Fourth Quarter 2022 Earnings Presentation

February 28, 2023

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 – "2023 Guidance Demonstrating Continued Progress Towards 2025 Goals". 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 (the "SEC") and are made in reliance on the safe harbor protections provided thereunder. These forward-looking statements relate to the equity investment by and long term partnership with State Farm and the anticipated impact of these on our business and financial condition, our relationships with other insurance companies, and the market price of our Common Stock; anticipated financial performance, including our ability to achieve our stated guidance metrics and our progress toward our 2025 goals; 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 expected timing of product commercialization with State Farm 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; 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, factors relating to the achievement of potential benefits of the equity investment by and long-term partnership with State Farm, including as a result of restrictions on, or required prior regulatory approval of, various actions by regulated insurers; risks and uncertainties related to ADT's ability to successfully generate profitable revenue from new and existing partnerships; ADT's ability to successfully commercialize any joint products with State Farm or with Google; the Company's ability to successfully utilize the incremental funding committed by State Farm or Google; 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 continuously and successfully commercialize innovative offerings; the Company's ability to successfully implement an Environmental, Social and Governance program across the Company; 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 SEC, 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 EPS to net income (loss) ("Adjusted EPS"), Adjusted EBITDA margin, Free Cash Flow, Adjusted Free Cash Flow, Adjusted Free Cash Flow including interest rate swaps, and Net Leverage Ratio. Reconciliations from GAAP to these non-GAAP financial measures for reported results can be found in the appendix. Non-GAAP measures should not be considered a substitute for, or superior to, our reported GAAP results.

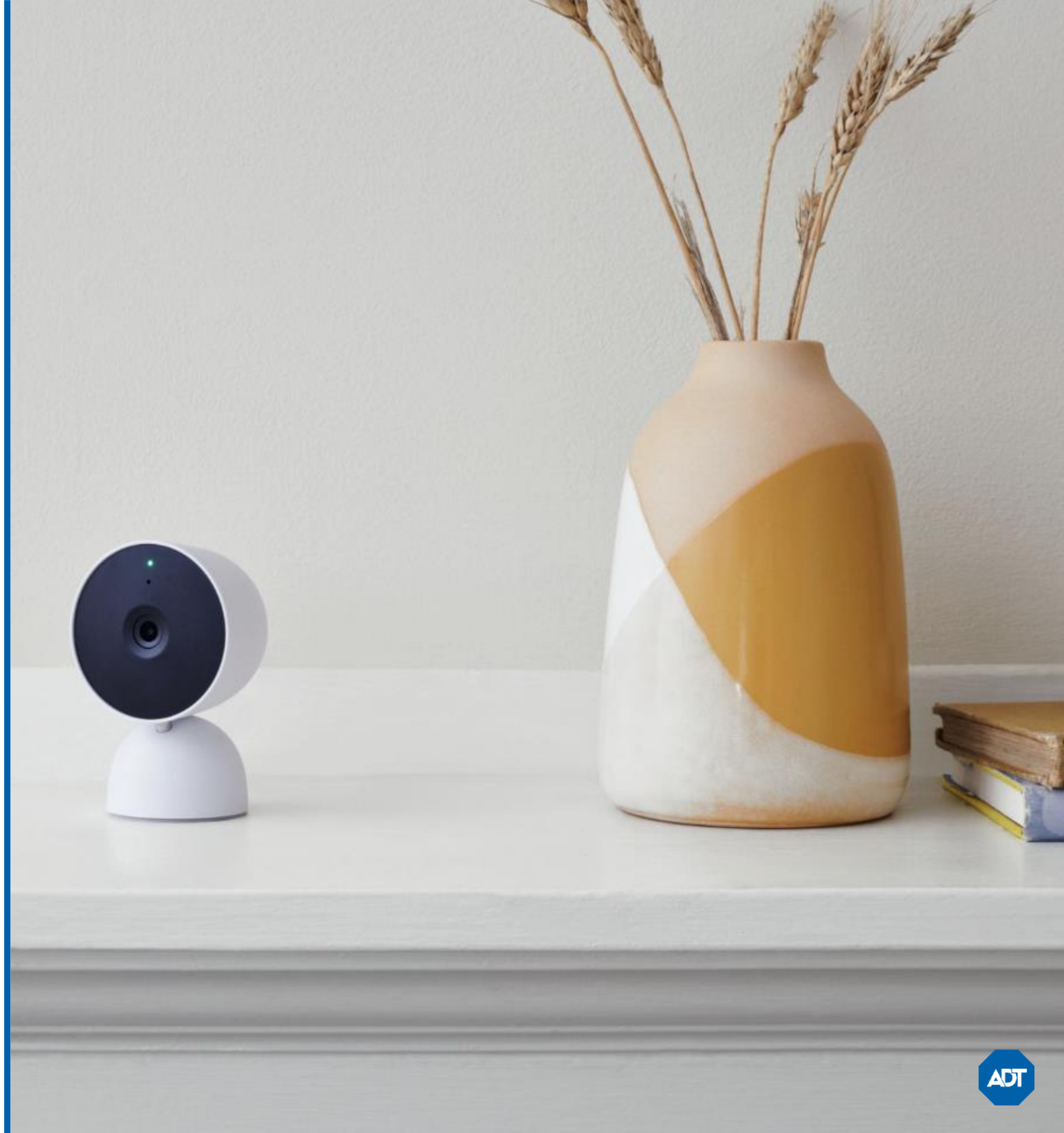
The Company is not providing a quantitative reconciliation of its financial outlook for Adjusted EBITDA and Adjusted EPS to net income (loss) or the Adjusted Free Cash Flow measures to net cash provided by operating activities, which are the respective corresponding GAAP measures, because these GAAP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

Amounts on subsequent pages may not sum due to rounding.

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.

Table of Contents

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

Recent ESG accomplishments:

- ✓ First corporate ESG report published May 2022
- ✓ Submitted first annual CDP Climate Change Disclosure, achieving an awareness score in line with the North American average

ESG Pillars

Safe
- Customer and community health and safety
- Employee well-being and development
- Inclusive diversity and belonging

Smart
- Responsible governance
- Data privacy and cybersecurity
- Product safety and quality

Sustainable
- Climate change risk management
- Environmental management

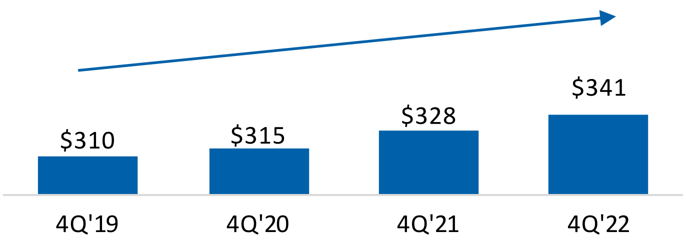
Well-Positioned For Strong Cash Generation and Profitability

Consumer & Small Business (CSB)

- ✓ Home automation market **growing 22%**; Core home security market **growing 7%**
- ✓ **Google and State Farm** as catalysts for improvement across the business
- ✓ 6.4M existing customers and **growing addressable market** to 130M households

CSB End of Period RMR

$ in Millions

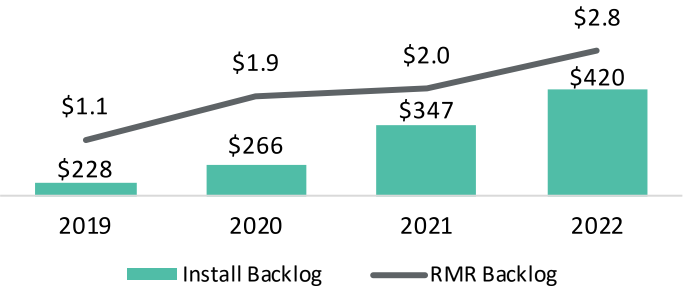


Commercial

- ✓ 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%** expected
- ✓ **260K customers nationwide**

Commercial Backlog

$ in Millions

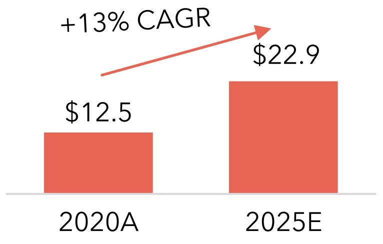


Solar

- ✓ **Leading position** with the market positioned for **13% growth**
- ✓ **Inflation Reduction Act** is a tailwind for Solar growth
- ✓ Significant **cross selling opportunity**, which can **capture ~5% market share by converting just 0.5%** of existing CSB customer base

Solar Market Size

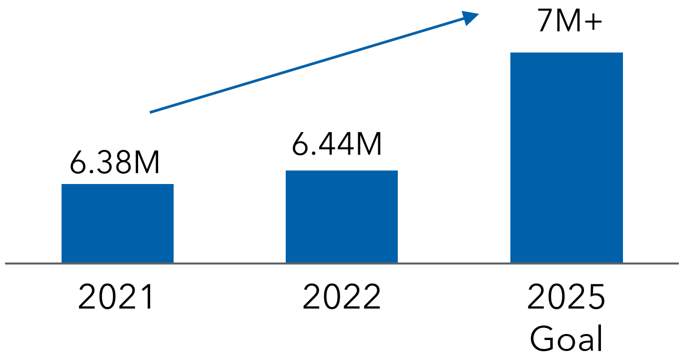
$ in Billions



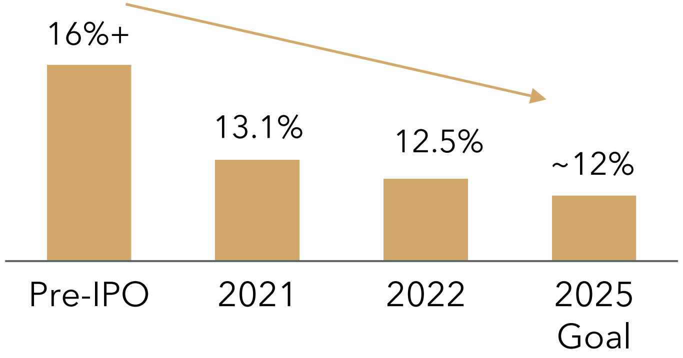
Notes: Market growth figures are 2020 – 2025 CAGRs. Market data source: Omdia, Parks Associates, Citi, Wood Mackenzie, ADT analysis. CSB End of Period RMR includes wholesale of approximately $4 million for all periods.

