

REFINITIV

DELTA REPORT

10-K

ALRM - ALARM.COM HOLDINGS, INC.

10-K - DECEMBER 31, 2024 COMPARED TO 10-K - DECEMBER 31, 2023

The following comparison report has been automatically generated

TOTAL DELTAS 2560

■ CHANGES	598
■ DELETIONS	864
■ ADDITIONS	1098

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, 2023** December 31, 2024

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: 001-37461



ALARM.COM HOLDINGS, INC.

(Exact name of registrant as specified in its charter)

Delaware

26-4247032

(State or other jurisdiction
of incorporation or organization)

(I.R.S. Employer
Identification No.)

8281 Greensboro Suite 22102

Drive 100

Tysons Virginia

(Address of principal executive offices)

(Zip Code)

Tel: (877) 389-4033

(Registrant's telephone number, including area code)

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

Title of each class

Trading Symbol

Name of each exchange on which registered

Common Stock, \$0.01 par value per share

ALRM

The Nasdaq Stock Market LLC

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	<input checked="" type="checkbox"/>	Accelerated Filer	<input type="checkbox"/>
Non-Accelerated Filer	<input type="checkbox"/>	Smaller Reporting Company	<input type="checkbox"/>
		Emerging Growth Company	<input type="checkbox"/>

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 the voting and non-voting common equity held by non-affiliates of the registrant as of **June 30, 2023** **June 28, 2024** was **\$1.5 billion** **\$2.04 billion**, based on a closing price of **\$51.68** **\$63.54** per share of the registrant's common stock as reported on The Nasdaq Global Select Market. For purposes of this computation, all officers, directors, and 10% beneficial owners of the registrant are deemed to be affiliates. Such determination should not be deemed to be an admission that such officers, directors or 10% beneficial owners are, in fact, affiliates of the registrant.

As of **February 15, 2024** **February 13, 2025**, there were **49,945,156** **49,646,941** outstanding shares of the registrant's common stock, \$0.01 par value per share.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's proxy statement to be filed with the Securities and Exchange Commission pursuant to Regulation 14A in connection with the registrant's **2024** **2025** Annual Meeting of Stockholders, which will be filed subsequent to the date hereof, are incorporated by reference into Part III of this Form 10-K. Such proxy statement will be filed with the Securities and Exchange Commission not later than 120 days following the end of the registrant's fiscal year ended **December 31, 2023** **December 31, 2024**.

ALARM.COM HOLDINGS, INC.
ANNUAL REPORT ON FORM 10-K
FOR THE FISCAL YEAR ENDED DECEMBER 31, **2023** **2024**

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K, or this Annual Report, contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, or the Securities Act, and Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act, that reflect our current expectations regarding future events, our strategy, future operations, future financial position, future revenues, projected costs, prospects, plans and objectives of management. The forward-looking statements are contained principally in Part I, Item 1. "Business," Part I, Item 1A. "Risk Factors," and Part II, Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations," but are also contained elsewhere in this Annual Report. Forward-looking statements include any statement that does not directly relate to a current or historical fact. In some cases, you can identify forward-looking statements by the words "anticipate," "believe," "continue," "could," "estimate," "expect," "intend," "may," "might," "objective," "ongoing," "plan," "predict," "project," "potential," "should," "will," "would," or the negative or plural of these words or other comparable terminology intended to identify statements about the future. The events described in these forward-looking statements are subject to a number of risks, uncertainties, assumptions and other factors that could cause actual results and the timing of certain events to differ materially from future results expressed or implied by the forward-looking statements. Although we believe that we have a reasonable basis for each forward-looking statement contained in this Annual Report, we caution you that these statements are based on a combination of facts and factors currently known to us and our expectations of the future, about which we cannot be certain. Forward-looking statements include statements about:

- the anticipated impact of the global economic uncertainty and financial market conditions caused by significant worldwide events, including public health crises, and geopolitical upheaval such as Russia's incursion into (including the ongoing conflicts in Ukraine, and the war between Israel and Hamas, surrounding areas), disruptions to global supply chains, rising fluctuations in interest rates, risk of recession and inflation (collectively, the Macroeconomic Conditions) on our business, results of operations and financial condition, including on our hardware sales and our Software-as-a-Service, or SaaS, and license revenue growth rate; our business strategy, plans and objectives for future operations; continued enhancements of our platform and offerings; and our future financial and business performance;

- our ability to continue to increase revenue, maintain existing subscribers and sell new services to new and existing subscribers;
- our ability to add new service provider partners, maintain existing service provider partner relationships and increase the productivity of our service provider partners;
- the potential impact of trade policies and related new or increased tariffs on our cost of hardware revenue and hardware revenue margins;
- the effects of increased competition as well as innovations by new and existing competitors in our market;
- our ability to adapt to technological change and effectively enhance, innovate and scale our solution;
- our ability to effectively manage or sustain our growth;
- our expected uses for the proceeds from the offering of our convertible senior notes;
- potential acquisitions and integration of complementary business and technologies;
- our ability to maintain, or strengthen awareness of, our brand;
- perceived or actual security, integrity, reliability, quality or compatibility problems with our solutions, including related to security breaches in our systems, our subscribers' systems, unscheduled downtime, or outages;
- our future revenue, hiring plans, expenses, capital expenditures, capital requirements and stock performance;
- our ability to attract and retain qualified employees and key personnel and further expand our overall headcount;
- our ability to develop relationships with service provider partners in order to expand internationally;
- our ability to stay abreast of new or modified laws and regulations, including executive orders, that currently apply or become applicable to our business both in the United States and internationally;
- our ability to maintain, protect and enhance our intellectual property;
- costs associated with defending intellectual property infringement and other claims; and
- other risks detailed below in Item 1A. "Risk Factors."

You should refer to the "Summary of Risks Affecting Our Business" below and Item 1A. "Risk Factors" section of this Annual Report for a discussion of important factors that may cause our actual results to differ materially from those expressed or implied by our forward-looking statements. As a result of these factors, we cannot assure you that the forward-looking statements in this Annual Report will prove to be accurate. Furthermore, if our forward-looking statements prove to be inaccurate, the inaccuracy may be material. In light of the significant uncertainties in these forward-looking statements, you should not regard these statements as a representation or warranty by us or any other person that we will achieve our objectives and plans in any specified time frame or at all. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law. You should, therefore, not rely on these forward-looking statements as representing our views as of any date subsequent to the date of this Annual Report.

Except as otherwise indicated herein or as the context otherwise requires, references in this Annual Report to "Alarm.com," the "company," "we," "us," "our" and similar references refer to Alarm.com Holdings, Inc. and, where appropriate, our consolidated subsidiaries.

Summary of Risks Affecting Our Business

The following summary highlights some of the principal risks you should consider with respect to our business and prospects. This summary is not complete and the risks included in the summary below are not the only risks we face. You should review and consider carefully the risks and uncertainties described in the "Risk Factors" section of this Annual Report on Form 10-K, which includes a more complete discussion of the risks summarized below as well as a discussion of other risks related to our business and an investment in our common stock, as well as our other public filings with the Securities and Exchange Commission, or SEC.

Any of the following risks could have a material adverse effect on our business, financial condition, results of operations and prospects and cause the trading price of our common stock to decline:

- Our quarterly results of operations have fluctuated and are likely to continue to fluctuate and may be negatively affected by the Macroeconomic Conditions.
- Our actual operating results may differ significantly from any guidance provided. If our actual results of operations fall below the expectations of investors or securities analysts, the price of our common stock could decline substantially.
- We may not sustain our growth rate and we may not be able to manage any future growth effectively.
- We sell security and life safety solutions and if these solutions fail for any reason, we could be subject to liability and our business, reputation and results of operations could suffer.
- Failure to maintain the security of our information and technology networks, including information relating to our service provider partners, subscribers and employees, could expose us to liability and adversely affect us.
- The markets in which we participate are highly competitive and many companies, including large technology companies, broadband and security service providers and other managed service providers, are actively targeting the home and business automation, security monitoring, video monitoring and energy management markets.
- We rely on our service provider network to acquire additional subscribers, and the inability of our service providers to attract additional subscribers or retain their current subscribers could adversely affect our operating results.
- We receive a substantial portion of our revenue from a limited number of service provider partners, and the loss of, or a significant reduction in, orders from one or more of our major service provider partners would result in decreased revenue and profitability.
- We have relatively limited visibility regarding the consumers that ultimately purchase our solutions, and we often rely on information from third-party service providers to help us manage our business. We operate in an evolving connected home market. If the connected property market does not grow as we expect or if a significant number of our target consumers choose to adopt point products that control discrete functions rather than our connected property solutions, we may not be able to achieve sustained growth or our business may decline.
- We benefit from integration of our solutions with third-party platform providers. If developers of third-party platform providers choose not to partner with us, or are acquired by our competitors, our integrated solutions platform, business and results of operations may be harmed.
- Our strategy includes pursuing acquisitions, and our potential inability to successfully consummate acquisitions or integrate newly-acquired technologies, assets or businesses may harm our financial results.
- If we are unable to adapt to technological change, including maintaining compatibility with a wide range of devices, as well as changes in access to wireless networks through which we provide our wireless alarm, notification and intelligent automation services, our ability to remain competitive could be impaired and we may need to incur significant capital expenditures to update our technology.
- We operate in a regulated industry and our business, operations and service provider partners are subject to various foreign, U.S. federal, state and local laws and regulations, including relating to consumer protection, licensing, Internet and data privacy, tax, tariff, sanctions, import/export restrictions or other trade barriers. Failure to comply with applicable executive orders, laws and regulations could harm our business and we may incur significant expenditures related to compliance efforts.

- We are involved from time to time in legal proceedings where a negative outcome could result in a material adverse effect on our business, financial condition, cash flows and results of operations.
- Assertions by third parties that we are infringing their intellectual property subject us to costly and time-consuming litigation or expensive licenses that could harm our business and results of operations.
- We depend on our suppliers. The loss of any key supplier or the inability of a key supplier to deliver their products to us on time or at the contracted price would materially and adversely affect our business, financial condition, cash flows and results of operations.

PART I.

ITEM 1. BUSINESS

Overview

Alarm.com is the leading platform for the intelligently connected property. Our cloud-based platform offers an expansive suite of Internet of Things, or IoT, solutions addressing **global** opportunities in the residential, multi-family, small business and enterprise commercial markets. Alarm.com's **solutions include solution suite includes** security, video and video analytics, energy management, access control, electric utility grid management, indoor gunshot detection, water management, health and wellness, **personal safety** and data-rich emergency response. During **2023, 2024**, our platforms processed more than **325 billion** **345 billion** data points generated by over **150 million** **160 million** connected devices. We believe this scale of subscribers, connected devices and data operations makes us the leader in the connected property market.

Our solutions are delivered through an **Alarm.com has established a global** **network of trusted service providers, provider partners who distribute our solutions to their customers. Our service provider partners represent a diverse range of independent businesses, and are experts at selling, installing and supporting our solutions. We** **technology. They depend on the Alarm.com platform for connected property technology and to operate and manage their businesses efficiently.**

Alarm.com primarily **generate generates** SaaS and license revenue through our service provider partners, who resell **these our** services and pay us monthly fees. **These Contracts with our service provider contracts partners** typically have an initial term of one year, with subsequent renewal terms of one year. Our service provider partners have indicated that they typically have three to five-year service contracts with residential and commercial property owners who use our solutions. We also generate hardware and other revenue, primarily from our service provider partners and distributors. Our hardware sales include connected devices that enable our services, such as video cameras, video recorders, gunshot detection sensors, gateway modules and smart thermostats. We believe our network of service providers and the length of our service relationships with residential and commercial property owners, combined with our robust SaaS platforms and over 20 years of operating experience, contribute to a compelling business model.

We have experienced significant growth since our company's inception in 2000. We generated total revenue of **\$881.7 million** **\$939.8 million, \$881.7 million and \$842.6 million in 2024, 2023 and \$749.0 million in 2023, 2022, and 2021**, respectively. Our SaaS and license revenue was **\$569.2 million** **\$631.2 million, \$569.2 million and \$520.4 million in 2024, 2023 and \$460.4 million in 2023, 2022, and 2021**, respectively, representing a compound annual growth rate of **11.2% 10.1%**. We also generated net income attributable to common stockholders of **\$81.0 million** **\$124.1 million, \$81.0 million and \$56.3 million in 2024, 2023 and \$52.3 million in 2023, 2022, and 2021**, respectively, as well as non-GAAP adjusted EBITDA of **\$154.0 million** **\$176.2 million, \$154.0 million and \$146.8 million in 2024, 2023 and \$142.5 million in 2023, 2022, and 2021**, respectively. See the "Non-GAAP Measures" section of Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" for a discussion of the limitations of non-GAAP adjusted EBITDA and a reconciliation of non-GAAP adjusted EBITDA from net income, the most directly comparable financial measures calculated and presented in accordance with accounting principles generally accepted in the United States, or GAAP, for the years ended **December 31, 2023** **December 31, 2024, 2022** **2023** and **2021**.

Our Solutions and Integrated Platforms

Our solutions are designed to make both residential and commercial properties safer, smarter and more efficient. Our technology platforms support property owners who subscribe to our services, the hardware partners who manufacture devices that integrate with our platforms and the service provider partners who install and maintain our solutions.

The Alarm.com platform enables our service provider partners to **deploy our interactive security, video monitoring, intelligent automation, access control, energy management and wellness solutions as stand-alone offerings or as combined solutions to** address the needs of a broad range of **residential and commercial** **customers. They can deploy interactive security, video monitoring, property automation, access control, energy management, gunshot detection, water management, vehicle and fleet management, and wellness and personal safety solutions as stand-alone offerings or as integrated solutions.**

Subscriber Residential Solutions

Interactive Security

Interactive security is the entry point for most of our smart home and business subscribers. Our dedicated, two-way cellular connection between the property and our platforms is designed to be tamper resistant and to meet the high reliability standards for life safety services. Our platform integrates with monitoring stations used by our service providers to monitor the system 24 hours a day, seven days a week, and coordinate emergency response as needed. Subscribers can seamlessly connect to our services to control and monitor their security systems, as well as to IoT devices including door locks, garage doors, thermostats and video cameras, through our family of mobile apps, websites and engagement platforms like voice control through Siri Shortcuts, Amazon Echo and Google Home, wearable devices like the Apple Watch and TV applications such as Apple TV and Amazon Fire TV.

The capabilities associated with this solution include:

- **Real-Time Alerts and Always-On Monitoring.** Whether the security system is armed or disarmed, **we the Alarm.com platform** continuously **monitor monitors** sensors in the property and can keep subscribers aware of system events in all kinds of situations. **Notifications and reminders** for any type of system event are delivered through push notifications, short message service, or SMS, or email, based on the subscriber's preference. Our proprietary algorithms help safeguard connected properties by continuously monitoring devices and sensors and learning the unique activity patterns in a property. When unexpected activity is detected, the subscriber is automatically notified.
- **Alarm Transmission.** We transmit alarm signals from monitored properties through our cloud platforms to approximately 1,000 third-party central monitoring stations staffed 24 hours a day, seven days a week with live operators ready to initiate emergency response.

- *Smart Signal.* With a single button push in the Alarm.com mobile app, subscribers can quickly verify an alarm to help expedite emergency response or easily cancel a false alarm. By communicating critical information directly to the monitoring station, Smart Signal can help enhance the overall value of the professional monitoring services associated with Alarm.com systems and reduce false alarm dispatches. In addition, home or business owners who need emergency assistance at their property can send a one-touch panic signal directly from their mobile app to their monitoring station.
- *Smart Arming.* Smart arming provides intelligent, automatic system arming and disarming that dynamically adjusts based on activity in the home. Subscribers select periods when they want their system to monitor activity in their property and then either automatically arm or disarm the system. Intelligently automating the security system enhances customer security and drives further user engagement with our smart home systems.
- *Personal Safety and Awareness.* Our suite of mobile-first products and capabilities extends security beyond the home. The offering includes Alarm.com's Safety Button that allows subscribers and family members to connect to police, fire or emergency medical help with the press of a button in the Alarm.com app.
- *Wellness.* Our technology intelligently monitors quality of life through a suite of connected sensors and devices, and delivers proactive insights into activities of daily living. With alerts about changes in behavior that can indicate emerging quality of life issues, family members and homecare and senior living providers can address issues before they escalate and deliver more efficient care.

Video Monitoring and Video Analytics

Our video monitoring solution can provide a direct live-view into a property, identify and capture footage of critical events and provide visual peace of mind. We offer indoor and outdoor video cameras for residential and commercial properties at varying price points so our service providers can engage a range of consumers with our services. We also provide a doorbell video camera solution that supports two-way audio with guests at the door, as well as video management software and cameras for enterprise commercial applications through our OpenEye business.

The capabilities associated with our video monitoring solution include:

- *Video Analytics.* Our Alarm.com's artificial intelligence, or AI, driven video analytics engine provides object classification and object tracking technology capabilities that can distinguish between people, vehicles and animals, determine an object's direction of movement and measure the duration of activity. Subscribers can selectively control and manage notifications and assign virtual zones and multi-directional "tripwires" so they can monitor their home or business for highly specific activity. Our video analytics offering includes capabilities such as Perimeter Guard, which can proactively identify and engage would-be intruders before they can threaten physical property, and Familiar Vehicle Analytics, which enables subscribers to customize their system by tagging specific vehicles as "familiar" and enabling their video system to send alerts when a familiar or an unfamiliar vehicle is identified.
- *AI Deterrence.* Our AI Deterrence, or AID, is a premium capability that works with select outdoor video cameras and can automatically engage potential intruders with a neural synthesized voice, identifying their clothing, posture and location. AID adds a cost-effective advanced layer of proactive security that enables our partners to provide professional monitoring and event response via video cameras.
- *Escalated Events Vacation Watch.* Our Escalated Events enables monitoring stations Vacation Watch allows subscribers to receive and respond to events generated by our suite of video analytics capabilities. For example, our schedule video monitoring solution can detect a person in a customer's backyard or in start and end times providing continuous protection during extended absences. Cameras automatically disable recording based on the parking lot of a business after hours subscriber's return schedule, reinforcing privacy and alert a central preventing unwarranted monitoring station. Escalations. Vacation Watch automatically forwards video-triggered events to the monitoring agent can then access video clips station for assessment and live feeds to evaluate the situation quickly and dispatch first responders as needed. Escalated Events adds a new layer of proactive security protection for property owners and creates new opportunities and applications for the professional monitoring services provided by our partners. possible intervention.
- *Video Doorbell.* Alarm.com offers a full line of video doorbell options with a diversity of price points. From a single screen on the Alarm.com mobile app, subscribers can see and speak with visitors and control their door locks. The Alarm.com 750 video doorbell is a battery-free video doorbell that has a wide operating temperature range and includes Alarm.com's video analytics software package and delivers advanced performance specifications, including an expansive field of view and two-megapixel resolution. The Alarm.com 770 video doorbell operates proprietary video analytics software that can quickly and accurately detect package deliveries and visitors while reducing unwanted alerts, such as those caused by passing vehicle traffic or swaying branches. A touch-free capability immediately activates the doorbell chime when a visitor is detected, eliminating the need to physically press a doorbell button. Alarm.com's battery-powered 780 video doorbell gives service providers a more flexible installation option for challenging installations, particularly in international markets where regional wiring standards do not always support wired video doorbells. An on-board neural network rapidly identifies people while optimizing energy usage for extended battery life.
- *Intelligent Integration.* Alarm.com's video surveillance solution works intelligently with other devices and sensors in the property. Subscribers can create intelligent rules to capture video clips of important events to enhance security and privacy, and can also integrate with other supported automation devices.
- *Live Streaming.* Subscribers can securely access live video feeds through the web and mobile apps at any time.
- *Secure Cloud Storage.* Video clips are uploaded to our cloud-based storage system for secure storage and remote viewing.
- *Video Alerts.* Smart video clips can be automatically sent via SMS, push notifications or email as soon as they are recorded.

Intelligent Automation and Energy Management

Our solution provides enhanced monitoring and control for a large ecosystem of connected devices, including thermostats, lights, locks, power meters, shades and other devices. Increasing awareness of energy usage and providing intelligent control over connected devices enables subscribers to create personalized automation rules and schedules. We believe our solutions can reduce energy waste as well as increase comfort and convenience for our subscribers. The capabilities associated with this solution include:

- **Scenes.** A customizable scenes button in the Alarm.com app can adjust multiple devices in the property with a single command. For example, a homeowner leaving the house can arm the security system, lock the front door, close the garage door and adjust the thermostat with a single command.
- **Video Analytics Triggers.** A robust set of automation rules allows our subscribers to customize automations to respond when certain activity is detected by their video monitoring solution. For example, subscribers can create a rule that if a person is detected in their backyard at night, certain lights should turn on.
- **Smart Thermostat Schedules.** Advanced algorithms can learn the unique activity patterns in a property by analyzing sensor and device data. Our solution can then recommend thermostat schedules that have the potential to increase energy efficiency when the property is not likely to be occupied.
- **Responsive Savings.** Smart thermostats connected to our platforms can automatically respond to sensors and other devices in the property to conserve energy. For example, when the security system is armed away, an arming state used when the property is not occupied, the thermostat can automatically adjust to save energy. Additionally, if a window is open for a period of time, the smart thermostat can adjust to an efficiency setting and alert the property owners.
- **Precision Comfort.** Remote temperature sensors enable a subscriber to manage comfort in a specific area within their property. For example, a homeowner can set a desired temperature for a child's nursery to improve the child's comfort. Subscribers can easily customize detailed schedules and rules to have the right temperature in the right location at the right time.
- **Energy Usage Monitoring.** Real-time and historical energy usage and solar energy production data for the entire property and individual devices can give subscribers greater insight into the property's energy profile and encourage more efficient use of energy-consuming devices.
- **HVAC Monitoring Service.** Our Heating, Ventilation and Air Conditioning, or HVAC, monitoring service works with select high-efficiency heating and cooling systems and allows HVAC contractors to remotely monitor and manage sophisticated residential and light commercial heating and cooling systems.
- **Places Feature.** The Places feature uses a phone's geo-location to determine when to notify a subscriber of specific system conditions, or to automatically adjust system settings. Subscribers who enable the Places feature can be notified if they leave home and forgot to lock a door, close the garage door, arm their security system or close a window. Additionally, smart thermostats and lights can be automatically adjusted based on the subscriber's location. Subscribers can create multiple geo-fences and customize the opt-in feature to meet their specific needs.
- **Whole Home Water Safety Solution.** Our comprehensive whole home water safety solution helps subscribers conserve water and proactively protect their property from a full range of water-related damage. Integrated with Alarm.com's Smart Water Valve + Meter and Water Dragon devices, our solution can monitor water usage, detect both low- and high-volume leaks, alert the subscriber about conditions that can lead to frozen and burst pipes, intelligently manage

humidity levels and notify homeowners if a sump pump fails. The Smart Water Valve + Meter can also automatically shut off the property's water supply when it detects a leak. Water Dragon is an easy-to-install option that clamps onto the main water line and uses ultrasonic technology to detect unexpected water activity.

