UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

(Mark One)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2022
OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission file number 001-38246

Vivint Smart Home, Inc.
(Exact name of registrant as specified in its charter)

Delaware	**98-1380306**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
4931 North 300 West Provo, UT	**84604**
(Address of principal executive offices)	**(Zip Code)**

Registrant's telephone number, including area code (801) 377-9111

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A common stock, par value $0.0001 per share	**VVNT**	**New York Stock Exchange**

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒
Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer", "smaller reporting company", and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☒
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to § 240.10D-1(b). ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The aggregate market value of voting and non-voting common equity held by non-affiliates of the registrant as of the last business day of the registrant's most recently completed second fiscal quarter was $242.5 million.

As of February 22, 2023, there were 214,693,613 shares of Class A common stock outstanding.

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K (this "Annual Report") includes forward-looking statements regarding, among other things, our plans, strategies and prospects, both business and financial. These statements are based on the beliefs and assumptions of our management. Although we believe that our plans, intentions and expectations reflected in or suggested by these forward-looking statements are reasonable, we cannot assure you that we will achieve or realize these plans, intentions or expectations. Forward-looking statements are inherently subject to risks, uncertainties and assumptions. Generally, statements that are not historical facts, including statements concerning our possible or assumed future actions, business strategies, events or results of operations, are forward-looking statements. These statements may be preceded by, followed by or include the words "believes," "estimates," "expects," "projects," "forecasts," "may," "will," "should," "seeks," "plans," "scheduled," "anticipates" or "intends" or similar expressions.

In addition, factors that could cause the Company's actual results to differ materially from those expressed or implied in such forward-looking statements include, but are not limited to, the occurrence of any event, change or other circumstances that could give rise to the termination of the Company's Agreement and Plan of Merger, dated December 6, 2022 (the "NRG Merger Agreement"), by and among the Company, NRG Energy, Inc., and Jetson Merger Sub, Inc., a wholly owned subsidiary of NRG Energy, Inc., pursuant to which Jetson Merger Sub, Inc. will be merged with and into the Company with the Company surviving the NRG Merger as a wholly owned subsidiary of NRG Energy, Inc. (the "NRG Merger"); the inability to complete the NRG Merger due to the failure to satisfy the conditions to completion of the proposed NRG Merger, including that a governmental entity may prohibit, delay or refuse to grant approval for the consummation of the transaction; risks related to disruption of management's attention from the Company's ongoing business operations due to the pendency of the transaction; the effect of the announcement of the NRG Merger on the Company's relationships with its customers, operating results and business generally; the risk that the NRG Merger will not be consummated in a timely manner; and the risk that actual costs could exceed the expected costs of the NRG Merger.

Factors that could cause actual results to differ from those implied by the forward-looking statements in this Annual Report on Form 10-K are more fully described in the "Risk Factors" section of this Annual Report on Form 10-K. The risks described in the "Risk Factors" are not exhaustive. Other sections of this Annual Report on Form 10-K describe additional factors that could adversely affect our business, financial condition or results of operations. New risk factors emerge from time to time and it is not possible for us to predict all such risk factors, nor can we assess the impact of all such risk factors on our business or the extent to which any factor or combination of factors may cause actual results to differ materially from those contained in any forward-looking statements. All forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by the foregoing cautionary statements. We undertake no obligations to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

In addition, statements of belief and similar statements reflect our beliefs and opinions on the relevant subject. These statements are based upon information available to us as of the date of this Annual Report on Form 10-K, and while we believe such information forms a reasonable basis for such statements, such information may be limited or incomplete, and our statements should not be read to indicate that we have conducted an exhaustive inquiry into, or review of, all potentially available relevant information. These statements are inherently uncertain and you are cautioned not to unduly rely upon these statements.

Market, ranking and industry data used throughout this Annual Report on Form 10-K, including statements regarding subscriber acquisition costs, attrition and subscriber additions, is based on the good faith estimates of the Company's management, which in turn are based upon the review of internal surveys, independent industry surveys and publications and other third party research and publicly available information. These data involve a number of assumptions and limitations, and you are cautioned not to give undue weight to such estimates. While the Company is not aware of any misstatements regarding the industry data presented herein, its estimates involve risks and uncertainties and are subject to change based on various factors, including those discussed under "*Risk Factors*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" in this Annual Report.

Risk Factor Summary

The following is only a summary of the principal risks that may materially adversely affect our business, financial condition, results of operations and cash flows. The following should be read in conjunction with the more complete discussion of the risk factors we face, which are set forth in the section entitled "*Risk Factors*" in this Annual Report on Form 10-K ("Annual Report").

- The failure to complete the NRG Merger could materially adversely affect our business;
- Our industry is highly competitive and pricing pressure from competitors who are larger in scale, have greater resources than us and who may benefit from greater name recognition, economies of scale and other lower costs than us, improvements in technology and shifts in consumer preferences toward do-it-yourself or individual solutions could each adversely impact our subscriber base or pricing structure;
- We incur significant upfront costs to originate new subscribers and our business model relies on long-term retention of subscribers. Premature subscriber attrition can have a material adverse effect on our results;
- Litigation, complaints or adverse publicity or unauthorized use of our brand name could negatively impact our business, financial condition and results of operations;
- We have in the past been, and may in the future be, subject to regulatory and civil claims regarding our sales practices;
- If we fail to attract, retain and engage appropriately qualified employees, including employees in key positions, our operations and profitability may be harmed;
- Our operations depend upon third-party providers of telecommunication technologies and services, which services may become obsolete, impair, degrade or otherwise block our services which could lead to additional expenses to us or loss of users;
- Privacy and data protection concerns and laws and regulations relating to privacy, and data protection and information security could have a material adverse effect on our business through increased operating costs tied to compliance or our failure or our perceived failure to comply with such laws and regulations;
- If our security controls are breached or unauthorized or inadvertent access to subscriber information or other data or to control or view systems are otherwise obtained, our services may be perceived as insecure, we may lose existing subscribers or fail to attract new subscribers, our business may be harmed, and we may incur significant liabilities;
- We offer consumer financing options for our customers to purchase our products and services through our Vivint Flex Pay plan. Use of consumer financing through the Vivint Flex Pay plan may subject us to additional risks including payment risk and federal, state and local regulatory and compliance related risks;
- We are subject to a variety of laws, regulations and licensing requirements that govern our interactions with residential consumers, including those pertaining to privacy and data security, consumer financial and credit transactions, home improvements, warranties and door-to-door solicitation. Failure to obtain or maintain necessary licenses or otherwise comply with applicable laws and regulations may have a material adverse effect on our business;
- Our industry is subject to continual technological innovation. Our technology becoming obsolete could require significant capital expenditures or our inability to adapt to changing technologies, market conditions or subscriber preferences in a timely manner could have a material adverse effect on our business;
- We depend on a limited number of suppliers to provide our products and services. Our product suppliers, in turn, rely on a limited number of suppliers to provide significant components and materials used in our products. A change in our existing preferred supply arrangements or a material interruption in supply of products or third-party services could increase our costs or prevent or limit our ability to accept and fill orders for our products and services;
- Macroeconomic pressures in the markets in which we operate may adversely affect consumer spending and our financial results;
- We rely on certain third-party providers of licensed software and services integral to the operations of our business. Failure by these third-party providers to maintain, enhance or to continue to develop their software and services on a timely and cost-effective basis or our inability to renew our agreements with them or maintain compatibility of our products with their software and services may have a material adverse effect on our business;
- We are highly dependent on the proper and efficient functioning of our computer, data backup, information technology, telecom and processing systems, platform and our redundant monitoring stations;
- The loss of our senior management could disrupt our business;
- From time to time, we are subject to claims for infringing, misappropriating or otherwise violating the intellectual property rights of others, and will be subject to such claims in the future, which could have an adverse effect on our business and operations;
- Product or service defects or shortfalls in subscriber service could damage our reputation, subjecting us to claims and litigation, increase attrition rates and negatively affect our ability to generate new subscribers, all of which may have a material adverse effect on us;
- The nature of our products and the services we provide exposes us to potentially greater risk of liability for employee acts or omissions or system failure than may be inherent in other businesses;
- Goodwill and other identifiable intangible assets represent a significant portion of our total assets, and we may never realize the full value of our intangible assets;

- We have recorded net losses in the past and we may experience net losses in the future and there can be no assurance that we will be able to achieve or maintain profitability or positive cash flow from operations;
- The nature of our business requires the application of complex revenue and expense recognition rules, and the current legislative and regulatory environment affecting generally accepted accounting principles is uncertain. Significant changes in current principles could affect our financial statements going forward and changes in financial accounting standards or practices may cause adverse, unexpected financial reporting fluctuations and harm our operating results;
- If we fail to maintain an effective system of internal control over financial reporting in the future, we may not be able to accurately or timely report our financial condition or operating results, which may adversely affect our business;
- We have approximately $2.7 billion aggregate principal amount of total debt outstanding. Our substantial indebtedness and the potential need to incur significant additional indebtedness could adversely affect our financial condition;
- The variable interest rates of our existing indebtedness subjects us to interest rate risk, which could cause our indebtedness service obligations to increase significantly and make us unable to service our indebtedness;
- The debt agreements governing our existing indebtedness impose significant operating and financial restrictions on us and our subsidiaries, which may prevent us from capitalizing on business opportunities;
- Future sales, or the perception of future sales, by us or our stockholders in the public market could cause the market price for our Class A common stock to decline;
- Certain significant Company stockholders whose interests may differ from yours will have the ability to significantly influence our business and management.

WEBSITE AND SOCIAL MEDIA DISCLOSURE

We use our website (https://www.vivint.com), our company blogs (vivint.com/resources), corporate Twitter accounts (@VivintHome), our corporate Instagram and Facebook accounts (@Vivint), our TikTok channel (@Vivint), our YouTube channel (https://www.youtube.com/vivint), our corporate Pinterest account (https://www.pinterest.com/vivint) and our corporate LinkedIn account as channels of distribution of company information. The information we post through these channels may be deemed material. Accordingly, investors should monitor these channels, in addition to following our press releases, SEC filings and public conference calls and webcasts. In addition, you may automatically receive e-mail alerts and other information about the Company when you enroll your e-mail address by visiting the "Email Alerts" section of our website at www.investors.vivint.com. The contents of our website and social media channels are not, however, a part of this Annual Report.

BASIS OF PRESENTATION

As used in this to the Annual Report on Form 10-K, unless otherwise noted or the context otherwise requires:

- references to "Vivint," "Vivint Smart Home," "we," "us," "our" and "the Company" are to Vivint Smart Home, Inc. and its consolidated subsidiaries;
- references to "2GIG" are to 2GIG Technologies, Inc., our former affiliate;
- references to "AMRRU" are to average monthly recurring revenue per user, which consists of Total MRR (as defined below) divided by average monthly Total Subscribers (as defined below) during a given period;
- references to "APX" are to APX Group, Inc., a wholly owned subsidiary of the Company;
- references to the "Consumer Financing Program" or "CFP" are to the program, launched in the first quarter of 2017 under the Vivint Flex Pay plan, pursuant to which we offer to qualified customers in the United States an opportunity to finance the purchase of Products (as defined below) and installation fees in connection with the services through a third-party financing provider;
- references to "Average Subscriber Lifetime" are to 100% divided by our expected long-term annualized attrition rate multiplied by 12 months;
- references to "Notes" are to the 6.75% Senior Secured Notes due 2027 ("2027 notes") and the 5.75% Senior Notes due 2029 ("2029 notes"). See "Management's Discussion and Analysis of Financial Condition and Results of Operations-Liquidity and Capital Resources";
- references to "Legacy Vivint Smart Home" are to Legacy Vivint Smart Home, Inc. (f/k/a Vivint Smart Home, Inc.);
- references to the "Merger" or the "Business Combination" are to the merger, pursuant to an Agreement and Plan of Merger (the "Merger Agreement"), dated as of September 15, 2019, by and among Legacy Vivint Smart Home, Inc., the Company and Maiden Merger Sub, Inc. ("Merger Sub"), a wholly owned subsidiary of Vivint Smart Home, Inc., as amended by Amendment No. 1 to the Agreement and Plan of Merger, dated as of December 18, 2019, by and among the Company, Merger Sub and Legacy Vivint Smart Home pursuant to which Merger Sub merged with and into Legacy Vivint Smart Home with Legacy Vivint Smart Home surviving the merger as a wholly owned subsidiary

of Vivint Smart Home;

- references to "Net Service Cost per Subscriber" are to the average monthly service costs incurred during the period (both period and capitalized service costs), including monitoring, customer service, field service and other service support costs, and equipment and associated financing fees (estimated), less total non-recurring smart home services billings and cellular network maintenance fees for the period, divided by average monthly Total Subscribers for the same period;
- references to "Products" are to our offering of smart home equipment including a proprietary control panel, door and window sensors, door locks, security cameras and smoke alarms;
- references to "Revolving Credit Facility" are to the senior secured revolving credit facility. See "Management's Discussion and Analysis of Financial Condition and Results of Operations- Liquidity and Capital Resources-Revolving Credit Facility";
- references to "RICs" are to retail installment contracts offered under the Vivint Flex Pay plan with respect to the purchase of Products and installation fees to certain of our customers who do not qualify for the CFP but qualify under our historical underwriting criteria;
- references to "Services" are to our offering of smart home and security services;
- references to "smart home operating system" are to the combination of the software inside our Products and our cloud-based software and mobile apps;
- references to "Smart Home Pros" or "SHPs" are to our full-time smart home professionals who service our customers;
- references to "Smart Home Services" are to our offering of smart home services combining Products and related installation, Services and our proprietary back-end cloud platform software;
- references to "Solar" or "Vivint Solar" are to Vivint Solar, Inc., our former affiliate;
- references to "Sponsor" or "Blackstone" are to certain investment funds affiliated with Blackstone Inc.;
- references to "Net Subscriber Acquisition Costs per New Subscriber" are to the net cash cost to create new smart home and security subscribers during a given 12-month period divided by New Subscribers for that period. These costs include commissions, Products, installation, marketing, sales support and other allocations (general and administrative and overhead); less upfront payments received from the sale of Products associated with the initial installation, and installation fees. Upfront payments reflect gross proceeds prior to deducting fees related to consumer financing of Products. These costs exclude capitalized contract costs and upfront proceeds associated with contract modifications.
- references to "Total MRR" are to the average monthly total recurring revenue recognized during the period. These revenues exclude non-recurring revenues that are recognized at the time of sale;
- references to "Total Subscribers" are to the aggregate number of active smart home and security subscribers at the end of a given period, excluding subscribers acquired under pilot programs;
- references to the "Vivint Flex Pay" or "Flex Pay" plan are to the plan, introduced in January 2017, under which we launched the Consumer Financing Program and began to offer RICs as well as the option to pay in full at the time of purchase; and
- references to "Smart Home App" are to our application available on both Android and iOS which allows users to automate, control and monitor their smart home experience.

On January 17, 2020 (the "Closing Date"), the Company consummated the Merger.

Pursuant to the terms of the Merger Agreement, a business combination between the Company and Legacy Vivint Smart Home was effected through the merger of Merger Sub with and into Legacy Vivint Smart Home, with Legacy Vivint Smart Home surviving as the surviving company (the "Business Combination") (See Note 6 *Business Combination* for further discussion). Notwithstanding the legal form of the Business Combination pursuant to the Merger Agreement, the Business Combination is accounted for as a reverse recapitalization in accordance with GAAP. Under this method of accounting, Vivint Smart Home, Inc. is treated as the acquired company and Legacy Vivint Smart Home is treated as the acquirer for financial statement reporting and accounting purposes. Legacy Vivint Smart Home was determined to be the accounting acquirer based on evaluation of the following facts and circumstances:

- Legacy Vivint Smart Home's shareholders prior to the Business Combination had the greatest voting interest in the combined entity;
- At the time of the Business Combination, the largest individual shareholder of the combined entity was an existing shareholder of Legacy Vivint Smart Home;
- At the time of the Business Combination, Legacy Vivint Smart Home's directors represented the majority of the Vivint Smart Home board of directors;
- At the time of the Business Combination, Legacy Vivint Smart Home's senior management was the senior management of Vivint Smart Home; and
- At the time of the Business Combination, Legacy Vivint Smart Home was the larger entity based on historical total assets and revenues.

As a result of Legacy Vivint Smart Home being the accounting acquirer, the financial reports filed with the SEC by the Company subsequent to the Business Combination are prepared "as if" Legacy Vivint Smart Home is the predecessor and legal successor to the Company. The historical operations of Legacy Vivint Smart Home are deemed to be those of the Company. Thus, the financial statements included in this Annual Report reflect (i) the historical operating results of Legacy Vivint Smart Home prior to the Business Combination; (ii) the combined results of the Company and Legacy Vivint Smart Home following the Business Combination on January 17, 2020; (iii) the assets and liabilities of Legacy Vivint Smart Home at their historical cost; and (iv) the Company's equity structure for all periods presented. The recapitalization of the number of shares of common stock attributable to the purchase of Legacy Vivint Smart Home in connection with the Business Combination is reflected retroactively to the earliest period presented and will be utilized for calculating earnings per share in all prior periods presented. No step-up basis of intangible assets or goodwill was recorded in the Business Combination transaction consistent with the treatment of the transaction as a reverse recapitalization of Legacy Vivint Smart Home.

In connection with the Business Combination, Mosaic Acquisition Corp. changed its name to Vivint Smart Home, Inc. The Company's Common Stock is now listed on the NYSE under the symbol "VVNT". Prior to the Business Combination, the Company neither engaged in any operations nor generated any revenue. Until the Business Combination, based on the Company's business activities, it was a "shell company" as defined under the Securities Exchange Act of 1934, as amended (the "Exchange Act").

Unless specified otherwise, amounts in this Annual Report on Form 10-K are presented in United States ("U.S.") dollars. Defined terms in the financial statements have the meanings ascribed to them in the financial statements.

PART I

ITEM 1. BUSINESS

Overview

Vivint Smart Home is a leading smart home platform company serving approximately 1.9 million subscribers as of December 31, 2022. Our brand name, Vivint, means to "to live intelligently" and our mission is to help our customers do exactly that by providing them with technology, products and services to create a smarter, greener, safer home that saves our customers money every month.

Although a number of companies offer single devices such as a doorbell camera, smart speaker or thermostat, single offerings do not make a home smart. Rather, a smart home has multiple devices, properly scoped and installed, all integrated into a single expandable platform that incorporates artificial intelligence ("AI") and machine-learning in its operating system.

We make creating this smart home easy and affordable with an integrated platform, exceptional products, hassle-free professional installation and zero percent annual percentage rate ("APR") consumer financing for most customers. We help consumers create a customized solution for their home by integrating smart cameras (indoor, outdoor, doorbell), locks, lights, thermostats, garage door control, car protection and a host of safety and security sensors. As of December 31, 2022, on average, the subscribers on our cloud-based home platform had approximately 15 security and smart home devices in each home.

We provide a fully integrated solution for consumers with our vertically integrated business model which includes hardware, software, sales, installation, support and professional monitoring. This model strengthens our ability to deliver superior experiences at every customer touchpoint and a complete end-to-end smart home experience. This seamless integration of high-quality products and services results in an Average Subscriber Lifetime of approximately nine years, as of December 31, 2022. This model also facilitates our ability to offer adjacent products and services that leverage our existing platform and infrastructure, which we believe can extend the Average Subscriber Lifetime and increase the lifetime value we derive from our subscribers.

Our cloud-based home platform currently manages more than 27 million in-home devices as of December 31, 2022. Our subscribers are able to interact with their connected home by using their voice or mobile device—anytime, anywhere. They can engage with people at their front door; view live and recorded video inside and outside their home; control thermostats, locks, lights, and garage doors; and proactively manage the comings and goings of family, friends and visitors. The average subscriber on our cloud-based home platform engages with our smart home app approximately 15 times per day.

Our technology and people are the foundation of our business. Our trained professionals educate consumers on the value and affordability of a smart home, design a customized solution for their homes and their individual needs, teach them how to use our platform to enhance their experience, and provide ongoing tech-enabled services to manage, monitor and secure their home.

We believe that our unique business model and platform gives us a distinct advantage in the market through:

- a proprietary cloud-based platform,
- a differentiated end-to-end distribution model,
- strong growth with compelling unit economics, and
- multiple levers for sustained profitable growth.

As a result, we believe we can integrate new customer offerings from large adjacent markets that logically link back to our smart home platform, compounding the value that we already deliver to our approximately 1.9 million customers. With the large number of devices we have installed per home, we own a rich first-party data environment that helps us not only protect our customers, but also improve the efficiency of their homes and increase their peace of mind. We believe our unique focus on the importance of owning the entire technology stack, coupled with an end-to-end distribution model, leads to an exceptional customer experience. By continuously enhancing our platform, we can improve our customers' experience wherever they interact with it. We believe that as our customers' satisfaction increases, it creates multiple potential opportunities for sustained profitable growth for years to come.

Our integrated Smart Home business model generates subscription-based, high-margin recurring revenue from subscribers who sign up for our smart home services. More than 94% of our revenue is recurring, which provides long-term visibility and predictability to our business.

Recent Development

On December 6, 2022, Vivint Smart Home entered into an Agreement and Plan of Merger, by and among the Company, NRG Energy, Inc., a Delaware corporation, and Jetson Merger Sub, Inc., a Delaware corporation and a wholly owned subsidiary of NRG Energy, Inc., pursuant to which Jetson Merger Sub, Inc. will be merged with and into the Company with the Company surviving the NRG Merger as a wholly owned subsidiary of NRG Energy, Inc.

Our Industry

The smart home market is an expanding global opportunity and in the early stages of broad consumer adoption. The connected home has a multitude of devices and requires a platform to coordinate them all within a single unified system. Integrating smart home devices from different manufacturers that were not designed to work together is difficult, and often results in an experience that is complex, inconsistent and unreliable. Moreover, do-it-yourself ("DIY") solutions put a large burden on homeowners to install and support many devices themselves. Some DIY solutions also require a high upfront cost, which can be prohibitively expensive for certain customers, limiting their potential for mass adoption.

Just as developers of smart phone operating systems enabled entirely new kinds of applications and use cases for their mobile devices, we believe that our smart home operating system provides the foundation for the full smart home experience. We believe there is a significant opportunity for companies to provide an end-to-end smart home experience. A successful smart home company must be able to provide the following:

- **An end-to-end solution** with a comprehensive integration of technology and people;
- **A cloud-enabled operating system** that provides a seamless and intuitive smart home experience;
- **A portfolio of compelling use cases** orchestrated across multiple devices and leveraging artificial intelligence for adaptive and personalized automation;
- **A broad suite of smart devices** designed to work as part of a comprehensive smart home;
- **An extensible platform** complete with deep partner integrations of popular stand-alone devices;
- **Local professional services** to educate consumers and to install and support devices in every home; and
- **A trusted relationship with consumers** who expect their sensitive home data to be kept private.

We believe our fully integrated solution that provides end-to-end product, sales and service throughout the life of the customer successfully addresses all these key points of friction and positions us to drive broad consumer market adoption.

Our Smart Home Platform

We pioneered a comprehensive smart home platform and began installing connected home solutions in 2010. Our cloud-enabled smart home operating system delivers on the promise of a true smart home experience.

Some key benefits of our platform include:

Integrated smart home experiences. We have developed and launched over 15 proprietary devices since 2010, all designed to seamlessly integrate into a comprehensive smart home solution. The software inside these devices, in combination with our cloud-based software and mobile apps, comprises the smart home operating system that knits these elements together to intuitively enable otherwise complex use cases that help address real-world problems. For instance, when someone comes to the front door, the homeowner may want to let them into the house. This requires a doorbell camera, lighting, locks, the security system, and indoor cameras to all work seamlessly together. Our smart home operating system does just this, enabling a multitude of use cases in a simple and intuitive fashion.

Anywhere, anytime access. Our operating system securely manages real-time communications and allows users to interact with their homes from around the globe. In addition to in-home touchscreens and our comprehensive integrations with voice-control devices, we provide apps for Android and iOS mobile devices.

AI-driven automation. Our AI-driven smart home automation and assistance software uses the data from both our and partner devices to enable our subscribers to have a true smart home experience. Because our trained and experienced in-home service professionals ("Smart Home Pros") install the right devices in the right places in the home, it enables us to collect superior data and generate unique insights. We believe that we have the broadest, deepest, and purest home activity dataset, which we use to understand the state of the home in real time. This enables us to intelligently manage the residence on the homeowners' behalf, while still keeping them informed and in full control.

Our proprietary platform processes home events such as interactions with lights, locks, thermostats, touchscreens, voice-control devices, and door and motion sensors; thermodynamic data such as interior temperature and heating/cooling duty cycles; location data from mobile devices; and users' interactions with the platform itself. Our software learns from key interactions, enriching our platform and making the smart home experience smarter. We believe that no other company is as well positioned to capitalize on the opportunity to make the true smart home a reality.

Privacy and security. Much of the information that our technology manages on our subscribers' behalf, including sensor data, video, and the insights gleaned by our proprietary platform, is sensitive and private, and we take our responsibility to protect this information seriously. We use this data to make our products smarter and provide intelligent suggestions to homeowners based on their daily routines, such as asking to lock doors or close the garage doors. Our subscribers trust us to help them manage their homes, which we consider a unique relationship that we strive to strengthen.

Partner relationships. We allow a select number of third-party, standalone devices into our system when doing so enhances the smart home experience for our subscribers. These may be devices that have a large installed base or that have unique capabilities, such as voice assistants. Using the Amazon Alexa and Google Assistant integrations for example, subscribers can use their voice to control their lights, change the temperature, make sure their garage doors are closed, lock their doors, or perform other actions. Other product and technology partnerships include AT&T, Chamberlain, Google Nest, Kwikset, Verizon and a variety of Z-Wave-enabled device manufacturers.

Seamless integration and support. We ensure that all partner devices are seamlessly integrated into our smart home platform, and that we are able to manage and support them as well as our own proprietary devices. This curated, partner-neutral approach is designed to provide our subscribers with a worry-free, end-to-end experience from sale to installation through a lifetime of use and support.

Reliability. The smart home requires an operating system that is always-on, reliable, able to process large streams of incoming data, and protected by enterprise-grade security. We deliver new functionality continually, deploying regular updates to our software. We also push firmware updates to smart home devices throughout the year to deliver new functionality and improve device performance. We ensure that all of the mundane tasks of device management - security, firmware upgrades, telemetry, diagnostics, and more - are taken care of, so that the system is as reliable as possible.

Increased usability and intelligence. With the vertical integration of the development and design of our products and services with our existing sales and customer service functions, we believe we are able to more quickly respond to market needs, and better understand our subscribers' interactions and engagement with our system. This provides critical data which allows us to improve the power, usability and intelligence of our products and technology.

Continuous innovation. Our Vivint Innovation Center headquartered in Lehi, Utah, and our research and development office in Boston, Massachusetts, focus on the research and development of new products and services, both within and beyond our existing offerings. Our innovation centers include people with expertise in all aspects of the development process, including hardware development, software development, design, and quality assurance. We believe that continuously improving the smart home experience will increase the lifetime value of our current subscribers and attracts new subscribers.

Our Products and Services

We have a layered strategy for pursuing growth and achieving our strategic vision. Our flagship product offering is our fully integrated smart home system. We believe customers are better served by having the right system scoped, installed, and monitored to meet the specific needs of their homes and families. But to provide a truly differentiated offering, the platform within the home must allow homeowners to do much more. It should enable them to benefit from new products and services that leverage their smart home ecosystem. As part of this strategy, we have begun investing in the development of two adjacent markets: smart energy and Smart Insurance.

Smart Home

Our smart home products are designed to work as part of an integrated system, with features and capabilities that are often not present in devices designed primarily for standalone purchase and use. Our broad device portfolio enables our subscribers to achieve a comprehensive experience, across the entire home.

Some of our key products include:

- **Vivint Smart Hub** - a 7-inch touchscreen hub that seamlessly connects all smart home devices and makes it easy to control the home.
- **Vivint Smart Home App** – a single mobile app to control all of the smart home devices in a comprehensive Vivint smart home.

- **Vivint Doorbell Camera Pro** – an AI-powered doorbell camera with advanced analytics and Smart Deter technology to intelligently detect packages and actively help protect them from porch pirates and other potential threats.
- **Vivint Outdoor Camera Pro** – an AI-powered security camera that uses advanced analytics and Smart Deter technology to intelligently detect and deter lurkers around the home.
- **Vivint Indoor Camera** – an indoor camera with two-way talk and one-touch callout so families can easily connect and communicate.
- **Vivint Smart Thermostat** – a thermostat that provides a new level of intelligence for temperature control and energy savings by integrating with all the door, window and motion sensors in a Vivint smart home.
- **Vivint Car Guard** – a first-of-its-kind service that allows homeowners to manage the security of both their home and car with a single app.
- **Vivint Spotlight Pro** – an enhancement of the Vivint Outdoor Camera Pro which adds intelligent lighting including smart deter technology by adding person tracking, enhanced lighting deterrence behaviors, and elegant, intelligent everyday outdoor lighting.

Our range of other devices, including smart locks, garage door control, door and window sensors, motion sensors, glass break detectors, key fobs, emergency pendants, smoke and carbon monoxide detectors and water sensors, extend the smart home experience to every part of the home, connecting users to their environments in new ways.

Smart Energy

In late 2020, we began operating as a third-party dealer for residential solar installers. As one of the first smart home companies to expand into solar energy, we are working to deliver deeper customer value by offering a comprehensive bundle that subsidizes the cost of smart home and helps protect customers from rising energy costs, while acting as better stewards of the environment. We intend to create a bundled offering of smart home and smart energy that integrates energy production and consumption data in the Vivint app, allowing customers to intelligently manage their home's energy usage. We believe that bundling smart home with smart energy products and services presents an opportunity to provide significant incremental value to our customers and to save them money. We are approaching this opportunity through a dual path strategy that minimizes working capital requirements and is sales lead-based. In July 2021, we announced a partnership with Freedom Forever, one of the country's leading solar installers. This partnership enables Freedom Forever to include a Vivint smart home system with each of its solar sales, which both parties believe will deliver immediate value to the customer, and lead to more smart home installations for Vivint.

In addition, through our partnerships with Freedom Forever and other solar installers, we can offer smart energy to our current customers, as well as new customers. Through these partnerships, we generated over 100 megawatts of installed solar power during 2022, bringing smart energy to approximately 10,000 homes. We believe this will continue to expand in the future as we begin offering a bundled solution in markets where customers are most likely to benefit from residential solar. Over time, we intend to integrate the production data from the solar panels with customer behavior patterns. As a result, we believe smart energy can drive meaningful savings to our customers that will reinforce the value of the Vivint platform, and do so in an environmentally friendly manner.

Smart Insurance

We began selling property and casualty insurance to a limited number of our customers in 2020. The property and casualty insurance market has been looking for a homeowner's equivalent to the smart driving discount that auto insurance carriers deliver through their telematics solution in automobiles. We believe that Vivint has such a solution, given the rich first-party data that comes from our average customer interacting with such customer's system multiple times per day, and the numerous smart devices in such customer's home that help protect them against water damage, fire, and theft. In addition, customers have opportunities to receive a homeowner's insurance discount by having a monitored security system as part of their smart homes. As we have engaged with industry leaders in the insurance space, they have shown significant interest in helping us create a home insurance solution that leverages our smart home ecosystem to save our customers money and mitigate the severity of claim events. We believe we can demonstrate to insurers that Vivint customers present a lower risk than homeowners without a smart home system or with a DIY system that was inadequately scoped, and installed or professionally monitored.

To date, we have operated as an agency, reselling insurance products from a few large carriers, selling approximately 8,800 insurance policies in 2022.

We are focused on accelerating our long-term growth through each of these adjacencies. Meanwhile, we will maintain the focus on our core smart home business, and consider these opportunities to be natural extensions of our core smart home

offering. We believe we have the tools, technology, and capabilities to not only deliver value through an elegant smart home experience, but to save our customers money through innovative energy and insurance solutions.

High-Performing Scalable Economic Model

We believe our end-to-end solution, long-term customer relationships, and subscription-based, high-margin recurring revenues drive significant lifetime value.

Our business is driven by the acquisition of new subscribers and by managing and retaining our existing subscriber base. In 2017 we launched Vivint Flex Pay, which enables qualified subscribers to purchase smart home devices with unsecured financing either through a third-party financing partner or through us, in most cases at zero percent APR. Vivint Flex Pay significantly reduced this upfront investment to acquire new subscribers and in turn dramatically improved our cash flows.

Our existing subscriber base generates predictable, high-margin recurring revenue (with approximately 79% net service margins for the year ended December 31, 2022) from our cloud-enabled smart home solutions. Our strategic priorities are focused on leveraging the increased customer satisfaction that results from the distinct advantage derived from our fully integrated platform, and strategic adjacencies such as smart energy and Smart Insurance, as discussed above. As we successfully execute on these strategic priorities, we believe we can extend our Average Subscriber Lifetime and increase the value of our customers over that lifetime.

We will continue investing in innovative technologies that we believe will make our platform more valuable and engaging for subscribers, and we intend to continue investing in new subscriber acquisition channels to further improve the economics of our business model. We will also continue working to introduce additional solutions to improve the lifetime value of our customers and the unit economics of our business, by continually enhancing the smart home experience and identifying additional adjacent in-home products and services that leverage our smart home platform and customer relationships.

Sales and Marketing

Our go-to-market strategy is based on directly educating consumers about the value and benefits of a smart home experience. We reach consumers through a variety of highly efficient customer acquisition channels, including our national inside sales and direct-to-home sales channels. Our nationwide sales and service footprint covers the majority of U.S. zip codes. Regardless of sales channel, our tech-enabled sales professionals always take a consultative approach to the sales process, educate potential subscribers on the benefits of smart home technology, and tailor a solution that serves each subscriber's needs. This consultative sales process has enabled us to achieve a high adoption rate of our smart home solutions.

National Inside Sales

Our national inside sales channel provides a consultative experience for consumers who contact us. The inside sales channel generates leads through multiple sources, both digital and traditional, including paid, organic and local search, as well as display advertising. We believe that we will continue to experience growth in this channel as our brand awareness improves and customers' understanding of the benefits of a smart home increases.

Direct-to-Home Sales

Our direct-to-home tech-enabled sales representatives provide an in-home consultative sale to help homeowners throughout the United States understand the benefits of a smart home. Markets are selected each year based on a number of factors, including demographics, population density and our past experience selling in these markets. We also have a program whereby a number of direct-to-home sales representatives reside in certain select markets and sell in those markets on a year-round basis. We expect the number of new subscriber contracts generated through this program to increase over time.

Marketing Strategy

Vivint's national marketing efforts are anchored in our mission to redefine the home experience with technology and services to create a smarter, greener, safer home that saves our customers money every month. Our customer marketing and organic social teams are focused on prioritizing customers' needs for education, technology improvements, world-class service, and a sense of community. We invest in certain marketing strategies which amplify the brand and awareness of our solutions, including through general paid media outlets. We also have exclusive brand naming rights for the Vivint Arena, home of the NBA's Utah Jazz, through June 2023.

Field Operations

When it comes to creating a smart home experience, we believe many homeowners want and need professional help to set up their systems and to ensure that they are fully functional. We deploy Smart Home Pros throughout the United States to

provide professional installation and prompt tech-enabled services to our subscribers. In contrast to DIY solutions, we provide professional, white glove installation, followed by ongoing in-home service, customer support and 24/7 professional monitoring.

In addition to providing high quality installation and services, Smart Home Pros also deliver tailored in-home customer service. Our Smart Home Pros work together with customers to determine the most effective installation plan. Because of their experience and expertise, Smart Home Pros can offer recommendations for additional, industry-leading products to ensure the customer's system provides the highest possible functionality and security. As part of the installation process, the customer is trained on how to use the system and Smart Home Pros work to answer any questions and address any customer concerns. We believe this customer-focused attention sets Vivint apart from our competition.

Customer Care and Monitoring

Our customer service team responds to non-emergency inquires related to service and billing. In many cases, they can remotely troubleshoot system issues, without the need to send a Smart Home Pro to the home. Our customer service centers operate 24/7 year-round and are fully redundant across multiple locations globally. We continue to improve our customer care offerings with online self-help tools and resources. Customer service representatives are required to pass background checks and receive extensive training.

Our two central monitoring facilities are located in Utah and Minnesota and act as primary backups for each other and operate 24/7 year-round, including on holidays. Our professional monitoring teams respond to medical, fire, flood, carbon monoxide and burglary alerts within seconds and relay appropriate information to first responders, such as local police, fire departments or medical emergency response centers. This is the highest accolade for central monitoring stations. All professionals who work in our monitoring facilities undergo comprehensive training and are required to pass background checks, and, in certain cases, licensing tests or other checks.

Our Customers

We had approximately 1.9 million subscribers in the United States as of December 31, 2022. Our business is not dependent on any single subscriber or a few subscribers, as such, the loss of any single subscriber or a few subscribers would not have a material adverse effect on the respective market or on us as a whole. No individual subscriber accounted for more than 1% of our consolidated 2022 revenue.

Subscriber Contracts

We seek to ensure that our subscribers understand their smart home system, along with the key terms of their contracts by conducting two surveys with every subscriber. The first survey, which is generally conducted via a video recording, occurs prior to the execution of the contract and professional installation, and the second survey is conducted electronically after the installation is completed. Each survey's results is stored in our subscriber relationship management software, enabling easy access and review.

Types of Contracts

When signing up for our Services, subscribers currently have the following three ways to pay for their Products: (1) qualified customers may finance the purchase of Products through a third-party financing provider ("Consumer Financing Program" or "CFP"); (2) we generally offer to a limited number of customers not eligible for the CFP, but who qualify under our underwriting criteria, the option to enter into a retail installment contract ("RIC") directly with us or; (3) customers may purchase the Products at the outset of the service contract either by paying the full amount due at that time or to a lesser extent by obtaining short-term financing (generally, no more than six-months installment terms) through us ("Pay-in-Full" or "PIF"). We receive recurring revenue for Services on a month-to-month basis from these subscribers. When a subscriber signs up under the CFP program, we receive cash from the third-party financing provider ("Financing Provider") for the subscriber's purchase of products and the related installation costs less any upfront fees. Beginning in early 2021, all loans issued by Financing Providers will be originated through a line-of-credit ("LOC"), whereas previously most financing was provided through installment loans. The fee structures of our loans vary, depending on the Financing Provider and the type of Financing Provider loan ("Loans"). The fee structures of these Loans are generally one or more of the following:

- We pay a monthly fee based on either the average daily outstanding balance of the installment Loans, or the number of outstanding Loans;
- We incur fees at the time of the Loan origination and receive proceeds that are net of these fees;

- For certain loans, we also share liability for credit losses, with us being responsible for between 2.6% and 100% of lost principal balances; and
- We are responsible for reimbursing certain Financing Providers for merchant transaction fees and other fees associated with the Loans.

Term and Termination

Historically, we have generally offered service contracts to subscribers that range in length from 36 to 60 months, subject to automatic monthly renewal after the expiration of the initial term. A majority of new subscribers enter into 60-month contracts. As a result, the average initial contract length has increased over time, reaching an average of 50 months as of December 31, 2022. Generally when the customer pays for their Products upfront, we offer a month-to-month contract at the time of origination. Subscribers have a right of rescission period prescribed by applicable law during which such subscriber may cancel the contract without penalty or obligation. Generally, these rescission periods range from 3 to 30 days, depending on the jurisdiction in which a subscriber resides. As a company policy, we provide new subscribers 65 years of age and older a 30-day right of rescission. If the subscriber rescinds during the applicable rescission period under the terms of the contract, the subscriber is required to return the applicable equipment. Once the applicable rescission period expires, the subscriber is responsible for any unpaid contractual monthly service fees and amounts that remain due under their Vivint Flex pay agreement.

Other Terms

We generally provide our subscribers with maintenance services free of charge for the first 120 days of their subscription. We also generally replace or repair defective smart home devices free of charge, excluding the cost of any service visit, during the first five years of their subscription. For certain longer-tenured customers still on older subscription agreement version, we provide these no-charge replacements and repairs, excluding the cost of any service visit, free of charge during their entire subscription term. If a utility or governmental agency requires a change to our platform or tech-enabled service after the installation of the system, the subscriber may be charged for the equipment and labor associated with the required change. We also charge subscribers a monthly fee related to the cost of maintaining our cellular communication network.

We do not provide insurance or warrant that the system will prevent a burglary, fire, hold-up or any similar event. Our contracts limit our liability to a maximum of $2,000 per event and, where permissible, provide a one-year statute of limitations to file an action against us. We may cease or suspend tech-enabled monitoring and repair service due to, among other things, work stoppages, weather, phone service interruption, government requirements, subscriber bankruptcy or non-payment by subscribers after we have given notice that their service is being canceled due to such non-payment.

Billing and Collections

A majority of our subscribers pay for our Services electronically either via ACH, credit or debit card, with approximately 89% paying electronically as of December 31, 2022. Our subscribers billed via direct invoice can be billed on any day of the month, with payment due 15 days subsequent to the invoice date. Subscribers are billed in advance for their monthly services based on their billing cycle and not calendar month. In those jurisdictions where we are entitled to do so by law, we charge late fees to subscribers whose accounts are more than 10 days past due.

Intellectual Property

Patents, trademarks, copyrights, trade secrets, and other proprietary rights are important to our business and we continually refine our intellectual property strategy to maintain and improve our competitive position. We seek to protect new intellectual property to safeguard our ongoing technological innovations and strengthen our brand, and we believe we take appropriate action against infringements or misappropriations of our intellectual property rights by others. We review third-party intellectual property rights to help avoid infringement, and to identify strategic opportunities. We typically enter into confidentiality agreements to further protect our intellectual property.

As of December 31, 2022, our portfolio of patents consists of approximately 422 issued patents and numerous additional pending-patent applications that relate to a variety of smart home, security and other technologies utilized in our business. We also own a portfolio of trademarks and are a licensee of various patents from our third-party suppliers and technology partners.

Competition

The smart home industry is highly competitive and fragmented. Our major competitors range from large-cap technology companies (e.g., Amazon and Google) which predominantly offer DIY devices to expand their core market opportunity, to security-based providers such as ADT, Alarm.com, Brinks, FrontPoint, Guardian and SimpliSafe. We also face competition from industrial and telecommunications companies that offer connected home experiences such as Arlo, Comcast Xfinity Home, Cox Communications, Honeywell, Resideo and Samsung. Historically, the vast majority of companies have not offered comprehensive smart home solutions and accompanying services that meet the growing requirements of households.

We believe we compete effectively with each of our competitors and are uniquely positioned due to our proprietary cloud-based platform and differentiated end-to-end business model. However, we expect competition to intensify in the future as we face increasing competition from competitors who are building their own smart home platforms, such as Amazon, Apple and Google, as well as from companies that offer single-point connected devices. Having installed more than 3.5 million smart home and security systems, we believe we are well positioned to compete. We benefit from more than 23 years of experience; our efficient direct-to-home and inside sales channels; integrated smart home platform; innovative products; and our award-winning customer service. We also believe that our recently announced smart energy and Smart Insurance initiatives, which we intend to continue developing and expanding, will provide greater differentiation relative to our competitors.

Government Regulations

We are subject to a variety of laws, regulations and licensing requirements of federal, state and local authorities.

We are also required to obtain various licenses and permits from state and local authorities in connection with the operation of our businesses. The majority of states regulate in some manner the sale, installation, servicing, monitoring or maintenance of smart home and electronic security systems. In the states that do regulate such activity, our company and our employees are typically required to obtain and maintain licenses, certifications or similar permits from the state as a condition to engaging in the smart home and security services business. Our insurance business is also subject to state laws and regulations related to the sale of insurance products, including licensing requirements at both the employee and entity level.

A minority of states and require a seller of residential solar systems to obtain a home improvement license. Our employees who close solar system sales in those states typically obtain and maintain such licenses as a condition for engaging in those sales activities.

In addition, a number of local governmental authorities have adopted ordinances regulating the activities of security service companies, typically in an effort to reduce the number of false alarms in their jurisdictions. These ordinances attempt to reduce false alarms by, among other things, requiring permits for individual electronic security systems, imposing fines (on either the subscriber or the company) for false alarms, discontinuing police response to notification of an alarm activation after a subscriber has had a certain number of false alarms, and requiring various types of verification prior to dispatching authorities.

Our sales, marketing and payment collection practices are regulated by federal, state and local agencies. These laws and regulations typically place restrictions on the manner in which products and services can be advertised and sold, provide residential purchasers with certain rescission rights, and govern how we process payments and collect amounts due under our subscriber agreements. In certain circumstances, consumer protection laws also require the disclosure of certain information in the contract with our subscriber and, in addition, may prohibit the inclusion of certain terms or conditions of sale in such contracts. Many local governments regulate direct-to-home sales activities and contract terms and require that salespeople and the company on whose behalf the salesperson is selling obtain licenses to carry on business in that municipality.

In addition, the CFP and RICs are subject to federal and state laws. These laws primarily require that consumer financing contracts include or be accompanied by certain prescribed disclosures, but these laws also may place limitations on particular fees and charges, and require licensing or registration of the party extending consumer credit. Vivint and our financing partners providing third-party consumer financing under Vivint Flex Pay are responsible for compliance with such laws applicable to Vivint Flex Pay, and we are solely responsible for compliance with such federal and state laws regulating RICs.

We are required to comply with the growing number of federal and state privacy-related laws and their implementing regulations, including the Gramm-Leach-Bliley Act, the Fair Credit Reporting Act (FCRA), the California Consumer Privacy Act, the California Privacy Rights Act, the California Financial Information Privacy Act and the Virginia Consumer Data Protection Act. These laws and regulations regulate the company’s use of consumer personal information, financial information and consumer report information. The company’s privacy practices with regard to this information are explained in our privacy policies and notices published on our website.

Various aspects of Vivint’s products and services are regulated by federal, state, and local authorities. These regulations typically focus on product safety and consumer protection, such as various end-of-life battery replacement regulations and regulations about sealed battery detectors.

Data Privacy and Security

In the course of our operations, we gather, process, transmit and store subscriber information, including personal, payment, credit, financial and other confidential and private information. We may use this information for operational and marketing purposes in the course of operating our business. Our collection, retention, transfer, storage, use, processing, disclosure, and security of this information are governed by U.S. laws and regulations relating to privacy and data security, industry standards and protocols, or it may be asserted that such industry standards or protocols apply to us. In the United States, federal and various states have adopted or are considering adopting laws and regulations limiting, or laws and regulations regarding the collection, retention, transfer, storage, and use, processing, disclosure, and security of certain categories of information. These new laws and regulations may also impact the way we design and develop new technology solutions and the way we sell and market our products and services. Some of these requirements include obligations of companies to notify individuals of security breaches involving particular personal information, which could result from exploitation of a vulnerability in our systems or services, or from breaches experienced by our service providers and/or partners. We are also subject to state and federal laws and regulations regarding telemarketing and other telephonic communications and state and federal laws regarding unsolicited commercial emails, as well as regulations relating to automated telemarketing calls, texts or SMS messages.

Many jurisdictions have established their own data security and privacy legal and regulatory frameworks with which we or our vendors or partners must comply to the extent our operations expand into these geographies or the laws and regulations in these frameworks otherwise may be interpreted to apply to us. Laws and regulations in these jurisdictions apply broadly to the collection, use, storage, disclosure and security of data that identifies or may be used to identify or locate an individual, such as names, email addresses, mailing addresses, financial account numbers, and, in some jurisdictions, internet protocol addresses. We are also bound by contractual requirements relating to privacy and data security, and may agree to additional contractual requirements addressing these matters from time to time.

Seasonality

Our direct-to-home sales are seasonal in nature with a substantial majority of our new customer originations generally during a sales season from April through August. We make investments in the recruitment of our direct-to-home sales force and the inventory prior to each sales season. We experience increases in subscriber contract costs during these time periods.

The management of our sales channels has historically resulted in a consistent sales pattern that enables us to more accurately forecast customer originations.

Human Capital Management

As a smart home platform company that provides home services to our customers, we know that our success relies heavily on our ability to attract, develop and retain top talent who are committed to delivering the peace of mind our customers expect. We recognize that delivering this peace of mind means we must understand the needs of our diverse customer base and the communities we serve across the U.S. The best way to do this is to employ top talent with diverse backgrounds, perspectives and experience that can connect with our customer's needs.

As of December 31, 2022, we employed approximately 11,800 people including our seasonal direct sales and installation force, of which most were employed in the United States.

We place a premium on inclusion and strive to continually engage employees on ways to fully realize our core value of "We Win Together." We believe this is a critical component of our strategy for attracting and retaining talent. One way we accomplish this is through Employee Resource Groups ("ERG"s), including Vivint Pride, Vivint Veterans, Vivint Women and Vivint Ethnically Diverse, as well as our Diversity Council. Our ERG programs are organized by employees with diverse backgrounds, experiences or characteristics who share a common interest in professional development, improving corporate culture and delivering sustained business results. We use these groups to provide guidance to the organization on opportunities to improve inclusion across Vivint, to provide mentorship opportunities for our employee base, and to support the acquisition of diverse talent internally and externally. Each ERG is sponsored and supported by senior leaders across the enterprise. Approximately 40% of our employee base self identifies as ethnically diverse and approximately 19% of our employee base self identifies as female.

Attracting talent

Attracting top talent starts at the candidate pipeline stage. Our talent acquisition team works closely with managers to develop job descriptions that are inclusive, to attract a broad spectrum of candidates. We work with many groups and networks including universities, alumni networks, job boards, diverse affinity groups, Utah's Women Tech Council and veterans groups in order to cast a wide net to identify a diverse slate of qualified candidates.

Developing Talent

We are committed to the continued development of our employees. We rely heavily on learning through stretch assignments, projects and other on-the-job opportunities while layering in mentoring, coaching, and formal training as appropriate to facilitate talent development. Strategic talent reviews and succession planning occur on a planned annual cadence across all business areas. The CEO and Senior Vice President, People and Culture hold meetings with the executive leadership team to identify critical organizational capabilities, review top talent readiness, identify developmental opportunities for our people, and develop action plans to mitigate retention risks and talent gaps. This approach has enabled us to continue providing formal career growth to our internal employees with approximately 74% of open management positions being filled internally in 2022.

Retaining Talent

An important component of retention is a competitive total rewards package which includes:

- Competitive compensation that incentivizes performance
- Proactive market assessments to benchmark our compensation against peer group to ensure we remain competitive against the market
- Comprehensive health insurance coverage
- On-site clinic for employees located close to the Provo headquarters, which delivers personalized health care and wellness solutions, including access to mental health professionals at a nominal cost
- Life insurance and disability leave
- Free and unlimited mental health support for all employees
- 401(k) matching with no vesting requirements
- Paid parental leaves for birth, adoption, or foster placement
- Paid Time Off for our hourly employees and unlimited paid time away for our salaried employees

While a competitive total rewards program provides a solid foundation for retention, we believe it is critical to continually focus on employee experience. Employee experience starts at the candidate stage and continues through training, developmental experiences, interactions with their leaders in formal and informal engagements and even termination experience. Our leaders hold regular one-on-one meetings, where leaders take time to connect with their employees, and to understand what is working well for them and areas for improvement and development. We also conduct an annual company-wide engagement survey and pulse surveys throughout the year to seek feedback from our employees on a variety of topics including, how the Company meets the employee's essential needs, how the work gets done and how people feel about the Company and leadership. We then develop plans to address opportunities for improvement, based on the survey results.

Health and Safety

We are committed to providing a safe and healthy environment for all our employees. This requires us to identify the specific hazards within the unique working environments of our sales, service, installation and corporate operations. We use leading indicators reported through Job Safety Analysis and Job Safety Observation (audits) to provide an assessment of prevailing hazards identified on the job. Both indicators provide leaders with data that enables real-time coaching and engagement conversations while providing the Health and Safety Team analysis of the workplace hazards, for training and policy development. In addition, we utilize a number of measures including Total Recordable Incident Rate (“TRIR”), and Lost Time (or Lost Workday) Incident Rate (“LTIR”), to measure the overall effectiveness of our health and safety program. For 2022, we had a TRIR of 1.3, a LTIR of 0.8 and zero work-related fatalities.

Suppliers

We license certain communications infrastructure, software and services from Alarm.com to support subscribers using our Go!Control panel, which was approximately 3% of our Total Subscribers at December 31, 2022. These Go!Control panels are connected to Alarm.com’s hosted platform. Alarm.com also provides an interface to enable these subscribers to access their systems remotely.

Generally, our hardware device suppliers maintain a stock of devices and key components to cover any minor supply chain disruptions. Although it has not yet had a significant impact on our business, some technology companies are facing shortages of certain components used in our Products, which if prolonged could impact our ability to obtain the equipment needed to support our operations and could increase Product costs. Such shortages can require us to purchase components on

the spot market at elevated prices and utilize expedited shipping methods to maintain adequate supply, which result in increased costs for components and equipment. Where possible we also utilize dual sourcing methods to minimize the risk of a disruption from a single supplier. However, we also rely on a number of sole source and limited source suppliers for critical components of our solution. Replacing any sole source or limited source suppliers could require the expenditure of significant resources and time to redesign and resource these products.

Where You Can Find More Information

We file annual, quarterly and current reports, and other information with the Securities and Exchange Commission ("SEC"). Our SEC filings are available to the public over the internet at the SEC's website at http://www.sec.gov. In addition, we maintain a website at http://www.vivint.com. We make available free of charge on or through our Internet website our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports filed or furnished pursuant to Section 13(a) of 15(d) of the Exchange Act as soon as reasonably practicable after we electronically file such material with, or furnish it to, the SEC. We are providing the address to our website solely for the information of investors. The information on our website is not a part of, nor is it incorporated by reference into, this Annual Report.

ITEM 1A. RISK FACTORS

You should carefully consider the following risk factors and all other information contained in this Annual Report on Form 10-K. The risks and uncertainties described below are not the only risks facing us. Additional risks and uncertainties that we are unaware of, or those we currently deem immaterial, also may become important factors that affect us. The following risks could materially and adversely affect our business, financial condition, cash flows or results of operations.

Risks Relating to Our Business and Industry

The failure to complete the NRG Merger could materially adversely affect our business.

On December 6, 2022, the Company entered into the NRG Merger Agreement. The parties continue to expect the NRG Merger to close in the first quarter of 2023, subject to satisfaction of customary closing conditions, however, there is no assurance that the NRG Merger will occur. If the NRG Merger or a similar transaction is not completed, the share price of our common stock may decline to the extent that the current market price of our common stock reflects an assumption that a transaction will be completed. Further, a failure to complete the NRG Merger may result in negative publicity and a negative impression of us.

Our industry is highly competitive.

We operate in a highly competitive industry. We face, and may in the future face, competition from other providers of information and communication products and services, including cable and telecommunications companies, Internet service providers, large technology companies, singular experience companies, industrial and smart hardware companies, and others that may have greater capital and resources than us. We also face competition from large residential security companies that have or may have greater capital and other resources than we do. Competitors that are larger in scale and have greater resources may benefit from greater economies of scale and other lower costs that permit them to offer more favorable terms to consumers (including lower service costs) than we offer, causing such consumers to choose to enter into contracts with such competitors. For instance, cable and telecommunications companies are expanding into the smart home and security industries and are bundling their existing offerings with automation and monitored security services. In some instances, it appears that certain components of such bundled offerings are significantly underpriced and, in effect, subsidized by the rates charged for the other product or services offered by these companies. These bundled pricing alternatives may influence subscribers' desire to subscribe to our services at rates and fees we consider appropriate. These competitors may also benefit from greater name recognition and superior advertising, marketing, promotional and other resources. To the extent that such competitors utilize any competitive advantages in markets where our business is more highly concentrated, the negative impact on our business may increase over time. In addition to potentially reducing the number of new subscribers we are able to originate, increased competition could also result in increased subscriber acquisition costs and higher attrition rates that would negatively impact us over time. The benefit offered to larger competitors from economies of scale and other lower costs may be magnified by an economic downturn in which subscribers put a greater emphasis on lower cost products or services. In addition, we face competition from regional competitors that concentrate their capital and other resources in targeting local markets.

We also face potential competition from do-it-yourself (DIY) systems, which enable consumers to install their own systems and monitor and control their home over the Internet without the need for a subscription agreement with a service provider. Improvements in these systems may result in more subscribers choosing to take on the responsibility for installation, maintenance, and management of connected home systems themselves. In addition, consumers may prefer individual device solutions that provide more narrowly targeted functionality instead of a more comprehensive integrated smart home solution. Pricing pressure or improvements in technology and shifts in consumer preferences towards DIY and/or individual solutions could adversely impact our subscriber base or pricing structure and have a material and adverse effect on our business, financial condition, results of operations and cash flows.

Cable and telecommunications companies actively targeting the smart home market and expanding into the monitored security space, and large technology companies expanding into the smart home market could result in pricing pressure, a shift in subscriber preferences towards the services of these companies and a reduction in our market share. Continued pricing pressure from these competitors or failure to achieve pricing based on the competitive advantages previously identified above could prevent us from maintaining competitive price points for our products and services, resulting in lost subscribers or in our inability to attract new subscribers, and have an adverse effect on our business, financial condition, results of operations and cash flows.

We rely on long-term retention of subscribers and subscriber attrition can have a material adverse effect on our results.

We incur significant upfront costs to originate new subscribers. Accordingly, our long-term performance is dependent on our subscribers remaining with us for several years after the initial term of their contracts. One reason for attrition occurs when subscribers move and do not reconnect. Subscriber moves are impacted by changes in the housing market. See *"-Our business is subject to macroeconomic, microeconomic and demographic factors that may negatively impact our results of operations*." Some other factors that can increase subscriber attrition include problems experienced with the quality of our Products or Services, unfavorable general economic conditions, adverse publicity and the preference for lower pricing of competitors' products and services. In addition, we generally experience an increased level of subscriber cancellations in the months surrounding the expiration of such subscribers' initial contract term. If we fail to retain our subscribers for a sufficient period of time, our profitability, business, financial condition, results of operations and cash flows could be materially and adversely affected. Our inability to retain subscribers for a long term could materially and adversely affect our business, financial condition, cash flows or results of operations.

Litigation, complaints or adverse publicity or unauthorized use of our brand name could negatively impact our business, financial condition and results of operations.

From time to time, we engage in the defense of, and may in the future be subject to, certain investigations, claims and lawsuits arising in the ordinary course of our business. For example, we have been named as defendants in putative class actions alleging violations of wage and hour laws, the Telephone Consumer Protection Act, common law privacy and consumer protection laws. From time to time, our subscribers have communicated and may in the future communicate complaints to organizations such as the Better Business Bureau, regulators, law enforcement or the media. Any resulting actions or negative subscriber sentiment or publicity could reduce the volume of our new subscriber originations or increase attrition of existing subscribers. Any of the foregoing may materially and adversely affect our business, financial condition, cash flows or results of operations.

Unauthorized use of our brand name by third parties may also adversely affect our business and reputation, including the perceived quality and reliability of our products and services. We rely on trademark law, internal policies and agreements with our employees, subscribers, business partners and others to protect the value of our brand name. Despite our precautions, we cannot provide assurance that those procedures are sufficiently effective to protect against unauthorized third-party use of our brand name. We may not be successful in investigating, preventing or prosecuting all unauthorized third-party use of our brand name. Future litigation with respect to such unauthorized use could also result in substantial costs and diversion of our resources. These factors could adversely affect our reputation, business, financial condition, results of operations and cash flows.

We have in the past been, and may in the future be, subject to regulatory and civil claims regarding our sales practices.

We are subject to reputational risks that may arise from the actions of our executives, employees, third-party independent contractors and other agents, including but not limited to violations of our marketing policies and procedures as well as any failure to comply with applicable laws and regulations. In addition, activities in connection with sales efforts by employees, independent contractors, and other agents, including predatory door-to-door sales tactics and fraudulent misrepresentations, have in the past subjected us to, and could in the future subject us to, governmental investigations and class action lawsuits for, among others, false advertising and deceptive trade practice damage claims. If our employees, independent contractors, or other agents engage in marketing practices that are not in compliance with laws and regulations, we may be in breach of such laws and regulations, which may result in litigation, regulatory proceedings and potential penalties that could adversely impact our business, financial condition, results of operations, and cash flows. For example, in February 2023, a jury in the U.S. District Court, Western District of North Carolina, Charlotte Division, issued a verdict against the Company, in favor of CPI Security Systems, Inc. ("CPI") for $49.7 million of compensatory damages and an additional $140 million of punitive damages in a lawsuit filed by CPI in 2020 regarding alleged historical practices by certain Vivint sales personnel. While the Company believes the verdict is not legally or factually supported and intends to pursue post-judgment remedies and file an appeal, there can be no assurance that such defense efforts will be successful.

If we fail to attract, retain and engage appropriately qualified employees, including employees in key positions, our operations and profitability may be harmed. In addition, changes in market compensation rates may adversely affect our profitability.

Our business strategy of offering high-quality products and services for our customers requires a highly-trained and engaged workforce and, as a result, is highly dependent on our ability to attract, train and retain sufficient numbers of qualified employees. Specifically, because sales representatives become more productive as they gain experience, retaining those individuals is very important for our success, especially during our peak April through August sales season. Further, failure to recruit or retain qualified employees in the future may impair our efficiency and effectiveness and our ability to pursue growth

opportunities. A significant amount of turnover of our executive team or other employees in key positions, such as engineering, finance or legal, with specific knowledge relating to us, our operations and our industry may negatively impact our operations. Factors that affect our ability to maintain sufficient numbers of qualified employees include, for example, employee engagement, our reputation, unemployment rates, competition from other employers, availability of qualified personnel and our ability to offer appropriate compensation and benefit packages. If we are unable to attract, train and retain sufficient numbers of qualified employees, our business, financial condition, cash flows or results of operations could be adversely affected.

We operate in a competitive labor market and there is a risk that market increases in compensation and employer-provided benefits could have a material adverse effect on our profitability. We may also be subject to continued market pressure to increase employee hourly wage rates and increased cost pressure on employer-provided benefits. Our need to implement corresponding adjustments within our labor model and compensation and benefit packages could have a material adverse impact to the profitability of our business.

Our operations depend upon third-party providers of telecommunication technologies and services.

Our operations depend upon third-party cellular and other telecommunications providers to communicate signals to and from our subscribers in a timely, cost-efficient and consistent manner. The failure of one or more of these providers to transmit and communicate signals in a timely manner could affect our ability to provide services to our subscribers. There can be no assurance that third-party telecommunications providers and signal processing centers will continue to transmit and communicate signals to or from our third-party providers and the monitoring stations without disruption. Any such disruption, particularly one of a prolonged duration, could have a material adverse effect on our business. In addition, failure to renew contracts with existing providers or to contract with other providers on commercially acceptable terms or at all may adversely impact our business.

Certain elements of our operating model have historically relied on our subscribers' continued selection and use of traditional landline telecommunications to transmit signals to and from our subscribers. There is a growing trend for consumers to switch to the exclusive use of cellular, satellite or internet communication technology in their homes, and telecommunication providers may discontinue their landline services in the future. In addition, many of our subscribers who use cellular communication technology for their systems use products that rely on older 3G technology. The discontinuation of landline and 3G and any other services by telecommunications providers in the future would require our subscriber's system to be upgraded to alternative, and potentially more expensive, technologies. This could increase our subscriber attrition rates and slow our new subscriber originations. To maintain our subscriber base that uses components that are or could become obsolete, we may be required to upgrade or implement new technologies, including by offering to subsidize the replacement of subscribers' outdated systems at our expense. Any such upgrades or implementations could require significant capital expenditures and also divert management's attention and other important resources away from our customer service and new subscriber origination efforts.

We depend on third-party providers of internet access services that may impair, degrade or otherwise block our services that could lead to additional expenses or loss of users.

Our interactive services are accessed through the internet and our security monitoring services are increasingly delivered using internet-based technologies. In addition, our distributed cloud storage solution, including the Vivint Smart Drive, is dependent upon internet services for shared storage. Some providers of broadband access may take measures that affect their subscribers' ability to use these products and services, such as degrading the quality of the data packets we transmit over their lines, giving those packets low priority, giving other packets higher priority than ours, blocking our packets entirely or attempting to charge their subscribers more for using our services or terminating the subscriber's contract.

The Federal Communications Commission ("FCC") released an order that became effective on June 11, 2018, that repeals most of the rules that the agency previously had in place that prevented providers of broadband internet access services from impairing, degrading or blocking services provided by third parties to us. The prior rules prohibiting impairment, degradation and blocking are commonly referred to as "network neutrality" rules. Numerous parties have appealed the FCC order which is before the U.S. Court of Appeals for the District of Columbia. We cannot predict whether the FCC order will be upheld, reversed or remanded, nor the timing of the appellate court's resolution of the appeal.

Following the adoption of the FCC's order reversing the network neutrality rules, a number of states have passed network neutrality laws. The laws vary by state both in substance and in scope. There is legal uncertainty as to whether states have authority to pass laws that would conflict with the recent FCC order due to the interstate nature of internet communications and for other reasons. We cannot predict whether state laws that are interpreted to conflict with the FCC's order will survive judicial scrutiny if challenged.

The largest providers of broadband internet access services have publicly stated that network neutrality rules are not required as they would not engage in some of the practices that the rules prohibit. While it is difficult to predict what would occur in the absence of such rules, it is possible that as a result of the lack of network neutrality rules, we could incur greater operating expenses which could harm our results of operations. While we think it is unlikely and that other laws may be implicated should broadband internet access providers affirmatively interfere with the delivery of our services that rely on broadband internet connections, interference with our services by broadband internet access service providers for using our products and services could cause us to lose existing subscribers, impair our ability to attract new subscribers and materially and adversely affect our business, financial condition, results of operations and cash flows.

Changes in laws or regulations that impact our underlying providers of telecommunications services could adversely impact our business

Telecommunications service providers are subject to extensive regulation in the markets where we operate or may expand in the future. Changes in the applicable laws or regulations affecting telecommunication services could require us to change the way we operate, which could increase costs or otherwise disrupt our operations, which in turn could adversely affect our business, financial condition, cash flows or results of operations.

We must successfully upgrade and maintain our information technology systems.

We rely on various information technology systems to manage our operations. As necessary, we implement modifications and upgrades to these systems, and replace certain of our legacy systems with successor systems with new functionality.

There are inherent costs and risks associated with modifying or changing these systems and implementing new systems, including potential disruption of our internal control structure, substantial capital expenditures, additional administration and operating expenses, retention of sufficiently skilled personnel to implement and operate the new systems, demands on management time and other risks and costs of delays or difficulties in transitioning to new systems or of integrating new systems into our current systems. While management seeks to identify and remediate issues, we can provide no assurance that our identification and remediation efforts will be successful or that we will not encounter additional issues as we complete the implementation of these and other systems. In addition, our information technology system implementations may not result in productivity improvements at a level that outweighs the costs of implementation, or at all. The implementation of new information technology systems may also cause disruptions in our business operations and have an adverse effect on our business, cash flows and operations.

Privacy and data protection concerns, laws, and regulations relating to privacy, and data protection and information security could have a material adverse effect on our business.

In the course of our operations, we gather, process, transmit and store subscriber information, including personal, payment, credit and other confidential and private information. We may use this information for operational and marketing purposes in the course of operating our business.

Our collection, retention, transfer and use of this information are governed by U.S. and foreign laws and regulations relating to privacy, data protection and information security, industry standards and protocols, or it may be asserted that such industry standards or protocols apply to us. The regulatory framework for privacy and information security issues worldwide is rapidly evolving and is likely to remain uncertain for the foreseeable future. In the United States, federal and various state and provincial governmental bodies and agencies have adopted or are considering adopting laws and regulations limiting, or laws and regulations regarding the collection, distribution, use, disclosure, storage, and security of certain categories of information. These new laws and regulations may also impact the way we design and develop new technology solutions. Some of these requirements include obligations of companies to notify individuals of security breaches involving particular personal information, which could result from exploitation of a vulnerability in our systems or services or breaches experienced by our service providers and/or partners. For example, in the State of California, the California Consumer Privacy Act (“CCPA”) provides for enhanced consumer protections for California residents, a private right of action for data breaches of certain personal information and statutory fines and damages for such data breaches or other CCPA violations, as well as a requirement of “reasonable” cybersecurity. In addition, in November 2020, California voters passed the California Privacy Rights and Enforcement Act of 2020, which amends and expands the CCPA with additional data privacy compliance requirements and establishes a regulatory agency dedicated to enforcing those requirements. We are also subject to state and federal laws and regulations regarding telemarketing and other telephonic communications and state and federal laws regarding unsolicited commercial emails, as well as regulations relating to automated telemarketing calls, texts or SMS messages.

Many jurisdictions have established their own data security and privacy legal and regulatory frameworks with which we or our vendors or partners must comply to the extent our operations expand into these geographies or the laws and regulations in these frameworks otherwise may be interpreted to apply to us. Laws and regulations in these jurisdictions apply broadly to the collection, use, storage, disclosure and security of data that identifies or may be used to identify or locate an individual, such as names, email addresses and, in some jurisdictions, internet protocol addresses. We are also bound by contractual requirements relating to privacy, data protection and information security, and may agree to additional contractual requirements addressing these matters from time to time.

Our compliance with these various requirements increases our operating costs, and additional laws, regulations, standards or protocols (or new interpretations of existing laws, regulations, standards or protocols) in these areas may further increase our operating costs, require us to take on additional privacy and data security related obligations in our contracts and adversely affect our ability to effectively market our products and services. In view of new or modified legal obligations relating to privacy, data protection or information security, or any changes in their interpretation, we may find it necessary or desirable to fundamentally change our business activities and practices or to expend significant resources to modify our products and services and otherwise adapt to these changes. We may be unable to make such changes and modifications in a commercially reasonable manner or at all, and our ability to develop new services and features could be limited.

Further, our failure or perceived failure to comply with any of these laws, regulations, standards, protocols or other obligations could result in a loss of subscriber data, fines, sanctions and other liabilities and additional restrictions on our collection, transfer or use of subscriber data. In addition, our failure to comply with any of these laws, regulations, standards, protocols or other obligations could result in a material adverse effect on our reputation, subscriber attrition, new subscriber origination, financial condition, cash flows or results of operations.

If our security controls are breached or unauthorized or inadvertent access to subscriber information or other data or to control or view systems are otherwise obtained, our services may be perceived as insecure, we may lose existing subscribers or fail to attract new subscribers, our business may be harmed, and we may incur significant liabilities.

Use of our solutions involves the storage, transmission and processing of personal, payment, credit and other confidential and private information of our subscribers, and may in certain cases permit access to our subscribers' homes or property or help secure them. We also maintain and process other confidential and proprietary information in our business, including our employees' and contractors' personal information and confidential business information. We rely on proprietary and commercially available systems, software, tools and monitoring to protect against unauthorized use or access of the information we process and maintain. Our services and the networks and information systems we utilize in our business are at risk for breaches as a result of third-party action, employee, vendor or partner error, malfeasance, or other factors. For example, we have experienced instances of our employees, contractors and other third parties improperly accessing our and/or our subscribers' systems and information in violation of our internal policies and procedures.

Criminals and other nefarious actors are using increasingly sophisticated methods, including cyberattacks, phishing, social engineering and other illicit acts to capture, access or alter various types of information, to engage in illegal activities such as fraud and identity theft, and to expose and exploit potential security and privacy vulnerabilities in corporate systems and websites. Unauthorized intrusion into the portions of our systems and networks and data storage devices that process and store subscriber confidential and private information, the loss of such information or the deployment of malware or other harmful code to our services or our networks or systems may result in negative consequences, including the actual or alleged malfunction of our products or services. In addition, third parties, including our partners and vendors, could also be sources of security risks to us in the event of a failure of their own security systems and infrastructure. Further, the risk of cyber-attacks could be exacerbated by new or ongoing geopolitical tensions, including hostile actions taken by nation-states and terrorist organizations. The threats we and our partners and vendors face continue to evolve and are difficult to predict due to advances in computer capabilities, new discoveries in the field of cryptography and new and sophisticated methods used by criminals. There can be no assurances that our defensive measures will prevent cyber-attacks or that we will discover network or system intrusions or other breaches on a timely basis or at all. We cannot be certain that we will not suffer a compromise or breach of the technology protecting the systems or networks that house or access our products and services or on which we or our partners or vendors process or store personal information or other sensitive information or data, or that any such incident will not be believed or reported to have occurred. Any such actual or perceived compromises or breaches to systems, or unauthorized access to our subscribers' data, products or systems, or acquisition or loss of, data, whether suffered by us, our partners or vendors or other third parties, whether as a result of employee error or malfeasance or otherwise, could harm our business. They could, for example, cause interruptions in operations, loss of data, loss of confidence in our services and products and damage to our reputation, and could limit the adoption of our services and products. They could also subject us to costs, regulatory investigations and orders, litigation, contract damages, indemnity demands and other liabilities and materially

and adversely affect our subscriber base, sales, revenues and profits. Any of these could, in turn, have a material adverse impact on our business, financial condition, cash flows or results of operations.

Further, if a high-profile security breach occurs with respect to another provider of smart home solutions, our subscribers and potential subscribers may lose trust in the security of our services or in the smart home space generally, which could adversely impact our ability to retain existing subscribers or attract new ones. Even in the absence of any security breach, subscriber concerns about security, privacy or data protection may deter them from using our service. Our insurance policies covering errors and omissions and certain security and privacy damages and claim expenses may not be sufficient to compensate for all potential liability. Although we maintain cyber liability insurance, we cannot be certain that our coverage will be adequate for liabilities actually incurred or that insurance will continue to be available to us on economically reasonable terms, or at all.

Our Vivint Flex Pay plan is a business model that may subject us to additional risks.

In 2017, we introduced Vivint Flex Pay, which allowed subscribers to finance the purchase of their products and related installation through our Vivint Flex Pay plan. Under Vivint Flex Pay, we offer to our qualified U.S. subscribers an opportunity to finance through a third party the purchase of products and related installation used in connection with our smart home services. We offer certain of our subscribers who do not qualify for third-party financing, the opportunity to finance their purchase of Products and related installation under a retail installment contract program (a "RIC"), which is financed by us. Under Vivint Flex Pay, subscribers pay separately for the Products and our Services. As an alternative to the financing offered under these programs, subscribers are able to purchase the products by check, ACH, credit or debit card, and pay in full at the time of installation.

There can be no assurance that the Vivint Flex Pay plan will continue to be successful. If this plan is not favorably received by subscribers or is otherwise not performing as intended by us, it could have an adverse effect on our business, subscriber growth rate, financial condition and results of operations. In addition, reductions in consumer lending and/or the availability of consumer credit under the Vivint Flex Pay plan could limit the number of subscribers with the financial means to purchase the products and thus limit the number of subscribers who are able to subscribe to our smart home services. There is no assurance that our current providers of consumer financing, or any other companies that may in the future offer financing to our subscribers will continue to provide subscribers with access to credit or that credit limits under such arrangements will be sufficient. In addition, a severe disruption in the global financial markets could impact the providers of credit under the Vivint Flex Pay plan, and such instability could also affect the ability of subscribers to access financing under the Vivint Flex Pay plan or otherwise. Such restrictions or limitations on the availability of consumer credit or unfavorable reception of the Vivint Flex Pay plan by potential subscribers could have a material adverse impact on our business, results of operations, financial condition and cash flows.

In addition, the Vivint Flex Pay plan subjects us to additional regulatory requirements and compliance obligations. In particular, the Vivint Flex Pay plan may require that we be licensed as a lender in certain jurisdictions in which we operate. We face the risk of increased consumer complaints, potential supervision, examinations or enforcement actions by federal and state licensing and regulatory agencies and/or penalties for violation of financial services, consumer protections and other applicable laws and regulations. For example, in 2019, we received a subpoena in connection with an investigation by the U.S. Department of Justice ("DOJ") concerning potential violations of the Financial Institutions Reform, Recovery and Enforcement Act ("FIRREA"). In January 2021, we entered into a settlement agreement with the DOJ that resolved this investigation. As part of this settlement, we paid $3.2 million to the United States. In 2019, we also received a civil investigative demand from the staff of the Federal Trade Commission ("FTC") concerning potential violations of the Fair Credit Reporting Act ("FCRA") and the "Red Flags Rule" thereunder, and the Federal Trade Commission Act ("FTC Act"). In April 2021, we entered into a settlement with the FTC that resolved this investigation. As part of this settlement, which was approved by a federal court on May 3, 2021, we paid a total of $20 million to the United States and agreed to implement various additional compliance-related measures. For additional detail regarding the FTC settlement, see "—We are subject to various risks in connection with the ongoing settlement administration process involving the FTC, and may be subject to FTC Actions in the future." Any further regulatory investigations could result in significant costs, fines or penalties and damage our reputation. In addition, any resolution of such regulatory investigations may alter or limit the way we do business or result in termination or modification of existing business and financing relationships. If any federal or state governmental agency were to determine that violations of certain laws or regulations occurred, or if any proceedings or investigations were to be determined adversely against us or resulted in legal actions, claims, regulatory proceedings, enforcement actions, or judgments, fines, or settlements involving a payment of material amounts, or if injunctive relief were issued against us, our business, financial condition and results of operations could be materially adversely affected. In addition, even if regulatory inquiries or investigations do not result in an adverse determination or the payment of material amounts, we expect to continue to incur costs in connection with such matters and our business, reputation, financial condition, liquidity, or results of operations could be adversely impacted.

We currently offer RICs in a number of the jurisdictions in which we operate and therefore are subject to regulation by state and local authorities for the use of RICs. We provide intensive training to our employees regarding sales practices and the content of our RICs and strive to comply in all material respects with these laws; however, we cannot be certain that our employees will abide by our policies and applicable laws, which violations could have a material and adverse impact on our business. In the future, we may elect to offer installment loans and other financial services products similar to the Consumer Financing Program directly to qualified subscribers. If we elect to offer such financial services directly, this may further expand our regulatory and compliance obligations.

In addition, as Vivint Flex Pay evolves, we may become subject to additional regulatory requirements and compliance obligations.

We are subject to payment related risks.

We accept payments using a variety of methods, including check, credit card, debit card and direct debit from a subscriber's bank account. For existing and future payment options that we offer to our subscribers, we may become subject to additional regulations, compliance requirements and fraud. For certain payment methods, including credit and debit cards, we pay interchange and other fees, which may increase over time and raise our operating costs and lower profitability. We rely on third parties to provide payment-processing services, including the processing of credit cards, debit cards and electronic checks, and it could disrupt our business if these companies become unwilling or unable to provide these services to us. We are also subject to payment card association operating rules, including data security rules, certification requirements and rules governing electronic funds transfers, which could change or be reinterpreted to make it difficult or impossible for us to comply. If we fail to comply with these rules or requirements, or if our data security systems are breached or compromised, we may be liable for card -issuing banks' costs, subject to fines and higher transaction fees, and lose our ability to accept credit and debit card payments from our subscribers, process electronic funds transfers, or facilitate other types of online payments, and our business and operating results could be adversely affected. See "—Privacy and data protection concerns and laws, and regulations relating to privacy, data protection and information security, could have a material adverse effect on our business" and "—If our security controls are breached or unauthorized or inadvertent access to subscriber information or other data or to control or view systems are otherwise obtained, our services may be perceived as insecure, we may lose existing subscribers or fail to attract new subscribers, our business may be harmed, and we may incur significant liabilities."

We may fail to obtain or maintain necessary licenses or otherwise fail to comply with applicable laws and regulations.

Our business focuses on contracts and transactions with residential subscribers and therefore is subject to a variety of laws, regulations and licensing requirements that govern our interactions with residential consumers, including those pertaining to privacy and data security, consumer financial and credit transactions, home improvements, warranties and door-to-door solicitation. We are a licensed service provider in each market where such licensure is required, and we are responsible for every subscriber installation. Our business may become subject to additional such requirements in the future. In certain jurisdictions, we are also required to obtain licenses or permits to comply with standards governing marketing and sales efforts, installation of equipment or servicing of subscribers, monitoring station employee selection and training and to meet certain standards in the conduct of our business. These laws and regulations are dynamic and subject to potentially differing interpretations, and various legislative and regulatory bodies may expand current laws or regulations or enact new laws and regulations regarding these matters. We strive to comply with all applicable laws and regulations relating to our interactions with residential subscribers. It is possible, however, that these requirements may be interpreted and applied in a manner that is inconsistent from one jurisdiction to another and may conflict with other rules or our practices. Our non-compliance with any such law or regulations could also expose us to claims, proceedings, litigation and investigations by private parties and regulatory authorities, as well as substantial fines and negative publicity, each of which may materially and adversely affect our business. We have incurred, and will continue to incur, significant expenses to comply with such laws and regulations, and increased regulation of matters relating to our interactions with residential consumers could require us to modify our operations and incur significant additional expenses, which could have an adverse effect on our business, financial condition and results of operations. If we expand the scope of our products or services or our operations in new markets, we may be required to obtain additional licenses and otherwise maintain compliance with additional laws, regulations or licensing requirements.

Changes in these laws or regulations or their interpretation, as well as new laws, regulations or licensing requirements which may be enacted, could dramatically affect how we do business, acquire subscribers, and manage and use information we collect from and about current and prospective subscribers and the costs associated therewith. For example, certain U.S. municipalities have adopted, or are considering adopting, laws, regulations or policies aimed at reducing the number of false alarms, including: (1) subjecting companies to fines or penalties for transmitting false alarms, (2) imposing fines on subscribers for false alarms or (3) imposing limitations on law enforcement response. These measures could adversely affect our future operations and business by increasing our costs, reducing subscriber satisfaction or affecting the public perception of the

effectiveness of our products and services. In addition, federal, state and local governmental authorities have considered, and may in the future consider, implementing consumer protection rules and regulations, which could impose significant constraints on our sales channels.

Regulations have been issued by the FTC and FCC that place restrictions on direct-to-home marketing, telemarketing, email marketing and general sales practices. These restrictions include, but are not limited to, limitations on methods of communication, requirements to maintain a "do not call" list, cancellation rights and required training for personnel to comply with these restrictions.

The FTC regulates both general sales practices and telemarketing specifically and has broad authority to prohibit a variety of advertising or marketing practices that may constitute "unfair or deceptive acts or practices". Most of the statutes and regulations in the United States allow a private right of action for the recovery of damages or provide for enforcement by the FTC, state attorneys general or state agencies permitting the recovery of significant civil or criminal penalties, costs and attorneys' fees in the event that regulations are violated. Any new or changed laws, regulations or licensing requirements, or the interpretation of such laws, regulations or licensing requirements could have a material adverse effect on our business, financial condition, cash flows or results of operations. We strive to comply with all such applicable regulations but cannot assure you that we or third parties that we may rely on for telemarketing, email marketing and other lead generation activities will be in compliance with all applicable regulations at all times. Although our contractual arrangements with such third parties expressly require them to comply with all such regulations and to indemnify us for their failure to do so, we cannot assure you that the FTC, FCC, private litigants or others will not attempt to hold us responsible for any unlawful acts conducted by such third parties or that we could successfully enforce or collect upon such indemnities. Additionally, certain FCC rulings and/or FTC enforcement actions may support the legal position that we may be held vicariously liable for the actions of third parties, including any telemarketing violations by our independent, third-party, authorized dealers that are performed without our authorization or that are otherwise prohibited by our policies. Both the FCC and the FTC have relied on certain actions to support the notion of vicarious liability, including but not limited to, the use of the company brand or trademark, the authorization or approval of telemarketing scripts or the sharing of consumer prospect lists. Changes in such regulations or the interpretation thereof that further restricts such activities could result in a material reduction in the number of leads for our business and could have a material adverse effect on our business, financial condition, results of operations and cash flows.

We may fail to comply with import and export, bribery and money laundering laws, regulations and controls.

We conduct our business in the United States and source our products from Thailand, Vietnam, Mexico, Taiwan, China, Malaysia and the United States. We are subject to regulation by various federal, state, local and foreign governmental agencies, including, but not limited to, agencies and regulatory bodies or authorities responsible for monitoring and enforcing product safety and consumer protection laws, data privacy and security laws and regulations, employment and labor laws, workplace safety laws and regulations, environmental laws and regulations, antitrust laws, federal securities laws and tax laws and regulations.

We are subject to the U.S. domestic bribery statute contained in 18 U.S.C. § 201, the U.S. Foreign Corrupt Practices Act of 1977, as amended, the U.S. Travel Act, and possibly other anti-bribery laws, including those that comply with the Organization for Economic Cooperation and Development, or OECD, Convention on Combating Bribery of Foreign Public Officials in International Business Transactions and other international conventions. Anti-corruption laws are interpreted broadly and prohibit our company from authorizing, offering, or providing directly or indirectly improper payments or benefits to recipients in the public or private sector. Certain laws could also prohibit us from soliciting or accepting bribes or kickbacks. We can be held liable for the corrupt activities of our employees, representatives, contractors, partners and agents, even if we did not explicitly authorize such activity. Although we have implemented policies and procedures designed to ensure compliance with anti-corruption laws, there can be no assurance that all of our employees, representatives, contractors, partners, and agents will comply with these laws and policies.

Our operations require us to import from Thailand, Vietnam, Mexico, Taiwan, China, and Malaysia, which geographically stretches our compliance obligations. We are also subject to anti-money laundering laws such as the USA PATRIOT Act and may be subject to similar laws in other jurisdictions. Our Products are subject to import laws and regulations, including the U.S. Customs regulations, and various economic and trade sanctions regulations administered by the U.S. Treasury Department's Office of Foreign Assets Controls. We may also be subject to import laws and regulations in other jurisdictions in which we conduct business or source our Products. If we fail to comply with these laws and regulations, we and certain of our employees could be subject to substantial civil or criminal penalties, including the possible loss of import privileges; fines, which may be imposed on us and responsible employees or managers; and, in extreme cases, the incarceration of responsible employees or managers. In addition, U.S. Customs and Border Protection is investigating our historical compliance with regulations relating to duties and tariffs in connection with our import of certain products from outside the

United States. The Department of Justice is also investigating potential violations of the False Claims Act relating to similar issues. We are cooperating with these investigations.

Changes in laws that apply to us could result in increased regulatory requirements and compliance costs which could harm our business, financial condition, cash flows and results of operations. In certain jurisdictions, regulatory requirements may be more stringent than in the United States. Noncompliance with applicable regulations or requirements could subject us to whistleblower complaints, investigations, sanctions, settlements, mandatory product recalls, enforcement actions, disgorgement of profits, fines, damages, civil and criminal penalties or injunctions, suspension or debarment from contracting with certain governments or other customers, the loss of export privileges, multi-jurisdictional liability, reputational harm, and other collateral consequences. If any governmental or other sanctions are imposed, or if we do not prevail in any possible civil or criminal litigation, our business, financial condition, cash flows and results of operations could be materially harmed. In addition, responding to any action will likely result in a materially significant diversion of management's attention and resources and an increase in defense costs and other professional fees.

The policies of the U.S. Government may adversely impact our business, financial condition and results of operations.