Gaining Momentum in the Business…

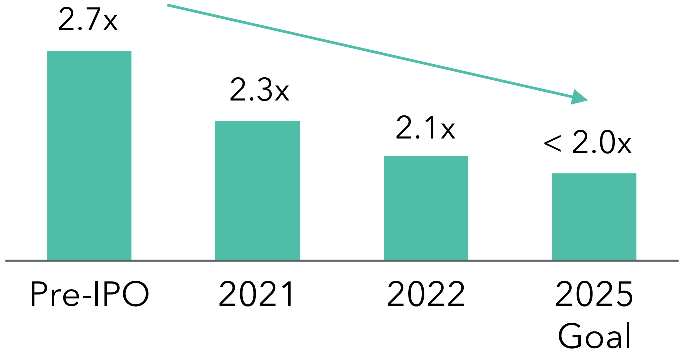
CSB Subscribers



Attrition



Revenue Payback



DEFENDERS

2020

Acquired our **largest dealer partner**

2020 and 2022

$750 million aggregate commitment toward creating **next generation smart home security**

SUNPRO

2021

Entry into the fast-growing **residential solar** market

Ford CANOPY

2022

Joint venture to expand safety **beyond the home**

State Farm

2022

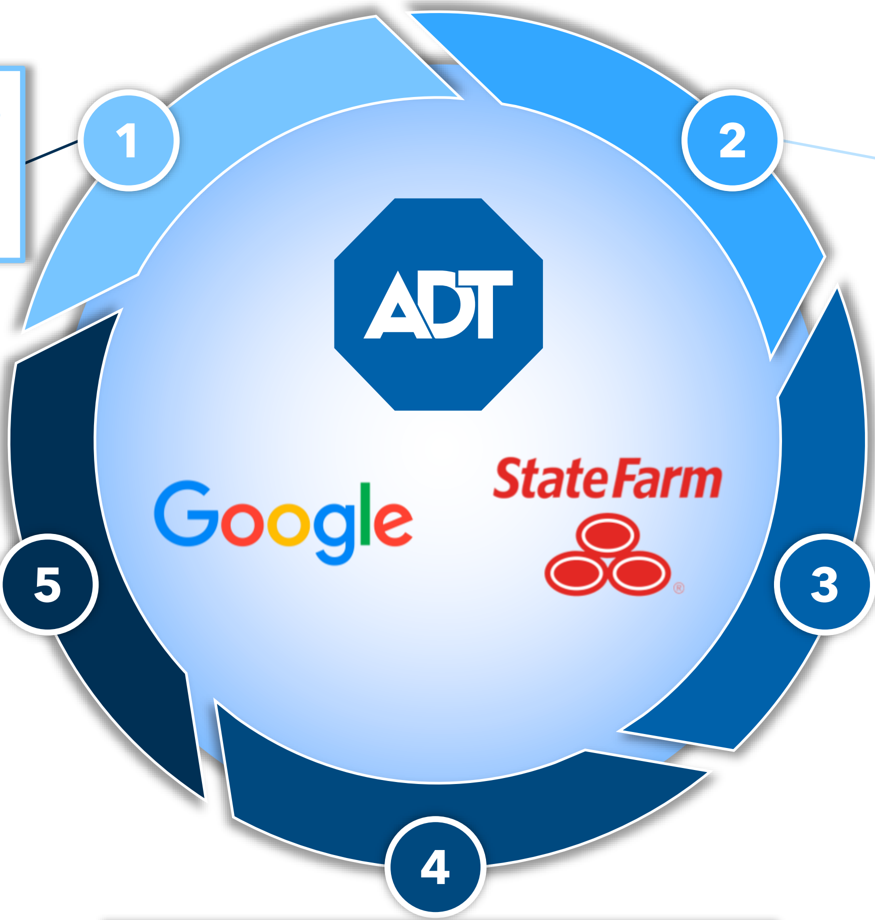
$1.5 billion aggregate commitment, utilizing smart home technology to drive **innovation in homeowners insurance**

Note: Pre-IPO refers to 2016 for revenue payback; attrition is as of the periods prior to the combination with Protection One in 2Q'16. Aggregate commitments for Google and State Farm reflect a combination of equity investment and success/opportunity funds. Google success funds are subject to the achievement of certain milestones. 2025 goals do not represent actual guidance or projections.

...Which Accelerates Our Flywheel

Enable customers to better ***manage the risks of everyday life and protect what matters most***

Accelerate penetration and unlock ***greater share of wallet*** in fast growing markets