- **Solar Monitoring Solution.** Our integrated solar monitoring solution allows subscribers to track solar panel energy production as well as energy consumption in their property by day, week, month and year. With the Alarm.com mobile app, our subscribers can monitor the property's solar data alongside security and other energy-saving devices so they can easily leverage intelligent automation capabilities that can help lower power bills and reduce their environmental footprint. As part of a comprehensive smart energy management solution, solar monitoring gives subscribers the information and insights to reduce overall energy consumption and manage a broad ecosystem of automation devices to compensate when solar production is low, such as automatically raising the thermostat setpoint or turning off lights.

Demand Response and Virtual Power Plant Programs

Our EnergyHub subsidiary provides software that utilities can use to reduce or shift power consumption out of peak demand periods or when intermittent renewable energy sources operate below capacity. By accessing and intelligently managing connected thermostats and other connected devices and appliances at scale, utilities can significantly reduce costs, transition to renewable energy sources and support the electrification of transportation. The EnergyHub SaaS platform provides a comprehensive solution that enables utility customers to voluntarily participate in these programs, aggregates a diverse set of smart thermostats, connected water heaters, residential batteries, electric vehicles and charging equipment, and delivers virtual power plants that utilities can leverage as an enterprise-grade grid resource.

Commercial Solutions

In addition to our residential solutions, we offer a full range of commercial security services that uniquely address the requirements of small, medium and enterprise scale businesses.

Alarm.com for Business, our security solution for small and medium businesses that range from single-site to multi-location businesses, combines intelligent intrusion detection, video surveillance, access control and energy management into a single solution through Alarm.com's app and online interfaces. Our solution streamlines business operations, enhances property security and awareness, saves energy and provides insights into employee and customer activity. Additionally, business insights reporting provides actionable intelligence, including open and close trends by location, peak periods of activity and customer traffic and energy savings opportunities. Key benefits of the commercial offering include:

- **Commercial Grade Video Solutions.** Connected commercial cameras deeply integrate with the security and access control systems, enabling them to capture video clips of important activity such as personnel entering and exiting a property or secure area or disarming the security system. Video clips are uploaded to our cloud-based platform for secure storage and remote viewing

through the web or our mobile app. Subscribers can receive real-time alerts and video clips if the alarm goes off, a door is unlocked, or unexpected activity occurs outside of normal business hours. Our

commercial video solution operates with a diverse array of third-party commercial video cameras. Supporting third-party cameras facilitates adoption of our commercial video solution by reducing the barriers to entry for small and medium-sized businesses that want to benefit from our intelligently integrated solutions without the cost of replacing existing installed cameras.

- *Commercial Video Analytics.* Business Activity Analytics can help improve and optimize business operations. Commercial subscribers can intelligently monitor customer and employee activity, including occupancy tracking, people counting, queue monitoring, crowd gathering and heat mapping. Real-time notifications and activity reporting can help streamline customer flows, reduce wait times, measure the effectiveness of marketing campaigns and enforce occupancy limits. Perimeter Guard enhances our Business Activity Analytics solution with a layer of proactive deterrence against would-be intruders. Perimeter Guard can identify a person and automatically respond with audible alerts and flashing LED lights that inform the person that they are being monitored. We believe our 2023 acquisition of certain assets of Vintra, Inc., or Vintra, will continue to help expand our learning program and accelerate deployment of advanced video analytics commercial solutions for the Alarm.com and OpenEye platforms.
- *Smarter Access Control.* Our Smarter Access Control solution streamlines access management and helps solve many of the challenges faced by small business owners with an array of always-on operational tools that can improve property control, security and awareness. From a single web view, subscribers can add and delete users, manage access points and user permissions and define schedules across multiple locations and security partitions. Leveraging advanced algorithms, our Smarter Access Control solution intelligently learns the activity patterns of users and access points for single or multiple property installations, detects unexpected events and alerts the subscriber of the irregular activity.
- *Cell Connector.* Our Cell Connector for Access Control eliminates the need to have a wired network connection, enabling the ability to install our Access Control solution using cellular 4G LTE in customer locations where network connectivity or reliability is hindered.
- *Enterprise Dashboard and Multi-site Management.* Commercial subscribers can easily view and manage multiple business locations from a unified enterprise dashboard optimized for the web or mobile app. They can quickly access and customize video feeds to monitor multiple properties, view information from access control and security systems, and monitor property temperature, smart thermostat set points and the temperature of refrigeration units. Sophisticated rules, user permissions and schedules streamline access management across multiple locations and security partitions.
- *Connected Fleet Solution.* Our cloud-based vehicle management solution offers professional-grade fleet management capabilities and deep integration with the Alarm.com for Business platform. Connected Fleet leverages Alarm.com's enterprise reporting engine to provide business management and operational insights through automated reporting and alerts. With our Enterprise Dashboard capability, Connected Fleet also enables businesses to seamlessly monitor and manage vehicle fleets dispersed across thousands of locations.
- *Energy Savings.* Our smarter thermostats help subscribers reduce energy costs automatically, even if someone forgets to adjust the temperature when they are closing up at the end of the day, generating a return on investment.
- *Proactive Protection for Valuables and Inventory.* Unexpected activity alerts provide business owners and managers with the early identification of activity such as unexpected entry after hours, or doors propped open that could cause energy waste or safety concerns, and help business owners quickly respond to problematic situations. Notifications keep business owners in the know about individuals entering or exiting the back office, the supply room, or any other specific rooms or doors. Alarm.com provides a time stamped log of which users armed or disarmed the system or entered the property using their keycard.
- *Temperature Monitoring.* Our new temperature monitoring solution provides monitoring 24 hours a day, seven days a week, real-time alerts and historical temperature reporting to support the temperature control needs of restaurants, grocery stores, pharmacies and other single-system and multi-location commercial customers. Business owners receive alerts for out-of-range temperatures so they can quickly prevent unsafe conditions, reduce spoilage and repair malfunctioning equipment.
- *Daily Safeguards.* Smarter business security intelligently keeps business locations secure while minimizing false alarms. Subscribers can specify a time for the security system to automatically adjust to an armed state each day. The system will arm itself only after a certain period of inactivity in the property.
- *Professionally Supported and Low Cost of Ownership.* Unlike traditional commercial security services, Alarm.com's connected solutions are cloud-based and do not require additional IT resources. Smarter business security powered by Alarm.com is supported by our authorized service provider partners from start to finish, with installation, configuration and technical support included.

Our OpenEye subsidiary offers enterprise commercial video management solutions that complement the Alarm.com for Business platform. OpenEye expands our market opportunity to address the unique requirements of large, enterprise commercial and national account customers such as universities, banks, national retail chains and property management companies. OpenEye software offers Video Surveillance as a Service, or VSaaS, as well as cameras, recorders and other peripherals designed for video applications, and supports enterprise-level requirements such as advanced forensic video search, point of sale system integration and customer site mapping, as well as large-scale camera deployments. Key benefits of the OpenEye solution include:

- *Intelligent Cloud Architecture.* OpenEye's hybrid architecture intelligently combines local recording with managed cloud services. It provides long-term storage of high-resolution video, low bandwidth consumption and a full suite of centralized management capabilities that include remote viewing, administration and health reporting for deployments that can include thousands of video cameras.
- *Video Analytics Platform.* OpenEye's video analytics platform is optimized to support the requirements of its large-scale enterprise commercial customers. It can identify people and reduce false motion events caused by background movement and other image noise to provide highly accurate activity detection. Subscribers can create more actionable activity alerts to respond to incidents and quickly find associated video recordings. OpenEye's software also works with a wide variety of devices to enable unique solutions. For example, environmental sensors can trigger OpenEye alerts and video recording based on events of interest, including new Vaping Alerts for school settings. Additionally, OpenEye's Sales Connect solution combines point-of-sale

system data with video so subscribers can create custom alerts and conduct forensic searches on detailed transaction data to deliver a more robust solution for significant verticals such as retail, grocery and quick-serve restaurants.

- *Enterprise-Level Capabilities.* Capabilities such as advanced forensic video search, point of sale system integration and customer site mapping address the specific needs of enterprise-level subscribers and allow loss prevention officers, business analysts and other IT resources to employ video as a key operational and management tool.
- *Large-Scale Video Deployments.* Centrally managed recorder firmware, system diagnostics and configuration capabilities allow enterprise commercial customers to actively manage large-scale camera deployments. OpenEye's user interface is optimized for guard or command stations and other settings where video from multiple cameras is viewed and searched simultaneously on secure workstations or video walls.
- *CloudConnect.* CloudConnect is a two-way integration between the OpenEye Cloud Video Platform and the Alarm.com for Business platform that directly associates event data from intrusion sensors and access control readers with OpenEye's VSaaS offering. Based on criteria such as system arming status or badge scans by specific users, subscribers can customize event-based rules to record video clips, tag videos and generate alerts, or they can directly navigate to video recordings associated with a particular event. The integration further unifies intrusion, access control and video solutions to offer a more intelligent and convenient way to manage and secure commercial properties.
- *Cloud Cameras.* OpenEye's all-in-one video camera solution offers a cloud-based architecture, self-contained storage and onboard AI processing to flexibly address the diverse requirements of commercial customers. Offered as a subscription-based solution, OpenEye's cloud cameras leverage the suite of video management, analytics, alerting and reporting tools offered by the OpenEye platform.

Shooter Detection Systems, or SDS, expands the platform capabilities we provide to the commercial security market. Our multi-sensor solution provides highly accurate indoor gunshot detection to help alert employees, the public and emergency services about active shooter threats. The solution uses a dual-mode detection technology that combines acoustic sensors with specialized infrared flash detectors, in tandem with proprietary gunshot detection software algorithms to maximize detection without driving false positives. Through an integration with Alarm.com's Noonlight subsidiary, SDS provides an advanced emergency response solution that enhances situational awareness for first responders during active shooter incidents. The solution enables the 911 operators, responding officers, onsite security and building managers to communicate and share information in real-time and view critical contextual data, including the building, room and floor location of gunshot events. Beginning in 2023, SDS indoor gunshot detection became available as a SaaS solution integrated with Alarm.com for commercial properties. The integrated solution is designed to enable Alarm.com's service provider partners to bring the SDS solution to market as a SaaS offering with a more accessible price point.

Service Provider Solutions

We also offer a comprehensive suite of enterprise-grade business management solutions for our service provider partners. We are committed to helping our service provider partners grow their businesses, efficiently manage their customer bases and maximize the value of their Alarm.com accounts. We believe these services strengthen our partnerships with service providers as they build their businesses on our platforms. Capabilities associated with these solutions include:

- *Service Provider Portal.* Our permission-based online portal provides account management, sales, marketing, training and support tools. Through this portal, our service provider partners can activate and manage their Alarm.com customer accounts, order equipment, access invoices and billing, remotely program customer systems, obtain sales and marketing services and engage in training.
- *Service Dashboard.* The Partner Services Platform provides a unified interface that displays key operational and customer experience indicators, including technician performance, system reliability and customer engagement metrics. Service managers can identify opportunities for implementing efficiencies that they can then operationalize through the suite of Alarm.com's service provider solutions.
- *Installation and Support.* The ease of installation and cost of supporting connected property solutions are critical considerations for our service provider partners. We support the end-to-end process for deploying and managing our solutions with tools that make installation and support more efficient.
 - **MobileTech Application and Remote Toolkit.** Our installation and troubleshooting mobile app, designed for service provider technicians, facilitates the successful installation, programming and support of equipment while either on-site at subscribers' properties or while working remotely. Service provider technicians and customer service personnel can access a collection of remote system management tools and panel settings through the Remote Toolkit using the MobileTech application and our service provider portal, including service appointment reminders, device notes, quick links and MobileTech Podcasts. These features help to increase accuracy of installations, decrease time spent on-site and reduce support calls and return visits, which saves subscribers and service providers money while increasing subscriber satisfaction.
 - **Gopher Info.** The Gopher Info feature is an artificial intelligence-powered chat bot assistant for technicians and service providers that leverages large language models to improve service provider efficiency and operations, including training, sales, installation and support. In response to a question, Gopher Info contextualizes, processes and summarizes information from Alarm.com's extensive database of support content, including installation guides, product summaries, specification sheets, troubleshooting best practices and training materials. This resource is accessible through the Alarm.com Partner Portal and the MobileTech application.
 - **On-Site Wrap Up.** The On-Site Wrap Up feature within the MobileTech application helps technicians keep track of and record the tasks they are required to complete during a service call to a customer property. Service providers can establish standard actions for technicians and monitor implementation. On-Site Wrap Up helps Alarm.com's service provider partners ensure that their field technicians deliver consistent, high-quality service that reduces support costs and customer attrition.
 - **On My Way.** The On My Way feature within the MobileTech application modernizes the management of service appointments and customer expectations. It uses technicians' mobile devices to provide useful navigation to service and installation appointments, sends more accurate arrival time email notifications to customers and helps service providers gauge the efficiency of their workforce.

- **Device Sync.** Our integrations with monitoring stations allow operators to proactively address trouble conditions associated with a subscriber's video cameras and connected devices. Participating monitoring stations can receive alerts when a device malfunctions or its batteries are low, and operators can then communicate to subscribers to remotely address the issue or schedule a service appointment with a technician, if needed.
- **Gopher Info.** Our AI-powered Gopher Info chatbot assistant enables our service providers' technicians and support personnel to use natural language queries to find support information about our products and services. In response to a question, Gopher Info contextualizes, processes and summarizes information from Alarm.com's extensive database of support content, including installation guides, product summaries, specification sheets, troubleshooting best practices and training materials. This resource is accessible through the Alarm.com Partner Portal and the MobileTech application.
- **Video Health Reports:** Video Health Reports give Alarm.com's service provider partners and their commercial video customers a monthly snapshot of the condition of video cameras and stream video recorders. System summaries and device-by-device information provide awareness of potential issues to ensure continuous, uninterrupted video coverage, reduce maintenance and support calls, and eliminate the need for manual checks by the customer.
- **Smart Gateway.** The Smart Gateway allows service provider partners to create a private and secure Wi-Fi network infrastructure specifically for a subscriber's property that is dedicated to Alarm.com video cameras. It is designed to streamline camera installation and reduce common support issues caused by a subscriber's unmanaged Wi-Fi network. With Smart Gateway, Alarm.com's service provider partners can also more efficiently deploy video cameras and services with better connectivity and leverage wireless spectrum maximized for performance.
- *AI-powered Enhancements to Professional Monitoring and False Alarm Reduction.* We apply our advanced, AI architecture to provide our third-party monitoring station partners with powerful insights. We designed these capabilities to streamline their operations, empower them to provide critical information to public safety dispatchers and first responders, enhance the value of the monitoring services they provide to subscribers and reduce false alarm dispatches.
 - **Ambient Insights for Alarm Response.** Ambient Insights for Alarm Response provides third-party monitoring stations with a real-time determination as to the likelihood that the property owner will cancel an alarm. Monitoring operators can access contextual information and intelligent insights about alarm-related events so they can quickly assess the situation and make more informed decisions about the appropriate level of response. The capabilities leverage activity data associated with the alarm event, such as incorrect panel code entries, unlocked doors and video of any person detected at the property. The alarm assessments are designed to help operators prioritize multiple alarm events. Monitoring stations can rapidly dispatch emergency services to the highest priority alarms, while also reducing the likelihood of false alarm dispatches.
 - **Visual Verification.** Our Visual Verification solution empowers monitoring station operators to make more informed decisions and expedite emergency response while supporting service providers. With our Visual Verification interface, operators have contextual indicators, live video feeds and Video Analytics tools to help identify if there is a person or a perceived threat at a given location. By leveraging multiple data sources to understand the activity surrounding an alarm event, the solution creates a Person On-Site Likelihood Indicator so that the operator may relay this critical information to first responders dispatched to the location.
- *Business Management.* Our services deeply integrate with our service provider partners' offerings and provide increased business insight into their customer base and key business health metrics.
 - **Web Services.** Our web services allow our service provider partners to integrate their existing customer management software and tools with our platforms. This creates a unified interface for our service provider partners to seamlessly perform functions like creating a new customer account or upgrading a service plan.
 - **Business Intelligence.** Our powerful business intelligence tools provide service providers with crucial insights into the performance of their Alarm.com subscriber account base. Business Intelligence provides key operational metrics related to account plan adoption, attrition and service quality to help service provider partners grow their business and improve customer retention.
- *Sales, Marketing & Training.* Our comprehensive customer lifecycle sales and marketing services are available to help our service provider partners effectively market and sell our solutions.
 - **Marketing Portal.** We provide a broad suite of marketing and sales tools and resources for our service provider partners, including our MobileSales app, co-brandable landing pages, mobile optimized websites with integrated lead capture, social media, videos, images, collateral, direct mail and event materials.
 - **Alarm.com Academy.** We offer comprehensive in-person training programs to our service provider partners. Additionally, we offer online courses through a learning management system, enabling our service provider partners to access training on the full suite of Alarm.com solutions anytime.
 - **System Upgrades.** Our Customer Connections solution is designed to maximize the value of existing accounts by offering targeted in-app and e-mail-based upgrade offers to existing subscribers. These campaigns are designed to increase engagement, drive upsell opportunities and enable referrals for our service provider partners.
- *Home Builder Program.* Our home builder program includes hardware and service plans designed to facilitate partnerships between home builders and our service provider partners. Home builders can rapidly deploy a full-range of our smart home solutions in new communities and model homes, while minimizing risks and costs by depending on our nationwide network of service provider partners for hardware installation and ongoing support.

Benefits of Our Solutions

The intersection of significant technology trends, like the broad adoption of mobile devices, the emergence of the IoT, the power of big data and the extensibility of the cloud, makes the connected property possible. Security systems, thermostats, door locks, video cameras, lights, garage doors and other devices that were once inert can now be intelligent and connected. Our intelligently connected property solutions provide a wealth of benefits to our subscribers and our service provider partners.

Benefits to Subscribers:

- **Single Connected Platform.** Our cloud-based platforms provide subscribers with a single point of integrated control across a diverse ecosystem of IoT devices. Solutions are easily personalized to suit the individual subscriber's needs.
- **Reliable Network Communications.** Our platforms utilize a highly secure, highly reliable, dedicated cellular connection which mitigates common vulnerabilities of security systems that are connected via a wired network, such as cut lines or broadband connectivity issues.
- **Intelligent and Actionable.** Our platforms aggregate real-time, multi-point data about property activity and system status. We have developed a highly scalable data analytics engine to deliver unique features and capabilities based on insights derived from this growing set of data. For example, learning detailed activity patterns in a property enables our platforms to proactively alert the subscriber about unexpected events. Our platforms continue to learn and adapt to become more personalized over time.
- **Broad Device Compatibility.** Our platforms support a wide variety of connected devices and communications protocols, allowing seamless integration and automation of many devices, as well as the addition of new devices in the future.
- **Accessible and Affordable.** Our platforms offer an affordable alternative to expensive automation systems, legacy residential and commercial control products and disparate point product solutions.
- **Trusted Provider.** We have established a reputation and brand as a trusted and reliable technology provider. We respect the privacy of our subscribers and do not sell their data. Our reputation is strengthened through our network of service provider partners, who have significant expertise in the delivery of our SaaS platforms and suite of solutions.

Benefits to Service Provider Partners:

- **New Revenue Generation Opportunities.** Our solutions help broaden our service provider partners' offerings beyond traditional security to also include comprehensive smart residential and commercial solutions like intelligent automation, video monitoring and energy management. They can access new market opportunities and drive incremental recurring monthly revenue by expanding their offerings with our solutions. We offer training, tools and other resources to help our service provider partners fully leverage the breadth and depth of our platforms.
- **Expanded Set of Value-Added Services.** We provide value-added services to our service provider partners, including training, marketing, installation and support tools and business intelligence analytics. This support helps our service provider partners more efficiently acquire, install and support their customers on our platforms.
- **Improved Service Provider Economics.** Our cloud-based platforms can help reduce our service provider partners' service delivery and support costs. Remote Toolkit enables our service provider partners to remotely configure, support and upgrade their customers' hardware or software, eliminating the cost of an in-person service call for many routine support issues. In addition, we believe our service provider partners can generate more revenue from each subscriber by providing services beyond traditional security.
- **Broad Device Interoperability.** We have an open platform which allows service provider partners to respond to market innovation and consumer demands for connected devices. Device hardware is deeply integrated into our platforms to provide a more cohesive experience than stand-alone products deliver. **For example, we released the Alarm.com 750 video doorbell, which is a battery-free video doorbell that delivers advance performance specifications, including an expansive field of view and two-megapixel resolution.** Our platforms also support various broadly adopted communications protocols commonly used in many automation devices, including Z-Wave, Wi-Fi and cellular. Our open platforms and interoperability give our service provider partners a wide selection of devices to suit their customers' needs now and in the future.
- **Dedicated Service Provider Support.** We operate support centers focused on providing timely support to our service providers and their technicians. We are focused on ensuring our service providers receive fast and reliable service to address the broad needs of subscribers across a wide range of devices and solutions.

Competitive Advantages

We believe the benefits we can deliver to our subscribers and our service provider partners create a significant competitive advantage in the connected property market.

- **Market Leader.** Alarm.com is a pioneer in the intelligently connected property market. In 2023, 2024, our platforms processed more than 325 billion 345 billion data points generated by over 150 million 160 million connected devices. We believe the combination of the size of our subscriber base, service provider network and the volume of data generated by the integrated devices on our platforms creates a competitive advantage for us.
- **Security Grade, Cloud-Based Architecture.** We built our platforms with a cloud-based, multi-tenant architecture that allows for real-time updates and upgrades. Our platforms were purpose-built from the ground up with life safety standards at the core.
- **Highly Scalable Data Analytics Engine.** We processed more than 325 billion 345 billion data points in 2023, 2024. As consumer preferences shift towards more proactive, intelligence-based features, we believe our investments in proprietary analytics, machine learning and **artificial intelligence AI** give us a competitive advantage.