Certain changes in U.S. social, political, regulatory and economic conditions or in laws and policies governing foreign trade, manufacturing, development and investment could adversely affect our business. General trade tensions between the U.S. and China escalated in 2018, with three rounds of U.S. tariffs on Chinese goods taking effect in July, August and September 2018, each followed by a round of retaliatory Chinese tariffs on U.S. goods. If duties on existing tariffs are raised or if additional tariffs are announced, many of our inbound products to the United States would be subject to tariffs assessed in the cost of goods as imported. If these duties are imposed on such products, we may be required to raise our prices, which may result in the loss of subscribers and harm our operating performance. These factors and other uncertainties around U.S. relations with China have led us to shift some our supply chain production outside of China and, depending on future developments, we may continue to shift additional supply chain production outside of China, which could result in additional one-time costs or increased costs to the Company. Depending on future developments, we may continue to shift additional supply chain production outside of China, which could result in additional one-time costs or increased costs to us.

While there is currently a substantial lack of clarity and uncertainty around the likelihood, timing and details of any such policies and reforms, such policies and reforms may materially and adversely affect our business, financial condition and results of operations and the value of our securities.

Shareholder and customer emphasis on environmental, social, and governance responsibility may impose additional costs on us or expose us to new risks.

Our shareholders, customers and employees continue to expect a more proactive response to environmental, social, and governance ("ESG") matters. We may incur increased costs and may be exposed to new risks responding to these higher expectations. Although we believe that our emphasis on ESG priorities can help drive sustainable business practices that are crucial to our long-term growth, we may face reputational challenges in the event that we are unable to achieve these goals or our ESG standards do not meet those set by certain constituencies. These reputational challenges could have a material adverse effect on our business, financial condition, results of operations and cash flows.

Police departments could refuse to respond to calls from monitored security service companies.

Police departments in certain U.S. jurisdictions do not respond to calls from monitored security service companies unless certain conditions are met, such as video or other verification or eyewitness accounts of suspicious activities, either as a matter of policy or by local ordinance. In most cases this is accomplished through contracts with private guard companies, which increases the overall cost of monitoring. If more police departments were to refuse to respond or be prohibited from responding to calls from monitored security service companies unless certain conditions are met, such as video or other verification or eyewitness accounts of suspicious activities, our ability to attract and retain customers could be negatively impacted and our business, financial condition, results of operations, and cash flows could be materially adversely affected.

Increased adoption of laws purporting to characterize certain charges in our subscriber contracts as unlawful, may adversely affect our operations.

If a subscriber cancels prior to the end of the initial term of the contract, other than in accordance with the contract, we may, under the terms of the subscriber contract, charge the subscriber the amount that would have been paid over the remaining term of the contract. Several states have adopted, or are considering adopting, laws restricting the charges that can be imposed upon contract cancellation prior to the end of the initial contract term. Such initiatives could negatively impact our business and

have a material adverse effect on our business, financial condition, cash flows or results of operations. Adverse rulings regarding these matters could increase legal exposure to subscribers against whom such charges have been imposed and increase the risk that certain subscribers may seek to recover such charges from us through litigation or otherwise. In addition, the costs of defending such litigation and enforcement actions could have an adverse effect on our business, financial condition, cash flows or results of operations.

Our new Products and Services may not be successful.

We launched our first smart home products and services beginning in 2010. Since that time, we have launched a number of other offerings. We anticipate launching additional products and services in the future. These products and services and the new products and services we may launch in the future may not be well received by our subscribers, may not help us to generate new subscribers, may adversely affect the attrition rate of existing subscribers, may increase our subscriber acquisition costs and may increase the costs to service our subscribers. For example, in 2021, we made significant investments in the development of our smart energy and Smart Insurance business. Any profits we may generate from these or other new products or services may be lower than profits generated from our other products and services and may not be sufficient for us to recoup our development or subscriber acquisition costs incurred. New products and services may also have lower operating margins, particularly to the extent that they do not fully utilize our existing infrastructure. In addition, new products and services may require increased operational expenses or subscriber acquisition costs and present new and difficult technological and intellectual property challenges that may subject us to claims or complaints if subscribers experience service disruptions or failures or other quality issues. To the extent our new products and services are not successful, it could have a material adverse effect on our business, financial condition, cash flows or results of operations.

The technology we employ may become obsolete, which could require significant capital expenditures.

Our industry is subject to continual technological innovation. Our products and services interact with the hardware and software technology of systems and devices located at our subscribers' property. We may be required to implement new technologies or adapt existing technologies in response to changing market conditions, subscriber preferences, industry standards or inability to secure necessary intellectual property licenses, which could require significant capital expenditures. It is also possible that one or more of our competitors could develop a significant technological advantage that allows them to provide additional or superior products or services, or to lower their price for similar products or services, that could put us at a competitive disadvantage. Our inability to adapt to changing technologies, market conditions or subscriber preferences in a timely manner could have a material adverse effect on our business, financial condition, cash flows or results of operations.

Our future operating and financial results are uncertain.

Prior growth rates in revenues and other operating and financial results should not be considered indicative of our future performance. Our future performance and operating results depend on, among other things: (1) our ability to renew and/or upgrade contracts with existing subscribers and maintain subscriber satisfaction with existing subscribers; (2) our ability to generate new subscribers, including our ability to scale the number of new subscribers generated through direct to-home, inside sales and other channels; (3) our ability to increase the density of our subscriber base for existing service locations or continue to expand into new geographic markets; (4) our ability to successfully develop and market new and innovative products and services; (5) the level of product, service and price competition; (6) the degree of saturation in, and our ability to further penetrate, existing markets; (7) our ability to manage growth, revenues, origination or acquisition costs of new subscribers and attrition rates, the cost of servicing our existing subscribers and general and administrative costs; and (8) our ability to attract, train and retain qualified employees. If our future operating and financial results suffer as a result of any of the other reasons mentioned above, or any other reasons, there could be a material adverse effect on our business, financial condition, cash flows or results of operations.

There can be no assurance that we will be able to achieve or maintain profitability or positive cash flow from operations.

Our ability to generate future positive operating results and cash flows depends, in part, on our ability to generate new subscribers in a cost-effective manner, while minimizing attrition of existing subscribers. New subscriber acquisitions play a particularly important role in our financial model as they not only increase our future operating cash flows, but also help to replace the cash flows lost as a result of subscriber attrition. If we are unable to cost-effectively generate new subscribers or retain our existing subscribers, our business, operating results and financial condition would be materially adversely affected. In addition, to drive our growth, we have made significant upfront investments in subscriber acquisition costs, as well as technology and infrastructure to support our growing subscriber base. As a result of these investments, we have incurred losses and used significant amounts of cash to fund operations. As our business scales, we expect recurring revenue to increase due to growth in our total subscribers. If such increase occurs, a greater percentage of our net acquisition costs for new subscribers

may be funded through revenues generated by our existing subscriber base. We also expect the number of new subscribers to decrease as a percentage of our total subscribers as our business scales, which we believe, along with the expected growth in recurring revenue, will improve operating results and operating cash flows over time. Our ability to improve our operating results and cash flows, however, is subject to a number of risks and uncertainties and there can be no assurance that we will achieve such improvements. To the extent the number of new subscribers does not decrease as a percentage of our total subscribers or we do not reduce the percentage of our revenue used to support new investments, we will continue to incur losses and require a significant amount of cash to fund our operations, which in turn could have a material adverse effect on our business, cash flows, operating results and financial condition.

Our inside sales channel depends on third parties and other sources that we do not control to generate leads that we then convert into subscribers. If our third-party partners and lead generators are not successful in generating leads for our inside sales channel, if the quality of those leads deteriorates, or if we are unable to generate leads through other sources that are cost effective and can be successfully converted into subscribers, it could have a material adverse effect on our financial condition, cash flows or results of operations.

Also, our subscribers consist largely of homeowners, who are subject to economic, credit, financial and other risks, as applicable. These risks could materially and adversely affect a subscriber's ability to make required payments to us on a timely basis. Any such decrease or delay in subscriber payments may have a material adverse effect on us. As a result of financial distress, subscribers may apply for relief under bankruptcy and other laws relating to creditors' rights. In addition, subscribers may be subject to involuntary application of such bankruptcy and other laws relating to creditors' rights. The bankruptcy of a subscriber could adversely affect our ability to collect payments, to protect our rights and otherwise realize the value of our contract with the subscriber. This may occur as a result of, among other things, application of the automatic stay, delays and uncertainty in the bankruptcy process and potential rejection of such subscriber contracts. Our subscribers' inability to pay, whether as a result of economic or credit issues, bankruptcy or otherwise, could have a material adverse effect on our financial condition, cash flows or results of operations.

Our business is subject to economic and demographic factors that may negatively impact our results of operations.

Our business is generally dependent on national, regional and local economic conditions.

Historically, both the U.S. and worldwide economies have experienced cyclical economic downturns, some of which have been prolonged and severe. These economic downturns have generally coincided with, and contributed to, increased energy costs, concerns about inflation, slower economic activity, decreased consumer confidence and spending, reduced corporate profits and capital spending, adverse business conditions and liquidity concerns. These conditions and concerns result in a decline in business and consumer confidence and increased unemployment.

Where disposable income available for discretionary spending is reduced (due to, for example, higher housing, energy, interest or other costs or where the perceived wealth of subscribers has decreased) and disruptions in the financial markets adversely impact the availability and cost of credit, our business may experience increased attrition rates, a reduced ability to originate new subscribers and reduced consumer demand.

For instance, recoveries in the housing market increase the occurrence of relocations, which may lead to subscribers disconnecting service and not contracting with us in their new homes. We cannot predict the timing or duration of any economic slowdown or the timing or strength of a subsequent economic recovery, worldwide or in the specific markets where our subscribers are located.

Furthermore, any deterioration in new construction and sales of existing single-family homes could reduce opportunities to originate new subscribers and increase attrition among our existing subscribers. Such downturns in the economy in general, and the housing market in particular, may negatively affect our business.

In addition, unfavorable shifts in population and other demographic factors may cause us to lose subscribers as people migrate to markets where we have little or no presence, or if the general population shifts into a less desirable age, geographic or other demographic group from our business perspective.

We depend on a limited number of suppliers to provide our Products and Services. Our product suppliers, in turn, rely on a limited number of suppliers to provide significant components and materials used in our products. A change in our existing preferred supply arrangements or a material interruption in supply of products or third-party services could increase our costs or prevent or limit our ability to accept and fill orders for our products and services.

We obtain important components of our systems from several suppliers. Should such suppliers cease to manufacture the products we purchase from them or become unable to timely deliver these products in accordance with our requirements, or should such other suppliers choose not to do business with us, we may be required to locate alternative suppliers. We also rely on a number of sole or limited source suppliers for critical components of our solution. Replacing sole source suppliers or our limited source suppliers could require the expenditure of significant resources and time to redesign and resource these products. In addition, any financial or other difficulties our suppliers face may have negative effects on our business. We may be unable to locate alternate suppliers on a timely basis or to negotiate the purchase of control panels or other equipment on favorable terms, if at all. In addition, our equipment suppliers, in turn, depend upon a limited number of outside unaffiliated suppliers for key components and materials used in our control panels and other equipment. If any of these suppliers cease to or are unable to provide components and materials in sufficient quantity and of the requisite quality, especially during our summer selling season when a large percentage of our new subscriber originations occur, and if there are not adequate alternative sources of supply, we could experience significant delays in the supply of equipment or incur additional costs to secure our supply needs through other sources. Any such delay in the supply of equipment of the requisite quality could adversely affect our ability to originate subscribers and cause our subscribers not to continue, renew or upgrade their contracts or to choose not to purchase such products or services from us. This would result in delays in or loss of future revenues and could have a material adverse effect on our business, financial condition, cash flows or results of operations. Also, if previously installed components and materials were found to be defective, we might not be able to recover the costs associated with the recall, repair or replacement of such products, across our installed subscriber base, and the diversion of personnel and other resources to address such issues could have a material adverse effect on our financial condition, cash flows or results of operations.

Macroeconomic pressures in the markets in which we operate may adversely affect consumer spending and our financial results.

Our revenues and margins are dependent on various economic factors, including rates of inflation, energy costs, consumer attitudes toward discretionary spending, currency fluctuations, and other macro-economic factors which may impact consumer spending and ultimately, our financial results. In fact, inflation has recently reached levels not experienced in decades. Consumers may be affected by such factors in various ways, including:

- whether or not they make a purchase;
- their choice of smart home service provider or price-point;
- how frequently they upgrade or replace their devices; and
- their appetite to purchase adjacent products or services from us (for example, smart energy or Smart Insurance).

Real GDP growth, consumer confidence, pandemics, inflation (including wage inflation), employment levels (including as a result of an increasingly competitive job market), oil prices, interest rates, tax rates, availability of consumer financing, housing market conditions, foreign currency exchange rate fluctuations, costs for items such as fuel and food and other macroeconomic trends can adversely affect consumer demand for our Products and Services. Geopolitical tensions around the world can also impact macroeconomic conditions and could have a material adverse impact on our financial results. In addition to general levels of inflation, we are also subject to risks of specific inflationary pressures on product prices due to, for example, high consumer demand, component shortages and supply chain disruptions. We may be unable to increase our prices sufficiently to offset these pressures.

Furthermore, increases in compensation, wage pressure, and other expenses for our employees, may adversely affect our financial results. These cost increases may be the result of inflationary pressures that could further reduce our sales or profitability. Increases in other operating costs, including changes in energy prices and lease and utility costs, may increase our cost of products sold, or operating, selling and general and administrative expenses. Our competitive price model and pricing pressures in the industry may inhibit our ability to reflect these increased costs in the prices of our Products and Services, in which case such increased costs could have a material adverse effect on our business, financial condition, and results of operations.

As a result of one or more factors listed above, both existing and potential customers may experience deterioration of their financial resources, which could result in them delaying or canceling plans to install our Products. Our partners or vendors could experience similar negative conditions, which could impact their ability to fulfill their financial obligations to us. Future weakness in the global economy could adversely affect our business, results of operations, financial condition and cash flows. Unfavorable changes in general economic conditions, including recessions, economic slowdowns, sustained high levels of unemployment, and rising prices or the perception by consumers of weak or weakening economic conditions, may reduce our customers' disposable income or result in fewer individuals engaging in discretionary spending.

We rely on certain third-party providers of licensed software and services integral to the operations of our business.

Certain aspects of the operation of our business depend on third-party software and service providers. We rely on certain software technology that we license from third parties and use in our products and services to perform key functions and provide critical functionality. For example, our subscribers with Go! Control panels utilize technology hosted by Alarm.com to access their systems remotely through a smart phone application or through a web interface. With regard to licensed software technology, we are, to a certain extent, dependent upon the ability of third parties to maintain, enhance or develop their software and services on a timely and cost-effective basis, to meet industry technological standards and innovations to deliver software and services that are free of defects or security vulnerabilities, and to ensure their software and services are free from disruptions or interruptions. Further, these third-party services and software licenses may not always be available to us on commercially reasonable terms or at all.

If our agreements with third-party software or services vendors are not renewed or the third-party software or services become obsolete, fail to function properly, are incompatible with future versions of our products or services, are defective or otherwise fail to address our needs, there is no assurance that we would be able to replace the functionality provided by the third-party software or services with software or services from alternative providers. Furthermore, even if we obtain licenses to alternative software or services that provide the functionality we need, we may be required to replace hardware installed at our monitoring stations and at our subscribers' homes, including security system control panels and peripherals, to affect our integration of or migration to alternative software products. Any of these factors could have a material adverse effect on our financial condition, cash flows or results of operations.

We are highly dependent on the proper and efficient functioning of our computer, data backup, information technology, telecom and processing systems, platform and our redundant monitoring stations.

Our ability to keep our business operating is highly dependent on the proper and efficient operation of our computer systems, information technology systems, telecom systems, data-processing systems and subscriber software platform. Although we have redundant central monitoring facilities, backup computer and power systems and disaster recovery tests, if there is a catastrophic event, natural disaster, security breach, negligent or intentional act by an employee or other extraordinary event, we may be unable to provide our subscribers with uninterrupted services.

Furthermore, because computer and data backup and processing systems are susceptible to malfunctions and interruptions, we cannot guarantee that we will not experience service failures in the future. A significant or large-scale malfunction or interruption of any computer or data backup and processing system could adversely affect our ability to keep our operations running efficiently and respond to alarm system signals. We do not have a backup system for our subscriber software platform. If a malfunction results in a wider or sustained disruption, it could have a material adverse effect on our reputation, business, financial condition, cash flows or results of operations.

We are subject to unionization and labor and employment laws and regulations, which could increase our costs and restrict our operations in the future.

As we continue to grow and enter different regions, unions may make attempts to organize all or part of our employee base. If all, or even a part of, our workforce were to become unionized, and the terms of the collective bargaining agreement were significantly different from our current compensation arrangements, it could increase our costs and adversely impact our profitability. Additionally, responding to such organization attempts distracts our management and results in increased legal and other professional fees; and, labor union contracts could put us at increased risk of labor strikes and disruption of our operations.

Our business is subject to a variety of employment laws and regulations and may become subject to additional such requirements in the future. Although we believe we are in material compliance with applicable employment laws and regulations, in the event of a change in requirements, we may be required to modify our operations or to utilize resources to maintain compliance with such laws and regulations. Moreover, we may be subject to various employment-related claims, such as individual or class actions or government enforcement actions relating to alleged employment discrimination, employee classification and related withholding, wage-hour disputes, labor standards or healthcare and benefit issues. Our failure to comply with applicable employment laws and regulations and related legal actions against us may affect our ability to compete or have a material adverse effect on our business, financial condition, cash flows or results of operations.

The loss of our senior management could disrupt our business.

The success of our business depends upon the skills, experience and efforts of our key executive personnel and employees. Members of our senior management have been and will continue to be integral to the continuing evolution of our business. There is significant competition for executive personnel with experience in the smart home and security industry and

our sales channels. As a result of this need and the competition for a limited pool of industry-based executive experience, we may not be able to retain our existing senior management. For example, in May 2022, our Chief Financial Officer left the Company to pursue another opportunity. In addition, we may not be able to fill new positions or vacancies created by expansion or turnover. We do not and do not currently expect to have in the future, "key person" insurance on the lives of any member of our senior management. The loss of any member of our senior management team without retaining a suitable replacement could have a material adverse effect on our business, financial condition, cash flows or results of operations.

If we are unable to acquire necessary intellectual property or adequately protect our intellectual property, we could be competitively disadvantaged.

Our intellectual property, including our patents, trademarks, copyrights, trade secrets and other proprietary rights, constitutes a significant part of our value. Our success depends, in part, on our ability to protect our proprietary technology, brands and other intellectual property against dilution, infringement, misappropriation and competitive pressure by defending our intellectual property rights. To protect our intellectual property rights, we rely on a combination of patent, trademark, copyright and trade secret laws of the United States and other countries and a combination of confidentiality procedures, contractual provisions and other methods, all of which offer only limited protection. In addition, we make efforts to acquire rights to intellectual property necessary for our operations. However, there can be no assurance that these measures will be successful in any given case, particularly in those countries where the laws do not protect our proprietary rights as fully as in the United States.

We own a portfolio of issued U.S. patents and pending U.S. and foreign patent applications that relate to a variety of smart home, security and wireless Internet technologies utilized in our business. We may file additional patent applications in the future in the United States and internationally. The process of obtaining patent protection is expensive and time-consuming, and we may not be able to prosecute all necessary or desirable patent applications at a reasonable cost or in a timely manner all the way through to the successful issuance of a patent. We may choose not to seek patent protection for certain innovations and may choose not to pursue patent protection in certain jurisdictions. In addition, issuance of a patent does not guarantee that we have an absolute right to practice the patented invention.

If we fail to acquire the necessary intellectual property rights or adequately protect or assert our intellectual property rights, competitors may dilute our brands or manufacture and market similar products and services or convert our subscribers, which could adversely affect our market share and results of operations. We may not receive patents or trademarks for all our pending patent and trademark applications, and existing or future patents or licenses may not provide competitive advantages for our products and services. Furthermore, it is possible that our patent applications may not issue as granted patents, that the scope of our issued patents will be insufficient or not have the coverage originally sought, or that our issued patents will not provide us with any competitive advantages. Our competitors may challenge, invalidate or avoid the application of our existing or future intellectual property rights that we obtain or license. In addition, patent rights may not prevent our competitors from developing, using or selling products or services that are similar to or address the same market as our products and services. The loss of protection for our intellectual property rights could reduce the market value of our brands and our products and services, reduce new subscriber originations or upgrade sales to existing subscribers, lower our profits, and could have a material adverse effect on our business, financial condition, cash flows or results of operations.

Our policy is to require our employees that were hired to develop material intellectual property included in our products to execute written agreements in which they assign to us their rights in potential inventions and other intellectual property created within the scope of their employment (or, with respect to consultants and service providers, their engagement to develop such intellectual property), but we cannot assure you that we have adequately protected our rights in every such agreement or that we have executed an agreement with every such party. Finally, in order to benefit from the protection of patents and other intellectual property rights, we must monitor and detect infringement, misappropriation or other violations of our intellectual property rights and pursue infringement, misappropriation or other claims in certain circumstances in relevant jurisdictions, all of which are costly and time-consuming. As a result, we may not be able to obtain adequate protection or to effectively enforce our issued patents or other intellectual property rights.

In addition to patents and registered trademarks, we rely on trade secret rights, copyrights and other rights to protect our unpatented proprietary intellectual property and technology. Despite our efforts to protect our proprietary technologies and our intellectual property rights, unauthorized parties, including our employees, consultants, service providers or subscribers, may attempt to copy aspects of our products or obtain and use our trade secrets or other confidential information. We generally enter into confidentiality agreements with our employees and third parties that have access to our material confidential information, and generally limits access to and distribution of our proprietary information and proprietary technology through certain procedural safeguards. These agreements may not effectively prevent unauthorized use or disclosure of our intellectual property or technology, could be breached or otherwise may not provide meaningful protection for our trade secrets and know-how

related to the design, manufacture or operation of our products and may not provide an adequate remedy in the event of unauthorized use or disclosure. We cannot assure you that the steps taken by us will prevent misappropriation of our intellectual property or technology or infringement of our intellectual property rights. Competitors may independently develop technologies or products that are substantially equivalent or superior to our solutions or that inappropriately incorporate our proprietary technology into their products or they may hire our former employees who may misappropriate our proprietary technology or misuse our confidential information. In addition, if we expand the geography of our service offerings, the laws of some foreign countries where we may do business in the future do not protect intellectual property rights and technology to the same extent as the laws of the United States, and these countries may not enforce these laws as diligently as government agencies and private parties in the United States.

From time to time, legal action by us may be necessary to enforce our patents and other intellectual property rights, to protect our trade secrets, to determine the validity and scope of the intellectual property rights of others or to defend against claims of infringement, misappropriation or invalidity. Such litigation could result in substantial costs and diversion of resources and could negatively affect our business, operating results and financial condition. If we are unable to protect our intellectual property and technology, we may find ourselves at a competitive disadvantage to others who need not incur the additional expense, time and effort required to create the innovative products that have enabled us to be successful to date.

From time to time, we are subject to claims for infringing, misappropriating or otherwise violating the intellectual property rights of others, and will be subject to such claims in the future, which could have an adverse effect on our business and operations.

We cannot be certain that our products and services or those of third parties that we incorporate into our offerings do not and will not infringe the intellectual property rights of others. Many of our competitors and others may now and in the future have significantly larger and more mature patent portfolios than we have. From time to time, we are subject to claims based on allegations of infringement, misappropriation or other violations of the intellectual property rights of others, including litigation brought by special purpose or so-called “non-practicing” entities that focus solely on extracting royalties and settlements by enforcing intellectual property rights and against whom our patents may therefore provide little or no deterrence or protection.

Regardless of their merits, intellectual property claims divert the attention of our personnel and are often time- consuming and expensive. In addition, to the extent claims against us are successful, we may have to pay substantial monetary damages (including, for example, treble damages if we are found to have willfully infringed patents and increased statutory damages if we are found to have willfully infringed copyrights) or discontinue or modify certain products or services that are found to infringe another party’s rights or enter into licensing agreements with costly royalty payments. Defending against claims of infringement, misappropriation or other violations or being deemed to be infringing, misappropriating or otherwise violating the intellectual property rights of others could impair our ability to innovate, develop, distribute and sell our current and planned products and services. We have in the past and will continue in the future to seek one or more licenses to continue offering certain products or services, which could have a material adverse effect on our business, financial condition, cash flows or results of operations. For example, we are one of several respondents in a patent matter pending before the U.S. International Trade Commission seeking an injunction against the continued importation of certain of our hardware. We have also been named as a defendant in related U.S. District Court cases alleging patent infringement and in which the plaintiff seeks unspecified money damages. We believe that the allegations in each of these matters are without merit and intend to vigorously defend against the claims; however, there can be no assurance regarding the ultimate outcome of these matters.

In some cases, we indemnify our channel partners against claims that our products infringe, misappropriate or otherwise violate the intellectual property rights of third parties. Such claims could arise out of our indemnification obligation with our channel partners and end-subscribers, whom we typically indemnify against such claims. Furthermore, because of the substantial amount of discovery required in connection with intellectual property litigation, there is a risk that some of our confidential information could be compromised by the discovery process. Although claims of this kind have not materially affected our business to date, there can be no assurance material claims will not arise in the future.

Although third parties may offer a license to their technology or other intellectual property, the terms of any offered license may not be acceptable, and the failure to obtain a license or the costs associated with any license could cause our business, financial condition and results of operations to be materially and adversely affected. In addition, some licenses may be non-exclusive, and therefore our competitors may have access to the same technology licensed to us. If a third party does not offer us a license to its technology or other intellectual property on reasonable terms, or at all, we could be enjoined from continued use of such intellectual property. As a result, we may be required to develop alternative, non-infringing technology, which could require significant time (during which we could be unable to continue to offer our affected products, subscriptions or services), effort, and expense and may ultimately not be successful. Furthermore, a successful claimant could secure a judgment or we may agree to a settlement that prevents us from distributing certain products, providing certain subscriptions or

performing certain services or that requires us to pay substantial damages, royalties or other fees. Any of these events could harm our business, financial condition and results of operations.

Our solutions contain third-party open-source software components, and failure to comply with the terms of the underlying open-source software licenses could restrict our ability to sell our products and subscriptions.

Certain of our solutions contain software modules licensed to us by third-party authors under "open-source" licenses. The use and distribution of open-source software may entail greater risks than the use of third-party commercial software, as open-source licensors generally do not provide warranties or other contractual protections regarding infringement claims or the quality of the code.

Some open-source licenses contain requirements that we make available the source code for modifications or derivative works we create based upon the type of open-source software we use. If we combine our proprietary software with open-source software in a certain manner, we could, under certain open-source licenses, be required to release the source code of our proprietary software to the public. This would allow our competitors to create similar products with lower development effort and time and ultimately could result in a loss of sales for us.

Although we monitor our use of open-source software and try to ensure that none is used in a manner that would require us to disclose our proprietary source code or that would otherwise breach the terms of an open- source agreement, the terms of many open-source licenses have not been interpreted by U.S. courts, and there is a risk that these licenses could be construed in ways that could impose unanticipated conditions or restrictions on our ability to commercialize solutions incorporating such software. Moreover, we cannot assure you that our processes for controlling our use of open-source software in our solutions will be effective. From time to time, we may face claims from third parties asserting ownership of, or demanding release of, the open-source software or derivative works that we developed using such software (which could include our proprietary source code), or otherwise seeking to enforce the terms of the applicable open-source license. These claims could result in litigation. If we are held to have breached the terms of an open-source software license, we could be required to seek licenses from third parties to continue offering our products on terms that are not economically feasible, to re-engineer our products, to discontinue the sale of our products if re -engineering could not be accomplished on a timely or cost-effective basis, or to make generally available, in source-code form, our proprietary code, any of which could adversely affect our business, results of operations and financial condition.

Product or service defects or shortfalls in subscriber service could have an adverse effect on us.

Our inability to provide products or services in a timely manner or defects within our products or services, including products and services of third parties that we incorporate into our offerings, could adversely affect our reputation and subject us to claims or litigation. In addition, our inability to meet subscribers' expectations with respect to our products, services or subscriber service could increase attrition rates or affect our ability to generate new subscribers and thereby have a material adverse effect on our business, financial condition, cash flow or results of operations.

We are exposed to greater risk of liability for employee acts or omissions or system failure, than may be inherent in other businesses.

The nature of the products and services we provide potentially exposes us to greater risks of liability for employee acts or omissions or system failures than may be inherent in other businesses. If subscribers believe that they incurred losses as a result of our action or inaction, the subscribers (or their insurers) have and could in the future bring claims against us. Although our service contracts contain provisions limiting our liability for such claims, no assurance can be given that these limitations will be enforced, and the costs of such litigation or the related settlements or judgments could have a material adverse effect on our financial condition. In addition, there can be no assurance that we are adequately insured for these risks. Certain of our insurance policies and the laws of some states may limit or prohibit insurance coverage for punitive or certain other types of damages or liability arising from gross negligence. If significant uninsured damages are assessed against us, the resulting liability could have a material adverse effect on our business, financial condition, cash flows or results of operations.

Future transactions could pose risks.

We frequently evaluate strategic opportunities both within and outside our existing lines of business. We expect from time to time to pursue additional business opportunities and may decide to eliminate or acquire certain businesses, products or services or expand into new channels or industries. Such acquisitions or dispositions could be material. For example in 2020 our parent company consummated a merger with Mosaic Acquisition Corp. There are various risks and uncertainties associated with potential acquisitions and divestitures, including: (1) availability of financing; (2) difficulties related to integrating

previously separate businesses into a single unit, including product and service offerings, distribution and operational capabilities and business cultures; (3) general business disruption; (4) managing the integration process; (5) diversion of management's attention from day-to-day operations, assumption of costs and liabilities of an acquired business, including unforeseen or contingent liabilities or liabilities in excess of the amounts estimated; (7) failure to realize anticipated benefits and synergies, such as cost savings and revenue enhancements; (8) potentially substantial costs and expenses associated with acquisitions and dispositions; (9) potential increases in compliance costs; (10) failure to retain and motivate key employees; and (11) difficulties in applying our internal control over financial reporting and disclosure controls and procedures to an acquired business. Any or all of these risks and uncertainties, individually or collectively, could have material adverse effect on our business, financial condition, cash flow or results of operations. We can offer no assurance that any such strategic opportunities will prove to be successful. Among other negative effects, our pursuit of such opportunities could cause our cost of investment in new subscribers to grow at a faster rate than our recurring revenue and fees collected at the time of installation. Additionally, any new product or service offerings could require developmental investments or have higher cost structures than our current arrangements, which could reduce operating margins and require more working capital. Moreover, expansion into any new industry or channel could result in higher compliance costs as we may become subject to laws and regulations to which we are not currently subject.

Goodwill and other identifiable intangible assets represent a significant portion of our total assets, and we may never realize the full value of our intangible assets.

As of December 31, 2022, we had approximately $0.8 billion of goodwill and identifiable intangible assets. Goodwill and other identifiable intangible assets are recorded at fair value on the date of acquisition. In addition, as of December 31, 2022, we had approximately $1.5 billion of capitalized contract costs, net. We review such assets for impairment at least annually. Impairment may result from, among other things, deterioration in performance, adverse market conditions, adverse changes in applicable laws or regulations, including changes that restrict the activities of or affect the products and services we offer, challenges to the validity of certain intellectual property, reduced sales of certain products or services incorporating intellectual property, increased attrition and a variety of other factors. The amount of any quantified impairment must be expensed immediately as a charge to results of operations. Depending on future circumstances, it is possible that we may never realize the full value of our intangible assets. Any future determination of impairment of goodwill or other identifiable intangible assets could have a material adverse effect on our financial position and results of operations.

Insurance policies may not cover all of our operating risks and a casualty loss beyond the limits of our coverage could negatively impact our business.

We are subject to all of the operating hazards and risks normally incidental to the provision of our products and services and business operations. In addition to contractual provisions limiting our liability to subscribers and third parties, we maintain insurance policies in such amounts and with such coverage and deductibles as required by law and that we believe are reasonable and prudent. See "—We are exposed to greater risk of liability for employee acts or omissions or system failure than may be inherent in other businesses." Nevertheless, such insurance may not be adequate to protect us from all the liabilities and expenses that may arise from claims for personal injury, death or property damage arising in the ordinary course of our business and current levels of insurance may not be able to be maintained or available at economical prices. If a significant liability claim is brought against us that is not covered by insurance, then we may have to pay the claim with our own funds, which could have a material adverse effect on our business, financial condition, cash flows or results of operations.

Our business is concentrated in certain markets.

Our business is concentrated in certain markets. As of December 31, 2022, subscribers in Texas and California represented approximately 20% and 10%, respectively, of our total subscriber base. Accordingly, our business and results of operations are particularly susceptible to adverse economic, weather and other conditions in such markets and in other markets that may become similarly concentrated.

If the insurance industry changes its practice of providing incentives to homeowners for the use of residential electronic security services, we may experience a reduction in new subscriber growth or an increase in our subscriber attrition rate.

Some insurers provide a reduction in premium rates for insurance policies written on homes that have monitored electronic security systems. There can be no assurance that insurance companies will continue to offer these rate reductions. If these incentives were reduced or eliminated, homeowners who otherwise may not feel the need for our products or services would be removed from our potential subscriber pool, which could hinder the growth of our business, and existing subscribers may choose to cancel or not renew their contracts, which could increase our attrition rates. In either case, our results of operations and growth prospects could be adversely affected.

We have recorded net losses in the past and we may experience net losses in the future.

We have recorded consolidated net losses of $51.7 million, $305.6 million, and $603.3 million in the years ended December 31, 2022, 2021 and 2020, respectively. We may likely continue to record net losses in future periods.

The nature of our business requires the application of complex revenue and expense recognition rules and the current legislative and regulatory environment affecting generally accepted accounting principles is uncertain. Significant changes in current principles could affect our financial statements going forward and changes in financial accounting standards or practices may cause adverse, unexpected financial reporting fluctuations and harm our operating results.

The accounting rules and regulations that we must comply with are complex and subject to interpretation by the Financial Accounting Standards Board ("FASB"), the SEC and various bodies formed to promulgate and interpret appropriate accounting principles. Recent actions and public comments from the FASB and the SEC have focused on the integrity of financial reporting and internal controls. In addition, many companies' accounting policies are being subject to heightened scrutiny by regulators and the public. Further, the accounting rules and regulations are continually changing in ways that could materially impact our financial statements. For example, in May 2014, the FASB issued ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606), as amended, which superseded nearly all existing revenue recognition guidance.

We are subject to various risks in connection with the ongoing settlement administration process involving the FTC, and may be subject to FTC Actions in the future.

As previously disclosed, in 2019, we received a civil investigative demand from the staff of the FTC concerning potential violations of the Fair Credit Reporting Act and the "Red Flags Rule" thereunder, and the Federal Trade Commission Act. In April 2021, the Company entered into a settlement with the FTC that resolved this investigation. As part of this settlement, which was approved by a federal court on May 3, 2021, the Company paid a total of $20 million to the United States and agreed to implement various additional compliance-related measures.

We are currently in the process of administering the terms of this settlement, which include multiple undertakings by the Company. The Company has been endeavoring to comply with these undertakings and the demands on management and costs incurred in connection with these undertakings may be substantial. We have been engaged in ongoing discussions with the staff of the FTC regarding the Company's compliance with the terms of the settlement. In addition, in accordance with the settlement, the Company is required to undergo biennial assessments by an independent third-party assessor who will review the Company's compliance programs and provide a report to the FTC staff on our ongoing compliance with the settlement.

In the context of the regulatory inquiries discussed above, the Company has hired a Chief Ethics and Compliance Officer (CECO) who, under the oversight of the Audit Committee, has led the Company's efforts to develop and implement a compliance program built upon a control architecture that is comprised of preventative and detective controls that are designed to reinforce our most critical processes. The Company has also formed a Corporate Compliance Committee, which provides management with clear line of sight reporting on the performance of the compliance program and areas for continuous improvement. If these and other measures that the Company may take in the future are not successful, it could adversely affect our business, reputation, financial condition, and results of operations.

The Company completed its first biennial assessment during 2022 and received a report with no findings of non-compliance by the assessor. In connection with any subsequent assessment performed pursuant to the settlement, the assessor may identify deficiencies in the Company's efforts to comply with the settlement and, should the FTC at any time make a determination that we are not in full compliance with the settlement, it could take further action against the Company such as seeking judicial remedies against us for any noncompliance, and we could be subject to additional sanctions and restrictions on our operations, which may seriously harm our financial position and results of operations and lead to other materially adverse consequences for our business. In addition, the filing of an application with the court against us for noncompliance with the settlement could lead to regulatory actions by other regulatory agencies or private litigation against us, could impact our ability to obtain regulatory approvals necessary to carry out our present or future plans and operations, and could result in negative publicity that might adversely affect our business.

Risks Relating to Our Indebtedness

Our substantial indebtedness could adversely affect our financial condition.

We have substantial indebtedness. Net cash interest paid for the years ended December 31, 2022 and 2021 related to our

indebtedness (excluding finance or capital leases) totaled $143.8 million and $170.7 million, respectively. Our net cash flows from operating activities for the years ended December 31, 2022 and 2021, before these interest payments, were cash inflow of $183.2 million and cash inflow of $253.2 million, respectively. Accordingly, our net cash provided by operating activities were sufficient to cover interest payments for the years ended December 31, 2022 and 2021.

As of December 31, 2022, we had approximately $2.7 billion aggregate principal amount of total debt outstanding, all of which was issued or borrowed by APX and guaranteed by Vivint Smart Home, Inc., APX Group Holdings, Inc. and by substantially all of APX's domestic subsidiaries, $1.9 billion of which was secured debt, which requires significant interest and principal payments. Subject to the limits contained in the agreements governing our existing indebtedness, we may be able to incur substantial additional debt from time to time to finance working capital, capital expenditures, investments or acquisitions, or for other purposes. If we do so, the risks related to our high level of debt could increase. Specifically, our high level of debt could have important consequences, including the following:

- making it more difficult for us to satisfy our obligations with respect to the notes and our other debt;
- limiting our ability to obtain additional financing to fund future working capital, capital expenditures, acquisitions or other general corporate requirements;
- requiring a substantial portion of our cash flows to be dedicated to debt service payments instead of other purposes, thereby reducing the amount of cash flows and future borrowings available for working capital, capital expenditures (including subscriber acquisition costs), acquisitions and other general corporate purposes;
- increasing our vulnerability to general adverse economic and industry conditions;
- exposing us to the risk of increased interest rates as certain of our borrowings are at variable rates of interest;
- limiting our flexibility in planning for and reacting to changes in the industry in which we compete;
- placing us at a disadvantage compared to other, less leveraged competitors; and
- increasing our cost of borrowing.

We may be able to incur significant additional indebtedness in the future.

Despite our current level of indebtedness, we may be able to incur substantially more debt and enter into other transactions, which could further exacerbate the risks to our financial condition described above. As of December 31, 2022, we had $358.9 million of availability under the revolving credit facility (after giving effect to $11.1 million of letters of credit outstanding and no borrowings). Moreover, although the debt agreements governing our existing indebtedness contain restrictions on the incurrence of additional indebtedness and entering into certain types of other transactions, these restrictions are subject to a number of qualifications and exceptions. Additional indebtedness incurred in compliance with these restrictions could be substantial. These restrictions also do not prevent us from incurring obligations, such as trade payables, that do not constitute indebtedness as defined under our debt instruments. To the extent new debt is added to our current debt levels, the substantial leverage risks described in the previous risk factor would increase.

In addition, the exceptions to the restrictive covenants permit us to enter into certain other transactions. Accordingly, subject to market conditions, we opportunistically seek to access the credit and capital markets from time to time, whether to refinance or retire our existing indebtedness, for the investment in and operation of our business, or for other general corporate purposes. Such transactions may take the form of new or amended senior secured credit facilities, including term or revolving loans, secured or unsecured notes and/or other instruments or indebtedness. These transactions may result in an increase in our total indebtedness, secured indebtedness and/or debt service costs.

Our variable rate indebtedness subjects us to interest rate risk, which could cause our indebtedness service obligations to increase significantly.

Borrowings under our Credit Agreement are at variable rates of interest and expose us to interest rate risk. If interest rates increase, our debt service obligations on the variable rate indebtedness would increase even though the amount borrowed remained the same, and our net income and cash flows, including cash available for servicing our indebtedness, would correspondingly decrease. Our variable rate indebtedness uses LIBOR as a benchmark for establishing the interest rate. LIBOR is the subject of recent national, international and other regulatory guidance and proposals for reform. In the event that LIBOR is entirely phased out as is currently expected, the Credit Agreement provides that the Company and the administrative agent thereunder may amend the Credit Agreement to replace the LIBOR definition included therein with a successor rate based on prevailing market convention. In the event no such successor rate has yet been established as market convention, the Company and the administrative agent under the Credit Agreement may select a different rate which is reasonably practicable for the administrative agent to administer subject to receiving consent, within 15 business days of notice of such change, from lenders holding at least a majority of the aggregate principal amount of commitments and loans then outstanding under the Credit

Agreement. The consequences of these developments cannot be entirely predicted, but could include an increase in the interest cost of our variable rate indebtedness.

We may be unable to service our indebtedness.

Our ability to make scheduled payments on and to refinance our indebtedness, including the notes, depends on and is subject to our financial and operating performance, which in turn is affected by general and regional economic, financial, competitive, business and other factors beyond our control, including the availability of financing in the international banking and capital markets. We cannot assure you that our business will generate sufficient cash flow from operations or that future borrowings will be available to us in an amount sufficient to enable us to service our debt, including the notes, to refinance our debt or to fund our other liquidity needs (including funding subscriber acquisition costs).

If we are unable to meet our debt service obligations or to fund our other liquidity needs, we will need to restructure or refinance all or a portion of our debt, including the notes, which could cause us to default on our debt obligations and impair our liquidity. Any refinancing of our indebtedness could be at higher interest rates and may require us to comply with more onerous covenants that could further restrict our business operations.

Moreover, in the event of a default, the holders of our indebtedness, including the notes, could elect to declare all the funds borrowed to be due and payable, together with accrued and unpaid interest. The lenders under our revolving credit facility could also elect to terminate their commitments thereunder, cease making further loans, and institute foreclosure proceedings against their collateral, and we could be forced into bankruptcy or liquidation. If we breach our covenants under our revolving credit facilities, we would be in default under the applicable credit facility. The lenders could exercise their rights, as described above, and we could be forced into bankruptcy or liquidation.

The debt agreements governing our existing indebtedness impose significant operating and financial restrictions on us and our subsidiaries, which may prevent us from capitalizing on business opportunities.

The debt agreements governing our existing indebtedness impose significant operating and financial restrictions on us. These restrictions limit our ability to, among other things:

- incur or guarantee additional debt or issue disqualified stock or preferred stock;
- pay dividends and make other distributions on, or redeem or repurchase, capital stock;
- make certain investments;
- incur certain liens;
- enter into transactions with affiliates;
- merge or consolidate;
- materially change the nature of our business;
- amend, prepay, redeem or purchase certain subordinated debt;
- enter into agreements that restrict the ability of certain subsidiaries to make dividends or other payments to the bond issuer; and
- transfer or sell assets.

In addition, our revolving credit facility requires that we maintain a consolidated first lien net leverage ratio of not more than 5.95 to 1.0 on the last day of each applicable test period.

As a result of these restrictions, we are limited as to how we conduct our business and we may be unable to raise additional debt or equity financing to compete effectively or to take advantage of new business opportunities. The terms of any future indebtedness we may incur could include more restrictive covenants. We cannot assure you that we will be able to maintain compliance with these covenants in the future and, if we fail to do so, that we will be able to obtain waivers from the lenders and/or amend the covenants.

Our failure to comply with the restrictive covenants described above as well as other terms of our existing indebtedness and/or the terms of any future indebtedness from time to time could result in an event of default, which, if not cured or waived, could result in our being required to repay these borrowings before their due date. If we are forced to refinance these borrowings on less favorable terms or cannot refinance these borrowings, our results of operations and financial condition could be adversely affected.

Our failure to comply with the agreements relating to our outstanding indebtedness, including as a result of events beyond our control, could result in an event of default that could materially and adversely affect our results of operations and our financial condition.

If there were an event of default under any of the agreements relating to our outstanding indebtedness, the holders of the defaulted debt could cause all amounts outstanding with respect to that debt to be due and payable immediately. We cannot assure you that our assets or cash flows would be sufficient to fully repay borrowings under our outstanding debt instruments if accelerated upon an event of default. Further, if we are unable to repay, refinance or restructure our indebtedness under our secured debt, the holders of such debt could proceed against the collateral securing that indebtedness. In addition, any event of default or declaration of acceleration under one debt instrument could also result in an event of default under one or more of our other debt instruments.

Risks Relating to Ownership of Our Class A Common Stock

Our stock price may change significantly and you could lose all or part of your investment as a result.

The closing price of our Class A common stock during 2022 ranged from $3.45 to $11.91 per share and is likely to continue to be volatile. The stock market recently has experienced extreme volatility. This volatility often has been unrelated or disproportionate to the operating performance of particular companies. You may not be able to resell your shares at an attractive price due to a number of factors such as those listed in "—Risks Relating to Our Business and Industry" and the following:

- results of operations that vary from the expectations of securities analysts and investors;
- results of operations that vary from those of our competitors;
- changes in expectations as to our future financial performance, including financial estimates and investment recommendations by securities analysts and investors;
- declines in the market prices of stocks generally;
- strategic actions by us or our competitors;
- announcements by us or our competitors of significant contracts, acquisitions, joint ventures, other strategic relationships or capital commitments;
- any significant change in our management;
- changes in general economic or market conditions or trends in our industry or markets;
- changes in business or regulatory conditions, including new laws or regulations or new interpretations of existing laws or regulations applicable to our business;
- future sales of our common stock or other securities;
- investor perceptions or the investment opportunity associated with our common stock relative to other investment alternatives;
- the public's response to press releases or other public announcements by us or third parties, including our filings with the SEC;
- litigation involving us, our industry, or both, or investigations by regulators into our operations or those of our competitors;
- guidance, if any, that we provide to the public, any changes in this guidance or our failure to meet this guidance;
- the development and sustainability of an active trading market for our common stock;
- actions by institutional or activist stockholders;
- changes in accounting standards, policies, guidelines, interpretations or principles; and
- other events or factors, including those resulting from natural disasters, acts of war (including the recent invasion of Ukraine by Russia), acts of terrorism or responses to these events.

These broad market and industry fluctuations may adversely affect the market price of our Class A common stock, regardless of our actual operating performance. In addition, price volatility may be greater if the public float and trading volume of our Class A common stock is low.

In the past, following periods of market volatility, stockholders have instituted securities class action litigation. If the Company was involved in securities litigation, it could have a substantial cost and divert resources and the attention of executive management from the Company's business regardless of the outcome of such litigation.

Our warrants are accounted for as a liability and changes in the fair value of the warrants may have an adverse effect on the Company's financial results and the market price for our Class A common stock.

On April 12, 2021, the staff of the SEC released the SEC Staff Statement informing market participants that warrants issued by special purpose acquisition companies may require classification as a liability of the entity measured at fair value, with changes in fair value each period reported in earnings. As a result of the SEC Staff Statement, we reevaluated the accounting treatment of our warrants, which were classified as equity, and determined to reclassify the warrants as a liability measured at fair value, with changes in fair value each period reported in earnings. Due to the recurring fair value measurement, we expect to recognize non-cash gains or losses on the warrants each reporting period, and the amount of such gains or losses could be material, which may cause our consolidated financial statements and results of operations to fluctuate quarterly and may have an adverse impact on the market price of our Class A common stock.

Future sales, or the perception of future sales, by us or our stockholders in the public market could cause the market price for our Class A common stock to decline.

The sale of shares of our Class A common stock in the public market, or the perception that such sales could occur, could harm the prevailing market price of shares of our Class A common stock. These sales, or the possibility that these sales may occur, also might make it more difficult for us to sell equity securities in the future at a time and at a price that it deems appropriate.

Pursuant to a registration rights agreement, 313 Acquisition, LLC ("313 Acquisition"), certain stockholders of 313 Acquisition, Mosaic Sponsor, LLC, Fortress Mosaic Sponsor LLC and certain other stockholders named therein have exercised their right to require us to register the sale of their shares of our Class A common stock under the Securities Act. By exercising their registration rights and selling a large number of shares, these stockholders could cause the prevailing market price of our Class A common stock to decline. The shares covered by registration rights represent a substantial majority of our outstanding Class A common stock.

In March 2020, we filed a registration statement on Form S-8 to register 34.3 million shares of Class A common stock that have been issued or are reserved for issuance under our 2020 Omnibus Incentive Plan, which includes shares of Class A common stock underlying restricted shares of Class A common stock, stock appreciation rights and restricted stock units that have been granted to our directors, executive officers and other employees as "substitute awards" pursuant to such 2020 Omnibus Incentive Plan, all of which are subject to time-based vesting conditions, as well as all shares of Class A common stock underlying the hypothetical stock appreciation rights subject to each of our (i) Third Amended and Restated 2013 Long-Term Incentive Pool Plan for Lead Technicians, (ii) Second Amended and Restated 2013 Long- Term Incentive Pool Plan for Regional Technicians, (iii) Third Amended and Restated 2013 Long-Term Incentive Pool Plan for Sales Managers and (iv) Third Amended and Restated 2013 Long-Term Incentive Pool Plan for Regional Managers. Under our registration statement on Form S-8, subject to the satisfaction of applicable vesting periods, the shares of Class A common stock issuable upon the satisfaction of all applicable vesting conditions tied to the aforementioned equity awards or upon exercise of any outstanding stock appreciation rights can be freely sold in the public market upon issuance, subject to volume limitations applicable to affiliates. We have registered and intend to similarly register all shares of Class A common stock that may be approved for issuance under the 2020 Omnibus Incentive Plan in the future pursuant to the evergreen provision thereof or otherwise.

In the future, we may also issue our securities in connection with investments or acquisitions. The number of shares of our Class A common stock issued in connection with an investment or acquisition could constitute a material portion of our then-outstanding shares of Class A common stock. Any issuance of additional securities in connection with investments or acquisitions may result in additional dilution to our stockholders.

Anti-takeover provisions in our organizational documents could delay or prevent a change of control.

Certain provisions of our amended and restated certificate of incorporation and amended and restated bylaws ("Bylaws") may have an anti-takeover effect and may delay, defer or prevent a merger, acquisition, tender offer, takeover attempt or other change of control transaction that a stockholder might consider in our best interest, including those attempts that might result in a premium over the market price for the shares held by our stockholders.

These provisions provide for, among other things:

- the ability of the Board to issue one or more series of preferred stock;
- advance notice for nominations of directors by stockholders and for stockholders to include matters to be considered at our annual meetings;

- certain limitations on convening special stockholder meetings;
- limiting the ability of stockholders to act by written consent;
- providing that the Board is expressly authorized to make, alter or repeal the Bylaws;
- the removal of directors only for cause and only upon the affirmative vote of holders of at least 66 2/3% of the shares of common stock entitled to vote generally in the election of directors if the Stockholder Parties and their affiliates hold less than 30% of our outstanding shares of Class A common stock; and
- that certain provisions may be amended only by the affirmative vote of at least 30% of the shares of Class A common stock entitled to vote generally in the election of directors if the Stockholder Parties and their affiliates hold less than 30% of our outstanding shares of Class A common stock.

These anti-takeover provisions could make it more difficult for a third party to acquire us, even if the third- party's offer may be considered beneficial by many of our stockholders. As a result, our stockholders may be limited in their ability to obtain a premium for their shares. These provisions could also discourage proxy contests and make it more difficult for you and other stockholders to elect directors of your choosing and to cause us to take other corporate actions you desire.

The Certificate of Incorporation designates the Court of Chancery of the State of Delaware as the sole and exclusive forum for certain types of actions and proceedings that may be initiated by our stockholders, which could limit the stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers, employees or stockholders.

The Certificate of Incorporation provides that, subject to limited exceptions, any (i) derivative action or proceeding brought on our behalf, (ii) action asserting a claim of breach of a fiduciary duty owed by any director, officer, stockholder or employee to us or our stockholders, (iii) action asserting a claim arising pursuant to any provision of the DGCL or the Certificate of Incorporation or the Bylaws or (iv) action asserting a claim governed by the internal affairs doctrine shall, to the fullest extent permitted by law, be exclusively brought in the Court of Chancery of the State of Delaware or, if such court does not have subject matter jurisdiction thereof, another state or federal court located within the State of Delaware. Any person or entity purchasing or otherwise acquiring any interest in shares of our capital stock shall be deemed to have notice of and to have consented to the provisions of the Certificate of Incorporation. This choice of forum provision may limit a stockholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers or other employees, which may discourage such lawsuits against us and our directors, officers and employees. Alternatively, if a court were to find these provisions of the Certificate of Incorporation inapplicable to, or unenforceable in respect of, one or more of the specified types of actions or proceedings, we may incur additional costs associated with resolving such matters in other jurisdictions, which could adversely affect our business and financial condition.

Certain significant Company stockholders whose interests may differ from those of Company public stockholders will have the ability to significantly influence our business and management.

Pursuant to the stockholders agreement (the "Stockholders Agreement") that we entered into with Mosaic Sponsor, LLC and Fortress Mosaic Sponsor LLC (the "SPAC sponsors"), Blackstone and certain other parties thereto (collectively, the "Stockholder Parties"), Blackstone has the right to designate nominees for election to our Board at any meeting of its stockholders. The number of Blackstone Designees (as defined in the Stockholders Agreement) will be equal to (i) a majority of the total number of directors in the event that 313 Acquisition, Blackstone and their respective affiliates (collectively, the "313 Acquisition Entities") beneficially own in the aggregate 50% or more of the outstanding shares of Class A common stock, (ii) 40% of the total number of directors in the event that the 313 Acquisition Entities beneficially own in the aggregate more than 40%, but not 50% or more, of the outstanding shares of Class A common stock, (iii) 30% of the total number of directors in the event that the 313 Acquisition Entities beneficially own in the aggregate more than 30%, but not more than 40%, of the outstanding shares of Class A common stock, (iv) 20% of the total number of directors in the event that the 313 Acquisition Entities beneficially own in the aggregate more than 20%, but not more than 30%, of the outstanding shares of Class A common stock and (v) 10% of the total number of directors in the event that the 313 Acquisition Entities beneficially own in the aggregate more than 5%, but not more than 20% of the outstanding shares of Class A common stock.

Under the Stockholders Agreement, we agreed to nominate one director designated by Fortress Mosaic Investor LLC to our Board (the "Fortress Designee") so long as the Fortress Holders (as defined in the Stockholders Agreement) beneficially own at least 50% of the shares of our Class A common stock the Fortress Holders own immediately following the consummation of the Merger; provided that the Fortress Designee must be (A) Andrew McKnight, (B) Max Saffian or (C) another senior employee or principal of Fortress Investment Group who is acceptable to a majority of the members of the board of directors of the Company.

Under the Stockholders Agreement, we agreed to nominate one director designated by the Summit Designator (as defined in the Stockholders Agreement) to our Board so long as the Summit Holders (as defined in the Stockholders Agreement) beneficially own at least 50% of the shares of our Class A Common Stock they own immediately following the consummation of the Merger.

Accordingly, the persons party to the Stockholders Agreement will be able to significantly influence the approval of actions requiring Board approval through their voting power. Such stockholders will retain significant influence with respect to our management, business plans and policies, including the appointment and removal of its officers. In particular, the persons party to the Stockholder Agreement could influence whether acquisitions, dispositions and other change of control transactions are approved.

Affiliates of Blackstone exert significant influence on the Company, and their interests may conflict with ours or yours in the future.

As of February 24, 2023, affiliates of Blackstone beneficially own approximately 47% of our Class A common stock. For so long as Blackstone continues to own a significant percentage of our Class A common stock, Blackstone will still be able to significantly influence the composition of our board of directors and the approval of actions requiring stockholder approval. Accordingly, for such period of time, Blackstone will have significant influence with respect to our management, business plans and policies, including the appointment and removal of our officers. In particular, for so long as affiliates of Blackstone continues to own a significant percentage of our Class A common stock, Blackstone will be able to cause or prevent a change of control of the Company or a change in the composition of the Company's board of directors and could preclude any unsolicited acquisition of the Company. The concentration of ownership could deprive you of an opportunity to receive a premium for your shares of common stock as part of a sale of the Company and ultimately might affect the market price of our Class A common stock. In addition, Blackstone may have an interest in pursuing acquisitions, divestitures and other transactions that, in its judgment, could enhance its investment, even though such transactions might involve risks to you. For example, Blackstone could cause us to make acquisitions that increase our indebtedness or cause us to sell revenue-generating assets. In certain circumstances, acquisitions of debt at a discount by purchasers that are related to a debtor can give rise to cancellation of indebtedness income to such debtor for U.S. federal income tax purposes. So long as affiliates of Blackstone continues to own a significant amount of our combined voting power, even if such amount is less than 50%, Blackstone will continue to be able to strongly influence or effectively control our decisions.

Notwithstanding Blackstone's control of or substantial influence over us, we may from time to time enter into transactions with Blackstone and its affiliates, or enter into transactions in which Blackstone or its affiliates otherwise have a direct or indirect material interest. In connection with the Merger, the Company adopted a formal written policy for the review and approval of transactions with related persons.

Certain of our stockholders, including Blackstone, the SPAC sponsors and affiliates of Summit Partners, L.P., may engage in business activities which compete with the Company or otherwise conflict with the Company's interests.

Blackstone, the SPAC sponsors, affiliates of Summit Partners, L.P. and certain other Stockholder Parties and their respective affiliates are in the business of making investments in companies and may from time to time acquire and hold interests in businesses that compete directly or indirectly with us. Our amended and restated certificate of incorporation provides that none of the Stockholder Parties, any of their respective affiliates or any director who is not employed by us (including any non-employee director who serves as one of our officers in both his director and officer capacities) or his or her affiliates has any duty to refrain from engaging, directly or indirectly, in the same business activities or similar business activities or lines of business in which we operate. The Stockholder Parties also may pursue acquisition opportunities that may be complementary to the Company's business and, as a result, those acquisition opportunities may not be available to us.

General Risk Factors

If we fail to maintain effective internal control over financial reporting at a reasonable assurance level, we may not be able to accurately report our financial results, which could have a material adverse effect on our operations, investor confidence in our business and the trading prices of our securities.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of a company's annual or interim financial statements will not be prevented or detected on a timely basis. If material weaknesses in our internal controls are discovered, they may adversely affect our ability to record, process, summarize and accurately report timely financial information and, as a result, our financial statements may contain material misstatements or omissions.

In addition, it is possible that control deficiencies could be identified by our management or by our independent registered public accounting firm in the future or may occur without being identified. Such a failure could result in regulatory scrutiny and cause investors to lose confidence in our reported financial condition, lead to a default under our indebtedness and otherwise have a material adverse effect on our business, financial condition, cash flow or results of operations.

If securities analysts do not continue to publish research or reports about our business, or if they downgrade our stock or our sector, stock price and trading volume could decline.

The trading market for our Class A common stock depends in part on the research and reports that industry or financial analysts publish about us or our business. We do not control these analysts. In addition, some financial analysts may have limited expertise with our model and operations. Furthermore, if one or more of the analysts who does cover us downgrades our stock or industry, or the stock of any of its competitors, or publishes inaccurate or unfavorable research about our business, the price of our stock could decline. If one or more of these analysts ceases coverage of us or fails to publish reports on us regularly, we could lose visibility in the market, which in turn could cause the Company's stock price or trading volume to decline.

Catastrophic events may disrupt our business.

Unforeseen events, or the prospect of such events, including acts of war (including the recent invasion of Ukraine by Russia), terrorism and other international conflicts, public health issues including health epidemics or pandemics, such as COVID-19, and natural disasters such as fire, hurricanes, earthquakes, tornados or other adverse weather and climate conditions, whether occurring in the United States, Canada or elsewhere, could disrupt our operations, disrupt the operations of suppliers or subscribers or result in political or economic instability. These events could reduce demand for our products and services, make it difficult or impossible to receive equipment from suppliers or impair our ability to market our products and services and/or deliver products and services to subscribers on a timely basis. Any such disruption could also damage our reputation and cause subscriber attrition. We could also be subject to claims or litigation with respect to losses caused by such disruptions. Our property and business interruption insurance may not cover a particular event at all or be sufficient to fully cover our losses.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

Our headquarters, and one of our two monitoring facilities, are located in Provo, Utah. These premises are under leases expiring between December 2024 and June 2028. Additionally, we lease the premises for a separate monitoring station located in Eagan, Minnesota. We also have facility leases in Lehi, Utah; Lindon, Utah; Logan, Utah; Boston, Massachusetts; and various other locations throughout the United States for research and development, call center, warehousing, recruiting, and training purposes. We believe that these facilities are adequate for our current needs and that suitable additional or substitute space will be available as needed to accommodate any expansion of our operations.

ITEM 3. LEGAL PROCEEDINGS

The information required with respect to this item can be found under "Legal" in Note 14, Commitments and Contingencies, of the notes to our consolidated financial statements contained in this Annual Report, and such information is incorporated by reference into this Item 3.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Market Information

The Company's Class A common stock is listed on the NYSE under the trading symbol "VVNT".

Stockholders

As of December 31, 2022, there were 378 stockholders of record of our Class A common stock. This number does not indicate the actual number of beneficial owners of the Company's common stock as some shares are held in "street name" by brokers and others on behalf of individual owners.

Dividends

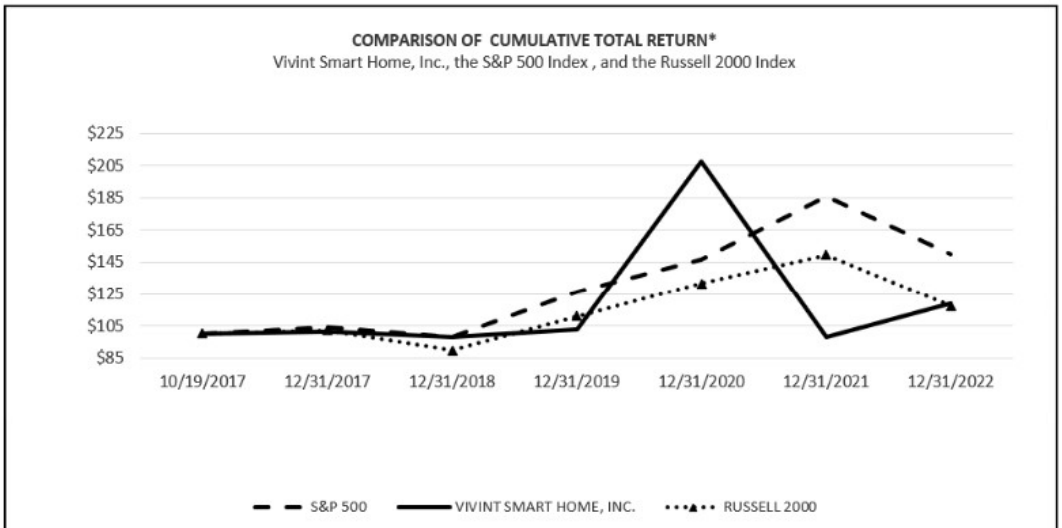
We have not paid any cash dividends on our common stock to date. Our Board may from time to time consider whether or not to institute a dividend policy. It is our present intention to retain any earnings for use in our business operations and, accordingly, we do not anticipate the Board declaring any dividends in the foreseeable future. The payment of cash dividends in the future will be dependent upon our revenues and earnings, if any, capital requirements and general financial condition. The payment of any cash dividends will be within the discretion of our Board. Further, our ability to declare dividends will also be limited by restrictive covenants contained in our debt agreements.

Stock Performance Graph

The following shall not be deemed incorporated by reference into any of our other filings under the Exchange Act or the Securities Act.

The graph below compares the cumulative total stockholder return on our Class A common stock with the cumulative total return on the Standard & Poor's 500 Index and the Russell 2000 Index. The chart assumes $100 was invested at the close of market on October 19, 2017, in the Class A common stock of Vivint Smart Home Inc., the S&P 500 Index and the Russell 2000 Index, and assumes the reinvestment of any dividends.

The comparisons in the graph below are based upon historical data and are not indicative of, nor intended to forecast, future performance of our Class A common stock.



* $100 invested on October 19, 2017 in stock or index, including reinvestment of dividends.

	10/19/2017	12/31/2017	12/31/2018	12/31/2019	12/31/2020	12/31/2021	12/31/2022
Vivint Smart Home, Inc.	$ 100.00	$ 101.50	$ 98.20	$ 102.85	$ 207.50	$ 97.80	$ 119.00
S&P 500	$ 100.00	$ 104.35	$ 97.84	$ 126.10	$ 146.60	$ 186.03	$ 149.86
RUSSELL 2000	$ 100.00	$ 102.23	$ 89.78	$ 111.08	$ 131.48	$ 149.48	$ 117.26

Issuer Purchases of Equity Securities

The following table provides information about purchases of shares of our Class A Common Stock during the periods indicated, which related to shares withheld upon vesting of equity awards to satisfy tax withholding obligations:

Date	Total Number of Shares Purchased (1)	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number (or Approximate Dollar Value) of Shares that May Yet Be Purchased Under the Plans or Programs
October 1 - 31, 2022	—	$ —	—	—
November 1 - 30, 2022	—	—	—	—
December 1 - 31, 2022	124,411	11.32	—	—
Total	124,411	$ 11.32	—	—

(1) Total number of shares delivered to us by employees to satisfy the mandatory tax withholding requirements.

ITEM 6. RESERVED

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis provides information which management believes is relevant to an assessment and understanding of our consolidated results of operations and financial condition. The discussion should be read in conjunction with the consolidated financial statements and notes thereto contained in this Annual Report on Form 10-K. Certain year-to-year comparisons between 2021 and 2020 have been omitted from this Annual Report on Form 10-K, but may be found in "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Part II, Item 7 of the Company's Annual Report on Form 10-K for they ear ended December 31, 2021. This discussion contains forward-looking statements and involves numerous risks and uncertainties, including, but not limited to, those described in the "Risk Factors" section of this Annual Report on Form 10-K. Actual results may differ materially from those contained in any forward-looking statements.

Business Overview

Vivint Smart Home is a leading smart home platform company serving approximately 1.9 million subscribers as of December 31, 2022. Our brand name, Vivint, means to "to live intelligently" and our mission is to help our customers do exactly that by providing them with technology and services to create a smarter, greener, safer home that saves our customers money every month.

Although a number of companies offer single devices such as a doorbell camera, smart speaker or thermostat, single offerings do not make a home smart. Rather, a smart home has multiple devices, properly located and installed, all integrated into a single expandable platform that incorporates artificial intelligence ("AI") and machine-learning in its operating system.

We make creating this smart home easy and affordable with an integrated platform, exceptional products, hassle-free professional installation and zero percent annual percentage rate ("APR") consumer financing for most customers. We help consumers create a customized solution for their home by integrating smart cameras (indoor, outdoor, doorbell), locks, lights, thermostats, garage door control, car protection and a host of safety and security sensors. As of December 31, 2022, on average, the subscribers on our cloud-based home platform had approximately 15 security and smart home devices in each home.

We provide a fully integrated solution for consumers with our vertically integrated business model that includes hardware, software, sales, installation, support and professional monitoring. This model strengthens our ability to deliver superior experiences at every customer touchpoint and a complete end-to-end smart home experience. This seamless integration of high-quality products and services results in an Average Subscriber Lifetime of approximately nine years, as of December 31, 2022. This model also facilitates our ability to offer adjacent products and services that leverage our existing platform and infrastructure, which we believe can extend the Average Subscriber Lifetime and increase the lifetime value we derive from our subscribers.

Our cloud-based home platform currently manages more than 27 million in-home devices as of December 31, 2022. Our subscribers are able to interact with their connected home by using their voice or mobile device—anytime, anywhere. They can engage with people at their front door; view live and recorded video inside and outside their home; control thermostats, locks, lights, and garage doors; and proactively manage the comings and goings of family, friends and visitors. The average subscriber on our cloud-based home platform engages with our smart home app approximately 11 times per day.

Our technology and people are the foundation of our business. Our trained professionals educate consumers on the value and affordability of a smart home, design a customized solution for their homes and their individual needs, teach them how to use our platform to enhance their experience, and provide ongoing tech-enabled services to manage, monitor and secure their home.

We believe that our unique business model and platform gives us a distinct advantage in the market through:

- a proprietary cloud-based platform,
- a differentiated end-to-end distribution model,
- strong growth with compelling unit economics, and
- multiple levers for sustained profitable growth.

As a result, we believe we can integrate new customer offerings from large adjacent markets that logically link back to our smart home platform, compounding the value that we already deliver to our approximately 1.9 million customers. With the large number of devices we have installed per home, we own a rich first-party data environment that helps us not only protect our customers, but also improve the efficiency of their homes and increase their peace of mind. We believe our unique focus on the importance of owning the entire technology stack, coupled with an end-to-end distribution model, leads to an exceptional customer experience. By continuously enhancing our platform, we can improve our customers' experience wherever they

interact with it. We believe that as our customers' satisfaction increases, it creates multiple potential opportunities for sustained profitable growth for years to come.

Our integrated Smart Home business model generates subscription-based, high-margin recurring revenue from subscribers who sign up for our smart home services. More than 94% of our revenue is recurring, which provides long-term visibility and predictability to our business.

For 2022, some key metrics of our business included:

- **Total Subscribers —** As of December 31, 2022 and 2021, we had approximately 1.9 million and 1.9 million subscribers, respectively, representing year-over-year growth of 3.7%.
- **Revenues —** In 2022 and 2021, we generated revenue of approximately $1.7 billion and $1.5 billion, respectively, representing a year-over-year increase of 14%.
- **Net Loss —** In 2022 and 2021 we had a net loss of $51.7 million and $305.6 million, respectively.[1]
- **Adjusted EBITDA** — In 2022 and 2021, we generated Adjusted EBITDA of approximately $772.1 million and $625.5 million, respectively, representing a year-over-year increase of over 23%.[1]

Recent Development

On December 6, 2022, Vivint Smart Home entered into an Agreement and Plan of Merger, by and among the Company, NRG Energy, Inc., a Delaware corporation, and Jetson Merger Sub, Inc., a Delaware corporation and a wholly owned subsidiary of NRG Energy, Inc., pursuant to which Jetson Merger Sub, Inc. will be merged with and into the Company with the Company surviving the NRG Merger as a wholly owned subsidiary of NRG Energy, Inc.

The board of directors of the Company (the "Board of Directors") unanimously determined that the transactions contemplated by the NRG Merger Agreement, including the NRG Merger, are in the best interests of the Company and its stockholders, and approved the NRG Merger Agreement and the transactions contemplated thereby, and unanimously resolved to recommend that the Company's stockholders adopt and approve the NRG Merger Agreement and the NRG Merger. Following execution of the NRG Merger Agreement on December 6, 2022, stockholders holding approximately 59% of the issued and outstanding shares of the Company's Class A common stock duly executed and delivered to the Company a written consent adopting and approving the NRG Merger Agreement and the transactions contemplated thereby, including the NRG Merger.

At the effective time of the NRG Merger, each share of the Company's common stock (other than shares held by the Company (including shares held in treasury), NRG Energy, Inc. or any of their respective wholly-owned subsidiaries and shares owned by stockholders who have properly made and not withdrawn or lost a demand for appraisal rights) will be converted into the right to receive $12.00 in cash, without interest and less applicable withholding taxes.

Key Factors Affecting Operating Results

Our future operating results and cash flows are dependent upon a number of opportunities, challenges and other factors, including our ability to grow our subscriber base in a cost-effective manner, expand our Product and Service offerings to generate increased revenue per user, provide high quality Products and subscriber service, including adjacent products and services, to maximize subscriber lifetime value and improve the leverage of our business model.

Key factors affecting our operating results include the following:

Subscriber Lifetime and Associated Cash Flows

Our subscribers are the foundation of our recurring revenue-based model. Our operating results are significantly affected by the level of our Net Acquisition Costs per New Subscriber and the value of Products and Services purchased by those New Subscribers. A reduction in Net Subscriber Acquisition Costs per New Subscriber or an increase in the total value of Products or Services purchased by a New Subscriber increases the life-time value of that subscriber, which in turn, improves our operating results and cash flows over time.

The net upfront cost of adding subscribers is a key factor impacting our ability to scale and our operating cash flows. Vivint Flex Pay, which became our primary equipment financing model in early 2017, has significantly improved our cash flows associated with originating New Subscribers. Prior to Vivint Flex Pay, we recovered the cost of equipment installed in subscribers' homes over time through their monthly service billings. We generally offer to a limited number of customers who are not eligible for the CFP, or do not choose to Pay-in-Full at the time of origination, but who qualify under our underwriting

[1] See the section titled "*Key Performance Measures—Adjusted EBITDA*" for information regarding our use of Adjusted EBITDA and a reconciliation of net loss to Adjusted EBITDA.

criteria, the option to enter into a RIC directly with us, which we fund through our balance sheet. Under Vivint Flex Pay, we've experienced the following financing mix for New Subscribers:

	Year ended December 31,		
	2022	2021	2020
New Subscribers (U.S. only):			
Financed through CFP	72 %	74 %	75 %
Paid-in-Full	27 %	24 %	22 %
Purchased through RICs	1 %	2 %	3 %

This shift in financing from RICs to the CFP has significantly reduced our Net Subscriber Acquisition Cost per New Subscriber, as well as the cash required to acquire New Subscribers. Going forward, we expect the percentage of subscriber contracts financed through RICs to remain a very small percentage of our financing mix. We will also continue to explore ways of growing our subscriber base in a cost-effective manner through our existing sales and marketing channels, through the growth of our financing programs, as well as through strategic partnerships and new channels, as these opportunities arise.

Existing subscribers are also able to use Vivint Flex Pay to upgrade their systems or to add new Products, which we believe further increases subscriber lifetime value. This positively impacts our operating performance, and we anticipate that adding new financing options to the CFP will generate additional opportunities for revenue growth and a subsequent increase in subscriber lifetime value.

We seek to increase our average monthly revenue per user, or AMRRU, by continually innovating and offering new smart home solutions that further leverage the investments made to date in our existing platform and sales channels. Since 2010, we have successfully expanded our smart home platform, which has allowed us to generate higher AMRRU and in turn realize higher smart home device revenue from new subscribers for these additional offerings. For example, the introduction of our proprietary Vivint Smart Hub, Vivint SkyControl Panel, Vivint Doorbell Camera Pro, Vivint Indoor Camera, Vivint Outdoor Camera Pro, and Vivint Smart Thermostat has expanded our smart home platform. We believe that growing our AMRRU will improve our operating results and operating cash flows over time. Our ability to improve our operating results and cash flows, however, is subject to a number of risks and uncertainties as described in greater detail elsewhere in this filing and there can be no assurance that we will achieve such improvements. To the extent that we do not scale our business efficiently, we will continue to incur losses and require a significant amount of cash to fund our operations, which in turn could have a material adverse effect on our business, cash flows, operating results and financial condition.

Our ability to retain our subscribers also has a significant impact on our financial results, including revenues, operating income, and operating cash flows. Because we operate a business built on recurring revenues, subscriber lifetime is a key determinant of our operating success. Our Average Subscriber Lifetime is approximately 108 months (or approximately nine years) as of December 31, 2022. If our expected long-term annualized attrition rate increased by 1% to 12.1%, Average Subscriber Lifetime would decrease to approximately 99 months. Conversely, if our expected attrition decreased by 1% to 10.1%, our Average Subscriber Lifetime would increase to approximately 119 months. Our ability to increase overall revenue growth and extend our Average Subscriber Lifetime depends, in part, on our ability to successfully expand into new adjacent products and services, such as smart energy and Smart Insurance. This success is dependent on our ability to scale these adjacent businesses in a cost-effective manner and integrate them into our existing smart home platform, where appropriate.

The operating margins from smart energy and Smart Insurance are lower than for our smart home business. Therefore, while we expect total Adjusted EBITDA dollars to increase as a result of smart energy and Smart Insurance, they will reduce our overall Adjusted EBITDA Margin percentage.

Our ability to service our existing customer base in a cost-effective manner, while minimizing customer attrition, also has a significant impact on our financial results and operating cash flows. Critical to managing the cost of servicing our subscribers is limiting the number of calls into our customer care call centers, and in turn, limiting the number of calls requiring the deployment of a Smart Home Pro to the customer’s home to resolve the issue. We believe that our proprietary end-to-end solution allows us to proactively manage the costs to service our customers by directly controlling the design, interoperability and quality of our Products. It also provides us the ability to identify and resolve potential product issues through remote software or firmware updates, typically before the customer is even aware of an issue.

A portion of the subscriber base can be expected to cancel its service every year. Subscribers may choose not to renew or may terminate their contracts for a variety of reasons, including, but not limited to, relocation, cost, switching to a competitor’s service or service issues. We analyze our attrition by tracking the number of subscribers who cancel their service as a percentage of the monthly average number of subscribers at the end of each 12-month period. We caution investors that not all companies, investors and analysts in our industry define attrition in this manner.

The table below presents our smart home and security subscriber data for the years ended December 31, 2022, 2021 and 2020:

	Year ended December 31,		
	2022	2021	2020
Beginning balance of subscribers	1,855,141	1,695,498	1,552,541
New subscribers	364,718	360,509	343,434
Sale of Canada business (1)	(85,786)	—	—
Attritted subscribers	(209,442)	(200,866)	(200,477)
Ending balance of subscribers	1,924,631	1,855,141	1,695,498
Monthly average subscribers	1,893,810	1,776,794	1,616,311
Attrition rate	11.1 %	11.3 %	12.4 %

(1) Subscriber accounts from the sale of our Canada business in June 2022.

Historically, we have experienced an increased level of subscriber cancellations in the months surrounding the expiration of such subscribers' initial contract term. Attrition in any twelve month period may be impacted by the number of subscriber contracts reaching the end of their initial term in such period. Attrition in the twelve months ended December 31, 2022 includes the effect of the 2017 60-month and 2018 42-month contracts reaching the end of their initial contract term. Attrition in the twelve months ended December 31, 2021 includes the effect of the 2016 60-month and 2017 42-month contracts reaching the end of their initial contract term.

Sales and Marketing Efficiency

As discussed above, our continued ability to attract and sign new subscribers in a cost-effective manner will be a key determinant of our future operating performance. Because our direct-to-home and national inside sales channels are currently our primary means of subscriber acquisition, we have invested heavily in scaling these channels. Our sales representatives generally become more productive as they gain more experience. As a result, the tenure mix among our sales teams, and our ability to retain experienced sales representatives, impacts our level of new subscriber acquisitions and overall operating success. The continued productivity of our sales teams is instrumental to our subscriber growth and vital to our future success.

Originating subscriber growth through these investments in our sales teams depends, in part, on our ability to launch cost-effective marketing campaigns, both online and offline. This is particularly true for our national inside sales channel, because national inside sales fields inbound requests from subscribers who find us using online search and submitting our online contact form. Our marketing campaigns are created to attract potential subscribers and build awareness of our brand across all our sales channels. We also believe that building brand awareness is important to countering the competition we face from other companies selling their solutions in the geographies we serve, particularly in those markets where our direct-to-home sales representatives are present.

Expand Monetization of Platform and Related Services

To date, we have made significant investments in our smart home platform and the development of our organization, and expect to leverage these investments to continue expanding the breadth and depth of our Product and Service offerings over time, including integration with third party products and expanding into adjacent products and services to drive future revenue. As smart home technology develops, we will continue expanding these offerings to reflect the growing needs of our subscriber base and focus on expanding our platform through the addition of new smart home Products, experiences and use cases. As a result of our investments to date, we have approximately 1.9 million active customers on our smart home platform. We intend to continue developing this platform to include new complex automation capabilities, use case scenarios, and comprehensive device integrations. Our platform supports over 27 million connected devices as of December 31, 2022.

We believe that the smart home of the future will be an ecosystem in which businesses seek to deliver products and services to subscribers in a way that addresses the individual subscriber's lifestyle and needs. As smart home technology becomes the setting for the delivery of a wide range of these products and services, including healthcare, entertainment, home maintenance, aging in place and consumer goods, we hope to become the hub of this ecosystem and the strategic partner of choice for the businesses delivering these products and services. Our success in connecting with business partners who integrate with our smart home platform in order to reach and interact with our subscriber base is expected to be a part of our continued operating success. We expect that additional partnerships will generate incremental revenue by increasing the value of Products purchased by our customers as a result of integration of these partners' products with our smart home platform. If we are able to

continue expanding our partnerships with influential companies, as we already have with Google, Amazon, Chamberlain and Philips, we believe that this will help us to further increase our revenue and resulting profitability.

Any new Products, Services, or features we add to our ecosystem creates an opportunity to generate revenue, either through sales to our existing subscribers or through the acquisition of New Subscribers. Furthermore, we believe that by vertically integrating the development and design of our Products and Services with our existing sales and subscriber service activities allows us to quickly respond to market needs, and better understand our subscribers' interactions and engagement with our Products and Services. This provides critical data that we expect will enable us to continue improving the power, usability and intelligence of these Products and Services. As a result, we anticipate that continuing to invest in technologies that make our platform more engaging for subscribers, and by offering a broader range of smart home experiences and adjacent in-home services such as Smart Insurance and smart energy, will allow us to grow revenue and further monetize our subscriber base, because it improves our ability to offer tailored service packages to subscribers with different needs.

Key Performance Measures

In evaluating our results, we review several key performance measures discussed below. We believe that the presentation of such metrics is useful to our investors and lenders because they are used to measure the value of companies such as ours with recurring revenue streams. Management uses these metrics to analyze its continuing operations and to monitor, assess, and identify meaningful trends in the operating and financial performance of the company.

Total Subscribers

Total Subscribers is the aggregate number of active smart home and security subscribers at the end of a given period.

Total Monthly Recurring Revenue

Total monthly recurring revenue, or Total MRR, is the average smart home and security total monthly recurring revenue recognized during the period. These revenues exclude non-recurring revenues that are recognized at the time of sale.

Average Monthly Recurring Revenue per User

Average monthly revenue per user, or AMRRU, is Total MRR divided by average monthly Total Subscribers during a given period.

Total Monthly Service Revenue

Total monthly service revenue, or MSR, is the contracted recurring monthly service billings to our smart home and security subscribers, based on the Total Subscribers number as of the end of a given period.

Average Monthly Service Revenue per User

Average monthly service revenue per user, or AMSRU, is Total MSR divided by Total Subscribers at the end of a given period.

Attrition Rate

Attrition rate is the aggregate number of canceled smart home and security subscribers during the prior 12-month period divided by the monthly weighted average number of Total Subscribers based on the Total Subscribers at the beginning and end of each month of a given period. Subscribers are considered canceled when they terminate in accordance with the terms of their contract, are terminated by us or if payment from such subscribers is deemed uncollectible (when at least four monthly billings become past due). If a sale of a service contract to third parties occurs, or a subscriber relocates but continues their service, we do not consider this as a cancellation. If a subscriber transfers their service contract to a new subscriber, we do not consider this as a cancellation.

Average Subscriber Lifetime

Average subscriber lifetime, in number of months, is 100% divided by our expected long-term annualized attrition rate multiplied by 12 months.

Net Service Cost per Subscriber

Net service cost per subscriber is the average monthly service costs incurred during the period (both period and capitalized service costs), including monitoring, customer service, field service and other service support costs, and equipment and associated financing fees (estimated) less total non-recurring smart home services billings and cellular network maintenance fees for the period, divided by average monthly Total Subscribers for the same period.

Net Service Margin

Net service margin is the monthly average MSR for the period, less total average net service costs for the period divided by the monthly average MSR for the period.

New Subscribers

New subscribers is the aggregate number of net new smart home and security subscribers originated during a given period. This metric excludes new subscribers acquired by the transfer of a service contract from one subscriber to another.

Net Subscriber Acquisition Costs per New Subscriber

Net Subscriber Acquisition Costs per New Subscriber is the net cash cost to create new smart home and subscribers during a given 12-month period divided by New Subscribers for that period. These costs include commissions, equipment and associated financing fees (estimated), installation, marketing, sales support and other allocations (general and administrative); less upfront payments received from the sale of equipment associated with the initial installation, and installation fees. These costs exclude capitalized contract costs and upfront proceeds associated with contract modifications.

Adjusted EBITDA

Adjusted EBITDA is defined as net income (loss) before interest, taxes, depreciation, amortization, stock-based compensation (or non-cash compensation), changes in the fair value of the derivative liability associated with our public and private warrants and certain other non-recurring expenses or gains.

Adjusted EBITDA is not defined under GAAP and is subject to important limitations. Non-GAAP financial measures should not be considered in isolation from, or as a substitute for, financial information presented in compliance with GAAP, and non-GAAP financial measures as used by the Company may not be comparable to similarly titled amounts used by other companies.

We believe that the presentation of Adjusted EBITDA is useful to investors because it is frequently used by securities analysts, investors, and other interested parties in their evaluation of the operating performance of companies in industries similar to ours. In addition, targets based on Adjusted EBITDA are among the measures we use to evaluate our management's performance for purposes of determining their compensation under our incentive plans.

Adjusted EBITDA and other non-GAAP financial measures have important limitations as analytical tools and you should not consider them in isolation or as substitutes for analysis of our results as reported under GAAP. For example, Adjusted EBITDA:

- excludes certain tax payments that may represent a reduction in cash available to us;
- does not reflect any cash capital expenditure requirements for the assets being depreciated and amortized, including capitalized contract costs, that may have to be replaced in the future;
- does not reflect changes in, or cash requirements for, our working capital needs;
- does not reflect the significant interest expense to service our debt;
- does not include changes in the fair value of the warrant liabilities; and
- does not include non-cash stock-based employee compensation expense and other non-cash charges.

We believe that the most directly comparable GAAP measure to Adjusted EBITDA is net income (loss). We have included the calculation of Adjusted EBITDA and reconciliation of Adjusted EBITDA to net loss for the periods presented below under *Key Operating Metrics - Adjusted EBITDA*.

Net Loss Margin

Net Loss Margin is net loss as a percentage of total revenues for the period.

Adjusted EBITDA Margin

Adjusted EBITDA Margin is Adjusted EBITDA as a percentage of total revenues for the period.