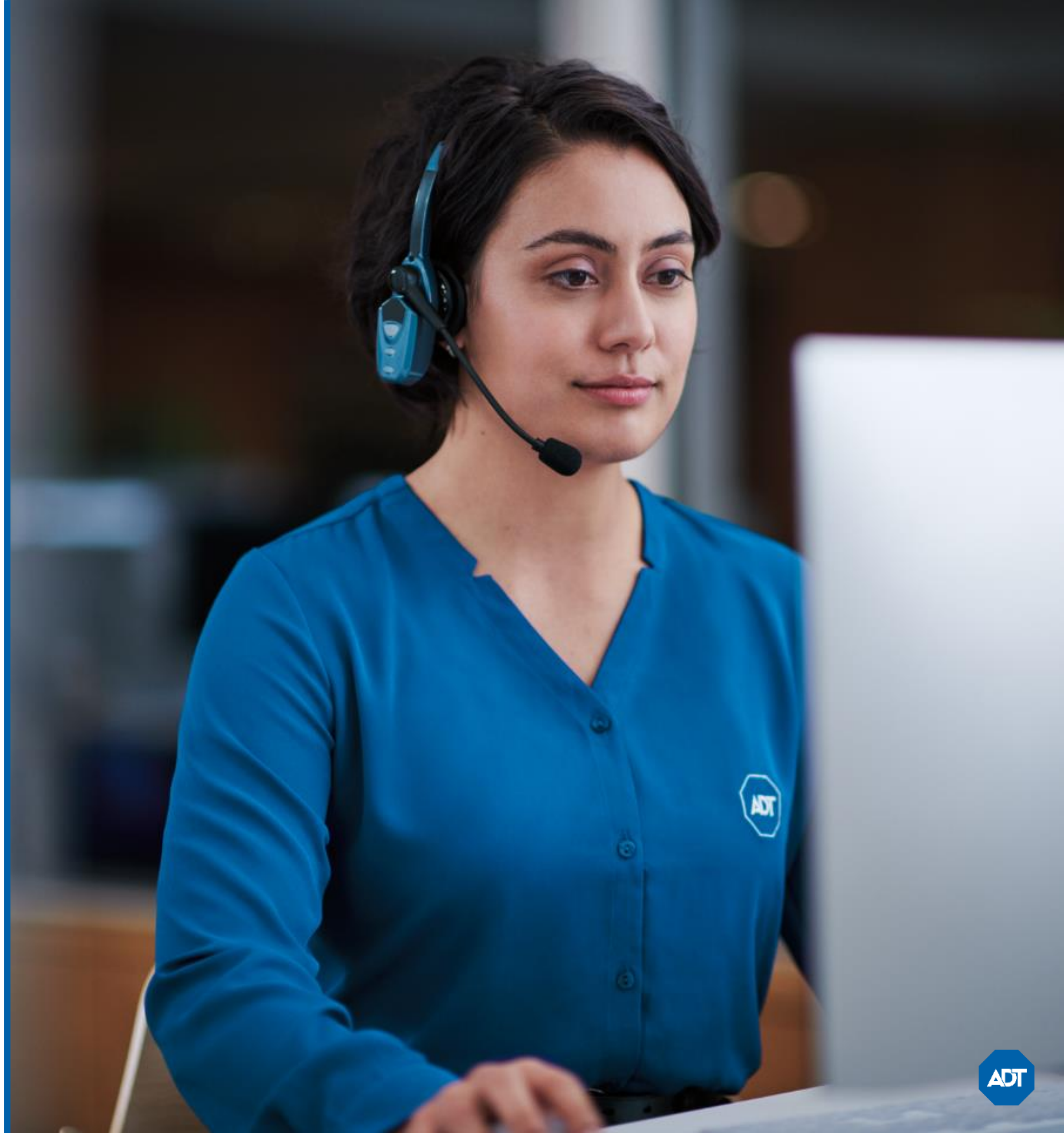


Advance path toward ***capital efficient growth*** and innovation

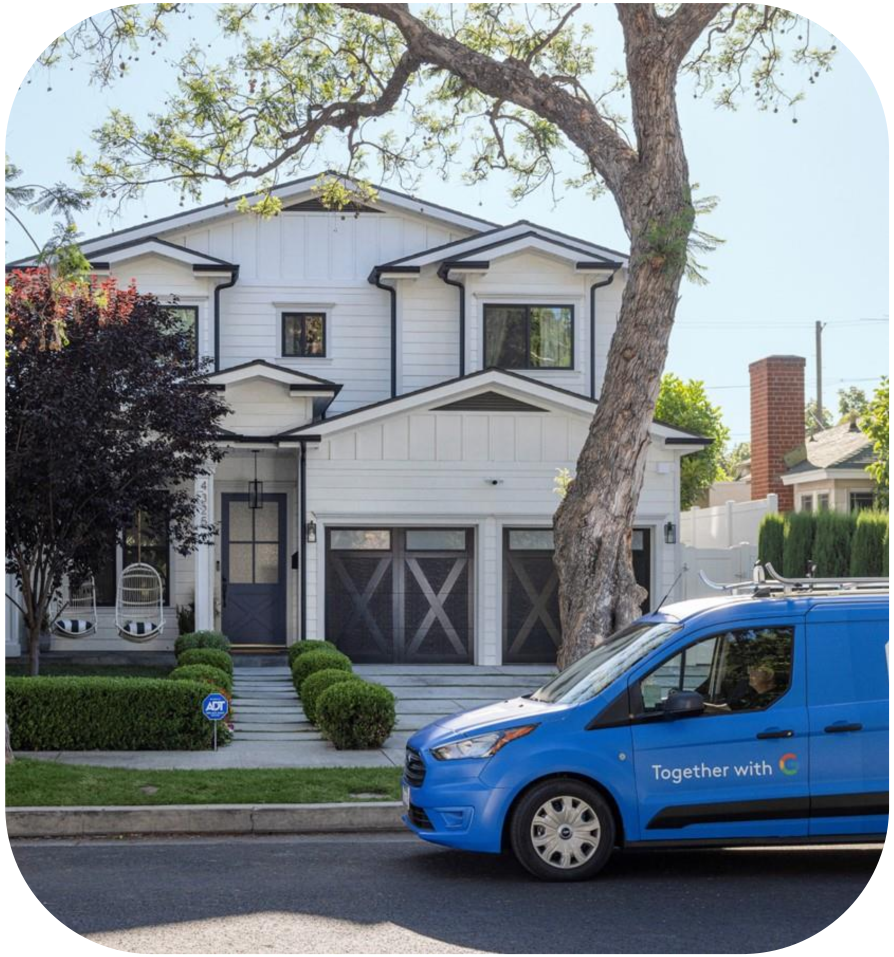
Build upon our success ***integrating with state-of-the-art technology from Google and State Farm distribution***

Improve customer unit economics and financial upside

4Q 2022



4Q 2022: Highlights



+19%
Revenue Growth
versus prior year, up 8% excluding Solar

$0.10
Adjusted EPS
and adjusted net income of $92 million, up $118 million versus prior year

$629M
Adjusted EBITDA
up 9% versus prior year

12.5%
Gross Revenue Attrition
Fourth consecutive quarter of record customer retention

2.1 years
Revenue Payback
Fourth consecutive quarter of record revenue payback

$374M
End of Period RMR
Strong customer satisfaction and record balance

3.9x
Net Leverage Ratio
Down from 4.4x at year end 2022

Achieved or exceeded 2022 guidance metrics and driving momentum into 2023

Key Financial and Operating Metrics

($ in millions)	For the three months ended Dec. 31, 2022	Dec. 31, 2021	Y/Y Change	
M&S Revenue	$1,163	$1,103	$59	5%
Total Revenue	$1,645	$1,381	$264	19%
Adjusted Net Income (Loss)	$92	($25)	$118	nm
Adjusted EPS	$0.10	($0.03)	$0.13	
Adjusted EBITDA	$629	$574	$54	9%
Adjusted Free Cash Flow	$269	$176	$94	53%
Net SAC	$314	$402	($88)	(22%)
Gross RMR Additions	$13.2	$14.9	($1.7)	(11%)
End of Period RMR	$374	$359	$15	4%
LTM Revenue Payback	2.1x	2.3x	(0.2x)	
Gross Revenue Attrition	12.5%	13.1%	(60 bps)	

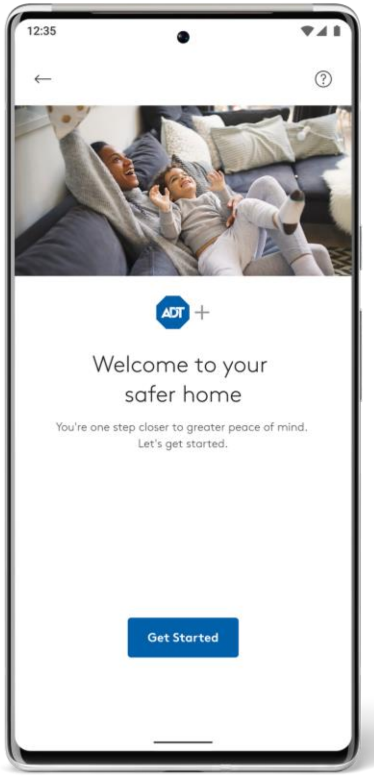
Key Highlights

- **M&S Revenue / End of Period RMR:** Larger recurring revenue base from increase in average pricing, subscriber growth initiatives, and improved customer retention
- **Total Revenue:** Driven by addition of ADT Solar, larger recurring revenue base, and Commercial revenue growth
- **Adjusted EBITDA:** CSB and Commercial revenue growth and improved cost performance
- **Adjusted FCF:** Higher recurring revenue flow-through, lower net subscriber investments and timing of interest payments, partially offset by timing of working capital items
- **Net SAC / LTM Revenue Payback:** Improved efficiency driven by CSB installation revenue and securitization program enhancements
- **Gross RMR Additions:** Lower volume of relocations and reduced advertising expenditures; bulk account purchases included in Q4'21 results
- **Gross Revenue Attrition:** Lower volume of relocations partially offset by higher volume of non-pays

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 into 2023

- National rollout of **Google Nest doorbell, Wifi, indoor/outdoor cameras and thermostats** in 2022
  - Doorbell attachment rate in 2022 of ~50%, helping drive a 26% increase in residential installation revenue per unit compared to prior year period
  - Realizing a ~30% uplift in cameras per home versus baseline
- National launch of **ADT+ app** and **ADT Self Setup** product suite, including Google Nest offerings in mid-February 2023
  - ADT+ professional installation expected to be rolled out later this year
- **Launched new and refreshed joint marketing and advertising campaigns** with Google in 1Q'23



Note: Devices included in 2022 rollout include: Google Nest Doorbell (battery), Nest Wifi, Nest Cam (outdoor or indoor, battery) and Nest Cam (indoor, wired), Nest Thermostat and Nest Learning Thermostat

State Farm Strategic Partnership Update

ADT | State Farm®

Integrated Offer

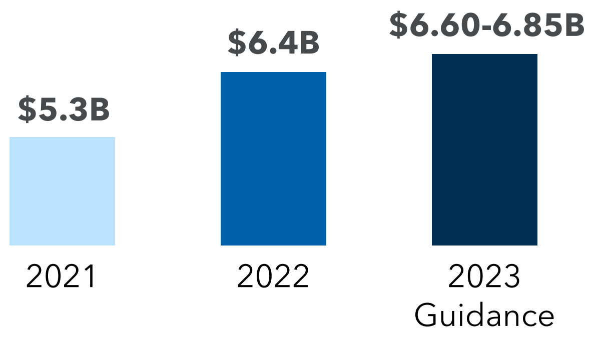
- Provide State Farm non-tenant homeowner policy holders with **integrated offering to detect and mitigate losses** related to water, fire, intrusion, and other homeownership risks
- Pilot on target, launching in early 2Q'23 in selected markets with **exclusive offers to State Farm policy holders**
- **Refine go-to-market and expand** pilot markets – total future opportunity 13.7 million State Farm non-tenant homeowner policy holders

Partnership Update

- **Opportunity Funds will be used to accelerate** initial market offering and exploration of next-gen opportunities
- Explore **additional opportunities to leverage the partnership** in additional customer segments and in new categories