- **Trusted Brand.** We believe our leading position in our space is an indicator that we have developed a trusted brand with service providers and consumers for innovative and reliable technology and service. Our iOS and Android mobile apps have each been downloaded millions of times and both apps consistently have impressive user ratings.
- **Commitment to Innovation.** We continue to make significant investments in innovative research and development. Our investment resulted in hundreds of issued patents as of **December 31, 2023** December 31, 2024 and numerous patent applications pending which we believe can help ensure our technology remains competitively differentiated and legally protected.

Growth Strategy

We intend to maintain our leadership position and expand into new market opportunities by continuing to develop and deploy innovative technologies and by expanding our ecosystem of partners. Our key growth strategies include:

- **Drive SaaS and license revenue growth by expanding the solutions our service providers deploy.** We will continue to focus on helping our service provider partners succeed in driving the adoption of our full suite of residential and commercial services. We provide sales and marketing resources to help our service provider partners become more effective in selling our expanding range of solutions and we will continue to make significant investments to support our service provider network.
- **Upgrade traditional security customers to our solutions.** We believe there is a significant opportunity for our service provider partners to expand adoption of our connected solutions within their customer base. We intend to leverage our status as a trusted provider to drive consumer interest in our offerings and enable our service provider partners to upgrade their legacy security customers to our connected property solutions.
- **Continue to invest in our platforms.** As a pioneer in connected home and business solutions, we have made significant investments in building our platforms for over 20 years. We intend to continue to invest heavily to add additional innovative offerings and broaden our suite of solutions and opportunities in residential, commercial and global markets. As the market for IoT grows and more devices become connected, we are building technology and partnerships to connect these devices to our platforms.
- **Expand international presence.** We are investing in international expansion because we believe there is a significant global market opportunity for our products and services. Today, our products are currently localized and available in over 50 countries outside of North America, including Argentina, Australia, Chile, Colombia, Spain, Sweden, Switzerland, Turkey and the United Kingdom and Uruguay. We intend to continue to grow our number of international subscribers by strengthening our presence in existing markets and expanding to additional markets. In 2023, we acquired 100% of the issued and outstanding shares of capital stock of EBS Spółka z ograniczoną odpowiedzialnością, or EBS, an international producer of universal smart communicator devices, headquartered in Warsaw, Poland. When fully integrated with the Alarm.com platform, EBS communicators are expected to enable Alarm.com's services to work with a wide range of legacy security control panels commonly deployed in international markets. In 2024, we acquired certain assets of Finland-based Kapacity.io Solutions Oy, or Kapacity.io to help accelerate deployment of a cloud-based demand response platform internationally for our EnergyHub subsidiary.
- **Expand into the commercial market segment.** We continue to see significant opportunity to expand our products and services into the commercial market, including small and medium businesses, national accounts and enterprises. We intend to leverage many of our existing solutions, including our Alarm.com for Business solution, to provide such businesses with visibility into their key operational activities, keep businesses secure, provide facility access to employees and vendors remotely and manage their energy costs.
- **Channel expansion.** Today, many consumers purchase connected devices through a security service provider. Continued growth in the connected property market has invited new participants into the space that can complement our current partner ecosystem. We intend to continue to develop partnerships with heating, ventilation and air conditioning installers, property management companies, utility companies, insurance providers and other services companies to expand avenues into residential and commercial properties.
- **Pursue selective strategic acquisitions.** We may selectively pursue future acquisitions of businesses, technologies, or products that complement our platforms or align with our overall growth strategy. Such acquisitions could expand our team and/or technology portfolio to help us add new features to our platforms, accelerate the pace of our innovation or help us access attractive markets.

Market Opportunity

Our addressable market consists of both residential and commercial properties. Our residential subscribers are typically owners of single-family homes and our commercial subscribers include retail businesses, restaurants, schools and universities, commercial facilities, national chains and professional offices.

We believe there is an opportunity to significantly increase the adoption of our solutions as more residential and commercial property owners adopt intelligently connected property solutions and as the major technology trends of mobile access, the IoT, cloud technology and artificial intelligence AI continue to create opportunities to connect people with their properties in new ways.

Our Technology

Cloud Services Platform

Our internal engineering teams have designed and developed our core technology. As an industry leader, we believe we have robust cloud service platforms for the intelligently connected property. Our cloud services platforms manage communication with the system at the property, intelligently direct alerts and notifications, learn patterns and identify anomalies and manage video processing and storage. Additionally, our platforms enable device integrations through application program interfaces, or APIs, and offer our service provider partners extensive workflow efficiency services.

Since our inception, we have utilized a multi-tenant SaaS platform architecture to enable rapid innovation in a scalable environment. Our platforms are architected to scale and our technology team has developed proprietary cloud-based applications to support our service provider partners and subscribers. Security and life safety are mission critical components of our service offering; thus, we are committed to high reliability standards. We operate our Alarm.com cloud services platform through two redundant network operations centers located in Phoenix, Arizona and Ashburn, Virginia. Each

center is designed to run the entire Alarm.com platform independent of the other. Alarm.com also relies on third-party technology providers to process certain information, such as video. In addition, certain of our acquired companies maintain their own technology platform distinct from Alarm.com's platform.

Hardware and Manufacturing

We are involved in designing and manufacturing various types of hardware that enable our solutions, including:

- **Video Cameras and Doorbells.** We offer a full range of high-definition video cameras and video doorbells enabled for Internet Protocol-based video monitoring services. Our indoor, outdoor, and video doorbell cameras include options for night vision capabilities, two-way voice and wired or battery-powered operation. We also offer network video recording devices for on-premise, continuous video recording seamlessly connected to our cloud platforms for remote playback through our user interfaces. All of these video products and recorders are specified to our platforms through proprietary software.
- **Alarm.com Smart Thermostats.** Our Smart Thermostats combine elegant design, sophisticated cloud services and advanced energy management features. They were designed by our Building36 and device engineering teams to work in concert with other devices in the connected property. Our Smart Thermostats communicate with the Alarm.com communications module via Z-wave and support both battery power and common wire power installation.
 - Remote temperature sensors can pair with our Smart Thermostats to enable temperature set points for any room in the property, not just the room where the thermostats are installed. Our Smart Thermostats support multiple remote temperature sensors for precise temperature control for a residential or commercial property.
 - We designed our Smart Thermostats to be easy to install and support remotely. The MobileTech app assists in proper wiring and installation and Remote Toolkit enables remote access to the thermostat settings for easy troubleshooting and support.
 - Our Smart Thermostat HQ includes a built-in, cellular-based smart hub that supports compatible Z-Wave devices such as light switches, water protection sensors and sump pump monitors. It offers the full range of Alarm.com's energy-saving capabilities as well as intelligent HVAC monitoring capabilities.
- **Cellular Communication Modules and Gateways.** We offer cellular communications modules that are tightly integrated with security system control panels, sensors and other devices. We also offer fully integrated cellular gateways. We regularly pioneer technical advances in this space, including the expansion of our deployment of security services hardware with 4G LTE and LTE CAT-M cellular network connections. All of our modules and gateways, designed by our device engineering team and manufactured in the United States by a contract manufacturing partner, provide a dedicated and fully managed two-way cellular connection between the monitored property and our cloud platforms. The modules run our proprietary firmware and enable:
 - Real-time analysis of system events reported by security sensors and other devices.
 - Local automation rule execution.
 - The management of message transmissions to our cloud platforms for further processing.
- **Flex IO.** A versatile, completely wireless device that extends awareness across a property and to assets in any location. It can easily install on a backyard gate, detached garage, remote storage unit, or it can be tethered to other assets like a boat, tractor or lawn mower, and triggers activity notifications to subscribers as well as video recordings when activity is detected, or an asset is moved.
- **Shooter Detection Systems.** The Guardian system from Shooter Detection Systems includes proprietary, dual-mode gunshot sensors that are installed inside the subscriber's property to help protect people against active shooter threats. Each gunshot sensor uses a dual-mode detection technology that combines acoustic sensors with specialized infrared flash detectors. Proprietary gunshot detection software algorithms maximize detection and minimize false positives. Gunshot sensors communicate to the Guardian Gateway Software, which provides notification pathways to first responders and building occupants, and enables cloud-based capabilities such as the Guardian situational awareness application that tracks and maps gunshot events. Beginning in 2023, Shooter Detection Systems indoor gunshot detection became available as a SaaS solution integrated with Alarm.com for commercial properties. The integrated solution allows subscribers to monitor and track the location of gunshots, quickly view videos of the time and place that gunshots occurred and share critical situational awareness information with first responders with no onsite software installation required.
- **Video Cameras and Doorbells.** We offer a full range of high-definition video cameras and video doorbells enabled for Internet Protocol-based video monitoring services. Our indoor, outdoor, and video doorbell cameras include options for night vision capabilities as well as wireless or Power over Ethernet communication features. We also offer a network video recording device, the SVR, for on-premise, continuous video recording seamlessly connected to our cloud platforms for remote playback through our user interfaces. All of these video products and SVRs are specified to our platforms through proprietary software.
- **Alarm.com Smart Thermostats.** Our Smart Thermostats combine elegant design, sophisticated cloud services and advanced energy management features. They were designed by our Building36 and device engineering teams to work in concert with other devices in the connected property. Our Smart Thermostats communicate with the Alarm.com communications module via Z-wave and support both battery power and common wire power installation.
 - Remote temperature sensors can pair with our Smart Thermostats to enable temperature set points for any room in the property, not just the room where the thermostats are installed. Our Smart Thermostats support multiple remote temperature sensors for precise temperature control for a residential or commercial property.
 - We designed our Smart Thermostats to be easy to install and support remotely. The MobileTech app assists in proper wiring and installation and Remote Toolkit enables remote access to the thermostat settings for easy troubleshooting and support.

- *Smart Water Valve + Meter and Water Dragon.* Our Smart Water Valve + Meter and Water Dragon devices enable Alarm.com's Whole Home Water Management solution. Both devices can identify low and high-volume water leaks and constantly monitor overall water use and current usage rates in homes and businesses. Deep integration with the Alarm.com platform leverages intelligence and insights to help reduce the risk of losses from water emergencies, while also improving water conservation efforts. The Smart Water Valve + Meter can automatically shut off the property's

water supply when a leak is detected. Water Dragon is an easy-to-install option that clamps onto the main water line and uses ultrasonic technology to detect unexpected water activity.

Research and Development

We invest substantial resources in research and development to enhance our platforms and applications, support our technology infrastructure, develop new capabilities and conduct quality assurance testing. We expect to invest significantly in continued research and development efforts to expand the capabilities of our technology. Our research and development of new products and services is a multidisciplinary effort across our product management, program management, software engineering, device engineering, quality engineering, configuration management and network operations teams.

Service Provider Network

Our trusted service provider partner network is key in driving the adoption of connected home and commercial solutions. Our solutions are sold, installed, and serviced by a network of independent licensed, professional service provider partners. Our channel network of active service provider partners includes smaller local providers, larger regional providers and national service providers. We have also seen growth in other areas of our channel network, including new providers in the intelligent automation, HVAC, property management and insurance markets.

We believe this highly trusted, established network is a core strength that enables an efficient and scalable customer acquisition model, allowing us to focus on technology innovation. We also believe that the combination of our solutions and our service provider partners' expertise is the most effective way to drive mass market adoption of the intelligently connected property.

The traditional security and home automation market is highly fragmented. According to the Barnes Buchanan [2024 2025 Security Alarm Industry Overview and Update report](#), the top [six](#) dealers represented approximately [35%](#) [37%](#) of all industry recurring monthly revenue in [2022](#), [2023](#). The distribution of revenue among our service provider partners is reflective of the industry overall. ADT LLC, or ADT, represented greater than 15% but not more than 20% of our revenue in each of [2021](#), [2022](#), [2023](#) and [2023](#), [2024](#).

Subscribers

We define subscribers as residential or commercial properties to which we are delivering at least one of our solutions. A single property for which we are providing one of our service level packages as well as one or more of our a la carte add-ons is counted as one subscriber. Our subscribers do not include the customers of our service provider partners to whom we license our intellectual property, as they do not utilize one of our SaaS platforms. Our subscriber acquisition cost payback period has historically been one year or less.

Sales and Marketing

The goal of our sales team is to help our service provider partners succeed in selling, installing and supporting our full suite of solutions. Our sales team is also responsible for recruiting new service provider partners to Alarm.com. We also have a global business development team dedicated to establishing new service provider and distribution relationships in international markets.

Our marketing team is focused on empowering our service provider partners to effectively promote and sell our solutions. We design, develop and provide end-to-end marketing services including tools and content for lifecycle marketing to help our service providers build awareness, create interest, activate subscribers, develop and maintain the ongoing customer relationship, increase customer engagement, and generate upsell and referral opportunities. While we offer tools and services to assist our service providers when they are marketing to potential subscribers, we do not control or influence the marketing activities performed by our service providers, as they are free to select the marketing tools they believe will be the most effective. Our contracts with our service providers require that they comply with all applicable rules and laws when engaging in marketing activities. We also offer comprehensive training opportunities through our Alarm.com Academy, including in-person training courses and an online learning management system.

We believe our sales and marketing approach enables us to expand our breadth of service providers, provide highly customized services and scale quickly.

Service Provider Support

We support the full suite of software and hardware products on the Alarm.com platform through a highly trained and experienced team of professionals based in the United States. We primarily support our service provider partners. Our service provider partners, in turn, support their customers, who are our subscribers. To that end, subscribers occasionally reach us directly with support needs and we either assist the subscriber directly or, when appropriate, route the subscriber to the appropriate service provider partner for additional assistance.

We offer high-quality support to our service providers via phone, chat, web ticketing and email. With every interaction, our team is committed to exceptional customer satisfaction and industry-leading response times. We use a tiered structure to efficiently escalate and resolve issues of varying complexity and to scale our support organization as we grow. Our staff is multilingual and we continue to grow our language capabilities to support our international expansion.

Our Competition

The market in which we participate for connected property solutions is fragmented, highly competitive and constantly evolving. We expect competition to continue from existing competitors as well as potential new market entrants in the interactive security, video monitoring, intelligent automation and energy management markets. Our current competitors include providers of other technology platforms for the connected property with interactive security, including Alula (formed following the merger of ipDatatel, LLC and Resolution Products, LLC), Ajax Systems CH, Avigilon Corporation, Brivo Inc., Digital Monitoring Products Inc., Eagle Eye Networks Inc., Hangzhou Hikvision Digital Technology Co., Ltd., Honeywell International Inc., Napco Security Technologies, Inc., Resideo Technologies Inc., SecureNet Technologies, LLC, Telular Corporation (acquired by AMETEK, Inc.), United Technologies Corporation, and Verkada Inc., which sell solutions to service providers, cable operators, technology retailers and other residential and commercial automation providers. We also compete with interactive, monitored security solutions sold directly to subscribers and may also be sold through our partners, including companies like Abode Systems, Inc., Arlo Technologies, Inc., Cove Smart, LLC, Scout Security, Inc. and SimpliSafe, Inc. In addition, our service provider partners compete with security solutions sold directly to subscribers, as well as managed service providers, such as cable television, telephone and broadband companies like Comcast Cable Communications, LLC and Rogers Communications, Inc., and providers of point products, including Google Inc.'s Nest Labs, Inc. Amazon.com offers Amazon Home Services security packages with bundled equipment and professional installation, and Amazon Key, a security camera and smart lock integration feature. Ring Inc., owned by Amazon.com, offers a connected video doorbell, video cameras and an

integrated security system, Ring Alarm. Samsung's SmartThings offers a security system and a home automation and awareness hub. Arlo Technologies, Inc. and Wyze Labs, Inc. offers connected video cameras, a connected video doorbell, and smart security devices. Apple Inc. offers a feature that allows some manufacturers' connected devices and accessories, including video cameras and doorbells, to be controlled through its HomeKit service available in Apple's iOS operating system. Additionally, Canary and other companies offer all in one video monitoring and awareness devices. In addition, we may compete with other large and small technology companies that offer control capabilities among their products, applications and services, and have ongoing development efforts to address the broader connected home market.

Many of our competitors have longer operating histories, greater name recognition, larger customer bases and significantly greater financial, technical, sales, marketing, distribution and other resources than we have. We expect to encounter new competitors as we enter new markets as well as increased competition, both domestically and internationally, from other established and emerging home automation, security monitoring, video monitoring and automation, wellness, and energy management companies as well as large technology companies. In addition, there may be new technologies that are introduced that reduce demand for our solutions or make them obsolete. Our current and potential competitors may also establish cooperative relationships among themselves or with third parties and rapidly acquire significant market share. Increased competition could also result in price reductions and loss of market share, any of which could result in lower revenue and negatively affect our ability to grow our business. We believe the principal competitive factors in the connected property market include the following:

- simplicity and ease of use;
- ability to offer persistent awareness, control, and intelligent automation;
- breadth of features and functionality provided;
- flexibility of the solutions and ability to personalize for the individual consumer;
- compatibility with a wide selection of third-party devices;
- pricing, affordability, and accessibility;
- sales reach and local installation and support capabilities; and
- brand awareness and reputation.

We believe we compete favorably with respect to each of these factors. Additionally, we believe our cloud-based software platforms, intelligently connected property solutions, and proven scalability help further differentiate us from competitors. Nevertheless, our competitors may have substantially greater financial, technical and other resources, greater brand recognition, larger sales and marketing budgets and broader distribution channels than we do.

Our Intellectual Property

Our success and ability to compete effectively depend in part on our ability to protect our proprietary technology and to establish and adequately protect our intellectual property rights. To accomplish these objectives, we rely on a combination of patent, trademark, copyright and trade secret laws in the United States and other jurisdictions, as well as license agreements, confidentiality agreements and other contractual protections.

As of December 31, 2023 December 31, 2024, we owned 761 883 issued United States utility patents, one issued United States design patent and 152 251 issued international patents. We continue to broaden our intellectual property portfolio and file patent applications and as of December 31, 2023 December 31, 2024, we had 210 169 pending utility patent applications and 516 21 pending provisional patent applications filed in the United States. We also had 152 134 pending international patent applications and 17 404 international patent applications pending under the Patent Cooperation Treaty. The claims for which we have sought patent protection apply to a wide array of our products and services, including those of our subsidiaries and acquired businesses. Our portfolio of patents and patent applications applies broadly to the features and functionality of the various technology platforms we maintain as well as potential new products, services and offerings. We also have, and may be required to seek in the future, licenses under patents or intellectual property rights owned by third parties, including open-source software and other commercially available software.

We also rely on several registered and unregistered trademarks to protect our brand. We have 39 46 registered trademarks in the United States, including Alarm.com and the Alarm.com logo and design, 11 12 registered trademarks in Canada, 516 13 in the United Kingdom, and seven 12 in the European Union, and 44 in other countries.

We seek to protect our intellectual property rights by requiring our employees and independent contractors involved in development to enter into agreements acknowledging that all inventions, trade secrets, works of authorship, developments,

concepts, processes, improvements and other works generated by them on our behalf are our intellectual property, and assigning to us any rights, including intellectual property rights, that they may claim in those works.

We expect that products in our industry may be subject to third-party infringement lawsuits as the number of competitors grows and the functionality of products in different industry segments overlaps. We have brought infringement claims against third parties in the past and may do so in the future to defend our intellectual property position. In addition, from time to time, we may face claims by third parties that we infringe upon or misappropriate their intellectual property rights, and we may be found to be infringing upon or to have misappropriated such rights. In the future, we, or our service providers or subscribers, may be the subject of legal proceedings alleging our solutions or underlying technology infringe or violate the intellectual property rights of others.

Environmental, Social and Corporate Governance Matters

Environmental

To operate long-term, we need to ensure our local communities and the natural environment are thriving. To help meet these goals we intend to continue promoting, providing and investing in the further development of solutions that can help reduce energy waste and facilitate water conservation. These include demand response programs, smart thermostats, energy management solutions, solar monitoring solutions, Smart Water Valve + Meter device and advanced functionality within the Alarm.com app.

Our demand response programs manage over **1.2 million** **1.6 million** connected devices for more than **60,70** energy utilities in North America. These programs support energy utilities as they pursue **aggressive** **ambitious** clean energy goals.

Our lineup of smart thermostats and intelligent energy management solutions can automatically adjust to reduce energy waste in residential and commercial properties. These solutions can change a thermostat's temperature set-point based on subscriber location, property occupancy and activity patterns, and if a door or window is left open for too long. To facilitate wide-spread adoption of energy management technology, we developed many of these capabilities to also work with smart thermostats manufactured by third-party companies.

The Alarm.com mobile app includes customizable scenes buttons that can assist in increasing the potential for energy efficiency by adjusting multiple devices in the property with a single command. For example, a homeowner can turn on the fan, raise or lower shades, turn on or off lights and adjust the thermostat with a single command. Commercial users can create automated schedules to secure a property and automatically adjust the thermostat at a specified time.

Our Smart Water Valve + Meter and Water Dragon devices are part of a comprehensive water management solution. Two on-board flow sensors monitor water usage to facilitate water conservation behavior. The device can also detect burst pipes, major leaks, and wasteful slow persistent drips, and can respond by informing the property owners of opportunities to reduce water waste, or as needed, by automatically shutting off the water supply to quickly protect properties from damage.

Our commitment extends to the buildings in which our employees work. Many of our offices use LED lighting with sensors that turn off the lights when motion is not detected and several of our offices are Leadership in Energy and Environmental Design, or LEED, certified or Energy Star® certified, which indicates that the buildings help conserve energy and limit the amount of greenhouse gas emissions. Additionally, several of our offices have building recycling programs, including programs specific to batteries and electronics.

Our Sustainability Team is focused on integrating sustainability throughout our organization. Through the efforts of the Sustainability Team and others throughout our organization, we have improved the packaging for some of our hardware by switching to recyclable materials and eliminating polyethylene bags from our user guides. We have also replaced many of our paper manuals with online guides. The Sustainability Team has also helped establish a composting program in some of our offices and a community garden for employees at our headquarters in Tysons, Virginia and also helped with the initiative to use compostable bowls, plates, cups and utensils at our headquarters. The Sustainability Team has also promoted community events to help increase awareness about sustainability and the environment, including tree planting and park cleanup events.

Social

We are committed to providing an equal opportunity for all employees regardless of race, gender, sexual orientation, religion or other differences. We want every employee to feel valued, respected and heard. We believe recruiting from the widest available talent pool, and then facilitating collaboration among people of all experiences and backgrounds enhances our ability to innovate. To help achieve this objective, our suite of employee community groups that are open to all employees offers identity- and interest-based outlets where employees can come together over shared interests, seek support and professional mentorship, and develop the relationships that help them thrive on their teams and in the broader workplace. In 2022, we We previously launched Belonging, an employee-led community group that fosters inclusivity and offers community events and learning opportunities centered around promoting diversity, equity, inclusion and belonging in the workplace. Belonging also partners with corporate communications to highlight and recognize important cultural and diverse observances. We continued our Women in Tech group, aimed at empowering women to grow their technical and professional skillsets and expertise. Last year, Women in Tech launched its Allyship arm, which strives to promote expertise as well as promoting greater allyship towards women and other underrepresented people in tech through education. We also developed an Apprenticeship Program to help break down traditional barriers to entry into the technology industry that provides hands on training that can be applied in the real world.