Components of Results of Operations

Total Revenues

Recurring and Other Revenue

Our revenues are primarily generated through the sale and installation of our smart home services contracted for by our subscribers. Recurring smart home services for our subscriber contracts are billed directly to the subscriber in advance, generally monthly, pursuant to the terms of subscriber contracts and recognized ratably over the service period. Revenues from Products are deferred and generally recognized on a straight-line basis over the customer contract term, the amount of which is

dependent on the total sales price of Products sold. Imputed interest associated with RIC receivables is recognized over the initial term of the RIC. The amount of revenue from Services is dependent upon which of our service offerings is included in the subscriber contracts. Our smart home and video offerings generally provide higher service revenue than our base smart home service offering. Historically, we have generally offered contracts to subscribers that range in length from 36 to 60 months, which are subject to automatic monthly renewal after the expiration of the initial term. In addition, to a lesser extent, we offer month-to-month contracts to subscribers who pay-in-full for their Products at the time of contract origination. At the end of each monthly period, the portion of recurring fees related to services not yet provided are deferred and recognized as these services are provided. To a lesser extent, our revenues are generated through the sales of products and other one-time fees such as service or installation fees, which are invoiced to the customer at the time of sale.

The revenue related to our smart energy business is primarily from commissions received by operating as a sales dealer for third-party residential solar installers. We invoice the solar installer, and recognize the associated revenue, at the time the solar installation is complete.

To date, revenue from our Smart Insurance business has been immaterial to our overall revenue.

Total Costs and Expenses

Operating Expenses

Operating expenses primarily consists of labor associated with monitoring and servicing subscribers, costs associated with Products used in service repairs, stock-based compensation and housing for our Smart Home Pros who perform subscriber installations. We also incur equipment costs associated with excess and obsolete inventory and rework costs related to Products removed from subscribers' homes. In addition, a portion of general and administrative expenses, primarily comprised of certain human resources, facilities and information technology costs are allocated to operating expenses. This allocation is primarily based on employee headcount and facility square footage occupied. Because our full-time Smart Home Pros perform most subscriber installations related to customer moves, customer upgrades or those generated through our national inside sales channels, the costs incurred within field service associated with these installations are allocated to capitalized contract costs. We generally expect our operating expenses to increase in absolute dollars as the total number of subscribers we service continues to grow, but to remain relatively constant in the near to intermediate term as a percentage of our revenue.

Selling Expenses

Selling expenses are primarily comprised of costs associated with housing for our Smart Home Pros sales representatives, advertising and lead generation, marketing and recruiting, sales commissions related to our smart energy and Smart Insurance businesses, certain portions of sales commissions associated with our direct-to-home sales channel (residuals), stock-based compensation, overhead (including allocation of certain general and administrative expenses as discussed above) and other costs not directly tied to a specific subscriber origination. These costs are expensed as incurred. We generally expect our selling expenses to increase in the near to intermediate term, both in absolute dollars and as a percentage of our revenue, resulting from increases in the total number of subscriber originations.

General and Administrative Expenses

General and administrative expenses consist largely of research and development, or R&D, finance, legal, information technology, human resources, facilities and executive management expenses, including stock-based compensation expense. Stock-based compensation expense is recorded within various components of our costs and expenses. General and administrative expenses also include the provision for doubtful accounts. We allocate between one-fourth and one-third of our gross general and administrative expenses, excluding stock-based compensation and the provision for doubtful accounts, into operating and selling expenses in order to reflect the overall costs of those components of the business. We generally expect our general and administrative expenses to remain relatively flat in the near to intermediate term in absolute dollars, but decrease as a percentage of our revenues, resulting from economies of scale as we grow our business.

Depreciation and Amortization

Depreciation and amortization consist of depreciation from property, plant and equipment, amortization of equipment leased under finance leases, capitalized contract costs and intangible assets. We generally expect our depreciation and amortization expenses to increase in absolute dollars as we grow our business and increase the number of new subscribers originated on an annual basis, but to remain relatively constant in the near to intermediate term as a percentage of our revenue.

Restructuring Expenses

Restructuring expenses are comprised of costs incurred in relation to activities to exit or dispose of portions of our business that do not qualify as discontinued operations. Expenses for related termination benefits are recognized at the date we notify the employee, unless the employee must provide future service, in which case the benefits are expensed ratably over the future service period. Liabilities related to termination of a contract are measured and recognized at fair value when the contract does not have any future economic benefit to the entity and the fair value of the liability is determined based on the present value of the remaining obligation.

Critical Accounting Estimates

In preparing our consolidated financial statements, we make assumptions, judgments and estimates that can have a significant impact on our revenue, loss from operations and net loss, as well as on the value of certain assets and liabilities on our consolidated balance sheets. We base our assumptions, judgments and estimates on historical experience and various other factors that we believe to be reasonable under the circumstances. Actual results could differ materially from these estimates under different assumptions or conditions. At least quarterly, we evaluate our assumptions, judgments and estimates and make changes accordingly. Historically, our assumptions, judgments and estimates relative to our critical accounting estimates have not differed materially from actual results. We believe that the assumptions, judgments and estimates involved in the accounting for revenue recognition, deferred revenue, Consumer Financing Program, retail installment contract receivables, capitalized contract costs, and loss contingencies have the greatest potential impact on our consolidated financial statements; therefore, we consider these to be our critical accounting estimates. For information on our significant accounting policies, see Note 2 to the accompanying audited consolidated financial statements.

Revenue Recognition

We offer our customers smart home services combining Products, including our proprietary Vivint smart hub control panel, door and window sensors, door locks, cameras and smoke alarms; installation; and a proprietary backend cloud platform software and Services. These together create an integrated system that allows our customers to monitor, control and protect their home. Our customers are buying this integrated system that provides them with these smart home services. The number and type of Products purchased by a customer depends on their desired functionality. Because the Products and Services included in the customer's contract are integrated and highly interdependent, and because they must work together to deliver the smart home services, we have concluded that installed Products, related installation and Services contracted for by the customer are generally not distinct within the context of the contract and, therefore, constitute a single, combined performance obligation. Revenues for this single, combined performance obligation are recognized on a straight-line basis over the customer's contract term, which is the period in which the parties to the contract have enforceable rights and obligations. We have determined that certain contracts that do not require a long-term commitment for monitoring services by the customer contain a material right to renew the contract, because the customer does not have to purchase Products upon renewal. Proceeds allocated to the material right are recognized over the period of benefit, which is generally three years.

The majority of our subscription contracts are between three and five years in length and are generally non-cancelable. These contracts with customers generally convert into month-to-month agreements at the end of the initial term, and some customer contracts are month-to-month from inception. Payment for recurring monitoring and other smart home services is generally due in advance on a monthly basis.

Sales of Products and other one-time fees such as service or installation fees are invoiced to the customer at the time of sale. Any Products or Services that are considered separate performance obligations are recognized when those Products or Services are delivered. Taxes collected from customers and remitted to governmental authorities are not included in revenue. Payments received or amounts billed in advance of revenue recognition are reported as deferred revenue.

Beginning in late 2020, we began operating as a third-party dealer for residential solar installers in several states throughout the U.S., whereby we earn a commission from the installer for selling their solar services. Because we have no further performance obligations once the installation is complete, we recognize the commissions we receive as revenue at that time.

To date, revenues from our Smart Insurance business have been immaterial to our overall financial results.

Consumer Financing Program

Vivint Flex Pay became our primary equipment financing model beginning in March 2017. Under Vivint Flex Pay, customers pay separately for the products (including control panel, security peripheral equipment, smart home equipment, and related installation) ("Products") and Vivint's smart home and security services ("Services"). The customer has the following three ways to pay for the Products: (1) qualified customers in the United States may finance the purchase of Products through our CFP, (2) we generally offer to a limited number of customers not eligible for the CFP, but who qualify under our underwriting criteria, the option to enter into a RIC directly with Vivint, or (3) customers may purchase the Products at the

outset of the service contract either by paying the full amount at that time or by obtaining short-term financing (generally no more than six month installment terms) through us.

Although customers pay separately for Products and Services under the Vivint Flex Pay plan, we have determined that the sale of Products and Services are one single performance obligation. As a result, all forms of transactions under Vivint Flex Pay create deferred revenue for the gross amount of Products sold. For RICs, gross deferred revenues are reduced by imputed interest and estimated write-offs. For Products financed through the CFP, gross deferred revenues are reduced by (i) any fees or estimated credit losses the Financing Provider is contractually entitled to receive at the time of loan origination, and (ii) the present value of expected future payments due to Financing Providers.

Under the CFP, qualified customers are eligible for Loans originated by Financing Providers of between $150 and $6,000. The terms of most Loans are determined based on the customer's credit quality. The annual percentage rates on these loans is either 0% or 9.99%, depending on the customer's credit quality, and the Loans are issued on either an installment or revolving basis with repayment terms ranging from with a 6- to 60-months.

For certain Financing Provider Loans:

- We pay a monthly fee based on either the average daily outstanding balance of the installment loans, or the number of outstanding Loans.
- We incur fees at the time of the Loan origination and receive proceeds that are net of these fees.
- We also share liability for credit losses, with us being responsible for between 2.6% and 100% of lost principal balances.
- We are responsible for reimbursing certain Financing Providers for merchant transaction fees and other fees associated with the Loans.

Because of the nature of these provisions, we record a derivative liability that is not designated as a hedging instrument and is adjusted to fair value, measured using the present value of the estimated future payments when the Financing Provider originates Loans to customers, which reduces the amount of estimated revenue recognized on the provision of the services.

The derivative positions are valued using a discounted cash flow model, with inputs consisting of available market data, such as market yield discount rates, as well as unobservable internally derived assumptions, such as collateral prepayment rates, collateral default rates and loss severity rates. These derivatives are priced quarterly using a credit valuation adjustment methodology. In summary, the fair value represents an estimate of the present value of the cash flows we will be obligated to pay to the Financing Provider for each component of the derivative.

The derivative liability is reduced as payments are made by us to the Financing Provider. Subsequent changes to the fair value of the derivative liability are realized through other expenses (income), net in the consolidated statement of operations.

For certain other Loans, we receive net proceeds (net of fees and expected losses) for which we have no further obligation to the Financing Provider. We record these net proceeds to deferred revenue.

See Note 10 to the accompanying audited consolidated financial statements for further information on our CFP derivative arrangement.

Retail Installment Contract Receivables

For subscribers that enter into a RIC to finance the purchase of Products, we record a receivable for the amount financed. Gross RIC receivables are reduced for (i) expected write-offs of uncollectible balances over the term of the RIC and (ii) a present value discount of the expected cash flows using a risk adjusted market interest rate. Therefore, the RIC receivables equal the present value of the expected cash flows to be received by us over the term of the RIC, evaluated on a pool basis. RICs are pooled based on customer credit quality, contract length and geography. At the time of installation, we record a long-term note receivable within long-term notes receivables and other assets, net on the consolidated balance sheets for the present value of the receivables that are expected to be collected beyond 12 months of the reporting date. The unbilled receivable amounts that are expected to be collected within 12 months of the reporting date are included as a short-term notes receivable within accounts and notes receivable, net on the consolidated balance sheets. The billed amounts of notes receivables are included in accounts receivable within accounts and notes receivable, net on the consolidated balance sheets.

We impute the interest on the RIC receivable using a risk adjusted market interest rate and record it as a reduction to deferred revenue and as an adjustment to the face amount of the related receivable. The risk adjusted interest rate considers a number of factors, including credit quality of the subscriber base and other qualitative considerations such as macro-economic factors. The imputed interest income is recognized over the term of the RIC contract as recurring and other revenue on the consolidated statements of operations.

When we determine that there are RIC receivables that have become uncollectible, we record an adjustment to the allowance and reduce the related note receivable balance. On a regular basis, we also reassess the expected remaining cash flows, based on historical RIC write-off trends, current market conditions and both Company and third-party forecast data. If we determine there is a change in expected remaining cash flows, the total amount of this change for all RICs is recorded in the current period to the provision for credit losses, which is included in general and administrative expenses in the accompanying consolidated statements of operations. Account balances are written-off if collection efforts are unsuccessful and future collection is unlikely based on the length of time from the day accounts become past due.

Capitalized Contract Costs

Capitalized contract costs represent the costs directly related and incremental to the origination of new contracts, modification of existing contracts or to the fulfillment of the related subscriber contracts. These include commissions, other compensation and related costs incurred directly for the origination and installation of new or upgraded customer contracts, as well as the cost of Products installed in the customer home at the commencement or modification of the contract. We calculate amortization by accumulating all deferred contract costs into separate portfolios based on the initial month of service and amortize those deferred contract costs on a straight-line basis over the expected period of benefit that we have determined to be five years, consistent with the pattern in which we provide services to our customers. We believe this pattern of amortization appropriately reduces the carrying value of the capitalized contract costs over time to reflect the decline in the value of the assets as the remaining period of benefit for each monthly portfolio of contracts decreases. The period of benefit of five years is longer than a typical contract term because of anticipated contract renewals. We apply this period of benefit to our entire portfolio of contracts. We update our estimate of the period of benefit periodically and whenever events or circumstances indicate that the period of benefit could change significantly. Such changes, if any, are accounted for prospectively as a change in estimate. Amortization of capitalized contract costs is included in “Depreciation and Amortization” on the consolidated statements of operations.

The carrying amount of the capitalized contract costs is periodically reviewed for impairment. In performing this review, we consider whether the carrying amount of the capitalized contract costs will be recovered. In estimating the amount of consideration we expect to receive in the future related to capitalized contract costs, we consider factors such as attrition rates, economic factors, and industry developments, among other factors. If it is determined that capitalized contract costs are impaired, an impairment loss is recognized for the amount by which the carrying amount of the capitalized contract costs and the anticipated costs that relate directly to providing the future services exceed the consideration that has been received and that is expected to be received in the future.

Contract costs not directly related and incremental to the origination of new contracts, modification of existing contracts or to the fulfillment of the related subscriber contracts are expensed as incurred. These costs include those associated with housing, marketing, advertising, recruiting, non-direct lead generation costs, certain portions of sales commissions and residuals, overhead and other costs considered not directly and specifically tied to the origination of a particular subscriber.

On the consolidated statement of cash flows, capitalized contract costs are classified as operating activities and reported as “Capitalized contract costs – deferred contract costs” as these assets represent deferred costs associated with subscriber contracts.

Loss Contingencies

We record accruals for various contingencies including legal and regulatory proceedings and other matters that arise in the normal course of business. The accruals are based on judgment, the probability of losses and, where applicable, the consideration of opinions of legal counsel. We record an accrual when a loss is deemed probable to occur and is reasonably estimable. We evaluate these matters each quarter to assess our loss contingency accruals, and make adjustments in such accruals, upward or downward, as appropriate, based on our management’s best judgment after consultation with counsel. Factors that we consider in the determination of the likelihood of a loss and the estimate of the range of that loss in respect of legal and regulatory matters include the merits of a particular matter, the nature of the litigation or claim, the length of time the matter has been pending, the procedural posture of the matter, whether we intend to defend the matter, the likelihood of settling for an insignificant amount and the likelihood of the plaintiff or regulator accepting an amount in this range. However, the outcome of such legal and regulatory matters is inherently unpredictable and subject to significant uncertainties. There is no assurance that these accruals for loss contingencies will not need to be adjusted in the future or that, in light of the uncertainties involved in such matters, the ultimate resolution of these matters will not significantly exceed the accruals that we have recorded.

Recent Accounting Pronouncements

See Note 2 to our accompanying audited Consolidated Financial Statements.

Basis of Presentation

We conduct business through one operating segment, Vivint, and have historically operated in two geographic regions: The United States and Canada. In June 2022, the Company sold its Canada business. See Note 17 in the accompanying consolidated financial statements for more information about our geographic regions.

Results of operations

	Year ended December 31,		
	2022	2021	2020
	(in thousands)		
Total revenues	$ 1,682,490	$ 1,479,388	$ 1,252,267
Total costs and expenses	1,610,946	1,633,626	1,514,325
Income (loss) from operations	71,544	(154,238)	(262,058)
Other expenses	120,928	148,843	340,190
Loss before taxes	(49,384)	(303,081)	(602,248)
Income tax expense	2,350	2,471	1,083
Net loss	$ (51,734)	$ (305,552)	$ (603,331)

Key performance measures

	Year ended December 31,		
	2022	2021	2020
Total Subscribers (in thousands)	1,924.6	1,855.1	1,695.5
Total MSR (in thousands)	$ 89,935	$ 86,652	$ 82,989
AMSRU	$ 46.73	$ 46.71	$ 48.95
Net subscriber acquisition costs per new subscriber	$ 128	$ 58	$ 139
Net service cost per subscriber	$ 9.68	$ 10.91	$ 10.94
Net service margin	79 %	77 %	78 %
Average subscriber lifetime (months)	108	106	92
Total MRR (in thousands)	$ 131,279	$ 118,285	$ 103,968
AMRRU	$ 69.21	$ 66.32	$ 64.09

Adjusted EBITDA

The following table sets forth a reconciliation of net loss to Adjusted EBITDA (in millions):

	Year ended December 31,		
	2022	2021	2020
Net loss	$ (51.7)	$ (305.6)	$ (603.3)
Interest expense, net	165.3	184.5	220.5
Income tax expense, net	2.4	2.5	1.1
Depreciation	17.4	16.5	20.2
Amortization (1)	604.4	585.0	550.6
Stock-based compensation (2)	78.7	166.4	198.2
Restructuring expenses (3)	—	—	20.9
CEO transition (4)	—	11.8	—
Loss contingency (5)	—	—	23.2
Change in fair value of warrant derivative liabilities (6)	(21.3)	(50.1)	109.3
Other expense (income), net (7)	(23.1)	14.5	10.4
Adjusted EBITDA	$ 772.1	$ 625.5	$ 551.1

(1) Excludes loan amortization costs that are included in interest expense.
(2) Reflects non-cash compensation costs related to employee and director stock incentive plans.
(3) Employee severance and termination benefits expenses associated with restructuring plans.
(4) Hiring and severance expenses associated with CEO transition in June 2021.
(5) Reflects an increase to the loss contingency accrual relating to the regulatory matters described in Note 14 to the accompanying consolidated financial statements.
(6) Reflects the change in fair value of our derivative liability associated with our public warrants and private placement warrants.
(7) Primarily consists of changes in our derivative instruments, foreign currency exchange and other gains and losses associated with financing and other transactions.

Year Ended December 31, 2022 Compared to the Year Ended December 31, 2021

Revenues

The following table provides our revenue for the years ended December 31, 2022 and 2021:

	2022	2021	% Change
	(in thousands)		
Recurring and other revenue	$ 1,682,490	$ 1,479,388	14 %

Recurring and other revenue increased $203.1 million, or 14% for the year ended December 31, 2022 as compared to the year ended December 31, 2021. The increase was primarily a result of:

- $140.7 million increase resulting from the change in Total Subscribers of approximately 4%;
- $51.3 million increase from the change in AMRRU; and
- $47.2 million in non-recurring revenues primarily from our smart energy initiative, and to a lesser extent our Smart Insurance and other pilot initiatives.

These increases were partially offset by a decrease of $35.8 million resulting from the change in recurring and other revenue from our Canada business, which we sold in June 2022.

Costs and Expenses

The following table provides the significant components of our costs and expenses for the years ended December 31, 2022 and 2021:

	2022	2021	% Change
	(in thousands)		
Operating expenses	$ 389,921	$ 384,365	1 %
Selling expenses	351,391	379,497	(7)%
General and administrative	247,812	268,312	(8)%
Depreciation and amortization	621,822	601,452	3 %
Total costs and expenses	$ 1,610,946	$ 1,633,626	(1)%

Operating expenses for the year ended December 31, 2022 increased $5.6 million, or 1%, as compared to the year ended December 31, 2021. This increase was primarily due to increases of:

- $6.4 million in personnel and related support costs;
- $6.3 million in expensed equipment costs;
- $2.8 million in facility related costs;
- $2.0 million in third-party contracted services;
- $1.3 million in information technology costs;
- $1.3 million in payment processing fees; and
- $1.1 million cost of fuel.

These increases were partially offset by decreases of:

- $8.7 million in stock-based compensation; and
- $7.5 million in reduction of expenses due to the sale of our Canada business.

Selling expenses, excluding capitalized contract costs, decreased $28.1 million, or 7%, for the year ended December 31, 2022 as compared to the year ended December 31, 2021. This decrease was primarily due to decreases of:

- $63.6 million decrease in stock-based compensation;
- $14.7 million decrease in marketing costs associated with branding and lead generation costs; and
- $1.3 million in reduction of expenses due to the sale of our Canada business.

These decreases were partially offset by increases of:

- $46.8 million in commissions, recruiting and other costs associated primarily from the scaling of our smart energy initiative and to a lesser extent our Smart Insurance and other pilot initiatives;
- $2.2 million in facility and housing costs;
- $1.3 million in information technology costs; and
- $1.2 million in third-party contracted services.

General and administrative expenses decreased $20.5 million, or 8%, for the year ended December 31, 2022 as compared to the year ended December 31, 2021. This decrease was primarily due to decreases of:

- $15.3 million in stock-based compensation;
- $11.3 million in severance related expenses;
- $8.9 million in marketing costs primarily related to costs associated with building brand awareness;
- $3.1 million in third-party contracted service costs; and
- $1.8 million in research and development costs related to devices and infrastructure; and
- $1.1 million in facility related costs.

These decreases were partially offset by increases of:

- $9.0 million in bad debt expenses;
- $6.2 million in loss contingency related expenses (See Note 14 to the accompanying consolidated financial statements); and
- $5.7 million in personnel and related support costs.

Depreciation and amortization for the year ended December 31, 2022 increased $20.4 million, or 3%, as compared to the year ended December 31, 2021 primarily due to increased amortization of capitalized contract costs related to new subscribers.

Other Expenses, net

The following table provides the significant components of our other expenses, net, for the years ended December 31, 2022 and 2021:

	2022	2021	% Change
	(in thousands)		
Interest expense	$ 166,755	$ 184,993	(10)%
Interest income	(1,438)	(532)	NM
Change in fair value of warrant liabilities	(21,332)	(50,107)	NM
Other (income) loss, net	(23,057)	14,489	NM
Total other expenses, net	$ 120,928	$ 148,843	(19)%

Interest expense decreased $18.2 million, or 10%, for the year ended December 31, 2022, as compared with the year ended December 31, 2021, primarily due to lower outstanding debt principal and interest rates associated with the July 2021 debt refinance (See Note 5 to the accompanying consolidated financial statements).

Change in fair value of warrant liabilities for the year ended December 31, 2022 and 2021 represents the change in fair value measurements of our outstanding stock warrants.

Other (income) loss, net represented income of $23.1 million for the year ended December 31, 2022, as compared to a loss of $14.5 million for the year ended December 31, 2021. The other income during the year ended December 31, 2022 was primarily due to a $25.1 million gain on sale of the Canada business in June 2022 offset by a $2.2 million loss on our financing derivative instrument.

The other loss during the year ended December 31, 2021 was primarily due to:

- $30.2 million from losses on debt modification and extinguishment; and
- $14.7 million gain on our CFP derivative instrument, which partially offset these losses.

See Note 5 to our accompanying consolidated financial statements for further information on our long-term debt related to other expenses, net.

Income Taxes

The following table provides the significant components of our income tax expense for the years ended December 31, 2022 and 2021:

	2022	2021	% Change
	(in thousands)		
Income tax expense	$ 2,350	$ 2,471	(5)%

Income tax expense was $2.4 million for the year ended December 31, 2022, as compared to $2.5 million for the year ended December 31, 2021. Our tax expense for the years ended December 31, 2022 and 2021, respectively, resulted primarily from the income in our Canadian subsidiary and U.S. state income taxes where use of a net operating loss carryover is currently limited or suspended.

Liquidity and Capital Resources

Cash from operations may be affected by various risks and uncertainties, including, but not limited to, the risks detailed in the Risk Factors section of this Annual Report on Form 10-K for the year ended December 31, 2022. Based on our current business plan and revenue prospects, we believe that our existing cash and cash equivalents, our anticipated cash flows from operating activities and our available credit facility will be sufficient to meet our working capital and operating resource expenditure requirements for at least the next twelve months from the date of this filing.

Our primary source of liquidity has historically been cash from operations, proceeds from issuances of debt securities, borrowings under our credit facilities and, to a lesser extent, capital contributions and issuances of equity. As of December 31, 2022, we had $283.9 million of cash and cash equivalents and $358.9 million of availability under our revolving credit facility (after giving effect to $11.1 million of letters of credit outstanding and no borrowings).

As market conditions warrant, we and our equity holders, including the Sponsor, its affiliates, and members of our management, may from time to time, seek to purchase our outstanding debt securities or loans in privately negotiated or open market transactions, by tender offer or otherwise. Subject to any applicable limitations contained in the agreements governing our indebtedness, any purchases made by us may be funded by the use of cash on our balance sheet or the incurrence of new secured or unsecured debt, including additional borrowings under our Revolving Credit Facility. The amounts involved in any such purchase transactions, individually or in the aggregate, may be material. Any such purchases may be with respect to a substantial amount of a particular class or series of debt, with the attendant reduction in the trading liquidity of such class or series. In addition, any such purchases made at prices below the "adjusted issue price" (as defined for U.S. federal income tax purposes) may result in taxable cancellation of indebtedness income to us, which amounts may be material, and in related adverse tax consequences to us. Depending on conditions in the credit and capital markets and other factors, we will, from time to time, consider various financing transactions, the proceeds of which could be used to refinance our indebtedness or for other purposes.

Cash Flow and Liquidity Analysis

Our cash flows provided by operating activities include recurring monthly billings, cash received from the sale of Products to our customers that either pay-in-full at the time of installation or finance their purchase of Products under the CFP, commissions we receive related to our smart energy and Smart Insurance businesses and other fees received from the customers we service. Cash used in operating activities includes the cash costs to monitor and service our subscribers, a portion of subscriber acquisition costs, interest associated with our debt, general and administrative costs and smart energy and Smart

Insurance commissions paid to our sales staff. Historically, we financed subscriber acquisition costs through our operating cash flows, the issuance of debt, and to a lesser extent, through the issuance of equity. Currently, the upfront proceeds from the CFP, and subscribers that pay-in-full at the time of the sale of Products, offset a significant portion of the upfront investment associated with subscriber acquisition costs.

Sales from our direct-to-home channel are seasonal in nature. We make investments in the recruitment of our direct-to-home sales representatives, inventory and other support costs for the April through August sales period prior to each sales season. We experience increases in capitalized contract costs, as well as costs to support the sales force throughout the U.S., prior to and during this time period. The incremental inventory purchased to support the direct-to-home sales season is generally consumed prior to the end of the calendar year in which it is purchased.

The following table provides a summary of cash flow data (in thousands):

	Year ended December 31,		
	2022	2021	2020
Net cash provided by operating activities	$ 39,423	$ 82,454	$ 226,664
Net cash provided by (used in) investing activities	68,694	(17,481)	(11,663)
Net cash (used in) provided by financing activities	(32,543)	(170,216)	94,112

Cash Flows from Operating Activities

We generally reinvest the cash flows from our recurring monthly billings and cash received from the sale of Products through the Vivint Flex Pay Program associated with the initial installation of the customer's equipment, primarily to (1) maintain and grow our subscriber base, (2) expand our infrastructure to support this growth, (3) enhance our existing Smart Home Service offerings, (4) develop new Smart Home Product and Service offerings and (5) expand into new sales channels and adjacent offerings. These investments are focused on generating new subscribers, increasing the revenue from our existing subscriber base, extending our Average Subscriber Lifetime, enhancing the overall quality of service provided to our subscribers, and increasing the productivity and efficiency of our workforce and back-office functions necessary to scale our business.

For the year ended December 31, 2022, net cash provided by operating activities was $39.4 million. This cash provided was primarily from a net loss of $51.7 million, adjusted for:

- $705.4 million in non-cash amortization, depreciation, and stock-based compensation,
- a $21.3 million gain on warrant derivatives liabilities,
- a $40.5 million provision for doubtful accounts, and
- a $1.7 million net gain on disposal of assets.

Cash used in operating activities also resulted from changes in operating assets and liabilities, including:

- $661.3 million in additions to capitalized contract costs related to New Subscribers generated during the year,
- $46.5 million increase in additions to accounts receivable,
- $72.6 million decrease in accrued expenses and other liabilities due primarily from increases in accrued interest on our long-term debt and accrued payroll related costs,
- $10.4 million decrease in right-of-use operating lease liabilities,
- $10.5 million increase in prepaid expenses and other current assets, and
- $28.2 million increase in inventories on hand.

These uses of operating cash were partially offset by:

- $166.5 million increase in deferred revenue due to the increased subscriber base and the increase of deferred revenues associated with Product sales under Vivint Flex Pay,
- $23.4 million decrease in other assets primarily due to decreases in notes receivables associated with RICs,
- $9.2 million decrease in right-of-use operating assets.

For the year ended December 31, 2021, net cash provided by operating activities was $82.5 million. This cash provided was primarily from a net loss of $305.6 million, adjusted for:

- $770.8 million in non-cash amortization, depreciation, and stock-based compensation,
- a $50.1 million gain on warrant derivatives liabilities,

- a $31.3 million provision for doubtful accounts,
- a $0.3 million net loss on disposal of assets, and
- a $30.2 million loss on early extinguishment of debt.

Cash used in operating activities also resulted from changes in operating assets and liabilities, including:

- $611.5 million in additions to capitalized contract costs related to New Subscribers generated during the year,
- $30.7 million increase in additions to accounts receivable,
- $22.8 million decrease in accrued expenses and other liabilities due primarily from increases in accrued interest on our long-term debt and accrued payroll related costs,
- $8.1 million decrease in right-of-use operating lease liabilities,
- $5.1 million increase in prepaid expenses and other current assets, and
- $4.0 million increase in inventories on hand.

These uses of operating cash were partially offset by:

- $259.1 million increase in deferred revenue due to the increased subscriber base and the increase of deferred revenues associated with Product sales under Vivint Flex Pay,
- $16.3 million decrease in other assets primarily due to decreases in notes receivables associated with RICs,
- $6.9 million decrease in right-of-use operating assets.

For the year ended December 31, 2020, net cash provided by operating activities was $226.7 million. This cash provided was primarily from a net loss of $603.3 million, adjusted for:

- $773.0 million in non-cash amortization, depreciation, and stock-based compensation,
- a $109.3 million loss on warrant derivatives liabilities,
- a $23.8 million provision for doubtful accounts,
- a $2.6 million net loss on disposal of assets, and
- a $12.7 million loss on early extinguishment of debt.

Cash used in operating activities also resulted from changes in operating assets and liabilities, including:

- $584.2 million in additions to capitalized contract costs,
- $24.7 million increase in accounts receivable,
- $13.3 million decrease in right-of-use operating lease liabilities, and
- $2.3 million increase in prepaid expenses and other current assets.

These uses of operating cash were partially offset by:

- $304.4 million increase in deferred revenue due to the increased subscriber base and the increase of deferred revenues associated with Product sales under Vivint Flex Pay,
- $156.8 million increase in accrued expenses and other liabilities due primarily from increases in accrued interest on our long-term debt and accrued payroll related costs,
- $29.0 million decrease in other assets primarily due to decreases in notes receivables associated with RICs,
- $17.3 million decrease in inventories on hand, and
- $12.4 million decrease in right-of-use operating assets.

Our outstanding aggregate principal debt as of December 31, 2022 was approximately $2.7 billion. Net cash interest paid for the years ended December 31, 2022, 2021 and 2020 related to our indebtedness (excluding finance leases) totaled $143.8 million, $170.7 million and $212.6 million, respectively. Our net cash from operating activities for the years ended December 31, 2022, 2021 and 2020, before these interest payments, were inflows of $183.2 million, $253.2 million and $439.3 million, respectively. Accordingly, our net cash from operating activities were sufficient for the years ended December 31, 2022, 2021 and 2020 to cover such interest payments. For additional information regarding our outstanding indebtedness see "—Long-Term Debt" below.

Cash Flows from Investing Activities

Historically, our investing activities have primarily consisted of capital expenditures, business combinations and technology acquisitions. Capital expenditures primarily consist of periodic additions to property, plant and equipment to support the growth in our business.

For the year ended December 31, 2022, net cash provided by investing activities was $68.7 million, primarily from proceeds from the sale of our Canada business of $86.1 million, partially offset by capital expenditures of $19.4 million.

For the year ended December 31, 2021, net cash used in investing activities was $17.5 million, primarily from capital expenditures of $17.3 million.

For the year ended December 31, 2020, net cash used in investing activities was $11.7 million. This cash used primarily consisted of capital expenditures of $25.2 million and acquisition of intangible assets of $4.5 million. These cash uses were offset by $18.1 million in proceeds on the sale of assets.

Cash Flows from Financing Activities

Historically, our cash flows provided by financing activities primarily related to the issuance of equity securities and debt, primarily to fund the portion of upfront costs associated with generating new subscribers that are not covered through our operating cash flows or through our Vivint Flex Pay program. Uses of cash for financing activities are generally associated with the return of capital to our stockholders, the repayment of debt and the payment of financing costs associated with the issuance of debt.

For the year ended December 31, 2022, net cash used in financing activities was $32.5 million. Repayments of outstanding debt consisted of $13.5 million principal amounts of the term loan. Additionally, we incurred $15.4 million for taxes paid related to net share settlements of stock-based compensation awards and $3.7 million of repayments under our finance lease obligations.

For the year ended December 31, 2021, net cash used in financing activities was $170.2 million. Repayments of outstanding debt consisted of $946.3 million, $677.0 million, $400.0 million and $225.0 million aggregate principal amounts of term loans, 2022 Notes, 2023 Notes and 2024 Notes, respectively. Additionally, we incurred $50.2 million in related debt financing costs, $29.4 million for taxes paid related to net share settlements of stock-based compensation awards and $3.2 million of repayments under our finance lease obligations. These cash uses were offset by proceeds from the issuance of $800.0 million aggregate principal amount of 2029 Notes, $1,350.0 million in borrowings under Term Loan Facility and $10.8 million from the exercise of warrants.

For the year ended December 31, 2020, net cash provided by financing activities was $94.1 million, consisting of proceeds from the issuance of $600.0 million aggregate principal amount of 2027 Notes and $950.0 million in borrowings under Term Loans, $463.5 million capital contribution associated with the Merger, $359.2 million in borrowings on the revolving credit facility and $120.8 million from the exercise of warrants. This was offset with $1,754.3 million of repayments on existing notes, $604.2 million of repayments on the revolving credit facility, $24.1 million in financing costs, $9.2 million for taxes paid related to net share settlements of stock-based compensation awards, and $7.7 million of repayments under our finance lease obligations.

Long-Term Debt

We are a highly leveraged company with significant debt service requirements. As of December 31, 2022, we had $2,733.1 million of aggregate principal total debt outstanding, consisting of $800.0 million of outstanding 2029 notes, $600.0 million of outstanding 2027 notes and $1,333.1 million of outstanding Term Loan with $358.9 million of availability under our revolving credit facility (after giving effect to $11.1 million of outstanding letters of credit and no borrowings).

Debt Refinance 2021

On July 9, 2021, APX Group, Inc. (the "Issuer" or "APX"), our indirect, wholly owned subsidiary, issued $800.0 million aggregate principal amount of 5.75% Senior Notes due 2029 (the "2029 Notes"), pursuant to an indenture, dated as of July 9, 2021, among the Issuer, the guarantors party thereto and Wilmington Trust, National Association, as trustee and collateral agent.

Concurrently with the Notes offering, the Issuer refinanced its existing credit facilities with (i) a new $1,350.0 million first lien senior secured term loan facility (the "Term Loan Facility") and (ii) a new $370.0 million senior secured revolving credit facility (together with the Term Loan Facility, the "New Senior Secured Credit Facilities"), with the lenders party thereto and Bank of America, N.A. as a lender, administrative agent and collateral agent. The Issuer is the borrower under the New Senior Secured Credit Facilities.

The net proceeds from the 2029 Notes offering, together with the borrowings under the New Senior Secured Credit Facilities and cash on hand, were used to (i) redeem (the "2022 Notes Redemption") all of the Issuer's outstanding 7.875% Senior Secured Notes due 2022, (ii) redeem (the "2023 Notes Redemption") all of the Issuer's outstanding 7.625% Senior Notes due

2023, (iii) redeem (the "2024 Notes Redemption" and together with the 2022 Notes Redemption and the 2023 Notes Redemption, the "Redemptions") all of the Issuer's outstanding 8.50% Senior Secured Notes due 2024, (iv) repay amounts outstanding, and to terminate all commitments, under its existing revolving credit facility and term loan facility and (v) pay the related redemption premiums and all fees and expenses related thereto.

2027 Notes

As of December 31, 2022, APX had $600.0 million outstanding aggregate principal amount of its 2027 notes. As of December 31, 2022, our maximum commitment for interest payments was $120.9 million for the remaining duration of the 2027 notes. Interest on the 2027 notes is payable semiannually in arrears on February 15 and August 15 each year.

We may, at our option, redeem at any time and from time to time prior to February 15, 2023, some or all of the 2027 notes at 100% of the principal amount thereof plus accrued and unpaid interest to the redemption date plus the applicable "make-whole premium." From and after February 15, 2023, we may, at our option, redeem at any time and from time to time some or all of the 2027 notes at 103.375%, declining to par from and after May 1, 2025, in each case, plus any accrued and unpaid interest to the date of redemption. In addition, on or prior to February 15, 2023, we may, at our option, redeem up to 40% of the aggregate principal amount of the 2027 notes with the proceeds from certain equity offerings at 100% plus an applicable premium, plus accrued and unpaid interest to the date of redemption. In addition, on or prior to February 15, 2023, during any 12 month period, we also may, at our option, redeem at any time and from time to time up to 10% of the aggregate principal amount of the 2027 notes at a price equal to 103% of the principal amount thereof, plus accrued and unpaid interest, to but excluding the redemption date.

The 2027 notes will mature on February 15, 2027. The 2027 notes are secured, on a pari passu basis, by the collateral securing obligations under the existing senior secured notes, the Revolving Credit Facility and the Term Loan Facility, in each case, subject to certain exceptions and permitted liens.

2029 Notes

As of December 31, 2022, APX had $800.0 million outstanding aggregate principal amount of its 2029 notes. As of December 31, 2022, our maximum commitment for interest payments was $322.1 million for the remaining duration of the 2029 notes. Interest on the 2029 notes is payable semiannually in arrears on January 15 and July 15 each year.

We may, at our option, redeem at any time and from time to time prior to July 15, 2024, some or all of the 2029 notes at 100% of the principal amount thereof plus accrued and unpaid interest to the redemption date plus the applicable "make-whole premium." From and after July 15, 2024, we may, at our option, redeem at any time and from time to time some or all of the 2029 notes at 102.875%, declining to par from and after July 15, 2026, in each case, plus any accrued and unpaid interest to the date of redemption. In addition, on or prior to July 15, 2024, we may, at our option, redeem up to 40% of the aggregate principal amount of the 2029 notes with the proceeds from certain equity offerings at 100% plus an applicable premium, plus accrued and unpaid interest to the date of redemption. In addition, on or prior to July 15, 2024, we may redeem the 2029 notes, in whole or in part, at a redemption price equal to the sum of (A) 100.0% of the principal amount of the 2029 notes redeemed, plus (B) the applicable premium as of the redemption date, plus (C) accrued and unpaid interest, if any.

The 2029 notes will mature on July 15, 2029.

Senior Secured Credit Facilities

In July 2021, APX amended and restated its existing senior secured term loan credit agreement and existing senior secured revolving credit facility with a new senior secured credit agreement (the "Credit Agreement") that provides for (i) a term loan facility in an aggregate principal amount of $1,350.0 million (the "Term Loan Facility", and the loans thereunder, the "Term Loans") and (ii) a revolving credit facility with commitments in an aggregate principal amount of $370.0 million (the "Revolving Credit Facility", and the loans thereunder, the "Revolving Loans").

As of December 31, 2022, APX had outstanding term loans under the Term Loan Facility in an aggregate principal amount of $1,333.1 million. As of December 31, 2022, our maximum commitment for interest payments was $753.5 million for the remaining duration of the term loans under the Term Loan Facility. APX is required to make quarterly amortization payments under the Term Loan Facility in an amount equal to 0.25% of the aggregate principal amount of the Term Loans outstanding on the closing date thereof. The remaining outstanding principal amount of the Term Loans will be due and payable in full on July 9, 2028. APX may prepay the Term Loans on the terms specified in the Credit Agreement. No amortization payments are required under the Revolving Credit Facility.

In addition to paying interest on outstanding principal under the Revolving Credit Facility, APX is required to pay a quarterly commitment fee of 50 basis points (which will be subject to two interest rate step-downs of 12.5 basis points, based on APX meeting consolidated first lien net leverage ratio tests) to the lenders under the Revolving Credit Facility in respect of the unutilized commitments thereunder. APX also pays customary letter of credit and agency fees. The revolving credit commitments outstanding under the Revolving Credit Facility will be due and payable in full on July 9, 2026.

Borrowings under the amended and restated Term Loan Facility and Revolving Credit Facility bear interest, at APX's option, at a rate per annum equal to either (a)(i) a base rate determined by reference to the highest of (1) the "Prime Rate" in the United States as published in The Wall Street Journal, (2) the federal funds effective rate plus 0.50% and (3) the LIBO rate for a one month interest period plus 1.00%, plus (ii) 2.50% (or after the delivery of financial statements for the fiscal quarter ending December 31, 2021, between 2.50% and 2.00%, depending on the first lien net leverage ratio of the applicable fiscal quarter) or (b)(i) a LIBO rate determined by reference to the applicable page for the LIBO rate for the interest period relevant to such borrowing plus (ii) 3.50% (or after the delivery of financial statements for the fiscal quarter ending December 31, 2021, between 3.50% and 3.00%, depending on the first lien net leverage ratio of the applicable fiscal quarter), subject in each case to an agreed interest rate floor.

There were no outstanding borrowings under the Revolving Credit Facility as of December 31, 2022 and December 31, 2021. As of December 31, 2022, we had $358.9 million of availability under our revolving credit facility (after giving effect to $11.1 million of letters of credit outstanding and no borrowings).

Guarantees and Security (Credit Agreement and Notes)

All of the obligations under the Credit Agreement and the debt agreements governing the Notes are guaranteed by APX Group Holdings, Inc., each of APX Group's existing and future material wholly owned U.S. restricted subsidiaries (subject to customary exclusions and qualifications) and solely in the case of the Notes, Vivint Smart Home, Inc. However, such subsidiaries shall only be required to guarantee the obligations under the debt agreements governing the Notes for so long as such entities guarantee the obligations under the Revolving Credit Facility, the Term Loan Facility or the Company's other indebtedness.

The obligations under the Revolving Credit Facility, the Term Loans and the 2027 notes are secured by a security interest in (1) substantially all of the present and future tangible and intangible assets of APX Group, Inc., and the subsidiary guarantors, including without limitation equipment, subscriber contracts and communication paths, intellectual property, material fee-owned real property, general intangibles, investment property, material intercompany notes and proceeds of the foregoing, subject to permitted liens and other customary exceptions, (2) substantially all personal property of APX Group, Inc. and the subsidiary guarantors consisting of accounts receivable arising from the sale of inventory and other goods and services (including related contracts and contract rights, inventory, cash, deposit accounts, other bank accounts and securities accounts), inventory and intangible assets to the extent attached to the foregoing books and records of APX Group, Inc. and the subsidiary guarantors, and the proceeds thereof, subject to permitted liens and other customary exceptions, in each case held by APX Group, Inc. and the subsidiary guarantors and (3) a pledge of all of the capital stock of APX Group, Inc., each of its subsidiary guarantors and each restricted subsidiary of APX Group, Inc. and its subsidiary guarantors, in each case other than excluded assets and subject to the limitations and exclusions provided in the applicable collateral documents.

Debt Covenants

The Credit Agreement and the debt agreements governing the Notes contain a number of covenants that, among other things, restrict, subject to certain exceptions, APX Group, Inc. and its restricted subsidiaries' ability to:

- incur or guarantee additional debt or issue disqualified stock or preferred stock;
- pay dividends and make other distributions on, or redeem or repurchase, capital stock;
- make certain investments;
- incur certain liens;
- enter into transactions with affiliates;
- merge or consolidate;
- materially change the nature of their business;
- enter into agreements that restrict the ability of restricted subsidiaries to make dividends or other payments to APX Group, Inc.;
- designate restricted subsidiaries as unrestricted subsidiaries;
- amend, prepay, redeem or purchase certain subordinated debt; and
- transfer or sell certain assets.

The Credit Agreement and the debt agreements governing the Notes contain change of control provisions and certain customary affirmative covenants and events of default. As of December 31, 2022, APX Group, Inc. was in compliance with all covenants related to its long-term obligations.

Subject to certain exceptions, the Credit Agreement and the debt agreements governing the Notes permit APX Group, Inc. and its restricted subsidiaries to incur additional indebtedness, including secured indebtedness.

Our future liquidity requirements will be significant, primarily due to debt service requirements. The actual amounts of borrowings under the Revolving Credit Facility will fluctuate from time to time.

Our liquidity and our ability to fund our capital requirements is dependent on our future financial performance, which is subject to general economic, financial and other factors that are beyond our control and many of which are described under "Part I. Item 1A—Risk Factors". If those factors significantly change or other unexpected factors adversely affect us, our business may not generate sufficient cash flow from operations or we may not be able to obtain future financings to meet our liquidity needs. We anticipate that to the extent additional liquidity is necessary to fund our

operations, it would be funded through borrowings under the Revolving Credit Facility, incurring other indebtedness, additional equity or other financings or a combination of these potential sources of liquidity. We may not be able to obtain this additional liquidity on terms acceptable to us or at all.

Covenant Compliance

Under the Credit Agreement and the debt agreements governing the Notes, our subsidiary, APX Group's ability to engage in activities such as incurring additional indebtedness, making investments, refinancing certain indebtedness, paying dividends and entering into certain merger transactions is governed, in part, by our ability to satisfy tests based on Covenant Adjusted EBITDA (which measure is defined as "Consolidated EBITDA" in the Credit Agreement and "EBITDA" in the debt agreements governing the existing notes) for the applicable four-quarter period. Such tests include an incurrence-based maximum consolidated secured debt ratio and first lien secured debt ratio of 4.25 to 1.0, a consolidated total debt ratio of 5.50 to 1.0, an incurrence-based minimum fixed charge coverage ratio of 2.00 to 1.0, and, solely in the case of the Revolving Credit Facility, a quarterly maintenance-based maximum consolidated first lien secured debt ratio of 4.99 to 1.0 (subject to certain conditions set forth in the Credit Agreement being satisfied), each as determined in accordance with the Credit Agreement and the debt agreements governing the Notes, as applicable. Non-compliance with these covenants could restrict our ability to undertake certain activities or result in a default under the Credit Agreement and the debt agreements governing the Notes.

"Covenant Adjusted EBITDA" is defined as net income (loss) before interest expense (net of interest income), income and franchise taxes and depreciation and amortization (including amortization of capitalized subscriber acquisition costs), further adjusted to exclude the effects of certain contract sales to third parties, non-capitalized subscriber acquisition costs, stock based compensation, changes in the fair value of the derivative liability associated with our public and private warrants and certain unusual, non-cash, non-recurring and other items permitted in certain covenant calculations under the agreements governing our Notes and the Credit Agreement.

We believe that the presentation of Covenant Adjusted EBITDA is appropriate to provide additional information to investors about the calculation of, and compliance with, certain financial covenants contained in the agreements governing the Notes and the Credit Agreement governing the Revolving Credit Facility and the Term Loan Facility. We caution investors that amounts presented in accordance with our definition of Covenant Adjusted EBITDA may not be comparable to similar measures disclosed by other issuers, because not all issuers and analysts calculate Covenant Adjusted EBITDA in the same manner.

Covenant Adjusted EBITDA is not a measurement of our financial performance under GAAP and should not be considered as an alternative to net loss or any other performance measures derived in accordance with GAAP or as an alternative to cash flows from operating activities as a measure of our liquidity.

The following table sets forth a reconciliation of net loss to Covenant Adjusted EBITDA (in thousands):

	Year ended December 31,		
	2022	2021	2020
Net loss	$ (51,734)	$ (305,552)	$ (603,331)
Interest expense, net	165,317	184,461	220,467
Non-capitalized subscriber acquisition costs (1)	387,368	343,138	268,541
Amortization of capitalized subscriber acquisition costs	556,550	524,980	481,213
Depreciation and amortization (2)	65,272	76,472	89,618
Other expense (income)	(23,057)	14,489	10,473
Non-cash compensation (3)	78,734	166,428	198,213
Restructuring and asset impairment charge (4)	—	—	20,941
Income tax expense	2,350	2,471	1,083
Change in fair value of warrant derivative liabilities (5)	(21,332)	(50,107)	109,250
Other adjustments (6)	100,603	93,958	95,293
Covenant Adjusted EBITDA	$ 1,260,071	$ 1,050,738	$ 891,761

(1) Reflects subscriber acquisition costs that are expensed as incurred because they are not directly related to the acquisition of specific subscribers. Certain other industry participants purchase subscribers through subscriber contract purchases, and as a result, may capitalize the full cost to purchase these subscriber contracts, as compared to our organic generation of new subscribers, which requires us to expense a portion of our subscriber acquisition costs under GAAP.
(2) Excludes loan amortization costs that are included in interest expense.
(3) Reflects non-cash compensation costs related to employee and director stock and stock option plans. Excludes non-cash compensation costs included in non-capitalized subscriber acquisition costs.
(4) Restructuring employee severance and termination benefits expenses. (See Note 11 to the accompanying consolidated financial statements).
(5) Reflects the change in fair value of our derivative liability associated with our public warrants and private placement warrants.
(6) Other adjustments represent primarily the following items (in thousands):

	Year ended December 31,		
	2022	2021	2020
Product development (a)	$ 19,359	$ 16,550	$ 15,222
Consumer financing fees (b)	56,835	43,573	27,591
Hiring and termination payments (c)	850	19,223	3,482
Certain legal and professional fees (d)	13,008	8,083	5,492
Monitoring fee (e)	(62)	5,747	8,077
Loss contingency (f)	10,800	—	23,200
Projected run-rate restructuring cost savings (g)	—	—	11,609
All other adjustments (h)	(187)	782	620
Total other adjustments	$ 100,603	$ 93,958	$ 95,293

(a) Costs related to the development of control panels, including associated software and peripheral devices.
(b) Reflects the reduction to revenue related to the amortization of certain financing fees incurred under the Vivint Flex Pay program.
(c) Expenses associated with retention bonus, relocation and severance payments to management.
(d) Legal and professional fees associated with strategic initiatives and financing transactions.
(e) Blackstone Management Partners L.L.C. monitoring fee (See Note 16 to the accompanying consolidated financial statements).
(f) Reflects an increase to the loss contingency accrual relating to legal and regulatory matters (See Note 14 to the accompanying consolidated financial statements).
(g) Projected run-rate savings related to March 2020 reduction-in-force.
(h) Other adjustments primarily reflect costs associated with various strategic, legal and financing activities.

Other Factors Affecting Liquidity and Capital Resources

Vivint Flex Pay. Vivint Flex Pay became our primary equipment financing model beginning in March 2017. Under Vivint Flex Pay, customers pay separately for Products through the CFP. Under the CFP, qualified customers are eligible for Loans originated by Financing Providers of between $150 and $6,000. The terms of most loans are determined based on the customer's credit quality. The annual percentage rates on these Loans is either 0% or 9.99%, depending on the customer's credit quality, and are either installment or revolving loans with repayment terms ranging from 6- to 60-months. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations — Critical Accounting Policies and Estimates — Consumer Financing Program*" for further details.

For certain Financing Provider Loans, we pay a monthly fee based on either the average daily outstanding balance of the loans or the number of outstanding Loans, depending on the third-party financing provider. For certain Loans, we incur fees at the time of the Loan origination and receive proceeds that are net of these fees. Additionally, we share in the liability for credit losses depending on the credit quality of the customer, with our Company being responsible for between 2.6% to 100% of lost principal balances, depending on factors specified in the agreement with such provider. Because of the nature of these provisions, we record a derivative liability at its fair value when the Financing Provider originates Loans to customers, which reduces the amount of estimated revenue recognized on the provision of the services. The derivative liability represents the estimated remaining amounts to be paid to the Financing Provider by us related to outstanding Loans, including the monthly fees based on either the outstanding Loan balances or the number of outstanding Loans, shared liabilities for credit losses and customer payment processing fees. The derivative liability is reduced as payments are made by us to the Financing Provider. Subsequent changes to the fair value of the derivative liability are realized through other expenses (income), net in the Consolidated Statement of Operations. As of December 31, 2022 and 2021, the fair value of this derivative liability was $125.8 million and $216.8 million, respectively.

For other Financing Provider Loans, we receive net proceeds (net of fees and expected losses) for which we have no further obligation to the third-party. We record these net proceeds to deferred revenue.

Vehicle Leases. Since 2010, we have leased, and expect to continue leasing, vehicles primarily for use by our Smart Home Pros. For the most part, these leases have 36 to 48-month durations and we account for them as finance leases. At the end of the lease term for each vehicle we have the option to either (i) purchase it for the estimated end-of-lease fair market value established at the beginning of the lease term; or (ii) return the vehicle to the lessor to be sold by them and in the event the sale price is less than the estimated end-of-lease fair market value we are responsible for such deficiency. As of December 31, 2022, our total finance lease obligations were $7.9 million.

Operating Leases. We have operating lease commitments for corporate offices, warehouse facilities, research and development and other operating facilities and other operating assets. As of December 31, 2022 we had $50.0 million of total future operating lease payments.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Our operations include activities in the United States. These operations expose us to a variety of market risks, including the effects of changes in interest rates and foreign currency exchange rates. We monitor and manage these financial exposures as an integral part of our overall risk management program.

Interest Rate Risk

Our revolving credit facility and our term loan facility bear interest at a floating rate. As a result, we may be exposed to fluctuations in interest rates to the extent of our borrowings under these credit facilities. To help manage borrowing costs, we may from time to time enter into interest rate swap transactions with financial institutions acting as principal counterparties. We consider changes in the 30-day LIBOR rate to be most indicative of our interest rate exposure as it is a function of the base rate for our credit facilities and is reasonably correlated to changes in our earnings rate on our cash investments. Assuming the borrowing of all amounts available under our revolving credit facility, if the 30-day LIBOR rate increases by 1% due to normal market conditions, our interest expense will increase by approximately $17.0 million per annum. We had no borrowings under the revolving credit facility as of December 31, 2022.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

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Report of Independent Registered Public Accounting Firm

To the Stockholders and the Board of Directors of Vivint Smart Home, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Vivint Smart Home, Inc. and subsidiaries (the Company) as of December 31, 2022 and 2021, the related consolidated statements of operations, comprehensive loss, changes in equity (deficit) and cash flows for each of the three years in the period ended December 31, 2022, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2022 and 2021, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2022, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2022, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated February 24, 2023, expressed an unqualified opinion thereon.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Derivative Valuation

Description of the Matter

The Company's derivative liability as of December 31, 2022 was $125.8 million. As disclosed in Note 2 and Note 10 of the consolidated financial statements, certain customers pay for products by obtaining financing from a third-party financing provider under the Company's Consumer Financing Program. Under this program, the Company pays certain fees to the financing providers and shares in credit losses depending on the credit quality of the customer. The Company initially records a derivative liability at fair value related to these obligations as a reduction of deferred revenue, with subsequent changes in fair value recorded to other loss (income).

Auditing management's determination of the fair value of the derivative liability involved significant judgment because the discounted cash flow model that is used to estimate the fair value incorporates assumptions such as discount rates, collateral default rates and loss severity rates that are unobservable. Auditing these assumptions is complex because of the inherent uncertainty in these assumptions management used in its calculations.

How We Addressed the Matter in Our Audit

We obtained an understanding, evaluated the design and tested the operating effectiveness of controls that address the risk of material misstatement related to management's determination of the fair value of the derivative liability. This included testing controls over management's review of the model and the significant assumptions noted above.

Our testing of the Company's estimate of the fair value of the derivative liability included, among other procedures, evaluating the significant assumptions noted above. For example, we compared the discount rates used in the Company's model against rates independently developed by our valuation specialists. We also evaluated collateral default and loss severity rates. We tested the completeness and accuracy of the underlying data used in developing these estimates as well as the mathematical accuracy of the Company's calculations. We also developed our own independent estimate of the fair value of the derivative liability and compared it to management's estimate. We also evaluated the related disclosures included in Note 2 and Note 10 to the consolidated financial statements.

/s/ Ernst & Young LLP

We have served as the Company's auditor since 2011.

Salt Lake City, Utah
February 24, 2023

Report of Independent Registered Public Accounting Firm

To the Stockholders and the Board of Directors of Vivint Smart Home, Inc.

Opinion on Internal Control Over Financial Reporting

We have audited Vivint Smart Home, Inc. and subsidiaries' internal control over financial reporting as of December 31, 2022, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, Vivint Smart Home, Inc. and subsidiaries (the Company) maintained, in all material respects, effective internal control over financial reporting as of December 31, 2022, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of December 31, 2022 and 2021, the related consolidated statements of operations, comprehensive loss, changes in equity (deficit) and cash flows for each of the three years in the period ended December 31, 2022, and the related notes and our report dated February 24, 2023 expressed an unqualified opinion thereon.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Annual Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Ernst & Young LLP

Salt Lake City, Utah
February 24, 2023

Vivint Smart Home, Inc. and Subsidiaries
Consolidated Balance Sheets
(In thousands, except share and par value per share amounts)

	December 31,	
	2022	**2021**
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 283,852	$ 208,509
Accounts and notes receivable, net of allowance of $16,422 and $13,271	55,694	63,671
Inventories	78,541	51,251
Prepaid expenses and other current assets	29,907	19,385
Total current assets	447,994	342,816
Property, plant and equipment, net	61,636	55,448
Capitalized contract costs, net	1,485,912	1,405,442
Deferred financing costs, net	1,632	2,088
Intangible assets, net	2,223	51,928
Goodwill	817,502	837,153
Operating lease right-of-use assets	36,812	46,000
Long-term notes receivables and other non-current assets, net	24,831	44,753
Total assets	$ 2,878,542	$ 2,785,628
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current Liabilities:		
Accounts payable	$ 121,314	$ 96,317
Accrued payroll and commissions	82,649	83,347
Accrued expenses and other current liabilities	199,846	236,250
Deferred revenue	507,658	429,900
Current portion of notes payable, net	13,500	13,500
Current portion of operating lease liabilities	13,048	12,033
Current portion of finance lease liabilities	2,686	2,854
Total current liabilities	940,701	874,201
Notes payable, net	2,235,658	2,347,765
Notes payable, net - related party	454,872	351,080
Finance lease liabilities, net of current portion	5,216	1,416
Deferred revenue, net of current portion	851,764	778,214
Operating lease liabilities, net of current portion	30,232	41,713
Other long-term obligations	58,321	106,135
Warrant derivative liabilities	3,232	24,564
Deferred income tax liabilities	890	640
Total liabilities	4,580,886	4,525,728
Commitments and contingencies (See Note 14)		
Stockholders' deficit:		
Preferred stock, $0.0001 par value, 300,000,000 shares authorized; none issued and outstanding as of December 31, 2022 and 2021, respectively	—	—
Class A Common stock, $0.0001 par value, 3,000,000,000 shares authorized; 213,606,672 and 208,734,193 shares issued and outstanding as of December 31, 2022 and 2021, respectively	21	21
Additional paid-in capital	1,766,407	1,703,815
Accumulated deficit	(3,468,772)	(3,417,038)
Accumulated other comprehensive loss	—	(26,898)
Total stockholders' deficit	(1,702,344)	(1,740,100)
Total liabilities and stockholders' deficit	$ 2,878,542	$ 2,785,628

See accompanying notes to consolidated financial statements

Vivint Smart Home, Inc. and Subsidiaries
Consolidated Statements of Operations
(In thousands, except share and per share amounts)

	Year ended December 31,		
	2022	2021	2020
Revenues:			
Recurring and other revenue	$ 1,682,490	$ 1,479,388	$ 1,252,267
Costs and expenses:			
Operating expenses (exclusive of depreciation and amortization shown separately below)	389,921	384,365	352,343
Selling expenses (exclusive of amortization of deferred commissions of $222,097, $212,967 and $197,697, respectively, which are included in depreciation and amortization shown separately below)	351,391	379,497	302,287
General and administrative expenses	247,812	268,312	267,923
Depreciation and amortization	621,822	601,452	570,831
Restructuring and asset impairment charges	—	—	20,941
Total costs and expenses	1,610,946	1,633,626	1,514,325
Income (loss) from operations	71,544	(154,238)	(262,058)
Other expenses (income):			
Interest expense	166,755	184,993	221,175
Interest income	(1,438)	(532)	(708)
Change in fair value of warrant liabilities	(21,332)	(50,107)	109,250
Other (income) loss, net	(23,057)	14,489	10,473
Loss before income taxes	(49,384)	(303,081)	(602,248)
Income tax expense	2,350	2,471	1,083
Net loss	$ (51,734)	$ (305,552)	$ (603,331)
Net loss per share attributable to common stockholders:			
Basic	$ (0.24)	$ (1.47)	$ (3.37)
Diluted	$ (0.24)	$ (1.71)	$ (3.37)
Weighted-average shares used in computing net loss per share attributable to common stockholders:			
Basic	212,501,938	208,265,631	179,071,278
Diluted	212,501,938	209,078,167	179,071,278

See accompanying notes to consolidated financial statements

Vivint Smart Home, Inc. and Subsidiaries
Consolidated Statements of Comprehensive Loss
(In thousands)

	Year ended December 31,		
	2022	2021	2020
Net loss	$ (51,734)	$ (305,552)	$ (603,331)
Other comprehensive (loss) income, net of tax effects:			
Foreign currency translation adjustment	879	(89)	657
Total other comprehensive (loss) income	879	(89)	657
Comprehensive loss	$ (50,855)	$ (305,641)	$ (602,674)

See accompanying notes to consolidated financial statements

Vivint Smart Home, Inc. and Subsidiaries
Consolidated Statements of Changes in Equity (Deficit)
(In thousands, except shares)

	Common Stock		Additional paid-in capital	Accumulated deficit	Accumulated other comprehensive income (loss)	Total
	Shares	Amount				
Balance, December 31, 2019	94,937,597	$ 9	$ 740,121	$ (2,508,155)	$ (27,466)	$ (1,795,491)
Recapitalization transaction	59,793,021	6	422,113	—	—	422,119
Issuance of earnout shares	36,084,141	5	(5)	—	—	—
Tax withholdings related to net share settlement of equity awards	(468,773)	—	(9,313)	—	—	(9,313)
Forfeited shares	(188,972)	—	—	—	—	—
Warrants exercised	10,621,654	—	186,551	—	—	186,551
Issuance of common stock upon exercise or vesting of equity awards	1,437,673	—	—	—	—	—
Net Loss	—	—	—	(603,331)	—	(603,331)
Foreign currency translation adjustment	—	—	—	—	657	657
Stock-based compensation	—	—	198,213	—	—	198,213
Restructuring expenses	—	—	11,106	—	—	11,106
Balance, December 31, 2020	202,216,341	20	1,548,786	(3,111,486)	(26,809)	(1,589,489)
Issuance of earnout shares	1,239,818	—	—	—	—	—
Tax withholdings related to net share settlement of equity awards	(1,691,254)	—	(29,398)	—	—	(29,398)
Forfeited shares	(17,198)	—		—	—	—
Warrants exercised	825,016	—	19,743	—	—	19,743
Issuance of common stock upon exercise or vesting of equity awards	6,161,470	1	—	—	—	1
Net Loss	—	—	—	(305,552)	—	(305,552)
Foreign currency translation adjustment	—	—	—	—	(89)	(89)
Stock-based compensation	—	—	164,684	—	—	164,684
Balance, December 31, 2021	208,734,193	21	1,703,815	(3,417,038)	(26,898)	(1,740,100)
Tax withholdings related to net share settlement of equity awards	(2,063,857)	—	(15,351)	—	—	(15,351)
Issuance of common stock upon exercise or vesting of equity awards	6,936,336	—	—	—	—	—
Net Loss	—	—	—	(51,734)	—	(51,734)
Foreign currency translation adjustment	—	—	—	—	879	879
Reclassification out of Other Comprehensive Income, Canada Sale	—	—	—	—	26,019	26,019
Stock-based compensation	—	—	77,943	—	—	77,943
Balance, December 31, 2022	213,606,672	$ 21	$ 1,766,407	$ (3,468,772)	$ —	$ (1,702,344)

See accompanying notes to consolidated financial statements

Vivint Smart Home, Inc. and Subsidiaries
Consolidated Statements of Cash Flows
(In thousands)

	Year ended December 31,		
	2022	2021	2020
Cash flows from operating activities:			
Net loss from operations	$ (51,734)	$ (305,552)	$ (603,331)
Adjustments to reconcile net loss to net cash provided by operating activities of operations:			
Amortization of capitalized contract costs	556,550	524,981	481,213
Amortization of customer relationships	46,642	58,134	65,908
Gain on fair value changes of equity securities	—	(659)	—
Depreciation and amortization of property, plant and equipment and other intangible assets	18,630	18,337	23,710
Amortization of deferred financing costs and bond premiums and discounts	5,641	4,629	3,956
Gain on sale of Canada Business	(25,051)	—	—
(Gain) loss on warrant derivative liability	(21,332)	(50,107)	109,250
Warrant issuance costs	—	—	723
(Gain) loss on sale or disposal of assets	(1,653)	339	2,579
Loss on early extinguishment of debt	—	30,210	12,710
Stock-based compensation	77,943	164,684	198,213
Provision for doubtful accounts	40,476	31,341	23,778
Deferred income taxes	(3,177)	(3,598)	(1,813)
Restructuring and asset impairment charges	—	—	11,106
Changes in operating assets and liabilities:			
Accounts and notes receivable, net	(46,479)	(30,724)	(24,684)
Inventories	(28,186)	(3,950)	17,299
Prepaid expenses and other current assets	(10,540)	(5,102)	(2,336)
Capitalized contract costs, net	(661,313)	(611,547)	(584,151)
Long-term notes receivables and other non-current assets, net	23,389	16,335	28,964
Operating lease right-of-use assets	9,166	6,881	12,440
Accounts payable	27,086	9,627	3,256
Accrued payroll and commissions, accrued expenses, and other current and long-term liabilities	(72,647)	(22,837)	156,784
Current and long-term operating lease liabilities	(10,445)	(8,081)	(13,291)
Deferred revenue	166,457	259,113	304,381
Net cash provided by operating activities	39,423	82,454	226,664
Cash flows from investing activities:			
Capital expenditures	(19,369)	(17,275)	(25,245)
Proceeds from the sale of capital assets	2,334	141	18,063
Proceeds from the sale of Canada Business, net of cash sold	86,052	—	—
Acquisition of intangible assets	(323)	(347)	(4,481)
Net cash provided by (used in) investing activities	68,694	(17,481)	(11,663)

See accompanying notes to consolidated financial statements

Vivint Smart Home, Inc. and Subsidiaries
Consolidated Statements of Cash Flows (Continued)
(In thousands)

	Year ended December 31,		
	2022	2021	2020
Cash flows from financing activities:			
Proceeds from notes payable	—	1,758,000	1,241,000
Proceeds from notes payable - related party	—	392,000	309,000
Repayments of notes payable	(13,500)	(1,896,950)	(1,579,499)
Repayments of notes payable - related party	—	(351,300)	(174,800)
Borrowings from revolving line of credit	—	—	359,200
Repayments on revolving line of credit	—	—	(604,200)
Taxes paid related to net share settlements of stock-based compensation awards	(15,351)	(29,398)	(9,171)
Repayments of finance lease obligations	(3,692)	(3,158)	(7,657)
Proceeds from Mosaic recapitalization	—	—	463,522
Proceeds from warrant exercises	—	10,819	120,802
Financing costs	—	(26,351)	(11,191)
Deferred financing costs	—	(23,878)	(12,894)
Net cash (used in) provided by financing activities	(32,543)	(170,216)	94,112
Effect of exchange rate changes on cash and cash equivalents	(231)	(47)	137
Net increase (decrease) in cash and cash equivalents	75,343	(105,290)	309,250
Cash and cash equivalents:			
Beginning of period	208,509	313,799	4,549
End of period	$ 283,852	$ 208,509	$ 313,799
Supplemental cash flow disclosures:			
Income tax paid	$ 1,860	$ 7,050	$ 537
Interest paid	$ 146,280	$ 173,160	$ 215,223
Supplemental non-cash investing and financing activities:			
Finance lease additions	$ 8,575	$ 1,823	$ 855
Capital expenditures included within accounts payable, accrued expenses and other current liabilities	$ 1,787	$ 3,426	$ 2,458

See accompanying notes to consolidated financial statements

Vivint Smart Home, Inc. and Subsidiaries
Notes to Consolidated Financial Statements

1. Description of Business

Vivint Smart Home, Inc., and its wholly owned subsidiaries, (collectively the "Company"), is one of the largest smart home companies in the United States. The Company is engaged in the sale, installation, servicing and monitoring of smart home and security systems.

2. Significant Accounting Policies

Basis of Presentation

The Company has prepared the accompanying consolidated financial statements pursuant to generally accepted accounting principles in the United States ("GAAP"). Preparing financial statements requires the Company to make estimates and assumptions that affect the amounts that are reported in the consolidated financial statements and accompanying disclosures. Although these estimates are based on the Company's best knowledge of current events and actions that the Company may undertake in the future, actual results may be different from the Company's estimates. The results of operations presented herein are not necessarily indicative of the Company's results for any future period.

On January 17, 2020 (the "Closing Date"), the Company consummated the previously announced merger pursuant to that certain Agreement and Plan of Merger, dated September 15, 2019, by and among the Company, Merger Sub, and Legacy Vivint Smart Home, as amended by Amendment No. 1 to the Agreement and Plan of Merger, dated as of December 18, 2019, by and among the Company, Merger Sub and Legacy Vivint Smart Home. (See Note 6 "Business Combination" for further discussion).

Pursuant to the terms of the Merger Agreement, a business combination between the Company and Legacy Vivint Smart Home was effected through the merger of Merger Sub with and into Legacy Vivint Smart Home, with Legacy Vivint Smart Home surviving as the surviving company (the "Business Combination"). Notwithstanding the legal form of the Business Combination pursuant to the Merger Agreement, the Business Combination is accounted for as a reverse recapitalization in accordance with GAAP. Under this method of accounting, Vivint Smart Home, Inc. is treated as the acquired company and Legacy Vivint Smart Home is treated as the acquirer for financial statement reporting and accounting purposes.

As a result of Legacy Vivint Smart Home being the accounting acquirer, the financial reports filed with the SEC by the Company subsequent to the Business Combination are prepared "as if" Legacy Vivint Smart Home is the predecessor and legal successor to the Company. The historical operations of Legacy Vivint Smart Home are deemed to be those of the Company. Thus, the financial statements included in this Annual Report reflect (i) the historical operating results of Legacy Vivint Smart Home prior to the Business Combination; (ii) the combined results of the Company and Legacy Vivint Smart Home following the Business Combination on January 17, 2020; (iii) the assets and liabilities of Legacy Vivint Smart Home at their historical cost; and (iv) the Company's equity structure for all periods presented. The recapitalization of the number of shares of common stock attributable to the purchase of Legacy Vivint Smart Home in connection with the Business Combination is reflected retroactively to the earliest period presented and will be utilized for calculating earnings per share in all prior periods presented. No step-up basis of intangible assets or goodwill was recorded in the Business Combination transaction consistent with the treatment of the transaction as a reverse recapitalization of Legacy Vivint Smart Home.

In connection with the Business Combination, Mosaic Acquisition Corp. changed its name to Vivint Smart Home, Inc. The Company's Common Stock is now listed on the NYSE under the symbol "VVNT". Prior to the Business Combination, the Company neither engaged in any operations nor generated any revenue. Until the Business Combination, based on the Company's business activities, it was a "shell company" as defined under the Securities Exchange Act of 1934, as amended (the "Exchange Act").

Vivint Flex Pay

The Vivint Flex Pay plan ("Vivint Flex Pay") became the Company's primary equipment financing model beginning in March 2017. Under Vivint Flex Pay, customers pay separately for the products (including control panel, security peripheral equipment, smart home equipment, and related installation) ("Products") and Vivint's smart home and security services ("Services"). The customer has the following three ways to pay for the Products: (1) qualified customers may finance the purchase of Products through third-party financing providers ("Consumer Financing Program" or "CFP") (2) the Company generally offers a limited number of customers not eligible for the Consumer Financing Program, but who qualify under the Company's underwriting criteria, the option to enter into a retail installment contract ("RIC") directly with Vivint, or (3)

customers may purchase the Products at the outset of the service contract by check, automatic clearing house payments ("ACH"), credit or debit card or by obtaining short-term financing (generally no more than six-month installment terms) through the Company.

Although customers pay separately for Products and Services under Vivint Flex Pay, the Company has determined that the sale of Products and Services are one single performance obligation. As a result, all forms of transactions under Vivint Flex Pay create deferred revenue for the gross amount of Products sold. For RICs, gross deferred revenues are reduced by imputed interest and estimated write-offs. For Products financed through the CFP, gross deferred revenues are reduced by (i) any fees the third-party financing provider ("Financing Provider") is contractually entitled to receive at the time of loan origination, and (ii) the present value of expected future payments due to the Financing Providers.

Under the CFP, qualified customers are eligible for financing offerings ("Loans") originated by Financing Providers of between $150 and $6,000. The terms of most Loans are determined based on the customer's credit quality. The annual percentage rates on these loans is either 0% or 9.99%, depending on the customer's credit quality, and the Loans are issued on either an installment or revolving basis with repayment terms ranging from with a 6- to 60-months.

For certain Financing Provider Loans:

- The Company pays a monthly fee based on either the average daily outstanding balance of the installment loans, or the number of outstanding Loans.
- The Company incurs fees at the time of the Loan origination and receives proceeds that are net of these fees.
- The Company also shares liability for credit losses, with the Company being responsible for between 2.6% and 100% of lost principal balances.
- The Company is responsible for reimbursing certain Financing Providers for merchant transaction fees and other fees associated with the Loans.

Because of the nature of these provisions, the Company records a derivative liability at its fair value when the Financing Provider originates Loans to customers, which reduces the amount of estimated revenue recognized on the provision of the services. The derivative liability is reduced as payments are made by the Company to the Financing Provider. Subsequent changes to the fair value of the derivative liability are realized through other expenses (income), net in the Consolidated Statement of Operations. (See Note 10).

For certain other Loans, the Company receives net proceeds (net of fees and expected losses) for which the Company has no further obligation to the Financing Provider. The Company records these net proceeds to deferred revenue.

Retail Installment Contract Receivables

For subscribers that enter into a RIC to finance the purchase of Products, the Company records a receivable for the amount financed. Gross RIC receivables are reduced for (i) expected write-offs of uncollectible balances over the term of the RIC and (ii) a present value discount of the expected cash flows using a risk adjusted market interest rate. Therefore, the RIC receivables equal the present value of the expected cash flows to be received by the Company over the term of the RIC, evaluated on a pool basis. RICs are pooled based on customer credit quality, contract length and geography. At the time of installation, the Company records a long-term note receivable within long-term notes receivables and other assets, net on the consolidated balance sheets for the present value of the receivables that are expected to be collected beyond 12 months of the reporting date. The unbilled receivable amounts that are expected to be collected within 12 months of the reporting date are included as a short-term notes receivable within accounts and notes receivable, net on the consolidated balance sheets. The billed amounts of notes receivables are included in accounts receivable within accounts and notes receivable, net on the consolidated balance sheets.

The Company imputes the interest on the RIC receivable using a risk adjusted market interest rate and records it as a reduction to deferred revenue and as an adjustment to the face amount of the related receivable. The risk adjusted interest rate considers a number of factors, including credit quality of the subscriber base and other qualitative considerations such as macro-economic factors. The imputed interest income is recognized over the term of the RIC contract as recurring and other revenue on the consolidated statements of operations.

When the Company determines that there are RIC receivables that have become uncollectible, it records an adjustment to the allowance and reduces the related note receivable balance. On a regular basis, the Company also assesses the expected remaining cash flows based on historical RIC write-off trends, current market conditions and both Company and third-party forecast data. If the Company determines there is a change in expected remaining cash flows, the total amount of this change for

all RICs is recorded in the current period to the provision for credit losses, which is included in general and administrative expenses in the accompanying consolidated statements of operations. Account balances are written-off if collection efforts are unsuccessful and future collection is unlikely based on the length of time from the day accounts become past due. (See Note 4).

Revenue Recognition

The Company offers its customers smart home services combining Products, including a proprietary control panel, door and window sensors, door locks, security cameras and smoke alarms; installation; and a proprietary back-end cloud platform software and Services. These together create an integrated system that allows the Company's customers to monitor, control and protect their home ("Smart Home Services"). The Company's customers are buying this integrated system that provides them with these Smart Home Services. The number and type of Products purchased by a customer depends on their desired functionality. Because the Products and Services included in the customer's contract are integrated and highly interdependent, and because they must work together to deliver the Smart Home Services, the Company has concluded that installed Products, related installation and Services contracted for by the customer are generally not distinct within the context of the contract and, therefore, constitute a single, combined performance obligation. Revenues for this single, combined performance obligation are recognized on a straight-line basis over the customer's contract term, which is the period in which the parties to the contract have enforceable rights and obligations. The Company has determined that certain contracts that do not require a long-term commitment for monitoring services by the customer contain a material right to renew the contract, because the customer does not have to purchase Products upon renewal. Proceeds allocated to the material right are recognized over the period of benefit, which is generally three years.

The majority of the Company's subscription contracts are between three and five years in length and are generally non-cancelable. These contracts with customers generally convert into month-to-month agreements at the end of the initial term, and some customer contracts are month-to-month from inception. Payment for Smart Home Services is generally due in advance on a monthly basis.

Sales of Products and other one-time fees such as service or installation fees are invoiced to the customer at the time of sale. Revenues for any Products or Services that are considered separate performance obligations are recognized when those Products or Services are delivered. Taxes collected from customers and remitted to governmental authorities are not included in revenue. Payments received or amounts billed in advance of revenue recognition are reported as deferred revenue.

Beginning in late 2020, the Company began operating as a third-party dealer for residential solar installers in several states throughout the U.S, whereby the Company earns a commission from the installer for selling their solar services. Because there are no further performance obligations once the installation is complete, revenue is recognized at that time.

To date, revenues from the Smart Insurance business have been immaterial to our overall financial results.

Deferred Revenue

The Company's deferred revenues primarily consist of amounts for sales (including upfront proceeds) of Smart Home Services. Deferred revenues are recognized over the term of the related performance obligation, which is generally three to five years.

Accounts Receivable

Accounts receivable consists primarily of amounts due from subscribers for recurring monthly monitoring Services, amounts due from Financing Providers and the billed portion of RIC receivables. The accounts receivable are recorded at invoiced amounts and are non-interest bearing and are included within accounts and notes receivable, net on the consolidated balance sheets. Accounts receivable totaled $34.8 million and $26.4 million at December 31, 2022 and 2021, respectively net of the allowance for doubtful accounts of $16.4 million and $13.3 million at December 31, 2022 and 2021, respectively. The Company estimates this allowance based on historical collection experience, subscriber attrition rates, current market conditions and both Company and third-party forecast data. When the Company determines that there are accounts receivable that are uncollectible, they are charged off against the allowance for doubtful accounts. The provision for doubtful accounts is included in general and administrative expenses in the accompanying consolidated statements of operations.

The changes in the Company's allowance for doubtful accounts were as follows for the periods ended (in thousands):

	Year ended December 31,		
	2022	2021	2020
Beginning balance	$ 13,271	$ 9,911	$ 8,118
Provision for doubtful accounts	40,476	31,341	23,778
Write-offs and adjustments	(37,325)	(27,981)	(21,985)
Balance at end of period	$ 16,422	$ 13,271	$ 9,911

Restructuring and Asset Impairment Charges

Restructuring and asset impairment charges represent expenses incurred in relation to activities to exit or dispose of portions of the Company's business that do not qualify as discontinued operations. Liabilities associated with restructuring are measured at their fair value when the liability is incurred. Expenses for related termination benefits are recognized at the date the Company notifies the employee, unless the employee must provide future service, in which case the benefits are expensed ratably over the future service period. Liabilities related to termination of a contract are measured and recognized at fair value when the contract does not have any future economic benefit to the entity and the fair value of the liability is determined based on the present value of the remaining obligation. The Company expenses all other costs related to an exit or disposal activity as incurred (See Note 11).

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of Vivint Smart Home, Inc. and its subsidiaries. All significant intercompany balances and transactions have been eliminated in consolidation.

Capitalized Contract Costs

Capitalized contract costs represent the costs directly related and incremental to the origination of new contracts, modification of existing contracts or to the fulfillment of the related subscriber contracts. These include commissions, other compensation and related costs incurred directly for the origination and installation of new or upgraded customer contracts, as well as the cost of Products installed in the customer home at the commencement or modification of the contract. The Company calculates amortization by accumulating all deferred contract costs into separate portfolios based on the initial month of service and amortizes those deferred contract costs on a straight-line basis over the expected period of benefit that the Company has determined to be five years, consistent with the pattern in which the Company provides services to its customers. The Company believes this pattern of amortization appropriately reduces the carrying value of the capitalized contract costs over time to reflect the decline in the value of the assets as the remaining period of benefit for each monthly portfolio of contracts decreases. The period of benefit of five years is longer than a typical contract term because of anticipated contract renewals. The Company applies this period of benefit to its entire portfolio of contracts. The Company updates its estimate of the period of benefit periodically and whenever events or circumstances indicate that the period of benefit could change significantly. Such changes, if any, are accounted for prospectively as a change in estimate. Amortization of capitalized contract costs is included in "Depreciation and Amortization" on the consolidated statements of operations.

The carrying amount of the capitalized contract costs is periodically reviewed for impairment. In performing this review, the Company considers whether the carrying amount of the capitalized contract costs will be recovered. In estimating the amount of consideration the Company expects to receive in the future related to capitalized contract costs, the Company considers factors such as attrition rates, economic factors, and industry developments, among other factors. If it is determined that capitalized contract costs are impaired, an impairment loss is recognized for the amount by which the carrying amount of the capitalized contract costs and the anticipated costs that relate directly to providing the future services exceed the consideration that has been received and that is expected to be received in the future. During the years ended December 31, 2022 and 2021, no impairment losses were recorded.

Contract costs not directly related and incremental to the origination of new contracts, modification of existing contracts or to the fulfillment of the related subscriber contracts are expensed as incurred. These costs include those associated with housing, marketing and recruiting, non-direct lead generation costs, certain portions of sales commissions and residuals, overhead and other costs considered not directly and specifically tied to the origination of a particular subscriber.

On the consolidated statement of cash flows, capitalized contract costs are classified as operating activities and reported as “Capitalized contract costs - deferred contract costs” as these assets represent deferred costs associated with subscriber contracts.

The Company’s depreciation and amortization included in the consolidated statements of operations consisted of the following (in thousands):

	Year ended December 31,		
	2022	2021	2020
Amortization of capitalized contract costs	$ 556,550	$ 524,981	$ 481,213
Amortization of definite-lived intangibles	47,813	60,004	69,465
Depreciation and amortization of property, plant and equipment	17,459	16,467	20,153
Total depreciation and amortization	$ 621,822	$ 601,452	$ 570,831

Inventories

Inventories, which are comprised of smart home and security system equipment and parts are stated at the lower of cost or net realizable value with cost determined under the first-in, first-out (FIFO) method. Inventories sold to customers as part of a smart home and security system are generally capitalized as contract costs. The Company adjusts the inventory balance based on anticipated obsolescence, usage and historical write-offs.

Deferred Financing Costs

Certain costs incurred in connection with obtaining debt financing are deferred and amortized utilizing the straight-line method, which approximates the effective-interest method, over the life of the related financing. Deferred financing costs associated with obtaining the APX Group, Inc.’s (“APX”) revolving credit facility are amortized over the amended maturity dates discussed in Note 5. Deferred financing costs associated with the revolving credit facility reported in the accompanying consolidated balance sheets as deferred financing costs, net at December 31, 2022 and 2021 were $1.6 million and $2.1 million, net of accumulated amortization of $11.9 million and $11.5 million, respectively. Deferred financing costs included in the accompanying consolidated balance sheets within notes payable, net at December 31, 2022 and 2021 were $29.1 million and $34.3 million, net of accumulated amortization of $82.6 million and $77.4 million, respectively. Amortization expense on deferred financing costs recognized and included in interest expense in the accompanying consolidated statements of operations totaled $5.6 million, $6.9 million and $7.9 million for the years ended December 31, 2022, 2021 and 2020, respectively.

Residual Income Plans

The Company has a program that allows certain third-party sales channel partners to receive additional compensation based on the performance of the underlying contracts they create (the “Channel Partner Plan”). The Company also had a residual sales compensation plan (the “Residual Plan”) during 2018 and 2019 under which the Company's sales personnel (each, a “Plan Participant”) receive compensation based on the performance of certain underlying contracts they created in prior years.

For both the Channel Partner Plan and Residual Plan, the Company calculates the present value of the expected future residual payments and records a liability for this amount in the period the subscriber account is originated. These costs are recorded to capitalized contract costs. The Company monitors actual payments and customer attrition on a periodic basis and, when necessary, makes adjustments to the liability. The current portion of the liability included in accrued payroll and commissions was $4.3 million as of December 31, 2022 and 2021, and the noncurrent portion included in other long-term obligations was $21.5 million and $23.2 million at December 31, 2022 and 2021, respectively.

Stock-Based Compensation

The Company measures compensation expense for all stock-based awards based on the grant-date fair value of the award and recognizes that cost over the requisite service period of the awards. The Company accounts for forfeitures as they occur (See Note 13).

Advertising Expense

Advertising costs are expensed as incurred. Advertising costs were approximately $63.4 million, $89.9 million and $70.9 million for the years ended December 31, 2022, 2021 and 2020, respectively.

Research and Development

Research and development costs consist primarily of employee compensation and related expenses, product development expenses, third-party development support costs, facility costs as well as allocated overhead costs and are included in general and administrative expense. The Company incurred $64.5 million, $55.2 million and $50.7 million for the years ended December 31, 2022, 2021 and 2020, respectively.

Income Taxes

The Company accounts for income taxes based on the asset and liability method. Under the asset and liability method, deferred tax assets and deferred tax liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Valuation allowances are established when necessary to reduce deferred tax assets when it is determined that it is more likely than not that some portion, or all, of the deferred tax asset will not be realized.

The Company recognizes the effect of an uncertain income tax position on the income tax return at the largest amount that is more likely than not to be sustained upon audit by the relevant taxing authority. An uncertain income tax position will not be recognized if it has less than a 50% likelihood of being sustained. The Company's policy for recording interest and penalties is to record such items as a component of the provision for income taxes.

Changes in tax laws and rates could also affect recorded deferred tax assets and liabilities in the future. The Company records the effect of a tax rate or law change on the Company's deferred tax assets and liabilities in the period of enactment. Future tax rate or law changes could have a material effect on the Company's results of operations, financial condition, or cash flows (See Note 12).

Concentrations of Credit Risk

Financial instruments that potentially subject the Company to concentration of credit risk consist principally of receivables and cash. At times during the year, the Company maintains cash balances in excess of insured limits. The Company is not dependent on any single customer or geographic location. The loss of a customer would not adversely impact the Company's operating results or financial position.