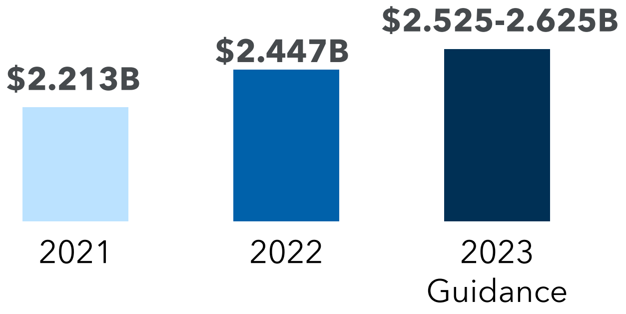
2023 Guidance Demonstrating Continued Progress Towards 2025 Goals

Total Revenue



2025 Goal: $10B+

Adjusted EBITDA

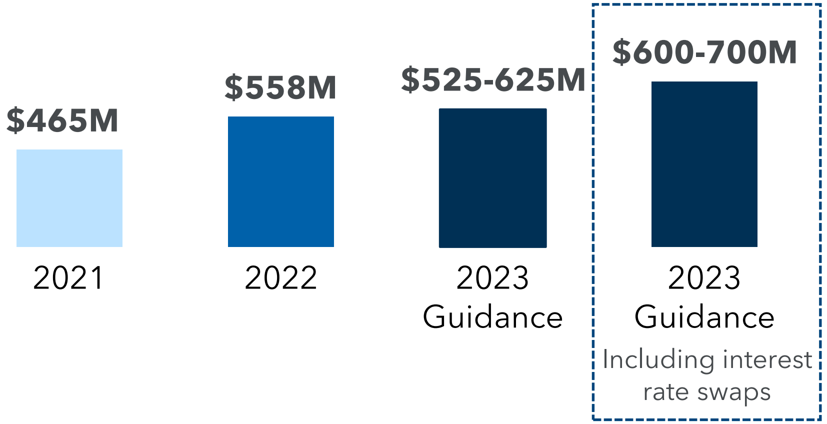


2025 Goal: $3B+

Adjusted EPS

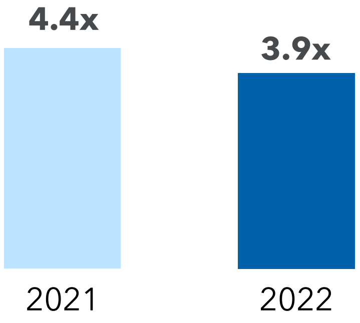
2025 Adjusted EPS Goal: $0.50+

Adjusted Free Cash Flow



2025 Goal: $1B

Net Leverage Ratio



2025 Goal: <3.0x

Note: 2025 goals do not represent company guidance or projections. ADT does not provide annual guidance on net leverage ratio.

ADT has a Durable and Resilient Business Model

1 Durable Recurring Revenue Base

- Large existing subscriber base generates **$4.4B+** in annual recurring revenue
- Retention at record high, driving **~8-year average subscriber life**
- Demand for home security and personal safety increase during uncertain times

2 Housing Volatility Hedge

- Relocations are a large driver of attrition **(~40%)**, which are muted in a weaker economy
- Managing delinquency risk through customer retention initiatives
- Home improvement spending, as a percent of disposable personal income, remains at record levels

3 Capital Flexibility

- Subscriber Acquisition Costs (SAC) is our largest use of capital **(~$1.6B / year)**
- SAC required to replace attrition is **(~$1.3B / year)** and shrinks as retention and/or SAC efficiency improves
- We have the flexibility to invest in retention when subscriber additions are reduced

4 Debt Profile and Maturities

- Proactively addressed maturities in recent years; current average cost of debt is **<5%**
- We are well-laddered in maturities, with **~$750M debt refinancing** to be addressed prior to 2026
- Key variable-rate debt ($2.7B 1st Lien Term Loan due 2026) is hedged at **~4.8% all-in rate**

Improving Customer Retention Increases Resiliency

Operational Drivers

More Devices per Subscriber
- Overall **device count per direct subscriber is up ~20%** in the past 3 years
- Subscribers with 10+ devices have shown **materially higher retention rates**
- Our Google partnership is contributing favorably with **Nest products**

Greater Install Revenue Per Unit
- Install revenue per unit has increased **$700+** since 2019 to approximately $1,300
- Increase aided by the **availability of consumer financing**; these subscribers have also shown to have **better retention rates than non-financing subscribers**

Increase in Average Credit Score
- **70%+ of new direct customers** have a credit score over **700** with an average of **~720**
- Higher credit scores are strongly correlated **to improved retention profile**

Higher Take Rate for Video Services
- Approximately **2/3 of new direct subscribers are buying systems with video services**
- Video services encourage **greater system interaction,** which generally **improves satisfaction and stickiness**

Macro Driver

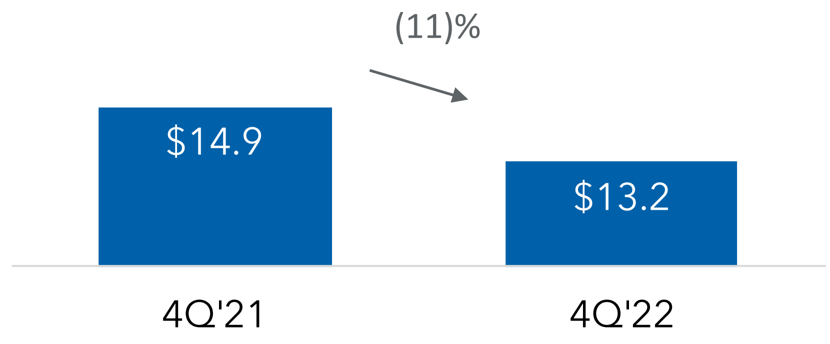
Lower Volume of Housing Relocations
- Housing relocations make up approximately **40% of our attrition**
- Recent forecasts anticipate a **continued decline** in existing home sales in 2023

TOTAL COMPANY

Key Financial and Operating Metrics

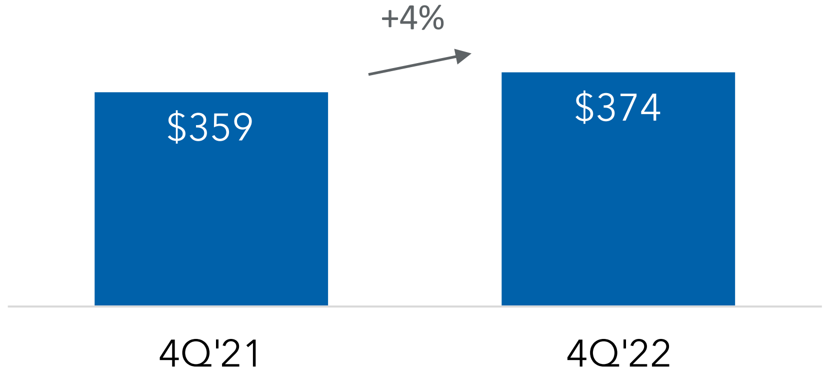
Gross RMR Additions

$ in Millions



End of Period RMR

$ in Millions



Total Company Statistics

	Total	
	4Q'22	Y/Y Change
Ending Subscriber Count	6.7M	1%
M&S Revenue	$1,163M	5%
Installation, Product, and Other	$483M	74%
LTM Revenue Payback	2.1x	(0.2x)

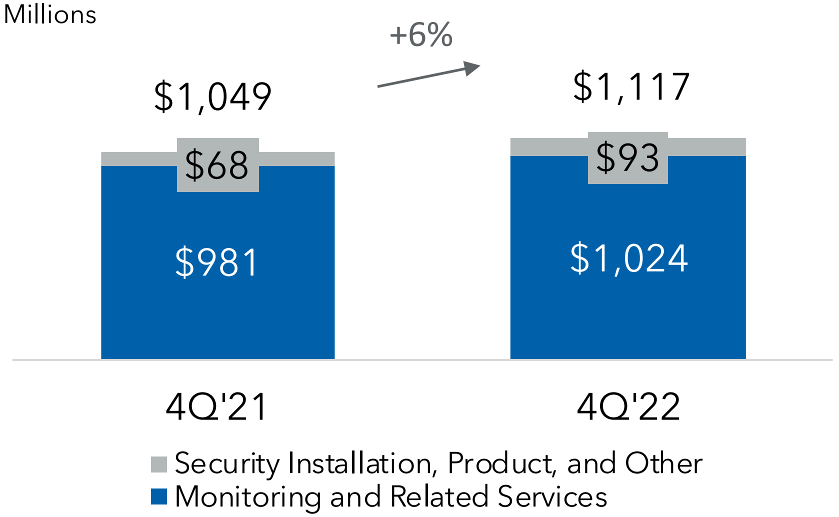
Note: Installation, Product, and Other is the total of Security installation, product, and other and Solar installation, product, and other.