We continue to prioritize the health and safety of our employees. We partner with a company that helps support mental health in the workplace supports holistic well-being through a variety of trainings and information sessions. sessions offered throughout the year. We also provide additional virtual healthcare benefits to employees, making it safer and more convenient to get the care they need remotely. In addition to primary care, these additional remote healthcare benefits include physical therapy, access to this added benefit includes care navigation, mental health services and health coaching treatment for acute and chronic pain, fitness coaching. We also provide free access to an meditation and mindfulness app that promotes wellness well-being through meditation and provides employees with hundreds of guided exercises for meditation, sleep, focus and movement. We also partnered with a company that provides various family care benefits, including back-up care and access to a self-service, searchable database of providers for family child, adult dependent and pet care needs, including care needs. Further, we added a lifestyle spending account to reimburse employees for children, adult dependents, pets up to \$300 per year in wellness-related expenses, such as exercise equipment, gym memberships, fitness trackers and tutoring weight loss programs. We also offer a charitable giving reimbursement program to our employees, in which they receive a partial reimbursement for charitable contributions made to 501(c)(3) organizations.

Governance

Our corporate behavior and leadership practices are based on integrity and ethical decision-making. Employees are informed about our governance expectations through our Code of Business Conduct, compliance training programs and ongoing communications. The Nominating and Corporate Governance Committee of our Board board of Directors directors oversees our corporate governance objectives, strategies, goals, compliance and risk mitigation.

Our Human Capital Resources

As of December 31, 2023 December 31, 2024, we had **1,989** **2,010** full-time employees, including **565** **572** in sales and marketing, **1,118** **1,127** in research and development, **229** **237** in a general and administrative capacity and **77** **74** who manufacture hardware for our suite of IoT solutions. As of December 31, 2023 December 31, 2024, we had **1,776** **1,773** employees in our Alarm.com segment and **213** **237** employees in our Other segment. We also engage consultants and temporary employees from time to time. None of our employees are covered by collective bargaining agreements and we consider our relations with our employees to be good.

We believe attracting, motivating and retaining talent at all levels is critical to continuing our success. By improving employee retention and engagement, we believe we are also improving our ability to support our service provider partners and protect the long-term interests of our stockholders. We invest in our employees through high-quality benefits and various health and wellness initiatives and offer competitive compensation packages, ensuring fairness in internal compensation practices.

To further engage and incentivize our workforce, we offer a wide range of programs and avenues for support, motivation, and professional recognition. We utilize both instructor-led training and online learning to provide custom training courses to ensure our sales and services teams stay up-to-date on our products and service offerings. For our talent pipeline development, we work closely with individual departments to provide training and hands-on support for managers and leaders, to assess talent,

identify development opportunities and discuss succession planning. In addition, we regularly conduct employee surveys to gauge employee engagement and identify areas of focus.

Government Regulations

Our business, operations and service provider partners are subject to various U.S. federal, state and local consumer protection laws, licensing regulation and other laws and regulations, and to similar laws and regulations in the other countries in which we operate. Compliance with these laws, rules, and regulations has not had a material effect upon our capital expenditures, results of operations or competitive position. Nevertheless, compliance with existing or future governmental regulations, including, but not limited to, those pertaining to global trade, business acquisitions, consumer protection, and taxes, could have a material impact on our business in subsequent periods. Refer to "Item 1A. Risk Factors" for a discussion of these potential impacts.

Corporate Information

Our principal executive offices are located at 8281 Greensboro Drive, Suite 100, Tysons, Virginia 22102. Our telephone number is (877) 389-4033. We completed our initial public offering in July 2015 and our common stock is listed on The Nasdaq Global Select Market under the symbol "ALRM."

Historically, we have completed acquisitions of complementary companies or their technologies. Some of our prior acquisitions of companies include:

- On October 21, 2019, we acquired 85% of the issued and outstanding capital stock of PC Open Incorporated, a Washington corporation, doing business as OpenEye. OpenEye provides cloud-managed video surveillance solutions for the enterprise commercial market.
- On December 14, 2020, we acquired 100% of the issued and outstanding ownership interest units of Shooter Detection Systems, LLC, or SDS. SDS is a provider of an indoor gunshot detection solution that helps alert employees and the public against active shooter threats.
- On September 23, 2022, we acquired 85% of the issued and outstanding shares of capital stock of Noonlight, Inc., or Noonlight. Noonlight provides a connected safety and event management software and services platform that enables new applications and provides enhanced emergency response capabilities. We believe the acquisition of Noonlight will enhance our comprehensive suite of interactive cloud-based services and allow us to expand markets for emergency response services as well as accelerate innovation in those services.
- On January 18, 2023, we acquired 100% of the issued and outstanding shares of capital stock of EBS, an international producer of universal smart communicator devices, headquartered in Warsaw, Poland. We believe this acquisition will assist in the continued expansion of our international operations as well as benefit our supply chain operations.
- On February 10, 2025, we acquired 81% of the issued and outstanding shares of capital stock of CHeKT, Inc., or CHeKT. CHeKT provides a remote video monitoring service for central station operators that is compatible with a variety of cameras. We believe the acquisition of CHeKT will help to expand our opportunity to provide remote video monitoring solutions in the commercial and residential markets.

Some of our prior asset acquisitions include:

- On January 1, 2017, we acquired certain assets of ObjectVideo, Inc., or ObjectVideo, that constituted a business now called ObjectVideo Labs, LLC, or ObjectVideo Labs, including products, a technology portfolio and an engineering team. ObjectVideo was a pioneer in the fields of video analytics and computer vision with technology that extracts meaning and intelligence from video streams in real-time to enable object tracking, pattern recognition and activity identification.
- On March 8, 2017, we acquired certain assets related to the Connect business unit of Icontrol Networks, Inc., or Icontrol, and all of the outstanding equity interests of the two subsidiaries through which Icontrol conducted its Piper business. Connect provides a custom, on-premise interactive security and home automation platform for ADT Pulse® and several other service providers. Piper provides an all-in-one video and home automation hub.
- In September 2019, we acquired certain assets from an unrelated third party. In March of 2020, we acquired certain additional assets from two separate unrelated parties. Substantially all of the assets acquired in September 2019 and March 2020 consisted of in-process research and development, or IPR&D. We believe the acquisitions of the IPR&D will further our commitment to make significant investments in innovative research and development in the intelligently connected property market to broaden our suite of solutions as well as strengthen our smart intercom capability.
- In December of 2021, we acquired certain assets from an unrelated party. Substantially all of the assets acquired consisted of developed technology. We believe the acquisition of the developed technology will continue to advance our load-shaping energy management solution allowing additional devices to participate in utility programs that reduce or shift power consumption during peak demand periods.
- On April 21, 2023, we acquired certain assets of Vintra, Inc., or Vintra. Substantially all of the acquired assets consisted of developed technology. We believe the acquisition of the developed technology will expand Alarm.com's learning program and accelerate deployment of advanced video analytics solutions for the Alarm.com and OpenEye platforms.
- On November 22, 2024, we acquired certain assets of Kapacity.io to help accelerate deployment of a cloud-based demand response platform internationally for our EnergyHub subsidiary.

Available Information

Our website is located at www.alarm.com and our investor relations website is located at <http://investors.alarm.com>. Our Annual Reports 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 Sections 13(a) and 15(d) of the Securities Exchange Act of 1934, as amended, or the Exchange Act, are available free of charge on our investor relations website as soon as reasonably practicable after we electronically file such material with, or furnish it to, the SEC. The SEC maintains an internet site that contains reports, proxy and information statements and other information. The address of the SEC's website is www.sec.gov.

Webcasts of our earnings calls and certain events we participate in or host with members of the investment community are on our investor relations website. Additionally, we provide notifications of news or announcements regarding our business and financial performance, SEC filings, investor events, and our press and earnings releases, as part of our investor relations website. Investors and others can receive real-time notifications of new information posted on our investor relations website by signing up for email alerts and RSS feeds. Further corporate governance information, including our corporate governance guidelines and board committee charters, is also available on our investor relations website under the heading "Corporate Governance." The contents of our websites are not

intended to be incorporated by reference into this Annual Report on Form 10-K or in any other report or document we file with the SEC, and any references to our websites are intended to be inactive textual references only.

ITEM 1A. RISK FACTORS

Risks Related to Our Business and Industry

Our actual operating results may differ significantly from any guidance provided.

Our guidance, including forward-looking statements, is prepared by management and is qualified by, and subject to, a number of assumptions and estimates that, while presented with numerical specificity, are inherently subject to significant business, economic and competitive uncertainties and contingencies. Many of these uncertainties and contingencies are beyond our control and are based upon specific assumptions with respect to future business decisions, some of which will change. We generally state possible outcomes as high and low ranges which are intended to provide a sensitivity analysis as variables are changed but are not intended to represent that actual results could not fall outside of the suggested ranges.

Guidance is necessarily speculative in nature, and it can be expected that some or all of the assumptions of the guidance furnished by us will not materialize or will vary significantly from actual results. In particular, guidance relating to the anticipated results of operations of an acquired business is inherently more speculative in nature than other guidance as management will, necessarily, be less familiar with the business, procedures and operations of the acquired business. Similarly, guidance offered in periods of extreme uncertainty, such as the uncertainty caused by the Macroeconomic Conditions, is inherently more speculative in nature than guidance offered in periods of relative stability. Accordingly, any guidance with respect to our projected financial performance is necessarily only an estimate of what management believes is realizable as of the date the guidance is given. Actual results will vary from the guidance and the variations may be material. Investors should also recognize that the reliability of any forecasted financial data will diminish the farther in the future that the data is forecasted.

Actual operating results may be different from our guidance, and such differences may be adverse and material. In light of the foregoing, investors are urged to put the guidance in context and not to place undue reliance on it. In addition, the market price of our common stock may reflect various market assumptions as to the accuracy of our guidance. If our actual results of operations fall below the expectations of investors or securities analysts, the price of our common stock could decline substantially.

Our quarterly results of operations have fluctuated and are likely to continue to fluctuate. As a result, we may fail to meet or exceed the expectations of investors or securities analysts, which could cause our stock price to decline.

Our quarterly operating results, including the levels of our revenue, gross margin, cash flow and deferred revenue, may fluctuate as a result of a variety of factors, including adverse Macroeconomic Conditions, the product mix that we sell, the relative sales related to our platforms and solutions and other factors which are outside of our control. If our quarterly revenue or results of operations fall below the expectations of investors or securities analysts, the price of our common stock could decline substantially. Fluctuations in our results of operations may be due to a number of factors, including:

- the portion of our revenue attributable to SaaS and license versus hardware and other sales;
- our ability to manage the businesses we have acquired, and to integrate and manage any future acquisitions of businesses;
- fluctuations in demand, including due to seasonality or broader economic factors, for our platforms and solutions;
- changes in pricing by us in response to competitive pricing actions;
- our ability to increase, retain and incentivize the service provider partners that market, sell, install and support our platforms and solutions;
- the ability of our hardware vendors to continue to manufacture high-quality products and to supply sufficient components and products to meet our demands;
- the timing and success of introductions of new solutions, products or upgrades by us or our competitors and the entrance of new competitors;
- changes in our business and pricing policies or those of our competitors;
- the ability to accurately forecast revenue as we generally rely upon our service provider partner network to generate new revenue;
- our ability to control costs, including our operating expenses and the costs of the hardware we purchase;
- changes in U.S. trade policies, including new or **potential increased** tariffs, **sanctions** or penalties on imported products;
- competition, including entry into the industry by new competitors and new offerings by existing competitors;
- issues related to introductions of new or improved products such as supply chain disruptions or shortages of prior generation products or short-term decreased demand for next generation products;
- perceived or actual problems with the security, privacy, integrity, reliability, quality or compatibility of our solutions, including those related to security breaches in our systems, our subscribers' systems, unscheduled downtime, or outages;
- the amount and timing of expenditures, including those related to expanding our operations, including through acquisitions, increasing research and development, introducing new solutions or paying litigation expenses;

- the ability to effectively manage growth within existing and new markets domestically and abroad;
- changes in the payment terms for our platforms and solutions;
- collectibility of receivables due from service provider partners and other third parties;
- the strength of regional, national and global economies; and
- the impact of natural disasters such as earthquakes, hurricanes, fires, power outages, floods, epidemics, pandemics and public health crises, and other catastrophic events or man-made problems such as terrorism, civil unrest and actual or threatened armed conflict, or global or regional economic, political and social conditions.

Further, as disclosed under "Item 3 – Legal Proceedings," Vivint, Inc., or Vivint, had stopped paying license fees to Alarm.com under its Patent Cross License Agreement with us, which had a material adverse effect upon our business, financial condition and results of operations and caused our results of operations to fluctuate through December 31, 2023. On December 21, 2023, Alarm.com and Vivint agreed to settle all outstanding litigation between the parties and to enter into a long-term intellectual property license agreement under which Alarm.com will license to Vivint its intellectual property portfolio. Fluctuations in our quarterly operating results may be particularly pronounced in the current economic environment. Due to the foregoing factors and the other risks discussed in this Annual Report, you should not rely on quarter-to-quarter comparisons of our results of operations as an indication of our future performance. For the same reason, you should not consider our recent revenue growth and changes in non-GAAP adjusted EBITDA or results of one quarter as indicative of our future performance. See the "Non-GAAP Measures" section of Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" for a discussion of the limitations of non-GAAP adjusted EBITDA and a reconciliation of non-GAAP adjusted EBITDA from net income, the most directly comparable GAAP measurement, for the years ended December 31, 2023 December 31, 2024, 2022 2023 and 2021 2022.

Downturns in general economic and market conditions and reductions in spending may reduce demand for our platforms and solutions, which could harm our revenue, results of operations and cash flows.

Our revenue, results of operations and cash flows depend on the overall demand for our platforms and solutions. Negative Macroeconomic Conditions in the general economy both in the United States and abroad, including conditions resulting from inflation, changes in gross domestic product growth, financial and credit market fluctuations, energy costs, international trade relations and other geopolitical tensions, the availability and cost of credit, rising fluctuations in interest rates and the global housing and mortgage markets could cause a decrease in consumer discretionary spending and business investment and diminish growth expectations in the U.S. economy and abroad.

During weak economic times, the available pool of service providers may decline as the prospects for home building and home renovation projects diminish, which may have a corresponding impact on our growth prospects. In addition, there is an increased risk during these periods that an increased percentage of our service provider partners will file for bankruptcy protection, which may harm our reputation, revenue, profitability and results of operations. In addition, we may determine that the cost of pursuing any claim may outweigh the recovery potential of such claim. Likewise, consumer bankruptcies can detrimentally affect the business stability of our service provider partners.

The current Macroeconomic Conditions have caused significant uncertainty and volatility in global markets, which has and may continue to cause consumer discretionary spending to decline for an unknown period of time. A prolonged economic slowdown and a material reduction in new home construction and renovation projects may result in diminished sales of our platforms and solutions. Further worsening, broadening or protracted extension of the an economic downturn could have a negative impact on our business, revenue, results of operations and cash flows.

We sell security and life safety solutions and if our solutions fail for any reason, we could be subject to liability and our business could suffer.

We sell security and life safety solutions, which are designed to secure the safety of our subscribers and their residences or commercial properties. If these solutions fail for any reason, including due to defects in our software, a carrier outage, a failure of our network operations centers, a failure on the part of one of our service provider partners or user error, some of which have happened from time to time, we could be subject to liability for such failures and our business could suffer.

Our platforms and solutions may contain undetected defects in the software, infrastructure, third-party components or processes. We continue to follow our previously implemented hybrid return to office plan that includes mandatory in-office workdays and voluntary remote workdays, which may make us more vulnerable to cyber-attacks and may create operational or other challenges, any of which could harm our systems or our business. Although we have taken precautionary measures to prepare for these threats and challenges, there is no guarantee our precautions will fully protect our systems. We continue to monitor the situation and may adjust our current policies as more information and guidance become available. If our platforms or solutions suffer from defects, we could experience harm to our branded reputation, claims by our subscribers or service provider partners or lost revenue during the period required to address the cause of the defects. We have found and may find defects in new, acquired or upgraded solutions, resulting in loss of, or delay in, market acceptance of our platforms and solutions, which could harm our business, financial condition, cash flows or results of operations.

Since solutions that enable our platforms are installed by our service provider partners, if they do not install or maintain such solutions correctly, our platforms and solutions may not function properly. If the improper installation or maintenance of our platforms and solutions leads to service or equipment failures after introduction of, or an upgrade to, our platforms or a solution, we could experience harm to our branded reputation, claims by our subscribers or service provider partners or lost revenue during the period required to address the cause of the problem. Further, we rely on our service provider partners to provide the primary source of support and ongoing service to our subscribers and, if our service provider partners fail to provide an adequate level of support and services to our subscribers, it could have a material adverse effect on our reputation, business, financial condition, cash flows or results of operations.

Any defect in, or disruption to, our platforms and solutions could cause consumers not to purchase additional solutions from us, prevent potential consumers from purchasing our platforms and solutions or harm our reputation. Although our contracts with our service provider partners limit our liability to our service provider partners for these defects, disruptions or errors, we nonetheless could be subject to litigation for actual or alleged losses to our service provider partners or our subscribers, which may require us to spend significant time and money in litigation or arbitration, or to pay significant settlements or damages. Defending a lawsuit, regardless of its merit, could be costly, divert management's attention and affect our ability to obtain or maintain liability insurance on acceptable terms and could harm our business. Although we currently maintain some warranty reserves, we cannot assure you that these warranty reserves will be sufficient to cover future liabilities.

Our business is subject to the risks of earthquakes, hurricanes, fires, power outages, floods, pandemics and public health crises, natural disasters and other catastrophic events, and to interruption by man-made problems such as terrorism, civil unrest and actual or threatened armed conflict, or global or regional economic, political and social conditions.

A significant natural disaster, such as an earthquake, hurricane, fire, flood, pandemic, or a public health crisis, or a significant power outage could harm our business, financial condition, cash flows and results of operations. The impact of climate change may increase these risks due to changes in weather patterns, such as increases in storm intensity and frequency, sea-level rise, melting of permafrost and temperature extremes in areas where we conduct our business. Natural disasters could affect our hardware vendors, our wireless carriers or our network operations centers. Further, if a natural disaster occurs in a region from which we derive a significant portion of our revenue, such as metropolitan areas in North America, consumers in that region may delay or forego purchases of our platforms and solutions from service providers in the region, which may harm our results of operations for a particular period. In addition, terrorist acts or acts of war could cause disruptions in our

business or the business of our hardware vendors, service providers, subscribers or the economy as a whole. More generally, these and other geopolitical, social and economic conditions could result in increased volatility in worldwide financial markets and economies that could harm our sales. Given our concentration of sales during the second and third quarters, any disruption in the business of our hardware vendors, service provider partners or subscribers that impacts sales during the second or third quarter of each year could have a greater impact on our annual results. All of the aforementioned risks may be augmented if the disaster recovery plans for us, our service provider partners and our suppliers prove to be inadequate. To the extent that any of the above results in delays or cancellations of orders, or delays in the manufacture, deployment or shipment of our platforms and solutions, our business, financial condition, cash flows and results of operations would be harmed.

Geopolitical conditions, including trade disputes and direct or indirect acts of war or terrorism, could have an adverse effect on our operations and financial results.

Since we operate on a global basis, our operations could be disrupted by geopolitical conditions, trade disputes, international boycotts and sanctions, political and social instability, acts of war (including the ongoing conflicts in Ukraine, and in Israel and surrounding areas), terrorist activity or other similar events. From time to time, we could have a large investment in a particular asset type, a large revenue stream associated with a particular customer or industry, or a large number of customers located in a particular geographic region. A discrete event impacting a specific asset type, customer, industry, or region in which we have a concentrated exposure could negatively impact our results of operations.

For example, in February 2022 Russia initiated military action against Ukraine. In response, the U.S. and certain other countries imposed sanctions and export controls against Russia, Belarus and certain individuals and entities connected to Russian or Belarusian political, business, and financial organizations, and the U.S. and certain other countries could impose further sanctions, trade restrictions, and other retaliatory actions should the conflict continue or worsen. It addition, it is not possible to predict the broader consequences of the conflict, including related geopolitical tensions, the movement of refugees, and the measures and retaliatory actions taken by the U.S. and other countries in respect thereof as well as any counter measures or retaliatory actions by Russia or Belarus in response, including, for example, potential cyberattacks or the disruption of energy exports, is likely to cause regional instability, geopolitical shifts, and could materially adversely affect global trade, currency exchange rates, regional economies and the global economy. In addition, in October 2023, the war between Israel and Hamas began, which has resulted in significant military activities in the region and may further escalate regional instability. The situations remain uncertain, and while it is difficult to predict the full impact of any of the foregoing, the conflicts, and actions taken in response to the conflicts could increase our costs, disrupt our supply chain, reduce our sales and earnings, impair our ability to raise additional capital when needed on acceptable terms, if at all, or otherwise adversely affect our business, financial condition and results of operations.

We may not sustain our growth rate and we may not be able to manage any future growth effectively.

We have experienced significant growth and also have substantially expanded our operations in a short period of time. Our revenue increased from \$618.0 million \$749.0 million in 2020 2021 to \$881.7 million \$939.8 million in 2023 2024. We do not expect to achieve similar growth rates in future periods. You should not rely on our operating results for any prior quarterly or annual periods as an indication of our future operating performance. If we are unable to maintain expected revenue growth in both absolute dollars and as a percentage of prior period revenue, our financial results could suffer and our stock price could decline.

Our future operating results depend, to a large extent, on our ability to successfully manage any future expansion and growth. To successfully manage our growth and obligations as a public company, we believe we must effectively, among other things:

- maintain our relationships with existing service provider partners and add new service provider partners;
- increase our subscriber base and help our service provider partners maintain and improve their revenue retention rates, while also expanding their cross-sell effectiveness;
- manage our relationships with our hardware vendors and other key suppliers;
- add, train and integrate sales and marketing personnel;
- expand our international operations; and
- continue to implement and improve our administrative, financial and operational systems, procedures and controls.