Concentrations of Supply Risk

As of December 31, 2022, approximately 97% of the Company's installed panels were the Company's proprietary SkyControl or Smart Hub panels and 3% were 2GIG Go!Control panels. The loss of the Company's SkyControl panel supplier could potentially impact its operating results or financial position.

Fair Value Measurement

Fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Assets and liabilities subject to on-going fair value measurement are categorized and disclosed into one of three categories depending on observable or unobservable inputs employed in the measurement. These two types of inputs have created the following fair value hierarchy:

Level 1: Quoted prices in active markets that are accessible at the measurement date for assets and liabilities.

Level 2: Observable prices that are based on inputs not quoted in active markets, but corroborated by market data.

Level 3: Unobservable inputs are used when little or no market data is available.

This hierarchy requires the Company to minimize the use of unobservable inputs and to use observable market data, if available, when determining fair value. The Company recognizes transfers between levels of the hierarchy based on the fair values of the respective financial measurements at the end of the reporting period in which the transfer occurred. There were no transfers between levels of the fair value hierarchy during the years ended December 31, 2022, 2021, and 2020.

The carrying amounts of the Company's accounts receivable, accounts payable and accrued and other liabilities approximate their fair values due to their short maturities.

Goodwill

The Company tests goodwill at the reporting unit level for impairment annually as of October 1 and on an interim basis when events occur or circumstances exist that indicate the carrying value may no longer be recoverable. The company compares the fair value of our reporting units with the carrying amount, including goodwill. The Company recognizes an impairment charge for the amount by which the reporting unit's carrying amount exceeds its fair value. The Company's reporting units are determined based on its current reporting structure, which as of December 31, 2022 consisted of one reporting unit. As of December 31, 2022, there were no changes in facts and circumstances since the most recent annual impairment analysis to indicate impairment existed. During the years ended December 31, 2022, 2021 and 2020, no impairments to goodwill were recorded.

Foreign Currency Translation and Other Comprehensive Income

On June 8, 2022, the Company completed the sale of its Canada business to TELUS Communications Inc. ("TELUS") ("Canada Sale"). Prior to the sale, the functional currency of Vivint Canada, Inc. was the Canadian dollar. Accordingly, Vivint Canada, Inc. assets and liabilities were translated from their respective functional currencies into U.S. dollars at period-end rates and Vivint Canada, Inc. revenue and expenses were translated at the weighted-average exchange rates for the period. Adjustments resulting from this translation process are classified as other comprehensive income or loss and shown as a separate component of equity.

When intercompany foreign currency transactions between entities included in the consolidated financial statements are of a long term investment nature (i.e., those for which settlement is not planned or anticipated in the foreseeable future) foreign currency translation adjustments resulting from those transactions are included in stockholders' (deficit) equity as accumulated other comprehensive loss or income. When intercompany transactions are deemed to be of a short-term nature, translation adjustments are required to be included in the consolidated statement of operations. The Company had determined that settlement of Vivint Canada, Inc. intercompany balances were anticipated and therefore such balances were deemed to be of a short-term nature. Translation activity included in the statement of operations in other (income) expenses, net related to intercompany balances was as follows: (in thousands)

	For the Years Ended		
	December 31, 2022	December 31, 2021	December 31, 2020
Translation gain	$ (1,837)	$ (423)	$ (602)

Derivative Warrant Liabilities

The Company does not use derivative instruments to hedge exposures to cash flow, market, or foreign currency risks. The Company evaluates all of its financial instruments, including issued stock purchase warrants, to determine if such instruments are derivatives or contain features that qualify as embedded derivatives, pursuant to ASC 480 and ASC 815-15. The classification of derivative instruments, including whether such instruments should be recorded as liabilities or as equity, is assessed as part of this evaluation.

The Company accounts for its public warrants and private placement warrants as derivative warrant liabilities in accordance with ASC 815-40. Accordingly, the Company recognizes the warrant instruments as liabilities at fair value and adjusts the instruments to fair value at each reporting period. The liabilities are re-measured at each balance sheet date until exercised, and any change in fair value is recognized in the Company's statement of operations.

Accounting Pronouncements Issued But Not Yet Adopted

In March 2020 and January 2021 and December 2022, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update "ASU") No. 2020-04, *Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting* and ASU No. 2021-01, *Reference Rate Reform (Topic 848): Scope* and ASU No. 2022-06, *Reference Rate Reform (Topic 848): Deferral of the Sunset Date of Topic 848*, respectively. Together, the ASUs provide temporary optional guidance to ease the potential burden in accounting for reference rate reform. The new guidance provides optional expedients and exceptions for applying generally accepted accounting principles to transactions affected by reference rate reform if certain criteria are met. These transactions include contract modifications, hedging relationships, and

sale or transfer of debt securities classified as held-to-maturity. The Company can elect to apply the amendments through December 31, 2024. As of December 31, 2022, the Company had not utilized any of the expedients discussed within this ASU; however, it continues to assess its agreements to determine whether the expedients would be utilized through the allowed period of December 31, 2024.

3. Revenue and Capitalized Contract Costs

Customers are typically invoiced for Smart Home Services in advance or at the time the Company delivers the related Smart Home Services. The majority of customers pay at the time of invoice via credit card, debit card or ACH. Deferred revenue relates to the advance consideration received from customers, which precedes the Company's satisfaction of the associated performance obligation. The Company's deferred revenues primarily result from customer payments received in advance for recurring monthly monitoring and other Smart Home Services, or other one-time fees, because these performance obligations are satisfied over time.

The Company also provides its customers with service warranties associated with product replacement and related services. As of December 31, 2022 and 2021, the Company had warranty service reserves of $6.8 million and $6.0 million, respectively, which are included in accrued expenses and other current liabilities on the consolidated balance sheets.

During the years ended December 31, 2022 and 2021, the Company recognized revenues of $437.4 million and $320.0 million, respectively, that were included in the deferred revenue balance as of December 31, 2021 and 2020, respectively.

The revenue related to the Company's smart energy business is primarily from commissions received by operating as a sales dealer for third-party residential solar installers. The Company invoices the solar installer, and recognize the associated revenue at the time the solar installation is complete. During the years ended December 31, 2022 and 2021, the Company recognized revenues of $94.4 million and $49.9 million, respectively, related to the Company's smart energy business. The Company did not recognize a material amount of solar revenues for the year ended December 31, 2020.

Transaction Price Allocated to the Remaining Performance Obligations

As of December 31, 2022, approximately $3.7 billion of revenue is expected to be recognized from remaining performance obligations for subscription contracts. The Company expects to recognize approximately 64% of the revenue related to these remaining performance obligations over the next 24 months, with the remaining balance recognized over an additional 36 months.

Timing of Revenue Recognition

The Company considers Products, related installation, and its proprietary back-end cloud platform software and services an integrated system that allows the Company's customers to monitor, control and protect their homes. These Smart Home Services are accounted for as a single performance obligation that is recognized over the customer's contract term, which is generally three to five years.

Capitalized Contract Costs

Capitalized contract costs generally include commissions, other compensation and related costs paid directly for the generation and installation of new or modified customer contracts, as well as the cost of Products installed in the customer home at the commencement or modification of the contract. The Company defers and amortizes these costs for new or modified subscriber contracts on a straight-line basis over the expected period of benefit of five years.

4. Retail Installment Contract Receivables

Certain subscribers have the option to purchase Products under a RIC, payable over either 42 or 60 months. Short-term RIC receivables are recorded in accounts and notes receivable, net and long-term RIC receivables are recorded in long-term notes receivables and other assets, net in the consolidated balance sheets.

The following table summarizes the RIC receivables (in thousands):

	For the Years Ended	
	December 31, 2022	December 31, 2021
RIC receivables, gross	$ 44,909	$ 90,204
RIC allowance	(6,685)	(12,384)
Imputed interest	(3,152)	(7,469)
RIC receivables, net	$ 35,072	$ 70,351
Classified on the consolidated balance sheets as:		
Accounts and notes receivable, net	$ 20,887	$ 37,270
Long-term notes receivables and other assets, net	14,185	33,081
RIC receivables, net	$ 35,072	$ 70,351

The changes in the Company's RIC allowance were as follows (in thousands):

	For the Years Ended	
	December 31, 2022	December 31, 2021
RIC allowance, beginning of period	$ 12,384	$ 27,061
Write-offs	(7,573)	(13,714)
Recoveries	2,252	3,446
Additions from RICs originated during the period	2,676	6,795
Change in expected credit losses	(1,522)	(10,995)
Other adjustments (1)	(1,532)	(209)
RIC allowance, end of period	$ 6,685	$ 12,384

(1) Other adjustments primarily reflect changes in foreign currency exchange rates related to Canadian RICs and adjustments related to sale of the Canadian business.

During years ended December 31, 2022, 2021 and 2020, the amount of RIC imputed interest income recognized in recurring and other revenue was $4.1 million, $7.6 million and $10.6 million, respectively.

5. Long-Term Debt

The Company's debt at December 31, 2022 and 2021 consisted of the following (in thousands):

	December 31, 2022		
	Outstanding Principal	Unamortized Deferred Financing Costs (1)	Net Carrying Amount
Long-Term Debt:			
6.750% Senior Secured Notes Due 2027	$ 600,000	$ (3,899)	$ 596,101
5.750% Senior Notes Due 2029	800,000	(9,683)	790,317
Senior Secured Term Loan - noncurrent	1,319,625	(15,513)	1,304,112
Total Long-Term Debt	2,719,625	(29,095)	2,690,530
Senior Secured Term Loan - current	13,500	—	13,500
Total Debt	$ 2,733,125	$ (29,095)	$ 2,704,030

	December 31, 2021		
	Outstanding Principal	Unamortized Deferred Financing Costs (1)	Net Carrying Amount
Long-Term Debt:			
8.500% Senior Secured Notes Due 2024	$ 600,000	$ (4,835)	$ 595,165
6.750% Senior Secured Notes Due 2027	800,000	(11,154)	788,846
Senior Secured Term Loan - noncurrent	1,333,125	(18,291)	1,314,834
Total Long-Term Debt	2,733,125	(34,280)	2,698,845
Senior Secured Term Loan - current	13,500	—	13,500
Total Debt	$ 2,746,625	$ (34,280)	$ 2,712,345

(1) Unamortized deferred financing costs related to the revolving credit facilities included in deferred financing costs, net on the consolidated balance sheets at December 31, 2022 and 2021 was $1.6 million and $2.1 million, respectively.

Notes Payable

2027 Notes

As of December 31, 2022, APX had $600.0 million outstanding aggregate principal amount of 6.750% senior secured notes due 2027 (the "2027 notes"). The 2027 notes are secured, on a pari passu basis, by the collateral securing obligations under the existing senior secured notes, the Revolving Credit Facility and the Term Loan Facility (as defined below), in each case, subject to certain exceptions and permitted liens. Interest accrues at the rate of 6.75% per annum for the 2027 notes. Interest on the 2027 notes is payable semiannually in arrears on February 15 and August 15 each year. APX may redeem the Notes at the prices and on the terms specified in the applicable indenture.

2029 Notes

As of December 31, 2022, APX had $800.0 million outstanding aggregate principal amount of 5.75% senior notes due 2029 (the "2029 notes" and, together with the 2027 notes the "Notes"). The 2029 notes will mature on July 15, 2029. Interest accrues at the rate of 5.75% per annum for the 2029 notes. Interest on the 2029 notes is payable semiannually in arrears on January 15 and July 15 each year. APX may redeem the Notes at the prices and on the terms specified in the applicable indenture.

Senior Secured Credit Facilities

In July 2021, APX amended and restated its existing senior secured term loan credit agreement and existing senior secured revolving credit facility with a new senior secured credit agreement (the "Credit Agreement") that provides for (i) a term loan facility in an aggregate principal amount of $1,350 million (the "Term Loan Facility", and the loans thereunder, the

"Term Loans") and (ii) a revolving credit facility with commitments in an aggregate principal amount of $370 million (the "Revolving Credit Facility", and the loans thereunder, the "Revolving Loans").

As of December 31, 2022, APX had outstanding term loans under the Term Loan Facility in an aggregate principal amount of $1,333.1 million. APX is required to make quarterly amortization payments under the Term Loan in an amount equal to 0.25% of the aggregate principal amount of the Term Loan outstanding on the closing date thereof. The remaining outstanding principal amount of the Term Loans will be due and payable in full on July 9, 2028. APX may prepay the Term Loans on the terms specified in the Credit Agreement. No amortization payments are required under the Revolving Credit Facility.

In addition to paying interest on outstanding principal under the Revolving Credit Facility, APX is required to pay a quarterly commitment fee of 50 basis points (which will be subject to two interest rate step-downs of 12.5 basis points, based on APX meeting consolidated first lien net leverage ratio tests) to the lenders under the Revolving Credit Facility in respect of the unutilized commitments thereunder. APX also pays customary letter of credit and agency fees. The revolving credit commitments outstanding under the Revolving Credit Facility will be due and payable in full on July 9, 2026.

Borrowings under the amended and restated Term Loan Facility and Revolving Credit Facility bear interest, at APX's option, at a rate per annum equal to either (a)(i) a base rate determined by reference to the highest of (1) the "Prime Rate" in the United States as published in The Wall Street Journal, (2) the federal funds effective rate plus 0.50% and (3) the LIBOR rate for a one month interest period plus 1.00%, plus (ii) 2.50% (or after the delivery of financial statements for the fiscal quarter ending December 31, 2021, between 2.50% and 2.00%, depending on the first lien net leverage ratio of the applicable fiscal quarter) or (b)(i) a LIBOR rate determined by reference to the applicable page for the LIBOR rate for the interest period relevant to such borrowing plus (ii) 3.50% (or after the delivery of financial statements for the fiscal quarter ending December 31, 2021, between 3.50% and 3.00%, depending on the first lien net leverage ratio of the applicable fiscal quarter), subject in each case to an agreed interest rate floor.

There were no outstanding borrowings under the Revolving Credit Facility as of December 31, 2022 and December 31, 2021. As of December 31, 2022, the Company had $358.9 million of availability under the Revolving Credit Facility (after giving effect to $11.1 million of letters of credit outstanding and no borrowings).

Debt Modifications and Extinguishments

The Company performs analyses on a creditor-by-creditor basis for debt modifications and extinguishments to determine if repurchased debt was substantially different than debt issued to determine the appropriate accounting treatment of associated issuance costs. As a result of these analyses, the following amounts of other expense and loss on extinguishment and deferred financing costs were recorded (in thousands):

	Other expense and loss on extinguishment				Deferred financing costs		
Issuance	Original premium extinguished	Previously deferred financing costs extinguished	New financing costs	Total other expense and loss on extinguishment	Previously deferred financing rolled over	New deferred financing costs	Total deferred financing costs
For the year ended December 31, 2021							
2029 Notes issuance - July 2021	$ (5,656)	$ 8,016	$ 17,187	$ 19,547	$ —	$ 11,767	$ 11,767
Term Loan issuance - July 2021	—	1,499	9,165	10,664	8,148	11,302	19,450
Total	$ (5,656)	$ 9,515	$ 26,352	$ 30,211	$ 8,148	$ 23,069	$ 31,217
For the year ended December 31, 2020							
2027 Notes issuance - February 2020	$ (2,749)	$ 4,033	$ 6,146	$ 7,430	$ 205	$ 6,346	$ 6,551
Term Loan issuance - February 2020	—	235	5,045	5,280	6,973	5,461	12,434
Total	$ (2,749)	$ 4,268	$ 11,191	$ 12,710	$ 7,178	$ 11,807	$ 18,985

Deferred financing costs are amortized to interest expense over the life of the issued debt. The following tables present deferred financing activity for the years ended December 31, 2022 and 2021 (in thousands):

	Unamortized Deferred Financing Costs				
	Balance December 31, 2021	Additions	Early Extinguishment	Amortized	Balance December 31, 2022
Revolving Credit Facility	$ 2,088	$ —	$ —	$ (456)	$ 1,632
2027 Notes	4,835	—	—	(936)	3,899
2029 Notes	11,153	—	—	(1,471)	9,682
Term Loan	18,290	—	—	(2,777)	15,513
Total Deferred Financing Costs	$ 36,366	$ —	$ —	$ (5,640)	$ 30,726

	Unamortized Deferred Financing Costs				
	Balance December 31, 2020	Additions	Early Extinguishment	Amortized	Balance December 31, 2021
Revolving Credit Facility	$ 1,667	$ 843	$ —	$ (422)	$ 2,088
2022 Notes	4,697	—	(3,314)	(1,383)	—
2023 Notes	2,241	—	(1,681)	(560)	—
2024 Notes	3,530	—	(3,021)	(509)	—
2027 Notes	5,771	—	—	(936)	4,835
2029 Notes	—	11,767	—	(614)	11,153
Term Loan	10,921	11,302	(1,499)	(2,434)	18,290
Total Deferred Financing Costs	$ 28,827	$ 23,912	$ (9,515)	$ (6,858)	$ 36,366

Guarantees

All of the obligations under the Credit Agreement and the debt agreements governing the Notes are guaranteed by APX Group Holdings, Inc., each of APX Group's existing and future material wholly owned U.S. restricted subsidiaries (subject to customary exclusions and qualifications) and solely in the case of the Notes, Vivint Smart Home, Inc. However, such subsidiaries shall only be required to guarantee the obligations under the debt agreements governing the Notes for so long as such entities guarantee the obligations under the Revolving Credit Facility, the Term Loan Facility or the Company's other indebtedness.

6. Business Combination

On January 17, 2020, the Company consummated the previously announced merger pursuant to that certain Agreement and Plan of Merger, dated September 15, 2019, by and among the Company, Merger Sub, and Legacy Vivint Smart Home, as amended by the Merger Agreement, dated as of December 18, 2019, by and among the Company, Maiden Sub and Legacy Vivint Smart Home.

Pursuant to the terms of the Merger Agreement, a business combination between the Company and Legacy Vivint Smart Home was effected through the merger of Merger Sub with and into Legacy Vivint Smart Home, with Legacy Vivint Smart Home as the surviving company. At the effective time of the Business Combination (the “Effective Time”), each stockholder of Legacy Vivint Smart Home received 84.5320916792 shares of the Company’s Class A common stock, par value $0.0001 per share (the “Common Stock”), for each share of Legacy Vivint Smart Home common stock, par value $0.01 per share, that such stockholder owned.

Pursuant in each case to a Subscription Agreement entered into in connection with the Merger Agreement, certain investment funds managed by affiliates of Fortress Investment Group LLC (“Fortress”) and certain investment funds affiliated with Blackstone Inc. (“Blackstone”) purchased, respectively, 12,500,000 and 10,000,000 newly-issued shares of Common Stock (such purchases, the “Fortress PIPE” and the “Blackstone PIPE,” respectively, and together, the “PIPE”) concurrently with the completion of the Business Combination (the “Closing”) on the Closing Date for an aggregate purchase price of $125.0 million and $100.0 million, respectively. In connection with the Merger, each of the issued and outstanding Founder Shares was converted into approximately 1.20 shares of Common Stock of the Company. The private placement warrants will expire five years after the Closing or earlier upon redemption or liquidation.

In connection with the execution of the Amendment, the Company entered into a Subscription and Backstop Agreement (the "Fortress Subscription and Backstop Agreement"). On the Closing Date, pursuant to the Fortress Subscription and Backstop Agreement, Fortress purchased 2,698,753 shares of Common Stock for an aggregate of $27.8 million. In addition, the Company entered into an additional subscription agreement (the "Additional Forward Purchaser Subscription Agreement") with one of the forward purchasers (the "Forward Purchaser"). Pursuant to the Additional Forward Purchaser Subscription Agreement, immediately prior to the Effective Time, the Forward Purchaser purchased from us 5,000,000 shares of Common Stock at a purchase price of $10.00 per share. As consideration for the additional investment, concurrently with the Closing, 25% of Mosaic Sponsor LLC's founder shares ("Forward Shares") and private placement warrants were forfeited to the Company and the Company issued to the Forward Purchaser a number of shares of Common Stock equal to approximately 1.20 times the number of Founder Shares forfeited and a number of warrants equal to the number of private placement warrants forfeited.

At the Closing, certain investors (including an affiliate of Fortress) received an aggregate of 15,789,474 shares of Common Stock at a purchase price of $9.50 per share (the "IPO Forward Purchaser Investment") pursuant to the terms of the forward purchase agreements the Company entered into in connection with the Company's initial public offering.

In connection with the Closing, 31,074,592 shares of Common Stock were redeemed at a price per share of approximately $10.29. In addition, in connection with the Closing, each Founder Share issued and outstanding immediately prior to the Closing (other than the Founder Shares forfeited in connection with the Additional Forward Purchaser Subscription Agreement) converted into approximately 1.2 shares of Common Stock of the Company. Immediately prior to the Effective Time, each issued and outstanding share of Legacy Vivint Smart Home preferred stock (other than shares owned by Legacy Vivint Smart Home as treasury stock) converted into approximately 1.43 shares of Legacy Vivint Smart Home common stock in accordance with the certificate of designations of the Legacy Vivint Smart Home preferred stock.

As part of the Business Combination, the Company assumed the liabilities associated with the outstanding public warrants and private placement warrants. The Company recorded the warrants as a derivative liability at fair value on the date of the Business Combination.

The following table reconciles the elements of the Business Combination to the consolidated statement of cash flows and the consolidated statement of changes in equity for the year ended December 31, 2020:

	Recapitalization
	(in thousands)
Cash - Mosaic (net of redemptions)	$ 35,344
Cash - Subscribers and Forward Purchasers	453,221
Less fees to underwriters and other transaction costs	(25,043)
Net cash received from recapitalization	463,522
Less: Warrant derivative liabilities assumed	(40,094)
Less: non-cash net liabilities assumed from Mosaic	(5)
Less: deferred and accrued transaction costs	(1,304)
Net contributions from recapitalization	$ 422,119

The number of shares of Common Stock of Vivint Smart Home Inc. issued immediately following the consummation of the Business Combination is summarized as follows:

	Number of Shares
Common Stock outstanding prior to Business Combination	34,500,000
Less redemption of Mosaic Shares	(31,074,592)
Common Stock of Mosaic	3,425,408
Shares issued from Fortress PIPE	12,500,000
Shares from Blackstone PIPE	10,000,000
Shares from Additional Forward Purchaser Subscription Agreement	5,000,000
Shares from IPO Forward Purchaser Investment	15,789,474
Shares from Fortress Subscription and Backstop Agreement	2,698,753
Shares from Mosaic Founder Shares	10,379,386
Recapitalization shares	59,793,021
Legacy Vivint Smart Home equity holders	94,937,597
Total shares	154,730,618

Earnout consideration

Following the closing of the Merger, holders of Vivint common stock and holders of rollover restricted stock units ("Rollover RSUs"), the rollover stock appreciation rights ("Rollover SARs"), the shares of rollover restricted stock ("Rollover Restricted Stock") and any awards granted under the Company rollover long-term incentive program ("Rollover LTIP Plans") (together, "Rollover Equity Awards") had the contingent right to receive, in the aggregate, up to 37,500,000 shares of Common Stock if, from the closing of the Merger until the fifth anniversary thereof, the dollar volume-weighted average price of Common Stock exceeded certain thresholds. The first issuance of 12,500,000 earnout shares occurred when the volume-weighted average price of Common Stock exceeded $12.50 for any 20 trading days within any 30-trading day period (the "First Earnout"). The second issuance of 12,500,000 earnout shares occurred when the volume weighted average price of Common Stock exceeded $15.00 for any 20 trading days within any 30-trading day period (the "Second Earnout"). The third issuance of 12,500,000 earnout shares occurred when the volume weighted average price of Common Stock exceeded $17.50 for any 20-trading days within any 30-trading day period (the "Third Earnout") (as further described in the Merger Agreement).

Subsequent to the closing of the Merger, the cumulative issuance of 37,323,959 shares of Common Stock occurred after attainment of the First Earnout, Second Earnout and Third Earnout in February, March and September 2020, respectively. The difference in the shares issued in the earnouts and the aggregate amounts defined in the Merger Agreement above are primarily attributable to unissued shares reserved for future issuance to holders of Rollover Equity Awards, which are subject to the same vesting terms and conditions as the underlying Rollover Equity Awards. Additionally, shares were withheld from employees to satisfy the mandatory tax withholding requirements. The Company has determined that the earnout shares issued to non-employee shareholders and to holders of Vivint common stock and vested Rollover Equity Awards qualify for the scope exception in ASC 815-10-15-74(a) and meet the criteria for equity classification under ASC 815-40. These earnout shares were initially measured at fair value at Closing. Upon the attainment of the share price targets, the earnout shares delivered to the equity holders are recorded in equity as shares issued, with the appropriate allocation to common stock at par and additional paid-in capital. Since all earnout shares have determined to be equity-classified, there is no remeasurement unless reclassification is required. For the earnout shares associated with unvested Rollover Equity Awards, the Company has determined that they qualify for equity classification and are subject to stock-based compensation expense under ASC 718.

7. Balance Sheet Components

The following table presents material balance sheet component balances as of December 31, 2022 and December 31, 2021 (in thousands):

	December 31,	
	2022	2021
Prepaid expenses and other current assets		
Prepaid expenses	$ 16,012	$ 12,791
Deposits	987	627
Other	12,908	5,967
Total prepaid expenses and other current assets	$ 29,907	$ 19,385
Capitalized contract costs		
Capitalized contract costs	$ 4,562,735	$ 4,103,683
Accumulated amortization	(3,076,823)	(2,698,241)
Capitalized contract costs, net	$ 1,485,912	$ 1,405,442
Long-term notes receivables and other assets		
RIC receivables, gross	$ 24,022	$ 52,934
RIC allowance	(6,685)	(12,384)
RIC imputed interest	(3,152)	(7,469)
Deferred income tax assets	—	2,022
Other	10,646	9,650
Total long-term notes receivables and other assets, net	$ 24,831	$ 44,753
Accrued payroll and commissions		
Accrued commissions	$ 43,163	$ 47,879
Accrued payroll	39,486	35,468
Total accrued payroll and commissions	$ 82,649	$ 83,347
Accrued expenses and other current liabilities		
Accrued interest payable	$ 55,155	$ 40,333
Current portion of derivative liability	90,008	140,394
Service warranty accrual	6,750	5,992
Accrued taxes	9,043	10,758
Accrued payroll taxes and withholdings	5,863	14,392
Loss contingencies	22,300	8,150
Other	10,727	16,231
Total accrued expenses and other current liabilities	$ 199,846	$ 236,250

8. Property Plant and Equipment

Property, plant and equipment is recorded at historical cost less accumulated depreciation, which is calculated using the straight-line method over the estimated useful lives of the related assets, as follows (in thousands):

	December 31,		Estimated Useful Lives
	2022	2021	
Vehicles	$ 42,294	$ 40,103	3-5 years
Computer equipment and software	74,459	83,479	3-5 years
Leasehold improvements	25,041	30,087	2-15 years
Office furniture, fixtures and equipment	12,754	22,327	2-7 years
Construction in process	18,446	11,089	
Property, plant and equipment, gross	172,994	187,085	
Accumulated depreciation and amortization	(111,358)	(131,637)	
Property, plant and equipment, net	$ 61,636	$ 55,448	

Property plant and equipment includes approximately $19.8 million and $16.5 million of assets under finance lease obligations, net of accumulated amortization of $23.3 million and $24.5 million at December 31, 2022 and 2021, respectively. Depreciation and amortization expense on all property plant and equipment was $17.5 million, $16.5 million and $20.2 million for the years ended December 31, 2022, 2021 and 2020, respectively. The Company recorded an impairment expense on its internal-use software of $1.8 million during the year ended December 31, 2022 and was included in depreciation and amortization expense. Amortization expense relates to assets under finance leases as included in depreciation and amortization expense.

9. Goodwill and Intangible Assets

Goodwill

The change in the carrying amount of goodwill during the year ended December 31, 2022 was the result of the sale of the Canada business. The changes in the carrying amount of goodwill for the years ended December 31, 2022 and 2021, were as follows (in thousands):

Balance as of January 1, 2021	$ 837,077
Effect of Foreign Currency Translation	76
Balance as of December 31, 2021	837,153
Sale of Canada business	(20,000)
Effect of Foreign Currency Translation	349
Balance as of December 31, 2022	$ 817,502

Intangible assets, net

The following table presents intangible asset balances as of December 31, 2022 and 2021 (in thousands):

	December 31, 2022			December 31, 2021			
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Estimated Useful Lives
Definite-lived intangible assets:							
Customer contracts	$ 892,091	$ (892,091)	$ —	$ 969,376	$ (920,617)	$ 48,759	10 years
2GIG 2.0 technology	—	—	—	17,000	(17,000)	—	8 years
Other technology	2,917	(2,917)	—	4,725	(4,725)	—	2 - 7 years
Space Monkey technology	—	—	—	7,100	(7,100)	—	6 years
Patents	11,329	(9,171)	2,158	11,180	(8,076)	3,104	5 years
Total definite-lived intangible assets:	906,337	(904,179)	2,158	1,009,381	(957,518)	51,863	
Indefinite-lived intangible assets:							
Domain names	65	—	65	65	—	65	
Total Indefinite-lived intangible assets	65	—	65	65	—	65	
Total intangible assets, net	$ 906,402	$ (904,179)	$ 2,223	$ 1,009,446	$ (957,518)	$ 51,928	

During the years ended December 31, 2022 and 2021, the Company added $0.3 million and $0.4 million of intangible assets related to patents, respectively. Amortization expense related to intangible assets was approximately $47.8 million, $60.0 million and $69.5 million for the years ended December 31, 2022, 2021, and 2020, respectively.

As of December 31, 2022, the remaining weighted-average amortization period for definite-lived intangible assets was 1.9 years. Estimated future amortization expense of intangible assets, excluding approximately $0.1 million in patents currently in process, is as follows as of December 31, 2022 (in thousands):

2023	$	840
2024		640
2025		523
2026		5
2027		1
Thereafter		—
Total estimated amortization expense	$	2,009

10. Financial Instruments

Cash and Cash Equivalents

Cash equivalents are classified as level 1 assets, as they have readily available market prices in an active market. Cash equivalents include short-term investment funds which consisted of short-term money market instruments that were valued based on quoted prices in active markets. The Company's cash and cash equivalents totaled $283.9 million and $208.5 million as of December 31, 2022 and 2021, respectively.

Corporate Securities

During the three months ended September 30, 2021, the Company obtained corporate securities, which are classified as Level 2 assets. The fair value of these securities, included in Long-term notes receivables and other non-current assets, net, was $1.7 million and $2.4 million as of December 31, 2022 and 2021, respectively. The fair value of the Company’s Level 2 corporate securities are based on observable prices that are based on inputs not quoted in active markets, but corroborated by market data.

Debt

Components of the Company's debt including the associated interest rates and related fair values (in thousands, except interest rates) are as follows:

	December 31, 2022		December 31, 2021		
Issuance	Face Value	Estimated Fair Value	Face Value	Estimated Fair Value	Stated Interest Rate
2027 Notes	$ 600,000	$ 576,960	$ 600,000	$ 633,660	6.750 %
2029 Notes	800,000	659,680	800,000	795,680	5.750 %
Term Loan	1,333,125	1,333,125	1,346,625	1,346,625	N/A
Total	$ 2,733,125	$ 2,569,765	$ 2,746,625	$ 2,775,965	

The Notes are fixed-rate debt considered Level 2 fair value measurements as the values were determined using observable market inputs, such as current interest rates, prices observable from less active markets, as well as prices observable from comparable securities. The Term Loan is floating-rate debt and approximates the carrying value as interest accrues at floating rates based on market rates.

Derivative Financial Instruments

Consumer Financing Program

Under the Consumer Financing Program, the Company pays a monthly fee to Financing Providers based on either the average daily outstanding balance of the Loans or the number of outstanding Loans. For certain Loans, the Company incurs fees at the time of the loan origination and receives proceeds that are net of these fees. The Company also shares the liability for credit losses, depending on the credit quality of the customer. Because of the nature of certain provisions under the Consumer Financing Program, the Company records a derivative liability that is not designated as a hedging instrument and is adjusted to fair value, measured using the present value of the estimated future payments. Changes to the fair value are recorded through other income, net in the Consolidated Statement of Operations. The following represent the contractual future payment obligations with the Financing Providers under the Consumer Financing Program that are components of the derivative:

- The Company pays either a monthly fee based on the average daily outstanding balance of the Loans, or the number of outstanding Loans, depending on the Financing Provider
- The Company shares the liability for credit losses depending on the credit quality of the customer
- The Company pays transactional fees associated with customer payment processing

The derivative is classified as a Level 3 instrument. The derivative positions are valued using a discounted cash flow model, with inputs consisting of available market data, such as market yield discount rates, as well as unobservable internally derived assumptions, such as collateral prepayment rates, collateral default rates and loss severity rates. These derivatives are priced quarterly using a credit valuation adjustment methodology. In summary, the fair value represents an estimate of the present value of the cash flows the Company will be obligated to pay to the Financing Provider for each component of the derivative.

The following table summarizes the fair value and the notional amount of the Company's outstanding consumer financing program derivative instrument as of December 31, 2022 and 2021 (in thousands):

	December 31,	
	2022	2021
Consumer Financing Program Contractual Obligations:		
Fair value	$ 125,798	$ 216,795
Notional amount	859,743	1,160,278
Classified on the consolidated balance sheets as:		
Accrued expenses and other current liabilities	90,008	140,394
Other long-term obligations	35,790	76,401
Total Consumer Financing Program Contractual Obligation	$ 125,798	$ 216,795

Changes in Level 3 Fair Value Measurements - Consumer Financing Program

The following table summarizes the change in the fair value of the Level 3 outstanding derivative instrument for the years ended December 31, 2022 and 2021 (in thousands):

	December 31,	
	2022	2021
Balance, beginning of period	$ 216,795	$ 227,896
Additions	13,019	94,995
Settlements	(106,193)	(91,826)
Losses (Gains) included in earnings	2,177	(14,270)
Balance, end of period	$ 125,798	$ 216,795

Warrant Liabilities

As a result of the Business Combination, the Company assumed a derivative warrant liability related to previously issued private placement warrants and public warrants in connection with Mosaic's initial public offering. The fair value of the Company's public warrants were measured based on the market price of such warrants and are considered a Level 1 fair value measurement. As of December 31, 2022 and 2021, there were no outstanding public warrants. The private placement warrants are measured at each reporting period, with changes in fair value recognized in the statement of operations.

The change in the fair value of the derivative warrant liabilities for the years ended December 31, 2022 and 2021 is summarized as follows (in thousands):

	Public Warrants	Private Placement Warrants	Total Derivative Warrant liability
Balance, December 31, 2020	$ 8,063	$ 75,531	$ 83,594
Change in fair value of warrant liability	1,350	(50,967)	(49,617)
Write-off fair value of unexercised expired warrants	(490)	—	(490)
Reclassification of derivative liabilities for exercised warrants	(8,923)	—	(8,923)
Balance, December 31, 2021	—	24,564	24,564
Change in fair value of warrant liability	—	(21,332)	(21,332)
Balance, December 31, 2022	$ —	$ 3,232	$ 3,232

The estimated fair value of the private placement warrant derivative liabilities is determined using Level 3 inputs. Generally, the Company utilizes a Black-Scholes valuation model to estimate the fair value of the warrants. Inherent in a Black-Scholes valuation model are assumptions related to expected stock-price volatility, expiration, risk-free interest rate and dividend yield. The Company estimates the volatility of its common stock based on historical volatility of select peer companies that matches the expected remaining life of the warrants. The risk-free interest rate is based on the U.S. Treasury zero-coupon

yield curve on the grant date for a maturity similar to the expiration of the warrants. The dividend yield is based on the historical rate, which the Company anticipates remaining at zero.

The following table provides quantitative information regarding Level 3 fair value measurements inputs as their measurement dates:

	As of December 31, 2022	As of December 31, 2021
Number of private placement warrants	5,933,334	5,933,334
Exercise price	$ 11.50	$ 11.50
Stock price	$ 11.90	$ 9.78
Expiration term (in years)	N/A[1]	3.05
Volatility	N/A[1]	70 %
Risk-free Rate	N/A[1]	0.98 %
Dividend yield	N/A[1]	— %

(1) For the year ended December 31, 2022, the Company estimated the fair value of the private placement warrants using a probability weighted approach.

11. Restructuring and Asset Impairment Charges

Restructuring

2020 Cost Reductions

In March 2020, the Company announced a number of cost reduction initiatives that are expected to reduce certain of the Company's General and Administrative, Customer Service, and Sales Support fixed costs. The Company completed the majority of these cost reduction initiatives in the first quarter of 2020. In addition to its meaningful cost reductions, the Company's initiatives have streamlined operations, engineering, and innovation, and provided a better focus on driving customer satisfaction. These actions resulted in one-time cash employee severance and termination benefits expenses of $20.9 million during the year ended December 31, 2020. These costs included $11.1 million in stock-based compensation expense associated with the accelerated vesting of stock-based awards to certain executives related to separation agreements.

12. Income Taxes

The Company files a consolidated federal income tax return with its wholly owned U.S. subsidiaries.

The income tax expense consisted of the following (in thousands):

	Year ended December 31,		
	2022	2021	2020
Current income tax:			
Federal	$ —	$ —	$ —
State	2,531	2,359	2,174
Foreign	1,230	3,641	764
Total	3,761	6,000	2,938
Deferred income tax:			
Federal	—	—	—
State	251	(263)	(851)
Foreign	(1,662)	(3,266)	(1,004)
Total	(1,411)	(3,529)	(1,855)
Income tax expense	$ 2,350	$ 2,471	$ 1,083

The following reconciles the tax benefit computed at the statutory federal rate and the Company's tax expense (in thousands):

	Year ended December 31,		
	2022	2021	2020
Computed expected tax benefit	$ (10,370)	$ (63,647)	$ (126,472)
State income taxes, net of federal tax effect	2,222	1,556	882
Foreign income taxes	20	221	(383)
Other reconciling items	1,349	(1,235)	(714)
Sale of Vivint Canada, Inc.	(5,279)	—	—
Capital Loss Limitation	(6,831)	—	—
Permanent differences	(2,520)	(8,753)	36,423
Excess deductible compensation limitation	17,481	10,463	9,667
Change in valuation allowance	6,278	63,866	81,680
Income tax expense	$ 2,350	$ 2,471	$ 1,083

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and liabilities were as follows (in thousands):

	December 31,	
	2022	2021
Gross deferred tax assets:		
Net operating loss carryforwards	$ 510,274	$ 546,693
Deferred subscriber income	349,187	326,759
Interest expense limitation	161,408	142,919
Accrued expenses and allowances	52,010	56,495
Capitalized Research and Experimental Expenses	13,917	—
Lease liabilities	10,761	13,356
Purchased intangibles and deferred financing costs	8,690	9,687
Inventory reserves	2,083	1,859
Research and development credits	41	41
Deferred capitalized contract costs	—	1,800
Property and equipment	1,672	1,888
Valuation allowance	(737,374)	(740,397)
Total	372,669	361,100
Gross deferred tax liabilities:		
Deferred capitalized contract costs	(364,406)	(346,887)
Right of use assets	(9,153)	(11,430)
Purchased intangibles and deferred financing costs	—	(959)
Property and equipment	—	(443)
Total	(373,559)	(359,719)
Net deferred tax assets (liabilities)	$ (890)	$ 1,381

The Company had gross operating loss carryforwards as follows (in thousands):

	December 31,	
	2022	2021
Net operating loss carryforwards:		
Federal	$ 2,093,641	$ 2,229,000
States	1,827,793	2,036,000
Total	$ 3,921,434	$ 4,265,000

U.S. federal net operating loss carryforwards will begin to expire in 2029, if not used. State net operating losses, depending on jurisdiction either expire over varying carryover periods, some of which have already begun to expire, and other states where the Company has net operating loss carryovers have an indefinite carryover provision. The Company had U.S. research and development credits of approximately $41,000 at December 31, 2022, and December 31, 2021, which begin to expire in 2030.

Realization of the Company's federal and state net operating loss carryforwards and tax credits is dependent on generating sufficient taxable income prior to their expiration. The Company performed a study to determine the amount of any limitation on its net operating losses and concluded that as of December 31, 2022 an ownership change had not occurred under the provisions of Internal Revenue Code Section 382, and as of that date the losses were not limited. The future use of the net operating loss carryforwards may have limitations resulting from future ownership changes or other factors under Section 382 of the Internal Revenue Code.

At December 31, 2022 and 2021, the Company recorded a valuation allowance against its U.S. federal and state net deferred tax assets as it believes it is more likely than not that these benefits will not be realized. Significant judgment is required in determining the Company's provision for income taxes, recording valuation allowances against net deferred tax assets and evaluating the Company's uncertain tax positions. The Company has considered and weighed the available evidence, both positive and negative, to determine whether it is more likely than not that some portion, or all, of the deferred tax assets

will not be realized. Based on available information, management does not believe it is more likely than not that all of its deferred tax assets will be utilized. The Company recorded a valuation allowance against U.S. net deferred tax assets of approximately $737.4 million and $740.4 million at December 31, 2022 and 2021, respectively.

The Company is no longer subject to income tax examination by the U.S. federal, state or local tax authorities for years ended December 31, 2017 or prior; however, its tax attributes, such as NOL carryforwards and tax credits, are still subject to examination in the year they are used.

As of December 31, 2022 and 2021, the Company has not recognized any uncertain tax positions.

13. Stock-Based Compensation and Equity

The Vivint Smart Home, Inc. 2020 Omnibus Incentive Plan (the "Plan") provides for the issuance of stock-based incentive awards to attract, motivate and retain qualified employees and non-employee directors, and to align their financial interests with those of company stockholders. In addition to the rollover awards converted as part of the Business Combination, the Company utilizes a combination of time-based and performance-based restricted stock units.

Tracking Units

The Company issued tracking units to certain executives to align their financial interests with those of company stockholders. The tracking units are recognized as expense over the employee's requisite service period. In 2022, the Company approved the acceleration of the unvested Tracking Units to immediately vest. As a result, 1,121,681 tracking units vested. As of December 31, 2022, no tracking units were unvested, and there was no unrecognized compensation expense.

Rollover SARs

Stock Appreciation Rights ("SARs") were previously issued to various levels of key employees and board members. As of December 31, 2022, there was no unrecognized compensation expense related to Rollover SARs.

A summary of the Rollover SARs activity for the years ended December 31, 2022 and 2021 is presented below:

	Rollover SARs	Weighted Average Exercise Price Per Share	Weighted Average Remaining Contractual Life (Years)	Aggregate Intrinsic Value (in millions)
Outstanding, December 31, 2020	2,474,011	17.59	6.60	7.8
Forfeited	(409,566)	18.50		
Exercised	(59,733)	9.32		
Outstanding, December 31, 2021	2,004,712	17.65	5.62	—
Forfeited	(608,481)	18.47		
Exercised	(56,808)	7.36		
Outstanding, December 31, 2022	1,339,423	17.71	4.67	—
Exercisable at December 31, 2022	1,339,423	$ 17.71	4.67	—

Rollover LTIPs

The Company established four incentive compensation pools with a number of hypothetical SARs with awards to certain employees entitling them to a portion of the proceeds of such hypothetical SARs on certain distribution dates (the "Rollover LTIP Plans"). In February 2020, the board of directors approved the 2020 modification with respect to such shares, such that they would be distributed in January 2021, to the extent not then distributed. Each hypothetical Rollover SAR has a strike price of $7.22 per share. In the first quarter of 2021, the Company made the final distribution of shares of Class A common stock pursuant to the Rollover LTIP Plans resulting in the issuance of 1,609,627 shares of Class A common stock to holders of Rollover LTIP Awards. As a result of this distribution, the Company recorded compensation costs totaling $37.2 million, of which $32.7 million and $4.5 million was included in selling expenses and operating expenses, respectively.

The fair value of the shares distributed pursuant to the Rollover LTIP Plans values were determined based on the stock price of the Company on the date shares were issued to holders of Rollover LTIP Awards, which was $23.08 per share for the January 2021 distribution.

Earnouts

During the year ended December 31, 2022, holders of Rollover Equity Awards became entitled to receive share of our Class A Common Stock as a result of the attainment of the First Earnout, Second Earnout and Third Earnout (see Note 6 Business Combination for further discussion). Such shares were issuable in respect to holders of Rollover Equity Awards, subject to the same vesting terms and conditions as the underlying Rollover Equity Awards. Associated with the Rollover LTIP distribution in 2021, 847,141 shares of related earnouts were issued, resulting in $19.6 million expense, of which $17.2 million and $2.4 million was included in selling expenses and operating expenses, respectively. At December 31, 2022, there was an immaterial amount of unrecognized compensation expense related to earnouts granted, which is expected to be recognized over a weighted-average period of 0.5 years.

Restricted Stock Units

During the year ended December 31, 2022, the Company approved grants under the Plan of time-vesting restricted stock units (the "RSUs") awards (each representing the right to receive one share of Class A common stock of the Company upon the settlement of each restricted stock unit) to various levels of key employees. The RSUs granted to employees are generally subject to a four-year vesting schedule, and 25% of the units will vest on each of the first four anniversaries of the applicable vesting reference date. Additionally, RSUs were granted to non-employee board members which are subject to a one year vesting schedule. All vesting shall be subject to the recipient's continued employment with Vivint Smart Home, Inc. or its subsidiaries through the applicable vesting dates. Compensation expense associated with the unvested restricted stock units is recognized on a straight-line basis over the vesting period. At December 31, 2022, there was approximately $77.4 million of unrecognized compensation expense related to restricted stock units, which is expected to be recognized over a weighted-average period of 2.3 years.

The following summarizes information about RSU transactions for the year ended December 31, 2022:

	Units	Weighted Average Grant-Date Fair Value per Unit
Unvested at December 31, 2021	9,570,667	$ 16.12
Granted	5,359,600	6.56
Vested	(2,913,544)	17.14
Forfeited	(2,421,196)	15.98
Unvested at December 31, 2022	9,595,527	11.60

Performance Stock Units

During the year ended December 31, 2022, the Company approved grants under the Plan of performance-vesting restricted stock units (the "PSUs") (each representing the right to receive one share of Class A common stock of the Company upon the settlement of each restricted stock unit).

The PSUs predominately vest based upon the Company's achievement of specified performance goals through the performance period and the passage of time. The PSUs granted to employees are generally subject to a four-year vesting schedule, and 25% of the units will vest on each of the first four anniversaries of the applicable vesting reference date, subject to continued employment on the applicable vesting date.

During the year ended December 31, 2022, the Company deemed the achievement of certain PSU vesting conditions as being probable, and thus began recognizing stock-based compensation over the service period. At December 31, 2022, there was approximately $51.2 million of unrecognized compensation expense related to PSUs, which is expected to be recognized over a weighted-average period of 2.3 years.

The following summarizes information about PSU transactions for the year ended December 31, 2022:

	Units	Weighted Average Grant-Date Fair Value per Unit
Unvested at December 31, 2021	9,643,666	$ 17.23
Granted	4,793,506	7.31
Vested	(4,022,778)	19.56
Forfeited	(1,463,623)	14.15
Unvested at December 31, 2022	8,950,771	11.31

Stock-based compensation expense in connection with all stock-based awards for the years ended December 31, 2022, 2021 and 2020 is allocated as follows (in thousands):

	Year ended December 31,		
	2022	2021	2020
Operating expenses	$ 7,892	$ 16,567	$ 20,157
Selling expenses	39,584	103,239	101,623
General and administrative expenses	31,258	46,622	76,433
Total stock-based compensation	$ 78,734	$ 166,428	$ 198,213

Equity

Class A Common Stock—The Company is authorized to issue 3,000,000,000 shares of Class A common stock with a par value of $0.0001 per share. Holders of the Company's Class A common stock are entitled to one vote for each share on each matter on which they are entitled to vote. At December 31, 2022, there were 213,606,672 shares of Class A common stock issued and outstanding.

On January 17, 2020, Mosaic Acquisition Corp. ("MOSC"), the predecessor to the Company, held a special meeting of stockholders (the "MOSC special meeting") to approve certain matters relating to the business combination between MOSC and Legacy Vivint Smart Home, Inc. One of these matters was a proposal (the "Share Authorization Proposal") to increase the total number of authorized shares of MOSC's common stock, par value $0.0001 per share (the "common stock"), from 220,000,000 shares to 3,000,000,000 shares, which included an increase in the number of shares of the series of common stock designated as "Class A common stock" (the "Class A common stock") from 200,000,000 shares to 3,000,000,000 shares and the elimination of the series of common stock designated as "Class F common stock" following the conversion thereof into Class A common stock at the completion of the business combination (the "Class F common stock"). The Share Authorization Proposal was approved by a majority of the shares of common stock voting together as a single class (95.6% of shares voted), including a majority of the shares of Class A common stock (94.3% of shares voted) and a majority of the shares of Class F common stock (100% of shares voted), that were outstanding as of the record date for the MOSC special meeting. After the MOSC special meeting, MOSC and Legacy Vivint Smart Home, Inc. closed the business combination, and MOSC changed its name to Vivint Smart Home, Inc.

A recent ruling by the Delaware Court of Chancery (the "Court of Chancery") introduces uncertainty as to whether the approval obtained by the Company (and other companies that similarly obtained stockholder approval of proposals akin to the Share Authorization Approval) to approve the Share Authorization Proposal was sufficient under Section 242(b)(2) of the Delaware General Corporation Law (the "DGCL"), which may have required the Share Authorization Proposal to be approved by separate votes of the majority of MOSC's then-outstanding shares of Class A common stock and the majority of MOSC's then-outstanding shares of Class F common stock.

On February 9, 2023, the Company filed a petition in the Court of Chancery seeking validation of the Company's Amended and Restated Certificate of Incorporation and the shares issued pursuant thereto to resolve any uncertainty with respect to those matters. The Court of Chancery will hold a final hearing to consider the merits of the petition filed by the Company on February 27, 2023. Based on advice from legal counsel, considering the Company's facts and circumstances as well as recent rulings by the Court of Chancery with respect to similarly situated companies, the Company has concluded that the Class A common stock is appropriately classified as equity.

Preferred stock—The Company is authorized to issue 300,000,000 preferred stock with a par value of $0.0001 per share. At December 31, 2022, there are no preferred stock issued or outstanding.

Warrants—As of December 31, 2022, 5,933,334 private placement warrants were outstanding. Each whole private placement warrant entitled the holder to purchase one Class A common stock at an exercise price of $11.50 per share, subject to adjustment. Warrants can only be exercised for a whole number of shares. The private placement warrants will be non-redeemable so long as they are held by the initial purchasers or such purchasers' permitted transferees. If the private placement warrants are held by someone other than the initial stockholders or their permitted transferees, the private placement warrants will be redeemable by the Company and exercisable by such holders on the same basis as the public warrants. The private placement warrants will expire five years after the completion of the Business Combination or earlier upon redemption or liquidation.

During the year ended December 31, 2022, no warrants were exercised. During the year ended December 31, 2021, 825,016 warrants were exercised for Class A common stock, for which the Company received $10.8 million of cash.

14. Commitments and Contingencies

Indemnification

Subject to certain limitations, the Company is obligated to indemnify its current and former directors, officers and employees with respect to certain litigation matters and investigations that arise in connection with their service to the Company. These obligations arise under the terms of its certificate of incorporation, its bylaws, applicable contracts, and Delaware and California law. The obligation to indemnify generally means that the Company is required to pay or reimburse these individuals' reasonable legal expenses and possibly damages and other liabilities incurred in connection with these matters.

Legal

The Company is named from time to time as a party to lawsuits arising in the ordinary course of business related to its sales, marketing, and the provision of its services and equipment. Actions filed against the Company include commercial, intellectual property, customer, common-law negligence, and labor and employment related claims, including complaints of alleged wrongful termination and potential class action lawsuits regarding alleged violations of federal and state wage and hour and other laws and other types of lawsuits.

Loss Contingencies

The Company regularly reviews outstanding legal claims, actions, and enforcement matters to determine if accruals for expected negative outcomes of such matters are probable and can be reasonably estimated.

On February 17, 2023, a jury in the U.S. District Court, Western District of North Carolina, Charlotte Division, issued a verdict against the Company, in favor of CPI Security Systems, Inc. ("CPI") for $49.7 million of compensatory damages and an additional $140 million of punitive damages in a lawsuit filed by CPI in 2020 regarding alleged historical practices by certain Vivint sales personnel. Based on advice and analysis by legal counsel, the Company believes the verdict is not legally or factually supported and intends to pursue post-judgment remedies and file an appeal and will continue to examine all legal options available to it.

The Company has determined that a range of loss with respect to this litigation is probable (as such term is defined in ASC 450-20-20) and has in the fourth quarter of 2022 accrued an estimated liability of $10.8 million. The accrual reflects the low end of the range of potential loss of $10.8 million up to the verdict amount. This estimated range is based on management's best judgment after consultation with legal counsel.

The Company had accruals for loss contingencies (inclusive of the matter discussed above) of approximately $22.3 million and $8.2 million as of December 31, 2022 and 2021, respectively. The Company evaluates its outstanding legal and regulatory proceedings and other matters each quarter to assess its loss contingency accruals, and makes adjustments in such accruals, upward or downward, as appropriate, based on facts and circumstances and consultation with counsel. The Company's accruals for loss contingencies will be adjusted in the future based upon developments and in light of the uncertainties involved in such matters, the ultimate resolution of these matters could materially differ from the accruals that the Company has recorded.

Regulatory Matters

In addition, from time to time the Company is subject to examinations, investigations and/or enforcement actions by federal and state licensing and regulatory agencies and may face the risk of penalties for violation of financial services, consumer protections and other applicable laws and regulations. For example, in 2019, the Company received a subpoena in connection with an investigation by the U.S. Department of Justice ("DOJ") concerning potential violations of the Financial Institutions Reform, Recovery and Enforcement Act ("FIRREA"). In January 2021, the Company entered into a settlement agreement with the DOJ that resolved this investigation. As part of this settlement, the Company paid $3.2 million to the United States. The Company also has received a civil investigative demand from the staff of the Federal Trade Commission ("FTC") concerning potential violations of the Fair Credit Reporting Act ("FCRA") and the "Red Flags Rule" thereunder, and the Federal Trade Commission Act ("FTC Act"). In April 2021, the Company entered into a settlement with the FTC that resolved this investigation. As part of this settlement, which was approved by a federal court on May 3, 2021, the Company paid a total of $20 million to the United States. and agreed to implement various additional compliance related measures. The Company is currently in the process of administering the terms of this settlement, which include multiple undertakings by the Company. The Company has been endeavoring to comply with these undertakings and the demands on management and costs incurred in connection with these undertakings may be substantial. The Company has been engaged in ongoing discussions with the staff of the FTC regarding the Company's compliance with the terms of the settlement. In addition, in accordance with the settlement, the Company is required to undergo biennial assessments by an independent third-party assessor who will review the Company's compliance programs and provide a report to the FTC staff on the Company's ongoing compliance with the

settlement (“Stipulated Order”). During the three months ended March 31, 2022, the Company completed its first biennial assessment required by the Stipulated Order and received a report with no findings of non-compliance by the assessor. Further, although Vivint is only required by the Order to conduct biennial assessments, Vivint has voluntarily and proactively elected to conduct quarterly audits utilizing the same appointed Assessor. These quarterly audits will each focus on roughly 25% of the Order's requirements. As of December 31, 2022 the Company has completed the first two quarterly audits, each of which resulted in reports with no findings of non-compliance by the Assessor. U.S. Customs and Border Protection is investigating the Company’s historical compliance with regulations relating to duties and tariffs in connection with its import of certain products from outside the U.S. The Company is cooperating with this investigation.The Company also receives inquiries, including civil investigative demands (“CIDs”), from various State Attorneys General, typically from their respective consumer protection or consumer affairs divisions. In general, litigation and enforcements by regulatory agencies can be expensive and disruptive to normal business operations. Moreover, the results of legal proceedings and enforcement actions are difficult to predict and the costs incurred can be substantial.

The Company believes the amounts accrued in its financial statements to cover these matters are adequate in light of the probable and estimated liabilities. Factors that the Company considers in the determination of the likelihood of a loss and the estimate of the range of that loss in respect of legal and enforcement matters include the merits of a particular matter, the nature of the matter, the length of time the matter has been pending, the procedural posture of the matter, how the Company intends to defend the matter, the likelihood of settling the matter and the anticipated range of a possible settlement. Because such matters are subject to many uncertainties, the ultimate outcomes are not predictable and there can be no assurances that the actual amounts required to satisfy alleged liabilities from the matters described above will not exceed the amounts reflected in the Company’s financial statements or that the matters will not have a material adverse effect on the Company’s results of operations, financial condition or cash flows.

15. Leases

The Company has operating leases for corporate offices, warehouse facilities, research and development and other operating facilities and other operating assets. The Company has finance leases for vehicles, office equipment and other warehouse equipment. The leases have remaining terms of 1 year to 6 years, some of which include options to extend the leases for up to 10 years, and some of which include options to terminate the leases within 1 year.

The components of lease expense were as follows (in thousands):

	Year ended December 31,	
	2022	2021
Operating lease cost	$ 15,008	$ 15,689
Finance lease cost:		
Amortization of right-of-use assets	$ 2,337	$ 2,375
Interest on lease liabilities	581	264
Total finance lease cost	$ 2,918	$ 2,639

Supplemental cash flow information related to leases was as follows (in thousands):

	Year ended December 31,	
	2022	2021
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	$ (16,299)	$ (16,877)
Operating cash flows from finance leases	(581)	(264)
Financing cash flows from finance leases	(3,692)	(3,158)
Right-of-use assets obtained in exchange for lease obligations:		
Operating leases	$ 2,236	$ 4,490
Finance leases	8,575	1,808

Supplemental balance sheet information related to leases was as follows (in thousands, except lease term and discount rate):

	Year ended December 31,	
	2022	2021
Operating Leases		
Operating lease right-of-use assets	$ 36,812	$ 46,000
Current operating lease liabilities	$ 13,048	$ 12,033
Operating lease liabilities	30,232	41,713
Total operating lease liabilities	$ 43,280	$ 53,746
Finance Leases		
Property, plant and equipment, gross	$ 43,136	$ 40,939
Accumulated depreciation	(23,345)	(24,465)
Property, plant and equipment, net	$ 19,791	$ 16,474
Current finance lease liabilities	$ 2,686	$ 2,854
Finance lease liabilities	5,216	1,416
Total finance lease liabilities	$ 7,902	$ 4,270
Weighted Average Remaining Lease Term		
Operating leases	4 years	5 years
Finance leases	2.9 years	2.7 years
Weighted Average Discount Rate		
Operating leases	7 %	7 %
Finance leases	5 %	4 %

Maturities of lease liabilities were as follows (in thousands):

	Operating Leases	Finance Leases
Year Ending December 31,		
2023	$ 16,083	$ 3,143
2024	15,025	2,802
2025	9,286	2,535
2026	5,073	165
2027	3,277	—
Thereafter	1,232	—
Total lease payments	49,976	8,645
Less imputed interest	(6,696)	(743)
Total	$ 43,280	$ 7,902

16. Related Party Transactions

The Company incurred expenses during the years ended December 31, 2022, 2021 and 2020, of approximately $0.7 million, $0.9 million, $0.6 million, respectively, for related-party transactions including contributions to the charitable organization Vivint Gives Back, facility costs, and other services. These expenses were included in selling and general and administrative expenses in the accompanying consolidated statement of operations. Accrued expenses and other current liabilities included on the Company's balance sheets associated with these related-party transactions at December 31, 2022 and 2021 were $0.1 million.

Transactions with Blackstone

On November 16, 2012, the Company was acquired by an investor group comprised of certain investment funds affiliated with Blackstone Capital Partners VI L.P., and certain co-investors and management investors through certain mergers and related reorganization transactions (collectively, the "Reorganization"). In connection with the Reorganization, the Company engaged Blackstone Management Partners L.L.C. ("BMP") to provide monitoring, advisory and consulting services on an ongoing basis. In consideration for these services, the Company agreed to pay an annual monitoring fee equal to the greater of (i) a minimum base fee of $2.7 million subject to adjustments if the Company engages in a business combination or disposition that is deemed significant and (ii) the amount of the monitoring fee paid in respect of the immediately preceding fiscal year, without regard to any post-fiscal year "true-up" adjustments as determined by the agreement. The Company incurred expenses for such services of approximately $5.7 million and $8.1 million during the years ended December 31, 2021 and 2020, respectively and was included in general and administrative expense in the accompanying consolidated statement of operations. Accounts payable and accrued expenses and other current liabilities at December 31, 2022 and 2021 included liabilities of $0.7 million to BMP related to the monitoring fee.

Under the support and services agreement, the Company also engaged BMP to arrange for Blackstone's portfolio operations group to provide support services customarily provided by Blackstone's portfolio operations group to Blackstone's private equity portfolio companies of a type and amount determined by such portfolio services group to be warranted and appropriate. BMP will invoice the Company for such services based on the time spent by the relevant personnel providing such services during the applicable period but in no event shall the Company be obligated to pay more than $1.5 million during any calendar year. During the years ended December 31, 2022, 2021 and 2020 the Company incurred no costs associated with such services.

In connection with the execution of the Merger Agreement, the Company and the parties to the support and services agreement entered into an amended and restated support and services agreement with BMP. The amended and restated support and services agreement became effective upon the consummation of the Merger and amended and restated the existing support and services agreement to, upon the consummation of the merger, (a) eliminate the requirement to pay a milestone payment to BMP upon the occurrence of an IPO, (b) for any fiscal year beginning after 2021, (i) eliminate the Minimum Annual Fee and (ii) decrease the "true-up" of the annual Monitoring Fee payment to BMP to 1% of consolidated EBITDA and (c) beginning after 2021, the annual Monitoring Fee payment to BMP otherwise payable in connection with the agreement ceased and no other milestone payment or other similar payment is owed by the Company to BMP.

Under the amended and restated support and services agreement, the Company and Legacy Vivint Smart Home have, through the Exit Date (or an earlier date determined by BMP), engaged BMP to arrange for Blackstone's portfolio operations group to provide support services customarily provided by Blackstone's portfolio operations group to Blackstone's private equity portfolio companies of a type and amount determined by such portfolio services group to be warranted and appropriate. BMP may, at any time, choose not to provide any such services. Such services are provided without charge, other than for the reimbursement of out-of-pocket expenses as set forth in the amended and restated support and services agreement.

From time to time, the Company does business with a number of other companies affiliated with Blackstone.

Related Party Debt

Affiliates of Blackstone participated as initial purchasers, arrangers, or creditors of the 2027 notes and term loan facility amendment and restatement in February 2020 and again in the 2029 notes and term loan facility amendment and restatement in July 2021 and received approximately $1.3 million and $3.0 million, respectively, of fees associated with these transactions. As of December 31, 2022, affiliates of Blackstone held $284.4 million in the Term Loan Facility. As of December 31, 2021, affiliates of Blackstone held $201.2 million and $18.5 million in the Term Loan Facility and 2029 Notes, respectively.

In February 2020 and July 2021, an affiliate of Fortress participated as a lender in the amended and restated term loan facility and received approximately $0.9 million and $0.8 million in lender fees, respectively. As of December 31, 2022, Fortress held $11.7 million, $23.0 million, and $135.8 million in the 2027 Notes, 2029 Notes and Term Loan Facility, respectively. As of December 31, 2021, Fortress held $11.7 million and $119.7 million in the 2027 Notes and Term Loan Facility, respectively.

Transactions involving related parties cannot be presumed to be carried out at an arm's-length basis.

17. Segment Reporting and Business Concentrations

For the years ended December 31, 2022, 2021 and 2020, the Company conducted business through one operating segment, Vivint. The Company primarily operated in two geographic regions: United States and Canada. Revenues by geographic region were as follows (in thousands):

	United States	Canada	Total
Revenue from external customers			
Year ended December 31, 2022	$ 1,659,617	$ 22,873	$ 1,682,490
Year ended December 31, 2021	$ 1,418,700	$ 60,688	$ 1,479,388
Year ended December 31, 2020	$ 1,186,218	$ 66,049	$ 1,252,267

Divestiture of Subsidiary

On June 8, 2022, the Company completed the sale of its Canada business to TELUS. The sale was effected through TELUS' purchase of the common shares of two wholly-owned subsidiaries of Vivint, Inc. for a transaction price of approximately $104.2 million. The Company received cash proceeds of $94.2 million and entered into an escrow agreement for approximately $10.0 million, included in long-term notes receivables and other assets, net on the unaudited condensed consolidated balance sheet, to be delivered 18 months from the date of the sale. In connection with the Canada Sale, the Company entered into a service agreement whereby the Company will provide certain transition services to TELUS, with an initial period of 24 months. As a result of the aforementioned sale, the Company will cease conducting operations in Canada, except for certain obligations pursuant to a transition services agreement entered into with TELUS. The Company's financial position and results of operations include Vivint Canada, Inc. through June 8, 2022.

The following table summarizes the net gain recognized in connection with this divestiture (in thousands):

Sales price	$ 104,236
Vivint Canada net assets (including cash of $2,548 and net intercompany balances)	(23,639)
Accumulated other comprehensive income	(26,019)
Vivint Inc. net intercompany balances	(23,814)
Other	(5,713)
Net gain on divestiture (Included in Other (income) loss, net)	$ 25,051

18. Employee Benefit Plan

The Company offers eligible employees the opportunity to contribute a percentage of their earned income into company-sponsored 401(k) plans.

From January 1, 2018 through May 2, 2020, participants in the 401(k) plans were eligible for the Company's matching program. This matching program was suspended, effective May 2, 2020 and reinstated, effective January 1, 2021. Additionally, at the end of 2020, the Company made a one-time contribution to the matching program.

Under this reinstated program, the Company matches an employee's contributions to the 401(k) savings plan dollar-for-dollar up to 3% of such employee's eligible earnings and $0.50 for every $1.00 for the next 2% of such employee's eligible earnings. The maximum match available under the 401(k) plan is 4% of the employee's eligible earnings. All contributions under the reinstated program vest immediately.

Matching contributions that were made to the plans during the years ended December 31, 2022, 2021 and 2020 totaled $7.9 million and $10.3 million, and $4.3 million, respectively.

19. Basic and Diluted Net Loss Per Share

The Company computes basic loss per share by dividing loss attributable to common stockholders by the weighted-average number of common shares outstanding for the period. Diluted earnings per share reflects the potential dilution of securities that could be exercised or converted into common shares, and is computed by dividing net earnings available to common stockholders by the weighted-average number of common shares outstanding plus the effect of potentially dilutive shares to purchase common stock. The calculation of diluted loss per share requires that, to the extent the average market price of the underlying shares for the reporting period exceeds the exercise price of the warrants, and the presumed exercise of such securities are dilutive to net loss per share for the period, an adjustment to net loss available to common stockholders used in the calculation is required to remove the change in fair value of the warrants from the numerator for the period. Likewise, an adjustment to the denominator is required to reflect the related dilutive shares, if any, under the treasury stock method. As a result of the Business Combination, the Company has retrospectively adjusted the weighted average number of common shares outstanding prior to January 17, 2020 by multiplying them by the exchange ratio used to determine the number of common shares into which they converted.

The following table sets forth the computation of the Company's basic and diluted net loss attributable per share to common stockholders for the years ended December 31, 2022, 2021 and 2020:

	Year ended December 31,		
	2022	2021	2020
Numerator:			
Net loss attributable to common stockholders	$ (51,734)	$ (305,552)	$ (603,331)
Gain on change in fair value of warrants, diluted	—	(50,967)	—
Net loss attributable to common stockholders, diluted (in thousands)	$ (51,734)	$ (356,519)	$ (603,331)
Denominator:			
Shares used in computing net loss attributable per share to common stockholders, basic and diluted	212,501,938	208,265,631	179,071,278
Weighted-average effect of potentially dilutive shares to purchase common stock	—	812,536	—
Shares used in computing net loss attributable per share to common stockholders, diluted	212,501,938	209,078,167	179,071,278
Net loss attributable per share to common stockholders:			
Basic	$ (0.24)	$ (1.47)	$ (3.37)
Diluted	$ (0.24)	$ (1.71)	$ (3.37)

The following table discloses securities that could potentially dilute basic net loss per share in the future that were not included in the computation of diluted net loss per share because to do so would have been antidilutive for all periods presented:

	As of December 31,		
	2022	2021	2020
Rollover SARs	1,339,423	2,004,712	2,474,011
Rollover LTIPs	—	—	2,316,869
RSUs	9,595,527	9,570,667	8,692,347
PSUs	8,950,771	9,643,666	4,877,277
Public warrants	—	—	878,346
Private placement warrants	5,933,334	—	5,933,334
Earnout shares reserved for future issuance	21,507	24,060	1,260,281

See Note 6 for additional information regarding the earnout shares and see Note 13 for additional information regarding the terms of the Rollover SARs, Rollover LTIPs, RSUs, PSUs, earnout shares and public and private placement warrants.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

Disclosure controls and procedures are controls and other procedures that are designed to ensure that information required to be disclosed in our reports filed or submitted under the Exchange Act, is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in our reports filed or submitted under the Exchange Act is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure.

As required by Rules 13a-15 and 15d-15 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), our Chief Executive Officer and Chief Financial Officer carried out an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures. Based upon their evaluation, our Chief Executive Officer and Chief Financial Officer concluded that as of December 31, 2022 our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) were effective to provide reasonable assurance that the information required to be disclosed in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to management as appropriate to allow timely decisions regarding required disclosure.

Internal Control Over Financial Reporting

Management's Annual Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over our financial reporting. Our internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U.S. generally accepted accounting principles. Our internal control over financial reporting includes those policies and procedures that:

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with U.S. generally accepted accounting principles, and that receipts and expenditures are being made only in accordance with authorizations of our management and directors; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the financial statements.

Our internal control systems include the controls themselves, actions taken to correct deficiencies as identified, an organizational structure providing for division of responsibilities, careful selection and training of qualified financial personnel and a program of internal audits.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Our management has assessed the effectiveness of our internal control over financial reporting as of December 31, 2022. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control—Integrated Framework (2013 framework). Based on this assessment, our management concluded that our internal control over financial reporting was effective as of December 31, 2022.

Ernst & Young LLP, an independent registered public accounting firm, which has audited and reported on the consolidated financial statements contained in this Form 10-K, has issued its report on the effectiveness of the Company's internal control over financial reporting which is included in Part II. Item 8 – Financial Statements and Supplementary Data.

Changes in Internal Control Over Financial Reporting

There have been no changes in our control environment (as defined in Rule 13a-15(f) and 15d-15(f) under the Exchange Act) during the fiscal quarter ended December 31, 2022 that have materially affected, or that are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

Not applicable.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

Not applicable.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The following table sets forth, certain information regarding our directors and executive officers.

Name	Age	Position
Executive Officers:		
David H. Bywater	53	Chief Executive Officer and Director
Dana Russell	61	Chief Financial Officer
Daniel Garen	50	Chief Ethics and Compliance Officer
Garner B. Meads, III	41	Chief Legal Officer and Secretary
Rasesh Patel	49	Chief Operating Officer
Todd M. Santiago	50	Chief Revenue Officer
Non-Employee directors:		
Todd R. Pedersen	54	Director
Barbara J. Comstock	63	Director
David F. D'Alessandro	72	Director
Paul S. Galant	55	Director
Jay D. Pauley	45	Director
Michael J. Staub	38	Director
Joseph S. Tibbetts, Jr.	70	Director
Peter F. Wallace	47	Director

Executive Officers

David H. Bywater. Mr. Bywater is our Chief Executive Officer and also serves as one of our Directors. Mr. Bywater was named our Chief Executive Officer in June 2021 after serving as the CEO of Vivint Solar from May 2016 to April 2020. He also served on the board of directors for Sunrun, a residential solar panel company. Previously, Mr. Bywater served as chief operating officer for Legacy Vivint Smart Home where he was responsible for customer operations, human resources, field service, and supply chain. Before Vivint, Mr. Bywater spent 10 years at Affiliated Computer Services (ACS) where he was responsible for the management of several business units, encapsulating more than 60 different companies. During this time, he also served as an executive vice president and corporate officer for Xerox, a subsidiary of ACS, and was the chief operating officer for its State Government Services business. Before Xerox, Mr. Bywater worked as senior manager at Bain & Company where he worked with global clients, primarily in the technology, transportation, and data information industries. Mr. Bywater currently serves on the board of directors for Mariani, a portfolio company of CI Capital Partners LLC. Mr. Bywater holds a bachelor's degree in economics from Brigham Young University and an MBA from Harvard Business School.

Dana Russell. Mr. Russell has served as our Chief Financial Officer since May 2022. Prior to that, Mr. Russell was the Chief Financial Officer of Vivint Solar, Inc. from November 2013 to October 2020. From January 2013 to November 2013, Mr. Russell was the Chief Financial Officer of Allegiance, Inc. a software company. Mr. Russell was an independent contractor, providing financial services and business consulting to a number of privately held organizations and individuals from May 2011 to December 2012. From June 2006 through April 2011, Mr. Russell was the Senior Vice President and Chief Financial Officer of Novell, Inc., a publicly traded software and services company, which was acquired by The Attaclmiate Group, Inc. From July 1994 to June 2006, Mr. Russell held positions at Novell including, Interim Chief Financial Officer, Vice President of Finance, Treasurer and Corporate Controller. He had broad responsibility overseeing financial and accounting functions as well as investor relations, tax, information services and technology, risk management, corporate development and facilities. Prior to 1994, Mr. Russell held other high-level accounting and finance positions at high tech companies and also worked as an auditor at PricewaterhouseCoopers LLP, a multinational professional services firm. Mr. Russell holds a master's degree in accounting from Weber State University and holds a CPA license in the State of Utah.

Daniel Garen. Mr. Garen has served as our Chief Ethics and Compliance Officer since August 2021. Prior to joining Vivint, Mr. Garen was a Partner at DLA Piper LLP from 2020 to 2021. From 2019 to 2020, Mr. Garen was a Principal at Pivot Point Compliance Management. From 2014 to 2018, Mr. Garen was the Chief Ethics and Compliance Officer for Danaher Corporation. Mr. Garen has also held other senior compliance officer positions with Wright Medical, Siemens Corporation, Bayer Healthcare, and the American Red Cross. Mr. Garen holds a JD and LL.M. in Health Law from Loyola University and

Chicago School of Law. He holds a BA in psychology from the University of Michigan. Mr. Garen is a member of the American Bar Association, the Federal Supreme Court Bar and the bar for Illinois and the District of Columbia.

Garner B. Meads, III. Mr. Meads has served as our Chief Legal Officer and Secretary since December 2021. Prior to that, Mr. Meads served as our interim General Counsel, a position he was appointed to on July 1, 2021. Previously, Mr. Meads served as Vice President, Associate General Counsel and Assistant Secretary from January 2021 to July 2021, Associate General Counsel and Assistant Secretary from July of 2016 to January 2021. Prior to that, Mr. Meads served as Senior Corporate Counsel at Vivint Solar, Inc., which he joined in January of 2015. Meads also has prior experience as an attorney for Vinson & Elkins LLP and Sidley Austin LLP. Mr. Meads holds a B.S. from Brigham Young University and a JD from the J. Reuben Clark Law School at Brigham Young University. Mr. Meads is a member of the bar for Texas and Utah.

Rasesh Patel. Mr. Mr. Patel has served as our Chief Operating Officer since May 2022. Prior to that, Mr. Patel served in a variety of capacities at AT&T, including as Chief Product and Platform Officer of AT&T Business from March 2021 to May 2022; Executive Vice President and General Manager of Broadband and Video from September 2019 to March 2021; as Senior Executive Vice President Digital, Retail and Care from August 2017 to September 2019; as Regional President of Mobility Sales & Service from October 2016 to July 2017; and as Senior Vice President, Product Management from July 2015 to October 2016. Mr. Patel also served as Senior Vice President DIRECTV Customer Experience from April 2012 to July 2015. Mr. Patel holds a bachelor's degree in electrical engineering from the University of California, Irvine and an MBA from the University of California, Los Angeles.

Todd M. Santiago. Mr. Santiago has served as our Chief Revenue Officer since March 2020. Prior to that, Mr. Santiago served as our Executive Vice President, General Manager or Retail from January 2020 to March 2020. Mr. Santiago previously served as Legacy Vivint Smart Home's Executive Vice President, General Manager of Retail from November 2018 to January 2020, and as Legacy Vivint Smart Home's Chief Revenue Officer from February 2013 to November 2018. Prior to joining Legacy Vivint Smart Home, Mr. Santiago was President of 2GIG from December 2008 to March 2013. Prior to joining 2GIG, Mr. Santiago was Partner and General Manager of Signature Academies in Boise, ID and VP and General Manager at NCH Corporation in Irving, TX. Mr. Santiago is the brother-in-law of Mr. Pedersen. Mr. Santiago holds a B.A. in English from Brigham Young University and an MBA from the Harvard Business School.

Non-Employee Directors

Todd R. Pedersen. Mr. Pedersen has served as a Director of Vivint Smart Home since January 2020. Mr. Pedersen founded Legacy Vivint Smart Home in 1999 and served as Legacy Vivint Smart Home's President, Chief Executive Officer and Director. In February 2013, Mr. Pedersen relinquished his title as Legacy Vivint Smart Home's President. Mr. Pedersen served as our Chief Executive Officer until stepping down in June 2021. In 2011, Mr. Pedersen founded Vivint Solar and served as its Chief Executive Officer from August 2011 through January 2013. Mr. Pedersen was formerly a director of Vivint Solar. Mr. Pedersen currently serves on the board of directors of Entrata, Inc., a Utah technology services company. Mr. Pedersen was recently inducted into the Silicon Slopes Hall of Fame in February 2022 and has previously been named the Ernst & Young Entrepreneur of the Year in 2010 in the services category for the Utah Region. Mr. Pedersen attended Brigham Young University.

Barbara J. Comstock. Ms. Comstock has served as a Director of Vivint Smart Home since July 2021. She currently serves as a senior adviser at Baker Donelson, a law firm, advising clients on public policy and communications issues with respect to federal and state matters. She is also a fellow at the University of Virginia, the founder of the Barbara Comstock Program for Women in Leadership at George Mason University's Schar School of Policy and Government, an ABC News contributor, a board member of Trustar Bank, a community bank based in Virginia, a board member of two political action committees focused on Republican women (VIEWPac and Winning4Women) and a board member of the Republican State Legislative Council, which funds state legislative, lieutenant governor and other state office races. Ms. Comstock has also recently served as a fellow at the University of Southern California Center for the Political Future and a visiting fellow at the American University Sine Institute and the Harvard Institute of Politics. From 2015 to 2019, Ms. Comstock served as a member of the United States House of Representatives, representing the 10th district of Virginia. Prior to that, from 2010 to 2015, she served as a member of the Virginia General Assembly. Ms. Comstock founded Corallo Comstock, a public policy communications firm, in 2006 and was a senior partner at Blank Rome Government Relations and Blank Rome LLP, a law firm, from 2003 to 2006. Prior to that, she was the Director of the Office of Public Affairs at the U.S. Department of Justice from 2001 to 2003, the Director of the Office of Research and Strategy of the Republican National Committee from 1999 to 2001, the Chief Counsel of the House Government Reform and Oversight Committee from 1995 to 1999 and a member of the senior staff of the office of Congressman Frank Wolf from 1990 to 1995. Ms. Comstock earned a B.A., with honors, from Middlebury College and a JD from Georgetown University Law Center.

David F. D'Alessandro. Mr. D'Alessandro has served as a Director of Vivint Smart Home and the Chairman of our Board of Directors since January 2020. Mr. D'Alessandro previously served as a Director of Legacy Vivint Smart Home from July 2013 to January 2020. Mr. D'Alessandro serves on the boards of directors of several private companies. From 2010 to

September 2017, Mr. D'Alessandro also served as chairman of the board of directors of SeaWorld Entertainment, Inc. and has formerly served as a director of Vivint Solar, Inc. He served as chairman, president and chief executive officer of John Hancock Financial Services, Inc. from 2000 to 2004, having served as president and chief operating officer of the same entity from 1996 to 2000, and guided it through a merger with ManuLife Financial Corporation in 2004. Mr. D'Alessandro served as president and chief operating officer of ManuLife in 2004. He is a former partner of the Boston Red Sox. A graduate of Syracuse University, he holds honorary doctorates from three universities and served as vice chairman and a trustee of Boston University.

Paul S. Galant. Mr. Galant has served as a Director of Vivint Smart Home since January 2020. Mr. Galant previously served as a Director of Legacy Vivint Smart Home from October 2015 to January 2020. Mr. Galant currently serves as an Operating Partner of Churchill Capital. Prior to that, Mr. Galant served as Chief Executive Officer of Brightstar Corp., a leading mobile services company for managing devices and accessories and subsidiary of SoftBank Group Corp., and he has served as an Operating Partner of SoftBank. Prior to joining Brightstar, Mr. Galant was the Chief Executive Officer of VeriFone Systems, Inc., and a member of VeriFone's board of directors, since October 2013. Prior to joining Verifone, Mr. Galant served as the CEO of Citigroup Inc.'s Enterprise Payments business since 2010. In this role, Mr. Galant oversaw the design, marketing and implementation of global B2C and C2B digital payments solutions. From 2009 to 2010, Mr. Galant served as CEO of Citi Cards, heading Citigroup's North American and International Credit Card and Merchant Acquiring businesses. From 2007 to 2009, Mr. Galant served as CEO of Citi Transaction Services, a division of Citi's Institutional Clients Group. From 2002 to 2007, Mr. Galant was the Global Head of the Cash Management business, one of the largest processors of payments globally. Mr. Galant joined Citigroup, a multinational financial services corporation, in 2000. Prior to joining Citigroup, Mr. Galant held positions at Donaldson, Lufkin & Jenrette, Smith Barney, and Credit Suisse. Mr. Galant also brings broad financial industry experience from his time as chairman of the NY Federal Reserve Bank Payments Risk Committee and chairman of The Clearing House Secure Digital Payments LLC. Mr. Galant was on the board of directors of Conduent Incorporated, a leading provider of diversified business services with leading capabilities in transaction processing, automation and analytics. Mr. Galant holds a B.S. in Economics from Cornell University where he graduated a Phillip Merrill Scholar.

Jay D. Pauley. Mr. Pauley has served as a Director of Vivint Smart Home since January 2020. Mr. Pauley previously served as a Director of Legacy Vivint Smart Home from October 2015 to January 2020. Mr. Pauley is a Managing Director at Summit Partners, which he joined in 2010. Prior to joining Summit Partners, Mr. Pauley was Vice President at GTCR, a private equity firm, and an associate at Apax Partners, a private equity and venture capital firm. Before that, he worked for GE Capital. Mr. Pauley currently serves on the boards of directors of numerous private companies and has formerly served as a director of Vivint Solar. Mr. Pauley holds a B.S. from Ohio State University and an MBA from the Wharton School at the University of Pennsylvania.

Michael J. Staub. Mr. Staub has served as a director of Vivint Smart Home since February 2022. Mr. Staub is a Managing Director in Blackstone's Private Equity Group and focuses on investments in the Services, Leisure, and Logistics sectors. Since joining Blackstone in 2014, Mr. Staub has been involved with Blackstone's investments in AlliedBarton, GCA Services, Lendmark, Merlin Entertainments, RGIS, SERVPRO and Vivint. He currently serves as a director of SERVPRO and previously served as a director of Lendmark and RGIS. Before joining Blackstone, Mr. Staub was an associate at Fortress Investment Group, where he evaluated and executed private equity investments across several industries. Prior to that, he worked at Falconhead Capital and in investment banking at Merrill Lynch & Co. Mr. Staub received a B.S. in Business Administration from Ithaca College, where he graduated summa cum laude, and an MBA from the Wharton School of the University of Pennsylvania, where he graduated with honors.

Joseph S. Tibbetts, Jr. Mr. Tibbetts has served as a Director of Vivint Smart Home since January 2020. Mr. Tibbetts previously served as a Director of Legacy Vivint Smart Home from October 2015 to January 2020. From March 2017 to March 2018, Mr. Tibbetts served as the interim chief financial officer of Acquia Corporation, a private company that is a leading provider of cloud-based, digital experience management solutions. Prior to that Mr. Tibbetts served as the senior vice president and chief financial officer of Publicis Sapient, a digital consulting company and part of Publicis Group SA, from February 2015, when Publicis acquired Sapient Corporation, to September 2015. Prior to that Mr. Tibbetts served as senior vice president and global chief financial officer of Sapient Corporation from October 2006 to February 2015. He began serving as Sapient Corporation's treasurer in December 2012 and was reappointed as Sapient Corporation's chief accounting officer in June 2013, a role he previously held from 2009 to 2012. In addition to being Sapient Corporation's chief financial officer, Mr. Tibbetts also served as Sapient Corporation's managing director- SapientNitro Asia Pacific. Prior to joining Sapient Corporation, Mr. Tibbetts was the chief financial officer of Novell, Inc., a software and services company, from February 2003 to June 2006 and, prior to that, he held a variety of senior financial management positions at Charles River Ventures, Lightbridge, Inc., and SeaChange International, Inc. Mr. Tibbetts was also formerly a partner with Price Waterhouse LLP. Mr. Tibbetts formerly served as a director of Vivint Solar. Mr. Tibbetts holds a B.S. in business administration from the University of New Hampshire.

Peter F. Wallace. Mr. Wallace has served as a Director of Vivint Smart Home since January 2020. Mr. Wallace previously served as a Director of Legacy Vivint Smart Home from November 2012 to January 2020. Mr. Wallace is a Senior

Managing Director and Global Head of Core Private Equity for Blackstone. Since joining Blackstone in 1997, Mr. Wallace has led or been involved in Blackstone's investments in Alight Solutions, AlliedBarton Security Services, Allied Waste, American Axle & Manufacturing, Centennial Communications, Centerplate (formerly Volume Services America), CommNet Cellular, Chamberlain Group, CoreTrust, GCA Services, Encore Global, International Data Group, LocusPoint Networks, Merlin Entertainments, Michaels Stores, New Skies Satellites, Outerstuff, Ltd., Pinnacle Foods/Birds Eye Foods, PSAV, PSSI, SeaWorld Parks & Entertainment (formerly Busch Entertainment Corporation), Service King, Servpro, Sirius Satellite Radio, Tradesmen International, Universal Orlando, Vivint Smart Home, Vivint Solar, Inc. ("Vivint Solar") and the Weather Channel. He currently serves on the Board of Directors of Alight Solutions Chamberlain Group, CoreTrust, Encore Global, International Data Group, Merlin Entertainments, PSSI, Servpro, and Vivint. Mr. Wallace has also formerly served as a director of Vivint Solar, including as chairman from March 2014 through October 2020. Mr. Wallace is a trustee of Children's Aid Society, one of America's oldest and largest children's nonprofits. Mr. Wallace received a BA from Harvard College, where he graduated magna cum laude.