CONSUMER AND SMALL BUSINESS

Segment Financials and Key Metrics

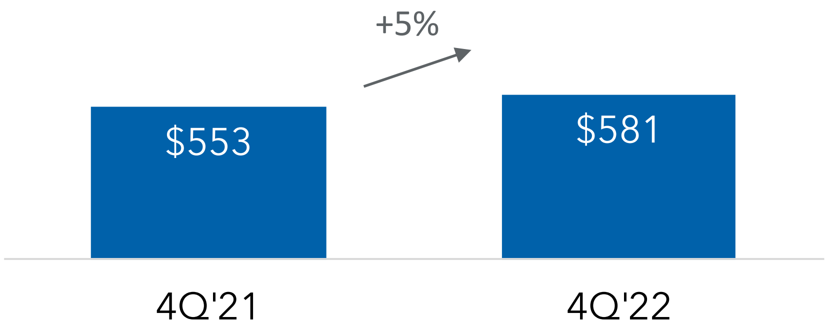
Revenue

$ in Millions



Adjusted EBITDA

$ in Millions



Segment Statistics

	Total	
	4Q'22	Y/Y Change
Ending Subscriber Count	6.4M	1%
Interactive Customers as a % of Total Residential and Small Business	64%	400 bps
End of Period RMR including wholesale	$341M	4%
Gross RMR Additions	$11.9M	(13%)
Gross Unit Additions	196K	(16%)
LTM Revenue Payback	2.2x	(0.2x)

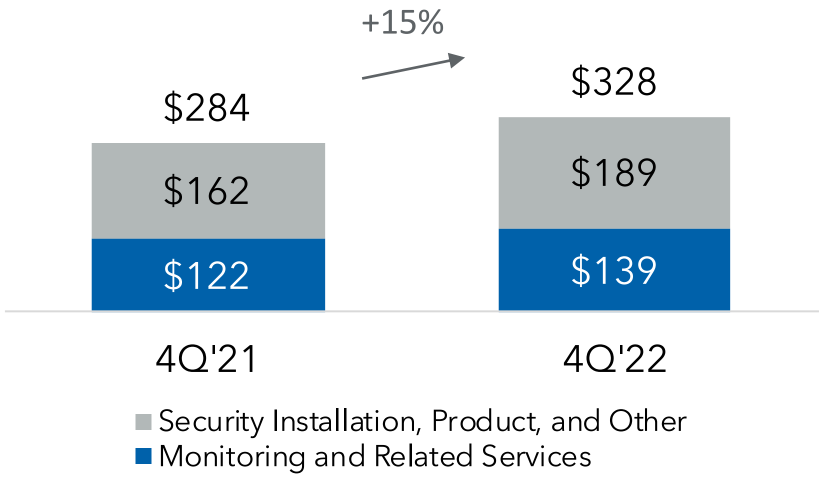
Notes: Operating metrics presented exclude wholesale customers who outsource their monitoring to ADT unless otherwise noted. Gross Unit Additions represent Residential and Small Business only and exclude our Health, Cyber, and Mobile businesses. Interactive services include Pulse, Control, and similar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

COMMERCIAL

Segment Financials and Key Metrics

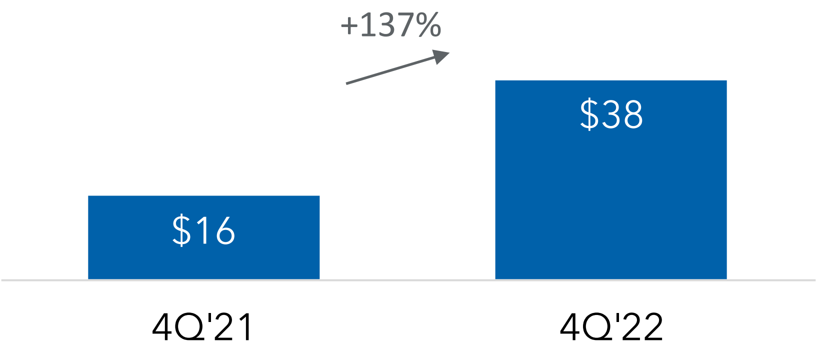
Revenue

$ in Millions



Adjusted EBITDA

$ in Millions



Segment Statistics

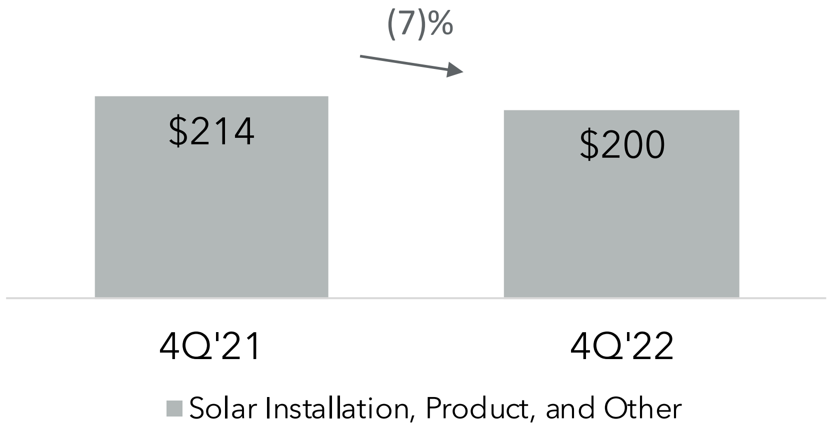
	Total	
	4Q'22	Y/Y Change
Ending Subscriber Count	260K	0%
End of Period RMR	$33M	6%
Gross RMR Additions	$1.3M	10%
LTM Revenue Payback	1.0x	(0.4x)
Install Backlog	$420M	21%
RMR Backlog	$2.8M	35%

SOLAR

Segment Financials and Key Metrics

Revenue

$ in Millions



Adjusted EBITDA

$ in Millions

Segment Statistics

	Total	
	4Q'22	**Y/Y Change**
Solar Installations	5.0K	(14%)
Revenue per Installation	~$40K	9%
Battery Attachment Rate	18.2%	(20 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, which were $50 million and $34 million for 4Q'21 and 4Q'22, respectively.

Capital Structure Overview

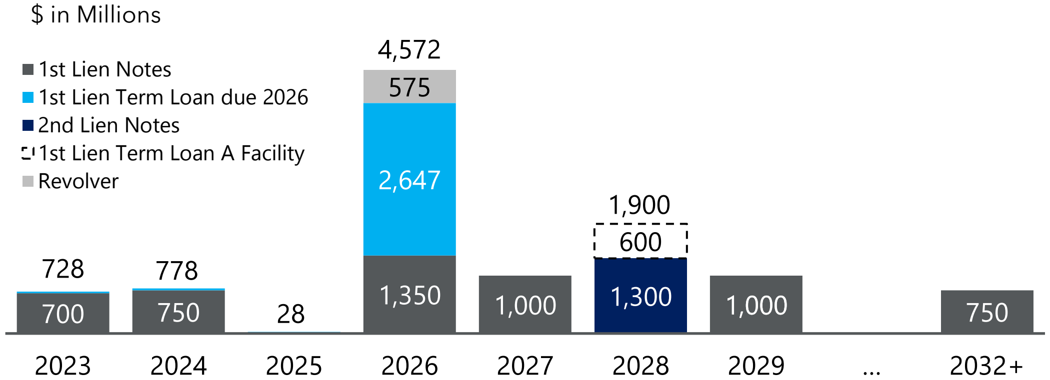
Highlights

- First Lien Term Loan A Facility to be drawn in March to pay off $600 million of the $700 million ADT Notes due 2023; redemption notice provided on February 10, 2023
- Remaining $100 million of the ADT Notes due 2023 to be redeemed with cash on hand on or before maturity in June
- No other significant debt maturity in 2023 and a manageable $750 million of debt maturity prior to 2026
- Variable rate $2.7 billion First Lien Term Loan due 2026 is hedged with interest rate swaps
- Net Leverage Ratio 3.9x down sequentially and 0.5x lower vs. year-end 2021
- Goal of $1 billion net debt reduction from 2021 to year-end 2025

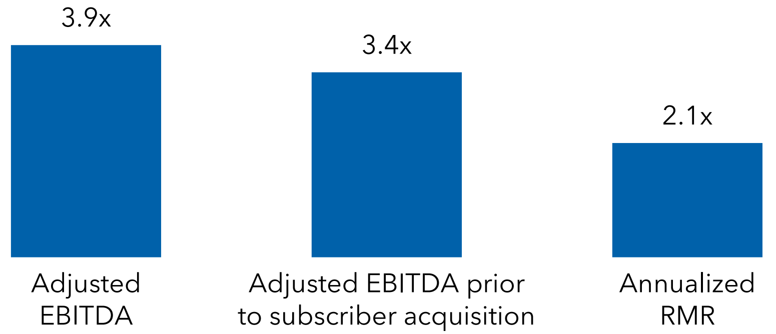
Capital Structure

$ in Millions	12/31/21 Actual	12/31/22 Actual
Revolver	25	-
First Lien Term Loan	2,758	2,730
First Lien Notes	5,550	5,550
Finance Leases and Other	98	97
Total First Lien Debt	**$ 8,431**	**$ 8,378**
Second Lien Notes	1,300	1,300
Total Debt	**$ 9,731**	**$ 9,678**
Cash and Cash Equivalents	(24)	(257)
Net Debt	**$ 9,706**	**$ 9,420**
LTM Adjusted EBITDA	**2,213**	**2,447**
Net Leverage Ratio	**4.4x**	**3.9x**
Fixed vs. variable ratio	95%/5%	99%/1%

Debt Maturity Profile



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 $199 million as of 12/31/2021 and $355 million as of 12/31/22. Fixed vs. variable ratio includes the impact of interest rate swaps. Debt Maturity Profile graph excludes receivables facility and finance leases, while revolver and Term Loan A are indicative of total 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
&
Non-GAAP Reconciliations

Adjusted Free Cash Flow

($ in millions)	For the three months ended Dec. 31, 2022	Dec. 31, 2021	Y/Y Change	For the twelve months ended Dec. 31, 2022	Dec. 31, 2021	Y/Y Change
Adjusted EBITDA	**$629**	**$574**	**$54**	**$2,447**	**$2,213**	**$234**
Net Expensed SAC [(1)]	$77	$96	($20)	$335	$427	($93)
Net SAC	($314)	($402)	$88	($1,499)	($1,697)	$197
Cash Taxes	($6)	($3)	($3)	($23)	($2)	($21)
Cash Interest	($48)	($60)	$12	($452)	($457)	$4
Capital Expenditures [(2)]	($41)	($40)	($0)	($175)	($158)	($17)
Working Capital & Other	($27)	$10	($38)	($75)	$138	($213)
Adjusted Free Cash Flow	**$269**	**$176**	**$94**	**$558**	**$465**	**$92**

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.