We intend to continue to invest in research and development, sales and marketing, and general and administrative functions and other areas to grow our business. We are likely to recognize the costs associated with these increased investments earlier than some of the anticipated benefits and the return on these investments may be lower, or may develop more slowly, than we expect, which could adversely affect our operating results.

If we are unable to manage our growth effectively, we may not be able to take advantage of market opportunities or develop new solutions or enhancements to our existing solutions and we may fail to satisfy subscriber and service provider partner requirements, maintain the quality of our solutions, execute on our business plan or respond to competitive pressures, which could result in our financial results suffering and a decline in our stock price.

We have expanded our business rapidly in recent periods. If we fail to manage the expansion of our operations and infrastructure effectively, we may be unable to execute our business plan, maintain high levels of service or address competitive challenges adequately.

We increased our number of full-time employees from 1,404 1,500 as of December 31, 2020 December 31, 2021 to 1,989 2,010 as of December 31, 2023 December 31, 2024. Our growth has placed, and may continue to place, a significant strain on our managerial, administrative, operational, financial and other resources. We intend to further expand our overall business, service provider partner network, subscriber base, headcount and operations, including by acquiring other businesses. Creating and maintaining a global organization and managing a geographically dispersed workforce requires substantial management effort and significant additional investment in our infrastructure. We will be required to continue to improve our operational, financial and management controls and our reporting procedures to ensure timely and accurate reporting of our operational and financial results and we may not be able to do so effectively. As such, we may be unable to manage our expenses effectively in the future, which may negatively impact our gross profit or operating expenses in any particular quarter. If we fail to manage our anticipated growth and change in a manner that preserves the key aspects of our corporate culture, the quality of our solutions may suffer, which could negatively affect our brand and reputation and harm our ability to retain and attract service provider partners and consumers.

From time to time, we are involved in legal proceedings where a negative outcome, including an adverse litigation judgment or settlement, could expose us to monetary damages or limit our ability to operate our business, resulting in a material adverse effect on our business, financial condition, cash flows and results of operations.

We are involved and have been involved in the past in legal proceedings from time to time, including claims directly against us or claims against certain of our service provider partners that we have agreed to indemnify. For example, on January 10, 2022, EcoFactor, Inc., or EcoFactor, filed a lawsuit against us alleging Alarm.com's products and services directly and indirectly infringe five U.S. patents owned by EcoFactor. On July 22, 2021, Causam Enterprises, Inc., or Causam, filed a lawsuit against us alleging that Alarm.com's smart thermostats infringe four U.S. patents owned by Causam. See the section of this Annual Report titled "Legal Proceedings" for additional information regarding each of these matters and the other legal proceedings we are involved in. We may not be able to accurately assess the risks related to any of these suits, and we may be unable to accurately assess our level of exposure as the results of any litigation, investigations and other legal proceedings are inherently unpredictable. Any claims against us, whether meritorious or not, could be time consuming, result in costly litigation, damage our reputation, require significant amounts of management time and divert significant resources. Companies in our industry have been subject to claims related to patent infringement, regulatory matters, and product liability, as well as contract and employment-related claims. As a result of patent infringement and other intellectual property proceedings, we have, and may be required to seek in the future, licenses under patents or intellectual property rights owned by third parties, including open-source software and other commercially available software, which can be costly, or cross-license agreements relating to our and third-party intellectual property. The outcome of legal claims and proceedings against us cannot be predicted with certainty, and a negative outcome could result in a material adverse effect on our business, financial condition, cash flows and results of operations.

Our business operates in a regulated industry.

Our business, operations and service provider partners are subject to various U.S. federal, state and local consumer protection laws, licensing regulation and other laws and regulations, and to similar laws and regulations in the other countries in which we operate. Our advertising and sales practices and that of our U.S. service provider partner network are subject to regulation by the U.S. Federal Trade Commission, or the FTC, in addition to state consumer protection laws. The FTC and the Federal Communications Commission have issued regulations that place restrictions on, among other things, unsolicited automated telephone calls to residential and wireless telephone subscribers by means of automatic telephone dialing systems and the use of prerecorded or artificial voice messages. If our service provider partners were to take actions in violation of these regulations, such as telemarketing to individuals on the "Do Not Call" registry or using automatic telephone dialing systems and prerecorded or artificial voice messages, we could be subject to fines, penalties, private actions or enforcement actions by government regulators. Although we have taken steps to insulate ourselves from any such wrongful conduct by our service provider partners, and to contractually require our service provider partners to comply with these laws and regulations, we have in the past incurred costs to settle alleged violations of the Telephone Consumer Protection Act, or TCPA, and no assurance can be given that we will not be exposed to future liability as a result of our service provider partners' conduct. Further, to the extent that any changes in law or regulation further restrict the lead generation activity of our service provider partners, these restrictions could result in a material reduction in subscriber acquisition opportunities, reducing the growth prospects of our business and adversely affecting our financial condition and future cash flows. In addition, most states in which we operate have licensing laws directed specifically toward the monitored security services industry. Our business relies heavily upon cellular telephone service to communicate signals. Cellular telephone companies are currently regulated by both federal and state governments. State-level privacy and data security laws in California and various other U.S. states regulate our, and our service provider partners', use, collection, and disclosure of subscribers' personal information. A number of proposed privacy bills in other U.S. states could place restrictions on how we and our service provider partners use personal information and market to consumers in those states. Other laws and regulations, including consumer protection laws, laws and regulations governing advertising and sales practices, as well as privacy and data security laws and regulations apply in the other countries in which we operate. See "Evolving government and industry regulation and changes in applicable laws relating to the Internet and data privacy may increase our expenditures related to compliance efforts or otherwise limit the solutions we can offer, which may harm our business and adversely affect our financial condition" below. Furthermore, the SEC proposed adopted expansive rules, requiring which are currently stayed, that require public companies to disclose, among other things, information about the material impact of climate change on their business, as well as information about companies' governance, risk management and strategy related to climate risk. Changes in laws or regulations, including as a result of the current U.S. administration, could require us to change the way we operate, which could increase costs or otherwise disrupt operations. In addition, failure to comply with any such applicable executive orders, laws or regulations could result in substantial fines or revocation of our operating permits and licenses, including in geographic areas where our services have substantial penetration, which could adversely affect our business, financial condition, cash flows and results of operations. Further, if these laws and regulations were to change or if we fail to comply with such laws and regulations as they exist today or in the future, our business, financial condition, cash flows and results of operations could be materially and adversely affected.

The markets in which we participate are highly competitive and many companies, including large technology companies, broadband and security service providers and other managed service providers, are actively targeting the home and business automation, security monitoring, video monitoring and energy management markets. If we are unable to compete effectively with these companies, our sales and profitability could be adversely affected.

We compete in several markets, including security, video, automation, energy management and wellness solutions. The markets in which we participate are highly competitive and competition may intensify in the future.

Our ability to compete depends on a number of factors, including:

- our platforms and solutions' functionality, performance, ease of use and installation, reliability, availability and cost effectiveness relative to that of our competitors' products;
- our success in utilizing new and proprietary technologies to offer solutions and features previously not available in the marketplace;
- our success in identifying new markets, applications and technologies;
- our ability to attract and retain service provider partners;
- our name recognition and reputation;
- our ability to recruit software engineers and sales and marketing personnel; and
- our ability to protect our intellectual property.

Consumers may prefer to purchase from their existing suppliers rather than a new supplier regardless of product performance or features. In the event a consumer decides to evaluate a new home automation, security monitoring, video monitoring, energy management, or wellness solution, the consumer may be more inclined to select one of our competitors whose product offerings are broader than those that we offer. In addition, consumers may prefer to purchase products that they can install themselves. If there are continuing restrictions on our service providers' ability to meet with residential and commercial property owners in person, our ability to compete will depend on our ability to make our products available for remote installation or to make certain of our products easily installable by consumers rather than solely by our service providers.

Our current competitors include providers of other technology platforms for the connected property with interactive security, including Alula (formed following the merger of ipDatatel, LLC and Resolution Products, LLC), Ajax Systems CH, Avigilon Corporation, Brivo Inc., Digital Monitoring Products Inc., Eagle Eye Networks Inc., Hangzhou Hikvision Digital Technology Co., Ltd., Honeywell International Inc., Napco Security Technologies, Inc., Resideo Technologies Inc., SecureNet Technologies, LLC, Telular Corporation (acquired by AMETEK, Inc.), United Technologies Corporation, and Verkada Inc., which sell solutions to service providers, cable operators, technology retailers and other residential and commercial automation providers. We also compete with interactive, monitored

security solutions sold directly to subscribers and may also be sold through our partners, including companies like Abode Systems, Inc., Arlo Technologies, Inc., Cove Smart, LLC, Scout Security, Inc. and SimpliSafe, Inc. In addition, our service provider partners compete with security solutions sold directly to subscribers, as well as managed service providers, such as cable television, telephone and broadband companies like Comcast Cable Communications, LLC and Rogers Communications, Inc., and providers of point products, including Google Inc.'s Nest Labs, Inc. Amazon.com offers Amazon Home Services security packages with bundled equipment and professional installation, and Amazon Key, a security camera and smart lock integration feature. Ring Inc., owned by Amazon.com, offers a connected video doorbell, video cameras and an integrated security system, Ring Alarm. Samsung's SmartThings offers a security system and a home automation and awareness hub. Arlo Technologies, Inc. and Wyze Labs, Inc. offers connected video cameras, a connected video doorbell, and smart security devices. Apple Inc. offers a feature that allows some manufacturers' connected devices and accessories, including video cameras and doorbells, to be controlled through its HomeKit service available in Apple's iOS operating system. Additionally, Canary and other companies offer all in one video monitoring and awareness devices. In addition,

we may compete with other large and small technology companies that offer control capabilities among their products, applications and services, and have ongoing development efforts to address the broader connected home market.

Many of our competitors have longer operating histories, greater name recognition, larger customer bases and significantly greater financial, technical, sales, marketing, distribution and other resources than we have. We expect to encounter new competitors as we enter new markets as well as increased competition, both domestically and internationally, from other established and emerging home automation, security monitoring, video monitoring and automation, wellness, and energy management companies as well as large technology companies. In addition, there may be new technologies that are introduced that reduce demand for our solutions or make them obsolete. Our current and potential competitors may also establish cooperative relationships among themselves or with third parties and rapidly acquire significant market share. Increased

competition could also result in price reductions and loss of market share, any of which could result in lower revenue and negatively affect our ability to grow our business.

Aggressive business tactics by our competitors may reduce our revenue.

Increased competition in the markets in which we compete may result in aggressive business tactics by our competitors, including:

- selling at a discount;
- offering products similar to our platforms and solutions on a bundled basis at no charge;
- announcing competing products combined with extensive marketing efforts;
- providing financing incentives to consumers; and
- asserting intellectual property rights irrespective of the validity of the claims.

Our service provider partners may switch and offer the products and services of competing companies, which would adversely affect our sales and profitability. Competition from other companies may also adversely affect our negotiations with service provider partners and suppliers, including, in some cases, requiring us to lower our prices. Opportunities to take market share using innovative products, services and sales approaches may also attract new entrants to the field. We may not be able to compete successfully with the offerings and sales tactics of other companies, which could result in the loss of service provider partners offering our platforms and solutions and, as a result, our revenue and profitability could be adversely affected.

If we fail to compete successfully against our current and future competitors, or if our current or future competitors employ aggressive business tactics, including those described above, demand for our platforms and solutions could decline, we could experience cancellations of our services to consumers, or we could be required to reduce our prices or increase our expenses.

The proper and efficient functioning of our network operations centers and data back-up systems is central to our solutions.

Our solutions operate with a hosted architecture and we update our solutions regularly while our solutions are operating. If our solutions and/or upgrades fail to operate properly, our solutions could stop functioning for a period of time, which could put our users at risk. Our ability to keep our business operating is highly dependent on the proper and efficient operation of our network operations centers and data back-up systems, as well as the systems of the third-party technology providers we use to process certain information, such as video. Although our network operations centers have back-up computer and power systems, if there is a catastrophic event, natural disaster, terrorist attack, security breach or other extraordinary event, we may be unable to provide our subscribers with uninterrupted monitoring service or may be unable to adequately protect confidential information and data from unauthorized access or loss. Furthermore, because data back-up systems are susceptible to malfunctions and interruptions (including those due to equipment damage, power outages, human error, system or software updates, computer viruses, computer hacking, data corruption and a range of other hardware, software and network problems), we cannot guarantee that we will not experience data back-up failures in the future. A significant or large-scale security breach, malfunction or interruption of our network operations centers or data back-up systems could adversely affect our ability to keep our operations running efficiently or could result in unauthorized access to or loss of data. If such an event results in unauthorized access to or loss of service provider partner, subscriber, employee or other personally identifiable data subject to data privacy and security laws and regulations, then it could result in substantial fines by U.S. federal and state authorities, foreign data privacy authorities in the European Union, or the EU, Canada, and other countries, and/or private claims by companies or individuals. If a malfunction or security breach 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.

Failure to maintain the security of our information and technology networks, including information relating to our service provider partners, subscribers and employees, could adversely affect us.

We are dependent on information technology networks and systems, including the Internet, to process, transmit and store electronic information and, in the normal course of our business, we collect and retain certain information pertaining to our service provider partners, subscribers and employees, including credit card information for many of our service provider partners and certain of our subscribers. If security breaches in connection with the delivery of our solutions allow unauthorized third parties to access any of this data or obtain control of our subscribers' systems, our reputation, business, financial condition, cash flows and results of operations could be harmed.

The legal, regulatory and contractual environment surrounding information security, privacy and credit card fraud is constantly evolving and companies that collect and retain such information are under increasing attack by cyber-criminals around the world. Further, as the regulatory focus on privacy issues continues to increase and worldwide laws and regulations concerning the protection of data and personal information expand and become more complex, these potential risks to our business will intensify. A significant actual or potential theft, loss, fraudulent use or misuse of service provider partner, subscriber, employee or other personally identifiable data, whether by third parties or as a result of employee malfeasance or otherwise, non-compliance with our contractual or other legal obligations regarding such data or a violation of our privacy and security policies with respect to such data could result in loss of confidential information, damage to our reputation, early

termination of our service provider partner contracts, litigation, regulatory investigations or actions and other liabilities or actions against us, including significant fines by U.S. federal and state authorities, foreign data privacy authorities in the EU, Canada, and other countries and private claims by companies and individuals for violation of data privacy and security regulations. To the extent that any such exposure leads to credit card fraud or identity theft, we may experience a general decline in consumer confidence in our business, which may lead to an increase in attrition rates or may make it more difficult to attract new subscribers. If any one of these risks materializes our business, financial condition, cash flows or results of operations could be materially and adversely affected.

If our or our third-party service providers' security measures are breached, including any breaches caused by cyber-attacks, our reputation may be damaged, we may be exposed to significant liabilities under U.S. and foreign laws, and our business and results of operations may be adversely affected.

Cyber-attacks from computer hackers and cyber criminals and other malicious Internet-based activity continue to increase generally, and perpetrators of cyber-attacks may be able to develop and deploy viruses, worms, ransomware, malware, DNS attacks, wireless network attacks, attacks on our cloud networks, phishing attempts, social engineering attempts, distributed denial of service attacks and other advanced persistent threats or malicious software programs that attack our products and services, our networks and network endpoints or otherwise exploit any security vulnerabilities of our products, services and networks, or those of our third-party service providers. Techniques used to obtain unauthorized access or to sabotage systems change frequently and generally are not recognized until launched against a target. As a result, we may be unable to anticipate these techniques or to implement adequate preventative measures. We cannot be certain that advances in cyber-capabilities or other developments will not compromise or breach the technology protecting the networks that access our platforms and solutions, including the networks of our third-party service providers, and we can make no assurance that we will be able to detect, prevent, timely and adequately address or mitigate the negative effects of cyber-attacks or other security breaches. We continue to follow our previously implemented hybrid return to office plan that includes mandatory in-office workdays and voluntary remote workdays, which may make us more vulnerable to cyber-attacks or other security breaches.

Security breaches of, or sustained attacks against, our networks and infrastructure or those of our third-party service providers could create system disruptions and shutdowns that could result in disruptions to our operations or unauthorized access to or loss of our data. If such an event results in unauthorized access to or loss of any data subject to data privacy and security laws and regulations, then we could be subject to substantial fines by U.S. federal and state authorities, foreign data privacy authorities in the EU, Canada, and other countries, and private claims by companies or individuals. A system disruption, shutdown, or loss of data may result in adverse publicity and therefore adversely affect the market's perception of the security and reliability of our services. A cyber-attack may cause additional costs, such as investigative and remediation costs, and the costs of providing individuals and/or data owners with notice of the breach, legal fees and the costs of any additional fraud detection activities required by law, a court or a third-party. Additionally, some of our customer contracts require us to indemnify customers from damages they may incur as a result of a breach of our networks and systems. There can be no assurance that the limitation of liability provisions in our contracts for a security breach would be enforceable or would otherwise protect us from any such liabilities or damages with respect to any particular claim. While we maintain general liability insurance coverage and coverage for technology errors or omissions, we cannot assure you that such coverage will be available in sufficient amounts to cover one or more large claims related to a breach, will continue to be available on acceptable terms or at all. If any one of these risks materializes, our business, financial condition, cash flows or results of operations could be materially and adversely affected.

In addition to the core operating environment of Alarm.com, we also have acquired businesses and subsidiaries that in some cases operate data infrastructure that is distinct from the Alarm.com operating environment, and therefore have distinct data security vulnerabilities. The overall management of cybersecurity risk involves coordination between Alarm.com and our acquired businesses and subsidiaries, and data security risks in these entities may be heightened where the technology platform is less mature than the Alarm.com core platform.

We rely on our service provider partner network to acquire additional subscribers, and the inability of our service provider partners to attract additional subscribers or retain their current subscribers could adversely affect our operating results.

Substantially all of our revenue is generated through the sales of our platforms and solutions by our service provider partners, who incorporate our solutions in certain of the products and packages they sell to their customers, and our service provider partners are responsible for subscriber acquisition, as well as providing customer service and technical support for our platforms and solutions to the subscribers. We provide our service provider partners with specific training and programs to assist them in selling and providing support for our platforms and solutions, but we cannot assure you that these steps will be effective. In addition, we rely on our service provider partners to sell our platforms and solutions into new markets in the intelligent and connected property space. If our service provider partners are unsuccessful in marketing, selling and supporting our platforms and solutions, our operating results could be adversely affected.

In order for us to maintain our current revenue sources and grow our revenues, we must effectively manage and grow relationships with our service provider partners. Recruiting and retaining qualified service provider partners and training them in our technology and solutions requires significant time and resources and has been made more challenging by the Macroeconomic Conditions. If we fail to maintain our relationships with existing service provider partners or develop relationships with new service provider partners, our revenue and operating results would be adversely affected. In addition, to execute on our strategy to expand our sales internationally, we must develop, manage and grow relationships with service provider partners that sell into these markets.

Any of our service provider partners may choose to offer a product from one of our competitors instead of our platforms and solutions, elect to develop their own competing solutions or simply discontinue their operations with us. For example, we entered into a Patent Cross License Agreement in November 2013 with Vivint, pursuant to which we granted a license to use the intellectual property associated with our connected home solutions. Under the terms of this and subsequent arrangements, Vivint has transitioned from selling our solutions directly to its customers to selling its own home automation product to its new customers. We now generate revenue from a monthly fee charged to Vivint on a per customer basis from sales of this service provider partner's product; however, these monthly fees are less on a per customer basis than fees we receive from our SaaS solutions. Therefore, we receive less revenue on a per customer basis from Vivint compared to our SaaS subscriber base, which may result in a lower revenue growth rate. Similarly, we entered into a patent license agreement with ADT pursuant to which we granted a license to use certain Alarm.com intellectual property following the termination or expiration of the initial term of our master service agreement with ADT. Under the terms of the license, ADT will pay us a monthly royalty for each subscriber to its branded residential interactive security, automation and video service offerings that is covered by any of our licensed patents and not supported on our platforms. We must also work to expand our network of service provider partners to ensure that we have sufficient geographic coverage and technical expertise to address new markets and technologies. While it is difficult to estimate the total number of available service provider partners in our markets, there are a finite number of service provider partners that are able to perform the types of technical installations required for our platforms and solutions. In the event that we saturate the available service provider pool, or if market or other forces cause the available pool of service providers to decline, it may be increasingly difficult to grow our business. If we are unable to expand our network of service provider partners, our business could be harmed.

As consumers' product and service options grow, it is important that we enhance our service provider partner footprint by broadening the expertise of our service provider partners, working with larger and more sophisticated service provider partners and expanding the mainstream solutions our service provider partners offer. If we do not succeed in this effort, our current and potential future service provider partners may be unable or unwilling to broaden their offerings to include our connected property solutions, resulting in harm to our business.

We receive a substantial portion of our revenue from a limited number of service provider partners, and the loss of, or a significant reduction in, orders from one or more of our major service provider partners would result in decreased revenue and profitability.

Our success is highly dependent upon establishing and maintaining successful relationships with a variety of service provider partners. We market and sell our platforms and solutions through a channel assisted sales model and we derive substantially all of our revenue from these service provider partners. We generally enter into agreements with our service provider partners outlining the terms of our relationship, including service provider pricing commitments, installation, maintenance and support requirements, and our sales registration process for registering potential sales to subscribers. These service provider contracts typically have an initial term of one year, with subsequent renewal terms of one year, and are terminable at the end of the initial term or renewal terms without cause upon written notice to the other party. In some cases, these contracts provide the service provider partner with the right to terminate prior to the expiration of the term without cause upon

30 days written notice, or, in the case of certain termination events, the right to terminate the contract immediately. While we have developed a network of service provider partners to sell, install and support our platforms and solutions, we receive a substantial portion of our revenue from a limited number of channel partners and significant customers. During the years ended **December 31, 2023**, **December 31, 2024, 2022** and **2021, 2022**, our 10 largest revenue service provider partners or distributors accounted for **50% 46%, 49% 50%** and **47% 49%** of our revenue, respectively. **ADT LLC**, or ADT represented greater than 15% but not more than 20% of our revenue in **2024, 2023 2022** and **2021, 2022**. ADT also represented more than 10% of accounts receivable as of December 31, 2023.