Director Nomination Process

The Nominating and Corporate Governance Committee weighs the characteristics, experience, independence and skills of potential candidates for election to the Board and recommends nominees for director to the Board for election. In considering candidates for the Board, the Nominating and Corporate Governance Committee also assesses the size, composition, diversity of backgrounds and combined expertise of the Board. As the application of these factors involves the exercise of judgment, the Nominating and Corporate Governance Committee does not have a standard set of fixed qualifications that is applicable to all director candidates, although the Nominating and Corporate Governance Committee does at a minimum assess each candidate's strength of character, judgment, industry knowledge or experience, his or her ability to work collegially with the other members of the Board and his or her ability to satisfy any applicable legal requirements or listing standards. In addition, although the Board considers diversity of viewpoints, background and experiences, the Board does not have a formal diversity policy. In identifying prospective director candidates, the Nominating and Corporate Governance Committee may seek referrals from other members of the Board, management, stockholders and other sources, including third party recommendations. The Nominating and Corporate Governance Committee also may, but need not, retain a search firm in order to assist it in identifying candidates to serve as directors of the Company. The Nominating and Corporate Governance Committee utilizes the same criteria for evaluating candidates regardless of the source of the referral. When considering director candidates, the Nominating and Corporate Governance Committee seeks individuals with backgrounds and qualities that, when combined with those of our incumbent directors, provide a blend of skills and experience to further enhance the Board's effectiveness.

In recommending that, or determining whether, members of the Board should stand for re-election, the Nominating and Corporate Governance Committee also may assess the contributions of incumbent directors in the context of the Board evaluation process and other perceived needs of the Board.

In addition, the Stockholders Agreement (as defined and described further under "Transactions with Related Persons—Stockholders Agreement") provides that Blackstone has the right to nominate to our Board of Directors a number of designees approximately equal to the percentage of our Class A common stock entitled to vote generally in the election of directors as collectively beneficially owned by 313 Acquisition LLC ("313 Acquisition"), Blackstone and their respective affiliates (collectively, the "313 Acquisition Entities"). In addition, Fortress Investment Group LLC ("Fortress") has the right to nominate to our Board of Directors one director so long as Fortress beneficially owns at least 50% of the shares of our Class A common stock it owned immediately following the consummation of the Merger; provided that the Fortress designee must be (A) Andrew McKnight, (B) Max Saffian or (C) another senior employee or principal of Fortress who is acceptable to a majority of the members of the Board of Directors. Under the Stockholders Agreement, Summit Partners, L.P. ("Summit") has the right to nominate one director to our Board of Directors so long as the Summit Holders (as defined in the Stockholders Agreement) beneficially own at least 50% of the shares of our Class A common stock they owned immediately following the consummation of the Merger. Currently, we have two directors on our Board who are current employees of Blackstone and who were recommended by Blackstone as director nominees pursuant to the Stockholders Agreement (Messrs. Staub and Wallace), and we have one director on our Board who was designated by Summit (Mr. Pauley). The provisions of the Stockholders' Agreement regarding the nomination of directors will remain in effect until Blackstone is no longer entitled to nominate a director to our Board of Directors, unless Blackstone requests that they terminate the Stockholders' Agreement at an earlier date.

When considering whether the nominees have the experience, qualifications, attributes and skills, taken as a whole, to enable the Board to satisfy its oversight responsibilities effectively in light of our business and structure, the Board focused primarily on the information discussed in each of the board member's biographical information set forth above. We believe that our

directors provide an appropriate mix of experience and skills relevant to the size and nature of our business. In particular, the members of our Board of Directors considered the following important characteristics:

- Mr. Pedersen's extensive knowledge of our industry and significant experience, as well as his insights as our original founder. Mr. Pedersen has played a critical role in our successful growth since our founding and has developed a unique and unparalleled understanding of our business.
- Mr. Bywater's significant business and leadership experience across several consumer-facing technology companies, including as the Chief Executive Officer of Vivint Solar, Inc.
- Ms. Comstock's extensive leadership and management experience in state and federal government, the media, law, business, and philanthropy, as well as her experience working closely with senior leaders across a wide range of industries on a bi-partisan basis throughout her career.
- Mr. D'Alessandro's extensive business and leadership experience, including as Chairman, President and Chief Executive Officer of John Hancock Financial Services, as well as his familiarity with board responsibilities, oversight and control resulting from serving on the boards of directors of public companies.
- Mr. Galant's significant business and leadership experience, including as the Chief Executive Officer of Citigroup's Enterprise Payments business, as well as his familiarity with board responsibilities, oversight and control resulting from serving on the board of directors of VeriFone Systems.
- Mr. Pauley's significant financial expertise and business experience, including as a Managing Director at Summit Partners, as well as his familiarity with board responsibilities, oversight and control resulting from serving on the boards of directors of public companies.
- Mr. Staub's significant financial and investment experience, including as a Managing Director in the Private Equity Group at Blackstone, as well as his familiarity with board responsibilities, oversight and control resulting from serving on the boards of directors of other companies.
- Mr. Tibbetts' significant financial expertise and business experience, including as Senior Vice President and Chief Financial Officer of Sapient Corporation and 20 years at Price Waterhouse LLP (now PricewaterhouseCoopers LLP) including his experience as an Audit Partner and National Director of the firm's Software Services Group, as well as his familiarity with board responsibilities, oversight and control resulting from serving on the boards of directors of public companies.
- Mr. Wallace's significant financial expertise and business experience, including as a Senior Managing Director in the Private Equity Group at Blackstone, as well as his familiarity with board responsibilities, oversight and control resulting from serving on the boards of directors of public companies.

Board Structure

Our Board of Directors is led by Mr. D'Alessandro, our Chairman. The Chief Executive Officer position is separate from the Chairman position. We believe that the separation of the Chairman and Chief Executive Officer positions is appropriate corporate governance for us at this time. Accordingly, Mr. D'Alessandro serves as Chairman, while Mr. Bywater serves as our Chief Executive Officer. Our Board of Directors believes this structure best encourages the free and open dialogue of competing views and provides for strong checks and balances. Additionally, Mr. D'Alessandro's attention to Board of Directors and committee matters allows Mr. Bywater to focus more specifically on overseeing the Company's day-to-day operations, as well as strategic opportunities and planning.

Executive Sessions

Executive sessions, which are meetings of the non-management members of the Board, are regularly scheduled throughout the year. In addition, at least once a year, the independent directors meet in a private session that excludes management and any non-independent directors. Our Chairman, Mr. D'Alessandro, presides at the executive sessions.

Communications with the Board

As described in our Corporate Governance Guidelines, stockholders or other interested parties who would like to communicate with, or otherwise make their concerns known directly to the chairperson of any of the Audit, Nominating and Corporate Governance and Compensation Committees, any then-serving lead director or the director designated by the non-management or independent directors as the presiding director, or to the non-management or independent directors as a group, may do so by addressing such communications or concerns to the Company's Chief Legal Officer, 4931 North 300 West, Provo UT 84604, who will forward such communications to the appropriate party.

Audit Committee

Our Audit Committee membership is as follows: Joseph S. Tibbetts, Jr., chair; Barbara J. Comstock, member; and Paul S. Galant, member.

Each member of the Audit Committee qualifies as an independent director under the NYSE corporate governance standards and the independence requirements of Rule 10A-3 of the Exchange Act. Each member of the Audit Committee meets the financial literacy requirements of the NYSE and our Board has determined that Messrs. Tibbetts and Galant qualifies as an "audit committee financial expert" as defined in applicable SEC rules and has accounting or related financial management expertise.

The duties and responsibilities of the Audit Committee are set forth in its charter, which may be found at www.vivint.com under Investor Relations: Governance: Governance Documents: Audit Committee Charter, and include oversight of the following:

- the Company's accounting and financial reporting processes and internal control over financial reporting, as well as the audit and integrity of the Company's financial statements;
- the independent registered public accounting firm's qualifications, performance and independence;
- the performance of our internal audit function;
- the Company's compliance with applicable law (including U.S. federal securities laws and other legal and regulatory requirements); and
- risk assessment and risk management, including, but not limited to, the Company's IT security program.

The Audit Committee also prepares the report of the committee required by the rules and regulations of the SEC to be included in our annual proxy statement. With respect to our reporting and disclosure matters, the responsibilities and duties of the Audit Committee include reviewing and discussing with management and the independent registered public accounting firm our annual audited financial statements and quarterly financial statements prior to inclusion in our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q or other public filings in accordance with applicable rules and regulations of the SEC.

The charter of the Audit Committee permits the committee to delegate any or all of its authority to one or more subcommittees. In addition, the Audit Committee has the authority under its charter to engage independent counsel and other advisors as it deems necessary or advisable.

Compensation Committee

Our Compensation Committee membership is as follows: David F. D'Alessandro, chair; Michael J. Staub, member; and Peter F. Wallace, member. Each of Messrs. D'Alessandro, Staub and Wallace has been determined to be "independent" as defined by our Corporate Governance Guidelines and the NYSE listing standards applicable to boards of directors in general and compensation committees in particular.

The duties and responsibilities of the Compensation Committee are set forth in its charter, which may be found at www.vivint.com under Investor Relations: Governance: Governance Documents: Compensation Committee Charter, and include the following:

- oversight of the Company's compensation policies, plans and benefit programs, and overall compensation philosophy;
- oversight of the compensation of the Company's Chief Executive Officer and other executive officers;
- approving and evaluating the executive officer compensation plans, policies and programs of the Company; and
- administering the Company's equity compensation plans.

With respect to our reporting and disclosure matters, the responsibilities and duties of the Compensation Committee include overseeing the preparation of the Compensation Discussion and Analysis for inclusion in our annual proxy statement and Annual Report on Form 10-K in accordance with applicable rules and regulations of the SEC.

The charter of the Compensation Committee permits the committee to delegate any or all of its authority to one or more subcommittees and to delegate to one or more of our officers the authority to make awards to team members other than any Section 16 officer under our incentive compensation or other equity-based plan, subject to compliance with the plan and the laws of our state of jurisdiction. In addition, the Compensation Committee has the authority under its charter to retain outside consultants or advisors, as it deems necessary or advisable.

See "Executive Compensation—Compensation Discussion and Analysis—Compensation Determination Process" for a description of our process for determining compensation, and "Executive Compensation—Compensation Discussion and Analysis—Role of Compensation Consultant" for a description of the role of our independent compensation consultant.

Nominating and Corporate Governance Committee

Our Nominating and Corporate Governance Committee membership is as follows: Peter F. Wallace, chair; David F. D'Alessandro, member; and Paul S. Galant, member. Each of Messrs. Wallace, D'Alessandro and Galant has been determined to be "independent" as defined by our Corporate Governance Guidelines and the NYSE listing standards.

The duties and responsibilities of the Nominating and Corporate Governance Committee are set forth in its charter, which may be found at www.vivint.com under Investor Relations: Governance: Governance Documents: Nominating and Corporate Governance Committee Charter, and include the following:

- identifying individuals qualified to become new board of directors members, consistent with criteria approved by the board of directors;
- reviewing the qualifications of incumbent directors to determine whether to recommend them for reelection and selecting, or recommending that the Board select, the director nominees for the next annual meeting of stockholders;
- recommending members of the Board to serve on committees of the Board and evaluating the functions and performance of such committees;
- reviewing and recommending to the Board corporate governance principles applicable to us;
- overseeing the evaluation of the Board and management;
- overseeing and approving the management continuity planning process; and
- shaping the corporate governance of the Company.

The charter of the Nominating and Corporate Governance Committee permits the committee to delegate any or all of its authority to one or more subcommittees. In addition, the Nominating and Corporate Governance Committee has the authority under its charter to retain outside counsel or other experts as it deems necessary or advisable.

Committee Charters and Corporate Governance Guidelines

Our commitment to good corporate governance is reflected in our Corporate Governance Guidelines, which describe our Board of Directors' views and policies on a wide range of governance topics. These Corporate Governance Guidelines are reviewed from time to time by our Nominating and Corporate Governance Committee and, to the extent deemed appropriate in light of emerging practices, revised accordingly, upon recommendation to and approval by our Board of Directors.

Our Corporate Governance Guidelines, Audit Committee, Compensation Committee, Nominating and Corporate Governance Committee charters, and other corporate governance information are available on our website at www.vivint.com under Investor Relations: Governance: Governance Documents. Any stockholder also may request them in print, without charge, by contacting the Secretary of Vivint Smart Home, Inc., 4931 North 300 West, Provo UT 84604.

Code of Business Conduct and Ethics

We maintain a Code of Business Conduct and Ethics that is applicable to all of our directors, officers and employees, including our Chairman, Chief Executive Officer, Chief Financial Officer, Chief Accounting Officer and other senior officers. The Code of Business Conduct and Ethics sets forth our policies and expectations on a number of topics, including conflicts of interest, corporate opportunities, confidentiality, compliance with laws (including insider trading laws), use of our assets and business conduct and fair dealing. This Code of Business Conduct and Ethics also satisfies the requirements for a code of ethics, as defined by Item 406 of Regulation S-K promulgated by the SEC. The Code of Business Conduct and Ethics may be found on our website at www.vivint.com under Investor Relations: Governance: Governance Documents: Code of Business Conduct and Ethics.

We will disclose within four business days any substantive changes in or waivers of the Code of Business Conduct and Ethics granted to our principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions, by posting such information on our website as set forth above rather than by filing a Current Report on Form 8-K. In the case of a waiver for an executive officer or a director, the required disclosure also will be made available on our website within four business days of the date of such waiver.

Oversight of Risk Management

The Board has extensive involvement in the oversight of risk management related to us and our business. The Board accomplishes this oversight both directly and through its Audit Committee, Compensation Committee and Nominating and Corporate Governance Committee, each of which assists the Board in overseeing a part of our overall risk management and

regularly reports to the Board. The Audit Committee represents the Board by periodically reviewing our accounting, reporting and financial practices, including the integrity of our financial statements, the surveillance of administrative and financial controls, our compliance with legal and regulatory requirements and our enterprise risk management program, including our IT security program. Through its regular meetings with management, including the finance, legal and internal audit functions, the Audit Committee reviews and discusses all significant areas of our business and summarizes for the Board all areas of risk and the appropriate mitigating factors. The Compensation Committee considers, and discusses with management, management's assessment of certain risks, including whether any risks arising from our compensation policies and practices for our employees are reasonably likely to have a material adverse effect on us. The Nominating and Corporate Governance Committee oversees and evaluates programs and risks associated with Board organization, membership and structure, succession planning and corporate governance. In addition, our Board receives periodic detailed operating performance reviews from management.

Anti-Hedging and Pledging Policies

The Company's insider trading policy prohibits directors, officers, employees and agents (such as consultants and independent contractors) of the Company from pledging Company securities as collateral for loans and from engaging in transactions in publicly traded options, such as puts and calls, and other derivative securities with respect to the Company's securities. This prohibition extends to any hedging or similar transactions designed to decrease the risks associated with holding Company securities.

Compensation Committee Interlocks and Insider Participation

Our Compensation Committee is comprised of David F. D'Alessandro, Michael Staub and Peter F. Wallace. No member of the Compensation Committee was at any time during fiscal year 2022, or at any other time, one of our employees. None of our executive officers has served as a director or member of a compensation committee (or other committee serving an equivalent function) of any entity, one of whose executive officers served as a director of our board of directors or member of our Compensation Committee.

ITEM 11. EXECUTIVE COMPENSATION

Report of the Compensation Committee

The Compensation Committee has reviewed and discussed the following Compensation Discussion and Analysis with management. Based on its review and discussion with management, the Compensation Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this Form 10-K.

Submitted by the Compensation Committee of the Board of Directors:
David F. D'Alessandro, Chair
Michael J. Staub
Peter F. Wallace

Compensation Discussion and Analysis

Introduction

Our executive compensation program is designed to attract and retain individuals with the qualifications to manage and lead the Company as well as to motivate them to develop professionally and contribute to the achievement of our financial goals and ultimately create and grow our overall enterprise value.

Our named executive officers ("NEOs") for 2022 were:

- David H. Bywater, our Chief Executive Officer;
- Dana Russell, our Chief Financial Officer;
- Garner Meads, our Chief Legal Officer and Secretary;
- Rasesh Patel, our Chief Operating Officer;
- Todd M. Santiago, our Chief Revenue Officer; and
- Dale R. Gerard, our former Chief Financial Officer.

Leadership Changes

Dale R. Gerard stepped down from his position as our Chief Financial Officer, effective May 31, 2022. In connection with Mr. Gerard's stepping down we entered into a separation agreement with Mr. Gerard. The terms of such separation agreements are described under "Potential Payments upon Termination or Change in Control" below.

Dana Russell was appointed to serve as the Company's Chief Financial Officer, effective May 16, 2022.

Rasesh Patel was appointed to serve as the Company's Chief Operating Officer, effective May 16, 2022.

Executive Compensation Objectives and Philosophy

Our primary executive compensation objectives are to:

- attract, retain and motivate senior management leaders who are capable of advancing our mission and strategy and ultimately, creating and maintaining our long-term equity value. Such leaders must engage in a collaborative approach and possess the ability to execute our business strategy in an industry characterized by competitiveness and growth;
- reward senior management in a manner aligned with our financial performance; and
- align senior management's interests with our equity owners' long-term interests through equity participation and ownership.

To achieve our objectives, we deliver executive compensation through a combination of the following components:

- Base salary;
- Annual cash bonus opportunities;
- Long-term equity incentive compensation;
- Broad-based employee benefits;

- Supplemental executive perquisites; and
- Severance benefits.

Base salaries, broad-based employee benefits, supplemental executive perquisites and severance benefits are designed to attract and retain senior management talent. We also use annual cash bonuses and long-term equity awards to promote performance-based pay that aligns the interests of our NEOs with the long-term interests of our stockholders and to enhance executive retention.

Say on Pay and Say on Frequency Votes. In 2022, the Compensation Committee of our Board of Directors (the "Compensation Committee") considered the outcome of the stockholder advisory vote on 2021 executive compensation when making decisions relating to the compensation of our NEOs and our executive compensation program and policies. Our stockholders voted at our 2022 annual meeting, in a non-binding, advisory vote, on the 2021 compensation paid to our NEOs. Over 88% of the votes were cast in favor of the Company's 2021 compensation decisions. Based on this level of support, the Compensation Committee decided that the say-on-pay vote result did not necessitate any substantive changes to our compensation program.

Under the Dodd-Frank Wall Street Reform and Consumer Protection Act, stockholders can vote on the frequency of say-on-pay voting once every six years. We expect this vote to next occur at our 2026 annual meeting. Until that time, we expect to hold an advisory, non-binding say-on-pay vote on an annual basis.

Compensation Determination Process

In 2022, the Compensation Committee oversaw our executive compensation program.

In 2022, Mr. Bywater generally participated in discussions and deliberations with the Compensation Committee regarding the determinations of annual cash incentive awards for our executive officers. Specifically, he made recommendations to the Compensation Committee regarding the performance factors to be used under our annual bonus plan and the amounts of annual cash incentive awards. Mr. Bywater did not participate in discussions or determinations regarding his respective individual compensation.

Role of Compensation Consultant

In 2022, the Compensation Committee engaged FW Cook & Co., Inc. ("FW Cook") to perform an analysis of the compensation of our senior executives in comparison with industry peers and an analysis of senior executive stock ownership in comparison with industry peers. FW Cook also provided advice regarding the equity grants made to the Company's executive officers on March 23, 2022 under the Vivint Smart Home, Inc. 2020 Omnibus Incentive Plan (the "Plan"). For additional details regarding these equity grants, please see "—Compensation Elements—Long-Term Incentive Compensation—2022 Equity Grants" below. In February 2023, the Compensation Committee determined that FW Cook is independent from management and that FW Cook's work has not raised any conflicts of interest.

Use of Competitive Data

We do not target a specific market percentile when making executive compensation decisions; however, we believe that information regarding compensation practices at similar companies is a useful tool to help maintain practices that accomplish our executive compensation objectives. In 2022, as noted above, the Compensation Committee engaged FW Cook to assist and make recommendations regarding the selection of companies to be included in the Compensation Peer Group. The constituents of the Compensation Peer Group represent companies operating in broadly similar or related industries that fall within a reasonable range with us in certain metrics, including revenue, EBITDA and total enterprise value. The companies included in the Compensation Peer Group are listed below:

Akamai Technologies, Inc.	Terminix Global Holdings, Inc.	Logitech International S.A.
Black Knight, Inc.	Angi.	Match Group, Inc.
Alarm.com	Zillow Group, Inc.	Nu Skin Enterprises, Inc.
Mandiant (fka FireEye, Inc.)	Ziff Davis (fkaJ2 Global Inc.)	Nuance Communications Inc.
Rollins, Inc.	Pluralsight	Endurance International Group, Inc.

In 2022, in addition to the Compensation Peer Group data, the Compensation Committee reviewed proprietary technology company survey data, size-adjusted to our revenue. The identity of individual companies comprising the survey data is not available to or considered by us in the evaluation process.

In 2022, the Compensation Committee used the information from both the Compensation Peer Group and the survey data as one factor to determine whether its compensation levels are competitive, and to make any necessary adjustments to reflect executive performance and its performance. As a part of this process, FW Cook measured our target pay levels for the NEOs versus the competitive data within each compensation component and in the aggregate. In order to evaluate the retentive and alignment power of their existing ownership stakes, FW Cook also prepared an analysis of the carried interest levels of our NEOs versus executives serving in similar positions at the Compensation Peer Group.

Employment Agreements

In 2022, we entered into employment agreements with each of Messrs. Russell and Patel. Additionally, in 2022 we amended and restated employment agreements for Messrs. Bywater, Patel and Santiago. The employment agreements with our NEOs provide the terms of the executive's compensation, including in the event of termination, and contain restrictive covenants. A full description of the material terms of the employment agreements with our NEOs is included below under "—Narrative Disclosure to Summary Compensation Table and 2022 Grants of Plan-Based Awards—Employment Agreements."

Compensation Elements

The following is a discussion and analysis of each component of our executive compensation program:

Base Salary

Annual base salaries compensate our executives, including our NEOs, for fulfilling the requirements of their respective positions and provide them with a predictable and stable level of cash income relative to their total compensation.

The Compensation Committee believes that the level of an executive's base salary should reflect such executive's performance, experience and breadth of responsibilities, salaries for similar positions within our industry and any other factors relevant to that particular job. The Compensation Committee, with the assistance of our Human Resources Department, also uses the experience, market knowledge and insight of its members in evaluating the competitiveness of current salary levels.

In the sole discretion of the Compensation Committee, base salaries for our executives may be periodically adjusted to take into account changes in job responsibilities or competitive pressures.

During 2022, the base salary of each of our continuing NEOs was as follows:

		Base Salary
David H. Bywater	$	1,021,200
Dana Russell	$	700,000
Garner B. Meads, III	$	500,000
Rasesh Patel	$	675,305
Todd M. Santiago	$	675,305

The "Summary Compensation Table" shows the base salary earned by each NEO during fiscal 2022.

Bonuses

Cash bonus opportunities are available to various managers, directors and executives, including our NEOs, to motivate their achievement of short-term performance goals and tie a portion of their cash compensation to performance.

Fiscal 2022 Management Bonus

In 2022, pursuant to our Incentive Compensation Plan (the "Cash Bonus Plan"), Messrs. Bywater, Russell, Meads, Patel, and Santiago, were eligible to receive an annual cash incentive award, based on the achievement of performance objectives determined by the Compensation Committee. The target bonus amounts for each such NEO is provided in their respective employment agreements. The target bonus amount for Mr. Bywater was 100% of his base salary at the end of the performance period. The target bonus amount for each of Messrs. Russell, Meads Patel, and Santiago was 60% of their respective base salary at the end of the performance period. Payouts to our NEOs under the 2022 Cash Bonus Plan could range from 0% of target for

below-threshold performance, to 50% of target for threshold performance, 100% of target for target performance, and a maximum of 200% of target for significant outperformance.

To ensure our NEOs are focused on and accountable for the financial and operational metrics that the Company has communicated to the Board and to investors while also rewarding the NEOs for their individual performance under atypical circumstances, the Compensation Committee determined to base 75% of the NEOs' bonus opportunity on financial metrics (the financial component) while retaining discretion to determine 25% of the bonus opportunity (the discretionary component). The financial component was comprised of: (1) company-wide Adjusted EBITDA (defined, with respect to 2022, as the Adjusted EBITDA which is publicly disclosed in (or otherwise calculated in a manner consistent with) elsewhere in this Form 10-K for fiscal year 2022 or as otherwise determined by the Audit Committee of the Board) (1/3 of the total financial component); (2) Net Cash (defined, with respect to 2022, as the amount of net cash provided by or used in financing activities for fiscal year 2022, excluding any equity proceeds, taxes paid related to vesting of equity awards, return of capital or re-financing fees, or as otherwise determined by the Audit Committee of the Board)(1/3 of the total financial component); and (3) Total Subscribers (defined as the aggregate number of active smart home and security subscribers at the end of fiscal year 2022, which is publicly disclosed in (or otherwise calculated in a manner consistent with) the Company's earnings release for fiscal year 2022 or as otherwise determined by the Audit Committee of the Board)(1/3 of the total financial component) objectives. The actual bonus amounts to be paid to the NEOs for fiscal 2022 performance was calculated by multiplying each NEO's bonus potential target by a weighted achievement factor based on our actual achievement relative to the company-wide performance objectives.

The following table sets forth the threshold, target and maximum performance targets for each of the operational metrics comprising the financial component, as well as the payout percentage for each category.

	Threshold	Target	Maximum
Adjusted EBITDA (weighted 1/3)	$713.0 million	$753.3 million	$853.0 million
Net Cash (weighted 1/3)	$60.0 million	$72.5 million	$122.5 million
Total Subscribers (weighted 1/3)	1.97 million	2.00 million	2.08 million
Payout Percentage	50%	100%	200%

To the extent that actual performance fell between the specified threshold, target and maximum performance levels set forth above, the resulting payout percentage was determined using linear interpolation.

The following table shows the actual results based on the Company's fiscal 2022 performance, the payout percentages with respect to each metric, and the resulting financial component achievement factor.

	Adjusted EBITDA	Net Cash	Total Subscribers	Financial Component Achievement Factor
Actual Performance	$772.1 million	$21.3 million	1.92 million	
Payout Percentage	119%	0%	0%	30%

Pursuant to the NRG Merger Agreement, the Board, in its discretion, may elect to adjust and determine each operational metric as having satisfied target levels of achievement, resulting in 100% combined achievement factor for both the discretionary and financial components of the cash bonus plan. See "*—Narrative Disclosure to Summary Compensation Table and Grants of Plan-Based Awards—NRG Merger-Related Compensatory Arrangements—NRG Merger Fiscal 2022 Management Bonus and PSU Consideration*" for further discussion.

The following table illustrates the calculation of the amounts earned by each of our continuing NEOs pursuant to the Cash Bonus Plan for performance in 2022. The amounts earned by the NEOs with respect to the financial component are disclosed in the "Non-Equity Incentive Plan Compensation" column of the Summary Compensation Table while the amounts earned with respect to the discretionary component are disclosed in the "Bonus" column of the Summary Compensation Table.

Name	Salary ($)	Target Bonus Percentage	Target Bonus Amount ($) (1)	Combined Achievement Factor Percentage	Bonus Paid ($)
David H. Bywater	1,021,200	100 %	1,021,200	100 %	1,021,200
Dana Russell	700,000	60 %	420,000	100 %	420,000
Garner B. Meads, III	500,000	60 %	300,000	100 %	300,000

Rasesh Patel	675,305	60 %	405,183	100 %	405,183
Todd M. Santiago	675,305	60 %	405,183	100 %	405,183

Sign-On Bonuses and Equity Awards

From time to time, we may award sign-on bonuses in connection with the commencement of an NEO's employment with us. Sign-on bonuses are used only when necessary to attract highly skilled individuals to the Company. Generally, sign-on bonuses are used to incentivize candidates to leave their current employers or may be used to offset the loss of unvested compensation they may forfeit as a result of leaving their current employers.

In connection with his commencement of employment, Mr. Russell received a sign-on equity grant consisting of 704,225 time-vesting RSUs. The sign-on equity grant will vest in substantially equal installments on the first, second, third and fourth anniversaries of the commencement of Mr. Russell' employment, subject to his continued employment on the applicable vesting date.

In connection with his commencement of employment, Mr. Patel received a sign-on cash bonus in an amount equal to $850,000. In addition, Mr. Patel received a sign-on equity grant consisting of 1,232,394 time-vesting RSU's. The sign-on equity grant will vest with respect to 36% on each of the first two anniversaries of the grant date and with respect to 14% on each of the third and fourth anniversaries of the grant date, subject to his continued employment on each vesting date.

Long-Term Incentive Compensation

2022 Equity Awards

The Compensation Committee believes that the interest of executives and stockholders should be closely aligned. Accordingly, a significant portion of the total compensation of our NEOs is in the form of equity incentive awards. In 2022, in order to closely align the focus of our executives on long-term value creation as well as the achievement of specific performance goals, the Compensation Committee determined to award a mix of time-vesting RSUs and PSUs to Messrs. Bywater, Meads and Santiago under the Company's 2020 Omnibus Incentive Plan. These awards were approved and granted in March 2022. The Compensation Committee also determined to award RSUs to Mr. Russell in connection with the commencement of employment with the Company. This award was approved in May 2022, with the grant date being the commencement of Mr. Russell's employment on May 16, 2022. The Compensation Committee also determined to award RSUs to Mr. Patel in connection with the commencement of his employment with the Company. This award was approved in April 2022, with the grant date being the commencement of Mr. Patel's employment on May 16, 2022.

The table below sets forth the total target value of the 2022 equity awards for our continuing NEOs as well as the fair market value on the grant date of the RSUs and the target value of the PSUs, assuming the target level of performance is achieved.

Name	Total Target Value ($)	RSU Value ($)	Target PSU Value ($)
David H. Bywater	9,694,284	4,847,142	4,847,142
Dana Russell	4,000,000	4,000,000	—
Garner B. Meads, III	861,716	430,858	430,858
Rasesh Patel	7,000,000	7,000,000	—
Todd M. Santiago	2,962,142	1,481,075	1,481,067

The RSUs granted to Mr. Bywater will vest, subject to continued employment with or service to the Company on each applicable vesting date, with respect to 33% of the restricted stock units on each of the first three anniversaries of the grant date. The RSUs granted to each of Messrs. Russell, Meads and Santiago will vest, subject to continued employment with or service to the Company on each applicable vesting date, with respect to 25% of the restricted stock units on each of the first four anniversaries of the grant date. The RSUs granted to Mr. Patel will vest with respect to 36% on each of the first two anniversaries of the grant date and with respect to 14% on each of the third and fourth anniversaries of the grant date, subject to his continued employment on each vesting date.

The performance period for the 2022 PSUs granted to each applicable NEO ran from January 1, 2022, through December 31, 2022 (the "performance period"). Vesting of corporate PSUs is based upon the Company's achievement of specified performance goals during the performance period and the passage of time. The corporate PSU performance goals were based on the Company's (1) Adjusted EBITDA (1/3 of the total award), (2) Net Cash (1/3 of the total award) and (3) Total Subscribers

(1/3 of the total award) performance (each as defined above under "—Bonuses—Fiscal 2022 Management Bonus"), in each case during the performance period. The total number of 2022 PSUs that vested, or became eligible to vest upon satisfaction of the additional time-based vesting criteria ("Earned PSUs"), was based on the level of achievement of the performance goals and ranged from 0% (if below threshold performance) up to 100% (for target or above target performance).

For Messrs. Meads and Santiago, 25% of Earned PSUs will vest on the date the Compensation Committee certifies in writing the achievement of the performance goals (the "determination date") and the remaining 75% of such Earned PSUs will vest 25% on each of the first three anniversaries of the determination date, in each case, subject to continued employment with or service to the Company on the applicable vesting date.

For Mr. Bywater, PSUs will vest annually over one year, following the annual performance period, subject to continued employment with or service to the Company on the applicable vesting date.

The following table sets forth the threshold and target performance targets for each of the operational metrics, as well as the payout percentage for each category.

	Threshold	Target
Adjusted EBITDA (weighted 1/3)	$732.9 million	$753.3 million
Net Cash (weighted 1/3)	$66.1 million	$72.5 million
Total Subscribers (weighted 1/3)	1.985 million	2.000 million
Payout Percentage	80%	100%

The following table shows the actual results based on the Company's fiscal 2022 performance, the payout percentages with respect to each metric, and the resulting weighted achievement factor for the PSUs.

	Adjusted EBITDA	Net Cash	Total Subscribers	Achievement Factor
Actual Performance	$772.1 million	$21.3 million	1.92 million	
Payout Percentage	100%	0%	0%	33%

Pursuant to the NRG Merger Agreement, the Board, in its discretion, may elect to determine the achievement of performance metrics under the 2022 Company PSUs at having satisfied target level performance. See "*—Narrative Disclosure to Summary Compensation Table and Grants of Plan-Based Awards—NRG Merger-Related Compensatory Arrangements—NRG Merger Fiscal 2022 Management Bonus and PSU Consideration*" for further discussion. Accordingly, 100% of Mr Bywater's applicable 2022 PSUs and 25% of each Messrs. Meads and Santiago's applicable 2022 PSUs will vest on the determination date and the remaining 75% of 2022 PSUs will become eligible to vest 25% on each of the first three anniversaries of the determination date. All Earned PSUs are reported in the "Stock Awards—Number of Shares or Units of Stock That Have Not Vested" column of the "Outstanding Equity Awards at 2022 Fiscal Year End" table.

Retention Awards

2022 Retention Awards.

Pursuant to Mr. Russell's employment agreement, Mr. Russell shall be eligible to receive $350,000 payable on or within 30 days following each of the first three anniversaries of May 16, 2022, in each case, subject to continued employment in good standing as the Chief Financial Officer of the Company on each applicable payment date.

Pursuant to Mr. Patel's employment agreement, Mr. Patel shall be eligible to receive $850,000 payable on or within 30 days following each of the first three anniversaries of May 16, 2022, in each case, subject to continued employment in good standing as the Chief Operating Officer of the Company on each applicable payment date.

Pursuant to Mr. Santiago's employment agreement, Mr. Santiago shall be eligible to receive $350,000 payable on or within 30 days following each of the first three anniversaries of June 20, 2022, in each case, subject to continued employment in good standing as the Chief Revenue Officer of the Company on each applicable payment date.

Benefits and Perquisites

We provide to all of our employees, including our NEOs, employee benefits that are intended to attract and retain employees while providing them with retirement and health and welfare security. Broad-based employee benefits include:

- a 401(k) savings plan;
- paid vacation, sick leave and holidays;
- medical, dental, vision and life insurance coverage; and
- employee assistance program benefits.

Currently, all participants are eligible for company matching contributions under our 401(k) savings plan. Under this matching program, we match an employee's contributions to the 401(k) savings plan dollar-for-dollar up to 3% of such employee's eligible earnings and $0.50 for every $1.00 for the next 2% of such employee's eligible earnings. The maximum match available under the 401(k) plan is 4% of the employee's eligible earnings.

At no cost to the employee, we provide an amount of basic life insurance and basic accidental death and dismemberment insurance valued at 1x times their basic annual earnings up to a maximum of $250,000 ($50,000 minimum).

We also provide our NEOs with specified perquisites and personal benefits that are not generally available to all employees, such as use of a company vehicle, reimbursement of commuting expenses, reimbursement for health insurance premiums, enhanced employee cafeteria benefits, country club memberships, excess liability insurance premiums, alarm system fees, event tickets and use of our corporate suites at Vivint Smart Home Arena in Salt Lake City, Utah ("Vivint Arena"), mountain resort annual passes, fuel and maintenance expenses, relocation assistance and, in certain circumstances, reimbursement for personal travel, and, in the case of our CEO, personal flights. We also reimburse our NEOs for taxes incurred in connection with certain of these perquisites.

With respect to event tickets and use of our corporate suites at Vivint Arena, such personal benefits include use by our NEOs and their guests of (i) tickets to games of the National Basketball Association team the Utah Jazz ("Jazz Games"), including in our corporate suites at Vivint Arena, that we have acquired in connection with our corporate sponsorship of Vivint Arena, (ii) other tickets to Jazz Games at Vivint Smart Home Arena that are acquired for business purposes and paid for seasonally rather than individually by event, and (iii) tickets to sporting events that have been acquired in connection with our sponsorship of Brigham Young University sports teams and the Major League Soccer team Real Salt Lake. Because these tickets and corporate suites have been acquired either as part of our sponsorship agreements or on a seasonal basis for business purposes, we believe there is no incremental cost to us other than the cost of food and beverage service associated with such personal use. Accordingly, no amounts other than the allocated costs of food and beverage service associated with the NEOs' and their guests' attendance at such sporting events and reimbursement for taxes incurred by the NEOs related to these items are included in the compensation of our NEOs in the "Summary Compensation Table" below.

The aggregate incremental cost to the Company of these benefits and perquisites are reflected in the "All Other Compensation" column of the "Summary Compensation Table" and the accompanying footnote in accordance with the SEC rules.

Severance Arrangements

Our Board believes that providing severance benefits to our NEOs is critical to our long-term success, because severance benefits act as a retention device that helps secure an executive's continued employment and dedication to the Company. Each of our NEOs have or had severance arrangements, which are or were included in their employment agreements. Mr. Bywater is eligible to receive severance benefits if his employment is/was terminated without "cause" or for "good reason" (each as defined below as defined below under "—Potential Payments upon Termination or Change in Control"). The severance payments to our NEOs are contingent upon the applicable NEO's timely execution and non-revocation of an effective release and waiver of claims, which contains an additional agreement to the non-compete, non-solicitation and confidentiality provisions in the employment agreements. See "—Potential Payments upon Termination or Change in Control" for descriptions of these arrangements.

Mr. Gerard was, and each of Messrs. Russel, Meads, Patel and Santiago is, eligible to receive severance benefits in the event of a termination of employment without "cause" or for "good reason" (for everyone other than Mr. Gerard) (each, as defined below under "—Narrative Disclosure to Summary Compensation Table and Grants of Plan-Based Awards—Employment Agreements" and "—Compensation Discussion and Analysis—Compensation Elements—Bonuses—Retention Awards") and other than by reason of death or while he was/is disabled. See "—Potential Payments upon Termination or Change in Control" for descriptions of these arrangements.

Summary Compensation Table

The following table provides summary information concerning compensation paid or accrued by us to or on behalf of our NEOs for the years indicated.

Name and Principal Position	Year	Salary ($)	Bonus ($) (1)	Stock Awards ($) (2)	Option Awards ($)	Non-Equity Incentive Plan Compensation ($) (3)	All Other Compensation ($) (4)	Total ($)
David H. Bywater	2022	1,021,200	717,393	9,694,284	—	303,807	1,349,234	13,085,918
Chief Executive Officer	2021	559,562	8,079,919	24,701,362	—	176,157	100,639	33,617,639
Dana Russell	2022	417,308	295,050	4,000,000	—	124,950	48,065	4,885,373
Chief Financial Officer								
Garner B. Meads, III	2022	500,000	210,750	861,716	—	89,250	1,335,122	2,996,838
Chief Legal Officer and Secretary								
Rasesh Patel	2022	402,586	1,134,641	7,000,000	—	120,542	115,895	8,773,664
Chief Operating Officer								
Todd M. Santiago,	2022	675,306	284,641	2,962,142	—	120,542	425,177	4,467,808
Chief Revenue Officer	2021	670,388	124,594	9,034,888	—	373,782	189,043	10,392,695
	2020	655,636	1,009,371	15,144,538	—	528,115	156,965	17,494,625
Dale R. Gerard	2022	303,887	—	—	—	—	224,468	528,355
Former Chief Financial Officer	2021	670,388	124,594	7,287,789	—	373,781	130,175	8,586,727
	2020	635,706	509,371	12,322,043	42,054	528,115	177,543	14,214,832

(1) The amounts reported in this column for 2022 represent the sign-on bonus paid to Mr. Patel and the payouts with respect to the discretionary component of the 2022 annual cash incentive awards described above under "*—Compensation Discussion and Analysis—Compensation Elements—Bonuses—Fiscal 2022 Management Bonus*" earned by Messrs. Bywater, Russel, Meads, Patel, and Santiago, which were as follows: Mr. Bywater—$717,393; Mr. Russell—$295,050; Mr. Meads—$210,750; Mr. Patel—$284,641; and Mr. Santiago—$284,641.

(2) The amounts reported in the "Stock Awards" column for 2022 include the aggregate grant date fair value, computed in accordance with Topic 718, of the equity awards granted to the NEOs in fiscal 2022. The fiscal 2022 equity awards consist of the time-vesting RSUs and the PSUs issued under the Vivint Smart Home, Inc. 2020 Omnibus Incentive Plan and tracking units. The terms of the fiscal 2022 stock awards are summarized under "—Compensation Discussion and Analysis—Compensation Elements—Long-Term Incentive Compensation—2022 Equity Awards." The grant date fair value of the PSUs was computed in accordance with Topic 718 based upon the probable outcome of the performance conditions as of the grant date. Assuming the highest level of performance achieved, the aggregate grant date fair value of the PSUs would have been: Mr. Bywater—$4,847,142; Mr. Meads—$430,858; Mr. Santiago—$1,481,067.

(3) The amounts reported in this column for 2022 represent the payouts to our NEOs with respect to the financial component of the 2022 annual cash incentive awards described above under "—Compensation Discussion and Analysis—Compensation Elements—Bonuses—Fiscal 2022 Management Bonus."

(4) The amounts reported in the "All Other Compensation" column for fiscal 2022 reflect the following:

(a) as to Mr. Bywater, reimbursement for health insurance premiums, excess liability insurance premiums, $39,536 in actual Company expenditures for use, including business use, of a Company car, smart home system fees, fuel expenses, $661,701 of expenses paid by Vivint related to personal flights in accordance with Mr. Bywater's employment agreement, $12,200 in company matching under our 401(k) savings plan, $61,246 for use of event tickets and corporate suites and food and beverage services associated with such use (for which we incurred de minimis incremental costs), other miscellaneous personal benefits and $557,732 reimbursed for taxes with respect to perquisites.;

(b) as to Mr. Russell, reimbursement for health insurance premiums, excess liability insurance premiums, $22,765 in actual Company expenditures for use, including business use, of a Company car, fuel expenses, use of event tickets and corporate suites and food and beverage services associated with such use (for which we incurred de minimis incremental costs), other miscellaneous personal benefits, and $13,596 reimbursed for taxes owed with respect to perquisites;

(c) as to Mr. Meads, reimbursement for health insurance premiums, excess liability insurance premiums, $30,629 in actual Company expenditures for use, including business use, of a Company car, fuel expenses, $12,200 in company matching under our 401(k) savings plan, $13,899 for use of event tickets and corporate suites and food and beverage services associated with such use (for which we incurred de minimis incremental costs), other miscellaneous personal benefits, and $21,200 reimbursed for taxes owed with respect to perquisites. In

addition, such amounts include $1,248,000 in severance related benefits paid to Mr. Meads pursuant to the Acceleration Letter entered into with Mr. Meads in December 2022 and described below under "-Narrative Disclosure to Summary Compensation Table and Grants of Plan-Based Awards-NRG Merger-Related Compensatory Arrangements-Acceleration of Payments Letters with Messrs. Russell, Meads and Patel";

(d) as to Mr. Patel, reimbursement for health insurance premiums, excess liability insurance premiums, $15,068 in actual Company expenditures for use, including business use, of a Company car, fuel expenses, company matching under our 401(k) savings plan, use of event tickets and corporate suites and food and beverage services associated with such use (for which we incurred de minimis incremental costs), other miscellaneous personal benefits and $32,401 reimbursed for taxes owed with respect to perquisites. In addition, the amounts above include $57,598 in costs related to relocating his primary place of residence to be closer to the Company's corporate headquarters in Provo, Utah.;

(e) as to Mr. Santiago, reimbursement for health insurance premiums, excess liability insurance premiums, $27,467 in actual Company expenditures for use, including business use, of a Company car, $193,520 in benefits for purchase of a Company car, smart home system fees, fuel expenses, $12,200 in company matching under our 401(k) savings plan, $43,417 for the use of event tickets and corporate suites and food and beverage services associated with such use (for which we incurred de minimis incremental costs), other miscellaneous personal benefits, $10,057 for country club membership fees, personal trips and $127,768 reimbursed for taxes owed with respect to perquisites; and

(f) as to Mr. Gerard, reimbursement for health insurance premiums, excess liability insurance premiums, actual Company expenditures for use, including business use, of a Company car, $67,895 in benefits for purchase of a Company car, smart home system fees, fuel expenses, $12,200 in company matching under our 401(k) savings plan, use of event tickets and corporate suites and food and beverage services associated with such use (for which we incurred de minimis incremental costs), other miscellaneous personal benefits, country club membership fees and $47,025 reimbursed for taxes owed with respect to perquisites. In addition, the amounts above include $33,766 in accrued paid time off paid out at the termination of Mr. Gerard's employment.

Grants of Plan-Based Awards in 2022

The following table provides supplemental information relating to grants of plan-based awards made to our NEOs during 2022.

				Estimated Future Payouts under Non-Equity Incentive Plan Awards (1)			Estimated Future Payouts under Equity Incentive Plan Awards (2)			All Other Stock Awards: Number of Shares of Stock or Units (#) (3)	Grant Date Fair Value of Stock and Option Awards ($) (4)
Name	Approval Date	Grant Date	Award Type	Threshold ($)	Target ($)	Maximum ($)	Threshold (#)	Target (#)	Maximum (#)		
David H. Bywater			Cash Bonus Plan	127,650	765,900	1,531,800					
	3/23/2022	3/23/2022	RSU							642,857	4,847,142
	3/23/2022	3/23/2022	PSU				171,427	642,857	642,857		4,847,142
Dana Russell			Cash Bonus Plan	52,500	315,000	630,000					
	5/14/2022	5/16/2022	RSU							704,225	4,000,000
Garner B. Meads, III			Cash Bonus Plan	37,500	225,000	450,000					
	3/23/2022	3/23/2022	RSU							57,143	430,858
	3/23/2022	3/23/2022	PSU				15,238	57,143	57,143		430,858
Rasesh Patel			Cash Bonus Plan	50,648	303,887	607,775					
	4/15/2022	5/16/2022	RSU							1,232,394	7,000,000
Todd M. Santiago			Cash Bonus Plan	50,648	303,887	607,775					
	3/23/2022	3/23/2022	RSU							196,429	1,481,075
	3/23/2022	3/23/2022	PSU				52,380	196,428	196,428		1,481,067

(1) Reflects the possible payouts of cash incentive compensation to our NEOs under the Cash Bonus Plan. The actual amounts paid are reflected in the "Non-Equity Incentive Plan Compensation" column of the Summary Compensation Table and described in "Compensation Discussion and Analysis-Compensation Elements-Bonuses-Fiscal 2022 Management Bonuses."

(2) Reflects PSU grants, the terms of which are summarized under "-Compensation Discussion and Analysis-Compensation Elements-Long-Term Incentive Compensation-2022 Equity Awards."
(3) Reflects time-vesting RSU grants, the terms of which are summarized under "-Compensation Discussion and Analysis-Compensation Elements-Long-Term Incentive Compensation-2022 Equity Awards."
(4) Represents the grant date fair value or the incremental fair value, as applicable, of the equity awards computed in accordance with Topic 718 and, with respect to the PSU grants, based upon the probable outcome of the performance conditions as of the grant date.

Narrative Disclosure to Summary Compensation Table and Grants of Plan-Based Awards

Employment Agreements

Employment Agreement with Mr. Bywater

The principal terms of the employment agreement, originally dated June 6, 2021, and further amended and restated effective February 27, 2022, by and among Vivint Smart Home, Inc., and David Bywater (the "Bywater Employment Agreement") are summarized below, except with respect to potential payments and other benefits upon specified terminations, which are summarized below under "—Potential Payments upon Termination or Change in Control."

The Bywater Employment Agreement provides for a term ending on June 15, 2024, and extends automatically for additional one-year periods unless either party elects not to extend the term. Under the Bywater Employment Agreement, Mr. Bywater is eligible to receive a minimum base salary, specified below, and an annual bonus based on the achievement of specified financial goals as determined by us. If these goals are achieved, he may receive an annual incentive cash bonus as provided below.

The Bywater Employment Agreement provides that he is to serve as CEO and is eligible to receive a base salary originally set at $1,021,200, subject to periodic review and increase, but not decrease. Mr. Bywater is also eligible to receive a target bonus equal to 100% of his annual base salary at the end of the fiscal year, if targets established by us are achieved.

The Bywater Employment Agreement provides that Mr. Bywater will be eligible to receive annual grants of equity under the Company's long-term equity incentive plan in place from time to time ("LTI"), as determined by the Board in its sole discretion. Notwithstanding the foregoing, for each of calendar years 2021, 2022, and 2023 (each, an "Award Year"), subject to continued employment, the Company is required to grant Mr. Bywater LTI grants of a number of Shares equal to the quotient of (x) $10,000,000 divided by (y) the applicable share price on the date of grant. For each of calendar years 2021, 2022 and 2023, the LTI shall be in the form of (i) 50% restricted stock units (the "LTI RSUs") that vest annually over three years, subject to continued employment and (ii) 50% performance stock units (assuming target performance) that vest over one year, subject to the achievement of performance metrics determined by the Board and/or Compensation Committee (such targets established in a manner consistent with other senior executives of the Company), which performance metrics shall be consistent with the performance metrics established for other senior executives of the Company and shall be established and delivered to Mr. Bywater in a manner consistent with the process for other senior executives of the Company.

In addition, Mr. Bywater received a lump sum cash amount of $7,000,000 on the commencement of his employment. In connection with his commencement of employment, Mr. Bywater also received a one-time equity-based stock incentive grant. See " —Compensation Discussion and Analysis—Compensation Elements—Bonuses— Sign-On Bonuses and Equity Awards" above for more information about Mr. Bywater's sign-on equity grant.

The Bywater Employment Agreement provides that, during each calendar year of employment, Mr. Bywater will be entitled to receive up to 70 hours of private aircraft use and/or commercial flights for personal use in accordance with the Company's aircraft use policies that may be in place from time to time.

Mr. Bywater is also entitled to participate in all employee benefit plans, programs and arrangements made available to other executive officers generally.

The Bywater Employment Agreement also contains restrictive covenants, including an indefinite covenant on confidentiality of information, and covenants related to non-competition and non-solicitation of the Company's employees and customers and affiliates at all times during employment, and for 24 months after any termination of employment.

Employment Agreement with Mr. Russell

The principal terms of the employment agreement dated May 15, 2022, by and among Vivint Smart Home, Inc., and Dana Russell (the "Russell Employment Agreement") are summarized below, except with respect to potential payments and other

benefits upon specified terminations, which are summarized below under "—Potential Payments upon Termination or Change in Control."

The Russell Employment Agreement provides for a term ending on May 16 2023, and extends automatically for additional one-year periods unless either party elects not to extend the term. Under the Russell Employment Agreement, Mr. Russell is eligible to receive a minimum base salary, specified below, and an annual bonus based on the achievement of specified financial goals as determined by us. If these goals are achieved, he may receive an annual incentive cash bonus as provided below.

The Russell Employment Agreement provides that he is to serve as CFO and is eligible to receive a base salary originally set at $700,000, subject to periodic review and increase, but not decrease. Mr. Russell is also eligible to receive a target bonus equal to 60% of his annual base salary at the end of the fiscal year, if targets established by us are achieved.

Mr. Russell received a one-time equity-based grant of restricted stock units (the "Sign-on Grant") covering a number of shares of the Company's Class A common stock (each, a "Share") equal to the quotient of (x) $4,000,000 divided by (y) the closing price per Share, as reported on the New York Stock Exchange, on May 16, 2022. The Sign-on Grant shall vest annually based upon Mr. Russell's continued service with the Company through the applicable vesting dates, with 25% of the Sign-on Grant vesting on each of the first four anniversaries of May 16, 2022. Any portion of the Sign-on Grant that becomes vested shall be settled as soon as practicable, but no later than 30 days following the applicable vesting date. The Sign-on Grant shall be subject to the term and conditions set forth in the definitive documentation.

During Mr. Russell's employment term beginning with calendar year 2023 and continuing through calendar year 2025, the Company will recommend to the Board that Mr. Russell receive an annual grant of equity under the Company's long-term equity incentive plan in place from time to time, comprised of a number of restricted stock units and performance restricted stock units, in the aggregate, equal to the quotient of (x) $3,000,000 divided by (y) the applicable share price on the date of grant, as determined by the Board and Compensation Committee, in their sole and respective discretion. Each annual award contemplated by this paragraph shall be subject to the applicable time-based and performance-based vesting criteria established by the Board and/or Compensation Committee, in their sole and respective discretion, which shall be consistent with the process for annual awards granted to other senior executives of the Company and shall be established and delivered to Mr. Russell in a manner consistent with annual awards granted to other senior executives of the Company.

Mr. Russell shall be eligible to receive $350,000 payable on or within 30 days following each of the first three anniversaries of May 16, 2022, in each case, subject to continued employment in good standing as the Chief Financial Officer of the Company on each applicable payment date.

Mr. Russell is also entitled to participate in all employee benefit plans, programs and arrangements made available to other executive officers generally.

The Russell Employment Agreement also contains restrictive covenants, including an indefinite covenant on confidentiality of information, and covenants related to non-competition and non-solicitation of the Company's employees and customers and affiliates at all times during employment, and for 18 months after any termination of employment.

Employment Agreements with Mr. Patel

On April 15, 2022, we entered into an employment agreement with Mr. Patel and further amended and restated effective June 20, 2022 (the "Patel Employment Agreement"). The terms of this agreement is summarized below, except with respect to potential payments and other benefits upon specified terminations, which are summarized below under "—Potential Payments upon Termination or Change in Control."

The Patel Employment Agreement provided for a term ending on May 16, 2027, which extends automatically for additional one-year periods unless either party elects not to extend the term.

The Patel Employment Agreement provides that he is to serve as Chief Operating Officer and is eligible to receive a base salary originally set at $675,305, subject to periodic review and increase, but not decrease. Mr. Patel is also eligible to receive a target bonus equal to 60% of his annual base salary at the end of the fiscal year, if targets established by us are achieved.

Mr. Patel received $850,000 as a sign-on bonus.

Mr. Patel received a one-time equity-based grant of restricted stock units (the "Sign-on Grant") covering a number of shares of the Company's Class A common stock (each, a "Share") equal to the quotient of (x) $7,000,000 divided by (y) the closing price per Share, as reported on the New York Stock Exchange, May 16, 2022. The Sign-on Grant shall vest annually based upon Mr.

Patel's continued service with the Company through the applicable vesting dates, with 36% of the Sign-on Grant vesting on each of the first two anniversaries of the May 16, 2022 and with 14% vesting on each of the third and fourth anniversaries of May 16, 2022. Any portion of the Sign-on Grant that becomes vested shall be settled as soon as practicable, but no later than 30 days following the applicable vesting date. The Sign-on Grant shall be subject to the term and conditions set forth in the definitive documentation.

During Mr. Patel's employment term beginning with calendar year 2023 and continuing through calendar year 2025, the Company will recommend to the Board that Mr. Patel receive an annual grant of equity under the Company's long-term equity incentive plan in place from time to time, comprised of a number of restricted stock units and performance restricted stock units, in the aggregate, equal to the quotient of (x) $3,000,000 divided by (y) the applicable share price on the date of grant, as determined by the Board and Compensation Committee, in their sole and respective discretion. Each annual award contemplated by this paragraph shall be subject to the applicable time-based and performance-based vesting criteria established by the Board and/or Compensation Committee, in their sole and respective discretion, which shall be consistent with the process for annual awards granted to other senior executives of the Company and shall be established and delivered to Mr. Patel in a manner consistent with annual awards granted to other senior executives of the Company.

Mr. Patel shall be eligible to receive $850,000 payable on or within 30 days following each of the first three anniversaries of May 16, 2022, in each case, subject to continued employment in good standing as the Chief Operating Officer of the Company on each applicable payment date.

Mr. Patel is also entitled to participate in all employee benefit plans, programs and arrangements made available to other executive officers generally.

The Patel Employment Agreement also contains restrictive covenants, including an indefinite covenant on confidentiality of information, and covenants related to non-competition and non-solicitation of the Company's employees and customers and affiliates at all times during employment, and for 18 months after any termination of employment.

Employment Agreement with Mr. Santiago

On March 2, 2020, we entered into an employment agreement with Mr. Santiago and further amended and restated effective June 20, 2022 (the "Santiago Employment Agreement"). The terms of this agreement is summarized below, except with respect to potential payments and other benefits upon specified terminations, which are summarized below under "—Potential Payments upon Termination or Change in Control."

The Santiago Employment Agreement provided for a term ending on June 20, 2023, which extends automatically for additional one-year periods unless either party elects not to extend the term.

The Santiago Employment Agreement provides that he is to serve as Chief Revenue Officer and is eligible to receive a base salary originally set at $675,305, subject to periodic review and increase, but not decrease. Mr. Santiago is also eligible to receive a target bonus equal to 60% of his annual base salary at the end of the fiscal year, if targets established by us are achieved.

During Mr. Santiago's employment term beginning with calendar year 2023 and continuing through calendar year 2025, the Company will recommend to the Board that Mr. Santiago receive an annual grant of equity under the Company's long-term equity incentive plan in place from time to time, comprised of a number of restricted stock units and performance restricted stock units, in the aggregate, equal to the quotient of (x) $3,000,000 divided by (y) the applicable share price on the date of grant, as determined by the Board and Compensation Committee, in their sole and respective discretion. Each annual award contemplated by this paragraph shall be subject to the applicable time-based and performance-based vesting criteria established by the Board and/or Compensation Committee, in their sole and respective discretion, which shall be consistent with the process for annual awards granted to other senior executives of the Company and shall be established and delivered to Mr. Santiago in a manner consistent with annual awards granted to other senior executives of the Company.

Mr. Santiago shall be eligible to receive $350,000 payable on or within 30 days following each of the first three anniversaries of June 20, 2022, in each case, subject to continued employment in good standing as the Chief Revenue Officer of the Company on each applicable payment date.

Mr. Santiago is also entitled to participate in all employee benefit plans, programs and arrangements made available to other executive officers generally.

The Santiago Employment Agreement also contains restrictive covenants, including an indefinite covenant on confidentiality of information, and covenants related to non-competition and non-solicitation of the Company's employees and customers and affiliates at all times during employment, and for 18 months after any termination of employment.

Employment Agreement with Mr. Meads

On June 20, 2022, we entered into an employment agreement with Mr. Meads, the principal terms of which, are summarized below, except with respect to potential payments and other benefits upon specified terminations, which are summarized below under "—Potential Payments Upon Termination or Change in Control."

The employment agreement with Mr. Meads provides for a term ending on June 20, 2023, which extends automatically for additional one-year periods unless either party elects not to extend the term.

Mr. Meads' base salary is originally set at $500,000, subject to periodic review and increase, but not decrease. Mr. Meads is also eligible to receive a target bonus equal to 60% of his annual base salary at the end of the fiscal year, if targets established by us are achieved.

Mr. Meads is also entitled to participate in all employee benefit plans, programs and arrangements made available to other executive officers generally.

Mr. Meads' employment agreement also contains restrictive covenants, including an indefinite covenant on confidentiality of information, and covenants related to non-competition and non-solicitation of the Company's employees and customers and affiliates at all times during employment, and for 18 months after any termination of employment.

NRG Merger-Related Compensatory Arrangements

In connection with the pending NRG Merger, Parent and the Company entered into certain compensatory arrangements with the Company's NEOs, as described below, including arrangements intended to mitigate certain adverse tax consequences under Section 280G or 4999 of the Internal Revenue Code of 1986, as amended, that could arise in connection with the transactions contemplated by the NRG Merger Agreement (the "280G Tax Consequences").

Transition and Consulting Agreement with Mr. Bywater

On December 6, 2022, Parent entered into a Transition and Consulting Agreement with Mr. Bywater (the "Consulting Term Sheet"). Pursuant to the terms of the Consulting Term Sheet, the parties agreed to cause the Company to enter into a consulting agreement effective upon the NRG Merger Closing that provides: (i) Mr. Bywater will cease employment and will transition to providing consulting services as of the NRG Merger Closing, (ii) in exchange for the consulting services, the Company will pay Mr. Bywater $85,000 per month for a period of one-year following the NRG Merger Closing unless extended by mutual agreement, and (iii) to the extent the Company terminates the consulting agreement prior to the six-month anniversary of the NRG Merger Closing, the Company will pay Mr. Bywater as if he were engaged through the six-month anniversary. The Consulting Term Sheet also provides that, effective upon the transition from employee to consultant upon the NRG Merger Closing, Mr. Bywater's termination of employment will be treated as a Good Leaver Termination (as defined in the Bywater Employment Agreement) and Mr. Bywater will be entitled to all severance payments, benefits and accelerated vesting of equity awards under, and in accordance with, the terms of the Bywater Employment Agreement and the NRG Merger Agreement, provided that any notice of termination provisions are waived. Mr. Bywater will be subject to his current restrictive covenants for a period of 24 months following the end of the consulting term but in no event more than 30 months following the NRG Merger Closing, subject to certain clarifications and modifications.

Side Letters with Messrs. Russell and Meads

On December 6, 2022, Parent entered into letter agreement with Mr. Russell, acknowledging that by virtue of the NRG Merger Closing, Mr. Russell will have the right to terminate his employment for "good reason" (as defined in the Russell Employment Agreement) in accordance with the terms of the Russell Employment Agreement, except that if Mr. Russell dies or becomes disabled during the applicable 30-day notice period, such event will be treated as a termination for "good reason." In addition, Mr. Russell will also be able to purchase his company-leased vehicle for a discounted price in accordance with Company policy. Mr. Russell will continue to be subject to his current restrictive covenants, subject to certain clarifications and modifications.

On December 6, 2022, Parent entered into letter agreement with Mr. Meads, acknowledging that by virtue of the NRG Merger Closing, Mr. Meads will have the right to terminate his employment for "good reason" (as defined in the Meads Employment

Agreement) in accordance with the terms of the Meads Employment Agreement, except that if Mr. Meads dies or becomes disabled during the applicable 30-day notice period, such event will be treated as a termination for "good reason." In addition, Mr. Meads will also be able to purchase his company-leased vehicle for a discounted price in accordance with Company policy. Mr. Meads will continue to be subject to his current restrictive covenants, subject to certain clarifications and modifications.

Retention Letters with Messrs. Patel and Santiago

On December 6, 2022, the Company, Parent and Mr. Patel entered into a side letter agreement (the "Patel Retention Letter") to the Patel Employment Agreement regarding certain adjustments to the terms of Mr. Patel's employment in connection with the NRG Merger, effective as of the NRG Merger Closing. The principal terms of the Patel Retention Letter are summarized below:

- Mr. Patel's title will be President of Vivint Smart Home (or other title that is mutually agreed upon by the parties).
- For the 25-month period following the NRG Merger Closing, the Company agreed not to reduce Mr. Patel's (i) base salary, (ii) annual target bonus, (iii) pre-existing retention awards, or (iv) opportunities to receive annual long-term incentive awards of $3,000,000 per year (the "Patel Annual Target Long-Term Incentive Award").
- Parent agreed to cause the Company to pay Mr. Patel a cash retention bonus equal to $1,500,000, payable in two equal installments, on each of the 12-month and 24-month anniversaries of the NRG Merger Closing, subject to Mr. Patel's continuous employment by the Company and certain accelerated vesting provisions upon certain terminations as described below.
- If (i) Mr. Patel's employment is terminated (x) by the Company without "cause" (as defined in the Patel Employment Agreement), (y) by Mr. Patel for "good reason," or (z) due to death or disability, in each case, at any time from the NRG Merger Closing and prior to, or on, the 24-month anniversary of the NRG Merger Closing, (ii) the Company or its affiliate, as applicable, delivers a notice of non-renewal of the Patel Employment Agreement, or (iii) Mr. Patel resigns for any reason during the 30 days following the 24-month anniversary of the NRG Merger Closing, then Mr. Patel will be entitled to receive (A) the severance payments and benefits described in Section 5(e) of the Patel Employment Agreement, (B) full acceleration at target level of performance of the unvested equity awards that are then outstanding that were granted prior to December 6, 2022 and those unvested equity awards granted in respect of 2023 and (C) any of the four existing retention bonus payments described in the Patel Employment Agreement that have not previously been paid, in each case, payable in accordance with the terms of the Patel Employment Agreement governing a termination by the Company without "cause".
- If Mr. Patel's employment with the Company, Parent or an affiliate is terminated due to death or disability, 100% of Mr. Patel's unvested equity awards that are outstanding as of the date of such termination will vest at target level of performance as of such date.
- The definition of "good reason" in the Patel Employment Agreement was amended to mean (A) a reduction in Mr. Patel's base salary, the Patel Annual Target Long-Term Incentive Award, annual target bonus or existing retention bonus; (B) a material diminution in Mr. Patel's title as President of Vivint Smart Home (or other title that is mutually agreed upon by the parties), or Mr. Patel being given duties and responsibilities materially ceasing to be reasonably related to those customarily performed by an officer with that title; (C) Mr. Patel ceasing to report to the Chief Executive Officer of Parent; (D) the relocation of Mr. Patel's primary office location to a location that is more than 50 miles from such primary office location; or (E) the Company's material breach of any material agreement to which Mr. Patel is party with the Company or its affiliates.

On December 6, 2022, the Company, Parent and Mr. Santiago, entered into a side letter agreement (the "Santiago Retention Letter") to the Santiago Employment Agreement regarding certain adjustments to the terms of Mr. Santiago's employment in connection with the NRG Merger, effective as of the NRG Merger Closing. The principal terms of the Santiago Retention Letter are summarized below:

- Mr. Santiago's title will be Chief Revenue Officer of Vivint Smart Home (or other title that is mutually agreed upon by the parties).
- For the 25-month period following the NRG Merger Closing, the Company agreed not to reduce Mr. Santiago's (i) base salary, (ii) annual target bonus, (iii) pre-existing retention awards, or (iv) opportunities to receive annual long-term incentive awards of $3,000,000 per year (the "Santiago Annual Target Long-Term Incentive Award").
- Parent agreed to cause the Company to pay Mr. Santiago a cash retention bonus equal to $1,500,000, payable in two equal installments, on each of the 12-month and 24-month anniversaries of the NRG Merger Closing, subject to Mr. Santiago's continuous employment by the Company and certain accelerated vesting provisions upon certain terminations as described below.
- If (i) Mr. Santiago's employment is terminated (x) by the Company without "cause" (as defined in the Santiago Employment Agreement), (y) by Mr. Santiago for "good reason," or (z) due to death or disability, in each case, at any time from the NRG Merger Closing and prior to, or on, the 24-month anniversary of the NRG Merger Closing, (ii) the Company or its affiliate, as applicable, delivers a notice of non-renewal of the Santiago Employment Agreement, or (iii)

Mr. Santiago resigns for any reason during the 30 days following the 24-month anniversary of the NRG Merger Closing, then Mr. Santiago will be entitled to receive (A) the severance payments and benefits described in Section 5(e) of the Santiago Employment Agreement, (B) full acceleration at target level of performance of the unvested equity awards that are then outstanding that were granted prior to December 6, 2022 and those unvested equity awards granted in respect of 2023 and (C) any of the existing retention bonus payments described in the Santiago Employment Agreement that have not previously been paid, in each case, payable in accordance with the terms of the Santiago Employment Agreement governing a termination by the Company without "cause".

- If Mr. Santiago's employment with the Company, Parent or an affiliate is terminated due to death or disability, 100% of Mr. Santiago's unvested equity awards that are outstanding as of the date of such termination will vest at target level of performance as of such date.
- The definition of "good reason" in the Santiago Employment Agreement was amended to mean (A) a reduction in Mr. Santiago's base salary, the Santiago Annual Target Long-Term Incentive Award, annual target bonus or existing retention bonus; (B) a material diminution in Mr. Santiago's title as Chief Revenue Officer of Vivint Smart Home (or other title that is mutually agreed upon by the parties), or Mr. Santiago being given duties and responsibilities materially ceasing to be reasonably related to those customarily performed by an officer with that title; (C) the relocation of Mr. Santiago's primary office location to a location that is more than 50 miles from such primary office location; or (D) the Company's material breach of any material agreement to which Mr. Santiago is party with the Company or its affiliates.

Acceleration of Payments Letters with Messrs. Russell, Meads and Patel

On December 28, 2022, the Company's Board of Directors, upon recommendation of the Company's Compensation Committee, approved the Company's execution of an Acceleration of Payments Letter with each of Messrs. Russell, Meads, and Patel (collectively, the "Acceleration Letters" and each executive, an "Executive"). Pursuant to the terms of the Acceleration Letters, to mitigate the 280G Tax Consequences, the Company elected to accelerate the timing of the vesting and settlement, to December 28, 2022, of outstanding time-based RSUs granted pursuant to the Company's 2020 Omnibus Incentive Plan, as follows: (i) 88,029 RSUs held by Mr. Russell that would otherwise be eligible to vest on May 16, 2023; (ii) 71,269 aggregate RSUs held by Mr. Meads that would otherwise be eligible to vest on each of January 17, 2023 (with respect to 5,548 RSUs), March 1, 2023 (with respect to 21,554 RSUs), September 1, 2023 (with respect to 9,713 RSUs) and December 2, 2023 (with respect to 34,454 RSUs); and (iii) 88,732 RSUs held by Mr. Patel that would otherwise be eligible to vest on May 16, 2023.

In addition, pursuant to the terms of the Acceleration Letter for Mr. Meads, to mitigate the 280G Tax Consequences, the Company elected to accelerate the timing of the payment, as of December 28, 2022, of (1) cash severance compensation and benefits due to Mr. Meads upon a resignation of his employment from the Company with "good reason" (as defined in the Meads Employment Agreement) pursuant to the Meads Employment Agreement, in the aggregate amount of $1,248,000 (equal to 150% of Mr. Meads's base salary ($750,000) plus 150% of the actual annual bonus paid with respect to 2022 ($450,000) and 18 months of COBRA continuation costs ($48,000) (collectively, the "Meads Cash Severance Amounts")), that would otherwise be expected to be paid to Mr. Meads following the NRG Merger Closing, and (2) Mr. Meads's 2022 annual bonus, at target, in the amount of $300,000, that would otherwise be, or would otherwise reasonably be expected to be, paid in the first quarter of 2023 (it being understood that Mr. Meads will still be eligible to receive any portion of his actual 2022 annual bonus determined by the Company to the extent in excess of $300,000).

Notwithstanding the foregoing, if any Executive ceases to be employed with the Company prior to the date which any of the equity awards described in the respective Acceleration Letter would otherwise vest, subject to any outstanding accelerated vesting provisions, such Executive will repay to the Company, within 30 days following such termination, an amount equal to the product of (x) the number of RSUs that would not have vested absent the relevant Acceleration Letter and (y) the value of a share of the Company's common stock on the repayment date (provided that, if the NRG Merger Closing has occurred, the value in clause (y) shall be $12.00).

In addition, if (1) Mr. Meads ceases to be employed with the Company without otherwise becoming legally entitled to receive the Meads Cash Severance Amount (including by reason of his failure to timely execute and not revoke an effective release of claims), (2) the NRG Merger Agreement is terminated prior to the occurrence of the NRG Merger Closing (unless Mr. Meads otherwise becomes legally entitled to receive the Meads Cash Severance Amount), or (3) Mr. Meads fails to become eligible to receive the Meads Cash Severance Amount within 180 days following the NRG Merger Closing (including by reason of his failure to timely execute and not revoke an effective release of claims), Mr. Meads will repay to the Company the Meads Cash Severance Amount within 30 days following such termination. Further, if Mr. Meads ceases to be employed with the Company prior to the date on which annual bonuses are otherwise payable to other senior executives of the Company (unless Mr. Meads

otherwise becomes legally entitled to receive an annual bonuses in an amount equal to or in excess of $300,000), Mr. Meads will repay to the Company the $300,000 2022 annual bonus payment.

NRG Merger Fiscal 2022 Management Bonus and PSU Consideration

In accordance with the NRG Merger Agreement, the Company may pay its annual bonuses in the ordinary course or, if the NRG Merger Closing is scheduled to occur prior to the date such bonuses are payable in the ordinary course, the Company may pay them immediately prior to the NRG Merger Closing, in each case subject to such employee remaining continuously employed through such bonus payment date, in an amount determined by the Compensation Committee (or the Board) in the ordinary course consistent with past practice (it being understood that the Compensation Committee or the Board may elect to make adjustments and determine any metrics as satisfying target levels of achievement, in its sole discretion). In addition, under the NRG Merger Agreement, the Compensation Committee (or the Board) may, in its discretion, determine the achievement of performance metrics under the 2022 Company PSUs at target level performance.

Outstanding Equity Awards at 2022 Fiscal Year-End

The following table provides information regarding outstanding equity awards for our continuing NEOs as of December 31, 2022.

			Stock Awards				Option Awards			
Name	Grant Date	Award Type	Number of Shares or Units of Stock That Have Not Vested (#) (1)	Market Value of Shares or Units of Stock That Have Not Vested($) (2)	Equity incentive plan awards: number of unearned shares, units or other rights that have not vested (#)	Equity incentive plan awards: market or payout value of unearned shares, units or other rights that have not vested ($)	Number of Securities Underlying Unexercised Options – Exercisable (#)	Number of Securities Underlying Unexercised Options – Unexercisable (#)	Option Exercise Price ($)	Option Expiration Date
David H. Bywater	6/17/2021	RSUs	—	—	230,680	2,745,092	—	—	—	—
	6/17/2021	RSUs	—	—	239,463	2,849,610	—	—	—	—
	6/17/2021	Market PSUs	—	—	359,195	4,274,421	—	—	—	—
	6/17/2021	Market PSUs	—	—	359,196	4,274,432	—	—	—	—
	3/23/2022	RSUs	—	—	642,857	7,649,998	—	—	—	—
	3/23/2022	PSUs	—	—	642,857	7,649,998	—	—	—	—
Dana Russell	5/16/2022	RSUs	—	—	616,196	7,332,732	—	—	—	—
Garner B. Meads, III	1/17/2020	Rollover Sars	—	—	—	—	10,801	—	13.47	9/20/2026
	1/17/2020	Rollover Sars	—	—	—	—	6,480	—	20.41	6/8/2028
	3/24/2020	RSUs	—	—	5,549	66,033	—	—	—	—
	3/25/2021	RSUs	—	—	7,267	86,477	—	—	—	—
	3/25/2021	PSUs	—	—	7,267	86,477	—	—	—	—
	8/12/2021	RSUs	—	—	19,424	231,146	—	—	—	—
	12/2/2021	RSUs	—	—	68,908	820,005	—	—	—	—
	3/23/2022	RSUs	—	—	42,857	509,998	—	—	—	—
	3/23/2022	PSUs	—	—	57,143	680,002	—	—	—	—
Rasesh Patel	5/16/2022	RSUs	—	—	1,143,662	13,609,578	—	—	—	—
Todd M. Santiago	3/24/2020	RSUs	—	—	198,170	2,358,223	—	—	—	—
	3/26/2021	RSUs	—	—	81,759	972,932	—	—	—	—
	3/26/2021	PSUs	—	—	81,759	972,932	—	—	—	—
	8/12/2021	RSUs	—	—	349,650	4,160,835	—	—	—	—
	3/23/2022	RSUs	—	—	196,428	2,337,493	—	—	—	—
	3/23/2022	PSUs	—	—	196,429	2,337,505	—	—	—	—

(1) The RSUs shown in this column vest subject to continued employment on each applicable vesting date, on each of the first three or four anniversaries of the grant date or annual board meeting.
The PSUs shown in this column vest subject to continued employment on each applicable vesting date, on each of the first three or four anniversaries of the grant date or annual board meeting.
The Market PSUs shown in this column vest based on the satisfaction of certain market conditions, including the average closing price of our Class A common stock over 20 consecutive trading days exceeding two and three times the share price on the grant date and exceeding the Company's consolidated target adjusted EBITDA during the same

period.

(2) The market value is based on the closing price on the NYSE of our common stock on December 30, 2022, the last trading day of 2022 ($11.90), multiplied by the number of outstanding RSUs or PSUs, as applicable.

Option Exercises and Stock Vested in 2022

The following table provides information regarding the equity held by our NEOs that vested during 2022. None of our NEOs exercised options or similar instruments in 2022.

	Stock Awards	
Name	Number of Shares or Units Acquired on Vesting (#)	Value Realized on Vesting ($) (1)
Stock Vested		
David H. Bywater	581,094	3,568,228
Dana Russell	88,029	1,048,425
Garner B. Meads, III	134,230	1,377,794
Rasesh Patel	88,732	1,056,798
Todd M. Santiago	376,850	2,710,369
Dale R. Gerard	236,853	1,781,135

(1) The value realized on vesting is based on the closing price of our common stock on the NYSE on the vesting date. If vesting occurs on a day on which the NYSE is closed, the value realized on vesting is based on the closing price on the last trading day prior to the vesting date.

Pension Benefits

We have no pension benefits for our executive officers.

Nonqualified Deferred Compensation

We have no nonqualified defined contribution or other nonqualified deferred compensation plans for our executive officers.

Potential Payments Upon Termination or Change in Control

The following section describes the potential payments and benefits that would have been payable to our NEOs under existing plans and contractual arrangements assuming (1) a termination of employment or (2) a change of control occurred, in each case, on December 31, 2022, the last business day of fiscal 2022. The amounts shown in the table do not include payments and benefits to the extent they are provided generally to all salaried employees upon termination of employment and do not discriminate in scope, terms or operation in favor of the NEOs. These include distributions of plan balances under our 401(k) savings plan and similar items.

Severance Provisions in our Employment Agreements

Messrs. Bywater, Russell, Meads, Patel and Santiago

Pursuant to their respective employment agreements, if the employment of Messrs. Bywater, Russell, Meads, Patel or Santiago terminates for any reason, the executive is entitled to receive: (1) any base salary accrued through the date of termination (and any annual bonus earned but unpaid for the immediately preceding fiscal year); (2) reimbursement of any unreimbursed business expenses properly incurred by the executive; and (3) such employee benefits, if any, as to which the executive may be entitled under the Company's employee benefit plans (the payments and benefits described in (1) through (3) being "accrued rights").

If the employment of Messrs. Bywater, Russell, Meads, Patel or Santiago is terminated by us without "cause" (as defined below) or for "good reason" (as defined below) and other than by reason of death or while he is disabled (any such termination, a "qualifying termination"), such executive is entitled to the accrued rights and, conditioned upon execution and non-revocation of an effective release and waiver of claims in favor of the Company and its affiliates, and continued compliance with the non-compete, non-solicitation, non-disparagement, and confidentiality provisions set forth in the employment agreements:

- a pro rata portion of his target annual bonus based upon the portion of the fiscal year during which the executive was employed (the "pro rata bonus");
- a lump-sum cash payment equal to 150% (or 200% in the case of Mr. Bywater) of the executive's then-current base salary plus 150% (or 200% in the case of Mr. Bywater) of the actual bonus the executive received in respect of the immediately preceding fiscal year (or, if a termination of employment occurs prior to any annual bonus becoming payable under his employment agreement, the target bonus for the immediately preceding fiscal year);
- a lump-sum cash payment equal to the cost of the health and welfare benefits for the executive and his dependents, at the levels at which the executive received benefits on the date of termination, for 18 months (or 24 months in the case of Mrs. Bywater) (the "COBRA payment"); and
- in the cases of Messrs. Russell, Patel and Santiago, any retention bonus earned due to the passage of the retention date (the "prior retention bonus").

Under the employment agreements for Messrs. Bywater, Russell, Meads, Patel and Santiago, "cause" means the executive's continued failure to substantially perform his employment duties for a period of 10 days following written notice from the Company; any dishonesty in the performance of the executive's employment duties that is materially injurious to the Company; act(s) on the executive's part constituting either a felony or a misdemeanor involving moral turpitude; the executive's willful malfeasance or misconduct in connection with his employment duties that causes substantial injury to us; or the executive's material breach of the restrictive covenants set forth in the employment agreements. Each of the foregoing events is subject to specified notice and cure periods.

Under the employment agreements for Messrs. Bywater, Russell, Meads, Patel and Santiago, "good reason" generally means the occurrence of a reduction in executive's base salary or annual target bonus; a material diminution in executive's title or executive's duties, authority or responsibilities (including reporting relationship with respect to Messrs. Bywater, Russell and Patel); the relocation of executive's primary office location to a location that is more than 50 miles from executive's primary office location; or the Company's material breach of any of the provisions of his employment agreement or any other material agreement to which executive is party with the Company.

In the event of the executive's termination of employment due to death or disability, he will be entitled to the accrued rights, the pro rata bonus payment, the COBRA payment and, in the cases of Messrs. Russell, Patel and Santiago, any prior retention bonus.

Treatment of Equity Awards upon a Qualifying Termination or Change in Control

Upon a termination of employment by us without "cause" (as defined in the Company's 2020 Omnibus Incentive Plan) in the twelve (12) months following a "change in control" ("Double Trigger") (as defined in the Company's 2020 Omnibus Incentive Plan) each of the NEO's unvested RSUs and PSUs would vest upon such termination of employment, except as discussed below with respect to Mr. Bywater's awards. Upon a termination of employment, not in connection with a change in control, all unvested RSUs and PSUs will be forfeited upon such termination of employment, except as discussed below with respect to Mr. Bywater's sign-on equity grant and annual LTI RSU awards with respect to 2021, 2022 and 2023.

Upon a termination of Mr. Bywater's employment by the Company without "cause" (as defined in his employment agreement), due to his death or disability or his resignation with "good reason" (as defined in his employment agreement) (each, a "Good Leaver Termination"), (1) the time-vesting RSUs awarded to Mr. Bywater as part of his sign-on equity grant will become fully vested and (2) the PSUs awarded to Mr. Bywater as part of his sign-on equity grant will become "earned shares" and vested to the extent that both (i) the average closing price of a share of our Class A common stock during the 20 consecutive trading days immediately preceding the date of termination of Mr. Bywater's employment (the "Termination Price") exceeds the share price on the grant date, and (ii) (x) in the event that the Company's consolidated target adjusted EBITDA for the fiscal year in which such termination occurs has been established by the Compensation Committee as of the termination date, the Company's consolidated adjusted EBITDA for the period from the beginning of the fiscal year in which such termination occurs through the termination date (as determined reasonably and in good faith by the Compensation Committee) equals or exceeds the Company's consolidated target adjusted EBITDA for the period through the termination date, or (y) in the event that the Company's consolidated target adjusted EBITDA for the fiscal year in which such termination occurs has not been established by the Compensation Committee as of the termination date, the Company's consolidated adjusted EBITDA for the fiscal year to the date of termination (as determined reasonably and in good faith by the Compensation Committee) equals or exceeds the Company's consolidated target adjusted EBITDA for such immediately preceding fiscal year applied to the fiscal year in which the termination occurs through the termination date, with the percentage of the PSUs earned (not to exceed 100%) equal to the quotient of (I) the excess of (x) the Termination Price less (y) the share price on the grant date, divided by (II) the product of (x) two-times (y) the share price on the grant date.

Further, immediately prior to a "change in control" (as defined in the Company's 2020 Omnibus Incentive Plan), the PSUs awarded to Mr. Bywater as part of his sign-on equity grant will become "earned shares" and vested to the extent that the last closing price of a share of our Class A common stock immediately prior to the closing of the "change in control" (the "CIC Price") exceeds 100% of the share price on the grant date (and without regard to the Company's consolidated adjusted EBITDA), with the percentage of the PSUs earned (not to exceed 100%) equal to the quotient of (I) the excess of (x) the CIC Price less (y) the share price on the grant date, divided by (II) the product of (x) two -times (y) the share price on the grant date.

In addition, upon a Good Leaver Termination, any 2021, 2022 and 2023 outstanding LTI RSUs granted to Mr. Bywater will fully vest, and, for each Award Year for which Mr. Bywater's LTI RSUs have not been granted to Mr. Bywater prior to the date of such Good Leaver Termination, Mr. Bywater will receive from the Company, on or within 30 days following the termination date, fully vested shares of our Class A common stock having an aggregate fair market value equal to the quotient of (x) $5,000,000 divided by (y) the applicable share price on the last trading date immediately prior to his termination date.

Upon a termination of Messrs. Russell's, Meads', Patel's and Santiago's employment by the Company without "cause" (as defined in their employment agreement) or his resignation with "good reason" (as defined in their employment agreement) in the six (6) months prior to or the twelve (12) months following a "change in control" (as defined in the Company's 2020 Omnibus Incentive Plan) each of Messrs. Bywater's, Russell's, Meads', Patel's and Santiago's unvested RSUs would vest upon such termination of employment. In the case of Mr. Patel only, upon his termination of employment due to death or disability within thirty (30) days on or prior to a "change in control," his sign-on grant and any time-vesting annual equity grant made with respect to fiscal year 2023 would vest upon such termination of employment subject to board approval.

The following table lists the payments and benefits that would have been triggered for Messrs. Bywater, Russell, Meads, Patel, and Santiago under the circumstances described below assuming that the applicable triggering event occurred on December 31,

2022.

Name	Cash Severance ($) (1)	Bonus ($) (2)	Continuation of Health Benefits ($) (3)	Value of Accelerated Equity ($) (4)	Value of CEO Termination Equity ($) (5)	Total ($)
David H. Bywater						
Termination Without Cause or for Good Reason	4,554,552	1,021,200	37,892	13,244,700	5,000,000	23,858,344
Change of Control (single trigger)	—	—	—	—	—	—
Change of Control (double trigger)	4,554,552	1,021,200	37,892	20,894,698	5,000,000	31,508,342
Death or Disability	—	1,021,200	37,892	13,244,700	5,000,000	19,303,792
Dana Russell						—
Termination Without Cause or for Good Reason	1,680,000	420,000	28,419	—	—	2,128,419
Change of Control (single trigger)	—	—	—	—	—	—
Change of Control (double trigger)	1,680,000	1,470,000	28,419	7,332,732	—	10,511,151
Death or Disability	—	420,000	—	—	—	420,000
Garner B. Meads, III[6]						—
Termination Without Cause or for Good Reason	1,028,903	300,000	28,419	—	—	1,357,322
Change of Control (single trigger)	—	—	—	—	—	—
Change of Control (double trigger)	1,028,903	300,000	28,419	1,800,137	—	3,157,459
Death or Disability	—	300,000	—	—	—	300,000
Rasesh Patel						—
Termination Without Cause or for Good Reason	1,620,732	405,183	28,419	13,609,578	—	15,663,912
Change of Control (single trigger)	—	—	—	—	—	—
Change of Control (double trigger)	1,620,732	2,955,183	28,419	13,609,578	—	18,213,912
Death or Disability	—	405,183	—	13,609,578	—	14,014,761
Todd M. Santiago						—
Termination Without Cause or for Good Reason	1,760,520	405,183	28,419	—	—	2,194,122
Change of Control (single trigger)	—	—	—	—	—	—
Change of Control (double trigger)	1,760,520	1,455,183	28,419	10,802,427	—	14,046,549
Death or Disability	—	405,183	—	—	—	405,183

(1) Mr. Bywater's cash severance reflects a lump sum cash payment equal to the sum of (x) 200% of his base salary of $1,021,200 and (y) 200% of his actual annual bonus paid for the preceding fiscal year, which was $1,256,076. Messrs. Russell and Patel's cash severance reflects a lump sum cash payment equal to the sum of (x) 150% of the executive's base salary of $700,000 and $675,305, respectively and (y) 150% of the executive's respective annual target bonus. Messrs. Meads and Santiago's cash severance reflects a lump sum cash payment equal to the sum of (x) 150% of the executive's base salary of $500,000 and $675,305, respectively and (y) 150% of the executive's actual annual bonus paid for the preceding fiscal year, which was $185,935 and $498,375, respectively.