ADT

Net SAC Calculation

($ in millions)	For the three months ended Dec. 31, 2022			For the twelve months ended Dec. 31, 2022		
	Capitalized	Non-capitalized	Total	Capitalized	Non-capitalized	Total
Selling, Advertising & Commissions	$89	$113	$203	$394	$490	$884
Security Installation, Product, and Other Cost	-	$178	$178	-	$620	$620
Capitalized Direct SAC	$162	-	$162	$735	-	$735
Capitalized Dealer SAC	$121	-	$121	$622	-	$622
Upfront Cash Proceeds	($73)	($276)	($349)	($329)	($1,032)	($1,361)
Net Subscriber Acquisition Cost	**$299**	**$15**	**$314**	**$1,421**	**$78**	**$1,499**

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 $70 million and $293 million in 4Q'22 and YTD 4Q'22, respectively.

Key Financial and Operating Metrics

($ in millions)	For the three months ended				For the twelve months ended			
	Dec. 31, 2022	Dec. 31, 2021	Y/Y Change		Dec. 31, 2022	Dec. 31, 2021	Y/Y Change	
M&S Revenue	$1,163	$1,103	$59	5%	$4,589	$4,348	$242	6%
Total Revenue	$1,645	$1,381	$264	19%	$6,395	$5,307	$1,088	21%
Adjusted Net Income (Loss)	$92	($25)	$118	462%	$218	($191)	$410	214%
Adjusted EPS	$0.10	($0.03)	$0.13		$0.24	($0.25)	$0.49	
Adjusted EBITDA	$629	$574	$54	9%	$2,447	$2,213	$234	11%
Adjusted Free Cash Flow	$269	$176	$94	53%	$558	$465	$92	20%
Net SAC	$314	$402	($88)	(22%)	$1,499	$1,697	($197)	(12%)
Gross RMR Additions	$13.2	$14.9	($1.7)	(11%)	$59.8	$60.9	($1.2)	(2%)
End of Period RMR					$374	$359	$15	4%
LTM Revenue Payback					2.1x	2.3x	(0.2x)	
Gross Revenue Attrition					12.5%	13.1%	(60 bps)	

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.

Selected Statement of Operations Components

($ in millions)	For the three months ended December 31, 2022 Total Revenue	Cost of Revenue	SG&A and Other[1]	D&A	Total	For the three months ended December 31, 2021 Total Revenue	Cost of Revenue	SG&A and Other[1]	D&A	Total
Monitoring & Related Services Revenue (M&S)	$1,158	-	-	-	$1,158	$1,094	-	-	-	$1,094
M&S Costs, G&A, and Other	-	($231)	($263)	-	($494)	-	($231)	($209)	-	($440)
Net Customer Acquisition Costs	$200	($119)	($39)	-	$42	$57	($33)	($8)	-	$16
subtotal: Adjusted EBITDA prior to subscriber acqusition	**$1,358**	**($350)**	**($302)**	-	**$705**	**$1,151**	**($264)**	**($217)**	-	**$671**
Net Expensed SAC	$214	($178)	($113)	-	($77)	$182	($150)	($128)	-	($96)
subtotal: Adjusted EBITDA	**$1,572**	**($528)**	**($415)**	-	**$629**	**$1,333**	**($414)**	**($345)**	-	**$574**
Depreciation and Amortization	$68	-	($45)	($412)	($388)	$49	-	($35)	($491)	($476)
Special Items	$5	-	$74	-	$79	($1)	($2)	($64)	-	($67)
Total	**$1,645**	**($528)**	**($386)**	**($412)**		**$1,381**	**($415)**	**($444)**	**($491)**	

	Total Revenue	Cost of Revenue	SG&A and Other	D&A
Monitoring & Related Services Revenue	Monitoring & Related Services Revenue	-	-	-
M&S Costs, G&A, and Other	-	Monitoring & Related Services Costs	General & Administrative and Other Expense (Income)	-
Net Customer Acquisition Costs (Solar)	Solar Installation, Product, and Other Revenue	Solar Installation, Product, and Other Costs	Selling and Advertising	-
Net Expensed SAC (CSB and Commercial)	Security Installation, Product, and Other Revenue	Security Installation, Product, and Other Costs		
Depreciation and Amortization	Amortization of deferred subscriber acquisition revenue	-	Amortization of deferred subscriber acquisition costs (commissions)	Depreciation and Amortization
Special Items	Radio Conversion Revenue and Purchase Accounting Adjustments	Purchase Accounting Adjustments	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.

Additional Historical Quarterly Data

($ in millions)	For the Three Months Ended				
	December 31, 2022	**September 30, 2022**	**June 30, 2022**	**March 31, 2022**	**December 31, 2021**
Operating and Financial Measures					
Monitoring & Related Services Revenue (M&S)	$1,163	$1,160	$1,146	$1,121	$1,103
Total Revenue	$1,645	$1,604	$1,601	$1,545	$1,381
Net Income (Loss)	$151	($122)	$92	$52	($58)
Adjusted EBITDA	$629	$620	$597	$601	$574
Adjusted EBITDA Margin (% Total Revenue)	38.2%	38.6%	37.3%	38.9%	41.6%
LTM Gross Customer Revenue Attrition (1)	12.5%	12.6%	12.7%	12.9%	13.1%
LTM Revenue Payback (in years) (1)(2)	2.1x	2.1x	2.2x	2.3x	2.3x
Net Subscriber Acquisition Costs (SAC)					
Non-capitalized (3)	$15	$20	$(3)	$46	$50
Capitalized	$299	$372	$370	$379	$352
Total	$314	$392	$368	$425	$402
memo: Net Expensed SAC (4)	*$77*	*$83*	*$85*	*$90*	*$96*
Adjusted Free Cash Flow					
Adjusted EBITDA	$629	$620	$597	$601	$574
Net Expensed SAC	$77	$83	$85	$90	$96
Net SAC	($314)	($392)	($368)	($425)	($402)
Cash Taxes	($6)	($7)	($10)	($0)	($3)
Cash Interest	($48)	($187)	($61)	($156)	($60)
Capital Expenditures (5)	($41)	($48)	($49)	($37)	($40)
Working Capital & Other	($27)	$77	($10)	($114)	$10
Adjusted Free Cash Flow	$269	$145	$185	$(42)	$176
Recurring Monthly Revenue (RMR)					
End of Period RMR (excluding Wholesale)	$370	$368	$365	$361	$355
Wholesale RMR	$4	$4	$4	$4	$4
End of Period RMR (including Wholesale)	$374	$372	$369	$365	$359
Gross RMR Additions (1)	$13.2	$15.2	$15.5	$15.8	$14.9

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.