We amended our master service agreement with ADT, or MSA, to extend the initial term through January 1, 2023, which also includes subsequent renewal terms of one year unless either party provides written notice of non-renewal. The amendment to the MSA also provides for the integration of certain third-party products into the ADT Command and Control software platform which we operate. In connection with the amendment to the MSA, we agreed to provide ADT a license to use certain Alarm.com intellectual property following the termination or expiration of the initial term of the MSA for which ADT **will pay** us a monthly royalty for each subscriber to its ADT branded residential interactive security, automation and video service offerings that is covered by any of our licensed patents and not enabled by one of our software platforms. We cannot assure you that we will be able to meet the conditions set forth in the amended agreement. We continue to generate revenue from each subscriber that is already installed on one of our platforms for the life of that subscriber account but the number of such subscribers would likely decline over time. While we would generate revenue from ADT subscribers not on our platform using service offerings covered by any of our licensed patents from the per subscriber royalty fee charged to ADT under the patent license, these monthly fees will be less on a per subscriber basis than fees we receive from our SaaS solutions. In addition, even if ADT continues to use other services that we offer, we cannot assure you that the revenue from ADT or new accounts added by ADT will reach or exceed historical levels in any future period. We may not be able to offset any unanticipated decline in revenue from ADT with revenues from new customers or other existing customers. Any negative developments in ADT's business, or any significant decrease in revenue from or loss of ADT as a customer could materially and adversely harm our business, financial condition, cash flows and results of operations.

We anticipate that we will continue to be dependent upon a limited number of service provider partners for a significant portion of our revenue for the foreseeable future and, in some cases, a portion of our revenue attributable to individual service provider partners may increase in the future. The loss of one or more key service provider partners, a reduction in sales through any major service provider partners or the inability or unwillingness of any of our major service provider partners to pay for our platforms and solutions would reduce our revenue and could impair our profitability.

Substantially all of the revenues associated with the non-hosted software platform are from a single customer and the loss of this customer could harm our operating results.

In March 2017, we acquired certain assets related to the Connect business unit of Icontrol Networks, Inc., or Icontrol, and all of the outstanding equity interests of the two subsidiaries through which Icontrol conducted its Piper business, which we refer to in this report as the Acquisition. Historically, ADT has accounted for, and continues to account for, substantially all of the revenue of the Connect business unit. In connection with the Acquisition we amended our MSA with ADT to cover services provided with respect to the non-hosted software platform, or Software platform. We cannot assure you that ADT will use the Software platform for its new customers or keep existing customers on the Software platform. In addition, even if ADT continues to use the Software platform, we cannot assure you that the revenue from ADT or new accounts added by ADT will reach or exceed historical levels of revenue for the Connect business unit in any future period. Any negative developments in ADT's business, or any significant decrease in revenue from or loss of ADT as a customer could materially and adversely harm our business, financial condition, cash flows and results of operations.

We have relatively limited visibility regarding the consumers that ultimately purchase our solutions, and we often rely on information from third-party service providers to help us manage our business. If these service providers fail to provide timely or accurate information, our ability to quickly react to market changes and effectively manage our business may be harmed.

We sell our solutions through service provider partners. These service provider partners work with consumers to design, install, update and maintain their connected home and commercial installations and manage the relationship with our subscribers. While we are able to track orders from service provider partners and have access to certain information about the configurations of their Alarm.com systems that we receive through our platforms, we also rely on service provider partners to provide us with information about consumer behavior, product and system feedback, consumer demographics and buying patterns. We use this channel sell-through data, along with other metrics, to forecast our revenue, assess consumer demand for our solution, develop new solutions, adjust pricing and make other strategic business decisions. Channel sell-through data is subject to limitations due to collection methods and the third-party nature of the data and thus may not be complete or accurate. If we do not receive consumer information on a timely or accurate basis, or if we do not properly interpret this information, our ability to quickly react to market changes and effectively manage our business may be harmed.

Consumers may choose to adopt point products that provide control of discrete functions rather than adopting our connected property solutions. If we are unable to increase market awareness of the benefits of our unified solutions, our revenue may not continue to grow, or it may decline.

Many vendors have emerged, and may continue to emerge, to provide point products with advanced functionality for use in connected properties, such as a video doorbell or thermostat that can be controlled by an application on a smartphone. We expect more and more consumer electronic and consumer appliance products to be network-aware and connected — each very likely to have its own smart device (phone or tablet) application. Consumers may be attracted to the relatively low costs of these point products and the ability to expand their connected property control solution over time with minimal upfront costs, despite some of the disadvantages of this approach, which may reduce demand for our connected property solutions. If so, our service provider partners may switch and offer the point products and services of competing companies, which would adversely affect our sales and profitability. If a significant number of consumers in our target market choose to adopt point products rather than our connected property solutions, then our business, financial condition, cash flows and results of operations will be harmed, and we may not be able to achieve sustained growth or our business may decline.

Mergers or other strategic transactions involving our competitors could weaken our competitive position, which could adversely affect our ability to compete effectively and harm our results of operations.

Our industry is highly fragmented, and we believe it is likely that some of our existing competitors will consolidate or be acquired. In addition, some of our competitors may enter into new alliances with each other or may establish or strengthen cooperative relationships with systems integrators, third-party consulting firms or other parties. Any such consolidation, acquisition, alliance or cooperative relationship could adversely affect our ability to compete effectively and lead to pricing pressure and our loss of market share and could result in a competitor with greater financial, technical, marketing, service and other resources, all of which could harm our business, financial condition, cash flows and results of operations.

We are dependent on our connected property solutions, and the lack of continued market acceptance of our connected property solutions would result in lower revenue.

Our connected property solutions account for substantially all of our revenue and will continue to do so for the foreseeable future. As a result, our revenue could be reduced by:

- any decline in demand for our connected property solutions;
- the failure of our connected property solutions to achieve continued market acceptance;
- the introduction of products and technologies that serve as a replacement or substitute for, or represent an improvement over, our connected property solutions;

- technological innovations or new communications standards our connected property solutions do not address; and
- our inability to release enhanced versions of our connected property solutions on a timely basis.

We are vulnerable to fluctuations in demand for Internet-connected devices in general and interactive security systems in particular. If the market for connected home and commercial solutions grows more slowly than anticipated or if demand for connected home and commercial solutions does not grow as quickly as anticipated, whether as a result of competition, product obsolescence, technological change, unfavorable economic conditions, uncertain geopolitical environments, budgetary constraints of our consumers or other factors, we may not be able to continue to increase our revenue and earnings and our stock price would decline.

A significant decline in our SaaS and license revenue renewal rate would have an adverse effect on our business, financial condition, cash flows and results of operations.

We generally bill our service provider partners based on the number of subscribers they have on our platforms and the features being utilized by subscribers on a monthly basis in advance. Subscribers could elect to terminate our services in any given month. If our efforts and our service provider partners' efforts to satisfy our existing subscribers are not successful, we may not be able to retain them or sell additional functionality to them and, as a result, our revenue and ability to grow could be adversely affected. We track our SaaS and license revenue renewal rate on an annualized basis, as reflected in the section of this Annual Report titled "Management's Discussion and Analysis of Financial Condition and Results of Operations — Other Business Metrics — SaaS and License Revenue Renewal Rate." However, our service provider partners, who resell our services to our subscribers, have indicated that they typically have three to five-year service contracts with residential and commercial property owners who use our solutions. Our SaaS and license revenue renewal rate is calculated across our entire subscriber base, including subscribers whose contract with their service provider reached the end of its contractual term during the measurement period, as well as subscribers whose contract with their service provider has not reached the end of its contractual term during the measurement period, and is not intended to estimate the rate at which our subscribers renew their contracts with our service provider partners. As a result, we may not be able to accurately predict future trends in renewals and the resulting churn. Subscribers may choose not to renew their contracts for many reasons, including the belief our service is not required for their needs or is otherwise not cost-effective, a desire to reduce discretionary spending, or a belief our competitors' services provide better value. Additionally, our subscribers may not renew for reasons entirely out of our control, such as moving a residence or the dissolution of their business, which is particularly common for small to mid-sized businesses. A significant increase in our churn would have an adverse effect on our business, financial condition, cash flows or results of operations.

If we are unable to develop new solutions, sell our platforms and solutions into new markets or further penetrate our existing markets, our revenue may not grow as expected.

Our ability to increase sales will depend, in large part, on our ability to enhance and improve our platforms and solutions, introduce new solutions in a timely manner, sell into new markets and further penetrate our existing markets. The success of any enhancement or new solution or service depends on several factors, including the timely completion, introduction and market acceptance of enhanced or new solutions, the ability to maintain and develop relationships with service providers, the ability to attract, retain and effectively train sales and marketing personnel and the effectiveness of our marketing programs. Any new product or service we develop or acquire may not be introduced in a timely or cost-effective manner, and may not achieve the broad market acceptance necessary to generate significant revenue. Any new markets into which we attempt to sell our platforms and solutions, including new vertical markets and new countries or regions, may not be receptive. Our ability to further penetrate our existing markets depends on the quality, availability and reliability of our platforms and solutions and our ability to design our platforms and solutions to meet consumer demand.

We benefit from integration of our solutions with third-party platform providers. If these developers choose not to partner with us, or are acquired by our competitors, our business and results of operations may be harmed.

Our solutions are incorporated into the hardware of our third-party platform providers. For example, our hardware platform partners produce control devices that deliver our platform services to subscribers. It may be necessary in the future to renegotiate agreements relating to various aspects of these solutions or other third-party solutions. The inability to easily integrate with, or any defects in or disruption in the supply or availability of, any third-party solutions could result in increased costs, or in delays in new product releases or updates to our existing solutions until such issues have been resolved, which could have a material adverse effect on our business, financial condition, cash flows, results of operations and future prospects and could damage our reputation. In addition, if these third-party solution providers choose not to partner with us, choose to integrate their solutions with our competitors' platforms, or are unable or unwilling to update their solutions, our business, financial condition, cash flows and results of operations could be harmed. Further, if third-party solution providers that we partner with or that we would benefit from partnering with are acquired by our competitors, they may choose not to offer their solutions on our platforms, which could adversely affect our business, financial condition, cash flows and results of operations.

We rely on wireless carriers to provide access to wireless networks through which we provide our wireless alarm, notification and intelligent automation services, and any interruption of such access and any significant costs related to such interruption could materially and adversely impact our business, financial condition, cash flows, results of operation and reputation.

We rely on wireless carriers to provide access to wireless networks for machine-to-machine data transmissions, which are an integral part of our services. Our wireless carriers may suspend wireless service to expand, maintain or improve their networks, or may discontinue or sunset older wireless networks as new technology evolves. For example, certain cellular carriers shut down their 3G and CDMA wireless networks in 2022 which required our subscribers to upgrade to alternative and potentially more expensive technologies. See "The technology we employ may become obsolete and we may need to incur significant capital expenditures to update our technology" below. Further, wireless carriers from time to time suffer service outages which range from local to national in scale during which security control panels may be unable to transmit life safety signals to emergency responders. Any such wireless carrier service disruptions could materially and adversely impact our ability to provide services to our service provider partners and subscribers and result in significant costs, which could materially and adversely impact our business, results of operations and reputation. In addition, product changes by wireless carriers, price increases or changes to existing contract terms or termination of our agreements could also have a material and adverse impact on our business, financial condition, cash flows and results of operations.

If we are unable to adapt to technological change, including maintaining compatibility with a wide range of devices, our ability to remain competitive could be impaired.

The market for connected home and commercial solutions is characterized by rapid technological change, frequent introductions of new products and evolving industry standards. Our ability to attract new subscribers and increase revenue from existing subscribers will depend in significant part on our ability to anticipate changes in industry standards, to continue to enhance our existing solutions or introduce new solutions on a timely basis to keep pace with technological developments, and to maintain compatibility with a wide range of connected devices in residential and commercial properties. We may change aspects of our platforms and may utilize open source technology in the future, which may cause difficulties including compatibility, stability and time to market. The success of any enhanced or new product or solution will depend on several factors, including the timely completion and market acceptance of the enhanced or new product or solution. Similarly, if any of our competitors implement new technologies before we are able to implement them, those competitors may be able to provide more effective products than ours, possibly at lower prices. Any delay or failure in the introduction of new or enhanced solutions could harm our business, financial condition, cash flows and results of operations.

The technology we employ may become obsolete and we may need to incur significant capital expenditures to update our technology.

Our industry is characterized by rapid technological innovation. Our platforms and solutions interact with the hardware and software technology of systems and devices located at our subscribers' properties and we depend upon cellular, broadband and other telecommunications providers to provide communication paths to our subscribers in a timely and efficient manner. We may be required to implement new technologies or adapt existing technologies in response to changing market conditions, consumer preferences or industry standards, which could require significant capital expenditures. The discontinuation of cellular communication technology, cellular networks or other services by telecommunications service providers can affect our services and require our subscribers to upgrade to alternative and potentially more expensive, technologies. For example, certain cellular carriers shut down their 3G and CDMA wireless networks in 2022. We worked if we are unable to successfully work with our service providers to convert or upgrade the equipment of end user accounts reliant upon 3G or CDMA networks, and we incurred costs and may continue to incur costs related to the 3G and CDMA network shutdown. If our service providers are not able to convert or upgrade the equipment of their customers who are currently using 3G or CDMA network technology, then those accounts may be terminated with us or we may not be able to bill for such accounts when such networks are no longer available which could adversely affect on implementing new solutions, our business, financial condition, cash flows and results of operations, operations may be adversely affected.

It is also possible that one or more of our competitors could develop a significant technical advantage that allows them to provide additional or superior quality products or services, or to lower their price for similar products or services, which could put us at a competitive disadvantage. Our inability to adapt to changing technologies, market conditions or consumer preferences in a timely manner could materially and adversely affect our business, financial condition, cash flows or results of operations.

We depend on our suppliers. The loss of any key supplier or the inability of a key supplier to deliver their products to us on time or at the contracted price would materially and adversely affect our business, financial condition, cash flows and results of operations.

Our hardware products depend on the availability and quality of components that we procure from third-party suppliers, some of which are supplied by single or limited source suppliers. Reliance on suppliers generally involves several risks, including increased costs, the possibility of defective parts, and loss of a supplier due to their ability to effectively manage their own supply chain, ability to obtain a contract on commercially reasonable terms, bankruptcy, or other events, which can adversely affect the reliability and reputation of our platforms and solutions and our profitability. In addition, from time to time we provide advance payments or loans to our vendors to, for example, secure procurement of long lead time parts or to provide bridge financing to ensure continuity of operations. We are also dependent on industry supply conditions and subject to supply chain risks, including a shortage of components and reduced control over delivery schedules and increases in component costs, which can also adversely affect the reliability and reputation of our platforms and solutions and our profitability. These supply chain risks would be heightened in the event health precautions such as travel restrictions and shelter-in-place orders are implemented. In addition, limitations on factory capacity, including labor shortages, and delays in shipping times due to the Macroeconomic Conditions have in the past and may in the future adversely affect production of and the timing of delivery of components. While the global shortage of semiconductors used in our video, cellular communicator, and other products has eased, shortages of essential components of our products or significantly increased lead times for obtaining such components may lead to delays in our production, and we may be unable to fulfill orders for our hardware products on a timely basis or at all. Even if we are able to procure components from alternative sources, we may be required to pay more for them, which could adversely affect our profitability. We are working with our suppliers to secure components and materials to account for the continued longer lead times and limited availability, but we cannot assure you our efforts will be successful or that demand for our hardware products will continue at the same level. In addition, global transportation disruptions have led to slower shipping times generally, while fluctuations in passenger air travel have also led to reduced capacity and increased costs for air freight shipments, which may continue to adversely affect the timing and cost of delivery of components, materials and products. Any of these disruptions to our inventory and supply chain could have a material adverse effect on our business, financial condition, cash flows and results of operations. We have several large hardware suppliers from which we procure hardware on a purchase order basis, including three key suppliers that supplied products and components of our inventory which collectively represented 45% 46% of our hardware revenue for the year ended December 31, 2023 (21% December 31, 2024 (29%, 13% 10% and 11% 7% of hardware revenue, respectively). The failure of any of these key suppliers or their subcomponent suppliers to deliver product on time or at the contracted price would materially and adversely affect our business, financial condition, cash flows and results of operations. We are working with any impacted suppliers and their subcomponent provider to determine the amount and timing of any shortfall and to mitigate risks in this part of our supply chain, but we may not be successful. In addition, we rely on third-party technology providers for certain critical functions, such as processing and storing video. If our suppliers or technology providers are unable to continue to provide agreed upon supply or services, we could experience interruptions in delivery of our platforms and solutions to our service provider partners, which could have a material adverse effect on our business, financial condition, cash flows and results of operations. If we were required to find alternative sources of supply, qualification of alternative suppliers and the establishment of reliable supplies could result in delays, loss of sales and/or less profitable sales, any of which could have a material adverse effect on our business, financial condition, cash flows and results of operations.

Growth of our business will depend on market awareness and a strong brand, and any failure to develop, maintain, protect and enhance our brand would hurt our ability to retain or attract subscribers.

We believe that building and maintaining market awareness, brand recognition and goodwill in a cost-effective manner is important to our overall success in achieving widespread acceptance of our existing and future solutions and is an important element in attracting new service provider partners and subscribers. An important part of our business strategy is to increase service provider and consumer awareness of our brand and to provide marketing leadership, services and support to our service provider partner network. This will depend largely on our ability to continue to provide high-quality solutions, and we may not be able to do so effectively. While we may choose to engage in a broader marketing campaign to further promote our brand, this effort may not be successful. Our efforts in developing our brand may be hindered by the marketing efforts of our competitors and our reliance on our service provider partners and strategic partners to promote our brand. If we are unable to cost-effectively maintain and increase awareness of our brand, our business, financial condition, cash flows and results of operations could be harmed.

We operate in the emerging and evolving connected property market, which may develop more slowly or differently than we expect. If the connected property market does not grow as we expect, or if we cannot expand our platforms and solutions to meet the demands of this market, our revenue may decline, fail to grow or fail to grow at an accelerated rate, and we may incur operating losses.

The market for solutions that bring objects and systems not typically connected to the Internet, such as home automation, security monitoring, video monitoring, energy management and wellness solutions, into an Internet-like structure is still developing, and it is uncertain how rapidly or how consistently this market will continue to develop and the degree to which our platforms and solutions will be accepted into the markets in which we operate. Some consumers may be reluctant or unwilling to use our platforms and solutions for a number of reasons, including satisfaction with traditional solutions, concerns about additional costs, concerns about data privacy and lack of awareness of the benefits of our platforms and solutions. Our ability to expand the sales of our platforms and solutions into new markets depends on several factors, including the awareness of our platforms and solutions, the timely completion, introduction and market acceptance of our platforms and solutions, the ability to attract, retain and effectively train sales and marketing personnel, the ability to develop relationships with service providers, the effectiveness of our marketing programs, the costs of our platforms and solutions and the success of our competitors. If we are unsuccessful in developing and marketing our platforms and solutions into new markets, or if consumers do not perceive or value the benefits of our platforms and solutions, the market for our platforms and solutions might not continue to develop or might develop more slowly than we expect, either of which would harm our revenue and growth prospects.

Risks of liability from our operations are significant.

The nature of the solutions we provide, including our interactive security solutions, and new technologies and companies we may acquire, potentially exposes us to greater risks of liability for data privacy and security, employee acts or omissions, or technology or system failure than may be inherent in other businesses. Substantially all of our service provider partner agreements contain provisions limiting our liability to service provider partners and our subscribers in an attempt to reduce this risk. However, in the event of litigation with respect to these matters, we cannot assure you that these limitations will be enforced, and the costs of such litigation could have a material adverse effect on us. Moreover, in the event of any regulatory investigations or actions against us related to these matters, we could be subject to additional risks and liabilities, including significant fines by U.S. federal and state authorities, foreign data privacy authorities in the EU, Canada, and other countries, in addition to the costs of such investigations, all of which could have a material adverse effect on us. 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.

Our strategy includes pursuing acquisitions, and our potential inability to successfully integrate newly-acquired technologies, assets or businesses may harm our financial results. Future acquisitions of technologies, assets or businesses which are paid for partially or entirely through the issuance of stock or stock rights could dilute the ownership of our existing stockholders.

We believe part of our growth will continue to be driven by acquisitions of other companies or their technologies, assets and businesses. For example, on **February 10, 2025**, we acquired 81% of the issued and outstanding shares of capital stock of CHeKT, on November 22, 2024, we acquired certain assets of Kapacity.io, on April 21, 2023, we acquired certain assets of Vintra, on January 18, 2023, we acquired 100% of the issued and outstanding shares of capital stock of EBS, on September 23, 2022, we acquired 85% of the issued and outstanding shares of capital stock of Noonlight, Inc., on **October 21, 2019****October 21, 2019**, we acquired 85% of the issued and outstanding shares of capital stock of PC Open Incorporated, doing business as OpenEye, and on December 14, 2020, we acquired Shooter Detection Systems, LLC. Additionally, on December 16, 2021, our EnergyHub subsidiary acquired certain assets of an unrelated third party. Substantially all of the acquired assets consisted of developed technology. These acquisitions and any other acquisitions we may complete in the future will give rise to certain risks, including:

- incurring higher than anticipated capital expenditures and operating expenses;
- failing to assimilate and integrate the operations and personnel or failing to retain the key personnel of the acquired company or business;
- failing to retain customers and service providers and other third-party business partners seeking to terminate or renegotiate their relationships with us;
- failing to integrate the acquired technologies, or incurring significant expense to integrate acquired technologies into our platforms and solutions;
- disrupting our ongoing business;
- encountering complexities associated with managing a larger, more complex and growing business;
- diverting our management's attention and other company resources;
- failing to maintain uniform standards, controls and policies;
- incurring significant accounting charges;
- impairing relationships with employees, service provider partners or subscribers;
- finding that the acquired technology, asset or business does not further our business strategy, that we overpaid for the technology, asset or business or that we may be required to write off acquired assets or investments partially or entirely;
- failing to realize the expected synergies of the transaction;
- being exposed to unforeseen liabilities and contingencies that were not identified prior to acquiring the company; and
- being unable to generate sufficient revenue and profits from acquisitions to offset the associated acquisition costs.

Fully integrating an acquired technology, asset or business into our operations may take a significant amount of time. We may not be successful in overcoming these risks or any other problems encountered with acquisitions. To the extent we do not successfully avoid or overcome the risks or problems related to any such acquisitions, or fail to manage the acquired business or execute our integration and growth strategy in an efficient and effective manner, our business, financial condition, cash flows and results of operations could be harmed. Acquisitions also could impact our financial position and capital requirements, or could cause fluctuations in our quarterly and annual results of operations. Acquisitions could include significant goodwill and intangible assets, which may result in future impairment charges that would reduce our stated earnings. We may incur significant costs in our efforts to engage in strategic transactions and these expenditures may not result in successful acquisitions.