(2) Amounts include the pro-rated bonus reflecting the executive's target bonus for the 12 completed months of employment for the 2022 fiscal year. Additionally, Messrs. Russell, Patel and Santiago include $1,050,000, $2,550,000, and $1,050,000, respectively for unpaid retention bonus resulting from a change of control (double trigger).

(3) For Mr. Bywater, the amount reflects the cost of providing the executive officer with continued health and welfare benefits for the executive and his dependents under COBRA for 24 months and assuming 2023 rates. For Messrs. Russell, Meads, Patel and Santiago, the amount reflects the cost of providing the executive officer with continued health and welfare benefits for the executive and his dependents under COBRA for 18 months and assuming 2023 rates.

(4) Upon a qualifying termination of employment, any 2021, 2022 and 2023 outstanding LTI RSUs granted to Mr. Bywater will fully vest. Upon a qualifying termination of employment, the time-vesting RSUs awarded to Mr. Bywater as part of his sign-on equity grant will become fully vested and the PSUs awarded to Mr. Bywater as part of his sign-on equity grant will become "earned shares" and vested as described above under "—Treatment of Equity Awards upon a

Qualifying Termination or Change in Control". Further, immediately prior to a "change in control" (as defined in the Company's 2020 Omnibus Incentive Plan), the PSUs awarded to Mr. Bywater as part of his sign-on equity grant will become "earned shares" and vested as described above under "—Treatment of Equity Awards upon a Qualifying Termination or Change in Control". Mr. Patel's unvested outstanding time-based restricted stock units and other time-based Company equity compensation awards (including any performance-based awards that are then only subject to time-vesting provisions) will vest upon a termination without cause or for good reason, or due to death or disability. Upon a qualifying termination of employment in the 12-months following a change in control, each NEO's unvested RSUs and PSUs (with no further performance criteria) would vest upon such termination. The value is based on the closing price on the NYSE of our common stock on December 30, 2022, the last trading day of 2022 ($11.90), multiplied by the number of outstanding RSUs or PSUs, as applicable.

(5) Upon a qualifying termination of employment, for each Award Year for which Mr. Bywater's LTI RSUs have not been granted to Mr. Bywater prior to the date of such termination, Mr. Bywater will receive from the Company, on or within 30 days following the termination date, fully vested shares of our Class A common stock having an aggregate fair market value equal to the quotient of (x) $5,000,000 divided by (y) the applicable share price on the last trading date immediately prior to his termination date.

(6) Mr. Meads has received, pursuant to his Acceleration Letter, the Meads Cash Severance Amounts, which is subject to repayment to the Company if (1) Mr. Meads ceases to be employed with the Company without otherwise becoming legally entitled to receive the Meads Cash Severance Amount (including by reason of his failure to timely execute and not revoke an effective release of claims), (2) the NRG Merger Agreement is terminated prior to the occurrence of the NRG Merger Closing (unless Mr. Meads otherwise becomes legally entitled to receive the Meads Cash Severance Amount), or (3) Mr. Meads fails to become eligible to receive the Meads Cash Severance Amount within 180 days following the NRG Merger Closing (including by reason of his failure to timely execute and not revoke an effective release of claims).

CEO Pay Ratio

As required by Section 953(b) of the Dodd-Frank Wall Street Reform and Consumer Protection Act, and Item 402(u) of Regulation S-K ("Item 402(u)"), the Company is providing the following reasonable estimate of the ratio of the median of the annual total compensation of all of our employees except David Bywater, our CEO, to the annual total compensation of Mr. Bywater, calculated in a manner consistent with Item 402(u). For 2022, our last completed fiscal year:

- The median of the annual total compensation of all of our employees, excluding our CEO, was $48,880.
- The annual total compensation of our CEO was $13,085,918.

Based on this information, the ratio of the annual total compensation of our CEO to the median of the annual total compensation of all of our employees except our CEO was 268 to 1.

We determined that, as of December 31, 2022, our employee population consisted of approximately 11,800 employees, of which approximately 80 were non-U.S. employees all of whom were located in Canada. As permitted by Item 402(u), we excluded this non-U.S. group from our employee population for purposes of identifying our "median employee" as they comprised, in the aggregate, less than 5% of our total employees as of December 31, 2022. Also included in our total population is a group of statutory non-employees (approximately 4,700), which we have excluded for purposes of identifying "median employee" as these individuals are, by definition, non-employees and are compensated on a 1099 basis.

To identify our "median employee" from this employee population, we obtained from our payroll system of record, the total income paid in 2022 to each employee in the employee population, as reported in the 2022 pay records applicable to such employee. We believe this consistently applied compensation measure reasonably reflects annual compensation across our employee base. We annualized the total income amounts paid to any permanent employees in the employee population who were employed by us for less than the full fiscal year. We then calculated the median resulting income paid to all of the employees in the employee population other than our CEO to determine our median employee. Once we identified our median employee, we combined all of the elements of such employee's compensation for 2022 in accordance with the requirements of Item 402(c)(2)(x) of Regulation S-K for the Summary Compensation Table. With respect to the annual total compensation of our CEO, we used the amount reported in the "Total" column of our Summary Compensation Table set forth above.

Compensation of Directors in 2022

On August 13, 2021, a special committee of our Board (the "Special Committee") approved an amended and restated non-employee director compensation program, effective as of July 1, 2021, under which directors (other than directors employed by Blackstone, Fortress and Summit) are entitled to receive (i) annual compensation consisting of $150,000 in cash and $120,000 in RSUs; and (ii) reimbursement, in accordance with our policy or practice, for all reasonable out-of-pocket expenses associated

with attendance at board and committee meetings. The Special Committee also approved (i) a payment of additional annual fee of $150,000 to the Chairman of the Board (provided the Chairman is not an executive officer of the Company); (ii) additional annual compensation to the chairpersons of the Compensation Committee, Audit Committee and Nominating and Corporate Governance Committee in the amount of $20,000, $27,500 and $12,500, respectively, in cash; and (iii) additional annual compensation to members of the Compensation Committee, Audit Committee and Nominating and Corporate Governance Committee in the amount of $10,000, $12,500, and $5,000, respectively, in cash. Annual RSU grants to non-employee directors are made immediately following each annual meeting of stockholders and vest on the date of the next annual meeting of stockholders following the grant date. On June 1, 2022, each of Ms. Comstock and Messrs. Pedersen, D'Alessandro, Galant and Tibbetts was granted 20,618 RSUs, each of which grants will vest in full on June 1, 2023.

The following table provides information on the compensation of our non-management directors in fiscal 2022.

Name	Fees Earned or Paid in Cash ($)	Stock Awards ($) (1)	Total ($)
Todd R. Pedersen[(2)]	75,000	119,997	194,997
Barbara J. Comstock	156,250	119,997	276,247
David F. D'Alessandro	325,000	119,997	444,997
Paul S. Galant	167,500	119,997	287,497
Jay D. Pauley	—	—	—
Michael J. Staub	—	—	—
Joseph S. Tibbetts, Jr.	177,500	119,997	297,497
Peter F. Wallace	—	—	—

(1) The amounts reported in this column reflect the grant date fair value of the RSUs granted to our directors in fiscal 2022, calculated in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 718 ("Topic 718"). As of December 31, 2022, Mr. Pedersen held 476,818 unvested RSUs and 163,517 unvested PSUs. As of December 31, 2022, Ms. Comstock and Messrs. D'Alessandro, Galant, and Tibbetts each held 20,618 unvested RSUs. In addition, amounts not reported in this column include RSUs granted to Mr. Pedersen with a grant date fair value of $46,479 for his board services from the previous fiscal year.

(2) As previously disclosed, in connection with Mr. Pedersen's resignation from his position as our Chief Executive Officer, effective June 15, 2021, Mr. Pedersen received the following payments and benefits pursuant to the Separation Agreement entered into by and between the Company and Mr. Pedersen on April 14, 2022: (1) a lump sum cash payment in the amount of $341,931 reflecting the pro-rata portion of Mr. Pedersen's annual target bonus in respect of 2021; (2) a lump sum cash payment equal to $2,103,672, which is equal to 200% of Mr. Pedersen's base salary in respect of 2021; (3) a lump sum cash payment equal to $2,581,895, which is equal to 200% of Mr. Pedersen's annual bonus for 2020; and (4) a lump sum cash payment equal to $35,269, which is equal to the monthly COBRA costs for providing health and welfare benefits for Mr. Pedersen and his dependents for 24 months. Additionally, in connection with Mr. Pedersen's resignation from his position as our Chief Executive Officer, Mr. Pedersen received $14,735 for use of a Company car, $118,600 in benefits for purchase of a Company car, smart home system fees and $61,043 reimbursed for taxes owed with respect to perquisites.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The following table sets forth information known to the Company regarding the beneficial ownership of Company Common Stock as of February 20, 2023:

- each person who is known by the Company to be the beneficial owner of more than five percent (5%) of the outstanding shares of Company Common Stock;
- each named executive officer and current director of the Company; and
- all current executive officers and directors of the Company, as a group.

Beneficial ownership for the purposes of the following table is determined in accordance with the rules and regulations of the SEC. A person is a "beneficial owner" of a security if that person has or shares "voting power," which includes the power to vote or to direct the voting of the security, or "investment power," which includes the power to dispose of or to direct the disposition of the security or has the right to acquire such beneficial ownership within sixty (60) days. Shares of Company Common Stock that can be so acquired are deemed to be outstanding for purposes of computing such person's ownership percentage, but not for purposes of computing any other person's percentage.

The beneficial ownership percentages set forth in the table below are based on 214,693,613 shares of Company Common Stock issued and outstanding as of February 20, 2023.

Unless otherwise noted in the footnotes to the following table, and subject to applicable community property laws, the persons and entities named in the table have sole voting and investment power with respect to their shares of beneficially owned Company Common Stock.

Name of Beneficial Owners	Number of Shares of Company Common Stock Beneficially Owned	Percentage of Outstanding Company Common Stock
5% Stockholders:		
Blackstone (1)	99,889,464	46.5 %
Fortress Mosaic Sponsor LLC and affiliates (2)	28,127,227	12.7 %
Fayerweather Fund Eiger, L.P. (3)	14,129,315	6.4 %
Named Executive Officers and Directors:		
David Bywater (4)	810,282	*
Dana Russell	61,376	*
Todd R. Pedersen (5)	15,969,505	7.4 %
Garner B. Meads, III	98,400	*
Rasesh Patel	50,150	*
Todd Santiago (6)	1,094,002	*
David F. D'Alessandro (7)	62,568	*
Paul S. Galant	17,865	*
Michael J. Staub (8)	—	— %
Jay D. Pauley	—	— %
Joseph S. Tibbetts, Jr.	17,278	*
Peter F. Wallace (8)	—	— %
Barbara J. Comstock	8,737	*
All directors and current executive officers as a group (14 individuals) (9)	18,265,443	8.5 %

* Indicates less than one percent (1%).

(1) Based on a Schedule 13D/A filed with the SEC on December 6, 2022 by 313 Acquisition LLC ("313 Acquisition") and the other parties names therein and represents 89,889,464 shares of Company Common Stock directly held by 313 Acquisition, 9,995,784 shares of Company Common Stock directly held by BCP Voyager Holdings LP, and 4,216 shares of Company Common Stock directly held by Blackstone Family Investment Partnership VI L.P. 313

Acquisition is managed by a board of managers and Blackstone Capital Partners VI L.P., as managing member. The members of the board of managers of 313 Acquisition are Peter F. Wallace, Jay D. Pauley and David F. D'Alessandro. Blackstone Management Associates VI L.L.C. is the general partner of each of Blackstone Capital Partners VI L.P. and BCP Voyager Holdings LP. BMA VI L.L.C. is the sole member of Blackstone Management Associates VI L.L.C. BCP VI Side-by-Side GP L.L.C. is the general partner of Blackstone Family Investment Partnership VI L.P. Blackstone Holdings III L.P. is the managing member of BMA VI L.L.C. and the sole member of BCP VI Side-by-Side GP L.L.C. The general partner of Blackstone Holdings III L.P. is Blackstone Holdings III GP L.P. The general partner of Blackstone Holdings III GP L.P. is Blackstone Holdings III GP Management L.L.C. The sole member of Blackstone Holdings III GP Management L.L.C. is Blackstone Inc. The sole holder of the Series II preferred stock of Blackstone Inc. is Blackstone Group Management L.L.C. Blackstone Group Management L.L.C. is wholly owned by Blackstone's senior managing directors and controlled by its founder, Stephen A. Schwarzman. Each of the Blackstone entities described in this footnote and Stephen A. Schwarzman (other than to the extent it or he directly holds shares of Company Common Stock as described herein) may be deemed to beneficially own the shares directly or indirectly controlled by such Blackstone entities or him, but each disclaims beneficial ownership of such shares. The address of each of such Blackstone entities and Mr. Schwarzman is c/o Blackstone Inc., 345 Park Avenue, New York, New York 10154. In addition to funds affiliated with Blackstone, principal holders of limited liability company interests in 313 Acquisition include entities affiliated with Summit Partners L.P. The address of 313 Acquisition is 4931 North 300 West, Provo, Utah 84604.

(2) Based on a Schedule 13D/A filed with the SEC on December 7, 2022 by Fortress Investment Group LLC and the other parties named therein, Fortress Mosaic Investor LLC has shared voting and dispositive power with respect to 17,357,339 shares of Company Common Stock, and each of Fortress Mosaic Holdings LLC, FIG LLC, Fortress Operating Entity I LP, FIG Corp. and Fortress Investment Group LLC have shared voting and dispositive power with respect to 28,127,227 shares of Company Common Stock (which amount includes the shares of Company Common Stock beneficially owned by Fortress Mosaic Investor LLC and private warrants that are exercisable for 2,966,667 shares of Company Common Stock). Fortress Mosaic Holdings LLC is the sole owner of each of Fortress Mosaic Sponsor LLC, Fortress Mosaic Anchor LLC and Fortress Mosaic Investor LLC. FIG LLC controls, indirectly through investment funds managed or advised by controlled affiliates of FIG LLC, 100% of the equity interests of Fortress Mosaic Holdings LLC. Fortress Operating Entity I LP is the sole owner of FIG LLC. FIG Corp. is the general partner of Fortress Operating Entity I LP. Fortress Investment Group LLC is the sole owner of FIG Corp. The address of Fortress Mosaic Investor LLC and each of the entities listed above is 1345 Avenue of the Americas, 46th Floor, New York, New York 10105.

(3) Based on a Schedule 13G/A filed with the SEC on February 14, 2022 by Fayerweather Fund Eiger, L.P. and the other parties named therein and represents 13,387,648 shares of Company Common Stock and private warrants exercisable for 741,667 shares of Company Common Stock. The general partner of Fayerweather Fund Eiger, L.P. is Fayerweather Management, LLC. The managing members of Fayerweather Management, LLC are Andrew Stevenson and Howard Stevenson. Each of these individuals exercises shared voting and investment power over the shares held of record by Fayerweather Fund Eiger, L.P. The address for Fayerweather Fund Eiger, L.P. is 138 Mt. Auburn Street, Cambridge, Massachusetts 02138.

(4) Includes 214,286 shares of Company Common Stock underlying restricted stock units, scheduled to vest within 60 days of February 20, 2023.

(5) Reflects 13,655,825 shares held by a trust for the benefit of Mr. Pedersen's family. Mr. Pedersen disclaims beneficial ownership of the shares held in such trust. Includes 54,506 shares of Company Common Stock underlying restricted stock units, scheduled to vest within 60 days of February 20, 2023.

(6) Reflects 213,985 shares held by a trust for the benefit of Mr. Santiago's family, of which Mr. Santiago is a trustee. Includes 76,361 shares of Company Common Stock underlying restricted stock units, scheduled to vest within 60 days of February 20, 2023.

(7) Reflects shares held by a limited liability company controlled by Mr. D'Alessandro.

(8) Messrs. Staub and Wallace are each employees of affiliates of Blackstone and members of the board of managers of 313 Acquisition, but each disclaims beneficial ownership of shares beneficially owned by Blackstone and its affiliates. Messrs. Staub and Wallace are each employees of affiliates of the Blackstone entities described above, but each disclaims beneficial ownership of the limited liability company interests in 313 Acquisition beneficially owned by such Blackstone entities. The address for Messrs. Staub and Wallace is c/o Blackstone Inc., 345 Park Avenue, New York, New York 10154.

(9) Includes an aggregate of 345,153 shares of Company Common Stock underlying restricted stock units, scheduled to vest within 60 days of February 20, 2023 (as described in notes 4, 5 and 6 to this table).

Equity Compensation Plan Information

The following table sets forth information as of December 31, 2022, regarding our equity compensation plans under which shares of our common stock may be issued.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (c)
Equity compensation plans approved by security holders(1)	18,679,406 (2)	$17.71 per share (3)	35,097,152 (4)

(1) Includes the Vivint Smart Home, Inc. 2020 Omnibus Incentive Plan.

(2) Total includes 52,682 shares of our Class A common stock issuable upon the exercise and/or settlement of stock appreciation rights, 8,528,226 shares of our Class A common stock issuable upon the settlement of performance-vesting restricted stock units (assuming issuance of 100% of performance stock units granted), 10,076,991 shares of our Class A common stock issuable upon the settlement of time-vesting restricted stock units and 21,507 earnout shares accrued on unvested restricted stock units and shares of restricted stock. The number of shares of our Class A common stock issuable upon the exercise and/or settlement of stock appreciation rights included in the table above is based on the closing market price of our Class A common stock on December 30, 2022, of $11.90 per share.

(3) The weighted average exercise price relates only to stock appreciation rights. The calculation of the weighted average exercise price does not include outstanding equity awards that are received or exercised for no consideration.

(4) These shares are available for grant as of December 31, 2022, under the Vivint Smart Home, Inc. 2020 Omnibus Incentive Plan pursuant to which the Compensation Committee of the Board of Directors may make various stock-based awards including nonqualified stock options, incentive stock options, stock appreciation rights, restricted stock, restricted stock units, performance awards and other stock-based or stock-denominated awards with respect to the Company's Class A common stock. The maximum number of shares of Class A common stock that may be granted under the Vivint Smart Home, Inc. 2020 Omnibus Incentive Plan is 34,250,000 shares without giving effect to any "evergreen" increase, pursuant to which such "Absolute Share Limit" is automatically increased on the first day of each calendar year commencing on January 1, 2021, in an amount equal to the least of (x) 17,125,000 shares of Class A common stock, (y) 7.5% of the total number of shares of Class A common stock outstanding on the last day of the immediately preceding fiscal year, and (z) a lower number of shares of Class A common stock as determined by the Board.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

Transactions with Related Persons

The Company has a formal written policy for the review and approval of transactions with related persons. Such policy requires, among other things, that:

- any related person transaction, and any material amendment or modification to a related person transaction, must be reviewed and approved or ratified by an approving body comprised of the disinterested and independent members of the Board or any committee of the Board, provided that a majority of the members of the Board or such committee, respectively, are disinterested; and
- any employment relationship or transaction involving an executive officer and any related compensation must be approved by the compensation committee of the Board or recommended by the compensation committee to the Board for its approval.

In connection with the review and approval or ratification of a related person transaction:

- management must disclose to the approving body the name of the related person and the basis on which the person is a related person, the related person's interest in the transaction, the material terms of the related person transaction, including the business purpose of the transaction, the approximate dollar value of the amount involved in the transaction, the approximate dollar value of the amount of the related person's interest in the transaction and all the material facts as to the related person's direct or indirect interest in, or relationship to, the related person transaction;
- management must advise the approving body as to whether the related person transaction complies with the terms of the Company's agreements, including the agreements governing the Company's material outstanding indebtedness, that limit or restrict the Company's ability to enter into a related person transaction;
- management must advise the approving body as to whether the related person transaction will be required to be disclosed in applicable filings under the Securities Act of 1933, as amended (the "Securities Act") or the Exchange Act, and related rules, and, to the extent required to be disclosed, management must ensure that the related person transaction is disclosed in accordance with such statutes and related rules; and
- management must advise the approving body as to whether the related person transaction may constitute a "personal loan" for purposes of Section 402 of the Sarbanes-Oxley Act.

In addition, the related person transaction policy provides that the approving body, in connection with any approval of a related person transaction involving a non-employee director or director nominee, should consider whether such transaction would compromise the director or director nominee's status as an "independent" or "non-employee" director, as applicable, under the rules and regulations of the SEC and any exchange on which the Company's securities are listed.

The related person transaction policy also contains a standing approval for certain transactions with or related to Blackstone, including, without limitation: (1) transactions in which Blackstone may have a direct or indirect material interest entered into or in effect at the effective time of the Merger; (2) transactions involving the Company's securities in which Blackstone serves as an underwriter, placement agent, initial purchaser, financial advisor or in a similar capacity, and the fees and commissions received by Blackstone for such services are no greater (on a per security basis) than those received by other underwriters, placement agents, initial purchasers, financial advisors or persons performing in a similar capacity in the transaction or that would be received by an unaffiliated third party; and (3) the purchase or sale of products or services involving a Blackstone portfolio company, provided that (a) the appropriate officers of the Company reasonably believe the transaction to be on market terms and the subject products or services are of a type generally made available to other customers of the subject Blackstone portfolio company or (b) the aggregate value involved in such purchase or sale is expected to be less than $5 million over five years.

Registration Rights Agreement

In connection with the execution of the Merger Agreement, the Company entered into a registration rights agreement with 313 Acquisition, certain stockholders of 313 Acquisition, Legacy Vivint Smart Home, Mosaic Sponsor LLC and Fortress Mosaic Sponsor LLC (collectively, the "Investors") and certain other stockholders of Company, which provides for customary "demand" and "piggyback" registration rights for certain stockholders. The registration rights agreement became effective upon the consummation of the Merger.

Under the registration rights agreement, the Company agreed to provide to Blackstone an unlimited number of "demand" registration rights and to provide to other Investors customary "piggyback" registration rights. The registration rights agreement also provides that the Company will pay all expenses relating to such registrations, with the exception of underwriters', brokers' and dealers' discounts and commissions applicable to shares sold for the account of a registration rights holder, and indemnify

the registration rights holders against (or make contributions in respect of) certain liabilities which may arise under the Securities Act.

Stockholders Agreement

In connection with the execution of the Merger Agreement, Legacy Vivint Smart Home and the Company entered into a stockholders agreement (the "Stockholders Agreement") with the Investors, which provides for certain rights, including director appointment and board observer rights, for certain stockholders. The Stockholders Agreement became effective upon the consummation of the Merger.

Under the Stockholders Agreement, the Company agreed to nominate a number of individuals designated by Blackstone for election as its directors at any meeting of its stockholders (each a "Blackstone Director") such that, following the election of any directors and taking into account any director continuing to serve as such without the need for re-election, the number of Blackstone Directors serving as its directors will be equal to: (1) if the 313 Acquisition Entities together continue to beneficially own at least 50% of the shares of its Class A common stock entitled to vote generally in the election of directors as of the record date for such meeting, the lowest whole number that is greater than 50% of the total number of directors comprising the Board; (2) if the 313 Acquisition Entities together continue to beneficially own at least 40% (but not more than 50%) of the shares of the Company's Class A common stock entitled to vote generally in the election of directors as of the record date for such meeting, the lowest whole number that is at least 40% of the total number of directors comprising the Board; (3) if the 313 Acquisition Entities together continue to beneficially own at least 30% (but less than 40%) of the shares of the Company's Class A common stock entitled to vote generally in the election of directors as of the record date for such meeting, the lowest whole number that is at least 30% of the total number of directors comprising the Board; (4) if the 313 Acquisition Entities together continue to beneficially own at least 20% (but less than 30%) of the shares of the Company's Class A common stock entitled to vote generally in the election of directors as of the record date for such meeting, the lowest whole number that is at least 20% of the total number of directors comprising the Board; and (5) if the 313 Acquisition Entities together continue to beneficially own at least 5% (but less than 20%) of the shares of the Company's Class A common stock entitled to vote generally in the election of directors as of the record date for such meeting, the lowest whole number that is at least 10% of the total number of directors comprising the Board.

Under the Stockholders Agreement, the Company agreed to nominate one director designated by Fortress (the "Fortress Director") to the Board so long as Fortress beneficially owns at least 50% of the shares of the Company's Class A common stock it owns immediately following the consummation of the Merger; provided that the Fortress designee must be (A) Andrew McKnight, (B) Max Saffian or (C) another senior employee or principal of Fortress who is acceptable to a majority of the members of the Board. Additionally, so long as Fortress beneficially owns at least 50% of the shares of the Company's Class A common stock it owns immediately following the consummation of the merger, Fortress shall have the right to appoint a representative (the "Fortress Observer") who will have the right to attend meetings of the Board and receive information given to the Company's directors, subject to certain customary exceptions, including to preserve confidentiality obligations or privilege. The Fortress Observer will not have any voting rights.

Under the Stockholders Agreement, the Company agreed to nominate one director designated by the Summit Designator (as defined in the Stockholders Agreement) (the "Summit Director" and together with the Blackstone Directors and the Fortress Director, the "Sponsor Directors") to the Board so long as the Summit Holders (as defined in the Stockholders Agreement) beneficially own at least 50% of the shares of the Company's Class A common stock they own immediately following the consummation of the Merger. In the case of a vacancy on the Board created by the removal or resignation of a Sponsor Director, the Company agreed to nominate an individual designated by Blackstone or Fortress, as applicable, for election to fill the vacancy.

Support and Services Agreement

In connection with the 2012 Blackstone Acquisition, a subsidiary of Legacy Vivint Smart Home entered into a support and services agreement with Blackstone Management Partners L.L.C. ("BMP"), an affiliate of Blackstone. Under the support and services agreement, Legacy Vivint Smart Home agreed to reimburse BMP for any out-of-pocket expenses incurred by BMP and its affiliates and to indemnify BMP and its affiliates and related parties, in each case, in connection with the transactions involving Blackstone and the provision of services under the support and services agreement. In connection with the execution of the Merger Agreement, the parties to the support and services agreement entered into an amended and restated support and services agreement with BMP as described below.

In addition, under this agreement, Legacy Vivint Smart Home engaged BMP to provide, directly or indirectly, monitoring, advisory and consulting services that may be requested by Legacy Vivint Smart Home in the following areas: (1) advice

regarding the structure, distribution and timing of debt and equity offerings and advice regarding relationships with its lenders and bankers, (2) advice regarding the structuring and implementation of equity participation plans, employee benefit plans and other incentive arrangements for certain of its key executives, (3) general advice regarding dispositions and/or acquisitions, (4) advice regarding the strategic direction of the Legacy Vivint Smart Home business and such other advice directly related or ancillary to the above advisory services as may be reasonably requested by Legacy Vivint Smart Home. Under this agreement, these services will generally be provided until the first to occur of (a) the tenth anniversary of the closing date of the 2012 Blackstone Acquisition (November 16, 2022), (b) the date of a first underwritten public offering of shares of common stock of Legacy Vivint Smart Home or its controlling holding company, as applicable, listed on the New York Stock Exchange or Nasdaq's national market system for aggregate proceeds of at least $150 million (an "IPO") and (c) the date upon which Blackstone owns less than 9.9% of Legacy Vivint Smart Home's common stock or that of Legacy Vivint Smart Home's direct or indirect controlling parent and such stock has a fair market value (as determined by Blackstone) of less than $25 million (each of the events specified in clauses (a) through (c) above, the "Exit Date").

The monitoring fee payable for monitoring services in any fiscal year of Legacy Vivint Smart Home's was equal to the greater of (1) a minimum base fee of $2.7 million (the "Minimum Annual Fee"), subject to adjustment as summarized below if Legacy Vivint Smart Home engages in a business combination or disposition that is "significant" (as defined in the support and services agreement) and (2) the amount of the monitoring fee paid in respect of the immediately preceding fiscal year, without regard to the post-fiscal year "true-up" adjustment described in the paragraph below (which will not yet have occurred at the time the annual monitoring fee is paid). The adjusted monitoring fee for any fiscal year of the surviving company is referred to as the "Monitoring Fee" for such fiscal year.

In the case of a significant business combination or disposition, if 1.5% of Legacy Vivint Smart Home's pro forma consolidated EBITDA (as defined in the support and services agreement) after giving effect to the business combination or disposition exceeds (in the case of a business combination) or is less than (in the case of a disposition) the then-current Monitoring Fee, the Monitoring Fee for the year in which the significant business combination or disposition occurs will be adjusted upward or downward, respectively, by the amount of such excess or shortfall, with such adjustment prorated based on the remaining full or partial fiscal quarters remaining in Legacy Vivint Smart Home's then-current fiscal year. Legacy Vivint Smart Home will pay upward adjustments to the Monitoring Fee promptly upon availability of the pro forma income statement prepared in respect of such business combination. Downward adjustments to the Monitoring Fee will be effected through a rebate of the fee paid to BMP in that fiscal year. Subsequently, the Minimum Annual Fee applicable to full fiscal years following any significant business combination or disposition will be equal to 1.5% of Legacy Vivint Smart Home's pro forma consolidated EBITDA after giving effect to the business combination or disposition (subject to further adjustments for subsequent significant business combinations and dispositions). However, in all cases (including in the case of a current-year rebate described above), the Monitoring Fee will always be at least $2.7 million and in no event will a rebate for a downward adjustment result in BMP retaining a monitoring fee of less than $2.7 million for monitoring services in respect of any particular fiscal year.

In addition to the adjustments to the Minimum Annual Fee and the Monitoring Fee in connection with significant business combinations or dispositions and the related payments or rebates described above, there may be other adjustments to the Monitoring Fee based on projected consolidated EBITDA and a post-fiscal year "true-up." If 1.5% of Legacy Vivint Smart Home's projected consolidated EBITDA, as first presented to the company's board by senior management during the last third of such fiscal year, is projected to exceed the amount of the monitoring fee already paid to BMP in respect of monitoring services due to be rendered during that fiscal year, Legacy Vivint Smart Home will pay BMP the amount of such excess as an upward adjustment to the Monitoring Fee within two business days of such presentation. Following the completion of each applicable fiscal year and within deadlines required by our revolving credit facility, Legacy Vivint Smart Home's chief financial officer will certify to BMP the amount of Legacy Vivint Smart Home's consolidated EBITDA for such fiscal year. If 1.5% of such certified consolidated EBITDA is greater than the Monitoring Fee previously paid to BMP for monitoring services rendered during that fiscal year (including the adjustment in respect of projected EBITDA described above), Legacy Vivint Smart Home will, jointly and severally, pay BMP the amount of such excess within two business days of such certification. If 1.5% of such certified consolidated EBITDA is less than the monitoring fee previously paid to BMP for services rendered during that fiscal year (including the adjustment in respect of projected consolidated EBITDA described above), the amount of such shortfall will be applied as a credit against the next payment by us of the Monitoring Fee to BMP. However, BMP will always be entitled to retain the Minimum Annual Fee as then in effect and BMP will have no obligation to rebate any amount that would result in BMP having been paid Monitoring Fees for monitoring services in an amount less than the Minimum Annual Fee applicable to the relevant fiscal year.

Amended and Restated Support and Services Agreement

In connection with the execution of the Merger Agreement, the Company and the parties to the support and services agreement entered into an amended and restated support and services agreement with BMP. The amended and restated support and

services agreement became effective upon the consummation of the Merger and amended and restated the existing support and services agreement to, upon the consummation of the merger, (a) eliminate the requirement to pay a milestone payment to BMP upon the occurrence of an IPO, (b) for any fiscal year beginning after the consummation of the merger, (i) eliminate the Minimum Annual Fee and (ii) decrease the "true-up" of the annual Monitoring Fee payment to BMP to 1% of consolidated EBITDA and (c) upon the earlier of (1) the completion of Legacy Vivint Smart Home's fiscal year ending December 31, 2021 or (2) the date upon which Blackstone owns less than 5% of the voting power of all of the shares of capital stock entitled to vote generally in the election of directors of Vivint Smart Home's or its direct or indirect controlling parent, and such stake has a fair market value (as determined by Blackstone) of less than $25 million (the "Exit Date"), the annual Monitoring Fee payment to BMP otherwise payable in connection with the agreement will cease and no other milestone payment or other similar payment will be owed by the Company to BMP.

Under the amended and restated support and services agreement, BMP had made available to Legacy Vivint Smart Home its portfolio operations group to provide support services customarily provided by Blackstone's portfolio operations group to Blackstone's private equity portfolio companies of a type and amount determined by such portfolio services group it its sole discretion to be warranted and appropriate. BMP may, at any time, choose not to provide any such services. Such services will be provided without charge, other than for the reimbursement of related out-of-pocket expenses incurred by BMP and its affiliates.

Portfolio Operations Support and Other Services

Under the amended and restated support and services agreement, the Company and Legacy Vivint Smart Home have, through the Exit Date (or an earlier date determined by BMP), engaged BMP to arrange for Blackstone's portfolio operations group to provide support services customarily provided by Blackstone's portfolio operations group to Blackstone's private equity portfolio companies of a type and amount determined by such portfolio services group to be warranted and appropriate. Such services are provided without charge, other than for the reimbursement of out-of-pocket expenses as set forth in the amended and restated support and services agreement.

Investor Securityholders' Agreement

In connection with the closing of the Blackstone Acquisition, 313 Acquisition and APX Group Holdings, Inc. entered into a Securityholders' Agreement (the "Securityholders' Agreement") with the Investors. The Securityholders' Agreement governs certain matters relating to ownership of 313 Acquisition and APX Group Holdings, Inc. including with respect to the election of directors of our parent companies, transfer of shares, including tag-along rights and drag-along rights, other special corporate governance provisions and registration rights (including customary indemnification provisions).

Other Transactions with Blackstone

As of December 31, 2022, affiliates of Blackstone held a $284.4 million face amount position in the 2028 Term Loan Facility.

Transactions with Fortress

As of December 31, 2022, certain funds managed by affiliates of Fortress held: (i) a $23.0 million face amount position in the 2029 Notes, and (ii) a $11.7 million face amount position in the 2027 notes and (iii) a $135.8 million face amount position in the 2028 Term Loan Facility.

Transactions with Executive Officers and their Family Members

Elliot Knox, who is Mr. Pedersen's son-in-law, is one of the Company's Sales Managers and received $0.3 million for his services to the Company for the year ended December 31, 2022.

Michael Santiago, who is Todd Santiago's son and Mr. Pedersen's nephew, is one of the Company's Sales Managers and received $0.2 million for the year ended December 31, 2022.

Director Independence and Independence Determinations

Under our Corporate Governance Guidelines and NYSE rules, a director is not independent unless our Board of Directors affirmatively determines that he or she does not have a direct or indirect material relationship with us or any of our subsidiaries.

Our Corporate Governance Guidelines define independence in accordance with the independence definition in the current NYSE corporate governance rules for listed companies. Our Corporate Governance Guidelines require our Board of Directors to review the independence of all directors at least annually.

In the event a director has a relationship with the Company that is relevant to his or her independence and is not addressed by the objective tests set forth in the NYSE independence definition, our Board of Directors will determine, considering all relevant facts and circumstances, whether such relationship is material.

Our Board of Directors has affirmatively determined that each of Messrs. D'Alessandro, Galant, Pauley, Staub, Tibbetts and Wallace and Ms. Comstock is independent under the guidelines for director independence set forth in the Corporate Governance Guidelines and under all applicable NYSE guidelines, including with respect to committee membership. Our Board also has determined that each of Messrs. Galant, Pauley and Tibbetts and Ms. Comstock is "independent" for purposes of Section 10A(m)(3) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and that each of Messrs. D'Alessandro, Staub and Wallace is "independent" for purposes of Section 10C(a)(3) of the Exchange Act. In making its independence determinations, our Board of Directors considered and reviewed all information known to it (including information identified through annual directors' questionnaires).

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

Audit and Non-Audit Fees

In connection with the audit of the Company's 2022 and 2021 financial statements, we entered into an agreement with EY which set forth the terms by which EY would perform audit services for the Company.

The following table presents fees for professional services rendered by EY for the audits of our annual financial statements for the years ended December 31, 2022 and 2021:

	2022	2021
Audit fees (1)	$ 3,016,530	$ 3,217,120
Audit-related fees (2)	—	—
Tax fees (3)	30,208	26,850
All other fees (4)	—	—
Total:	$ 3,046,738	$ 3,243,970

(1) Audit fees consist of fees billed for professional services rendered for the audit of our financial statements and services that are normally provided by the independent registered public accounting firm in connection with regulatory filings. The aggregated fees billed by EY in 2022 and 2021, respectively, were for professional services rendered for the audit of our annual financial statements included in our 2022 Form 10-K, our 2021 Form 10-K, review of the quarterly financial information included in our Exchange Act filings and review of the financial information in connection with other regulatory filings.

(2) Audit-related fees consist of fees billed for assurance and related services that are reasonably related to performance of the audit or review of our year-end financial statements and are not reported under "Audit Fees." These services include attest services that are not required by statute or regulation and consultation concerning financial accounting and reporting standards. We did not pay EY for consultations concerning financial accounting and reporting standards for the years ended December 31, 2022 and 2021.

(3) Tax fees consist of fees billed for professional services relating to tax compliance, planning and support services.

(4) All other fees consist of fees billed for all other services. We did not pay EY for other services for the years ended December 31, 2022 and 2021.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) Financial Statements and Financial Statement Schedules

1. **Financial Statements:**

   Included in Part II, Item 8 of this Annual Report.

2. **Financial Statement Schedules:**

   All other financial schedules are omitted because they are not applicable or not required, or because the information is included herein in Part II. Item 8 in our consolidated financial statements or the notes related thereto.

(b) Exhibits

EXHIBIT INDEX

Exhibit No.	Description
2.1	Agreement and Plan of Merger, dated as of September 15, 2019, by and among the Company, Maiden Merger Sub, Inc. and Legacy Vivint Smart Home, Inc. (incorporated by reference to Exhibit 2.1 of Mosaic Acquisition Corp.'s Form 8-K, filed with the SEC on September 16, 2019).
2.2	Amendment No. 1 to Agreement and Plan of Merger, dated December 18, 2019, by and among the Company, Maiden Merger Sub, Inc. and Legacy Vivint Smart Home, Inc. (incorporated by reference to Exhibit 2.1 of Mosaic Acquisition Corp.'s Form 8-K filed with the SEC on December 19, 2019).
2.3	Agreement and Plan of Merger dated as of December 6, 2022, by and among Vivint Smart Home Inc., NRG Energy, Inc. and Jetson Merger Sub, Inc. (incorporated by reference to Exhibit 2.1 to the Registrant's Form 8-K, filed with the SEC on December 6, 2022).
3.1	Amended and Restated Certificate of Incorporation of the Company (incorporated by reference to Exhibit 3.1 of the Registrant's Form 8-K, filed with the SEC on January 24, 2020).
3.2	Certificate of Amendment of Certificate of Incorporation of the Company (incorporated by reference to Exhibit 3.2 of the Registrant's Form 8-K filed with the SEC on January 24, 2020).
3.3	Amended and Restated Bylaws of the Company (incorporated by reference to Exhibit 3.3 of the Registrant's Form 8-K filed with the SEC on January 24, 2020).
4.6	Indenture, dated as of February 14, 2020, among APX Group, Inc., the guarantors party thereto and Wilmington Trust, National Association as trustee and collateral agent relating to APX Group, Inc.'s 6.75% Senior Secured Notes due 2027 (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed on February 19, 2020).
4.7	Form of Note relating to APX Group, Inc.'s 6.75% Senior Secured Notes due 2027 (included in Exhibit 4.6 above).
4.8	First Supplemental Indenture, dated as of May 6, 2020, among Vivint Smart Home, Inc., the indirect parent company of APX Group, Inc., and Wilmington Trust, National Association, as trustee relating to APX Group, Inc's 6.75% Senior Secured Notes due 2027 (incorporated by reference to Exhibit 4.5 to the Registrant's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2020).
4.9	Second Supplemental Indenture, dated as of May 13, 2020, among Vivint Amigo, Inc., Vivint Warranty and Home Insurance, LLC, and Wilmington Trust, National Association, as trustee relating to APX Group, Inc's 6.75% Senior Secured Notes due 2027.
4.1	Third Supplemental Indenture, dated as of June 29, 2022, among certain guaranteeing subsidiaries of Vivint Smart Home, Inc. and Wilmington Trust, National Association, as trustee relating to APX Group, Inc's 6.75% Senior Secured Notes 2027 (incorporated by reference to Exhibit 4.1 to the Registrant's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2022).
4.11	Registration Rights Agreement, dated as of May 10, 2019, by and among APX Group, Inc., the guarantors listed on Schedule I thereto and Merrill Lynch, Pierce, Fenner & Smith Incorporated, as representative of the several initial purchasers of the Notes (incorporated by reference to Exhibit 4.2 to the Current Report on Form 8-K of APX Group Holdings, Inc. filed on May 10, 2019).

4.12	Description of the Securities of Vivint Smart Home, Inc. (incorporated by reference to Exhibit 4.13 of the Registrant's Form 10-K filed on March 1, 2022).
4.13	Specimen Warrant Certificate of Mosaic (incorporated by reference to Exhibit 4.3 of Mosaic's Form S-1 filed with the SEC on September 27, 2017).
4.14	Specimen Class A Common Stock Certificate (incorporated by reference to Exhibit 4.15 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2020 filed on February 26, 2021).
4.15	Warrant Agreement, dated as of September 26, 2017, between the Company and Continental Stock Transfer & Trust Company (incorporated by reference to Exhibit 4.4 filed with the Registrant's Current Report on Form 8-K filed on October 24, 2017).
4.16	Amended to Warrant Agreement, dated as of September 8, 2022, between the Company, Continental Stock Transfer & Trust Company and American Stock Transfer & Trust Company
4.17	Indenture, dated as of July 9, 2021, between APX Group, Inc., as the Issuer, the guarantors party hereto, and Wilmington Trust, National Association, as trustee, payment agent and registrar, relating to the Company's 5.75% Senior Notes due 2029 (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed on July 12, 2021).
4.18	Form of Note relating to APX Group, Inc.'s 5.75% Senior Notes due 2029 (included in Exhibit 4.17 above).
4.19	First Supplemental Indenture, dated as of June 29, 2022, among certain guaranteeing subsidiaries of Vivint Smart Home, Inc. and Wilmington Trust, National Association, as trustee relating to APX Group, Inc's 5.75% Senior Notes due 2029 (incorporated by reference to Exhibit 4.2 to the Registrant's Quarterly Report on form 10-Q for the quarterly period ended June 30, 2022).
10.1	Second Amended and Restated Credit Agreement, dated as of July 9, 2021, among APX Group Holdings, Inc., as Holdings, APX Group, Inc., as the borrower, the guarantors party hereto from time to time, Bank of America, N.A., as administrative agent, swing line lender and an L/C issuer (incorporated by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K filed on July 12, 2021).
10.2	Security Agreement, dated as of November 16, 2012, among the grantors named therein and Wilmington Trust, National Association, as Collateral Agent (incorporated by reference to Exhibit 10.3 to the Registration Statement on Form S-4 of APX Group Holdings, Inc. and the other registrants listed therein).
10.3	Intercreditor Agreement and Collateral Agency Agreement, dated as of November 16, 2012, among 313 Group Inc., the other grantors named therein, Bank of America, N.A., as Credit Agreement Collateral Agent, Wilmington Trust, National Association, as Notes Collateral Agent, and each Additional Collateral Agent from time to time party thereto (incorporated by reference to Exhibit 10.4 to the Registration Statement on Form S-4 of APX Group Holdings, Inc. and the other registrants listed therein).
10.4	Amended and Restated Security Agreement, dated as of July 9, 2021, among the grantors identified therein and Bank of America, N.A., as administrative agent (incorporated by reference to Exhibit 10.4 to the Registrant's Form 10-K filed on March 1, 2022).
10.5	Collateral Agent Joinder Agreement No. 1, dated as of September 6, 2018 to the Intercreditor and Collateral Agency Agreement dated as of November 16, 2012, among APX Group, Inc., the grantors party thereto, Bank of America, N.A. as the Credit Agreement Collateral Agent, Wilmington Trust, National Association, as Notes Collateral Agent, and each additional collateral agent from time to time party thereto (incorporated by reference to Exhibit 10.3 to the Quarterly Report on Form 10-Q of APX Group Holdings, Inc. for the quarterly period ended September 30, 2018).
10.6	Transaction Agreement, dated September 16, 2012, by and among 313 Acquisition LLC, 313 Group, Inc., 313 Solar, Inc., 313 Technologies, Inc., APX Group, Inc., V Solar Holdings, Inc. and 2GIG Technologies, Inc. (incorporated by reference to Exhibit 2.1 to the Registration Statement on Form S-4 of APX Group Holdings, Inc. and the other registrants listed therein).
10.7†	Management Subscription Agreement (Co-Investment Units), dated as of November 16, 2012, between 313 Acquisition LLC and Todd Pedersen (incorporated by reference to Exhibit 10.5 to the Registration Statement on Form S-4 of APX Group Holdings, Inc. and the other registrants listed therein).
10.9†	Management Subscription Agreement (Incentive Units), dated as of November 16, 2012, between Acquisition LLC and Todd Pedersen (incorporated by reference to Exhibit 10.7 to the Registration Statement on Form S-4 of APX Group Holdings, Inc. and the other registrants listed therein).

10.11†	Form of Management Subscription Agreement (Incentive Units) (incorporated by reference to Exhibit 10.9 to the Registration Statement on Form S-4 of APX Group Holdings, Inc. and the other registrants listed therein).
10.12†	Form of Management Subscription Agreement (Co-Investment Units) (incorporated by reference to Exhibit 10.10 to the Registration Statement on Form S-4 of APX Group Holdings, Inc. and the other registrants listed therein).
10.13†	Amended and Restated 313 Acquisition LLC Unit Plan (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K of APX Group Holdings, Inc. filed on September 23, 2016).
10.14†	Form of Letter Amendment, dated March 8, 2016, to Management Subscription Agreement (Incentive Units) (incorporated by reference to Exhibit 10.20 to the Annual Report on Form 10-K of APX Group Holdings, Inc. for the fiscal year ended December 31, 2015).
10.15†	Form of Retention Award Agreement (incorporated by reference to Exhibit 10.4 to the Quarterly Report on Form 10-Q of APX Group Holdings, Inc. for the quarterly period ended September 30, 2018).
10.16†	Form of Restricted Stock Unit Award Agreement under the Vivint Group, Inc. Amended and Restated 2013 Omnibus Incentive Plan (incorporated by reference to Exhibit 10.6 to the Quarterly Report on Form 10-Q of APX Group Holdings, Inc. for the quarterly period ended September 30, 2018).
10.17	Second Amended and Restated Consumer Financing Services Agreement, dated May 31, 2017, between Citizens Bank, N.A. and APX Group, Inc. (Portions of this exhibit have been omitted pursuant to confidential treatment order) (incorporated by reference to Exhibit 10.24 to the Annual Report on Form 10-K of APX Group Holdings, Inc. for the fiscal year ended December 31, 2017).
10.18†	Incentive Compensation Plan originally adopted on March 4, 2019 and assumed by Vivint Smart Home, Inc. on February 29, 2020 (incorporated by reference to Exhibit 10.19 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2020 filed on February 26, 2021).
10.19	Registration Rights Agreement, dated September 15, 2019, between the Company, Legacy Vivint Smart Home and the holders party thereto (incorporated by reference to Exhibit 10.19 of the Company's Form S-4, filed with the SEC on September 24, 2019).
10.20	Stockholders Agreement, dated as of September 15, 2019, among the Company, Legacy Vivint Smart Home and the other parties thereto (incorporated by reference to Exhibit 10.20 of the Company's Form S-4 filed with the SEC on September 24, 2019).
10.21	Subscription Agreement, by and among the Company, Legacy Vivint Smart Home and Fayerweather Fund Eiger, L.P., dated December 18, 2019 (incorporated by reference to Exhibit 10.1 of the Company's Form 8-K filed with the SEC on December 19, 2019).
10.22†	Amended and Restated Support and Services Agreement, among Mosaic, APX, Blackstone Management Partners L.L.C., Blackstone Capital Partners VI L.P. and 313 Acquisition, dated September 15, 2019 and effective as of January 17, 2020 (incorporated by reference to Exhibit 10.21 to the Registrant's Registration Statement on Form S-4 filed with the SEC on September 24, 2019).
10.23†	Form of Indemnification Agreement (incorporated by reference to Exhibit 10.2 the Registrant's Current Report on Form 8-K/A filed on January 27, 2020).
10.24†	Vivint Smart Home, Inc. 2020 Omnibus Incentive Plan (incorporated by reference to Exhibit 4.4 to the Registrant's Post-Effective Amendment on Form S-8 to Registration Statement on Form S-4 filed on March 24, 2020).
10.25†	Form of Restricted Stock Unit Grant Notice and Restricted Stock Unit Award Agreement under the Vivint Smart Home, Inc. 2020 Omnibus Incentive Plan (incorporated by reference to Exhibit 10.5 to the Registrant's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2020).
10.26†	Form of Performance Stock Unit Grant Notice and Performance Stock Unit Award Agreement under the Vivint Smart Home, Inc. 2020 Omnibus Incentive Plan (incorporated by reference to Exhibit 10.6 to the Registrant's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2020).
10.27†	Employment Agreement, dated March 2, 2020, between Vivint Smart Home, Inc. and Dale R. Gerard (incorporated by reference to Exhibit 10.35 to the Registration Statement on Form S-4/A of APX Group Holdings, Inc. filed on March 23, 2020).

10.28†	Amended and Restated Employment Agreement, dated June 20, 2022, between Vivint Smart Home, Inc. and Todd M. Santiago (incorporated by reference to Exhibit 10.4 to the Registrant's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2022).
10.29†	First Amendment to Stockholders Agreement, effective as of April 24, 2020 (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed on April 27, 2020).
10.30†	Form of Director Restricted Stock Unit Grant Notice and Restricted Stock Unit Award Agreement under the Vivint Smart Home, Inc. 2020 Omnibus Incentive Plan (incorporated by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2020).
10.31	First Amendment, effective May 29, 2018, to Second Amended and Restated Consumer Financing Services Agreement, dated May 31, 2017, between Citizens Bank, N.A. and APX Group, Inc. (incorporated by reference to Exhibit 10.3 to the Registrant's Quarterly Report on Form 10-Q filed on May 14, 2021).
10.32*	Second Amendment, effective February 26, 2019, to Second Amended and Restated Consumer Financing Services Agreement, dated May 31, 2017, between Citizens Bank, N.A. and APX Group, Inc. (incorporated by reference to Exhibit 10.4 to the Registrant's Quarterly Report on Form 10-Q filed on May 14, 2021).
10.33*	Third Amendment, effective March 31, 2021, to Second Amended and Restated Consumer Financing Services Agreement, dated May 31, 2017, between Citizens Bank, N.A. and APX Group, Inc. (incorporated by reference to Exhibit 10.5 to the Registrant's Quarterly Report on Form 10-Q filed on May 14, 2021).
10.33	Fourth Amendment, effective March 31, 2021, to Second Amended and Restated Consumer Financing Services Agreement, dated May 31, 2017, between Citizens Bank, N.A. and APX Group, Inc. (incorporated by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q filed on August 4, 2021).
10.34	Fifth Amendment, effective January 25, 2022, to Second Amended and Restated Consumer Financing Services Agreement, dated May 31, 2017, between Citizens Bank, N.A. and APX Group, Inc. (incorporated by reference to Exhibit 10.38 to the Registrant's Form 10-K filed on March 1, 2022).
10.35	Sixth Amendment, effective March 11, 2022, to Second Amended and Restated Consumer Financing Services Agreement, dated May 31, 2017, between Citizens Bank, N.A. and APX Group, Inc. (incorporated by reference to Exhibit 10.6 to the Registrant's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2022).
10.36*	Seventh Amendment, effective June 15, 2022, to Second Amended and Restated Consumer Financing Services Agreement, dated May 31, 2017, between Citizens Bank, N.A. and APX Group, Inc. (incorporated by reference to Exhibit 10.7 to the Registrant's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2022).
10.37†	Form of Restricted Stock Unit Grant Notice and Restricted Stock Unit Award Agreement under the Vivint Smart Home, Inc. 2020 Omnibus Incentive Plan (2021 Time-Based Restricted Stock Units) (incorporated by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q filed on May 14, 2021).
10.38†	Form of Restricted Stock Unit Grant Notice and Restricted Stock Unit Award Agreement under the Vivint Smart Home, Inc. 2020 Omnibus Incentive Plan (2021 Performance-Based Restricted Stock Units) (incorporated by reference to Exhibit 10.2 to the Registrant's Quarterly Report on Form 10-Q filed on May 14, 2021).
10.39†	Amended and Restated Employment Agreement, dated February 27, 2022, between Vivint Smart Home, Inc. and David Bywater (incorporated by reference to Exhibit 10.42 to the Registrant's Form 10-K filed on March 1, 2022).
10.40†	Amended and Restated Employment Agreement, dated June 20, 2022, between Vivint Smart Home, Inc. and Daniel Garen.
10.41†	Amended and Restated Employment Agreement, dated June 20, 2022, between Vivint Smart Home, Inc. and Rasesh Patel (incorporated by reference to Exhibit 10.5 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2022).
10.42†	Employment Agreement, dated June 20, 2022, between Vivint Smart Home, Inc. and Garner B. Meads.
10.43†	Employment Agreement, dated May 15, 2022, between Vivint Smart Home, Inc. and Dana Russell.

10.44†	Separation Agreement, dated April 14, 2022, between Vivint Smart Home, Inc. and Todd R. Pedersen (incorporated by reference to Exhibit 10.1 to the Registrant's Form 8-K, filed on April 14, 2022).
10.45†	Retention Letter, dated December 6, 2022, between Vivint Smart Home, Inc. and Rasesh Patel.
10.46†	Retention Letter, dated December 6, 2022, between Vivint Smart Home, Inc. and Todd Santiago.
10.47†	Retention Letter, dated December 6, 2022, between Vivint Smart Home, Inc. and Daniel Garen.
10.48†	Acceleration of Payments Letter, dated December 28, 2022, between Vivint Smart Home, Inc. and Dana Russell.
10.49†	Acceleration of Payments Letter, dated December 28, 2022, between Vivint Smart Home, Inc. and Daniel Garen.
10.50†	Acceleration of Payments Letter, dated December 28, 2022, between Vivint Smart Home, Inc. and Rasesh Patel.
10.51†	Acceleration of Payments Letter, dated December 28, 2022, between Vivint Smart Home, Inc. and Garner B. Meads.
21.1	Subsidiaries of Vivint Smart Home, Inc.
23.1	Consent of Independent Registered Public Accounting Firm.
31.1	Certification of the Registrant's Chief Executive Officer, David Bywater, pursuant to Rule 13a-14 of the Securities Exchange Act of 1934.
31.2	Certification of the Registrant's Chief Financial Officer, Dana Russell, pursuant to Rule 13a-14 of the Securities Exchange Act of 1934.
32.1	Certification of the Registrant's Chief Executive Officer, David Bywater, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of the Registrant's Chief Financial Officer, Dana Russell, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.1	The following materials are formatted in iXBRL (inline eXtensible Business Reporting Language): (i) the Consolidated Balance Sheets, (ii) the Consolidated Statements of Operations, (iii) the Consolidated Statements of Comprehensive Loss, (iv) the Consolidated Statements of Changes in Equity, (v) the Consolidated Statements of Cash Flows, (vi) Notes to Consolidated Financial Statements, and (vii) document and entity information.
104	Cover Page Interactive Data File (Embedded within the Inline XBRL document and included in Exhibit 101.1).

† Identifies exhibits that consist of a management contract or compensatory plan or arrangement.

* Certain portions of this exhibit have been omitted pursuant to Rule 601(b)(10) of Regulation S-K. The omitted information (i) is not material and (ii) is the type that the Registrant treats as private or confidential.

The agreements and other documents filed as exhibits to this Annual Report are not intended to provide factual information or other disclosure other than the terms of the agreements or other documents themselves, and you should not rely on them for that purpose. In particular, any representations and warranties made by the Company in these agreements or other documents were made solely within the specific context of the relevant agreement or document and may not describe the actual state of affairs at the date they were made or at any other time.

ITEM 16. FORM 10-K SUMMARY

None

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

VIVINT SMART HOME, INC.

By: /s/ DANA RUSSELL
Dana Russell
Chief Financial Officer

Date: February 24, 2023

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities indicated as of February 24, 2023.

Name	Title
/s/ David H. Bywater DAVID H. BYWATER	Chief Executive Officer and Director (Principal Executive Officer and Director)
/s/ Dana Russell DANA RUSSELL	Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)
/s/ David F. D'Alessandro DAVID F. D'ALESSANDRO	Director
/s/ Barbara J. Comstock BARBARA J. COMSTOCK	Director
/s/ Paul S. Galant PAUL S. GALANT	Director
/s/ Jay D. Pauley JAY D. PAULEY	Director
/s/ Todd R. Pedersen TODD R. PEDERSEN	Director
/s/ Michael Staub MICHAEL STAUB	Director
/s/ Joseph S. Tibbetts, Jr. JOSEPH S. TIBBETTS, JR.	Director
/s/ Peter F. Wallace PETER F. WALLACE	Director

Exhibit 4.9

SECOND SUPPLEMENTAL INDENTURE

Second Supplemental Indenture (this "**Supplemental Indenture**"), dated as of May 13, 2020 among Vivint Amigo, Inc., a Delaware corporation and Vivint Warranty and Home Insurance, LLC, a Delaware limited liability company (the "**Guaranteeing Subsidiaries**"), each a subsidiary of APX Group, Inc., a Delaware corporation (the "**Issuer**"), and Wilmington Trust, National Association, a national banking association, as trustee (the "**Trustee**").

W I T N E S S E T H

WHEREAS, the Issuer and the Guarantors have heretofore executed and delivered to the Trustee an Indenture (the "**Indenture**"), dated as of February 14, 2020, providing for the issuance of an unlimited aggregate principal amount of 6.75% Senior Secured Notes due 2027 (the "**Notes**");

WHEREAS, the Indenture provides that under certain circumstances the Guaranteeing Subsidiaries shall execute and deliver to the Trustee a supplemental indenture pursuant to which the Guaranteeing Subsidiaries shall unconditionally guarantee all of the Issuer's Obligations under the Notes and the Indenture on the terms and conditions set forth herein and under the Indenture (the "**Guarantee**"); and

WHEREAS, pursuant to Section 9.01 of the Indenture, the Trustee is authorized to execute and deliver this Supplemental Indenture.

NOW THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt of which is hereby acknowledged, the parties mutually covenant and agree for the equal and ratable benefit of the Holders as follows:

(1) Capitalized Terms. Capitalized terms used herein without definition shall have the meanings assigned to them in the Indenture.

(2) Agreement to Guarantee. Each Guaranteeing Subsidiary acknowledges that it has received and reviewed a copy of the Indenture and all other documents it deems necessary to review in order to enter into this Supplemental Indenture, and acknowledges and agrees to (i) join and become a party to the Indenture as indicated by its signature below; (ii) be bound by the Indenture, as of the date hereof, as if made by, and with respect to, each signatory hereto; and (iii) perform all obligations and duties required of a Guarantor pursuant to the Indenture. Each Guaranteeing Subsidiary hereby agrees to provide an unconditional Guarantee on the terms and subject to the conditions set forth in the Indenture, including, but not limited to, Article 10 thereof.

(3) Execution and Delivery. Each Guaranteeing Subsidiary agrees that the Guarantee shall remain in full force and effect notwithstanding the absence of the endorsement of any notation of such Guarantee on the Notes.

(4) No Recourse Against Others. No past, present or future director, officer, employee, incorporator, member, partner or direct or indirect equity holder of the Issuer or any Restricted Subsidiaries or any of their direct or indirect parent companies (other than the in such equityholder's capacity as Issuer or a Guarantor) shall have any liability for any obligations of the Issuer or the Guarantors (including the Guaranteeing Subsidiaries) under the Notes, any Guarantees, the Indenture, the Collateral Documents or this Supplemental Indenture or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder by accepting Notes waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes.

(5) Governing Law. THIS SUPPLEMENTAL INDENTURE WILL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.

(6) Counterparts. The parties may sign any number of copies of this Supplemental Indenture. Each signed copy shall be an original, but all of them together represent the same agreement. This Supplemental Indenture may be executed in multiple counterparts which, when taken together, shall constitute one instrument. The exchange of copies of this Supplemental Indenture and of signature pages by facsimile or PDF transmissions shall constitute effective execution and delivery of this Supplemental Indenture as to the parties hereto and may be used in lieu of the original Supplemental Indenture for all purposes. Signatures of the parties hereto transmitted by facsimile or PDF shall be deemed to be their original signatures for all purposes.

(7) Effect of Headings. The Section headings herein are for convenience only and shall not affect the construction hereof.

(8) The Trustee. The Trustee shall not be responsible in any manner whatsoever for or in respect of the validity or sufficiency of this Supplemental Indenture or for or in respect of the recitals contained herein, all of which recitals are made solely by the Guaranteeing Subsidiaries.

(9) Benefits Acknowledged. The Guarantee of each Guaranteeing Subsidiary is subject to the terms and conditions set forth in the Indenture. The Guaranteeing Subsidiary acknowledges that it will receive direct and indirect benefits from the financing arrangements contemplated by the Indenture and this Supplemental Indenture and that the guarantee and waivers made by it pursuant to this Guarantee are knowingly made in contemplation of such benefits.

(10) Successors. All agreements of each Guaranteeing Subsidiary in this Supplemental Indenture shall bind its Successors, except as otherwise provided in this Supplemental Indenture. All agreements of the Trustee in this Supplemental Indenture shall bind its successors.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have caused this Second Supplemental Indenture to be duly executed, all as of the date first above written.

VIVINT AMIGO, INC.

By: /s/ Dale R. Gerard

Name: Dale R. Gerard

Title: Chief Financial Officer

VIVINT WARRANTY AND HOME INSURANCE, LLC

By: /s/ Dale R. Gerard

Name: Dale R. Gerard

Title: Chief Financial Officer

WILMINGTON TRUST, NATIONAL, ASSOCIATION, as Trustee

By: /s/ Sarah Vilhauer

Name: Sarah Vilhauer

Title: Banking Officer

[Signature Page to Second Supplemental Indenture]

Exhibit 4.16

AMENDMENT OF
WARRANT AGREEMENT

THIS AMENDMENT OF WARRANT AGREEMENT (this "**Agreement"**), made as of September 8, 2022, is made by and among Vivint Smart Home, Inc. (f/k/a Mosaic Acquisition Corp.) a Delaware corporation ("**Vivint**"), Continental Stock Transfer & Trust Company, a New York corporation, as warrant agent ("**Continental**"), and American Stock Transfer & Trust Company, a New York limited liability company ("**AST**").

WHEREAS, Vivint and Continental are parties to that certain Warrant Agreement, dated as of September 26, 2017 (the "**Existing Warrant Agreement**");

WHEREAS, capitalized terms used herein, but not otherwise defined, shall have the meanings given to such terms in the Existing Warrant Agreement;

WHEREAS, Continental has agreed to resign its duties as the Warrant Agent as of the date hereof, and AST has agreed to serve as successor Warrant Agent from and after the date hereof; and

WHEREAS, pursuant to Section 9.8 of the Existing Warrant Agreement, the parties may amend the Existing Warrant Agreement without the consent of the Registered Holders.

NOW, THEREFORE, in consideration of the mutual agreements contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound hereby, the parties hereto agree as follows:

1 Amendment of Existing Warrant Agreement. The parties hereby amend, effective as of the date of this Agreement, the Existing Warrant Agreement as provided in this Section 1.

1.1 *Change in Warrant Agent*. References to "Continental Stock Transfer & Trust Company" in the Existing Warrant Agreement shall be replaced with "American Stock Transfer & Trust Company."

1.2 *Change of Address of Warrant Agent and Company.* Section 9.2 of the Existing Warrant Agreement is hereby amended and restated in its entirety to read as follows:

"Notices. Any notice, statement or demand authorized by this Agreement to be given or made by the Warrant Agent or by the holder of any Warrant to or on the Company shall be sufficiently given when so delivered if by hand or overnight delivery or if sent by certified mail or private courier service within five (5) days after deposit of such notice, postage prepaid, addressed (until another address is filed in writing by the Company with the Warrant Agent), as follows:

American Stock Transfer & Trust Company
48 Wall Street
New York, NY 10005
Email: Reorgwarrants@astfinancial.com

Any notice, statement or demand authorized by this Agreement to be given or made by the holder of any Warrant or by the Company to or on the Warrant Agent shall be sufficiently given when so delivered if by hand or overnight delivery or if sent by certified mail or private courier service within five (5) days after deposit of such notice, postage prepaid, addressed (until another address is filed in writing by the Warrant Agent with the Company), as follows:

Vivint Smart Home, Inc.
4931 N. 300 W.
Provo, Utah 85604
Attention: Chief Legal Officer"

1.3 Cashless Exercise at Company's Option. Section 7.4.2 of the Existing Warrant Agreement is hereby amended and restated in its entirety to read as follows:

> If the Ordinary Shares are at the time of any exercise of a Public Warrant not listed on a national securities exchange such that they satisfy the definition of a "covered security" under Section 18(b)(1) of the Securities Act, the Company may, at its option, (i) require holders of Public Warrants who exercise Public Warrants to exercise such Public Warrants on a "cashless basis" in accordance with Section 3(a)(9) of the Securities Act as described in subsection 7.4.1 and (ii) in the event the Company so elects, the Company shall (x) not be required to file or maintain in effect a registration statement for the registration, under the Securities Act, of the Ordinary Shares issuable upon exercise of the Warrants, notwithstanding anything in this Agreement to the contrary, and (y) use its commercially reasonable efforts to register or qualify for sale the Ordinary Shares issuable upon exercise of the Public Warrant under applicable blue sky laws to the extent an exemption is not available. Upon receipt of a Cashless Exercise the Warrant Agent will provide to the company for calculation. After the calculation the company will provide the Warrant Agent with the issuance instructions for new common shares.

2 Warrant Agent Succession and Resignation of Current Warrant Agent and Appointment of Successor. Continental hereby resigns as Warrant Agent, and Vivint hereby appoints AST to act as the Warrant Agent for Vivint for the Warrants, and AST hereby accepts such appointment and agrees to perform the same in accordance with the terms and conditions set forth in the Existing Warrant Agreement as modified by this Agreement.

3 Miscellaneous Provisions.

3.1 *Successors*. All the covenants and provisions of this Agreement by or for the benefit of the parties shall bind and inure to the benefit of their respective successors and assigns.

3.2 *Applicable Law*. The validity, interpretation, and performance of this Agreement and of the Warrants shall be governed in all respects by the laws of the State of New York, without giving effect to conflicts of law principles that would result in the application of the substantive laws of another jurisdiction. Vivint hereby agrees that any action, proceeding or claim against it arising out of or relating in any way to this Agreement shall be brought and enforced in the courts of the State of New York or the United States District Court for the Southern District of New York, and irrevocably submits to such jurisdiction, which jurisdiction shall be exclusive. Vivint hereby waives any objection to such exclusive jurisdiction and that such courts represent an inconvenient forum.

3.3 *Counterparts*. This Agreement may be executed in any number of original or facsimile counterparts and each of such counterparts shall for all purposes be deemed to be an original, and all such counterparts shall together constitute but one and the same instrument.

3.4 *Effect of Headings*. The section headings herein are for convenience only and are not part of this Agreement and shall not affect the interpretation thereof.

3.5 *Severability*. This Agreement shall be deemed severable, and the invalidity or unenforceability of any term or provision hereof shall not affect the validity or enforceability of this Agreement or of any other term or provision hereof. Furthermore, in lieu of any such invalid or unenforceable term or provision, the parties hereto intend that there shall be added as a part of

this Agreement a provision as similar in terms to such invalid or unenforceable provision as may be possible and be valid and enforceable.

3.6 *Entire Agreement*. The Existing Warrant Agreement, as modified by this Agreement, constitutes the entire understanding of the parties and supersedes all prior agreements, understandings, arrangements, promises and commitments, whether written or oral, express or implied, relating to the subject matter hereof, and all such prior agreements, understandings, arrangements, promises and commitments are hereby canceled and terminated.

[Signature page follows]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first above written.

VIVINT SMART HOME, INC.

By: /s/ Dana C. Russell
Name: Dana C. Russell
Title: Chief Financial Officer

CONTINENTAL STOCK TRANSFER & TRUST COMPANY

By: /s/ Erika Young
Name: Erika Young
Title: Vice President, 9/2/22

AMERICAN STOCK TRANSFER & TRUST COMPANY

By: /s/ Michael Legregin
Name: Michael Legregin
Title: Senior Vice President, Corporation Actions, Relationship Management & Operations

Exhibit 10.40

AMENDED AND RESTATED EMPLOYMENT AGREEMENT
(Daniel Garen)

AMENDED AND RESTATED EMPLOYMENT AGREEMENT (the "Agreement") dated June 20, 2022 (the "Effective Date") by and between Vivint Smart Home, Inc., a Delaware corporation (the "Company") and Daniel Garen ("Executive").

WHEREAS, the Company and Executive previously entered into an employment agreement, dated as of July 22, 2021, that governs Executive's employment with the Company (the "Original Employment Agreement")

WHEREAS, the Company and Executive desire to amend and restate the Original Employment Agreement in its entirety as forth herein;

WHEREAS, the Company desires for one or more of the Company or its subsidiaries to continue to employ Executive and Executive desires to continue to be employed; and

WHEREAS, the Company and Executive desire to enter into this Agreement embodying the terms of such continued employment.

NOW, THEREFORE, effective as of the Effective Date, this Agreement will supersede the Original Employment Agreement in its entirety; and

FURTHER, in consideration of the premises and mutual covenants herein and for other good and valuable consideration, the parties agree as follows:

1. Term of Employment. Subject to the provisions of Section 5 of this Agreement, Executive shall continue to be employed by the Company and/or one or more of its subsidiaries for a period commencing on the Effective Date and ending on the first anniversary of the Effective Date (the "Employment Term") on the terms and subject to the conditions set forth in this Agreement; provided, however, the Employment Term shall be automatically extended for an additional one-year period commencing with the first anniversary of the Effective Date and, thereafter, on each such successive anniversary of the Effective Date thereafter (each an "Extension Date"), unless the Company or Executive provides the other party hereto at least ninety (90) days prior written notice before the next Extension Date that the Employment Term shall not be so extended.

2. Position, Duties, Authority and Location.

(a) During the Employment Term, Executive shall serve as the Company's Chief Ethics and Compliance Officer. In such position, Executive shall have such duties, functions, responsibilities and authority as shall be determined from time to time by the Chief Executive Officer (the "CEO") of the Company and/or the Audit Committee of the Board of Directors of the Company (the "Board"). Executive shall report directly to the CEO and the Audit Committee. If requested by the Board, Executive shall also serve as a member of the Board without additional compensation.

(b) Executive will devote substantially all of Executive's business time and reasonable best efforts to the operation and oversight of the Company's businesses and performance of Executive's duties hereunder (excluding periods of vacation and sick leave) and will not engage in any other business activities that could conflict with his duties or services to the Company; provided that nothing herein shall preclude Executive, subject to obtaining consent

of the Board (not to be unreasonably withheld), from (i) accepting appointment to or continuing to serve on any board of directors or trustees of any business corporation, and (ii) serving as an officer or director or otherwise participating in non-profit educational, welfare, social, religious and civil organizations.

(c) Executive will provide services to the Company in the Company's offices in or around Provo, Utah, subject to customary Company travel. Executive is expected to be in the Company's office (subject to customary Company travel) for at least fifty (50%) percent of Executive's business time, and the Company will pay for reasonable costs of airfare to and from Utah and New York in accordance with the Company's then prevailing policy for senior executives, which shall include appropriate itemization and substantiation of airfare expenses incurred.

3. Compensation.

(a) Base Salary. During the Employment Term, the Company shall pay Executive a base salary ("Base Salary") at the annual rate of $600,000, payable in regular installments in accordance with the Company's usual payment practices. Executive's Base Salary shall be subject to annual review and subject to increase, if any, as may be determined from time to time in the sole discretion of the Board or the Compensation Committee of the Board, but in no event shall the Company be entitled to reduce Executive's Base Salary.

(b) Annual Bonus. During the Employment Term, Executive shall be eligible to earn an annual bonus award (an "Annual Bonus") with a target amount equal to 60% of Executive's Base Salary at the end of the performance period (the "Annual Target Bonus"). The Annual Bonus, if any, shall be paid to Executive within two and one-half months after the end of the applicable fiscal year. Except as provided in Section 5, no Annual Bonus shall be payable in respect of any fiscal year in which Executive's employment is terminated.

(c) Intentionally Omitted.

(d) Sign-on Bonus. The Company paid Executive a cash sign-on bonus in the amount of $300,000 (the "Sign-On Bonus"); provided, that in the event that Executive's employment is terminated by the Company for Cause (as defined below), or as a result of Executive's voluntary resignation without Good Reason (as defined below), prior to July 22, 2022, Executive shall forfeit any right to the Sign-On Bonus and Executive shall repay such amount to the Company within 30 days of Executive's termination of employment.

(e) Accelerated Vesting. Upon a termination of Executive's employment, within the Change in Control Period (as defined below), (i) by the Company without Cause or (ii) due to Executive's resignation with Good Reason (as defined below), the Company will accelerate the vesting of 100% of Executive's then unvested outstanding time-based restricted stock units and other time-based Company equity compensation awards (including any performance-based awards that are then only subject to time-vesting provisions). For purposes of this Section 3(e), "Change in Control Period" means the period beginning on the date six months prior to, and ending on the date that is eighteen (18) months following, a Change in Control (as defined under the Company's 2020 Omnibus Incentive Plan).

4. Benefits.

(a) General. During the Employment Term, Executive shall be entitled to participate in the Company's employee benefit, fringe and perquisite plans, practices, policies and arrangements as in effect from time to time (collectively, "Employee Benefits"), on generally the same terms and conditions as each of the Employee Benefits are made available to other senior executives of the Company (other than with respect to annual bonuses, incentive plans, severance plans or personal use of Company aircraft (as well as any other terms and conditions specifically determined under this Agreement), the benefits for each which shall be determined instead in accordance with this Agreement); provided that Executive shall be entitled to no less than four (4) weeks' vacation per calendar year.

(b) Reimbursement of Business Expenses. During the Employment Term, the Company shall reimburse Executive for reasonable and necessary business expenses incurred by Executive in the performance of Executive's duties hereunder in accordance with its then prevailing policy for senior executives (which shall include appropriate itemization and substantiation of expenses incurred).

5. Termination.

(a) The Employment Term and Executive's employment hereunder may be terminated by either party at any time and for any reason, subject to the notice and cure provisions set forth below. Notwithstanding any other provision of this Agreement, the provisions of this Section 5 shall exclusively govern Executive's rights upon termination of employment with the Company and its affiliates.

(b) By the Company for Cause.

(i) The Employment Term and Executive's employment hereunder may be terminated by the Company for Cause.

(ii) *Definition of Cause*. For purposes of this Agreement, "Cause" shall mean (A) Executive's continued failure substantially to perform Executive's employment duties (other than as a result of total or partial incapacity due to physical or mental illness) for a period of 10 days following written notice by the Company to Executive of such failure, (B) dishonesty in the performance of Executive's employment duties that is materially injurious to the Company, (C) an act or acts on Executive's part constituting (x) a felony charge under the laws of the United States or any state thereof or (y) a misdemeanor charge involving moral turpitude, (D) Executive's willful malfeasance or willful misconduct in connection with Executive's employment duties which causes substantial injury to the financial condition or business reputation of the Company or any of its subsidiaries or affiliates or (E) Executive's breach of any of the covenants set forth in Section 6 (other than any action taken in good faith and in a manner not opposed to the best interests of the Company, and which is promptly remedied by Executive upon notice by the Board); provided that none of the foregoing events shall constitute Cause unless Executive fails to cure such event and remedy any adverse or injurious consequences arising from such events within 10 days after receipt from the Company of written notice of the event which constitutes Cause (except that no cure or remedy period shall be provided if the event or such consequences are not capable of being cured and remedied).

(iii) If Executive's employment is terminated by the Company for Cause, Executive shall be entitled to receive:

(A) no later than ten (10) days following the date of termination, the Base Salary through the date of termination;

(B) reimbursement, within sixty (60) days following receipt by the Company of Executive's claim for such reimbursement (including appropriate supporting documentation), for any unreimbursed business expenses properly incurred by Executive in accordance with Company policy prior to Executive's termination; provided that such claims for such reimbursement are submitted to the Company within ninety (90) days following the date of Executive's termination of employment; and

(C) such Employee Benefits, if any, as to which Executive may be entitled under the tax qualified employee benefit plans of the Company, payable in accordance with the terms and conditions of such tax qualified employee benefit plans (the amounts described in clauses (A) through (C) hereof being referred to as the "Accrued Rights").

For the avoidance of doubt, in any legal proceeding to determine whether grounds for Cause existed on any date that the Company took action on the basis of the existence of Cause, the Company shall bear the burden of demonstrating grounds for Cause existed on such date. Following such termination of Executive's employment by the Company for Cause, except as set forth in this Section 5(b)(iii), Executive shall have no further rights to any compensation or any other benefits under this Agreement.

(c) Resignation by Executive without Good Reason. If Executive resigns without Good Reason, provided that Executive will be required to give the Company at least sixty (60) days advance written notice of such resignation of Executive's employment, Executive shall be entitled to receive:

(i) the Accrued Rights; and

(ii) the Prior Year Bonus (as defined below);

Following such resignation by Executive without Good Reason, except as set forth in this Section 5(c), Executive shall have no further rights to any compensation or any other benefits under this Agreement. The Company may elect to accelerate the termination date without changing the characteristic of such termination of employment as a resignation without Good Reason.

(d) Disability or Death.

(i) *Disability.* During any period that Executive fails to perform his duties hereunder as a result of incapacity due to physical or mental illness or injury (the "Disability Period"), Executive shall continue to receive his full Base Salary set forth in Section 3(a) until Executive's employment is terminated pursuant to Section 5(a). The Employment Term and Executive's employment hereunder may be terminated immediately by the Company due to Executive's Disability and will terminate immediately upon Executive's death. For purposes of this Agreement, "Disability" shall mean Executive's inability to perform, with or without reasonable accommodation, Executive's duties under this Agreement due to a physical or mental illness or injury for a period of six consecutive months or for an aggregate of twelve (12) months in any consecutive twenty-four (24)-month period. Any question as to the existence of the Disability of Executive as to which Executive and the Company cannot agree shall be determined in writing by a qualified independent physician mutually acceptable to Executive and the Company. If Executive and the Company cannot agree as to a qualified independent physician, each shall appoint such a physician and those two physicians shall select a third physician who shall make such determination in writing. The determination

of Disability made in writing to the Company and Executive shall be final and conclusive for all purposes of this Agreement.

(ii) Upon termination of Executive's employment hereunder for either Disability or death, Executive or Executive's estate, survivors or beneficiaries (as the case may be) shall be entitled to receive:

(A) the Accrued Rights;

(B) any Annual Bonus earned, but unpaid, as of the date of termination for the immediately preceding fiscal year, paid in accordance with Section 3(b) (the "Prior Year Bonus") (except to the extent payment is otherwise deferred pursuant to any applicable deferred compensation arrangement with the Company, in which case such payment shall be made in accordance with the terms and conditions of such deferred compensation arrangement);

(C) no later than ten (10) days following the date of termination, a pro rata portion of the Annual Target Bonus payable for the fiscal year in which such termination occurs, based on a fraction, the numerator of which is the number of days during the fiscal year up to and including the date of termination of Executive's employment and the denominator of which is the number of days in such fiscal year (the "Pro-Rated Bonus"); and

(D) death or disability benefits under any applicable plans and programs of the Company in accordance with the terms and provisions of such plans and programs.

(e) By the Company Without Cause (Other Than by Reason of Death or Disability) or Resignation by Executive with Good Reason.

(i) "Good Reason" shall be deemed to exist upon the occurrence of (A) a reduction in Executive's Base Salary or Annual Target Bonus; (B) a material diminution in Executive's title or Executive's duties, authority or responsibilities that materially decreases the overall scope of Executive's duties, authority or responsibilities; (C) the relocation of Executive's primary office location to a location that is more than fifty (50) miles from Executive's primary office location, in each case without Executive's prior written consent; or (D) the Company's material breach of any of the provisions of this Agreement or any other material agreement to which Executive is party with the Company; provided that none of the foregoing events shall constitute Good Reason unless the Company fails to cure such event within thirty (30) days after receipt from Executive of written notice of the event which constitutes Good Reason and Executive actually terminates employment within thirty (30) days following the expiration of the Company's thirty (30)-day cure period (otherwise, any claim of such circumstances as Good Reason shall be deemed irrevocably waived by Executive); and provided, further, that "Good Reason" shall cease to exist for an event on the sixtieth (60^{th}) day following Executive's knowledge of its occurrence, unless Executive has given the Company written notice thereof prior to such date.

(ii) If (x) Executive's employment is terminated by the Company without Cause (other than by reason of death or Disability) or (y) Executive resigns with Good Reason, Executive shall be entitled to receive:

(A) the Accrued Rights;

(B) the Pro-Rated Bonus; and

(C) subject to Executive's continued compliance with Section 6 and material compliance with Section 7 hereof, and the execution and non-revocation of the Release (as defined below), a lump-sum cash payment within 55 days after such termination and effectiveness of the Release equal to the sum of (x) 150% of Executive's Base Salary as of the date immediately prior to Executive's termination of employment and (y) 150% of the actual Annual Bonus paid in respect of the immediately preceding fiscal year (or, if such termination occurs prior to the first date on which an Annual Bonus would have been paid had any payment been due, the Annual Target Bonus for the immediately preceding fiscal year), and (z) the monthly COBRA costs of providing health and welfare benefits for Executive and Executive's dependents under the plans in which Executive was participating on the date of the applicable "COBRA qualifying event," at the time of such event, times eighteen (18).

(f) Release. Amounts payable to Executive under Section 5(c)(ii), or Sections 5(d)(ii)(B) and 5(d)(ii)(C), or Sections 5(e)(ii)(B) and 5(e)(ii)(C) (collectively, the "Conditioned Benefits") are subject to (i) Executive's execution and non-revocation of a release of claims, substantially in the form attached hereto as Exhibit I (the "Release"), within sixty (60) days of the date of termination and (ii) the expiration of any revocation period contained in such Release. Further, to the extent that any of the Conditioned Benefits constitutes "nonqualified deferred compensation" for purposes of Section 409A of the Internal Revenue Code of 1986, as amended (the "Code"), any payment of any amount or provision of any benefit otherwise scheduled to occur prior to the sixtieth (60^{th}) day following the date of Executive's termination of employment hereunder, but for the condition on executing the Release as set forth herein, shall not be made until the first regularly scheduled payroll date following such sixtieth (60^{th}) day, after which any remaining Conditioned Benefits shall thereafter be provided to Executive according to the applicable schedule set forth herein.

(g) Expiration of Employment Term. Unless the parties otherwise agree in writing, continuation of Executive's employment with the Company following the expiration of the Employment Term (including any renewal term) shall be deemed an employment at-will and shall not be deemed to extend any of the provisions of this Agreement and Executive's employment may thereafter be terminated at will by either Executive or the Company; provided that the provisions of Sections 6, 7 and 8 of this Agreement shall survive any termination of this Agreement or Executive's termination of employment hereunder.

(h) Notice of Termination; Board/Committee Resignation. Any purported termination of employment by the Company or by Executive (other than due to Executive's death) pursuant to Section 5 of this Agreement shall be communicated by written Notice of Termination to the other party hereto. For purposes of this Agreement, a "Notice of Termination" shall mean a notice which shall indicate the specific termination provision in this Agreement relied upon and shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of employment under the provision so indicated. Upon termination of Executive's employment for any reason, Executive agrees to resign, as of the date of such termination and to the extent applicable, from the Board (and any committees thereof) and the Board of Directors (and any committees thereof) of any of the Company's affiliates (except to the extent Executive is otherwise entitled pursuant to a separate contractual arrangement to continue to serve as a member of the Board).

6. Non-Competition; Non-Solicitation. Executive acknowledges and recognizes the highly competitive nature of the businesses of the Company and its affiliates and accordingly agrees as follows:

(a) Non-Competition.

(i) During Executive's employment hereunder and, for a period of eighteen (18) months following the date Executive ceases to be employed by the Company (the "Restricted Period"), Executive will not, whether on Executive's own behalf or on behalf of or in conjunction with any person, firm, partnership, joint venture, association, corporation or other business organization, entity or enterprise whatsoever ("Person"), directly or indirectly, solicit or assist in soliciting in competition with the Restricted Group in the Business, the business of any then current or prospective client or customer with whom Executive (or Executive's direct reports) had personal contact or dealings on behalf of the Company during the one-year period preceding Executive's termination of employment directly or indirectly.

(ii) During the Restricted Period, Executive will not directly or indirectly:

(A) engage in the Business anywhere in the United States, or in any geographical area that is within 100 miles of any geographical area where the Restricted Group engages in the Business, including, for the avoidance of doubt, by entering into the employment of or rendering any services to a Core Competitor, except where such employment or services do not relate in any manner to the Business;

(B) acquire a financial interest in, or otherwise become actively involved with, any Person engaged in the Business, directly or indirectly, as an individual, partner, shareholder, officer, director, principal, agent, trustee or consultant; or

(C) intentionally and adversely interfere with, or attempt to adversely interfere with, business relationships between the members of the Restricted Group and any of their clients, customers, suppliers, partners, members or investors.

(iii) Notwithstanding anything to the contrary in this Agreement, Executive may, directly or indirectly own, solely as an investment, securities of any Person engaged in a Business (including, without limitation, a Core Competitor) which are publicly traded on a national or regional stock exchange or on the over-the-counter market if Executive (i) is not a controlling person of, or a member of a group which controls, such person and (ii) does not, directly or indirectly, own 2% or more of any class of securities of such Person.