Income Statement

(in millions, except per share data)	Three Months Ended December 31,				Twelve Months Ended December 31,			
Revenue:	**2022**	**2021**	**$ Change**	**% Change**	**2022**	**2021**	**$ Change**	**% Change**
Monitoring and related services	$ 1,163	$ 1,103	$ 59	5%	$ 4,589	$ 4,348	$ 242	6%
Security installation, product, and other	283	231	52	23%	1,020	912	108	12%
Solar installation, product, and other	200	47	153	N/M	786	47	739	N/M
Total revenue	1,645	1,381	264	19%	6,395	5,307	1,088	21%
Cost of revenue *(exclusive of depreciation and amortization shown separately below):*								
Monitoring and related services	231	231	—	—%	918	913	5	1%
Security installation, product, and other	178	150	28	19%	620	602	18	3%
Solar installation, product, and other	119	35	84	N/M	502	35	467	N/M
Total cost of revenue	528	415	113	27%	2,040	1,550	490	32%
Selling, general, and administrative expenses	480	445	35	8%	1,930	1,789	141	8%
Depreciation and intangible asset amortization	412	491	(79)	(16)%	1,694	1,915	(221)	(12)%
Merger, restructuring, integration, and other	19	19	—	—%	22	38	(16)	(41)%
Goodwill impairment	—	—	—	—%	149	—	149	N/M
Operating income (loss)	206	10	196	N/M	560	15	545	N/M
Interest expense, net	(147)	(110)	(37)	34%	(265)	(458)	192	(42)%
Loss on extinguishment of debt	—	—	—	—%	—	(37)	37	N/M
Other income (expense)	96	3	92	N/M	(58)	8	(66)	N/M
Income (loss) before income taxes and equity in net earnings (losses) of equity method investee	155	(96)	251	N/M	237	(471)	709	N/M
Income tax benefit (expense)	(1)	38	(39)	N/M	(60)	130	(191)	N/M
Income (loss) before equity in net earnings (losses) of equity method investee	154	(58)	211	N/M	177	(341)	518	N/M
Equity in net earnings (losses) of equity method investee	(2)	—	(2)	N/M	(5)	—	(5)	N/M
Net income (loss)	$ 151	$ (58)	$ 209	N/M	$ 173	$ (341)	$ 513	N/M
Net income (loss) per share - basic:								
Common Stock	$ 0.17	$ (0.07)			$ 0.19	$ (0.41)		
Class B Common Stock	$ 0.17	$ (0.07)			$ 0.19	$ (0.41)		
Weighted-average shares outstanding - basic:								
Common Stock	851	787			848	771		
Class B Common Stock	55	55			55	55		
Net income (loss) per share - diluted:								
Common Stock	$ 0.16	$ (0.07)			$ 0.19	$ (0.41)		
Class B Common Stock	$ 0.16	$ (0.07)			$ 0.19	$ (0.41)		
Weighted-average shares outstanding - diluted:								
Common Stock	922	787			915	771		
Class B Common Stock	55	55			55	55		

Note: Amounts may not sum due to rounding.

Balance Sheet

	December 31, 2022	December 31, 2021
Assets		
Current assets:		
Cash and cash equivalents	$ 257	$ 24
Restricted cash and restricted cash equivalents	116	9
Accounts receivable, net	597	442
Inventories, net	329	277
Work-in-progress	81	71
Prepaid expenses and other current assets	341	169
Total current assets	1,722	993
Property and equipment, net	376	364
Subscriber system assets, net	3,061	2,868
Intangible assets, net	5,092	5,413
Goodwill	5,819	5,943
Deferred subscriber acquisition costs, net	1,080	850
Other assets	724	463
Total assets	$ 17,873	$ 16,894
Liabilities and stockholders' equity		
Current liabilities:		
Current maturities of long-term debt	$ 872	$ 118
Accounts payable	487	475
Deferred revenue	403	374
Accrued expenses and other current liabilities	900	737
Total current liabilities	2,661	1,703
Long-term debt	8,957	9,575
Deferred subscriber acquisition revenue	1,645	1,199
Deferred tax liabilities	905	867
Other liabilities	272	301
Total liabilities	14,440	13,646
Total stockholders' equity	3,433	3,249
Total liabilities and stockholders' equity	$ 17,873	$ 16,894

Note: Amounts may not sum due to rounding.

Cash Flow Statement

	Three Months Ended December 31, 2022	Three Months Ended December 31, 2021	Twelve Months Ended December 31, 2022	Twelve Months Ended December 31, 2021
Cash flows from operating activities:				
Net income (loss)	$ 151	$ (58)	$ 173	$ (341)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:				
Depreciation and intangible asset amortization	412	491	1,694	1,915
Amortization of deferred subscriber acquisition costs	45	35	163	126
Amortization of deferred subscriber acquisition revenue	(68)	(49)	(244)	(172)
Share-based compensation expense	17	15	67	61
Deferred income taxes	(17)	(37)	31	(139)
Provision for losses on receivables and inventory	45	9	114	38
Loss on extinguishment of debt	—	—	—	37
Goodwill, intangible, and other asset impairments	4	1	155	19
Unrealized (gain) loss on interest rate swap contracts	11	(42)	(302)	(158)
Change in fair value of other financial instruments	(94)	—	63	—
Other non-cash items, net	22	49	124	149
Changes in operating assets and liabilities, net of effects of acquisitions:				
Deferred subscriber acquisition costs	(89)	(89)	(394)	(324)
Deferred subscriber acquisition revenue	73	75	329	277
Other, net	56	95	(85)	161
Net cash provided by (used in) operating activities	567	494	1,888	1,650
Cash flows from investing activities:				
Dealer generated customer accounts and bulk account purchases	(121)	(163)	(622)	(675)
Subscriber system asset expenditures	(162)	(176)	(735)	(695)
Purchases of property and equipment	(41)	(42)	(177)	(168)
Acquisition of businesses, net of cash acquired	—	(147)	(13)	(164)
Proceeds from sale of business, net of cash sold	—	2	27	2
Other investing, net	—	—	(13)	4
Net cash provided by (used in) investing activities	(324)	(525)	(1,533)	(1,696)
Cash flows from financing activities:				
Proceeds from issuance of common stock, net of expenses	1,180	—	1,180	—
Proceeds from long-term borrowings	70	185	550	1,196
Proceeds from receivables facility	65	136	277	254
Proceeds from opportunity fund	101	—	101	—
Repurchases of common stock	(1,200)	—	(1,200)	—
Repayment of long-term borrowings, including call premiums	(77)	(167)	(605)	(1,219)
Repayment of receivables facility	(40)	(102)	(121)	(130)
Dividends on common stock	(32)	(29)	(127)	(116)
Payments on finance leases	(11)	(10)	(45)	(32)
Payments on interest rate swaps	8	(14)	(19)	(56)
Other financing, net	8	(3)	(5)	(24)
Net cash provided by (used in) financing activities	71	(4)	(15)	(128)
Cash and cash equivalents and restricted cash and restricted cash equivalents:				
Net increase (decrease) during the period	314	(35)	340	(174)
Beginning balance	60	68	33	208
Ending balance	$ 374	$ 33	$ 374	$ 33

Note: Amounts may not sum due to rounding.

Segment Information

(in millions)	Three Months Ended					Twelve Months Ended	
	December 31, 2022	**September 30, 2022**	**June 30, 2022**	**March 31, 2022**	**December 31, 2021**	**December 31, 2022**	**December 31, 2021**
Total revenue - CSB							
Monitoring and related services	$ 1,024	$ 1,022	$ 1,011	$ 993	$ 981	$ 4,050	$ 3,873
Security installation, product, and other	93	89	77	70	68	329	273
Total	$ 1,117	$ 1,111	$ 1,088	$ 1,063	$ 1,049	$ 4,379	$ 4,146
Total revenue - Commercial							
Monitoring and related services	$ 139	$ 138	$ 134	$ 128	$ 122	$ 539	$ 474
Security installation, product, and other	189	176	163	162	162	691	639
Total	$ 328	$ 314	$ 297	$ 290	$ 284	$ 1,230	$ 1,114
Total revenue - Solar[1][2]							
Solar installation, product, and other	$ 200	$ 179	$ 215	$ 192	$ 47	$ 786	$ 47
Total	$ 200	$ 179	$ 215	$ 192	$ 47	$ 786	$ 47
Total revenue	$ 1,645	$ 1,604	$ 1,601	$ 1,545	$ 1,381	$ 6,395	$ 5,307
Adjusted EBITDA by segment							
CSB	$ 581	$ 592	$ 581	$ 561	$ 553	$ 2,315	$ 2,111
Commercial	38	34	31	24	16	127	96
Solar	10	(6)	(15)	17	6	5	6
Total	$ 629	$ 620	$ 597	$ 601	$ 574	$ 2,447	$ 2,213
Adjusted EBITDA Margin by segment (as a percentage of segment revenue)							
CSB	*52 %*	*53 %*	*53 %*	*53 %*	*53 %*	*53 %*	*51 %*
Commercial	*12 %*	*11 %*	*11 %*	*8 %*	*6 %*	*10 %*	*9 %*
Solar	*5 %*	*(4) %*	*(7) %*	*9 %*	*12 %*	*1 %*	*12 %*
Total	***38 %***	***39 %***	***37 %***	***39 %***	***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 consolidated financial statements, but that is not presented in accordance with accounting principles generally accepted in the U.S. ("GAAP"). Under SEC rules, non-GAAP financial measures may be considered in addition to results prepared in accordance with GAAP, but should not be considered a substitute for or superior to GAAP results.

