
Merger, restructuring, integration, and other	—	6	45	20	25	18	18	80	22	38
Goodwill impairment	—	—	—	—	88	181	242	511	201	—
Gain on sale of business	—	12	—	(630)	—	—	—	—	—	—
Loss on extinguishment of debt	—	5	—	14	—	—	2	2	—	37
Other solar exit costs	—	13	38	—	—	—	—	—	—	—
Change in fair value of other financial instruments	—	—	—	—	—	—	—	(96)	63	—
Radio conversion costs, net	—	—	—	—	(1)	(1)	(1)	(7)	3	211
Non-cash acquisition-related adjustments and other, net	6	3	6	(14)	1	2	2	7	31	10
Historical Adjusted EBITDA	\$ 659	\$ 613	\$ 614	\$ 600	\$ 634	\$ 651	\$ 625	\$ 2,539	\$ 2,447	\$ 2,213
Selling (incl. Commissions) and Advertising								476		
Installations costs								728		
Installation revenue								(941)		
Adjusted EBITDA prior to subscriber acquisition								\$ 2,803		

Note: Amounts may not sum due to rounding.

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						Nine Months Ended		Twelve Months Ended	
	Sep. 30, 2024	Jun. 30, 2024	Mar. 31, 2024	Dec. 31, 2023	Sep. 30, 2023	Jun. 30, 2023	Mar. 31, 2023	Sep. 30, 2024	Sep. 30, 2023	Dec. 31, 2023
Income (loss) from continuing operations	\$ 132	\$ 126	\$ 164	\$ 107	\$ 123	\$ 180	\$ 40	\$ 422	\$ 343	\$ 450
Merger, restructuring, integration, and other ⁽¹⁾	2	2	12	7	10	8	14	15	32	39
Loss on extinguishment of debt	—	5	—	14	—	—	2	5	2	17
Share-based compensation expense	10	21	8	8	10	8	13	39	31	39
Interest rate swaps, net ⁽²⁾	63	8	(10)	70	9	(55)	33	61	(13)	57
Other, net ⁽³⁾	(5)	—	(1)	(24)	(1)	—	(1)	(6)	(2)	(25)
Tax impact on adjustments ⁽⁴⁾	(18)	(6)	(2)	(15)	(7)	10	(15)	(27)	(12)	(27)
Adjusted Income (Loss) from continuing operations	\$ 183	\$ 156	\$ 171	\$ 168	\$ 144	\$ 153	\$ 85	\$ 509	\$ 381	\$ 549
Weighted-average shares outstanding - diluted⁽⁵⁾:										
Common Stock	913	909	918	919	918	917	922	913	919	919
Class B Common Stock	55	55	55	55	55	55	55	55	55	55
Income (loss) per share from continuing operations - diluted:										
Common Stock	\$ 0.14	\$ 0.13	\$ 0.17	\$ 0.11	\$ 0.13	\$ 0.19	\$ 0.04	\$ 0.44	\$ 0.36	\$ 0.47
Class B Common Stock	\$ 0.14	\$ 0.13	\$ 0.17	\$ 0.11	\$ 0.13	\$ 0.19	\$ 0.04	\$ 0.44	\$ 0.36	\$ 0.47
Adjusted Diluted Income (Loss) per share⁽⁶⁾	\$ 0.20	\$ 0.17	\$ 0.19	\$ 0.18	\$ 0.16	\$ 0.17	\$ 0.09	\$ 0.56	\$ 0.42	\$ 0.60

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 includes loss on an investment as well as restructuring costs primarily related to certain facility exits. During 2023, includes restructuring costs primarily related to certain facility exits.
- Primarily includes the unrealized (gain) or loss on interest rate swaps not designated as cash flow hedges. 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 financing fees and net radio conversion costs.
- Represents the federal and state blended statutory rate.
- 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>	Sep. 30, 2024	Dec. 31, 2023
Total debt (book value) ⁽¹⁾	\$ 7,721	\$ 7,826
LTM Income (loss) from continuing operations	\$ 529	\$ 450
Debt to income (loss) from continuing operations ratio	14.6x	17.4x
<i>(in millions)</i>	Sep. 30, 2024	Dec. 31, 2023
Revolver	\$ —	\$ —
Term loans	1,984	2,001
First lien and ADT notes	4,100	4,200
Receivables facility	423	436
Finance leases and other ⁽²⁾	74	88
Total first lien debt	\$ 6,581	\$ 6,724
Second lien notes	1,300	1,300
Total debt⁽³⁾	\$ 7,881	\$ 8,024
Less: Cash and cash equivalents	(95)	(15)
Less: Receivables Facility	(423)	(436)
Net debt	\$ 7,362	\$ 7,574
LTM Adjusted EBITDA from continuing operations	\$ 2,553	\$ 2,481
Net leverage ratio	2.9x	3.1x
LTM Adjusted EBITDA from continuing operations prior to subscriber acquisition	\$ 2,846	\$ 2,781
Net leverage ratio prior to subscriber acquisition	2.6x	2.7x
Annualized RMR	\$ 4,307	\$ 4,237
Net Debt / Annualized RMR	1.7x	1.8x

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>	Sep. 30, 2023	Dec. 31, 2022	Dec. 31, 2021
Total debt (book value)	\$ 9,697	\$ 9,829	\$ 9,693
LTM net income (loss)	\$ 38	\$ 133	\$ (341)
Debt to net income (loss) ratio	256.0x	74.1x	(28.4x)
<i>(in millions)</i>	Sep. 30, 2023	Dec. 31, 2022	Dec. 31, 2021
Revolver	\$ —	\$ —	\$ 25
Term loans	3,343	2,730	2,758
First lien and ADT notes	4,700	5,550	5,550
Receivables facility	423	355	199
Finance leases and other	119	97	98
Total first lien debt	\$ 8,584	\$ 8,732	\$ 8,630
Second lien notes	1,300	1,300	1,300
Total debt⁽¹⁾	\$ 9,884	\$ 10,032	\$ 9,930
Less: Cash and cash equivalents	(239)	(257)	(24)
Less: Receivables Facility	(423)	(355)	(199)
Net debt	\$ 9,222	\$ 9,420	\$ 9,706
LTM Historical Adjusted EBITDA	\$ 2,539	\$ 2,447	\$ 2,213
Net leverage ratio	3.6x	3.9x	4.4x
LTM Historical Adjusted EBITDA prior to subscriber acquisition	\$ 2,803		
Net leverage ratio prior to subscriber acquisition	3.3x		
Annualized RMR	\$ 4,631		
Net Debt / Annualized RMR	2.0x		

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