(b) Non-Solicitation. During Executive's employment hereunder and the Restricted Period, Executive will not, whether on Executive's own behalf or on behalf of or in conjunction with any Person, directly or indirectly:

(i) solicit or encourage any employee of the Restricted Group to leave the employment of the Restricted Group;

(ii) hire any executive-level employee who was employed by the Restricted Group as of the date of Executive's termination of employment with the Company or who left the employment of the Restricted Group coincident with, or within one year prior to or one year after, the date of Executive's termination of employment with the Company; or

(iii) encourage any material consultant of the Restricted Group to cease working with the Restricted Group.

(iv) For purposes of this Agreement:

(A) "Business" shall mean (1) origination, installation, or monitoring services related to residential or commercial security, life-safety, energy management, cloud storage or smart home automation services, including cloud enabled software solutions related thereto, (2) installation or servicing of residential or commercial solar panels or sale of electricity generated by solar panels, (3) design, engineering or manufacturing of technology or products related to residential or commercial security, life-safety, energy management or cloud storage, smart home automation services, including cloud enabled software solutions related thereto, and/or (4) the sale or marketing of home, auto or other home-related insurance products.

(B) "Core Competitor" shall mean (i) ADT Inc.; Alarm.com Inc.; Arlo; Resideo Technologies, Inc.; Comcast Corporation; Ring, LLC; Control4; Enium Capital; Honeywell International Inc.; SimpliSafe, Inc.; Monitronics International, Inc. (d/b/a Brinks Home Security); SmartThings, Inc.; Wink Labs, Inc.; Ecobee, Inc.; Protect America, Inc.; Stanley Security Solutions, Inc.; Vector Security, Inc.; Slomins, Inc.; Life Alert; Titanium LLC; Northstar Alarm Services; Alder Holdings, LLC; SafeStreets USA; Alert Alarm Hawaii; EVO Automation, LLC; CPI Security Systems, Inc.; Safe Home Security, Inc.; Guardian Protection Services; SAFE Security; Cove Smart, LLC; Aptive Environmental, LLC and any of their respective affiliates or current and future dealers, as well as the home security, automation and solar affiliates, divisions or departments for Tesla, Inc., Rogers Communications; Amazon; Google; Microsoft; Apple; Cox Communications Inc. and Telus Corporation; (ii) Sungevity, Inc.; RPS; Sunrun, Inc.; SunPower Corporation; Corbin Solar Solutions LLC; Spruce Finance; Galkos Construction, Inc.; Sunova Capital; Sunder Energy; Freedom Forever, LLC; LGCY Power, LLC; Vivint Solar, Inc.; Titan Solar; TriSMART Solar; Suntuity; Lumio, Inc.; Rise Energy; Atlantic Key Energy (aka AKE Solar); Kayo Energy; Lift Energy; Deca Solar; Aptive Solar, LLC and any of their respective affiliates or current and future dealers; and (iii) Hippo Insurance Company and Lemonade Insurance Company and any of their respective affiliates or current and future dealers. The Company maintains the right, in its reasonable discretion, to amend the list of Core Competitors on prior notice to the Participant.

(C) "Restricted Group" shall mean, collectively, the Company and its subsidiaries and, to the extent engaged in the Business, their respective affiliates.

(c) During the Restricted Period, Executive agrees not to make, or cause any other person to make, any communication that is intended to criticize or disparage, or has the effect of criticizing or disparaging, the Company or any of its affiliates, agents or advisors, or any of its or their respective employees, officers or directors (it being understood that comments made in Executive's good faith performance of his duties hereunder shall not be deemed disparaging or defamatory for purposes of this Agreement). During the Restricted Period, the Company shall instruct its executive officers and directors to refrain from intentionally making any communication that is intended to criticize or disparage, or has the effect of criticizing or disparaging, Executive (it being understood that comments made in the good faith performance of their ordinary course duties to the Company or its affiliates shall not be deemed disparaging or

defamatory for purposes of this Agreement), and the Company agrees not to make any official communication, press release or other public statement that criticizes or disparages Executive. Nothing set forth herein shall be interpreted to prohibit either party from responding truthfully to incorrect public statements, making truthful statements when reasonably appropriate in connection with any litigation Executive and the Company or any of its affiliates or required by law, subpoena or court order and/or from responding to any inquiry by any regulatory or investigatory organization.

(d) It is expressly understood and agreed that although Executive and the Company consider the restrictions contained in this Section 6 to be reasonable, if a final judicial determination is made by a court of competent jurisdiction that the time or territory or any other restriction contained in this Section 6 is an unenforceable restriction against Executive, the provisions of this Agreement shall not be rendered void but shall be deemed amended to apply as to such maximum time and territory and to such maximum extent as such court may judicially determine or indicate to be enforceable. Alternatively, if any court of competent jurisdiction finds that any restriction contained in this Section 6 is unenforceable, and such restriction cannot be amended so as to make it enforceable, such finding shall not affect the enforceability of any of the other restrictions contained herein.

(e) The period of time during which the provisions of this Section 6 shall be in effect shall be extended by the length of time during which Executive is in breach of the terms hereof as determined by any court of competent jurisdiction on the Company's application for injunctive relief.

(f) The provisions of this Section 6 shall survive the termination of Executive's employment for any reason, including but not limited to, any termination other than for Cause.

7. Confidentiality; Intellectual Property.

(a) Confidentiality.

(i) Executive will not at any time (whether during or after Executive's employment with the Company), (x) retain or use for the benefit, purposes or account of Executive or any other Person; or (y) disclose, divulge, reveal, communicate, share, transfer or provide access to any Person outside the Company (other than Executive's professional advisers who are bound by confidentiality obligations or otherwise in performance of Executive's duties under Executive's employment and pursuant to customary industry practice), any non-public, proprietary or confidential information – including, without limitation, trade secrets, know-how, research and development, software, databases, inventions, processes, formulae, technology, designs and other intellectual property, information concerning finances, investments, profits, pricing, costs, products, services, vendors, customers, clients, partners, investors, personnel, compensation, recruiting, training, advertising, sales, marketing, promotions, government and regulatory activities and approvals – concerning the past, current or future business activities and operations of the Company, its subsidiaries or affiliates and/or any third party that has disclosed or provided any of same to the Company, its subsidiaries or affiliates on a confidential basis ("Confidential Information") without the prior written authorization of the Board.

(ii) "Confidential Information" shall not include any information that is (a) generally known to the industry or the public other than as a result of Executive's breach of this covenant; (b) made legitimately available to Executive by a third party without breach of any confidentiality obligation of which Executive has knowledge; or

(c) required by law to be disclosed; provided that with respect to subsection (c) Executive shall give prompt written notice to the Company of such requirement, disclose no more information than is so required, and reasonably cooperate with any attempts by the Company to obtain a protective order or similar treatment.

(iii) Except as required by law, Executive will not disclose to anyone, other than Executive's family (it being understood that, in this Agreement, the term "family" refers to Executive, Executive's spouse, children, parents and spouse's parents) and advisors, the existence or contents of this Agreement; provided that Executive may disclose to any prospective future employer the provisions of Sections 6 and 7 of this Agreement. This Section 7(a)(iii) shall terminate if the Company publicly discloses a copy of this Agreement (or, if the Company publicly discloses summaries or excerpts of this Agreement, to the extent so disclosed).

(iv) Upon termination of Executive's employment with the Company for any reason, Executive shall (A) cease and not thereafter commence use of any Confidential Information or intellectual property (including without limitation, any patent, invention, copyright, trade secret, trademark, trade name, logo, domain name or other source indicator) owned or used by the Company, its subsidiaries or affiliates; and (B) immediately destroy, delete, or return to the Company, at the Company's option, all originals and copies in any form or medium (including memoranda, books, papers, plans, computer files, letters and other data) in Executive's possession or control (including any of the foregoing stored or located in Executive's office, home, laptop or other computer, whether or not Company property) that contain Confidential Information, except that Executive may retain only those portions of any personal notes, notebooks and diaries that do not contain any Confidential Information.

(v) Nothing in this Agreement shall prohibit or impede Executive from communicating, cooperating or filing a complaint with any U.S. federal, state or local governmental or law enforcement branch, agency or entity (collectively, a "Governmental Entity") with respect to possible violations of any U.S. federal, state or local law or regulation or otherwise making disclosures to any Governmental Entity, in each case, that are protected under the whistleblower provisions of any such law or regulation; provided, that in each case such communications and disclosures are consistent with applicable law. Executive understands and acknowledges that an individual shall not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that is made: (a) in confidence to a federal, state or local government official or to an attorney solely for the purpose of reporting or investigating a suspected violation of law or in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. Executive understands and acknowledges further that an individual who files a lawsuit for retaliation by an employer for reporting a suspected violation of law may disclose the trade secret to the attorney of the individual and use the trade secret information in the court proceeding, if the individual files any document containing the trade secret under seal, and does not disclose the trade secret, except pursuant to court order. Except as otherwise provided in this paragraph or under applicable law, under no circumstance is Executive authorized to disclose any information covered by the Company's attorney-client privilege or attorney work product or the Company's trade secrets, without the prior written consent of the Company. Executive does not need the prior authorization of (or to give notice to) the Company regarding any communication, disclosure or activity described in this paragraph.

(b) Intellectual Property.

(i) If Executive creates, invents, designs, develops, contributes to or improves any works of authorship, inventions, intellectual property, materials, documents or other work product (including without limitation, research, reports, software, databases, systems, applications, presentations, textual works, content, or audiovisual materials) ("Works"), either alone or with third parties, at any time during Executive's employment by the Company (or any of its subsidiaries) and within the scope of such employment and/or with the use of any of the Company resources (such Works, "Company Works"), Executive shall promptly and fully disclose same to the Company and hereby irrevocably assigns, transfers and conveys, to the maximum extent permitted by applicable law, all of Executive's right, title, and interest therein (including rights under patent, industrial property, copyright, trademark, trade secret, unfair competition, other intellectual property laws, and related laws) to the Company to the extent ownership of any such rights does not vest originally in the Company. If Executive creates any written records (in the form of notes, sketches, drawings, or any other tangible form or media) of any Company Works, Executive will keep and maintain same. The records will be available to and remain the sole property and intellectual property of the Company at all times.

(ii) Executive shall take all requested actions and execute all requested documents (including any licenses or assignments required by a government contract) at the Company's expense (but without further remuneration) to assist the Company in validating, maintaining, protecting, enforcing, perfecting, recording, patenting or registering any of the Company's rights in the Company Works.

(iii) Executive shall not improperly use for the benefit of, bring to any premises of, divulge, disclose, communicate, reveal, transfer or provide access to, or share with the Company any confidential, proprietary or non-public information or intellectual property relating to a former employer or other third party without the prior written permission of such third party. Executive shall comply with all relevant policies and guidelines of the Company that are from time to time previously disclosed to Executive, including regarding the protection of Confidential Information and intellectual property and potential conflicts of interest.

(iv) The provisions of Section 7 hereof shall survive the termination of Executive's employment for any reason.

8. Specific Performance . Executive acknowledges and agrees that the Company's remedies at law for a breach or threatened breach of any of the provisions of Section 6 and Section 7 of this Agreement would be inadequate and the Company would suffer irreparable damages as a result of such breach or threatened breach. In recognition of this fact, Executive agrees that, in the event of such a breach or threatened breach, in addition to any remedies at law, the Company, without posting any bond, shall be entitled, in addition to any other remedy available at law or equity, to cease making any payments or providing any benefit otherwise required by this Agreement and obtain equitable relief in the form of specific performance, temporary restraining order, temporary or permanent injunction or any other equitable remedy which may then be available. In addition, upon any breach of Section 6 or any material breach of Section 7 of this Agreement, Executive shall promptly return to the Company upon request all cash payments made to Executive pursuant to Section 5 (if any), less any amounts paid by Executive as taxes in respect of such payments (unless such taxes are actually recovered by Executive from the relevant governmental authority, in which case such tax amounts also shall be returned to the Company). Any determination under this Section 8 of whether Executive is in compliance with Section 6 hereof and material compliance with Section 7 hereof shall be

determined based solely on the contractual provisions provided therein and the facts and circumstances of Executive's actions without regard to whether the Company could obtain an injunction or other relief under the law of any particular jurisdiction.

9. Miscellaneous.

(a) Indemnification; Directors' and Officers' Insurance. The Company shall indemnify and hold Executive harmless for all acts and omissions occurring during his employment with the Company or service as a member of the Board to the extent provided under the Company's charter, by-laws and applicable law, and shall promptly advance to Executive or Executive's heirs or representatives all damages, costs, liabilities, losses and expenses (including reasonable attorneys' fees and expenses) (collectively, "Expenses") as a result of any claim, demand, request, investigation, dispute, controversy, threat, discovery request or request for testimony or information (collectively, a "Claim") or any proceeding (whether civil, criminal, administrative or investigative), or any threatened Claim or proceeding (whether civil, criminal, administrative or investigative), against Executive that arises out of or relates to Executive's service as an officer, director or employee, as the case may be, of the Company, or Executive's service in any such capacity or similar capacity with an affiliate of the Company or other entity at the request of the Company, upon receipt by the Company of a written request with appropriate documentation of such Expenses, and an undertaking by Executive to repay the amount advanced if it shall ultimately be determined that Executive is not entitled to be indemnified by the Company against such Expenses. During the Employment Term and for a term of six years thereafter, the Company, or any successor to the Company, shall purchase and maintain, at its own expense, directors and officers liability insurance providing coverage for Executive in the same amount as for members of the Board.

(b) Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Utah, without regard to conflicts of laws principles thereof.

(c) Jurisdiction; Venue. Except as otherwise provided in Section 8 in connection with equitable remedies, each of the parties hereto hereby irrevocably submits to the exclusive jurisdiction of any federal or state court sitting in the State of Utah over any suit, action or proceeding arising out of or relating to this Agreement and each of the parties agrees that any action relating in any way to this Agreement must be commenced only in the courts of the State of Utah, federal or state. Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted or not prohibited by law, any objection which it may now or hereafter have to the laying of the venue of any such suit, action or proceeding brought in such a court and any claim that any such suit, action or proceeding brought in such a court has been brought in an inconvenient forum. Each of the parties hereto hereby irrevocably consents to the service of process in any suit, action or proceeding by sending the same by certified mail, return receipt requested, or by recognized overnight courier service, to the address of such party set forth in Section 9(j).

(d) Entire Agreement; Amendments. This Agreement (including, without limitation, the schedules and exhibits attached hereto) contains the entire understanding of the parties with respect to the employment of Executive by the Company, and supersedes all prior agreements and understandings (including verbal agreements) between Executive and the Company and/or its current or former affiliates regarding the terms and conditions of Executive's employment with the Company and/or its current or former affiliates. There are no restrictions, agreements, promises, warranties, covenants or undertakings between the parties with respect to the subject matter herein other than those expressly set forth herein. This Agreement (including, without limitation, the schedules and exhibits attached hereto) may not be altered, modified, or amended except by written instrument signed by the parties hereto.

(e) No Waiver. The failure of a party to insist upon strict adherence to any term of this Agreement on any occasion shall not be considered a waiver of such party's rights or deprive such party of the right thereafter to insist upon strict adherence to that term or any other term of this Agreement.

(f) Severability. In the event that any one or more of the provisions of this Agreement shall be or become invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions of this Agreement shall not be affected thereby.

(g) Assignment. This Agreement, and all of Executive's rights and duties hereunder, shall not be assignable or delegable by Executive. Any purported assignment or delegation by Executive in violation of the foregoing shall be null and void *ab initio* and of no force and effect. This Agreement shall be assigned by the Company to a person or entity which is a successor in interest to substantially all of the business operations of the Company. Upon such assignment, the rights and obligations of the Company hereunder shall become the rights and obligations of such affiliate or successor person or entity.

(h) Set Off; No Mitigation. Executive shall not be required to mitigate the amount of any payment provided for pursuant to this Agreement by seeking other employment, and such payments shall not be reduced by any compensation or benefits received from any subsequent employer or other endeavor. Any amounts due under Section 5 of this Agreement are considered reasonable by the Company and are not in the nature of a penalty.

(i) Compliance with Code Section 409A.

(i) The intent of the parties is that payments and benefits under this Agreement comply with or be exempt from Code Section 409A and, accordingly, to the maximum extent permitted, this Agreement shall be interpreted to be in compliance therewith. If any provision of this Agreement (or of any award of compensation, including equity compensation or benefits) would cause Executive to incur any additional tax or interest under Code Section 409A, the Company shall, after consulting with and receiving the approval of Executive, reform such provision in a manner intended to avoid the incurrence by Executive of any such additional tax or interest.

(ii) A termination of employment shall not be deemed to have occurred for purposes of any provision of this Agreement providing for the payment of any amounts or benefits that are considered nonqualified deferred compensation under Code Section 409A upon or following a termination of employment unless such termination is also a "separation from service" within the meaning of Code Section 409A, and, for purposes of any such provision of this Agreement, references to a "termination," "termination of employment" or like terms shall mean "separation from service." The determination of whether and when a separation from service has occurred for proposes of this Agreement shall be made in accordance with the presumptions set forth in Section 1.409A-1(h) of the Treasury Regulations.

(iii) Any provision of this Agreement to the contrary notwithstanding, if at the time of Executive's separation from service, the Company determines that Executive is a "specified employee," within the meaning of Code Section 409A, then to the extent any payment or benefit that Executive becomes entitled to under this Agreement on account of such separation from service would be considered nonqualified deferred compensation under Code Section 409A, such payment or benefit shall be paid or provided at the date which is the earlier of (i) six (6) months and one day after such separation from service and (ii) the date of Executive's death (the "Delay Period"). Upon

the expiration of the Delay Period, all payments and benefits delayed pursuant to this Section 9(i) (whether they would have otherwise been payable in a single sum or in installments in the absence of such delay) shall be paid or provided to Executive in a lump-sum, and any remaining payments and benefits due under this Agreement shall be paid or provided in accordance with the normal payment dates specified for them herein.

(iv) Any reimbursements and in-kind benefits provided under this Agreement that constitute deferred compensation within the meaning of Code Section 409A shall be made or provided in accordance with the requirements of Code Section 409A, including that (A) in no event shall any fees, expenses or other amounts eligible to be reimbursed by the Company under this Agreement be paid later than the last day of the calendar year next following the calendar year in which the applicable fees, expenses or other amounts were incurred; (B) the amount of expenses eligible for reimbursement, or in-kind benefits that the Company is obligated to pay or provide, in any given calendar year shall not affect the expenses that the Company is obligated to reimburse, or the in-kind benefits that the Company is obligated to pay or provide, in any other calendar year, provided that the foregoing clause (B) shall not be violated with regard to expenses reimbursed under any arrangement covered by Section 105(b) of the Code solely because such expenses are subject to a limit related to the period the arrangement is in effect; and (C) Executive's right to have the Company pay or provide such reimbursements and in-kind benefits may not be liquidated or exchanged for any other benefit.

(v) For purposes of Code Section 409A, Executive's right to receive any installment payments shall be treated as a right to receive a series of separate and distinct payments. Whenever a payment under this Agreement specifies a payment period with reference to a number of days (for example, "payment shall be made within thirty (30) days following the date of termination"), the actual date of payment within the specified period shall be within the sole discretion of the Company. In no event may Executive, directly or indirectly, designate the calendar year of any payment to be made under this Agreement, to the extent such payment is subject to Code Section 409A.

(j) Notice. For the purpose of this Agreement, notices and all other communications provided for in the Agreement shall be in writing and shall be deemed to have been duly given when delivered by hand or overnight courier or three days after it has been mailed by United States registered mail, return receipt requested, postage prepaid, addressed to the respective addresses set forth below in this Agreement, or to such other address as either party may have furnished to the other in writing in accordance herewith, except that notice of change of address shall be effective only upon receipt.

If to the Company:

Vivint Smart Home, Inc.
4931 North 300 West
Provo, Utah 84604
Attention: Chief Legal Officer

with a copy (which shall not constitute notice) to:

Simpson Thacher & Bartlett LLP
425 Lexington Avenue
New York, New York 10017
Attention: Gregory T. Grogan

If to Executive:

To the most recent address of Executive set forth in the personnel records of the Company.

(k) Executive Representation. Executive hereby represents to the Company that the execution and delivery of this Agreement by Executive and the Company and the performance by Executive of Executive's duties hereunder shall not constitute a breach of the terms of any employment agreement or other agreement or written policy to which Executive is a party or otherwise bound. Executive hereby further represents that he is not subject to any restrictions on his ability to solicit, hire or engage any employee or other service-provider. Executive agrees that the Company is relying on the foregoing representations in entering into this Agreement and related equity-based award agreements.

(l) Withholding Taxes. The Company may withhold from any amounts payable under this Agreement such Federal, state and local taxes as may be required to be withheld pursuant to any applicable law or regulation.

(m) Counterparts. This Agreement may be signed in counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

(n) Section 280G. If any payment or benefit Executive will or may receive from the Company under this Agreement or otherwise would (a) constitute a "parachute payment" within the meaning of Section 280G of the Code (a "280G Payment") and, (b) but for this sentence, be subject to the excise tax imposed by Section 4999 of the Code (the "Excise Tax"), then the Company shall cause to be determined, before any amounts of the 280G Payment are paid to Executive, which of the following two amounts would maximize Executive's after-tax proceeds: (i) payment in full of the entire amount of the 280G Payment (a "Full Payment"), or (ii) payment of only a part of the 280G Payment, so that Executive receives the largest payment possible without the imposition of the Excise Tax (a "Reduced Payment"), whichever amount results in Executive's receipt, on an after-tax basis, of the greater amount of the 280G Payment notwithstanding that all or some portion of the 280G Payment may be subject to the Excise Tax. For purposes of determining whether to make a Full Payment or a Reduced Payment, the Company shall cause to be taken into account all applicable federal, state and local income and employment taxes and the Excise Tax (all computed at the highest applicable marginal rate, net of the maximum reduction in federal income taxes which could be obtained from a deduction of such state and local taxes). If a Reduced Payment is made, (A) the 280G Payment shall be paid only to the extent permitted under the Reduced Payment alternative, and Executive shall have no rights to any additional payments and/or benefits constituting the 280G Payment, and (B) reduction in payments and/or benefits shall occur in the manner that results in the greatest economic benefit for Executive, as determined in the Company's reasonable good faith discretion. All determinations required to be made under this Section 9(n), including whether an Excise Tax would otherwise be imposed, whether the Payments shall be reduced, the amount of any such reduction and the assumptions to be utilized in arriving at such determinations not expressly provided for herein, shall be made in a manner determined by the Company. Any determination by the Company shall be binding upon Executive, absent manifest error. For purposes of determining whether and the extent to which the payments will be subject to the Excise Tax: (i) no portion of the payments shall be taken into account which does not constitute a "parachute payment" within the meaning of Section 280G(b)(2) of the Code (including, without limitation, by reason of Section 280G(b)(4)(A) of the Code) and (ii) in calculating the Excise Tax, no portion of such payments shall be taken into account which constitutes reasonable compensation for services actually rendered, within the meaning of

Section 280G(b)(4)(B) of the Code, in excess of the "base amount" (as set forth in Section 280G(b)(3) of the Code) that is allocable to such reasonable compensation.

[*Signatures Follow*]

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the day and year first above written.

VIVINT SMART HOME, INC.

/s/ David H. Bywater
By: David H. Bywater
Title: Chief Executive Officer

EXECUTIVE

/s/ Daniel Garen
Daniel Garen

Exhibit I

RELEASE AND WAIVER OF CLAIMS

This Release and Waiver of Claims ("Release") is entered into and delivered to Vivint Smart Home, Inc. (the "Company") as of this [●] day of _____, 202[_], by Daniel Garen (the "Executive"). The Executive agrees as follows:

1. The employment relationship between the Executive and the Company and its subsidiaries and affiliates, as applicable, terminated on the [●] day of _____, 202[_] (the "Termination Date") pursuant to Section [__] of the Amended and Restated Employment Agreement between the Company and Executive dated June 14, 2022 ("Employment Agreement").

2. In consideration of the payments, rights and benefits provided for in Section 5(c)(ii), or Sections 5(d)(ii)(B) and 5(d)(ii)(C), or Sections 5(e)(ii)(B) and 5(e)(ii)(C) of the Employment Agreement (collectively, as applicable, the "Separation Terms") and this Release, the sufficiency of which the Executive hereby acknowledges, the Executive, on behalf of himself and his agents, representatives, attorneys, administrators, heirs, executors and assigns (collectively, the "Employee Releasing Parties"), hereby releases and forever discharges the Company Released Parties (as defined below), from all claims, charges, causes of action, obligations, expenses, damages of any kind (including attorneys' fees and costs actually incurred) or demands, in law or in equity, whether known or unknown, which may have existed or which may now exist from the beginning of time to the date of this Release, arising from or relating to Executive's employment or termination from employment with the Company or otherwise, including a release of any rights or claims the Executive may have under Title VII of the Civil Rights Act of 1964; the Civil Rights Act of 1991; the Age Discrimination in Employment Act of 1967, as amended ("ADEA"); the Older Workers Benefit Protection Act; the Americans with Disabilities Act of 1990; the Rehabilitation Act of 1973; the Family and Medical Leave Act of 1993; Section 1981 of the Civil Rights Act of 1866; Section 1985(3) of the Civil Rights Act of 1871; the Employee Retirement Income Security Act of 1974; the Fair Labor Standards Act; any other federal, state or local laws against discrimination; or any other federal, state, or local statute, regulation or common law relating to employment, wages, hours, or any other terms and conditions of employment. This includes a release by the Executive of any and all claims or rights arising under contract (whether written or oral, express or implied), covenant, public policy, tort or otherwise. For purposes hereof, "Company Released Parties" shall mean the Company, and any of its shareholders, divisions, parents, members, subsidiaries, affiliates, predecessors, successors, employee benefit plans, including, for the avoidance of doubt, any holder of 10% or more of the beneficial ownership of the Company (and such shareholders' affiliates, including the Blackstone Inc. and its affiliates) and its and their respective past or present employees, agents, insurers, attorneys, administrators, officials, directors, and the sponsors, fiduciaries, or administrators of its and their respective employee benefit plans.

3. The Executive acknowledges that the Executive is waiving and releasing rights that the Executive may have under the ADEA and other federal, state and local statutes contract and the common law and that this Release is knowing and voluntary. The Executive and the Company agree that this Release does not apply to any rights or claims that may arise after the date of execution by Executive of this Release. The Executive acknowledges that the consideration given for this Release is in addition to anything of value to which the Executive is already entitled. The Executive further acknowledges that the Executive has been advised by this writing that: (i) the Executive should consult with an attorney prior to executing this Release; (ii) the Executive has up to twenty-one (21) days within which to consider this Release, although the Executive may, at the Executive's discretion, sign and return this Release at an earlier time, in which case the Executive waives all rights to the balance of this twenty-one (21) day review

period; and (iii) for a period of seven (7) days following the execution of this Release in duplicate originals, the Executive may revoke this Release in a writing delivered to the Chairman of the Board of Directors of the Company, and this Release shall not become effective or enforceable until the revocation period has expired.

4. This Release does not release the Company Released Parties from (i) any obligations due to the Executive under the Separation Terms, (ii) any rights Executive has to indemnification by the Company and to directors and officers liability insurance coverage, (iii) any vested rights the Executive has under the Company's employee pension benefit and group healthcare benefit plans as a result of Executive's actual service with the Company, (iv) any fully vested and nonforfeitable rights of the Executive as a shareholder or member of the Company or its affiliates, (v) any rights of the Executive pursuant to any equity or incentive award agreement with the Company, or (vi) any rights which cannot be waived by an employee under applicable law.

5. Nothing in this Release shall prohibit or impede Executive from communicating, cooperating or filing a complaint with any U.S. federal, state or local governmental or law enforcement branch, agency or entity (collectively, a "Governmental Entity") with respect to possible violations of any U.S. federal, state or local law or regulation or otherwise making disclosures to any Governmental Entity, in each case, that are protected under the whistleblower provisions of any such law or regulation; provided, that in each case such communications and disclosures are consistent with applicable law. Executive understands and acknowledges that an individual shall not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that is made: (a) in confidence to a federal, state or local government official or to an attorney solely for the purpose of reporting or investigating a suspected violation of law or (b) in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. Executive understands and acknowledges further that an individual who files a lawsuit for retaliation by an employer for reporting a suspected violation of law may disclose the trade secret to the attorney of the individual and use the trade secret information in the court proceeding, if the individual files any document containing the trade secret under seal, and does not disclose the trade secret, except pursuant to court order. Except as otherwise provided in this paragraph or under applicable law, under no circumstance is Executive authorized to disclose any information covered by the Company's attorney-client privilege or attorney work product or the Company's trade secrets, without the prior written consent of the Company. Executive does not need the prior authorization of (or to give notice to) the Company regarding any communication, disclosure or activity described in this paragraph.

6. The Executive represents and warrants that he has not filed any action, complaint, charge, grievance, arbitration or similar proceeding against the Company Released Parties.

7. This Release is not an admission by the Company Released Parties or the Employee Releasing Parties of any wrongdoing, liability or violation of law.

8. The Executive shall continue to be bound by the restrictive covenants contained in the Employment Agreement which are incorporated herein by reference.

9. This Release shall be governed by and construed in accordance with the laws of the State of New York, without reference to the principles of conflict of laws.

10. Each of the sections contained in this Release shall be enforceable independently of every other section in this Release, and the invalidity or unenforceability of any section shall not invalidate or render unenforceable any other section contained in this Release.

11. **The Executive acknowledges that the Executive has carefully read and understands this Release, that the Executive has the right to consult an attorney with respect to its provisions and that this Release has been entered into knowingly and voluntarily. The Executive acknowledges that no representation, statement, promise, inducement, threat or suggestion has been made by any of the Company Released Parties to influence the Executive to sign this Release except such statements as are expressly set forth herein or in the Employment Agreement.**

Executive has executed this Release as of the day and year first written above.

EXECUTIVE

_____
Daniel Garen

Exhibit. 10.42

EMPLOYMENT AGREEMENT
(Garner B. Meads)

EMPLOYMENT AGREEMENT (the "Agreement") dated June 20, 2022 (the "Effective Date") by and between Vivint Smart Home, Inc., a Delaware corporation (the "Company") and Garner B. Meads, III ("Executive").

WHEREAS, the Company desires for one or more of the Company or its subsidiaries to continue to employ Executive and Executive desires to continue to be employed in such capacities, on the terms set forth in this Agreement; and

WHEREAS, the Company and Executive desire to enter into this Agreement embodying the terms of such employment which shall be effective as of the Effective Date.

NOW, THEREFORE, in consideration of the premises and mutual covenants herein and for other good and valuable consideration, the parties agree as follows:

1. Term of Employment. Subject to the provisions of Section 5 of this Agreement, Executive shall continue to be employed by the Company and/or one or more of its subsidiaries under this Agreement for a period commencing on the Effective Date and ending on the first anniversary of the Effective Date (the "Employment Term") on the terms and subject to the conditions set forth in this Agreement; provided, however, the Employment Term shall be automatically extended for an additional one-year period commencing with the first anniversary of the Effective Date and, thereafter, on each such successive anniversary of the Effective Date thereafter (each an "Extension Date"), unless the Company or Executive provides the other party hereto at least 90 days prior written notice before the next Extension Date that the Employment Term shall not be so extended.

2. Position, Duties, Authority and Location.

(a) During the Employment Term, Executive shall serve as the Company's Chief Legal Officer and Secretary. In such position, Executive shall have such duties, functions, responsibilities and authority as shall be determined from time to time by the Chief Executive Officer (the "CEO") of the Company and/or the Board of Directors of the Company (the "Board"). Executive shall report directly to the CEO.

(b) Executive will devote substantially all of Executive's business time and reasonable best efforts to the operation and oversight of the Company's businesses and performance of Executive's duties hereunder (excluding periods of vacation and sick leave) and will not engage in any other business activities that could conflict with his duties or services to the Company; provided that nothing herein shall preclude Executive, subject to obtaining consent of the Board (not to be unreasonably withheld), from (i) accepting appointment to or continuing to serve on any board of directors or trustees of any business corporation, and (ii) serving as an officer or director or otherwise participating in non-profit educational, welfare, social, religious and civil organizations.

(c) Executive will provide services to the Company in the Company's offices in or around Provo, Utah, subject to customary Company travel.

3. Compensation.

(a) Base Salary. During the Employment Term, the Company shall pay Executive a base salary ("Base Salary") at the annual rate of $500,000, payable in regular installments in accordance with the Company's usual payment practices. Executive's Base Salary shall be subject to annual review and subject to change, as may be determined from time to time in the sole discretion of the Board or the Compensation Committee of the Board, but in no event shall the Company reduce Executive's Base Salary.

(b) Annual Bonus. During the Employment Term, Executive shall be eligible to earn an annual bonus award (an "Annual Bonus") with a target amount equal to 60% of Executive's Base Salary at the end of the performance period (the "Annual Target Bonus"). The percentage for Executive's Annual Target Bonus shall be subject to annual review and subject to increase, if any, as may be determined from time to time in the sole discretion of the Board or the Compensation Committee of the Board, but in no event shall the Company be entitled to reduce such percentage; *provided, however*, that actual bonus amounts paid to Executive will be subject to Board approval and in accordance with the Company's management bonus plan. The Annual Bonus, if any, shall be paid to Executive within two and one-half months after the end of the applicable fiscal year. Except as provided in Section 5, no Annual Bonus shall be payable in respect of any fiscal year in which Executive's employment is terminated.

(c) Accelerated Vesting. Upon a termination of Executive's employment, within the Change in Control Period (as defined below), (i) by the Company without Cause or (ii) due to Executive's resignation with Good Reason (as defined below), the Company will accelerate the vesting of 100% of Executive's then unvested outstanding time-based restricted stock units and other time-based Company equity compensation awards (including any performance-based awards that are then only subject to time-vesting provisions). For purposes of this Section 3(c), "Change in Control Period" means the period beginning on the date six months prior to, and ending on the date that is eighteen (18) months following, a Change in Control (as defined under the Company's 2020 Omnibus Incentive Plan).

4. Benefits.

(a) General. During the Employment Term, Executive shall be entitled to participate in the Company's employee benefit, fringe and perquisite plans, practices, policies and arrangements as in effect from time to time (collectively, "Employee Benefits"), on generally the same terms and conditions as each of the Employee Benefits are made available to other senior executives of the Company (other than with respect to annual bonuses, incentive plans, severance plans or personal use of Company aircraft (as well as any other terms and conditions specifically determined under this Agreement), the benefits for each which shall be determined instead in accordance with this Agreement); provided that Executive shall be entitled to no less than four (4) weeks' vacation per calendar year.

(b) Reimbursement of Business Expenses. During the Employment Term, the

Company shall reimburse Executive for reasonable and necessary business expenses incurred by Executive in the performance of Executive's duties hereunder in accordance with its then prevailing policy for senior executives (which shall include appropriate itemization and substantiation of expenses incurred).

5. Termination.

(a) The Employment Term and Executive's employment hereunder may be terminated by either party at any time and for any reason, subject to the notice and cure provisions set forth below. Notwithstanding any other provision of this Agreement, the provisions of this Section 5 shall exclusively govern Executive's severance rights upon termination of employment with the Company and its affiliates.

(b) By the Company for Cause.

(i) The Employment Term and Executive's employment hereunder may be terminated by the Company for Cause.

(ii) *Definition of Cause*. For purposes of this Agreement, "Cause" shall mean (A) Executive's continued refusal to perform Executive's employment duties (other than as a result of total or partial incapacity due to physical or mental illness) for a period of 10 days following written notice by the Company to Executive of such failure, (B) dishonesty in the performance of Executive's employment duties that is materially injurious to the Company, (C) an act or acts on Executive's part constituting (x) a felony conviction or plea of *nolo contendere* under the laws of the United States or any state thereof or (y) a misdemeanor charge involving moral turpitude, (D) Executive's willful malfeasance or willful misconduct in connection with Executive's employment duties which causes substantial injury to the financial condition or business reputation of the Company or any of its subsidiaries or affiliates or (E) Executive's breach of any of the covenants set forth in Section 6 (other than any action taken in good faith and in a manner not opposed to the best interests of the Company, and which is promptly remedied by Executive upon notice by the Board); provided that none of the foregoing events shall constitute Cause unless Executive fails to cure such event and remedy any adverse or injurious consequences arising from such events within ten (10) days after receipt from the Company of written notice of the event which constitutes Cause (except that no cure or remedy period shall be provided if the event or such consequences are not capable of being cured and remedied).

(iii) If Executive's employment is terminated by the Company for Cause, Executive shall be entitled to receive:

(A) no later than ten (10) days following the date of termination, the Base Salary through the date of termination;

(B) reimbursement, within sixty (60) days following receipt by the Company of Executive's claim for such reimbursement (including appropriate supporting documentation), for any unreimbursed business expenses properly

incurred by Executive in accordance with Company policy prior to Executive's termination; provided that such claims for such reimbursement are submitted to the Company within ninety (90) days following the date of Executive's termination of employment; and

(C) such Employee Benefits, if any, as to which Executive may be entitled under the tax qualified employee benefit plans of the Company, payable in accordance with the terms and conditions of such tax qualified employee benefit plans (the amounts described in clauses (A) through (C) hereof being referred to as the "Accrued Rights").

Following such termination of Executive's employment by the Company for Cause, except as set forth in this Section 5(b)(iii), Executive shall have no further rights to any compensation or any other benefits under this Agreement.

(c) Resignation by Executive without Good Reason. If Executive resigns without Good Reason, provided that Executive will be required to give the Company at least sixty (60) days advance written notice of such resignation of Executive's employment, Executive shall be entitled to receive:

(i) the Accrued Rights; and

(ii) the Prior Year Bonus (as defined below);

Following such resignation by Executive without Good Reason, except as set forth in this Section 5(c), Executive shall have no further rights to any compensation or any other benefits under this Agreement. The Company may elect to accelerate the termination date without changing the characteristic of such termination of employment as a resignation without Good Reason.

(d) Disability or Death.

(i) *Disability.* During any period that Executive fails to perform his duties hereunder as a result of incapacity due to physical or mental illness or injury (the "Disability Period"), Executive shall continue to receive his full Base Salary set forth in Section 3(a) until Executive's employment is terminated pursuant to Section 5(a). The Employment Term and Executive's employment hereunder may be terminated immediately by the Company due to Executive's Disability and will terminate immediately upon Executive's death. For purposes of this Agreement, "Disability" shall mean Executive's inability to perform, with or without reasonable accommodation, Executive's duties under this Agreement due to a physical or mental illness or injury for a period of six consecutive months or for an aggregate of twelve (12) months in any consecutive twenty-four (24)-month period. Any question as to the existence of the Disability of Executive as to which Executive and the Company cannot agree shall be determined in writing by a qualified independent physician mutually acceptable to Executive and the Company. If Executive and the Company cannot agree as to a qualified independent physician, each shall appoint such a physician and those two physicians shall select a third physician who shall make such determination in writing. The determination of Disability made in writing

to the Company and Executive shall be final and conclusive for all purposes of this Agreement.

(ii) Upon termination of Executive's employment hereunder for either Disability or death, Executive or Executive's estate, survivors or beneficiaries (as the case may be) shall be entitled to receive:

(A) the Accrued Rights;

(B) any Annual Bonus earned, but unpaid, as of the date of termination for the immediately preceding fiscal year, paid in accordance with Section 3(b) (the "Prior Year Bonus") (except to the extent payment is otherwise deferred pursuant to any applicable deferred compensation arrangement with the Company, in which case such payment shall be made in accordance with the terms and conditions of such deferred compensation arrangement);

(C) no later than ten (10) days following the date of termination, a pro rata portion of the Annual Target Bonus payable for the fiscal year in which such termination occurs, based on a fraction, the numerator of which is the number of days during the fiscal year up to and including the date of termination of Executive's employment and the denominator of which is the number of days in such fiscal year (the "Pro-Rated Bonus"); and

(D) death or disability benefits under any applicable plans and programs of the Company in accordance with the terms and provisions of such plans and programs.

(e) By the Company Without Cause (Other Than by Reason of Death or Disability) or Resignation by Executive with Good Reason.

(i) "Good Reason" shall be deemed to exist upon the occurrence of (A) a reduction in Executive's Base Salary or Annual Target Bonus; (B) a material diminution in Executive's title or Executive's duties, authority or responsibilities that materially decreases the overall scope of Executive's duties, authority or responsibilities; (C) the relocation of Executive's primary office location to a location that is more than fifty (50) miles from Executive's primary office location, in each case without Executive's prior written consent; or (D) the Company's material breach of any of the provisions of this Agreement or any other material agreement to which Executive is party with the Company; provided that none of the foregoing events shall constitute Good Reason unless the Company fails to cure such event within thirty (30) days after receipt from Executive of written notice of the event which constitutes Good Reason and Executive actually terminates employment within thirty (30) days following the expiration of the Company's thirty (30)-day cure period (otherwise, any claim of such circumstances as Good Reason shall be deemed irrevocably waived by Executive); and provided, further, that "Good Reason" shall cease to exist for an event on the sixtieth (60^{th}) day following Executive's knowledge of its occurrence, unless Executive has given the Company written notice thereof prior to such date.

(ii) If (x) Executive's employment is terminated by the Company without Cause (other than by reason of death or Disability) or (y) Executive resigns with Good Reason, Executive shall be entitled to receive:

(A) the Accrued Rights;

(B) the Pro-Rated Bonus; and

(C) subject to Executive's continued compliance with Section 6 and material compliance with Section 7 hereof, and the execution and non- revocation of the Release (as defined below), a lump-sum cash payment within fifty-five (55) days after such termination and effectiveness of the Release equal to the sum of (x) 150% of Executive's Base Salary as of the date immediately prior to Executive's termination of employment and (y) 150% of the actual Annual Bonus paid in respect of the immediately preceding fiscal year (or, if such termination occurs prior to the first date on which an Annual Bonus would have been paid had any payment been due, the Annual Target Bonus for the immediately preceding fiscal year), and (z) the monthly COBRA costs of providing health and welfare benefits for Executive and Executive's dependents under the plans in which Executive was participating on the date of the applicable "COBRA qualifying event," at the time of such event, times eighteen (18).

(f) Release. Amounts payable to Executive under Section 5(c)(ii), or Sections 5(d)(ii)(B) and 5(d)(ii)(C), or Sections 5(e)(ii)(B) and 5(e)(ii)(C) (collectively, the "Conditioned Benefits") are subject to (i) Executive's execution and non-revocation of a release of claims, substantially in the form attached hereto as Exhibit I (the "Release"), within sixty (60) days of the date of termination and (ii) the expiration of any revocation period contained in such Release. Further, to the extent that any of the Conditioned Benefits constitutes "nonqualified deferred compensation" for purposes of Section 409A of the Internal Revenue Code of 1986, as amended (the "Code"), any payment of any amount or provision of any benefit otherwise scheduled to occur prior to the sixtieth (60^{th}) day following the date of Executive's termination of employment hereunder, but for the condition on executing the Release as set forth herein, shall not be made until the first regularly scheduled payroll date following such sixtieth (60^{th}) day, after which any remaining Conditioned Benefits shall thereafter be provided to Executive according to the applicable schedule set forth herein.

(g) Expiration of Employment Term. Unless the parties otherwise agree in writing, continuation of Executive's employment with the Company following the expiration of the Employment Term (including any renewal term) shall be deemed an employment at-will and shall not be deemed to extend any of the provisions of this Agreement and Executive's employment may thereafter be terminated at will by either Executive or the Company; provided that the provisions of Sections 6, 7 and 8 of this Agreement shall survive any termination of this Agreement or Executive's termination of employment hereunder.

(h) Notice of Termination; Board/Committee Resignation. Any purported termination of employment by the Company or by Executive (other than due to Executive's death) pursuant to Section 5 of this Agreement shall be communicated by written Notice of Termination to

the other party hereto. For purposes of this Agreement, a "Notice of Termination" shall mean a notice which shall indicate the specific termination provision in this Agreement relied upon and shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of employment under the provision so indicated. Upon termination of Executive's employment for any reason, Executive agrees to resign, as of the date of such termination and to the extent applicable, from the Board (and any committees thereof) and the Board of Directors (and any committees thereof) of any of the Company's affiliates (except to the extent Executive is otherwise entitled pursuant to a separate contractual arrangement to continue to serve as a member of the Board).

6. Non-Competition; Non-Solicitation. Executive acknowledges and recognizes the highly competitive nature of the businesses of the Company and its affiliates and accordingly agrees as follows:

(a) Non-Competition.

(i) During Executive's employment hereunder and, for a period of eighteen (18) months following the date Executive ceases to be employed by the Company (the "Restricted Period"), Executive will not, whether on Executive's own behalf or on behalf of or in conjunction with any person, firm, partnership, joint venture, association, corporation or other business organization, entity or enterprise whatsoever ("Person"), directly or indirectly, solicit or assist in soliciting in competition with the Restricted Group in the Business, the business of any then current or prospective client or customer with whom Executive (or Executive's direct reports) had personal contact or dealings on behalf of the Company during the one-year period preceding Executive's termination of employment directly or indirectly.

(ii) During the Restricted Period, Executive will not directly or indirectly:

(A) engage in the Business anywhere in the United States, or in any geographical area that is within 100 miles of any geographical area where the Restricted Group engages in the Business, including, for the avoidance of doubt, by entering into the employment of or rendering any services to a Core Competitor, except where such employment or services do not relate in any manner to the Business;

(B) acquire a financial interest in, or otherwise become actively involved with, any Person engaged in the Business, directly or indirectly, as an individual, partner, shareholder, officer, director, principal, agent, trustee or consultant; or

(C) intentionally and adversely interfere with, or attempt to adversely interfere with, business relationships between the members of the Restricted Group and any of their clients, customers, suppliers, partners, members or investors.

(iii) Notwithstanding anything to the contrary in this Agreement,

Executive may, directly or indirectly own, solely as an investment, securities of any Person engaged in a Business (including, without limitation, a Core Competitor) which are publicly traded on a national or regional stock exchange or on the over-the-counter market if Executive (i) is not a controlling person of, or a member of a group which controls, such person and (ii) does not, directly or indirectly, own 2% or more of any class of securities of such Person.

(b) Non-Solicitation. During Executive's employment hereunder and the Restricted Period, Executive will not, whether on Executive's own behalf or on behalf of or in conjunction with any Person, directly or indirectly:

(i) solicit or encourage any employee of the Restricted Group to leave the employment of the Restricted Group;

(ii) hire any executive-level employee who was employed by the Restricted Group as of the date of Executive's termination of employment with the Company or who left the employment of the Restricted Group coincident with, or within one year prior to or one year after, the date of Executive's termination of employment with the Company; or

(iii) encourage any material consultant of the Restricted Group to cease working with the Restricted Group.

(iv) For purposes of this Agreement:

(A) "Business" shall mean (1) origination, installation, or monitoring services related to residential or commercial security, life-safety, energy management, cloud storage or smart home automation services, including cloud enabled software solutions related thereto, (2) installation or servicing of residential or commercial solar panels or sale of electricity generated by solar panels, (3) design, engineering or manufacturing of technology or products related to residential or commercial security, life-safety, energy management or cloud storage, smart home automation services, including cloud enabled software solutions related thereto, and/or (4) the sale or marketing of home, auto or other home-related insurance products.

(B) "Core Competitor" shall mean (i) ADT Inc.; Alarm.com Inc.; Arlo; Resideo Technologies, Inc.; Comcast Corporation; Ring, LLC; Control4; Enium Capital; Honeywell International Inc.; SimpliSafe, Inc.; Monitronics International, Inc. (d/b/a Brinks Home Security); SmartThings, Inc.; Wink Labs, Inc.; Ecobee, Inc.; Protect America, Inc.; Stanley Security Solutions, Inc.; Vector Security, Inc.; Slomins, Inc.; Life Alert; Titanium LLC; Northstar Alarm Services; Alder Holdings, LLC; SafeStreets USA; Alert Alarm Hawaii; EVO Automation, LLC; CPI Security Systems, Inc.; Safe Home Security, Inc.; Guardian Protection Services; SAFE Security; Cove Smart, LLC; Aptive Environmental, LLC and any of their respective affiliates or current and future dealers, as well as the home security, automation and solar affiliates, divisions or

departments for Tesla, Inc., Rogers Communications; Amazon; Google; Microsoft; Apple; Cox Communications Inc. and Telus Corporation; (ii) Sungevity, Inc.; RPS; Sunrun, Inc.; SunPower Corporation; Corbin Solar Solutions LLC; Spruce Finance; Galkos Construction, Inc.; Sunova Capital; Sunder Energy; Freedom Forever, LLC; LGCY Power, LLC; Vivint Solar, Inc.; Titan Solar; TriSMART Solar; Suntuity; Lumio, Inc.; Rise Energy; Atlantic Key Energy (aka AKE Solar); Kayo Energy; Lift Energy; Deca Solar; Aptive Solar, LLC and any of their respective affiliates or current and future dealers; and (iii) Hippo Insurance Company and Lemonade Insurance Company and any of their respective affiliates or current and future dealers. The Company maintains the right, in its reasonable discretion, to amend the list of Core Competitors on prior notice to the Participant.

(C) "Restricted Group" shall mean, collectively, the Company and its subsidiaries and, to the extent engaged in the Business, their respective affiliates.

(c) During the Restricted Period, Executive agrees not to make, or cause any other person to make, any communication that is intended to criticize or disparage, or has the effect of criticizing or disparaging, the Company or any of its affiliates, agents or advisors, or any of its or their respective employees, officers or directors (it being understood that comments made in Executive's good faith performance of his duties hereunder shall not be deemed disparaging or defamatory for purposes of this Agreement). During the Restricted Period, the Company shall instruct its executive officers and directors to refrain from intentionally making any communication that is intended to criticize or disparage, or has the effect of criticizing or disparaging, Executive (it being understood that comments made in the good faith performance of their ordinary course duties to the Company or its affiliates shall not be deemed disparaging or defamatory for purposes of this Agreement), and the Company agrees not to make any official communication, press release or other public statement that criticizes or disparages Executive. Nothing set forth herein shall be interpreted to prohibit either party from responding truthfully to incorrect public statements, making truthful statements when reasonably appropriate in connection with any litigation Executive and the Company or any of its affiliates or required by law, subpoena or court order and/or from responding to any inquiry by any regulatory or investigatory organization.

(d) It is expressly understood and agreed that although Executive and the Company consider the restrictions contained in this Section 6 to be reasonable, if a final judicial determination is made by a court of competent jurisdiction that the time or territory or any other restriction contained in this Section 6 is an unenforceable restriction against Executive, the provisions of this Agreement shall not be rendered void but shall be deemed amended to apply as to such maximum time and territory and to such maximum extent as such court may judicially determine or indicate to be enforceable. Alternatively, if any court of competent jurisdiction finds that any restriction contained in this Section 6 is unenforceable, and such restriction cannot be amended so as to make it enforceable, such finding shall not affect the enforceability of any of the other restrictions contained herein.

(e) The period of time during which the provisions of this Section 6 shall be in effect shall be extended by the length of time during which Executive is in breach of the terms

hereof as determined by any court of competent jurisdiction on the Company's application for injunctive relief.

(f) The provisions of this Section 6 shall survive the termination of Executive's employment for any reason, including but not limited to, any termination other than for Cause.

7. Confidentiality; Intellectual Property.

(a) Confidentiality.

(i) Executive will not at any time (whether during or after Executive's employment with the Company), (x) retain or use for the benefit, purposes or account of Executive or any other Person; or (y) disclose, divulge, reveal, communicate, share, transfer or provide access to any Person outside the Company (other than Executive's professional advisers who are bound by confidentiality obligations or otherwise in performance of Executive's duties under Executive's employment and pursuant to customary industry practice), any non-public, proprietary or confidential information – including, without limitation, trade secrets, know-how, research and development, software, databases, inventions, processes, formulae, technology, designs and other intellectual property, information concerning finances, investments, profits, pricing, costs, products, services, vendors, customers, clients, partners, investors, personnel, compensation, recruiting, training, advertising, sales, marketing, promotions, government and regulatory activities and approvals – concerning the past, current or future business activities and operations of the Company, its subsidiaries or affiliates and/or any third party that has disclosed or provided any of same to the Company, its subsidiaries or affiliates on a confidential basis ("Confidential Information") without the prior written authorization of the Board.

(ii) "Confidential Information" shall not include any information that is (a) generally known to the industry or the public other than as a result of Executive's breach of this covenant; (b) made legitimately available to Executive by a third party without breach of any confidentiality obligation of which Executive has knowledge; or (c) required by law to be disclosed; provided that with respect to subsection (c) Executive shall give prompt written notice to the Company of such requirement, disclose no more information than is so required, and reasonably cooperate with any attempts by the Company to obtain a protective order or similar treatment.

(iii) Except as required by law, Executive will not disclose to anyone, other than Executive's family (it being understood that, in this Agreement, the term "family" refers to Executive, Executive's spouse, children, parents and spouse's parents) and advisors, the existence or contents of this Agreement; provided that Executive may disclose to any prospective future employer the provisions of Sections 6 and 7 of this Agreement. This Section 7(a)(iii) shall terminate if the Company publicly discloses a copy of this Agreement (or, if the Company publicly discloses summaries or excerpts of this Agreement, to the extent so disclosed).

(iv) Upon termination of Executive's employment with the Company for

any reason, Executive shall (A) cease and not thereafter commence use of any Confidential Information or intellectual property (including without limitation, any patent, invention, copyright, trade secret, trademark, trade name, logo, domain name or other source indicator) owned or used by the Company, its subsidiaries or affiliates; and (B) immediately destroy, delete, or return to the Company, at the Company's option, all originals and copies in any form or medium (including memoranda, books, papers, plans, computer files, letters and other data) in Executive's possession or control (including any of the foregoing stored or located in Executive's office, home, laptop or other computer, whether or not Company property) that contain Confidential Information, except that Executive may retain only those portions of any personal notes, notebooks and diaries that do not contain any Confidential Information.

(v) Nothing in this Agreement shall prohibit or impede Executive from communicating, cooperating or filing a complaint with any U.S. federal, state or local governmental or law enforcement branch, agency or entity (collectively, a "Governmental Entity") with respect to possible violations of any U.S. federal, state or local law or regulation or otherwise making disclosures to any Governmental Entity, in each case, that are protected under the whistleblower provisions of any such law or regulation; provided, that in each case such communications and disclosures are consistent with applicable law. Executive understands and acknowledges that an individual shall not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that is made: (a) in confidence to a federal, state or local government official or to an attorney solely for the purpose of reporting or investigating a suspected violation of law or in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. Executive understands and acknowledges further that an individual who files a lawsuit for retaliation by an employer for reporting a suspected violation of law may disclose the trade secret to the attorney of the individual and use the trade secret information in the court proceeding, if the individual files any document containing the trade secret under seal, and does not disclose the trade secret, except pursuant to court order. Except as otherwise provided in this paragraph or under applicable law, under no circumstance is Executive authorized to disclose any information covered by the Company's attorney- client privilege or attorney work product or the Company's trade secrets, without the prior written consent of the Company. Executive does not need the prior authorization of (or to give notice to) the Company regarding any communication, disclosure or activity described in this paragraph.

(b) Intellectual Property.

(i) If Executive creates, invents, designs, develops, contributes to or improves any works of authorship, inventions, intellectual property, materials, documents or other work product (including without limitation, research, reports, software, databases, systems, applications, presentations, textual works, content, or audiovisual materials) ("Works"), either alone or with third parties, at any time during Executive's employment by the Company (or any of its subsidiaries) and within the scope of such employment and/or with the use of any of the Company resources (such Works, "Company Works"), Executive shall promptly and fully disclose same to the Company and hereby irrevocably assigns, transfers and conveys, to the maximum extent permitted by applicable law, all of

Executive's right, title, and interest therein (including rights under patent, industrial property, copyright, trademark, trade secret, unfair competition, other intellectual property laws, and related laws) to the Company to the extent ownership of any such rights does not vest originally in the Company. If Executive creates any written records (in the form of notes, sketches, drawings, or any other tangible form or media) of any Company Works, Executive will keep and maintain same. The records will be available to and remain the sole property and intellectual property of the Company at all times.

(ii) Executive shall take all requested actions and execute all requested documents (including any licenses or assignments required by a government contract) at the Company's expense (but without further remuneration) to assist the Company in validating, maintaining, protecting, enforcing, perfecting, recording, patenting or registering any of the Company's rights in the Company Works.

(iii) Executive shall not improperly use for the benefit of, bring to any premises of, divulge, disclose, communicate, reveal, transfer or provide access to, or share with the Company any confidential, proprietary or non-public information or intellectual property relating to a former employer or other third party without the prior written permission of such third party. Executive shall comply with all relevant policies and guidelines of the Company that are from time to time previously disclosed to Executive, including regarding the protection of Confidential Information and intellectual property and potential conflicts of interest.

(iv) The provisions of Section 7 hereof shall survive the termination of Executive's employment for any reason.

8. Specific Performance. Executive acknowledges and agrees that the Company's remedies at law for a breach or threatened breach of any of the provisions of Section 6 and Section 7 of this Agreement would be inadequate and the Company would suffer irreparable damages as a result of such breach or threatened breach. In recognition of this fact, Executive agrees that, in the event of such a breach or threatened breach, in addition to any remedies at law, the Company, without posting any bond, shall be entitled, in addition to any other remedy available at law or equity, to cease making any payments or providing any benefit otherwise required by this Agreement and obtain equitable relief in the form of specific performance, temporary restraining order, temporary or permanent injunction or any other equitable remedy which may then be available. In addition, upon any breach of Section 6 or any material breach of Section 7 of this Agreement, Executive shall promptly return to the Company upon request all cash payments made to Executive pursuant to Section 5 (if any), less any amounts paid by Executive as taxes in respect of such payments (unless such taxes are actually recovered by Executive from the relevant governmental authority, in which case such tax amounts also shall be returned to the Company). Any determination under this Section 8 of whether Executive is in compliance with Section 6 hereof and material compliance with Section 7 hereof shall be determined based solely on the contractual provisions provided therein and the facts and circumstances of Executive's actions without regard to whether the Company could obtain an injunction or other relief under the law of any particular jurisdiction.

9. Miscellaneous.

(a) Indemnification; Directors' and Officers' Insurance. The Company shall indemnify and hold Executive harmless for all acts and omissions occurring during his employment with the Company or service as a member of the Board to the extent provided under the Company's charter, by-laws and applicable law, and shall promptly advance to Executive or Executive's heirs or representatives all damages, costs, liabilities, losses and expenses (including reasonable attorneys' fees and expenses) (collectively, "Expenses") as a result of any claim, demand, request, investigation, dispute, controversy, threat, discovery request or request for testimony or information (collectively, a "Claim") or any proceeding (whether civil, criminal, administrative or investigative), or any threatened Claim or proceeding (whether civil, criminal, administrative or investigative), against Executive that arises out of or relates to Executive's service as an officer, director or employee, as the case may be, of the Company, or Executive's service in any such capacity or similar capacity with an affiliate of the Company or other entity at the request of the Company, upon receipt by the Company of a written request with appropriate documentation of such Expenses, and an undertaking by Executive to repay the amount advanced if it shall ultimately be determined that Executive is not entitled to be indemnified by the Company against such Expenses. During the Employment Term and for a term of six years thereafter, the Company, or any successor to the Company, shall purchase and maintain, at its own expense, directors and officers liability insurance providing coverage for Executive in the same amount as for members of the Board.

(b) Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Utah, without regard to conflicts of laws principles thereof.

(c) Jurisdiction; Venue. Except as otherwise provided in Section 8 in connection with equitable remedies, each of the parties hereto hereby irrevocably submits to the exclusive jurisdiction of any federal or state court sitting in the State of Utah over any suit, action or proceeding arising out of or relating to this Agreement and each of the parties agrees that any action relating in any way to this Agreement must be commenced only in the courts of the State of Utah, federal or state. Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted or not prohibited by law, any objection which it may now or hereafter have to the laying of the venue of any such suit, action or proceeding brought in such a court and any claim that any such suit, action or proceeding brought in such a court has been brought in an inconvenient forum. Each of the parties hereto hereby irrevocably consents to the service of process in any suit, action or proceeding by sending the same by certified mail, return receipt requested, or by recognized overnight courier service, to the address of such party set forth in Section 9(j).

(d) Entire Agreement; Amendments. This Agreement (including, without limitation, the schedules and exhibits attached hereto) contains the entire understanding of the parties with respect to the employment of Executive by the Company, and supersedes all prior agreements and understandings (including verbal agreements) between Executive and the Company and/or its current or former affiliates regarding the terms and conditions of Executive's employment with the Company and/or its current or former affiliates. There are no restrictions, agreements, promises, warranties, covenants or undertakings between the parties with respect to the subject matter herein other than those expressly set forth herein. This Agreement (including, without limitation, the schedules and exhibits attached hereto) may not be altered, modified, or amended except by written instrument signed by the parties hereto.

(e) No Waiver. The failure of a party to insist upon strict adherence to any term of this Agreement on any occasion shall not be considered a waiver of such party's rights or deprive such party of the right thereafter to insist upon strict adherence to that term or any other term of this Agreement.

(f) Severability. In the event that any one or more of the provisions of this Agreement shall be or become invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions of this Agreement shall not be affected thereby.

(g) Assignment. This Agreement, and all of Executive's rights and duties hereunder, shall not be assignable or delegable by Executive (other than amounts owed to Executive which are payable to his Estate or beneficiaries following death). Any purported assignment or delegation by Executive in violation of the foregoing shall be null and void *ab initio* and of no force and effect. This Agreement shall be assigned by the Company to a person or entity which is a successor in interest to substantially all of the business operations of the Company. Upon such assignment, the rights and obligations of the Company hereunder shall become the rights and obligations of such affiliate or successor person or entity.

(h) Set Off; No Mitigation. Executive shall not be required to mitigate the amount of any payment provided for pursuant to this Agreement by seeking other employment, and such payments shall not be reduced by any compensation or benefits received from any subsequent employer or other endeavor. Any amounts due under Section 5 of this Agreement are considered reasonable by the Company and are not in the nature of a penalty.

(i) Compliance with Code Section 409A.

(i) The intent of the parties is that payments and benefits under this Agreement comply with or be exempt from Code Section 409A and, accordingly, to the maximum extent permitted, this Agreement shall be interpreted to be in compliance therewith. If any provision of this Agreement (or of any award of compensation, including equity compensation or benefits) would cause Executive to incur any additional tax or interest under Code Section 409A, the Company shall, after consulting with and receiving the approval of Executive, reform such provision in a manner intended to avoid the incurrence by Executive of any such additional tax or interest.

(ii) A termination of employment shall not be deemed to have occurred for purposes of any provision of this Agreement providing for the payment of any amounts or benefits that are considered nonqualified deferred compensation under Code Section 409A upon or following a termination of employment unless such termination is also a "separation from service" within the meaning of Code Section 409A, and, for purposes of any such provision of this Agreement, references to a "termination," "termination of employment" or like terms shall mean "separation from service." The determination of whether and when a separation from service has occurred for proposes of this Agreement shall be made in accordance with the presumptions set forth in Section 1.409A-1(h) of the Treasury Regulations.

(iii) Any provision of this Agreement to the contrary notwithstanding, if at the time of Executive's separation from service, the Company determines that Executive is a "specified employee," within the meaning of Code Section 409A, then to the extent any payment or benefit that Executive becomes entitled to under this Agreement on account of such separation from service would be considered nonqualified deferred compensation under Code Section 409A, such payment or benefit shall be paid or provided at the date which is the earlier of (i) six (6) months and one day after such separation from service and
(ii) the date of Executive's death (the "Delay Period"). Upon the expiration of the Delay Period, all payments and benefits delayed pursuant to this Section 9(i) (whether they would have otherwise been payable in a single sum or in installments in the absence of such delay) shall be paid or provided to Executive in a lump-sum, and any remaining payments and benefits due under this Agreement shall be paid or provided in accordance with the normal payment dates specified for them herein.

(iv) Any reimbursements and in-kind benefits provided under this Agreement that constitute deferred compensation within the meaning of Code Section 409A shall be made or provided in accordance with the requirements of Code Section 409A, including that (A) in no event shall any fees, expenses or other amounts eligible to be reimbursed by the Company under this Agreement be paid later than the last day of the calendar year next following the calendar year in which the applicable fees, expenses or other amounts were incurred; (B) the amount of expenses eligible for reimbursement, or in-kind benefits that the Company is obligated to pay or provide, in any given calendar year shall not affect the expenses that the Company is obligated to reimburse, or the in- kind benefits that the Company is obligated to pay or provide, in any other calendar year, provided that the foregoing clause (B) shall not be violated with regard to expenses reimbursed under any arrangement covered by Section 105(b) of the Code solely because such expenses are subject to a limit related to the period the arrangement is in effect; and
(C) Executive's right to have the Company pay or provide such reimbursements and in- kind benefits may not be liquidated or exchanged for any other benefit.

(v) For purposes of Code Section 409A, Executive's right to receive any installment payments shall be treated as a right to receive a series of separate and distinct payments. Whenever a payment under this Agreement specifies a payment period with reference to a number of days (for example, "payment shall be made within thirty (30) days following the date of termination"), the actual date of payment within the specified period shall be within the sole discretion of the Company. In no event may Executive, directly or indirectly, designate the calendar year of any payment to be made under this Agreement, to the extent such payment is subject to Code Section 409A.

(j) Notice. For the purpose of this Agreement, notices and all other communications provided for in the Agreement shall be in writing and shall be deemed to have been duly given when delivered by hand or overnight courier or three days after it has been mailed by United States registered mail, return receipt requested, postage prepaid, addressed to the respective addresses set forth below in this Agreement, or to such other address as either party may have furnished to the other in writing in accordance herewith, except that notice of change of address shall be effective only upon receipt.

If to the Company:

Vivint Smart Home, Inc. 4931 North 300 West
Provo, Utah 84604

Attention: Chief Executive Officer with a copy (which shall not

constitute notice) to:

Simpson Thacher & Bartlett LLP 425 Lexington Avenue
New York, New York 10017 Attention: Gregory T. Grogan

If to Executive:

To the most recent address of Executive set forth in the personnel records of the Company.

(k) Executive Representation. Executive hereby represents to the Company that the execution and delivery of this Agreement by Executive and the Company and the performance by Executive of Executive's duties hereunder shall not constitute a breach of the terms of any employment agreement or other agreement or written policy to which Executive is a party or otherwise bound. Executive hereby further represents that he is not subject to any restrictions on his ability to solicit, hire or engage any employee or other service-provider. Executive agrees that the Company is relying on the foregoing representations in entering into this Agreement and related equity-based award agreements.

(l) Withholding Taxes. The Company may withhold from any amounts payable under this Agreement such Federal, state and local taxes as may be required to be withheld pursuant to any applicable law or regulation.

(m) Counterparts. This Agreement may be signed in counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

(n) Section 280G. If any payment or benefit Executive will or may receive from the Company under this Agreement or otherwise would (a) constitute a "parachute payment" within the meaning of Section 280G of the Code (a "280G Payment") and, (b) but for this sentence, be subject to the excise tax imposed by Section 4999 of the Code (the "Excise Tax"), then the Company shall cause to be determined, before any amounts of the 280G Payment are paid to Executive, which of the following two amounts would maximize Executive's after-tax proceeds:
(i) payment in full of the entire amount of the 280G Payment (a "Full Payment"), or (ii) payment of only a part of the 280G Payment, so that Executive receives the largest payment possible without the imposition of the Excise Tax (a "Reduced Payment"), whichever amount results in Executive's receipt, on an after-tax basis, of the greater amount of the 280G Payment notwithstanding that all or some portion of the 280G Payment may be subject to the Excise Tax. For purposes of

determining whether to make a Full Payment or a Reduced Payment, the Company shall cause to be taken into account all applicable federal, state and local income and employment taxes and the Excise Tax (all computed at the highest applicable marginal rate, net of the maximum reduction in federal income taxes which could be obtained from a deduction of such state and local taxes). If a Reduced Payment is made, (A) the 280G Payment shall be paid only to the extent permitted under the Reduced Payment alternative, and Executive shall have no rights to any additional payments and/or benefits constituting the 280G Payment, and (B) reduction in payments and/or benefits shall occur in the manner that results in the greatest economic benefit for Executive, as determined in the Company's reasonable good faith discretion. All determinations required to be made under this Section 9(n), including whether an Excise Tax would otherwise be imposed, whether the Payments shall be reduced, the amount of any such reduction and the assumptions to be utilized in arriving at such determinations not expressly provided for herein, shall be made in a manner determined by the Company. Any determination by the Company shall be binding upon Executive, absent manifest error. For purposes of determining whether and the extent to which the payments will be subject to the Excise Tax: (i) no portion of the payments shall be taken into account which does not constitute a "parachute payment" within the meaning of Section 280G(b)(2) of the Code (including, without limitation, by reason of Section 280G(b)(4)(A) of the Code) and (ii) in calculating the Excise Tax, no portion of such payments shall be taken into account which constitutes reasonable compensation for services actually rendered, within the meaning of Section 280G(b)(4)(B) of the Code, in excess of the "base amount" (as set forth in Section 280G(b)(3) of the Code) that is allocable to such reasonable compensation.

[*Signatures Follow*]

IN WITNESS WHEREOF, the patties hereto have duly executed this Agreement as of the day and year first above written.

VIVINT SMART HOME, INC.

By: /s/ DAVID BYWATER

David Bywater
Chief Executive Officer

Date: June 20, 2022

[Signature Page to Employment Agreement]

EXECUTIVE

VIVINT SMART HOME, INC.

By: /s/ GARNER MEADS

Garner Meads
Chief Legal Officer

Date: June 20, 2022

[Signature Page to Employment Agreement]

Exhibit I

RELEASE AND WAIVER OF CLAIMS

This Release and Waiver of Claims ("Release") is entered into and delivered to Vivint Smart Home, Inc. (the "Company") as of this [●] day of , 202[_], by Garner B. Meads,III (the "Executive"). The Executive agrees as follows:

1. The employment relationship between the Executive and the Company and its subsidiaries and affiliates, as applicable, terminated on the [●] day of ___, 202[_] (the "Termination Date") pursuant to Section [_] of the Employment Agreement between the Company and Executive dated [_], 2022 ("Employment Agreement").

2. In consideration of the payments, rights and benefits provided for in Section 5(c)(ii), or Sections 5(d)(ii)(B) and 5(d)(ii)(C), or Sections 5(e)(ii)(B) and 5(e)(ii)(C) of the Employment Agreement (collectively, as applicable, the "Separation Terms") and this Release, the sufficiency of which the Executive hereby acknowledges, the Executive, on behalf of himself and his agents, representatives, attorneys, administrators, heirs, executors and assigns (collectively, the "Employee Releasing Parties"), hereby releases and forever discharges the Company Released Parties (as defined below), from all claims, charges, causes of action, obligations, expenses, damages of any kind (including attorneys' fees and costs actually incurred) or demands, in law or in equity, whether known or unknown, which may have existed or which may now exist from the beginning of time to the date of this Release, arising from or relating to Executive's employment or termination from employment with the Company or otherwise, including a release of any rights or claims the Executive may have under Title VII of the Civil Rights Act of 1964; the Civil Rights Act of 1991; the Age Discrimination in Employment Act of 1967, as amended ("ADEA"); the Older Workers Benefit Protection Act; the Americans with Disabilities Act of 1990; the Rehabilitation Act of 1973; the Family and Medical Leave Act of 1993; Section 1981 of the Civil Rights Act of 1866; Section 1985(3) of the Civil Rights Act of 1871; the Employee Retirement Income Security Act of 1974; the Fair Labor Standards Act; any other federal, state or local laws against discrimination; or any other federal, state, or local statute, regulation or common law relating to employment, wages, hours, or any other terms and conditions of employment. This includes a release by the Executive of any and all claims or rights arising under contract (whether written or oral, express or implied), covenant, public policy, tort or otherwise. For purposes hereof, "Company Released Parties" shall mean the Company, and any of its shareholders, divisions, parents, members, subsidiaries, affiliates, predecessors, successors, employee benefit plans, including, for the avoidance of doubt, any holder of 10% or more of the beneficial ownership of the Company (and such shareholders' affiliates, including the Blackstone Inc. and its affiliates) and its and their respective past or present employees, agents, insurers, attorneys, administrators, officials, directors, and the sponsors, fiduciaries, or administrators of its and their respective employee benefit plans.

3. The Executive acknowledges that the Executive is waiving and releasing rights that the Executive may have under the ADEA and other federal, state and local statutes contract and the common law and that this Release is knowing and voluntary. The Executive and the Company agree that this Release does not apply to any rights or claims that may arise after the date of execution by Executive of this Release. The Executive acknowledges that the consideration given

for this Release is in addition to anything of value to which the Executive is already entitled. The Executive further acknowledges that the Executive has been advised by this writing that: (i) the Executive should consult with an attorney prior to executing this Release; (ii) the Executive has up to twenty-one (21) days within which to consider this Release, although the Executive may, at the Executive's discretion, sign and return this Release at an earlier time, in which case the Executive waives all rights to the balance of this twenty-one (21) day review period; and (iii) for a period of seven (7) days following the execution of this Release in duplicate originals, the Executive may revoke this Release in a writing delivered to the Chairman of the Board of Directors of the Company, and this Release shall not become effective or enforceable until the revocation period has expired.

4. This Release does not release the Company Released Parties from (i) any obligations due to the Executive under the Separation Terms, (ii) any rights Executive has to indemnification by the Company and to directors and officers liability insurance coverage, (iii) any vested rights the Executive has under the Company's employee pension benefit and group healthcare benefit plans as a result of Executive's actual service with the Company, (iv) any fully vested and nonforfeitable rights of the Executive as a shareholder or member of the Company or its affiliates, (v) any rights of the Executive pursuant to any equity or incentive award agreement with the Company, or (vi) any rights which cannot be waived by an employee under applicable law.

5. Nothing in this Release shall prohibit or impede Executive from communicating, cooperating or filing a complaint with any U.S. federal, state or local governmental or law enforcement branch, agency or entity (collectively, a "Governmental Entity") with respect to possible violations of any U.S. federal, state or local law or regulation or otherwise making disclosures to any Governmental Entity, in each case, that are protected under the whistleblower provisions of any such law or regulation; provided, that in each case such communications and disclosures are consistent with applicable law. Executive understands and acknowledges that an individual shall not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that is made: (a) in confidence to a federal, state or local government official or to an attorney solely for the purpose of reporting or investigating a suspected violation of law or (b) in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. Executive understands and acknowledges further that an individual who files a lawsuit for retaliation by an employer for reporting a suspected violation of law may disclose the trade secret to the attorney of the individual and use the trade secret information in the court proceeding, if the individual files any document containing the trade secret under seal, and does not disclose the trade secret, except pursuant to court order. Except as otherwise provided in this paragraph or under applicable law, under no circumstance is Executive authorized to disclose any information covered by the Company's attorney-client privilege or attorney work product or the Company's trade secrets, without the prior written consent of the Company. Executive does not need the prior authorization of (or to give notice to) the Company regarding any communication, disclosure or activity described in this paragraph.

6. The Executive represents and warrants that he has not filed any action, complaint, charge, grievance, arbitration or similar proceeding against the Company Released Parties.

7. This Release is not an admission by the Company Released Parties or the Employee Releasing Parties of any wrongdoing, liability or violation of law.

8. The Executive shall continue to be bound by the restrictive covenants contained in the Employment Agreement which are incorporated herein by reference.

9. This Release shall be governed by and construed in accordance with the laws of the State of New York, without reference to the principles of conflict of laws.

10. Each of the sections contained in this Release shall be enforceable independently of every other section in this Release, and the invalidity or unenforceability of any section shall not invalidate or render unenforceable any other section contained in this Release.

11. **The Executive acknowledges that the Executive has carefully read and understands this Release, that the Executive has the right to consult an attorney with respect to its provisions and that this Release has been entered into knowingly and voluntarily. The Executive acknowledges that no representation, statement, promise, inducement, threat or suggestion has been made by any of the Company Released Parties to influence the Executive to sign this Release except such statements as are expressly set forth herein or in the Employment Agreement.**

Executive has executed this Release as of the day and year first written above.

VIVINT SMART HOME, INC.

By: /s/ GARNER MEADS

Garner Meads
Chief Legal Officer

Date: June 20, 2022

Exhibit 10.43

EMPLOYMENT AGREEMENT
(Dana Russell)

EMPLOYMENT AGREEMENT (the "Agreement") dated May 15, 2022 (the "Effective Date") by and between Vivint Smart Home, Inc., a Delaware corporation (the "Company") and Dana C. Russell ("Executive").

WHEREAS, the Company desires for one or more of the Company or its subsidiaries to employ Executive and Executive desires to be employed in such capacities, on the terms set forth in this Agreement; and

WHEREAS, the Company and Executive desire to enter into this Agreement embodying the terms of such employment which shall be effective as of the Effective Date.

NOW, THEREFORE, in consideration of the premises and mutual covenants herein and for other good and valuable consideration, the parties agree as follows:

1. Term of Employment. Subject to the provisions of Section 5 of this Agreement, Executive shall be employed by the Company and/or one or more of its subsidiaries for a period commencing on or around May 16, 2022 (such date, the "Commencement Date") and ending on the first anniversary of the Commencement Date (the "Employment Term") on the terms and subject to the conditions set forth in this Agreement; provided, however, the Employment Term shall be automatically extended for an additional one-year period commencing with the first anniversary of the Commencement Date and, thereafter, on each such successive anniversary of the Commencement Date thereafter (each an "Extension Date"), unless the Company or Executive provides the other party hereto at least 90 days prior written notice before the next Extension Date that the Employment Term shall not be so extended.

2. Position, Duties, Authority and Location.

(a) During the Employment Term, Executive shall serve as the Company's Chief Financial Officer. In such position, Executive shall have such duties, functions, responsibilities and authority as shall be determined from time to time by the Chief Executive Officer (the "CEO") of the Company and/or the Board of Directors of the Company (the "Board"). Executive shall report directly to the CEO.

(b) Executive will devote substantially all of Executive's business time and reasonable best efforts to the operation and oversight of the Company's businesses and performance of Executive's duties hereunder (excluding periods of vacation and sick leave) and will not engage in any other business activities that could conflict with his duties or services to the Company; provided that nothing herein shall preclude Executive, subject to obtaining consent of the Board (not to be unreasonably withheld), from (i) accepting appointment to or continuing to serve on any board of directors or trustees of any business corporation, and (ii) serving as an officer or director or otherwise participating in non-profit educational, welfare, social, religious and civil organizations.

(c) Executive will provide services to the Company in the Company's offices in or around Provo, Utah, subject to customary Company travel.

3. Compensation.

(a) Base Salary. During the Employment Term, the Company shall pay Executive a base salary ("Base Salary") at the annual rate of $700,000, payable in regular installments in accordance with the Company's usual payment practices. Executive's Base Salary shall be subject to annual review and subject to change, as may be determined from time to time in the sole discretion of the Board or the Compensation Committee of the Board, but in no event shall the Company reduce Executive's Base Salary.

(b) Annual Bonus. During the Employment Term, Executive shall be eligible to earn an annual bonus award (an "Annual Bonus") with a target amount equal to 60% of Executive's Base Salary at the end of the performance period (the "Annual Target Bonus"). The percentage for Executive's Annual Target Bonus shall be subject to annual review and subject to increase, if any, as may be determined from time to time in the sole discretion of the Board or the Compensation Committee of the Board, but in no event shall the Company be entitled to reduce such percentage; *provided, however*, that actual bonus amounts paid to Executive will be subject to Board approval and in accordance with the Company's management bonus plan. The Annual Bonus, if any, shall be paid to Executive within two and one-half months after the end of the applicable fiscal year. Except as provided in Section 5, no Annual Bonus shall be payable in respect of any fiscal year in which Executive's employment is terminated.

(c) Sign-on Equity Grant. In recognition of the commencement of Executive's employment, the Company shall, within thirty days following the Commencement Date, subject to Board approval, award to Executive a one-time equity-based grant of restricted stock units (the "Sign-on Grant") covering a number of shares of the Company's Class A common stock (each, a "Share") equal to the quotient of (x) $4,000,000 divided by (y) the closing price per Share, as reported on the New York Stock Exchange, on the Commencement Date. The Sign-on Grant shall vest annually based upon Executive's continued service with the Company through the applicable vesting dates, with 25% of the Sign-on Grant vesting on each of the first four anniversaries of the Vesting Reference Date (as defined in Executive's Restricted Stock Unit Grant Notice and Restricted Stock Unit Agreement). Any portion of the Sign-on Grant that becomes vested shall be settled as soon as practicable, but no later than thirty (30) days following the applicable vesting date. The Sign-on Grant shall be subject to the term and conditions set forth in the definitive documentation.

(d) Initial Annual Equity Awards. During the Employment Term (as provided in Section 1 above) beginning with calendar year 2023 and continuing through calendar year 2025, the Company will recommend to the Board that Executive receive an annual grant of equity under the Company's long-term equity incentive plan in place from time to time, comprised of a number of restricted stock units and performance restricted stock units, in the aggregate, equal to the quotient of (x) $3,000,000 divided by (y) the applicable share price on the date of grant, as determined by the Board and Compensation Committee, in their sole and respective discretion. Each annual award contemplated by this subpart (e) shall be subject to the applicable time-based and performance-based vesting criteria established by the Board and/or Compensation Committee,

in their sole and respective discretion, which shall be consistent with the process for annual awards granted to other senior executives of the Company and shall be established and delivered to Executive in a manner consistent with annual awards granted to other senior executives of the Company.

(e) Retention Bonuses. Executive shall be eligible to receive $350,000 payable on or within thirty (30) days following each of the first three anniversaries of the Commencement Date (each such anniversary, a "Retention Date" and such bonus, a "Retention Bonus"), in each case, subject to continued employment in good standing as the Chief Financial Officer of the Company on each applicable Retention Date.

(f) Accelerated Vesting. Upon a termination of Executive's employment, within the Change in Control Period (as defined below), (i) by the Company without Cause (including a termination of employment upon expiration of the Employment Term due to the Company's notice of non-renewal under Section 1 above if such notice is given prior to the third anniversary of the Commencement Date) or (ii) due to Executive's resignation with Good Reason, the Company will accelerate (x) the vesting of 100% of Executive's then unvested outstanding time-based restricted stock units and other time-based Company equity compensation awards; and
(y) all unpaid Retention Bonus payments. For purposes of this Section 3(f), "Change in Control Period" means the period beginning on the date six months prior to, and ending on the date that is eighteen (18) months following, a Change in Control (as defined under the Company's 2020 Omnibus Incentive Plan).

4. Benefits.

(a) General. During the Employment Term, Executive shall be entitled to participate in the Company's employee benefit, fringe and perquisite plans, practices, policies and arrangements as in effect from time to time (collectively, "Employee Benefits"), on generally the same terms and conditions as each of the Employee Benefits are made available to other senior executives of the Company (other than with respect to annual bonuses, incentive plans, severance plans or personal use of Company aircraft (as well as any other terms and conditions specifically determined under this Agreement), the benefits for each which shall be determined instead in accordance with this Agreement); provided that Executive shall be entitled to no less than four
(4) weeks' vacation per calendar year.

(b) Reimbursement of Business Expenses. During the Employment Term, the Company shall reimburse Executive for reasonable and necessary business expenses incurred by Executive in the performance of Executive's duties hereunder in accordance with its then prevailing policy for senior executives (which shall include appropriate itemization and substantiation of expenses incurred).

5. Termination.

(a) The Employment Term and Executive's employment hereunder may be terminated by either party at any time and for any reason, subject to the notice and cure provisions set forth below. Notwithstanding any other provision of this Agreement, the provisions of this Section 5 shall exclusively govern Executive's severance rights upon termination of employment with the Company and its affiliates.

(b) By the Company for Cause.

(i) The Employment Term and Executive's employment hereunder may be terminated by the Company for Cause.

(ii) *Definition of Cause*. For purposes of this Agreement, "Cause" shall mean (A) Executive's continued refusal to perform Executive's employment duties (other than as a result of total or partial incapacity due to physical or mental illness) for a period of 10 days following written notice by the Company to Executive of such failure, (B) dishonesty in the performance of Executive's employment duties that is materially injurious to the Company, (C) an act or acts on Executive's part constituting (x) a felony conviction or plea of *nolo contendere* under the laws of the United States or any state thereof or (y) a misdemeanor charge involving moral turpitude, (D) Executive's willful malfeasance or willful misconduct in connection with Executive's employment duties which causes substantial injury to the financial condition or business reputation of the Company or any of its subsidiaries or affiliates or (E) Executive's breach of any of the covenants set forth in Section 6 (other than any action taken in good faith and in a manner not opposed to the best interests of the Company, and which is promptly remedied by Executive upon notice by the Board); provided that none of the foregoing events shall constitute Cause unless Executive fails to cure such event and remedy any adverse or injurious consequences arising from such events within ten (10) days after receipt from the Company of written notice of the event which constitutes Cause (except that no cure or remedy period shall be provided if the event or such consequences are not capable of being cured and remedied).

(iii) If Executive's employment is terminated by the Company for Cause or this Agreement expires after the third (3rd) anniversary of the Commencement Date following the Company's notice of non-renewal under Section 1, Executive shall be entitled to receive:

(A) no later than ten (10) days following the date of termination, the Base Salary through the date of termination;

(B) reimbursement, within sixty (60) days following receipt by the Company of Executive's claim for such reimbursement (including appropriate supporting documentation), for any unreimbursed business expenses properly incurred by Executive in accordance with Company policy prior to Executive's termination; provided that such claims for such reimbursement are submitted to the Company within 90 days following the date of Executive's termination of employment; and

(C) such Employee Benefits, if any, as to which Executive may be entitled under the tax qualified employee benefit plans of the Company, payable in accordance with the terms and conditions of such tax qualified employee benefit plans (the amounts described in clauses (A) through (C) hereof being referred to as the "Accrued Rights").

Following such termination of Executive's employment by the Company for Cause (or termination in connection with non-renewal by the Company following the third anniversary of the Commencement Date), except as set forth in this Section 5(b)(iii), Executive shall have no further rights to any compensation or any other benefits under this Agreement.

(c) Resignation by Executive without Good Reason. If Executive resigns without Good Reason, provided that Executive will be required to give the Company at least 60 days advance written notice of such resignation of Executive's employment, Executive shall be entitled to receive:

(i) the Accrued Rights; and

(ii) the Prior Year Bonus (as defined below); and

(iii) any Retention Bonus earned due to the passage of the Retention Date, but unpaid, as of the date of termination, paid in accordance with Section 3(e) (the "Prior Retention Bonus") (except to the extent payment is otherwise deferred pursuant to any applicable deferred compensation arrangement with the Company, in which case such payment shall be made in accordance with the terms and conditions of such deferred compensation arrangement).

Following such resignation by Executive without Good Reason, except as set forth in this Section 5(c), Executive shall have no further rights to any compensation or any other benefits under this Agreement. The Company may elect to accelerate the termination date without changing the characteristic of such termination of employment as a resignation without Good Reason.