We expect that the consideration we might pay for any future acquisitions of technologies, assets or businesses could include stock, rights to purchase stock, cash or some combination of the foregoing. If we issue stock or rights to purchase stock in connection with future acquisitions, net income per share and then-existing holders of our common stock may experience dilution.

We may pursue business opportunities that diverge from our current business model, which may cause our business to suffer.

We may pursue business opportunities that diverge from our current business model, including but not limited to expanding our platforms and solutions and investing in new and unproven technologies. We can offer no assurance that any such new business opportunities will prove to be successful. Among other negative effects, our pursuit of such business opportunities could reduce operating margins and require more working capital, subject us to additional federal, state, and local laws and regulations, materially and adversely affect our business, financial condition, cash flows or results of operations.

Evolving government and industry regulation and changes in applicable laws relating to the Internet and data privacy may increase our expenditures related to compliance efforts or otherwise limit the solutions we can offer, which may harm our business and adversely affect our financial condition.

As Internet commerce continues to evolve, federal, state or foreign agencies have adopted and could in the future adopt regulations covering issues such as user privacy and content. We are particularly sensitive to these risks because the Internet is a critical component of our SaaS business model. In addition, taxation of products or services provided over the Internet or other charges imposed by government agencies or by private organizations for accessing the Internet may be imposed. Any regulation imposing greater fees for Internet use or restricting information exchange over the Internet could result in a decline in the use of the Internet and the viability of Internet-based services, which could harm our business.

Our platforms and solutions enable us to collect, manage and store a wide range of data related to our subscribers' interactive security, intelligent automation, video monitoring, energy management and wellness systems. A valuable component of our platforms and solutions is our ability to analyze this data to present the user with actionable business intelligence. We obtain our data from a variety of sources, including our service provider partners, our subscribers and third-party providers. We cannot assure that the data we require for our proprietary data sets will be available from these sources in the future or that the cost of such data will not increase. The United States federal government and various state governments have adopted or proposed limitations on the collection, distribution, storage and use of personal information. Several foreign jurisdictions in which we do business, including the European Union, the United Kingdom, Canada and Argentina, among others, have adopted legislation (including directives or regulations) that is more rigorous governing data collection and storage than in the United States.

On June 28, 2018, the State of California enacted the California Consumer Privacy Act of 2018, or CCPA, which took effect on January 1, 2020. The CCPA governs the collection, sale and use of California residents' personal information, and significantly impacts businesses' handling of personal information and privacy policies and procedures. The CCPA, as well as similar data privacy laws that have been adopted or proposed are currently effective in over a dozen other states such as Virginia, Colorado, Connecticut, Texas, Utah, Montana, Oregon, New Jersey, Nebraska, New Hampshire, Iowa, Delaware or will become effective later in 2025 or 2026 in several other states, may limit our ability to use, process and store certain data, which may decrease adoption of our platforms and solutions, affect our relationships with service provider partners and our suppliers, increase our costs for compliance, and harm our business, financial condition, cash flows and results of operations. Specifically, the CCPA may subject us to regulatory fines by the State of California, individual claims, class actions, and increased commercial liabilities. In addition, the California Privacy Rights Act of 2020, or CPRA, was approved by California voters and became effective as of January 1, 2023. The CPRA, among other things, amended the CCPA by creating additional privacy rights for California consumers and additional obligations on businesses, which could subject us to additional compliance costs as well as potential fines, individual claims, class actions and commercial liabilities. The CPRA also extended the CCPA's scope to include employees' and business contacts' personal information, which may increase our compliance costs, legal costs and other costs of doing business.

European data protection laws, including the General Data Protection Regulation, or GDPR, generally restrict the transfer of personal data from Europe, including the European Economic Area, or EEA, UK and Switzerland, to the United States and most other countries unless the parties to the transfer have implemented specific safeguards to protect the transferred personal data. On July 16, 2020, the Court of Justice of the European Union, or CJEU, invalidated the EU-U.S. Privacy Shield framework, a program for transferring personal data from the EEA to the United States. The While the ruling also raised questions about whether one did not invalidate the use of the primary alternatives to the EU-U.S. Privacy Shield, namely the European Commission's Standard Contractual Clauses, or SCCs, can lawfully be used for transfers from the EEA to the United States or most other countries. While the CJEU did not invalidate the use of SCCs, as a valid mechanism for transferring personal data from the EEA to the United States, the CJEU required entities relying on SCCs to, among other things, verify on a case-by-case basis that the SCCs provide adequate protection of personal data under European Union, or EU, law by providing, where necessary, additional safeguards to those offered by the existing SCCs. For data transfers to the United States, these additional safeguards must be added to the SCCs in order for entities to use SCCs as a valid data transfer mechanism. Furthermore, the CJEU and the European Data Protection Board advised European data protection authorities that they would need to closely examine the laws and practices of countries outside of the EEA where EEA personal data is transferred, with a particular focus on the United States, so data transfers to the United States from the EEA are subject to increasing regulatory scrutiny following the CJEU decision.

We have historically relied on both the EU-U.S. Privacy Shield and SCCs for transferring personal data from the EEA, and as a result of the CJEU ruling, we have transitioned our data transfers covered under the EU-U.S. Privacy Shield to be covered under SCCs. In June 2021, the European Commission adopted a new version of the SCCs, which we began using on September 27, 2021. Moreover, the UK data protection regulator developed new SCCs for transferring personal data from the UK that were finalized in March 2022, and we use the new UK SCCs with our current and future customers in the UK. In July 2023, the EU-U.S. Privacy Shield was replaced by the Data Privacy Framework, or DPF, and we have been automatically enrolled in this program given our existing EU-U.S. Privacy Shield enrollment. We are also enrolled in the UK Extension to the EU-U.S. DPF. Effective October 12, 2023, organizations participating in the UK Extension to the EU-U.S. DPF may receive personal data from the UK and Gibraltar in reliance on the UK Extension to the EU-U.S. DPF.

Our work adopting, implementing and complying with the changing legal landscape governing international data transfers slows down our contracting process and increases our legal and compliance costs (including an increase in exposure to substantial fines under EEA data protection laws, increasing requests from our customers for compliance-related product changes, as well as injunctions against processing or transferring personal data from the EEA), which could adversely affect our cash flows and financial condition. SCCs with additional safeguards and obligations put in place by EEA data protection authorities or customers may impose new restrictions on our business and could affect our operations in the EEA.

In September 2020, the Swiss Federal Data Protection and Information Commissioner, or FDPIC, determined that the Swiss-U.S. Privacy Shield Framework does not provide an adequate level of data protection for data transfers from Switzerland to the U.S. While the FDPIC does not have the authority to invalidate the Swiss-U.S. Privacy Shield, the FDPIC's announcement casts serious doubt on the viability of the Swiss-U.S. Privacy Shield as a valid mechanism for Swiss-U.S. data transfers. As a result of the FDPIC decision, we will need to transition any data transfers covered under the Swiss-U.S. Privacy Shield to be covered under SCCs or the Swiss-U.S. DPF once Switzerland adopts an adequacy decision. For data transfers from Switzerland, Alarm.com will continue to rely upon the SCCs adopted by the European Commission in August 2021 with any necessary modifications required by the regulatory authorities in Switzerland.

As a result of these ongoing changes, there will continue to be significant regulatory uncertainty surrounding the validity of data transfers from the EEA, UK and Switzerland to the United States. The inability to import personal data from the EEA, UK or Switzerland may require us to increase our data processing capabilities in those jurisdictions at significant expense. Various other non-EU jurisdictions may also choose to impose data localization laws limiting the transfer of personal data out of their respective jurisdictions, or our EEA, UK or Swiss service provider partners may require similar contractual restrictions regarding data localization. Such laws or contractual restrictions may increase our costs for compliance, and harm our business, financial condition, cash flows and results of operations.

The EU's General Data Protection Regulation, or GDPR, went into effect on May 25, 2018. Prior to May 25, 2018, we updated our existing privacy and data security measures to comply with GDPR. As guidance on compliance with GDPR from the EU data protection authorities evolves over time, our privacy or data security measures may be deemed or perceived to be in noncompliance with current or future laws and regulations, which may subject us to litigation, regulatory investigations or other liabilities and could limit the products and services we can offer in certain jurisdictions. Further, in the event of a breach of personal information that we hold, we may be subject to governmental fines, individual claims, remediation expenses and/or harm to our reputation. Moreover, if future laws, regulations, or court rulings, such as the CJEU's decision invalidating the EU-U.S. Privacy Shield, limit our ability to use and share this data or our ability to store, process and share data over the Internet, demand for our platforms and solutions could decrease, our costs could increase, and our business, financial condition, cash flows and results of operations could be harmed.

In Canada, data privacy laws have been subject to recent amendments that have introduced stricter compliance requirements and increased potential sanctions. The Province of Quebec enacted extensive amendments to its private-sector data privacy laws in 2021, which will become fully in force as of September 2024. Key changes include mandatory breach reporting, elevated consent and transparency requirements, the introduction of individual privacy rights such as privacy by default, data portability and the right to be forgotten, privacy impact assessments, and substantial monetary penalties for non-compliance. These changes to Quebec's data privacy laws may have similar impacts on our business as the CCPA and other privacy law reforms in other jurisdictions.

Furthermore, Brazil's comprehensive privacy law, the General Data Protection Law, or LGPD, took effect on September 18, 2020 and federal regulatory enforcement began on August 1, 2021. However, private and state-level enforcement of the law began in September 2020. The LGPD creates a new legal framework for the use, processing and storage of Brazilians' personal data, and it adds significant privacy and security obligations for companies processing personal data in Brazil. The LGPD may limit our and our service providers' ability to use, process and store certain data, which may decrease adoption of our platforms and solutions, affect our relationships with our service provider partners and suppliers, increase our costs for compliance, and harm our business, financial condition, cash flows and results of operations. In addition, the LGPD may subject us to regulatory fines by the Brazilian Data Protection Authority and increased commercial liabilities.

Since April 2018 we have offered a solution for certain service provider partners who may be subject to the Health Insurance Portability and Accountability Act of 1996, and its implementing regulations, or HIPAA, which regulates the use and disclosure of Protected Health Information, or PHI. As a result, we are subject to HIPAA when PHI is accessed, created, maintained or transmitted through our solution by these service provider partners. We have implemented additional privacy and security policies and procedures, as well as administrative, physical and technical safeguards to enable our solution to be HIPAA-compliant. Additionally, HIPAA compliance has required us to put in place certain agreements with contracting partners and to appoint a Privacy Officer and Security Officer. If our privacy and security policies or other safeguards for PHI are deemed to be in noncompliance by the United States Department of Health and Human Services, or HHS, we may be subject to litigation, regulatory investigations or other liabilities. In the event of a breach of PHI that we hold, we may be subject to governmental fines, individual claims under state privacy laws governing personal health information, remediation expenses and/or harm to our reputation. The use of health-related data is coming under increasing regulatory scrutiny in other ways. Several U.S. states, such as Washington, Nevada, and Connecticut, have passed health privacy laws, which may increase the risk of regulatory actions or consumer class actions being brought against Alarm.com. These laws may also increase our costs of doing business as well as legal costs, and slow down our contracting process. Moreover, the FTC has brought a series of regulatory enforcement actions relating to companies' use of health-related data, which may increase our regulatory risk. Furthermore, if future changes to HIPAA or state privacy laws governing PHI expand the definition of PHI or put more restrictions on our ability to use, process and store PHI, then HIPAA compliance for our solutions as currently constituted may be costly both financially and in terms of administrative resources. Ongoing compliance efforts may take substantial time and require the assistance of external resources, such as attorneys, information technology, and/or other consultants and advisors.

Laws and regulations relating to the use of certain video data for training and analytics purposes continue to change. Specifically, the use of facial images and other biometric data in the training of video models has been subject to increased scrutiny and in some cases regulatory review. The FTC as well as certain states and individuals have brought legal actions against companies regarding the collection and use of facial and biometric information for product development and other purposes. We account for these laws and regulations in our product development cycle, which may impact the scope and timing of the products we make available.

Use of artificial intelligence in our operations and product offerings could result in reputational or competitive harm, legal or regulatory liability and adverse impacts on our results of operations.

We have incorporated, and expect to continue to incorporate in the future, artificial intelligence, or AI, solutions into our operations and product offerings, and the use of AI involves various risks and challenges that could adversely affect our business, financial condition or results of operations. We currently use AI to help improve our business management solutions for service provider partners, and advance our data analytics engine, engine and increase efficiency in our internal operations. For example, we leverage large language models for the Gopher Info feature of our service provider solutions, an AI-powered chat bot chatbot assistant for technicians and service providers designed to improve service provider efficiency and operations. The use, development and deployment of AI systems or the AI systems of third-party AI vendors involve inherent technical complexities and uncertainties, and our these AI systems may encounter unexpected technical difficulties, limitations or errors, including inaccuracies in data processing or flawed algorithms, which could compromise the reliability and effectiveness of our products and services based on AI. In addition, our competitors or other third parties may incorporate AI into their products more quickly or more successfully than us, which could impair our ability to compete effectively.

The use of AI applications, including large language models, has resulted in, and may in the future result in, cybersecurity vulnerabilities or incidents that implicate the personal information, intellectual property, proprietary data or other sensitive information of end users of such applications. Any such cybersecurity incidents related to our use of AI applications could adversely affect our reputation and results of operations. AI also presents emerging ethical issues, and if our use of AI becomes controversial, we may experience brand or reputational harm, competitive harm, regulatory scrutiny or legal liability.

The introduction increased adoption of AI technologies into in our products and services may result in new or enhanced governmental or regulatory scrutiny, litigation, confidentiality or security risks or other complications that could adversely affect our business, reputation or financial results. The regulatory landscape governing AI technologies is evolving rapidly, and changes various jurisdictions, including Europe and certain U.S. states, have proposed or already adopted laws governing the use, development and deployment of AI technologies. Changes in laws, regulations or enforcement practices may impose new compliance requirements, restrict certain AI applications or increase our regulatory obligations, which could negatively impact our business and results of operations.

We rely on the performance of our senior management and highly skilled personnel, and if we are unable to attract, retain and motivate well-qualified employees, our business and results of operations could be harmed.

We believe our success has depended, and continues to depend, on the efforts and talents of senior management and key personnel, including Stephen Trundle, our Chief Executive Officer, and our senior information technology managers. Our future success depends on our continuing ability to attract, develop, motivate and retain highly qualified and skilled employees. Qualified individuals are in high demand, and we may incur significant costs to attract them. In addition, the loss of any of our senior management or key personnel could interrupt our ability to execute our business plan, as such individuals may be difficult to replace. If we do not succeed in attracting well-qualified employees or retaining and motivating existing employees, our business and results of operations could be harmed.

We provide minimum service level commitments to certain of our service provider partners, and our failure to meet them could cause us to issue credits for future services or pay penalties, which could harm our results of operations.

Certain of our service provider partner agreements currently, and may in the future, provide minimum service level commitments regarding items such as uptime, functionality or performance. If we are unable to meet the stated service level commitments for these service provider partners or suffer extended periods of service unavailability, we are or may be contractually obligated to provide these service provider partners with credits for future services, provide services at no cost or pay other penalties, which could adversely impact our revenue. We have incurred such penalties in the past, which have reduced our revenue. We do not currently have any reserves on our balance sheet for these commitments.

We have indemnity obligations to certain of our service provider partners for certain expenses and liabilities, which could force us to incur substantial costs.

We have indemnity obligations to certain of our service provider partners for certain claims regarding our platforms and solutions, including security breach, product recall, epidemic failure, and product liability claims. As a result, in the case of any such claims against these service provider partners, we could be required to indemnify them for losses resulting from such claims or to refund amounts they have paid to us. We expect that some of our service provider partners may seek indemnification from us in the event that such claims are brought against them. In addition, we may elect to indemnify service provider partners where we have no contractual obligation to do so and we will evaluate each such request on a case-by-case basis. If a service provider partner elects to invest resources in enforcing a claim for indemnification against us, we could incur significant costs disputing it. If we do not succeed in disputing it, we could face substantial liability. See "We have indemnity obligations to certain of our service provider partners for certain expenses and liabilities resulting from intellectual property infringement claims regarding our platforms and solutions, which could force us to incur substantial costs" below for details on indemnity obligations resulting from intellectual property.

The incurrence or issuance of debt may impact our financial position and subject us to additional financial and operating restrictions.

On January 20, 2021, we issued \$500.0 million aggregate principal amount of 0% convertible senior notes due January 15, 2026, in a private placement to qualified institutional buyers, or the 2026 Notes. We received proceeds from the issuance of the 2026 Notes of \$484.3 million, net of \$15.7 million of transaction fees and other debt issuance costs. We used some of the proceeds to repay the \$110.0 million outstanding principal balance under our credit facility and also used some of the proceeds to pay accrued interest, fees and expenses related to our credit facility, which was terminated effective January 20, 2021. On May 31, 2024, we issued \$500.0 million aggregate principal amount of 2.25% convertible senior notes due June 1, 2029, in a private placement to qualified institutional

buyers, or the 2029 Notes. We received proceeds from the issuance of the 2029 Notes of \$485.2 million, net of \$14.8 million of transaction fees and other debt issuance costs. We used \$63.1 million of the net proceeds from the 2029 Notes to pay the cost of the capped call transactions and used \$75.0 million to repurchase 1,117,068 shares of our common stock concurrently with the pricing of the 2029 Notes, which was separately authorized by our board of directors. We currently intend to **invest** use the remaining net proceeds from the issuance of the 2026 Notes and 2029 Notes for general corporate purposes, which may include acquisitions or strategic investments in complementary businesses or technologies, other repurchases of our common stock, repurchases of our 2026 Notes and for working capital, operating expenses and capital expenditures. We invested a portion of the proceeds in a portfolio of securities and other investments and although we plan to follow an established **investment policy** and seek to minimize the credit risk associated with investments by **limiting exposure to any one issuer depending on credit quality**, we **investments**. We cannot give assurances that the assets in our investment portfolio will not lose value, become impaired or suffer from illiquidity.

Our overall leverage and certain obligations contained in the related documentation could adversely affect our financial health and business and future operations by, among other things:

- making it more difficult to satisfy our obligations, including under the terms of the 2026 Notes and 2029 Notes;
- limiting our ability to refinance our debt on terms acceptable to us or at all;
- limiting our flexibility to plan for and adjust to changing business and market conditions and increasing our vulnerability to general adverse economic and industry conditions;
- limiting our ability to use our available cash flow to fund future acquisitions, working capital, business activities, and other general corporate requirements; and
- limiting our ability to obtain additional financing for working capital, to fund growth or for general corporate purposes, even when necessary to maintain adequate liquidity.

Any of the foregoing could have a material adverse effect on our business, financial condition, cash flows or results of operations.

We may not be able to secure additional financing on favorable terms, or at all, to meet our future capital needs.

In the future, we may require additional capital to respond to business opportunities, challenges, acquisitions or unforeseen circumstances and may determine to engage in equity or debt financings or enter into credit facilities for other reasons. For example, on January 20, 2021, we issued the 2026 Notes and on May 31, 2024, we issued the 2029 Notes. We received proceeds from the issuance of the 2026 Notes of **\$484.3**

million, \$484.3 million, net of \$15.7 million of transaction fees and other debt issuance costs. We received proceeds from the issuance of the 2029 Notes of \$485.2 million, net of \$14.8 million of transaction fees and other debt issuance costs. We may require additional capital to respond to the significant uncertainty arising from the Macroeconomic Conditions and we may not be able to timely secure additional debt or equity financing on favorable terms or at all. If we are unable to obtain adequate financing or financing on terms satisfactory to us, when we require it, our ability to continue to grow or support our business and to respond to business challenges could be limited. Any debt financing obtained by us in the future could involve restrictive covenants relating to our capital raising activities and other financial and operational matters, which may make it more difficult for us to obtain additional capital and to pursue business opportunities, including potential acquisitions. If we raise additional funds through further issuances of equity, convertible debt securities or other securities convertible into equity, our existing stockholders could suffer significant dilution in their percentage ownership of our company, and any new equity securities we issue could have rights, preferences and privileges senior to those of holders of our common stock. If we are unable to obtain adequate financing or financing on terms satisfactory to us, when we require it, our ability to continue to grow or support our business and to respond to business challenges could be limited. See "Risks Related to our Outstanding Convertible Senior Notes" below for further details on risks related to the 2026 Notes and 2029 Notes.

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, 2023** December 31, 2024, we had **\$233.1 million** \$217.4 million of goodwill and identifiable intangible assets. Goodwill and other identifiable intangible assets are recorded at fair value on the date of acquisition. We review such assets for impairment at least annually. Impairment may result from, among other things, deterioration in performance, adverse market conditions, including adverse market conditions arising from the Macroeconomic Conditions, adverse changes in applicable laws or regulations, including changes that restrict the activities of or affect the solutions we offer, challenges to the validity of certain registered intellectual property, reduced sales of certain products or services incorporating registered 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.

Comprehensive tax reform bills could adversely affect our business and financial condition.

Legislative changes in the U.S. and other countries could increase our tax liability and adversely affect our after-tax profitability. For example, in August 2022, the Inflation Reduction Act of 2022 was enacted in the United States which, among other provisions, includes a minimum 15.0% tax on companies that have a three-year average annual adjusted financial statement income of more than \$1.0 billion and a 1.0% excise tax on the value of net corporate stock repurchases. Both provisions became effective on January 1, 2023. **Current economic** Economic and political considerations make additional tax rules in the United States and other applicable jurisdictions subject to significant change, and changes in applicable tax laws and regulations, or their interpretation and application, including the possibility of retroactive effect, could affect our income tax expense and profitability.

In addition, there is a continued interest within the European Union, Canada and other jurisdictions to apply new taxes on companies participating in the digital economy. Such tax rule changes could materially and adversely affect our cash flows, deferred tax assets and financial results.

We may be subject to additional tax liabilities, which would harm our results of operations.