The following information includes definitions of our non-GAAP financial measures used in this presentation, reasons our management believes these measures are useful to investors regarding our financial condition and results of operations, additional purposes, if any, for which our management uses the non-GAAP financial measures, and limitations to using these non-GAAP financial measures, as well as reconciliations of these non-GAAP financial measures to the most comparable GAAP measures. 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 changes in fair value of certain financial instruments, 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					Twelve Months Ended	
	December 31, 2022	September 30, 2022	June 30, 2022	March 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Net income (loss)	$ 151	$ (122)	$ 92	$ 52	$ (58)	$ 173	$ (341)
Interest expense, net	147	30	82	6	110	265	458
Income tax expense (benefit)	1	2	38	20	(38)	60	(130)
Depreciation and intangible asset amortization	412	406	399	476	491	1,694	1,915
Amortization of deferred subscriber acquisition costs	45	42	39	37	35	163	126
Amortization of deferred subscriber acquisition revenue	(68)	(64)	(58)	(53)	(49)	(244)	(172)
Share-based compensation expense	17	17	17	16	15	67	61
Merger, restructuring, integration, and other	19	6	(4)	1	19	22	38
Goodwill impairment[1]	—	149	—	—	—	149	—
Loss on extinguishment of debt	—	—	—	—	—	—	37
Change in fair value of other financial instruments[2]	(94)	158	—	—	—	63	—
Radio conversion costs, net[3]	(3)	(4)	1	10	40	3	211
Acquisition-related adjustments[4]	(1)	(1)	1	36	12	35	13
Other, net[5]	3	1	(9)	1	(2)	(4)	(3)
Adjusted EBITDA	$ 629	$ 620	$ 597	$ 601	$ 574	$ 2,447	$ 2,213
Selling (incl. Commissions) and Advertising	113				128	490	565
Installations costs	178				150	620	602
Installation revenue	(214)				(182)	(776)	(740)
Adjusted EBITDA prior to subscriber acquisition[6]	$ 705				$ 671	$ 2,782	$ 2,640
Net income (loss) to total revenue ratio	*9%*	*(8)%*	*6%*	*3%*	*(4)%*	*3%*	*(6)%*
Adjusted EBITDA Margin (as percentage of total revenue)	*38%*	*39%*	*37%*	*39%*	*42%*	*38%*	*42%*
Total revenue	1,645	1,604	1,601	1,545	1,381	6,395	5,307

Notes: Amounts may not sum due to rounding.

1. Represents a goodwill impairment charge related to the Solar reporting unit in Q3 2022.
2. In connection with the State Farm investment, amounts represent the change in fair value of a contingent forward purchase contract related to the tender offer during 2022.
3. Represents net costs associated with replacing cellular technology used in many of our security systems pursuant to a replacement program.
4. Primarily represents amortization of the customer backlog intangible asset during Q4 2021 and Q1 2022 related to the ADT Solar Acquisition.
5. During the twelve months ended December 31, 2022, primarily represents the gain on sale of a business.
6. 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, Adjusted Free Cash Flow, Adjusted Free Cash Flow including interest rate swaps, and Reconciliation to GAAP Net Cash Flows from Operating Activities

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

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

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

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

(in millions)	Three Months Ended					Twelve Months Ended	
	December 31, 2022	September 30, 2022	June 30, 2022	March 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Net cash provided by (used in) operating activities	$ 567	$ 498	$ 515	$ 308	$ 494	$ 1,888	$ 1,650
Net cash provided by (used in) investing activities	$ (324)	$ (401)	$ (402)	$ (405)	$ (525)	$ (1,533)	$ (1,696)
Net cash provided by (used in) financing activities	$ 71	$ (93)	$ (85)	$ 92	$ (4)	$ (15)	$ (128)
Net cash provided by (used in) operating activities	$ 567	$ 498	$ 515	$ 308	$ 494	$ 1,888	$ 1,650
Dealer generated customer accounts and bulk account purchases	(121)	(159)	(157)	(185)	(163)	(622)	(675)
Subscriber system asset expenditures	(162)	(194)	(196)	(182)	(176)	(735)	(695)
Purchases of property and equipment	(41)	(48)	(49)	(38)	(42)	(177)	(168)
Free Cash Flow	$ 243	$ 97	$ 112	$ (97)	$ 114	$ 355	$ 112
Net proceeds from receivables facility	25	38	67	26	33	156	123
Financing and consent fees	—	—	—	—	—	—	4
Restructuring and integration payments[1]	4	6	3	3	2	17	11
Integration-related capital expenditures	—	1	—	1	1	1	10
Radio conversion costs, net[2]	(6)	(2)	—	12	25	4	198
Other, net[3]	3	4	3	13	—	24	7
Adjusted Free Cash Flow	$ 269	$ 145	$ 185	$ (42)	$ 176	$ 558	$ 465
Interest rate swaps presented within financing activities[4]						(19)	(56)
Adjusted Free Cash Flow including interest rate swaps						$ 539	$ 409
Memo: Cash interest included above[5]	$ 48	$ 187	$ 61	$ 156	$ 60	$ 452	$ 457

Notes: Amounts may not sum due to rounding.

1. During the twelve months ended December 31, 2022, primarily represents CSB restructuring costs and ADT Solar integration costs.
2. Represents net costs associated with replacing cellular technology used in many of our security systems pursuant to a replacement program.
3. During the twelve months ended December 31, 2022, primarily represents $16 million of acquisition costs related to the ADT Solar acquisition.
4. Includes net settlements related to interest rate swaps with an other-than-insignificant financing element at inception, which is presented within net cash provided by (used in) financing activities.
5. Excludes interest on interest rate swaps presented within financing activities

GAAP to Non-GAAP Reconciliations

Adjusted Net Income (Loss), Adjusted Diluted Net Income (Loss) per Share, and Reconciliations to GAAP Net Income (Loss) and GAAP 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 changes in fair value of certain financial instruments, impairment charges, financing and consent fees, or acquisition-related adjustments; and (vii) the impact these adjusted items have on taxes.

Adjusted Diluted 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 December 31,**		**Twelve Months Ended December 31,**	
	2022	**2021**	**2022**	**2021**
Net income (loss)	$ 151	$ (58)	$ 173	$ (341)
Merger, restructuring, integration, and other	19	19	22	38
Goodwill impairment[1]	—	—	149	—
Loss on extinguishment of debt	—	—	—	37
Change in fair value of other financial instruments[2]	(94)	—	63	—
Radio conversion costs, net[3]	(3)	40	3	211
Share-based compensation expense	17	15	67	61
Unrealized (gain) loss on interest rate swaps[4]	11	(42)	(302)	(158)
Acquisition-related adjustments[5]	(1)	12	35	13
Other, net	3	(2)	(4)	(3)
Tax impact on adjustments	(11)	(9)	11	(50)
Adjusted Net Income (Loss)	$ 92	$ (25)	$ 218	$ (191)
Weighted-average shares outstanding - diluted[6]:				
Common Stock	922	787	915	771
Class B Common Stock	55	55	55	55
Net income (loss) per share - diluted:				
Common Stock	$ 0.16	$ (0.07)	$ 0.19	$ (0.41)
Class B Common Stock	$ 0.16	$ (0.07)	$ 0.19	$ (0.41)
Adjusted Diluted Net Income (Loss) per share[7]	$ 0.10	$ (0.03)	$ 0.24	$ (0.25)

Notes: Amounts may not sum due to rounding. Refer to the reconciliation from Adjusted EBITDA to net income (loss) herein for an explanation of other, net.

1. Represents a goodwill impairment charge related to the Solar reporting unit in Q3 2022.
2. In connection with the State Farm investment, amounts represent the change in fair value of a contingent forward purchase contract related to the tender offer during 2022.
3. Represents net costs associated with replacing cellular technology used in many of our security systems pursuant to a replacement program.
4. Represents the change in the fair value of interest rate swaps not designated as cash flow hedges.
5. Primarily represents amortization of the customer backlog intangible asset during Q4 2021 and Q1 2022 related to the ADT Solar Acquisition.
6. 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.
7. Calculated as Adjusted Net Income (Loss) divided by diluted weighted-average shares outstanding of Common Stock.

GAAP to Non-GAAP Reconciliations

Leverage Ratios and Reconciliation to GAAP Debt to Net Income (Loss) 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. 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.

Debt to Net Income (Loss) Leverage Ratio:

(in millions)	December 31, 2022	December 31, 2021
Total debt (book value)	$ 9,829	$ 9,693
LTM net income (loss)	$ 173	$ (341)
Debt to net income (loss) ratio	**56.9x**	**(28.4x)**

Leverage Ratios:

(in millions)	December 31, 2022	December 31, 2021
Revolver	$ —	$ 25
First lien term loan	2,730	2,758
First lien notes	5,550	5,550
Receivables facility	355	199
Finance leases	95	93
Other	2	5
Total first lien debt	**$ 8,732**	**$ 8,630**
Second lien notes	1,300	1,300
Total debt[(1)]	**$ 10,032**	**$ 9,930**
Less:		
Cash and cash equivalents	(257)	(24)
Receivables Facility	(355)	(199)
Net debt	**$ 9,420**	**$ 9,706**
LTM Adjusted EBITDA	$ 2,447	$ 2,213
Net leverage ratio[(2)]	**3.9x**	**4.4x**
LTM Adjusted EBITDA prior to subscriber acquisition[(3)]	$ 2,782	$ 2,640
Net leverage ratio prior to subscriber acquisition	**3.4x**	**3.7x**
Annualized RMR	$ 4,490	$ 4,308
RMR Ratio	**2.1x**	**2.3x**

Notes: Amounts may not sum due to rounding.
1. Debt instruments are stated at face value.
2. Beginning Q4 2021, net leverage ratio excludes 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.