(d) Disability or Death.

(i) *Disability.* During any period that Executive fails to perform his duties hereunder as a result of incapacity due to physical or mental illness or injury (the "Disability Period"), Executive shall continue to receive his full Base Salary set forth in Section 3(a) until Executive's employment is terminated pursuant to Section 5(a). The Employment Term and Executive's employment hereunder may be terminated immediately by the Company due to Executive's Disability and will terminate immediately upon Executive's death. For purposes of this Agreement, "Disability" shall mean Executive's inability to perform, with or without reasonable accommodation, Executive's duties under this Agreement due to a physical or mental illness or injury for a period of six consecutive months or for an aggregate of twelve (12) months in any consecutive twenty-four (24)-month period. Any question as to the existence of the Disability of Executive as to which Executive and the Company cannot agree shall be determined in writing by a qualified independent physician mutually acceptable to Executive and the Company. If Executive and the Company cannot agree as to a qualified independent physician, each shall appoint such a physician and those two physicians shall select a third physician who shall make such determination in writing. The determination of Disability made in writing to the Company and Executive shall be final and conclusive for all purposes of this Agreement.

(ii) Upon termination of Executive's employment hereunder for either Disability or death, Executive or Executive's estate, survivors or beneficiaries (as the case may be) shall be entitled to receive:

(A) the Accrued Rights;

(B) any Annual Bonus earned, but unpaid, as of the date of termination for the immediately preceding fiscal year, paid in accordance with Section 3(b) (the "Prior Year Bonus") (except to the extent payment is otherwise deferred pursuant to any applicable deferred compensation arrangement with the Company, in which case such payment shall be made in accordance with the terms and conditions of such deferred compensation arrangement)

(C) no later than 10 days following the date of termination, a pro rata portion of the Annual Target Bonus payable for the fiscal year in which such termination occurs, based on a fraction, the numerator of which is the number of days during the fiscal year up to and including the date of termination of Executive's employment and the denominator of which is the number of days in such fiscal year (the "Pro-Rated Bonus");

(D) any Prior Retention Bonus; and

(E) death or disability benefits under any applicable plans and programs of the Company in accordance with the terms and provisions of such plans and programs.

(e) By the Company Without Cause (Other Than by Reason of Death or Disability), Expiration following Company Notice of Non-Renewal of Employment Term on or before the Third Anniversary of the Commencement Date or Resignation by Executive with Good Reason.

(i) "Good Reason" shall be deemed to exist upon the occurrence of (A) a reduction in Executive's Base Salary or Annual Target Bonus; (B) a material diminution in Executive's title or Executive's duties, authority or responsibilities (including Executive being required to report to anyone other than directly and solely to the CEO or Board of Directors) that materially decreases the overall scope of Executive's duties, authority or responsibilities; (C) the relocation of Executive's primary office location to a location that is more than fifty (50) miles from Executive's primary office location, in each case without Executive's prior written consent; or (D) the Company's material breach of any of the provisions of this Agreement or any other material agreement to which Executive is party with the Company; provided that none of the foregoing events shall constitute Good Reason unless the Company fails to cure such event within thirty (30) days after receipt from Executive of written notice of the event which constitutes Good Reason and Executive actually terminates employment within thirty (30) days following the expiration of the Company's thirty (30)-day cure period (otherwise, any claim of such circumstances as Good Reason shall be deemed irrevocably waived by Executive); and provided, further, that "Good Reason" shall cease to exist for an event on the sixtieth (60^{th}) day following Executive's knowledge of its occurrence, unless Executive has given the Company written

notice thereof prior to such date.

(ii) If (x) Executive's employment is terminated by the Company without Cause (other than by reason of death or Disability) or expires on or before the third anniversary of the Commencement Date following the Company's notice of non-renewal under Section 1 or (y) Executive resigns with Good Reason, Executive shall be entitled to receive:

(A) the Accrued Rights;

(B) the Pro-Rated Bonus;

(C) the Prior Retention Bonus; and

(D) subject to Executive's continued compliance with Section 6 and material compliance with Section 7 hereof, and the execution and non- revocation of the Release (as defined below), a lump-sum cash payment within fifty-five (55) days after such termination and effectiveness of the Release equal to the sum of (x) 150% of Executive's Base Salary as of the date immediately prior to Executive's termination of employment and (y) 150% of the actual Annual Bonus paid in respect of the immediately preceding fiscal year (or, if such termination occurs prior to the first date on which an Annual Bonus would have been paid had any payment been due, the Annual Target Bonus for the immediately preceding fiscal year), and (z) the monthly COBRA costs of providing health and welfare benefits for Executive and Executive's dependents under the plans in which Executive was participating on the date of the applicable "COBRA qualifying event," at the time of such event, times eighteen (18).

(f) Release. Amounts payable to Executive under Section 5(c)(ii) and 5(c)(iii), or Sections 5(d)(ii)(B), 5(d)(ii)(C) and 5(d)(ii)(D), or Sections 5(e)(ii)(B),5(e)(ii)(C) and 5(e)(ii)(D) (collectively, the "Conditioned Benefits") are subject to (i) Executive's execution and non- revocation of a release of claims, substantially in the form attached hereto as Exhibit I (the "Release"), within sixty (60) days of the date of termination and (ii) the expiration of any revocation period contained in such Release. Further, to the extent that any of the Conditioned Benefits constitutes "nonqualified deferred compensation" for purposes of Section 409A of the Internal Revenue Code of 1986, as amended (the "Code"), any payment of any amount or provision of any benefit otherwise scheduled to occur prior to the sixtieth (60^{th}) day following the date of Executive's termination of employment hereunder, but for the condition on executing the Release as set forth herein, shall not be made until the first regularly scheduled payroll date following such sixtieth (60^{th}) day, after which any remaining Conditioned Benefits shall thereafter be provided to Executive according to the applicable schedule set forth herein.

(g) Expiration of Employment Term. Unless the parties otherwise agree in writing, continuation of Executive's employment with the Company following the expiration of the Employment Term (including any renewal term) shall be deemed an employment at-will and shall not be deemed to extend any of the provisions of this Agreement and Executive's employment may thereafter be terminated at will by either Executive or the Company; provided that the provisions of Sections 6, 7 and 8 of this Agreement shall survive any termination of this Agreement or Executive's termination of employment hereunder.

(h) Notice of Termination; Board/Committee Resignation. Any purported termination of employment by the Company or by Executive (other than due to Executive's death) pursuant to Section 5 of this Agreement shall be communicated by written Notice of Termination to the other party hereto. For purposes of this Agreement, a "Notice of Termination" shall mean a notice which shall indicate the specific termination provision in this Agreement relied upon and shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of employment under the provision so indicated. Upon termination of Executive's employment for any reason, Executive agrees to resign, as of the date of such termination and to the extent applicable, from the Board (and any committees thereof) and the Board of Directors (and any committees thereof) of any of the Company's affiliates (except to the extent Executive is otherwise entitled pursuant to a separate contractual arrangement to continue to serve as a member of the Board).

6. Non-Competition; Non-Solicitation. Executive acknowledges and recognizes the highly competitive nature of the businesses of the Company and its affiliates and accordingly agrees as follows:

(a) Non-Competition.

(i) During Executive's employment hereunder and, for a period of 18 months following the date Executive ceases to be employed by the Company (the "Restricted Period"), Executive will not, whether on Executive's own behalf or on behalf of or in conjunction with any person, firm, partnership, joint venture, association, corporation or other business organization, entity or enterprise whatsoever ("Person"), directly or indirectly, solicit or assist in soliciting in competition with the Restricted Group in the Business, the business of any then current or prospective client or customer with whom Executive (or Executive's direct reports) had personal contact or dealings on behalf of the Company during the one-year period preceding Executive's termination of employment indirectly:

(ii) During the Restricted Period, Executive will not directly or engage in the Business anywhere in the United States, or in any geographical area that is within 100 miles of any geographical area where the Restricted Group engages in the Business, including, for the avoidance of doubt, by entering into the employment of or rendering any services to a Core Competitor, except where such employment or services do not relate in any manner to the Business;

(A) acquire a financial interest in, or otherwise become actively involved with, any Person engaged in the Business, directly or indirectly, as an individual, partner, shareholder, officer, director, principal, agent, trustee or consultant; or

(B) intentionally and adversely interfere with, or attempt to adversely interfere with, business relationships between the members of the Restricted Group and any of their clients, customers, suppliers, partners, members or investors.

(iii) Notwithstanding anything to the contrary in this Agreement, Executive may, directly or indirectly own, solely as an investment, securities of any Person engaged in a Business (including, without limitation, a Core Competitor) which are publicly traded on a national or regional stock exchange or on the over-the-counter market if Executive (i) is not a controlling person of, or a member of a group which controls, such person and (ii) does not, directly or indirectly, own 2% or more of any class of securities of such Person.

(b) Non-Solicitation. During Executive's employment hereunder and the Restricted Period, Executive will not, whether on Executive's own behalf or on behalf of or in conjunction with any Person, directly or indirectly:

(i) solicit or encourage any employee of the Restricted Group to leave the employment of the Restricted Group;

(ii) hire any executive-level employee who was employed by the Restricted Group as of the date of Executive's termination of employment with the Company or who left the employment of the Restricted Group coincident with, or within one year prior to or one year after, the date of Executive's termination of employment with the Company; or

(iii) encourage any material consultant of the Restricted Group to cease working with the Restricted Group.

(iv) For purposes of this Agreement:

(A) "Business" shall mean (1) origination, installation, or monitoring services related to residential or commercial security, life-safety, energy management, cloud storage or smart home automation services, including cloud enabled software solutions related thereto, (2) installation or servicing of residential or commercial solar panels or sale of electricity generated by solar panels, (3) design, engineering or manufacturing of technology or products related to residential or commercial security, life-safety, energy management or cloud storage, smart home automation services, including cloud enabled software solutions related thereto, and/or (4) the sale or marketing of home, auto or other home-related insurance products.

(B) "Core Competitor" shall mean (i) ADT Inc.; Alarm.com Inc.; Arlo; Resideo Technologies, Inc.; Comcast Corporation; Ring, LLC; Control4; Enium Capital; Honeywell International Inc.; SimpliSafe, Inc.; Monitronics International, Inc. (d/b/a Brinks Home Security); SmartThings, Inc.; Wink Labs, Inc.; Ecobee, Inc.; Protect America, Inc.; Stanley Security Solutions, Inc.; Vector Security, Inc.; Slomins, Inc.; Life Alert; Titanium LLC; Northstar Alarm Services; Alder Holdings, LLC; SafeStreets USA; Alert Alarm Hawaii; EVO Automation, LLC; CPI Security Systems, Inc.; Safe Home Security, Inc.; Guardian Protection Services; SAFE Security; Cove Smart, LLC; Aptive Environmental, LLC and any of their respective affiliates or current and future dealers, as well as the home security, automation and solar affiliates, divisions or

departments for Tesla, Inc., Rogers Communications; Amazon; Google; Microsoft; Apple; Cox Communications Inc. and Telus Corporation; (ii) Sungevity, Inc.; RPS; Sunrun, Inc.; SunPower Corporation; Corbin Solar Solutions LLC; Spruce Finance; Galkos Construction, Inc.; Sunova Capital; Sunder Energy; Freedom Forever, LLC; LGCY Power, LLC; Vivint Solar, Inc.; Titan Solar; TriSMART Solar; Suntuity; Lumio, Inc.; Rise Energy; Atlantic Key Energy (aka AKE Solar); Kayo Energy; Lift Energy; Deca Solar; Aptive Solar, LLC and any of their respective affiliates or current and future dealers; and (iii) Hippo Insurance Company and Lemonade Insurance Company and any of their respective affiliates or current and future dealers. The Company maintains the right, in its reasonable discretion, to amend the list of Core Competitors on prior notice to the Participant.

(C) "Restricted Group" shall mean, collectively, the Company and its subsidiaries and, to the extent engaged in the Business, their respective affiliates.

(c) During the Restricted Period, Executive agrees not to make, or cause any other person to make, any communication that is intended to criticize or disparage, or has the effect of criticizing or disparaging, the Company or any of its affiliates, agents or advisors, or any of its or their respective employees, officers or directors (it being understood that comments made in Executive's good faith performance of his duties hereunder shall not be deemed disparaging or defamatory for purposes of this Agreement). During the Restricted Period, the Company shall instruct its executive officers and directors to refrain from intentionally making any communication that is intended to criticize or disparage, or has the effect of criticizing or disparaging, Executive (it being understood that comments made in the good faith performance of their ordinary course duties to the Company or its affiliates shall not be deemed disparaging or defamatory for purposes of this Agreement), and the Company agrees not to make any official communication, press release or other public statement that criticizes or disparages Executive. Nothing set forth herein shall be interpreted to prohibit either party from responding truthfully to incorrect public statements, making truthful statements when reasonably appropriate in connection with any litigation Executive and the Company or any of its affiliates or required by law, subpoena or court order and/or from responding to any inquiry by any regulatory or investigatory organization.

(d) It is expressly understood and agreed that although Executive and the Company consider the restrictions contained in this Section 6 to be reasonable, if a final judicial determination is made by a court of competent jurisdiction that the time or territory or any other restriction contained in this Section 6 is an unenforceable restriction against Executive, the provisions of this Agreement shall not be rendered void but shall be deemed amended to apply as to such maximum time and territory and to such maximum extent as such court may judicially determine or indicate to be enforceable. Alternatively, if any court of competent jurisdiction finds that any restriction contained in this Section 6 is unenforceable, and such restriction cannot be amended so as to make it enforceable, such finding shall not affect the enforceability of any of the other restrictions contained herein.

(e) The period of time during which the provisions of this Section 6 shall be in effect shall be extended by the length of time during which Executive is in breach of the terms

hereof as determined by any court of competent jurisdiction on the Company's application for injunctive relief.

(f) The provisions of this Section 6 shall survive the termination of Executive's employment for any reason, including but not limited to, any termination other than for Cause.

7. Confidentiality; Intellectual Property.

(a) Confidentiality.

(i) Executive will not at any time (whether during or after Executive's employment with the Company), (x) retain or use for the benefit, purposes or account of Executive or any other Person; or (y) disclose, divulge, reveal, communicate, share, transfer or provide access to any Person outside the Company (other than Executive's professional advisers who are bound by confidentiality obligations or otherwise in performance of Executive's duties under Executive's employment and pursuant to customary industry practice), any non-public, proprietary or confidential information – including, without limitation, trade secrets, know-how, research and development, software, databases, inventions, processes, formulae, technology, designs and other intellectual property, information concerning finances, investments, profits, pricing, costs, products, services, vendors, customers, clients, partners, investors, personnel, compensation, recruiting, training, advertising, sales, marketing, promotions, government and regulatory activities and approvals – concerning the past, current or future business activities and operations of the Company, its subsidiaries or affiliates and/or any third party that has disclosed or provided any of same to the Company, its subsidiaries or affiliates on a confidential basis ("Confidential Information") without the prior written authorization of the Board.

(ii) "Confidential Information" shall not include any information that is (a) generally known to the industry or the public other than as a result of Executive's breach of this covenant; (b) made legitimately available to Executive by a third party without breach of any confidentiality obligation of which Executive has knowledge; or (c) required by law to be disclosed; provided that with respect to subsection (c) Executive shall give prompt written notice to the Company of such requirement, disclose no more information than is so required, and reasonably cooperate with any attempts by the Company to obtain a protective order or similar treatment.

(iii) Except as required by law, Executive will not disclose to anyone, other than Executive's family (it being understood that, in this Agreement, the term "family" refers to Executive, Executive's spouse, children, parents and spouse's parents) and advisors, the existence or contents of this Agreement; provided that Executive may disclose to any prospective future employer the provisions of Sections 6 and 7 of this Agreement. This Section 7(a)(iii) shall terminate if the Company publicly discloses a copy of this Agreement (or, if the Company publicly discloses summaries or excerpts of this Agreement, to the extent so disclosed).

(iv) Upon termination of Executive's employment with the Company for any reason, Executive shall (A) cease and not thereafter commence use of any Confidential Information or intellectual property (including without limitation, any patent, invention, copyright, trade secret, trademark, trade name, logo, domain name or other source indicator) owned or used by the Company, its subsidiaries or affiliates; and (B) immediately destroy, delete, or return to the Company, at the Company's option, all originals and copies in any form or medium (including memoranda, books, papers, plans, computer files, letters and other data) in Executive's possession or control (including any of the foregoing stored or located in Executive's office, home, laptop or other computer, whether or not Company property) that contain Confidential Information, except that Executive may retain only those portions of any personal notes, notebooks and diaries that do not contain any Confidential Information.

(v) Nothing in this Agreement shall prohibit or impede Executive from communicating, cooperating or filing a complaint with any U.S. federal, state or local governmental or law enforcement branch, agency or entity (collectively, a "Governmental Entity") with respect to possible violations of any U.S. federal, state or local law or regulation or otherwise making disclosures to any Governmental Entity, in each case, that are protected under the whistleblower provisions of any such law or regulation; provided, that in each case such communications and disclosures are consistent with applicable law. Executive understands and acknowledges that an individual shall not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that is made: (a) in confidence to a federal, state or local government official or to an attorney solely for the purpose of reporting or investigating a suspected violation of law or in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. Executive understands and acknowledges further that an individual who files a lawsuit for retaliation by an employer for reporting a suspected violation of law may disclose the trade secret to the attorney of the individual and use the trade secret information in the court proceeding, if the individual files any document containing the trade secret under seal, and does not disclose the trade secret, except pursuant to court order. Except as otherwise provided in this paragraph or under applicable law, under no circumstance is Executive authorized to disclose any information covered by the Company's attorney-client privilege or attorney work product or the Company's trade secrets, without the prior written consent of the Company. Executive does not need the prior authorization of (or to give notice to) the Company regarding any communication, disclosure or activity described in this paragraph.

(b) Intellectual Property.

(i) If Executive creates, invents, designs, develops, contributes to or improves any works of authorship, inventions, intellectual property, materials, documents or other work product (including without limitation, research, reports, software, databases, systems, applications, presentations, textual works, content, or audiovisual materials) ("Works"), either alone or with third parties, at any time during Executive's employment by the Company (or any of its subsidiaries) and within the scope of such employment and/or with the use of any of the Company resources (such Works, "Company Works"), Executive shall promptly and fully disclose same to the Company and hereby irrevocably assigns, transfers and conveys, to the maximum extent permitted by applicable law, all of Executive's right, title, and interest therein (including rights under patent, industrial

property, copyright, trademark, trade secret, unfair competition, other intellectual property laws, and related laws) to the Company to the extent ownership of any such rights does not vest originally in the Company. If Executive creates any written records (in the form of notes, sketches, drawings, or any other tangible form or media) of any Company Works, Executive will keep and maintain same. The records will be available to and remain the sole property and intellectual property of the Company at all times.

(ii) Executive shall take all requested actions and execute all requested documents (including any licenses or assignments required by a government contract) at the Company's expense (but without further remuneration) to assist the Company in validating, maintaining, protecting, enforcing, perfecting, recording, patenting or registering any of the Company's rights in the Company Works.

(iii) Executive shall not improperly use for the benefit of, bring to any premises of, divulge, disclose, communicate, reveal, transfer or provide access to, or share with the Company any confidential, proprietary or non-public information or intellectual property relating to a former employer or other third party without the prior written permission of such third party. Executive shall comply with all relevant policies and guidelines of the Company that are from time to time previously disclosed to Executive, including regarding the protection of Confidential Information and intellectual property and potential conflicts of interest.

(iv) The provisions of Section 7 hereof shall survive the termination of Executive's employment for any reason.

8. Specific Performance. Executive acknowledges and agrees that the Company's remedies at law for a breach or threatened breach of any of the provisions of Section 6 and Section 7 of this Agreement would be inadequate and the Company would suffer irreparable damages as a result of such breach or threatened breach. In recognition of this fact, Executive agrees that, in the event of such a breach or threatened breach, in addition to any remedies at law, the Company, without posting any bond, shall be entitled, in addition to any other remedy available at law or equity, to cease making any payments or providing any benefit otherwise required by this Agreement and obtain equitable relief in the form of specific performance, temporary restraining order, temporary or permanent injunction or any other equitable remedy which may then be available. In addition, upon any breach of Section 6 or any material breach of Section 7 of this Agreement, Executive shall promptly return to the Company upon request all cash payments made to Executive pursuant to Section 5 (if any), less any amounts paid by Executive as taxes in respect of such payments (unless such taxes are actually recovered by Executive from the relevant governmental authority, in which case such tax amounts also shall be returned to the Company). Any determination under this Section 8 of whether Executive is in compliance with Section 6 hereof and material compliance with Section 7 hereof shall be determined based solely on the contractual provisions provided therein and the facts and circumstances of Executive's actions without regard to whether the Company could obtain an injunction or other relief under the law of any particular jurisdiction.

9. Miscellaneous.

(a) Indemnification; Directors' and Officers' Insurance. The Company shall indemnify and hold Executive harmless for all acts and omissions occurring during his employment with the Company or service as a member of the Board to the extent provided under the Company's charter, by-laws and applicable law, and shall promptly advance to Executive or Executive's heirs or representatives all damages, costs, liabilities, losses and expenses (including reasonable attorneys' fees and expenses) (collectively, "Expenses") as a result of any claim, demand, request, investigation, dispute, controversy, threat, discovery request or request for testimony or information (collectively, a "Claim") or any proceeding (whether civil, criminal, administrative or investigative), or any threatened Claim or proceeding (whether civil, criminal, administrative or investigative), against Executive that arises out of or relates to Executive's service as an officer, director or employee, as the case may be, of the Company, or Executive's service in any such capacity or similar capacity with an affiliate of the Company or other entity at the request of the Company, upon receipt by the Company of a written request with appropriate documentation of such Expenses, and an undertaking by Executive to repay the amount advanced if it shall ultimately be determined that Executive is not entitled to be indemnified by the Company against such Expenses. During the Employment Term and for a term of six years thereafter, the Company, or any successor to the Company, shall purchase and maintain, at its own expense, directors and officers liability insurance providing coverage for Executive in the same amount as for members of the Board.

(b) Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Utah, without regard to conflicts of laws principles thereof.

(c) Jurisdiction; Venue. Except as otherwise provided in Section 8 in connection with equitable remedies, each of the parties hereto hereby irrevocably submits to the exclusive jurisdiction of any federal or state court sitting in the State of Utah over any suit, action or proceeding arising out of or relating to this Agreement and each of the parties agrees that any action relating in any way to this Agreement must be commenced only in the courts of the State of Utah, federal or state. Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted or not prohibited by law, any objection which it may now or hereafter have to the laying of the venue of any such suit, action or proceeding brought in such a court and any claim that any such suit, action or proceeding brought in such a court has been brought in an inconvenient forum. Each of the parties hereto hereby irrevocably consents to the service of process in any suit, action or proceeding by sending the same by certified mail, return receipt requested, or by recognized overnight courier service, to the address of such party set forth in Section 9(j).

(d) Entire Agreement; Amendments. This Agreement (including, without limitation, the schedules and exhibits attached hereto) contains the entire understanding of the parties with respect to the employment of Executive by the Company, and supersedes all prior agreements and understandings (including verbal agreements) between Executive and the Company and/or its current or former affiliates regarding the terms and conditions of Executive's employment with the Company and/or its current or former affiliates. There are no restrictions, agreements, promises, warranties, covenants or undertakings between the parties with respect to the subject matter herein other than those expressly set forth herein. This Agreement (including, without limitation, the schedules and exhibits attached hereto) may not be altered, modified, or amended except by written instrument signed by the parties hereto.

(e) No Waiver. The failure of a party to insist upon strict adherence to any term of this Agreement on any occasion shall not be considered a waiver of such party's rights or deprive such party of the right thereafter to insist upon strict adherence to that term or any other term of this Agreement.

(f) Severability. In the event that any one or more of the provisions of this Agreement shall be or become invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions of this Agreement shall not be affected thereby.

(g) Assignment. This Agreement, and all of Executive's rights and duties hereunder, shall not be assignable or delegable by Executive (other than amounts owed to Executive which are payable to his Estate or beneficiaries following death). Any purported assignment or delegation by Executive in violation of the foregoing shall be null and void *ab initio* and of no force and effect. This Agreement shall be assigned by the Company to a person or entity which is a successor in interest to substantially all of the business operations of the Company. Upon such assignment, the rights and obligations of the Company hereunder shall become the rights and obligations of such affiliate or successor person or entity.

(h) Set Off; No Mitigation. Executive shall not be required to mitigate the amount of any payment provided for pursuant to this Agreement by seeking other employment, and such payments shall not be reduced by any compensation or benefits received from any subsequent employer or other endeavor. Any amounts due under Section 5 of this Agreement are considered reasonable by the Company and are not in the nature of a penalty.

(i) Compliance with Code Section 409A.

(i) The intent of the parties is that payments and benefits under this Agreement comply with or be exempt from Code Section 409A and, accordingly, to the maximum extent permitted, this Agreement shall be interpreted to be in compliance therewith. If any provision of this Agreement (or of any award of compensation, including equity compensation or benefits) would cause Executive to incur any additional tax or interest under Code Section 409A, the Company shall, after consulting with and receiving the approval of Executive, reform such provision in a manner intended to avoid the incurrence by Executive of any such additional tax or interest.

(ii) A termination of employment shall not be deemed to have occurred for purposes of any provision of this Agreement providing for the payment of any amounts or benefits that are considered nonqualified deferred compensation under Code Section 409A upon or following a termination of employment unless such termination is also a "separation from service" within the meaning of Code Section 409A, and, for purposes of any such provision of this Agreement, references to a "termination," "termination of employment" or like terms shall mean "separation from service." The determination of whether and when a separation from service has occurred for proposes of this Agreement shall be made in accordance with the presumptions set forth in Section 1.409A-1(h) of the Treasury Regulations.

(iii) Any provision of this Agreement to the contrary notwithstanding, if at the time of Executive's separation from service, the Company determines that Executive is a "specified employee," within the meaning of Code Section 409A, then to the extent any payment or benefit that Executive becomes entitled to under this Agreement on account of such separation from service would be considered nonqualified deferred compensation under Code Section 409A, such payment or benefit shall be paid or provided at the date which is the earlier of (i) six (6) months and one day after such separation from service and
(ii) the date of Executive's death (the "Delay Period"). Upon the expiration of the Delay Period, all payments and benefits delayed pursuant to this Section 9(i) (whether they would have otherwise been payable in a single sum or in installments in the absence of such delay) shall be paid or provided to Executive in a lump-sum, and any remaining payments and benefits due under this Agreement shall be paid or provided in accordance with the normal payment dates specified for them herein.

(iv) Any reimbursements and in-kind benefits provided under this Agreement that constitute deferred compensation within the meaning of Code Section 409A shall be made or provided in accordance with the requirements of Code Section 409A, including that (A) in no event shall any fees, expenses or other amounts eligible to be reimbursed by the Company under this Agreement be paid later than the last day of the calendar year next following the calendar year in which the applicable fees, expenses or other amounts were incurred; (B) the amount of expenses eligible for reimbursement, or in-kind benefits that the Company is obligated to pay or provide, in any given calendar year shall not affect the expenses that the Company is obligated to reimburse, or the in- kind benefits that the Company is obligated to pay or provide, in any other calendar year, provided that the foregoing clause (B) shall not be violated with regard to expenses reimbursed under any arrangement covered by Section 105(b) of the Code solely because such expenses are subject to a limit related to the period the arrangement is in effect; and
(C) Executive's right to have the Company pay or provide such reimbursements and in- kind benefits may not be liquidated or exchanged for any other benefit.

(v) For purposes of Code Section 409A, Executive's right to receive any installment payments shall be treated as a right to receive a series of separate and distinct payments. Whenever a payment under this Agreement specifies a payment period with reference to a number of days (for example, "payment shall be made within thirty (30) days following the date of termination"), the actual date of payment within the specified period shall be within the sole discretion of the Company. In no event may Executive, directly or indirectly, designate the calendar year of any payment to be made under this Agreement, to the extent such payment is subject to Code Section 409A.

(j) Notice. For the purpose of this Agreement, notices and all other communications provided for in the Agreement shall be in writing and shall be deemed to have been duly given when delivered by hand or overnight courier or three days after it has been mailed by United States registered mail, return receipt requested, postage prepaid, addressed to the respective addresses set forth below in this Agreement, or to such other address as either party may have furnished to the other in writing in accordance herewith, except that notice of change of address shall be effective only upon receipt.

If to the Company:

Vivint Smart Home, Inc. 4931 North 300 West
Provo, Utah 84604 Attention: General Counsel

with a copy (which shall not constitute notice) to:

Simpson Thacher & Bartlett LLP 425 Lexington Avenue
New York, New York 10017 Attention: Gregory T. Grogan

If to Executive:

To the most recent address of Executive set forth in the personnel records of the Company.

(k) Executive Representation. Executive hereby represents to the Company that the execution and delivery of this Agreement by Executive and the Company and the performance by Executive of Executive's duties hereunder shall not constitute a breach of the terms of any employment agreement or other agreement or written policy to which Executive is a party or otherwise bound. Except as disclosed to Company, Executive hereby further represents that he is not subject to any restrictions on his ability to solicit, hire or engage any employee or other service- provider. Executive agrees that the Company is relying on the foregoing representations in entering into this Agreement and related equity-based award agreements. Executive hereby acknowledges and agrees that Executive's commencement of employment with the Company and the terms and conditions of this Agreement are subject to the Board's satisfaction, in its sole discretion, of the completion of a background check.

(l) Withholding Taxes. The Company may withhold from any amounts payable under this Agreement such Federal, state and local taxes as may be required to be withheld pursuant to any applicable law or regulation.

(m) Counterparts. This Agreement may be signed in counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

(n) Section 280G. If any payment or benefit Executive will or may receive from the Company under this Agreement or otherwise would (a) constitute a "parachute payment" within the meaning of Section 280G of the Code (a "280G Payment") and, (b) but for this sentence, be subject to the excise tax imposed by Section 4999 of the Code (the "Excise Tax"), then the Company shall cause to be determined, before any amounts of the 280G Payment are paid to Executive, which of the following two amounts would maximize Executive's after-tax proceeds:
(i) payment in full of the entire amount of the 280G Payment (a "Full Payment"), or (ii) payment of only a part of the 280G Payment, so that Executive receives the largest payment possible without

the imposition of the Excise Tax (a "Reduced Payment"), whichever amount results in Executive's receipt, on an after-tax basis, of the greater amount of the 280G Payment notwithstanding that all or some portion of the 280G Payment may be subject to the Excise Tax. For purposes of determining whether to make a Full Payment or a Reduced Payment, the Company shall cause to be taken into account all applicable federal, state and local income and employment taxes and the Excise Tax (all computed at the highest applicable marginal rate, net of the maximum reduction in federal income taxes which could be obtained from a deduction of such state and local taxes). If a Reduced Payment is made, (A) the 280G Payment shall be paid only to the extent permitted under the Reduced Payment alternative, and Executive shall have no rights to any additional payments and/or benefits constituting the 280G Payment, and (B) reduction in payments and/or benefits shall occur in the manner that results in the greatest economic benefit for Executive, as determined in the Company's reasonable good faith discretion. All determinations required to be made under this Section 9(k), including whether an Excise Tax would otherwise be imposed, whether the Payments shall be reduced, the amount of any such reduction and the assumptions to be utilized in arriving at such determinations not expressly provided for herein, shall be made in a manner determined by the Company. Any determination by the Company shall be binding upon Executive, absent manifest error. For purposes of determining whether and the extent to which the payments will be subject to the Excise Tax: (i) no portion of the payments shall be taken into account which does not constitute a "parachute payment" within the meaning of Section 280G(b)(2) of the Code (including, without limitation, by reason of Section 280G(b)(4)(A) of the Code) and (ii) in calculating the Excise Tax, no portion of such payments shall be taken into account which constitutes reasonable compensation for services actually rendered, within the meaning of Section 280G(b)(4)(B) of the Code, in excess of the "base amount" (as set forth in Section 280G(b)(3) of the Code) that is allocable to such reasonable compensation.

(o) Legal Fees. The Company shall pay directly or reimburse Executive within 30 days following receipt of an invoice for Executive's legal fees reasonably incurred in connection with the negotiation of this Agreement, in an amount not to exceed $5,000.00.

[*Signatures Follow*]

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the day and year first above written.

VIVINT SMART HOME, INC.

By: /s/ DAVID BYWATER

David Bywater
Chief Executive Officer

Date: May 15, 2022

EXECUTIVE

VIVINT SMART HOME, INC.

By: /s/ DANA RUSSELL

Dana Russell
Chief Financial Officer

Date: May 15, 2022

Exhibit I

RELEASE AND WAIVER OF CLAIMS

This Release and Waiver of Claims ("Release") is entered into and delivered to Vivint Smart Home, Inc. (the "Company [●] as of this day , 202[_], by Dana Russell (the "Executive"). The Executive agrees as follows:

1. The employment relationship between the Executive and the Company and its subsidiaries and affiliates, as applicable, terminated on the [●] day , 202[_] (the "Termination Date") pursuant to Section [_] of the Employment Agreement between the Company and Executive dated [--], 2022 ("Employment Agreement").

2. In consideration of the payments, rights and benefits provided for in Section 5(c)(ii) and 5(c)(iii), or Sections 5(d)(ii)(B), 5(d)(ii)(C) and 5(d)(ii)(D), or Sections 5(e)(ii)(B),5(e)(ii)(C) and 5(e)(ii)(D) of the Employment Agreement (collectively, as applicable, the "Separation Terms") and this Release, the sufficiency of which the Executive hereby acknowledges, the Executive, on behalf of himself and his agents, representatives, attorneys, administrators, heirs, executors and assigns (collectively, the "Employee Releasing Parties"), hereby releases and forever discharges the Company Released Parties (as defined below), from all claims, charges, causes of action, obligations, expenses, damages of any kind (including attorneys' fees and costs actually incurred) or demands, in law or in equity, whether known or unknown, which may have existed or which may now exist from the beginning of time to the date of this Release, arising from or relating to Executive's employment or termination from employment with the Company or otherwise, including a release of any rights or claims the Executive may have under Title VII of the Civil Rights Act of 1964; the Civil Rights Act of 1991; the Age Discrimination in Employment Act of 1967, as amended ("ADEA"); the Older Workers Benefit Protection Act; the Americans with Disabilities Act of 1990; the Rehabilitation Act of 1973; the Family and Medical Leave Act of 1993; Section 1981 of the Civil Rights Act of 1866; Section 1985(3) of the Civil Rights Act of 1871; the Employee Retirement Income Security Act of 1974; the Fair Labor Standards Act; any other federal, state or local laws against discrimination; or any other federal, state, or local statute, regulation or common law relating to employment, wages, hours, or any other terms and conditions of employment. This includes a release by the Executive of any and all claims or rights arising under contract (whether written or oral, express or implied), covenant, public policy, tort or otherwise. For purposes hereof, "Company Released Parties" shall mean the Company, and any of its shareholders, divisions, parents, members, subsidiaries, affiliates, predecessors, successors, employee benefit plans, including, for the avoidance of doubt, any holder of 10% or more of the beneficial ownership of the Company (and such shareholders' affiliates, including the Blackstone Inc. and its affiliates) and its and their respective past or present employees, agents, insurers, attorneys, administrators, officials, directors, and the sponsors, fiduciaries, or administrators of its and their respective employee benefit plans.

3. The Executive acknowledges that the Executive is waiving and releasing rights that the Executive may have under the ADEA and other federal, state and local statutes contract and the common law and that this Release is knowing and voluntary. The Executive and the Company agree that this Release does not apply to any rights or claims that may arise after the date of execution by Executive of this Release. The Executive acknowledges that the consideration given

for this Release is in addition to anything of value to which the Executive is already entitled. The Executive further acknowledges that the Executive has been advised by this writing that: (i) the Executive should consult with an attorney prior to executing this Release; (ii) the Executive has up to twenty-one (21) days within which to consider this Release, although the Executive may, at the Executive's discretion, sign and return this Release at an earlier time, in which case the Executive waives all rights to the balance of this twenty-one (21) day review period; and (iii) for a period of seven (7) days following the execution of this Release in duplicate originals, the Executive may revoke this Release in a writing delivered to the Chairman of the Board of Directors of the Company, and this Release shall not become effective or enforceable until the revocation period has expired.

4. This Release does not release the Company Released Parties from (i) any obligations due to the Executive under the Separation Terms, (ii) any rights Executive has to indemnification by the Company and to directors and officers liability insurance coverage, (iii) any vested rights the Executive has under the Company's employee pension benefit and group healthcare benefit plans as a result of Executive's actual service with the Company, (iv) any fully vested and nonforfeitable rights of the Executive as a shareholder or member of the Company or its affiliates, (v) any rights of the Executive pursuant to any equity or incentive award agreement with the Company, or (vi) any rights which cannot be waived by an employee under applicable law.

5. Nothing in this Release shall prohibit or impede Executive from communicating, cooperating or filing a complaint with any U.S. federal, state or local governmental or law enforcement branch, agency or entity (collectively, a "Governmental Entity") with respect to possible violations of any U.S. federal, state or local law or regulation or otherwise making disclosures to any Governmental Entity, in each case, that are protected under the whistleblower provisions of any such law or regulation; provided, that in each case such communications and disclosures are consistent with applicable law. Executive understands and acknowledges that an individual shall not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that is made: (a) in confidence to a federal, state or local government official or to an attorney solely for the purpose of reporting or investigating a suspected violation of law or (b) in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. Executive understands and acknowledges further that an individual who files a lawsuit for retaliation by an employer for reporting a suspected violation of law may disclose the trade secret to the attorney of the individual and use the trade secret information in the court proceeding, if the individual files any document containing the trade secret under seal, and does not disclose the trade secret, except pursuant to court order. Except as otherwise provided in this paragraph or under applicable law, under no circumstance is Executive authorized to disclose any information covered by the Company's attorney-client privilege or attorney work product or the Company's trade secrets, without the prior written consent of the Company. Executive does not need the prior authorization of (or to give notice to) the Company regarding any communication, disclosure or activity described in this paragraph.

6. The Executive represents and warrants that he has not filed any action, complaint, charge, grievance, arbitration or similar proceeding against the Company Released Parties.

7. This Release is not an admission by the Company Released Parties or the Employee Releasing Parties of any wrongdoing, liability or violation of law.

8. The Executive shall continue to be bound by the restrictive covenants contained in the Employment Agreement which are incorporated herein by reference.

9. This Release shall be governed by and construed in accordance with the laws of the State of New York, without reference to the principles of conflict of laws.

10. Each of the sections contained in this Release shall be enforceable independently of every other section in this Release, and the invalidity or unenforceability of any section shall not invalidate or render unenforceable any other section contained in this Release.

11. **The Executive acknowledges that the Executive has carefully read and understands this Release, that the Executive has the right to consult an attorney with respect to its provisions and that this Release has been entered into knowingly and voluntarily. The Executive acknowledges that no representation, statement, promise, inducement, threat or suggestion has been made by any of the Company Released Parties to influence the Executive to sign this Release except such statements as are expressly set forth herein or in the Employment Agreement.**

Executive has executed this Release as of the day and year first written above.

VIVINT SMART HOME, INC.

By: /s/ DANA RUSSELL

Dana Russell
Chief Financial Officer

Date: May 15, 2022

Exhibit 10.45

December 6, 2022

Rasesh Patel ("you" or "Executive")
RE: Side Letter Agreement Regarding Certain Terms of Employment

Dear Rasesh:

As you are aware, Vivint Smart Home, Inc. (the "Company") has entered into a merger agreement (the "Merger Agreement") with NRG Energy, Inc. ("Parent") and the other parties enumerated therein, dated as of the date hereof, pursuant to which the Company will be become a wholly owned subsidiary of Parent (the "Merger").

We are excited to have the benefit of your vision and leadership in connection with this transformational transaction for both the Company and Parent, and we are confident that your service with the Company following the closing of the Merger (the "Closing") will contribute significantly to the Company's continued success. Your title following the Closing will be President of Vivint Smart Home or a mutually agreed enhanced title and we expect that your role with the Company following the Closing will involve expanded authority and responsibility as a result of the Company integrating additional Parent products and services into its business. In recognition of the critical importance of your continuing role with the Company following the Closing, we are pleased to offer you certain enhanced severance protections and the opportunity to earn a retention bonus on the terms and conditions set forth below.

Reference is made to your Amended and Restated Employment Agreement with the Company, dated as of June 20, 2022, (the "Employment Agreement"). Capitalized terms not otherwise defined herein have the definitions ascribed thereto in the Employment Agreement.

Effective as of, and subject to and contingent upon, the Closing, in consideration for the promises and mutual covenants herein, including the payments benefits you will receive in connection with the Merger, you, the Company and Parent agree as set forth below. For the avoidance of doubt, in the event the Merger Agreement is terminated in accordance with its terms, this letter agreement shall be null and void *ab initio*.

1. Compensation Levels; LTI.

    a. Effective following the Closing, your Base Salary will be $675,305, your Annual Target Bonus will be $405,183.60 and your annual target long-term incentive award will be $3,000,000 (the "Annual Target Long-Term Incentive Award").

    b. If the Closing occurs on or prior to March 31, 2023, and, as of the Closing date, the Company has not previously awarded your Annual Target Long-Term Incentive Award for 2023, Parent shall award to you as of a date no later than March 31, 2023, your Annual Target Long-Term Incentive Award for 2023. If the Closing occurs after March 31, 2023, and, as of the Closing date, the Company has not previously awarded your Annual Target Long-Term Incentive Award for 2023, Parent shall award such Annual Target Long-Term Incentive Award for 2023 within 30 days following the Closing. Your Annual Target Long-Term Incentive Awards for 2024 and 2025 shall be awarded by Parent as part of Parent's normal annual grant cycle for its Section 16 officers (it being expected that you will be a Section 16 officer of Parent), but no later than March 31 of each such year. The Annual Target Long-Term Incentive Award shall be granted with the same vesting terms (including with respect to the mix of time- and performance-based vesting conditions) as similarly situated executives of the Company (if the Company issues the 2023 Annual Target Long-Term Incentive Award) or Parent (in all other cases) and its affiliates on the date (subject to the foregoing requirements regarding the timing of the 2023 Annual

Target Long-Term Incentive Award) which Parent makes its normal annual grants for similarly situated executives of Parent and its affiliates and shall otherwise be subject to the terms and conditions of Parent's applicable equity incentive plan and award agreement, as applicable generally to Parent's and its affiliates' similarly situated executives except, as explicitly provided herein.

2. Amendment of "Good Reason" Definition. The definition of "Good Reason" in Section 5(e)(i) of the Employment Agreement is hereby deleted in its entirety and replaced with the following:

"Good Reason" shall be deemed to exist upon the occurrence of (A) a reduction in Executive's Base Salary, Annual Target Long-Term Incentive Award, Annual Target Bonus or Retention Bonus; or (B) a material diminution in Executive's title as President of Vivint Smart Home or title that is mutually agreed upon by the parties, or Executive's being given duties and responsibilities materially ceasing to be reasonably related to those customarily performed by an officer with that title (albeit at a private subsidiary of a larger public organization or in connection with the Company's ceasing to be a public company); or (C) Executive ceasing report to the CEO of Parent; (D) the relocation of Executive's primary office location to a location that is more than 50 miles from Executive's primary office location, in each case without Executive's prior written consent; or (E) the Company's material breach of any of the provisions of this Side Letter Agreement, the Employment Agreement, or any other material agreement to which Executive is party with the Company or its affiliates; provided that none of the foregoing events shall constitute Good Reason unless the Company fails to cure such event within 30 days after receipt from Executive of written notice of the event which constitutes Good Reason and Executive actually terminates employment within 30 days following the expiration of the Company's 30-day cure period (otherwise, any claim of such circumstances as Good Reason shall be deemed irrevocably waived by Executive); and provided, further, that "Good Reason" shall cease to exist for an event on the 60th day following Executive's knowledge of its occurrence, unless Executive has given the Company written notice thereof prior to such date.

3. Certain Terminations of Employment; Walk Right. Notwithstanding anything to the contrary in the Employment Agreement, in the event:

   a. your employment with the Company, Parent or an affiliate is terminated (x) by the Company without Cause, (y) by you for Good Reason (as defined above), or (z) due to death or Disability, in each case, at any time from the Closing and prior to or on the 24-month anniversary of the Closing;

   b. the Company or its affiliate, as applicable, delivers a notice of non-renewal of the Employment Agreement; or

   c. you resign for any reason during the 30 days following the 24-month anniversary of the Closing (the "Walk-Right Period"), then

you will be entitled to receive (i) the severance payments and benefits described in Section 5(e) of the Employment Agreement, (ii) full acceleration at target level of performance of the unvested equity awards that are then outstanding that were granted prior to the date hereof and those granted in respect of 2023 (the "Pre-CIC Awards") and (iii) any of the four Retention Bonus payments described in Section 3(c) of your Employment Agreement that have not previously been paid (the "EA Retention Bonus"), in each case, payable in accordance with the terms of the Employment Agreement governing a termination by the Company without Cause (including any requirement to execute and not revoke a Release or comply with any restrictive covenants as set forth in Section 5(e) of the Employment Agreement). The parties acknowledge and agree that this Side Letter Agreement replaces and supersedes Section 3(f) of the Employment Agreement which shall no longer be operative and that equity awards granted in respect of 2024 and later (the "Post-CIC Awards") shall not

be subject to accelerated vesting other than as provided in this Section 3 or Section 4 of this Side Letter Agreement or the terms of such awards.

4. Equity Acceleration Upon Death or Disability. Notwithstanding anything to the contrary in the Employment Agreement or any other agreement between you, on the one hand, and the Company or Parent, on the other hand, in the event your employment with the Company, Parent or an affiliate is terminated due to death or Disability, 100% of your unvested equity awards that are outstanding as of the date of such termination (whether pre-CIC Awards or Post-CIC Awards) shall vest at target level of performance as of such date.

5. No Reduction in Base Salary, Bonus and LTI. For the 25-month period following the Closing and subject to your continued employment, Parent shall not, and shall cause the Company or any applicable affiliate not to, reduce your Base Salary, Annual Target Long-Term Incentive Award, Annual Target Bonus, or EA Retention Bonus and you shall be eligible for benefits on the same terms as similarly situated executives of Parent and its affiliates.

6. Retention Bonus. Parent shall cause the Company to pay you a cash retention bonus equal to $1,500,000 (the "Parent Retention Bonus") payable in two $750,000 installments, subject to your continuous employment by the Company through each applicable date, as follows: (i) the first installment shall be payable for your continuous service through the date that is 12 months following the Closing, and (ii) the second installment shall be payable for your continuous service through the date that is 24 months following the Closing. Any unpaid portion of the Retention Bonus shall become immediately payable, subject to the execution and non-revocation of the Release in accordance with Section 5(f) of the Employment Agreement, upon the occurrence of any of the following events on or within the 24 months following the Closing:

    a. you are terminated by the Company or its affiliates without Cause; or

    b. you resign your employment with the Company or its affiliates for Good Reason; or

    c. you die or become Disabled.

    To the extent earned or accelerated as set forth above, your Parent Retention Bonus shall be paid on the next payroll date following the applicable vesting date or acceleration date, less applicable withholding taxes. For the avoidance of doubt, the Parent Retention Bonus is distinct from, and shall be in addition to, the EA Retention Bonus.

7. Termination of Employment Agreement. Except as explicitly provided herein, the Employment Agreement shall remain in full force and effect through the Walk-Right Period; provided, however, that your Employment Agreement shall automatically expire following the Walk-Right Period and unless otherwise mutually agreed in writing between the parties, you shall not be entitled to any severance or payments following the end of such Walk-Right Period.

You acknowledge and agree that nothing in this letter agreement shall confer upon you any right to continue in the employ of the Company, Parent or any affiliate or interfere in any way with any right to terminate such employment at any time for any reason whatsoever (whether for Cause or without Cause) without liability, except as may be specifically provided in this letter agreement, the Employment Agreement or other agreements with the Company or Parent to which you are a party. Your Parent Retention Bonus granted hereunder shall not be deemed to create a trust or other funded arrangement. Your rights with respect to the Parent Retention Bonus shall be those of a general unsecured creditor of the Company and Parent, and under no circumstances shall you have any other interest in any asset of the Company, Parent or any affiliate by virtue of the Parent Retention Bonus. No agreements, representations or understandings (whether oral or written and whether express or implied) which are not expressly set forth in this letter agreement have been made or entered into by either party with respect to the subject matter hereof. This letter agreement is governed by the laws of the State of Utah without regard to its

conflict-of-law rules and each of the parties hereby submits to the exclusive jurisdiction of any federal or state court sitting in the State of Utah with respect to any claim or action arising relating to this letter agreement. This letter agreement may be executed in counterparts.

We look forward to working with you during this transformational period.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties have caused this letter agreement to be executed as of the date first written above.

COMPANY:
VIVINT SMART HOME, INC.

By: /s/ David Bywater
Name: David Bywater
Title: Chief Executive Officer

PARENT:
NRG ENERGY, INC.

By: /s/ Mauricio Gutierrez
Name: Mauricio Gutierrez
Title: President and Chief Executive Officer

/s/ Rasesh Patel
Rasesh Patel

[Signature Page to Letter Agreement]

Exhibit 10.46

December 6, 2022

Todd Santiago ("you" or "Executive")
RE: Side Letter Agreement Regarding Certain Terms of Employment

Dear Todd:

As you are aware, Vivint Smart Home, Inc. (the "Company") has entered into a merger agreement (the "Merger Agreement") with NRG Energy, Inc. ("Parent") and the other parties enumerated therein, dated as of the date hereof, pursuant to which the Company will be become a wholly owned subsidiary of Parent (the "Merger").

We are excited to have the benefit of your vision and leadership in connection with this transformational transaction for both the Company and Parent, and we are confident that your service with the Company following the closing of the Merger (the "Closing") will contribute significantly to the Company's continued success. Your title following the Closing will be Chief Revenue Officer of Vivint Smart Home or a mutually agreed enhanced title and we expect that your role with the Company following the Closing will involve expanded authority and responsibility as a result of the Company integrating additional Parent products and services into its business. In recognition of the critical importance of your continuing role with the Company following the Closing, we are pleased to offer you certain enhanced severance protections and the opportunity to earn a retention bonus on the terms and conditions set forth below.

Reference is made to your Amended and Restated Employment Agreement with the Company, dated as of June 20, 2022, (the "Employment Agreement"). Capitalized terms not otherwise defined herein have the definitions ascribed thereto in the Employment Agreement.

Effective as of, and subject to and contingent upon, the Closing, in consideration for the promises and mutual covenants herein, including the payments benefits you will receive in connection with the Merger, you, the Company and Parent agree as set forth below. For the avoidance of doubt, in the event the Merger Agreement is terminated in accordance with its terms, this letter agreement shall be null and void *ab initio*.

1. Compensation Levels; LTI.

    a. Effective following the Closing, your Base Salary will be $675,305, your Annual Target Bonus will be $405,183.60 and your annual target long-term incentive award will be $3,000,000 (the "Annual Target Long-Term Incentive Award").

    b. If the Closing occurs on or prior to March 31, 2023, and, as of the Closing date, the Company has not previously awarded your Annual Target Long-Term Incentive Award for 2023, Parent shall award to you as of a date no later than March 31, 2023, your Annual Target Long-Term Incentive Award for 2023. If the Closing occurs after March 31, 2023, and, as of the Closing date, the Company has not previously awarded your Annual Target Long-Term Incentive Award for 2023, Parent shall award such Annual Target Long-Term Incentive Award for 2023 within 30 days following the Closing. Your Annual Target Long-Term Incentive Awards for 2024 and 2025 shall be awarded by Parent as part of Parent's normal annual grant cycle for its Section 16 officers (it being expected that you will not be a Section 16 officer of Parent), but no later than March 31 of each such year. The Annual Target Long-Term Incentive Award shall be granted with the same vesting terms (including with respect to the mix of time- and performance-based vesting conditions) as similarly situated executives of the Company (if the Company issues the 2023 Annual Target Long-Term Incentive Award) or Parent (in all other cases) and its affiliates on the

date (subject to the foregoing requirements regarding the timing of the 2023 Annual Target Long-Term Incentive Award) which Parent makes its normal annual grants for similarly situated executives of Parent and its affiliates and shall otherwise be subject to the terms and conditions of Parent's applicable equity incentive plan and award agreement, as applicable generally to Parent's and its affiliates' similarly situated executives except, as explicitly provided herein.

2. Amendment of "Good Reason" Definition. The definition of "Good Reason" in Section 5(e)(i) of the Employment Agreement is hereby deleted in its entirety and replaced with the following:

"Good Reason" shall be deemed to exist upon the occurrence of (A) a reduction in Executive's Base Salary, Annual Target Long-Term Incentive Award, Annual Target Bonus or Retention Bonus; or (B) a material diminution in Executive's title as Chief Revenue Officer of Vivint Smart Home or title that is mutually agreed upon by the parties, or Executive's being given duties and responsibilities materially ceasing to be reasonably related to those customarily performed by an officer with that title (albeit at a private subsidiary of a larger public organization or in connection with the Company's ceasing to be a public company); or (C) the relocation of Executive's primary office location to a location that is more than 50 miles from Executive's primary office location, in each case without Executive's prior written consent; or (D) the Company's material breach of any of the provisions of this Side Letter Agreement, the Employment Agreement, or any other material agreement to which Executive is party with the Company or its affiliates; provided, that none of the foregoing events shall constitute Good Reason unless the Company fails to cure such event within 30 days after receipt from Executive of written notice of the event which constitutes Good Reason and Executive actually terminates employment within 30 days following the expiration of the Company's 30-day cure period (otherwise, any claim of such circumstances as Good Reason shall be deemed irrevocably waived by Executive); and provided, further, that "Good Reason" shall cease to exist for an event on the 60th day following Executive's knowledge of its occurrence, unless Executive has given the Company written notice thereof prior to such date.

3. Certain Terminations of Employment; Walk Right. Notwithstanding anything to the contrary in the Employment Agreement, in the event:

   a. your employment with the Company, Parent or an affiliate is terminated (x) by the Company without Cause, (y) by you for Good Reason (as defined above), or (z) due to death or Disability, in each case, at any time from the Closing and prior to or on the 24-month anniversary of the Closing;

   b. the Company or its affiliate, as applicable, delivers a notice of non-renewal of the Employment Agreement; or

   c. you resign for any reason during the 30 days following the 24-month anniversary of the Closing (the "Walk-Right Period"), then

you will be entitled to receive (i) the severance payments and benefits described in Section 5(e) of the Employment Agreement, (ii) full acceleration at target level of performance of the unvested equity awards that are then outstanding that were granted prior to the date hereof and those granted in respect of 2023 (the "Pre-CIC Awards") and (iii) any of the Retention Bonus payments described in Section 3(d) of your Employment Agreement that have not previously been paid (the "EA Retention Bonus"). The payments described in each case of clauses (i) through (iii) above, shall be payable in accordance with the terms of the Employment Agreement governing a termination by the Company without Cause (including any requirement to execute and not revoke a Release or comply with any restrictive covenants as set forth in Section 5(e) of the Employment Agreement). The parties acknowledge and agree that this Side Letter Agreement replaces and supersedes Section 3(e) of the Employment Agreement which shall no longer be operative and that equity awards granted in

respect of 2024 and later (the "Post-CIC Awards") shall not be subject to accelerated vesting other than as provided in this Section 3 or Section 4 of this Side Letter Agreement or the terms of such awards.

4. Equity Acceleration Upon Death or Disability. Notwithstanding anything to the contrary in the Employment Agreement or any other agreement between you, on the one hand, and the Company or Parent, on the other hand, in the event your employment with the Company, Parent or an affiliate is terminated due to death or Disability, 100% of your unvested equity awards that are outstanding as of the date of such termination (whether pre-CIC Awards or Post-CIC Awards) shall vest at target level of performance as of such date.

5. No Reduction in Base Salary, Bonus and LTI. For the 25-month period following the Closing and subject to your continued employment, Parent shall not, and shall cause the Company or any applicable affiliate not to, reduce your Base Salary, Annual Target Long-Term Incentive Award, Annual Target Bonus, or EA Retention Bonus and you shall be eligible for benefits on the same terms as similarly situated executives of Parent and its affiliates.

6. Retention Bonus. Parent shall cause the Company to pay you a cash retention bonus equal to $1,500,000 (the "Parent Retention Bonus") payable in two $750,000 installments, subject to your continuous employment by the Company through each applicable date as follows: (i) the first installment shall be payable for your continuous service through the date that is 12 months following the Closing, and (ii) the second installment shall be payable for your continuous service through the date that is 24 months following the Closing. Any unpaid portion of the Retention Bonus shall become immediately payable, subject to the execution and non-revocation of the Release in accordance with Section 5(f) of the Employment Agreement, upon the occurrence of any of the following events on or within the 24 months following the Closing:

    a. you are terminated by the Company or its affiliates without Cause; or

    b. you resign your employment with the Company or its affiliates for Good Reason; or

    c. you die or become Disabled.

    To the extent earned or accelerated as set forth above, your Parent Retention Bonus shall be paid on the next payroll date following the applicable vesting date or acceleration date, less applicable withholding taxes. For the avoidance of doubt, the Parent Retention Bonus is distinct from, and shall be in addition to, the EA Retention Bonus.

7. Termination of Employment Agreement. Except as explicitly provided herein, the Employment Agreement shall remain in full force and effect through the Walk-Right Period; provided, however, that your Employment Agreement shall automatically expire following the Walk-Right Period and unless otherwise mutually agreed in writing between the parties, you shall not be entitled to any severance or payments following the end of such Walk-Right Period.

You acknowledge and agree that nothing in this letter agreement shall confer upon you any right to continue in the employ of the Company, Parent or any affiliate or interfere in any way with any right to terminate such employment at any time for any reason whatsoever (whether for Cause or without Cause) without liability, except as may be specifically provided in this letter agreement, the Employment Agreement or other agreements with the Company or Parent to which you are a party. Your Parent Retention Bonus granted hereunder shall not be deemed to create a trust or other funded arrangement. Your rights with respect to the Parent Retention Bonus shall be those of a general unsecured creditor of the Company and Parent, and under no circumstances shall you have any other interest in any asset of the Company, Parent or any affiliate by virtue of the Parent Retention Bonus. No agreements, representations or understandings (whether oral or written and whether express or implied) which are not expressly set forth in this letter agreement have been made or entered into by either party with respect to the subject

matter hereof. This letter agreement is governed by the laws of the State of Utah without regard to its conflict-of-law rules and each of the parties hereby submits to the exclusive jurisdiction of any federal or state court sitting in the State of Utah with respect to any claim or action arising relating to this letter agreement. This letter agreement may be executed in counterparts.

We look forward to working with you during this transformational period.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties have caused this letter agreement to be executed as of the date first written above.

COMPANY:
VIVINT SMART HOME, INC.

By: /s/ David Bywater
Name: David Bywater
Title: Chief Executive Officer

PARENT:
NRG ENERGY, INC.

By: /s/ Mauricio Gutierrez
Name: Mauricio Gutierrez
Title: President and Chief Executive Officer

/s/ Todd Santiago
Todd Santiago

Exhibit 10.47

December 6, 2022

Daniel Garen ("you" or "Executive")
RE: Side Letter Agreement Regarding Certain Terms of Employment

Dear Dan:

As you are aware, Vivint Smart Home, Inc. (the "Company") has entered into a merger agreement (the "Merger Agreement") with NRG Energy, Inc. ("Parent") and the other parties enumerated therein, dated as of the date hereof, pursuant to which the Company will be become a wholly owned subsidiary of Parent (the "Merger").

We are excited to have the benefit of your vision and leadership in connection with this transformational transaction for both the Company and Parent, and we are confident that your service with the Company following the closing of the Merger (the "Closing") will contribute significantly to the Company's continued success. Your title following the Closing will be Chief Ethics and Compliance Officer of Vivint Smart Home or a mutually agreed enhanced title and we expect that your role with the Company following the Closing will involve expanded authority and responsibility as a result of the Company integrating additional Parent products and services into its business. In recognition of the critical importance of your continuing role with the Company following the Closing, we are pleased to offer you certain enhanced severance protections and the opportunity to earn a retention bonus on the terms and conditions set forth below.

Reference is made to your Amended and Restated Employment Agreement with the Company, dated as of June 20, 2022, (the "Employment Agreement"). Capitalized terms not otherwise defined herein have the definitions ascribed thereto in the Employment Agreement.

Effective as of, and subject to and contingent upon, the Closing, in consideration for the promises and mutual covenants herein, including the payments benefits you will receive in connection with the Merger, you, the Company and Parent agree as set forth below. For the avoidance of doubt, in the event the Merger Agreement is terminated in accordance with its terms, this letter agreement shall be null and void *ab initio*.

1. Compensation Levels; LTI; Reporting Relationship.

    a. Effective following the Closing, your Base Salary will be $600,000, your Annual Target Bonus will be $360,000 and your annual target long-term incentive award will be $700,000 (the "Annual Target Long-Term Incentive Award").

    b. If the Closing occurs on or prior to March 31, 2023, and, as of the Closing date, the Company has not previously awarded your Annual Target Long-Term Incentive Award for 2023, Parent shall award to you as of a date no later than March 31, 2023, your Annual Target Long-Term Incentive Award for 2023. If the Closing occurs after March 31, 2023, and, as of the Closing date, the Company has not previously awarded your Annual Target Long-Term Incentive Award for 2023, Parent shall award such Annual Target Long-Term Incentive Award for 2023 within 30 days following the Closing. Your Annual Target Long-Term Incentive Awards for 2024 and 2025 shall be awarded by Parent as part of Parent's normal annual grant cycle for its Section 16 officers (it being expected that you will not be a Section 16 officer of Parent), but no later than March 31 of each such year. The Annual Target Long-Term Incentive Award shall be granted with the same vesting terms (including with respect to the mix of time- and performance-based vesting conditions) as similarly situated executives of the Company (if the Company issues the 2023 Annual Target Long-Term Incentive Award) or Parent (in all other cases) and its affiliates on the

date (subject to the foregoing requirements regarding the timing of the 2023 Annual Target Long-Term Incentive Award) which Parent makes its normal annual grants for similarly situated executives of Parent and its affiliates and shall otherwise be subject to the terms and conditions of Parent's applicable equity incentive plan and award agreement, as applicable generally to Parent's and its affiliates' similarly situated executives except, as explicitly provided herein.

c. You will report to the President of Vivint Smart Home and Chief Compliance Officer of the Parent, with a reporting relationship to the Audit Committee of the Parent.

2. Amendment of "Good Reason" Definition. The definition of "Good Reason" in Section 5(e)(i) of the Employment Agreement is hereby deleted in its entirety and replaced with the following:

"Good Reason" shall be deemed to exist upon the occurrence of (A) a reduction in Executive's Base Salary, Annual Target Long-Term Incentive Award or Annual Target Bonus; or (B) a material diminution in Executive's title as Chief Ethics and Compliance Officer of Vivint Smart Home or title that is mutually agreed upon by the parties, or Executive's being given duties and responsibilities materially ceasing to be reasonably related to those customarily performed by an officer with that title (albeit at a private subsidiary of a larger public organization or in connection with the Company's ceasing to be a public company); or (C) the relocation of Executive's primary office location to a location that is more than 50 miles from Executive's primary office location, in each case without Executive's prior written consent; or (D) the Company's material breach of any of the provisions of this Side Letter Agreement, the Employment Agreement, or any other material agreement to which Executive is party with the Company or its affiliates; provided, that none of the foregoing events shall constitute Good Reason unless the Company fails to cure such event within 30 days after receipt from Executive of written notice of the event which constitutes Good Reason and Executive actually terminates employment within 30 days following the expiration of the Company's 30-day cure period (otherwise, any claim of such circumstances as Good Reason shall be deemed irrevocably waived by Executive); and provided, further, that "Good Reason" shall cease to exist for an event on the 60th day following Executive's knowledge of its occurrence, unless Executive has given the Company written notice thereof prior to such date.

3. Certain Terminations of Employment; Walk Right. Notwithstanding anything to the contrary in the Employment Agreement, in the event:

a. your employment with the Company, Parent or an affiliate is terminated (x) by the Company without Cause, (y) by you for Good Reason (as defined above), or (z) due to death or Disability, in each case, at any time from the Closing and prior to or on the 24-month anniversary of the Closing;

b. the Company or its affiliate, as applicable, delivers a notice of non-renewal of the Employment Agreement; or

c. you resign for any reason during the 30 days following the 24-month anniversary of the Closing (the "Walk-Right Period"), then

you will be entitled to receive (i) the severance payments and benefits described in Section 5(e) of the Employment Agreement, and (ii) full acceleration at target level performance of the unvested equity awards that are then outstanding that were granted prior to the date hereof and those granted in respect of 2023 (the "Pre-CIC Awards"), in each case, payable in accordance with the terms of the Employment Agreement governing a termination by the Company without Cause (including any requirement to execute and not revoke a Release or comply with any restrictive covenants as set forth in Section 5(e) of the Employment Agreement). The parties acknowledge and agree that this Side Letter Agreement replaces and supersedes Section 3(e) of the Employment Agreement which shall no longer be operative

and that equity awards granted in respect of 2024 and later (the "Post-CIC Awards") shall not be subject to accelerated vesting other than as provided in this Section 3 or Section 4 of this Side Letter Agreement or the terms of such awards.

4. Equity Acceleration Upon Death or Disability. Notwithstanding anything to the contrary in the Employment Agreement or any other agreement between you, on the one hand, and the Company or Parent, on the other hand, in the event your employment with the Company, Parent or an affiliate is terminated due to death or Disability, 100% of your unvested equity awards that are outstanding as of the date of such termination (whether pre-CIC Awards or Post-CIC Awards) shall vest at target level of performance as of such date.

5. No Reduction in Base Salary, Bonus and LTI. For the 25-month period following the Closing and subject to your continued employment, Parent shall not, and shall cause the Company or any applicable affiliate not to, reduce your Base Salary, Annual Target Long-Term Incentive Award or Annual Target Bonus and you shall be eligible for benefits on the same terms as similarly situated executives of Parent and its affiliates; provided that you shall continue to be eligible to receive travel and housing reimbursement and benefits on a basis consistent with past practice.

6. Retention Bonus. Parent shall cause the Company to pay you a cash retention bonus equal to $750,000 (the "Parent Retention Bonus") payable in two $375,000 installments, subject to your continuous employment by the Company through each applicable date, as follows: (i) the first installment shall be payable for your continuous service through the date that is 12 months following the Closing, and (ii) the second installment shall be payable for your continuous service through the date that is 24 months following the Closing. Any unpaid portion of the Retention Bonus shall become immediately payable, subject to the execution and non-revocation of the Release in accordance with Section 5(f) of the Employment Agreement, upon the occurrence of any of the following events on or within the 24 months following the Closing:

    a. you are terminated by the Company or its affiliates without Cause; or

    b. you resign your employment with the Company or its affiliates for Good Reason; or

    c. you die or become Disabled.

    To the extent earned or accelerated as set forth above, your Parent Retention Bonus shall be paid on the next payroll date following the applicable vesting date or acceleration date, less applicable withholding taxes.

7. Termination of Employment Agreement. Except as explicitly provided herein, the Employment Agreement shall remain in full force and effect through the Walk-Right Period; provided, however, that your Employment Agreement shall automatically expire following the Walk-Right Period and unless otherwise mutually agreed in writing between the parties, you shall not be entitled to any severance or payments following the end of such Walk-Right Period.

You acknowledge and agree that nothing in this letter agreement shall confer upon you any right to continue in the employ of the Company, Parent or any affiliate or interfere in any way with any right to terminate such employment at any time for any reason whatsoever (whether for Cause or without Cause) without liability, except as may be specifically provided in this letter agreement, the Employment Agreement or other agreements with the Company or Parent to which you are a party. Your Parent Retention Bonus granted hereunder shall not be deemed to create a trust or other funded arrangement. Your rights with respect to the Parent Retention Bonus shall be those of a general unsecured creditor of the Company and Parent, and under no circumstances shall you have any other interest in any asset of the Company, Parent or any affiliate by virtue of the Parent Retention Bonus. No agreements, representations or understandings (whether oral or written and whether express or implied) which are not expressly set forth in this letter agreement have been made or entered into by either party with respect to the subject

matter hereof. This letter agreement is governed by the laws of the State of Utah without regard to its conflict-of-law rules and each of the parties hereby submits to the exclusive jurisdiction of any federal or state court sitting in the State of Utah with respect to any claim or action arising relating to this letter agreement. This letter agreement may be executed in counterparts.

We look forward to working with you during this transformational period.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties have caused this letter agreement to be executed as of the date first written above.

COMPANY:
VIVINT SMART HOME, INC.

By: /s/ David Bywater
Name: David Bywater
Title: Chief Executive Officer

PARENT:
NRG ENERGY, INC.

By: /s/ Mauricio Gutierrez
Name: Mauricio Gutierrez
Title: President and Chief Executive Officer

/s/ Daniel Garen
Daniel Garen

Exhibit 10.48

Execution Version

December 28, 2022

Dana Russell

RE: Acceleration of Payments

Dear Dana:

As you are aware, Vivint Smart Home, Inc., (the "Company") has entered into an Agreement and Plan of Merger dated December 6, 2022 (the "Merger Agreement") with NRG Energy, Inc. ("Parent") and the other parties enumerated therein, pursuant to which the Company will become a wholly owned subsidiary of Parent (the "Transaction"). Reference is made to your employment agreement with the Company, dated as of May 15, 2022 (the "Employment Agreement") and your side letter agreement with Parent, dated as of December 6, 2022 (together, the "Employment Arrangements"). Terms used but not otherwise defined herein shall have the meaning ascribed to such term in the Employment Arrangement.

By signing below, you and the Company each agree that:

1. Subject to your agreement in Paragraph 2 below, the Company has elected (at your request) to accelerate the timing of the vesting and settlement, as of December 28, 2022, of 88,029 of the 176,057 outstanding time-based restricted stock units ("RSUs") held by you that would otherwise be eligible to vest on May 16, 2023. Any amounts required to be withheld to satisfy any amounts required to be withheld in connection with the vesting of the RSUs shall be satisfied by the Company's withholding the requisite number of shares of common stock otherwise deliverable upon settlement to satisfy such tax withholding obligation;

2. You hereby agree to repay, within 30 days following such event, an amount equal to the product of (x) the number of RSUs that would not have vested absent this letter agreement and (y) the value of a share of the Company's common stock on the repayment date (provided that, if the Transaction has occurred, clause (y) shall be $12.00), in the event you cease to be employed with the Company prior to the date which the equity award described in Paragraph 1 above would otherwise have become vested. You shall not be required to repay such amount if you otherwise become legally entitled to receive the accelerated vesting and settlement of such equity award, including, to the extent applicable, timely executing, and not revoking, an effective Release and Waiver of Claims, substantially in the form attached to your Employment Agreement.

You acknowledge and agree that nothing in this letter agreement shall confer upon you any right to continue in the employ of the Company, Parent or any affiliate or interfere in any way with any right to terminate such employment at any time for any reason whatsoever (whether by the Company for Cause or without Cause or by you with Good Reason) without liability, subject to any rights set forth in the Employment Arrangement or this letter agreement. You acknowledge and agree that you shall not be eligible to receive any payments or benefits accelerated hereunder in a manner that results in a duplication of payments or benefits.

No agreements, representations or understandings (whether oral or written and whether express or implied) which are not expressly set forth in this letter agreement have been made or entered into by either party with respect to the subject matter hereof. This letter agreement is governed by the laws of the State of Utah without regard to its conflict-of-law rules and each of the parties hereby submits to the exclusive jurisdiction of any federal or state court sitting in the State of Utah with respect to any claim or action arising relating to this letter agreement. This letter agreement may be executed in counterparts.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties have caused this letter agreement to be executed as of the date first written above.

Company:
Vivint Smart Home, Inc.

By: /s/ David Bywater
Name: David Bywater
Title: Chief Executive Officer

IN WITNESS WHEREOF, the parties have caused this letter agreement to be executed as of the date first written above.

/s/ Dana Russell
Dana Russell

Exhibit 10.49

Execution Version

December 28, 2022

Daniel Garen

RE: Acceleration of Payments

Dear Daniel:

As you are aware, Vivint Smart Home, Inc., (the "Company") has entered into an Agreement and Plan of Merger dated December 6, 2022 (the "Merger Agreement") with NRG Energy, Inc. ("Parent") and the other parties enumerated therein, pursuant to which the Company will become a wholly owned subsidiary of Parent (the "Transaction"). Reference is made to your employment agreement with the Company, dated as of June 20, 2022 (the "Employment Agreement") and your side letter agreement with the Company and Parent, dated as of December 6, 2022 (together, the "Employment Arrangements"). Terms used but not otherwise defined herein shall have the meaning ascribed to such term in the Employment Arrangement.

By signing below, you and the Company each agree that:

1. Subject to your agreement in Paragraph 2 below, the Company has elected (at your request) to accelerate the timing of the vesting and settlement, as of December 28, 2022, of (i) 8,929 outstanding time-based restricted stock units ("RSUs") held by you that would otherwise be eligible to vest on March 1, 2023 and (ii) 13,043 of 86,957 RSUs held by you that would otherwise be eligible to vest on August 23, 2023. Any amounts required to be withheld to satisfy any amounts required to be withheld in connection with the vesting of the RSUs shall be satisfied by the Company's withholding the requisite number of shares of common stock otherwise deliverable upon settlement to satisfy such tax withholding obligation;

2. You hereby agree to repay, within 30 days following such event, an amount equal to the product of (x) the number of RSUs that would not have vested absent this letter agreement and (y) the value of a share of the Company's common stock on the repayment date (provided that, if the Transaction has occurred, clause (y) shall be $12.00), in the event you cease to be employed with the Company prior to the date which the equity awards described in Paragraph 1 above would otherwise have become vested. You shall not be required to repay such amount if you otherwise become legally entitled to receive the accelerated vesting and settlement of such equity awards, including, to the extent applicable, timely executing, and not revoking, an effective Release and Waiver of Claims, substantially in the form attached to your Employment Agreement.

You acknowledge and agree that nothing in this letter agreement shall confer upon you any right to continue in the employ of the Company, Parent or any affiliate or interfere in any way with any right to terminate such employment at any time for any reason whatsoever (whether by the Company for Cause or without Cause or by you with Good Reason) without liability, subject to any rights set forth in the Employment Arrangements or this letter agreement. You acknowledge and agree that you shall not be eligible to receive any payments or benefits accelerated hereunder in a manner that results in a duplication of payments or benefits.

No agreements, representations or understandings (whether oral or written and whether express or implied) which are not expressly set forth in this letter agreement have been made or entered into by either party with respect to the subject matter hereof. This letter agreement is governed by the laws of the State of Utah without regard to its conflict-of-law rules and each of the parties hereby submits to the

exclusive jurisdiction of any federal or state court sitting in the State of Utah with respect to any claim or action arising relating to this letter agreement. This letter agreement may be executed in counterparts.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties have caused this letter agreement to be executed as of the date first written above.

Company:
Vivint Smart Home, Inc.

By: /s/ David Bywater
Name: David Bywater
Title: Chief Executive Officer

IN WITNESS WHEREOF, the parties have caused this letter agreement to be executed as of the date first written above.

/s/ Daniel Garen
Daniel Garen

Exhibit 10.50

Execution Version

December 28, 2022

Rasesh Patel

RE: Acceleration of Payments

Dear Rasesh:

As you are aware, Vivint Smart Home, Inc., (the "Company") has entered into an Agreement and Plan of Merger dated December 6, 2022 (the "Merger Agreement") with NRG Energy, Inc. ("Parent") and the other parties enumerated therein, pursuant to which the Company will become a wholly owned subsidiary of Parent (the "Transaction"). Reference is made to your employment agreement with the Company, dated as of June 20, 2022 (the "Employment Agreement") and your side letter agreement with the Company and Parent, dated as of December 6, 2022 (together, the "Employment Arrangements"). Terms used but not otherwise defined herein shall have the meaning ascribed to such term in the Employment Arrangement.

By signing below, you and the Company each agree that:

1. Subject to your agreement in Paragraph 2 below, the Company has elected (at your request) to accelerate the timing of the vesting and settlement, as of December 28, 2022, of 88,732 of the 443,662 outstanding time-based restricted stock units ("RSUs") held by you that would otherwise be eligible to vest on May 16, 2023. Any amounts required to be withheld to satisfy any amounts required to be withheld in connection with the vesting of the RSUs shall be satisfied by the Company's withholding the requisite number of shares of common stock otherwise deliverable upon settlement to satisfy such tax withholding obligation;

2. You hereby agree to repay, within 30 days following such event, an amount equal to the product of (x) the number of RSUs that would not have vested absent this letter agreement and (y) the value of a share of the Company's common stock on the repayment date (provided that, if the Transaction has occurred, clause (y) shall be $12.00), in the event you cease to be employed with the Company prior to the date which the equity award described in Paragraph 1 above would otherwise have become vested. You shall not be required to repay such amount if you otherwise become legally entitled to receive the accelerated vesting and settlement of such equity award, including, to the extent applicable, timely executing, and not revoking, an effective Release and Waiver of Claims, substantially in the form attached to your Employment Agreement.

You acknowledge and agree that nothing in this letter agreement shall confer upon you any right to continue in the employ of the Company, Parent or any affiliate or interfere in any way with any right to terminate such employment at any time for any reason whatsoever (whether by the Company for Cause or without Cause or by you with Good Reason) without liability, subject to any rights set forth in the Employment Arrangements or this letter agreement. You acknowledge and agree that you shall not be eligible to receive any payments or benefits accelerated hereunder in a manner that results in a duplication of payments or benefits.

No agreements, representations or understandings (whether oral or written and whether express or implied) which are not expressly set forth in this letter agreement have been made or entered into by either party with respect to the subject matter hereof. This letter agreement is governed by the laws of the State of Utah without regard to its conflict-of-law rules and each of the parties hereby submits to the

exclusive jurisdiction of any federal or state court sitting in the State of Utah with respect to any claim or action arising relating to this letter agreement. This letter agreement may be executed in counterparts.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties have caused this letter agreement to be executed as of the date first written above.

Company:
Vivint Smart Home, Inc.

By: /s/ David Bywater
Name: David Bywater
Title: Chief Executive Officer

[Signature Page to Letter Agreement]

IN WITNESS WHEREOF, the parties have caused this letter agreement to be executed as of the date first written above.

/s/ Rasesh Patel
Rasesh Patel

Exhibit 10.51

Execution Version

December 28, 2022

Garner B. Meads, III

RE: Acceleration of Payments

Dear Garner:

As you are aware, Vivint Smart Home, Inc., (the "Company") has entered into an Agreement and Plan of Merger dated December 6, 2022 (the "Merger Agreement") with NRG Energy, Inc. ("Parent") and the other parties enumerated therein, pursuant to which the Company will become a wholly owned subsidiary of Parent (the "Transaction"). Reference is made to your employment agreement with the Company, dated as of June 20, 2022 (the "Employment Agreement") and your side letter agreement with Parent, dated as of December 6, 2022 (together, the "Employment Arrangements"). Terms used but not otherwise defined herein shall have the meaning ascribed to such term in the Employment Arrangement.

By signing below, you and the Company each agree that:

1. Subject to your agreement in Paragraph 2 below, the Company has elected (at your request) to:

    a. accelerate the timing of the vesting, as of December 28, 2022 (the "Acceleration Date"), of 71,269 outstanding time-based restricted stock units ("RSUs") held by you that would otherwise be eligible to vest on each of January 17, 2023 (with respect to 5,548 RSUs), March 1, 2023 (with respect to 21,554 RSUs), September 1, 2023 (with respect to 9,713 RSUs) and December 2, 2023 (with respect to 34,454 RSUs);

    b. accelerate the timing of the payment, as of the Acceleration Date, of cash severance compensation and benefits due to you upon a resignation of your employment from the Company with Good Reason pursuant to Section 5(e)(ii)(C) of your Employment Agreement, in the aggregate amount of $1,248,000 (equal to 150% of Base Salary ($750,000) plus 150% of actual Annual Bonus paid with respect to 2022 ($450,000) and 18 months of COBRA continuation costs ($48,000) (collectively, the "Cash Severance Amounts")) (for the avoidance of doubt the Pro-Rated Bonus due pursuant to Section 5(e)(ii)(B) shall not be accelerated and shall, instead, be payable in accordance with the terms of the Employment Agreement if and when due), that would otherwise be expected to be paid to you following the Transaction; and

    c. accelerate the timing of the payment, as of the Acceleration Date, of your 2022 Annual Bonus, at target, in the amount of $300,000, that would otherwise be, or would otherwise reasonably be expected to be, paid in the first quarter of 2023 (it being understood that you will still be eligible to receive any portion of your actual 2022 Annual Bonus determined by the Company to the extent in excess of $300,000).

2. You hereby agree to repay the following amounts upon the occurrence of any of the events described below in respect of such amounts within 30 days following the occurrence of the first event applicable to such amount (provided that you will not be required to repay any amount more than once):

Repayment Amount	Event
An amount equal to the product of (x) the number of RSUs that would not have vested absent this letter agreement and (y) the value of a share of the Company's common stock on the repayment date (provided that, if the Transaction has occurred, clause (y) shall be $12.00).	You cease to be employed with the Company prior to the date which any of the equity awards described in Paragraph 1(a) above would otherwise have become vested (unless you otherwise become legally entitled to receive the accelerated vesting of such equity award, including, to the extent applicable, timely executing, and not revoking, an effective Release and Waiver of Claims, substantially in the form attached to your Employment Agreement).
Cash Severance Amount	You cease to be employed with the Company without otherwise becoming legally entitled to receive the Cash Severance Amount (including your failure to timely execute, and not revoke, an effective Release and Waiver of Claims, substantially in the form attached to your Employment Agreement).
	The Merger Agreement is terminated prior to the occurrence of the Transaction (unless you otherwise become legally entitled to receive the Cash Severance Amount).
	You fail to become eligible to receive the Cash Severance Amount within 180 days following the Transaction (including your failure to timely execute, and not revoke, an effective Release and Waiver of Claims, substantially in the form attached to your Employment Agreement).
$300,000	You cease to be employed with the Company prior to the date which annual bonuses are otherwise payable to other senior executives of the Company (unless you otherwise become legally entitled to receive the Annual Bonus in an amount equal to or in excess of your Annual Target Bonus).

You acknowledge and agree that nothing in this letter agreement shall confer upon you any right to continue in the employ of the Company, Parent or any affiliate or interfere in any way with any right to terminate such employment at any time for any reason whatsoever (whether by the Company for Cause or

without Cause or by you with Good Reason) without liability, subject to any rights set forth in the Employment Arrangement or this letter agreement. You acknowledge and agree that you shall not be eligible to receive any payments or benefits accelerated hereunder in a manner that results in a duplication of payments or benefits.

No agreements, representations or understandings (whether oral or written and whether express or implied) which are not expressly set forth in this letter agreement have been made or entered into by either party with respect to the subject matter hereof. This letter agreement is governed by the laws of the State of Utah without regard to its conflict-of-law rules and each of the parties hereby submits to the exclusive jurisdiction of any federal or state court sitting in the State of Utah with respect to any claim or action arising relating to this letter agreement. This letter agreement may be executed in counterparts.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties have caused this letter agreement to be executed as of the date first written above.

Company:
Vivint Smart Home, Inc.

By: /s/ David Bywater
Name: David Bywater
Title: Chief Executive Officer

IN WITNESS WHEREOF, the parties have caused this letter agreement to be executed as of the date first written above.

/s/ Garner B. Meads, III
Garner B. Meads, III

Exhibit 21.1

Subsidiaries of Vivint Smart Home, Inc.

Name	Jurisdiction of Incorporation / Organization
313 Aviation, LLC	Utah
Smart Home Pros, Inc.	Utah
Vivint, Inc.	Utah
Vivint Purchasing, LLC	Utah
AP AL LLC	Delaware
APX Group Holdings, Inc.	Delaware
APX Group, Inc.	Delaware
IPR LLC	Delaware
Farmington IP LLC	Delaware
Legacy Vivint Smart Home, Inc.	Delaware
Space Monkey, LLC	Delaware
Vivint Amigo, Inc.	Delaware
Vivint Funding US LLC	Delaware
Vivint Funding Holdings LLC	Delaware
Vivint Group, Inc.	Delaware
Vivint Servicing, LLC	Delaware
Vivint Solar Licensing, LLC	Delaware
Vivint Warranty and Home Insurance, LLC	Delaware
Vivint Louisiana LLC	Louisiana
Vivint Services Canada, Inc.	Ontario
Vivint VI Holdings, LLC	Delaware
Vivint Insurance Services, LLC	Delaware
VI Administrative Services, LLC	Utah

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the following Registration Statements:

(1) Registration Statement (Form S-8 No. 333-264778) of Vivint Smart Home, Inc.,

(2) Registration Statement (Form S-8 No. 333-253740) of Vivint Smart Home, Inc.,

(3) Registration Statement (Form S-8 No. 333-237365) of Vivint Smart Home, Inc.,

(4) Registration Statement (Form S-8 No. 333-233911) of Vivint Smart Home, Inc., and

(5) Registration Statement (Form S-3 No. 333-252648) of Vivint Smart Home, Inc.

of our reports dated February 24, 2023, with respect to the consolidated financial statements of Vivint Smart Home, Inc. and the effectiveness of internal control over financial reporting of Vivint Smart Home, Inc. included in this Annual Report (Form 10-K) of Vivint Smart Home, Inc. for the year ended December 31, 2022.

/s/ Ernst & Young LLP

Salt Lake City, UT
February 24, 2023

Exhibit 31.1

CERTIFICATION OF PERIODIC REPORT UNDER SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, David Bywater, certify that:

1. I have reviewed this Annual Report on Form 10-K for the year ended December 31, 2022 of Vivint Smart Home, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 24, 2023

/s/ David Bywater

David Bywater
Chief Executive Officer and Director
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION OF PERIODIC REPORT UNDER SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Dana Russell, certify that:

1. I have reviewed this Annual Report on Form 10-K for the year ended December 31, 2022 of Vivint Smart Home, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 24, 2023

/s/ Dana Russell

Dana Russell
Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Vivint Smart Home, Inc. (the "Company") on Form 10-K for the year ended December 31, 2022 filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, David Bywater, Chief Executive Officer and Director of the Company, do hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company for the periods presented therein.

Date: February 24, 2023

/s/ David Bywater
David Bywater
Chief Executive Officer and Director
(Principal Executive Officer)

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Vivint Smart Home, Inc. (the "Company") on Form 10-K for the year ended December 31, 2022 filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Dana Russell, Chief Financial Officer of the Company, do hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company for the periods presented therein.

Date: February 24, 2023

/s/ Dana Russell
Dana Russell
Chief Financial Officer
(Principal Financial Officer)