We are subject to income, sales, use, value added and other taxes in the United States and other countries in which we conduct business, which laws and rates vary greatly by jurisdiction. Certain jurisdictions in which we do not collect sales, use, value added or other taxes on our sales may assert that such taxes are applicable, which could result in tax assessments, penalties and interest, and we may be required to collect and remit such taxes in the future. Additionally, longstanding international tax norms that determine each country's jurisdiction to tax cross-border international trade are subject to potential evolution. An outgrowth of the original Base Erosion and Profit Shifting project is a project undertaken by the more than 130 member countries of the expanded Organization for Economic Cooperation and Development, or OECD, Inclusive Framework focused on "Addressing the Challenges of the Digitalization of the Economy." Furthermore, the OECD, announced a consensus around further changes in traditional international tax principles to address, among other things, perceived challenges presented by global digital commerce, or Pillar One, and the perceived need for a minimum global effective tax rate of 15%, or Pillar Two. On December 20, 2021, the OECD released Pillar Two Model Rules defining the global minimum tax rate of 15% on companies with revenues of at least 750.0 million Euros, which **would go** went into effect in 2024, subject to certain transition rules. While it is uncertain whether the U.S. will enact legislation to adopt the minimum tax directive, certain countries in which we operate have adopted such legislation, and other countries are in the process of introducing legislation to implement the minimum tax directive. Under a

transitional safe harbor released on July 17, 2023, the undertaxed profits rule top-up tax will be zero for each year of the transition period if that jurisdiction has a corporate tax rate of at least 20%. This undertaxed profits safe harbor transition rule will apply to us through our year ending December 31, 2025.

While we do not currently expect the Pillar Two minimum tax directive to have a material impact on our effective tax rate or operations, our analysis is ongoing as the OECD (and many countries) continue to release additional guidance and implement legislation. To the extent additional changes take place in the countries in which we operate, it is possible that these legislative changes and efforts may increase uncertainty and have an adverse impact on our effective tax rates or operations. We will continue to monitor and evaluate new legislation and guidance, which could change our current assessment.

Significant judgment is required in determining our worldwide provision for income taxes. These determinations are highly complex and require detailed analysis of the available information and applicable statutes and regulatory materials. In the ordinary course of our business, there are many transactions and calculations where the ultimate tax determination is uncertain. Although we believe our tax estimates are reasonable, the final determination of tax audits and any related litigation could be different from our historical tax practices, provisions and accruals. If we receive an adverse ruling as a result of an audit, or we unilaterally determine that we have misinterpreted provisions of the tax regulations to which we are subject, our tax provision, results of operations or cash flows could be harmed. In addition, liabilities associated with taxes are often subject to an extended or indefinite statute of limitations period. Therefore, we may be subject to additional tax liability (including penalties and interest) for a particular year for extended periods of time.

If the U.S. insurance industry were to change its practice of providing incentives to homeowners for the use of alarm monitoring services, we could experience a reduction in new subscriber growth or an increase in our subscriber attrition rate.

It has been common practice in the U.S. insurance industry to provide a reduction in rates for policies written on residences that have monitored alarm systems. There can be no assurance that insurance companies will continue to offer these rate reductions. If these incentives were reduced or eliminated, new homeowners who otherwise may not feel the need for alarm monitoring services would be removed from our potential subscriber pool, which could hinder the growth of our business, and existing subscribers may choose to disconnect or not renew their service contracts, which could increase our attrition rates. In either case, our results of operations and growth prospects could be adversely affected.

Failure to comply with laws and regulations could harm our business.

We conduct our business in the United States and in various other countries. 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 also prohibit us from soliciting or accepting bribes or kickbacks. Our company has direct government interactions and in several cases uses third-party representatives, including dealers, for regulatory compliance, sales and other purposes in a variety of countries. These factors increase our anti-corruption risk profile. 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 global operations require us to import from and export to several countries, 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 platforms and solutions are subject to export control and import laws and regulations, including the U.S. Export Administration Regulations, U.S. Customs regulations, and various economic and trade sanctions regulations administered by the U.S. Treasury Department's Office of Foreign Assets Controls. Exports of our platforms and solutions must be made in compliance with these laws and regulations. We may also be subject to import/export laws and regulations in other jurisdictions in which we conduct business. 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 export or 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, if our service provider partners fail to obtain appropriate import, export or re-export licenses or authorizations, we may also be adversely affected through reputational harm and penalties. Obtaining the necessary authorizations, including any required license, for a particular sale may be time-consuming, is not guaranteed and may result in the delay or loss of sales opportunities. In addition, changes in our platforms or solutions or changes in applicable export or import laws and regulations may create delays in the introduction and sale of our platforms and solutions in international markets, prevent our service provider partners with international operations from deploying our platforms and solutions or, in some cases, prevent the export or import of our platforms and solutions to certain countries, governments or persons altogether. Any change in export or import laws and regulations, shift in the enforcement or scope of existing laws and regulations, or change in the countries, governments, persons or technologies targeted by such laws and regulations, could also result in decreased use of our platforms and solutions, or in our decreased ability to export or sell our platforms and solutions to existing or potential service provider partners with international operations. Any decreased use of our platforms and solutions or limitation on our ability to export or sell our platforms and solutions would likely adversely affect our business, financial condition, cash flows and results of operations.

In addition, our software contains encryption technologies, certain types of which are subject to U.S. and foreign export control regulations and, in some foreign countries, restrictions on importation and/or use. Any failure on our part to comply with encryption or other applicable export control requirements could result in financial penalties or other sanctions under the U.S. export regulations, including restrictions on future export activities, which could harm our business and operating results. Regulatory restrictions could impair our access to technologies needed to improve our platforms and solutions and may also limit or reduce the demand for our platforms and solutions outside of the United States.

Furthermore, U.S. export control laws and economic sanctions programs prohibit the shipment of certain products and services to countries, governments and persons that are subject to U.S. economic embargoes and trade sanctions. Even though we take precautions to prevent our platforms and solutions from being shipped or provided to U.S. sanctions targets, our platforms and solutions could be shipped to those targets or provided by third-parties despite such precautions. Any such shipment could have negative consequences, including government investigations, penalties and reputational harm. Furthermore, any new embargo or sanctions program, or any change in the countries, governments, persons or activities targeted by such programs, could result in decreased use of our platforms and solutions, or in our decreased ability to export or sell our platforms and solutions to existing or potential service provider partners, which would likely adversely affect our business, financial condition, cash flows and results of operations.

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. For example, the SEC has proposed adopted expansive rules requiring that pending litigation, would require public companies to disclose information about the material impact of climate on their businesses, as well as information about companies' governance, risk management and strategy related to climate risk. 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. Enforcement actions and sanctions could further harm our business, financial condition, cash flows and results of operations.

We face many risks associated with our international business operations and our plans to expand internationally, which could harm our business, financial condition, cash flows and results of operations.

We anticipate our efforts to operate and continue to expand our business internationally will entail additional costs and risks as we establish our international offerings and develop relationships with service provider partners to market, sell, install, and support our platforms, solutions and brand in other countries. Revenue in countries outside of North America accounted for **4% 6%**, 4% and **3% 4%** of our total revenue for the years ended **December 31, 2023** **December 31, 2024, 2023 and 2022, and 2021**, respectively. We have limited experience in selling our platforms and solutions in international markets outside of North America or in conforming to the local cultures, standards, or policies necessary to successfully compete in those markets, and we may be required to invest significant resources in order to do so. We may not succeed in these efforts or achieve our consumer acquisition, service provider expansion or other goals. In some international markets, consumer preferences and buying behaviors may be different, and we may use business or pricing models that are different from our traditional model to provide our platforms and solutions to consumers in those markets or we may be unsuccessful in implementing the appropriate business model. Our revenue from new foreign markets may not exceed the costs of establishing, marketing, and maintaining our international offerings. In addition, current global instability could have many adverse consequences on our international expansion. These could include sovereign default, liquidity and capital pressures on financial institutions in other parts of the world including the eurozone, reducing the availability of credit and increasing the risk of financial sector failures and the risk of one or more eurozone member states leaving the euro, resulting in the possibility of capital and exchange controls and uncertainty about the impact of contracts and currency exchange rates.

In addition, conducting expanded international operations subjects us to additional risks that we do not generally face in our North American markets. These risks include:

- localization of our solutions, including the addition of foreign languages and adaptation to new local practices, as well as certification, registration and other regulatory requirements;
- lack of experience in other geographic markets;
- strong local competitors;
- the cost and burden of complying with, lack of familiarity with, and unexpected changes in, foreign legal and regulatory requirements, including the development of policies and procedures for different countries when requirements under privacy regulations in such countries may conflict or be inconsistent with one another;
- difficulties in managing and staffing international operations;
- increased costs due to new or **potential increased** tariffs, **sanctions**, penalties, trade restrictions and other trade barriers, which may increase our cost of hardware revenue and reduce our hardware revenue margins in the future;
- fluctuations in currency exchange rates or restrictions on foreign currency;
- potentially adverse tax consequences, including the complexities of transfer pricing, value added or other tax systems, double taxation and restrictions and/or taxes on the repatriation of earnings;
- dependence on third parties, including commercial partners with whom we do not have extensive experience;
- increased financial accounting and reporting burdens and complexities;
- political, social, and economic instability, such as the ongoing **military conflict between Russia and conflicts in** Ukraine, and **the war between** Israel and Hamas, **surrounding areas**, terrorist attacks, and security concerns in general; and
- reduced or varied protection for intellectual property rights in some countries.

Operating in international markets also requires significant management attention and financial resources. The investment and additional resources required to establish operations and manage growth in other countries may not produce desired levels of revenue or profitability.

Our software contains encryption technologies, certain types of which are subject to U.S. and foreign export control regulations and, in some foreign countries, restrictions on importation and/or use. Any failure on our part to comply with encryption or other applicable export control requirements could result in financial penalties or other sanctions under the U.S. export regulations, including restrictions on future export activities, which could harm our business and operating results. Regulatory restrictions could impair our access to technologies needed to improve our platforms and solutions and may also limit or reduce the demand for our platforms and solutions outside of the United States.

Enhanced United States tax, tariff, import/export restrictions, or other trade barriers may have an adverse impact on global economic conditions, financial markets and our business.

There is currently significant uncertainty about the future relationship between the United States and various other countries, including China, the European Union, Canada and Mexico, with respect to trade policies, treaties, tariffs, and customs duties, **sanctions** and **taxes**. Since 2019, **taxes**, in particular under the current U.S. government administration, which has **implemented expressed a desire to impose** significant **changes to U.S. trade policy with respect to China**, **new or increased tariffs on product imports from certain countries**. Tariffs have subjected certain Alarm.com products manufactured overseas to additional import duties of up to 25%. The amount of the import tariff and the number of products subject to tariffs have changed numerous times based on action by the U.S. government. **We are addressing the risks related to these** **These imposed and announced tariffs** **which** have affected, or have the potential to affect, at least some of our imports from China.

Between one-fifth to one-half **Less than one-third** of the hardware products that we sell to our customers are imported from China and could be subject to increased tariffs. Other Alarm.com hardware products that are not manufactured in China may contain subcomponents made in China that could also be subject to increased tariffs. While the additional import duties have resulted in an increase to our cost of hardware revenue, these import duties had a modest impact on hardware revenue margins. If tariffs, **sanctions**, trade restrictions, or trade barriers are expanded or interpreted by a court or governmental agency to apply to more of our products, then our exposure to future taxes and duties on such imported products and components could be significant and could have a material effect on our financial results. If our products are deemed to be subject to additional duties and taxes as determined by a court or governmental agency, we may suffer additional hardware

revenue margin erosion or be required to raise our prices on certain imported products. There can be no assurance that we will not experience a disruption in our business or harm to our financial condition related to these or other changes in trade practices, and any changes to our operations or our sourcing strategy in order to mitigate any such tariff costs could be complicated, time-consuming, and costly. Furthermore, our business may be adversely affected by retaliatory tariffs or trade measures taken by China and other countries, which could materially harm our business, financial condition and results of operations. Trade barriers, or the perception that any of them could be imposed, may have a negative effect on global economic conditions and the stability of global financial markets, and may significantly reduce global trade and, in particular, trade between these nations and the United States. Any of these factors could have a material adverse effect on our business, financial condition and results of operations.

On June 17, 2021, the U.S. Federal Communications Commission, or the FCC, adopted a proposed rule that would effectively ban in the United States all communications equipment provided by entities identified on a "Covered List" that it maintains pursuant to the Secure and Trusted Communications Networks Act of 2019. The Covered List currently consists of video surveillance and telecommunications equipment produced by five Chinese electronics companies, including one of our suppliers. Although the proposed rule does not include language regarding retroactive application of the proposed ban, the FCC has asked for comment on whether and under what circumstances it should revoke existing authorizations of communications equipment from companies on the Covered List. On November 11, 2021, President Biden signed into law the Secure Equipment Act of 2021 pursuant to which, requires on November 25, 2022, the U.S. Federal Communications Commission, or FCC, to adopt rules clarifying that it will no longer review or approve any authorization application for equipment that poses an unacceptable risk to national security. On November 25, 2022, the FCC implemented The FCC's implementation of this directive and adopted rules that prohibit future authorizations of equipment identified on the Covered List, "Covered List," which currently consists of video surveillance and telecommunications equipment produced by five Chinese electronics companies, including one of our suppliers. Although the rules apply to future authorizations of equipment, the FCC also adopted a Further Notice of Proposed Rulemaking seeking comment on future action related to existing authorizations. If the FCC adopts rules that apply retroactively to products already sold, this would likely adversely affect our business, financial condition, cash flows and results of operations.

Our financial results may be adversely affected by changes in accounting principles applicable to us.

Our accounting policies are critical to the manner in which we present our results of operations and financial condition. Many of these policies are highly complex and involve many assumptions, estimates and judgments. A change in accounting standards or practices, in particular with respect to revenue recognition, could harm our operating results and may even affect our reporting of transactions completed before the change is effective. GAAP rules are subject to interpretation by the Financial Accounting Standards Board, or FASB, the SEC and other various bodies formed to promulgate and interpret appropriate accounting principles. See Note 2 to our consolidated financial statements for new accounting pronouncements. Implementation of new accounting standards could have a significant effect on our financial results, and any difficulties in implementing these pronouncements could cause us to fail to meet our financial reporting obligations, which could result in regulatory discipline and harm investors' confidence in us.

Our accounting is becoming more complex, and relies upon estimates or judgments relating to our critical accounting policies. If our accounting is erroneous or based on assumptions that change or prove to be incorrect, our operating results could fall below the expectations of securities analysts and investors, resulting in a decline in our stock price.

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes, and also to comply with many complex requirements and standards. Because of the use of estimates inherent in the financial reporting process, actual results could differ from those estimates and any such differences may be material. We devote substantial resources to compliance with accounting requirements and we base our estimates on our best judgment, historical experience, information derived from third parties, and on various other assumptions that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets, liabilities, equity, revenue and expenses that are not readily apparent from other sources. However, various factors are causing our accounting to become complex. Ongoing evolution of our business, and the Macroeconomic Conditions and resulting uncertainty have, and any future acquisitions may, compound these complexities. Our operating results may be adversely affected if we make accounting errors or our judgments prove to be wrong, assumptions change or actual circumstances differ from those in our assumptions, which could cause our operating results to fall below the expectations of securities analysts and investors or guidance we may have provided, resulting in a decline in our stock price and potential legal claims. Significant judgments, assumptions and estimates used in preparing our consolidated financial statements include those related to revenue recognition, stock-based compensation, business combinations, and income taxes.

Risks Related to Our Intellectual Property

If we fail to protect our intellectual property and proprietary rights adequately, our business could be harmed.

We believe our proprietary technology is essential to establishing and maintaining our leadership position. We seek to protect our intellectual property through trade secrets, copyrights, confidentiality, non-compete and nondisclosure agreements, patents, trademarks, domain names and other measures, some of which afford only limited protection. We also rely on patent, trademark, trade secret and copyright laws to protect our intellectual property. Despite our efforts to protect our proprietary rights, unauthorized parties may attempt to copy aspects of our technology or to obtain and use information that we regard as proprietary. Our means of protecting our proprietary rights may not be adequate or our competitors may independently develop similar or superior technology, or design around our intellectual property. In addition, the laws of some foreign countries do not protect our proprietary rights to as great an extent as the laws of the United States. Intellectual property protections may also be unavailable, limited or difficult to enforce in some countries, which could make it easier for competitors to capture market share. Our failure or inability to adequately protect our intellectual property and proprietary rights could harm our business, financial condition, cash flows and results of operations.

To prevent substantial unauthorized use of our intellectual property rights, it may be necessary to prosecute actions for infringement and/or misappropriation of our proprietary rights against third parties. See the section of this Annual Report titled "Legal Proceedings" for additional information on related intellectual property litigation matters. Any such action could result in significant costs and diversion of our resources and management's attention, and we cannot assure you that we will be successful in such action. Furthermore, many of our current and potential competitors have the ability to dedicate substantially greater resources to enforce their intellectual property rights than we do. Accordingly, despite our efforts, we may not be able to prevent third parties from infringing upon or misappropriating our intellectual property.

Assertions by third parties that we are infringing their intellectual property subject us to costly and time-consuming litigation or expensive licenses that could harm our business and results of operations.

The industries in which we compete are characterized by the existence of a large number of patents, copyrights, trademarks and trade secrets, and by frequent litigation based on allegations of infringement or other violations of intellectual property rights. We have been involved with patent litigation suits in the past and we may be involved with and subject to similar litigation in the future to defend our intellectual property position. For example, on January 10, 2022, EcoFactor filed a lawsuit against us in U.S. District Court, District of Oregon, alleging Alarm.com's products and services directly and indirectly infringe five U.S. patents owned by EcoFactor. EcoFactor is seeking permanent injunctions, enhanced damages and attorneys' fees. See the section of this Annual Report titled "Legal Proceedings" for additional information on this matter. Should EcoFactor prevail in either of its district court lawsuits we could be required to pay damages in the amount of EcoFactor's lost profits and/or a reasonable royalty for sales of our solution, we could be enjoined from making, using and selling our solution if a license or other right to continue selling such elements is not made available to us or we are unable to design around such patents, and we could be required to pay ongoing royalties and comply with unfavorable terms if such a license is made available to us. While we believe we have valid defenses to EcoFactor's claims, any of these outcomes could result in a material adverse effect on our business.

On July 22, 2021, Causam filed a lawsuit against us in U.S. District Court, Western District of Texas, alleging that Alarm.com's smart thermostats infringe four U.S. patents owned by Causam. Causam is seeking preliminary and permanent injunctions, enhanced damages and attorneys' fees. On July 28, 2021, Causam filed a complaint with the ITC alleging infringement of the same four

patents. Causam is seeking a permanent limited exclusion order and permanent cease and desist order. See the section of this Annual Report titled "Legal Proceedings" for additional information on each of these matters. Should Causam prevail in its district court lawsuit we could be required to pay damages and/or a reasonable royalty for sales of our solution, we could be enjoined from making, using and selling our solution if a license or other right to continue selling such elements is not made available to us, and we could be required to pay ongoing royalties and comply with unfavorable terms if such a license is made available to us. While we believe we have valid defenses to Causam's claims, the outcome of these legal claims cannot be predicted with certainty, and any of these outcomes could result in an adverse effect on our business.

Even if we were to prevail in any of these matters, ongoing litigation could continue to be costly and time-consuming, divert the attention of our management and key personnel from our business operations and dissuade potential customers from purchasing our solution, which would also materially harm our business. During the course of each of these litigation matters, we anticipate announcements of the results of hearings and motions, and other interim developments related to the litigation matters at hand. If securities analysts or investors regard these announcements as negative, the market price of our common stock may decline.

We might not prevail in any intellectual property infringement litigation given the complex technical issues and inherent uncertainties in such litigation and our service provider partner contracts may require us to indemnify them against certain liabilities they may incur as a result of our infringement or alleged infringement of any third-party intellectual property. Defending such claims, regardless of their merit, could be time-consuming and distracting to management, result in costly litigation or settlement, cause development delays or require us to enter into royalty or licensing agreements. In addition, we currently have a limited portfolio of issued patents compared to our larger competitors, and therefore may not be able to effectively utilize our intellectual property portfolio to assert defenses or counterclaims in response to patent infringement claims or litigation brought against us by third parties. Further, litigation may involve patent holding companies or other adverse patent owners who have no relevant products or revenues and against which our potential patents provide no deterrence, and many other potential litigants have the capability to dedicate substantially greater resources to enforce their intellectual property rights and to defend claims that may be brought against them. Given our platforms and solutions integrate with many aspects of a property, the risk our platforms and solutions may be subject to these allegations is exacerbated. As we seek to extend our platforms and solutions, we could be constrained by the intellectual property rights of others. If our platforms and solutions exceed the scope of in-bound licenses or violate any third-party proprietary rights, we could be required to withdraw those solutions from the market, re-develop those solutions or seek to obtain licenses from third parties, which might not be available on reasonable terms or at all. Any efforts to re-develop our platforms and solutions, obtain licenses from third parties on favorable terms or license a substitute technology might not be successful and, in any case, might substantially increase our costs and harm our business, financial condition, cash flows and results of operations. If we were compelled to withdraw any of our platforms and solutions from the market, our business, financial condition, cash flows and results of operations could be harmed.

We have indemnity obligations to certain of our service provider partners for certain expenses and liabilities resulting from intellectual property infringement claims regarding our platforms and solutions, which could force us to incur substantial costs.

We have indemnity obligations to certain of our service provider partners for intellectual property infringement claims regarding our platforms and solutions. As a result, in the case of infringement claims against these service provider partners, we could be required to indemnify them for losses resulting from such claims or to refund amounts they have paid to us. We expect that some of our service provider partners may seek indemnification from us in connection with infringement claims brought against them. In addition, we may elect to indemnify service provider partners where we have no contractual obligation to indemnify them and we will evaluate each such request on a case-by-case basis. If a service provider partner elects to invest resources in enforcing a claim for indemnification against us, we could incur significant costs disputing it. If we do not succeed in disputing it, we could face substantial liability. See the section of this Annual Report titled "Legal Proceedings" for additional information regarding this matter and the other legal proceedings we are involved in.

The use of open source software in our platforms and solutions may expose us to additional risks and harm our intellectual property.

Some of our platforms and solutions use or incorporate software that is subject to one or more open source licenses and we may incorporate open source software in the future. Open source software is typically freely accessible, usable and modifiable. Certain open source software licenses require a user who intends to distribute the open source software as a component of the user's software to disclose publicly part or all of the source code to the user's software. In addition, certain open source software licenses require the user of such software to make any derivative works of the open source code available to others on potentially unfavorable terms to us or at no cost.

The terms of many open source licenses to which we are subject have not been interpreted by U.S. or foreign courts, and accordingly there is a risk that those licenses could be construed in a manner that imposes unanticipated conditions or restrictions on our ability to commercialize our platforms and solutions. In that event, we could be required to seek licenses from third parties in order to continue offering our platforms and solutions, to re-develop our platforms and solutions, to discontinue sales of our platforms and solutions or to release our proprietary software code under the terms of an open source license, any of which could harm our business. Further, given the nature of open source software, it may be more likely that third parties might assert copyright and other intellectual property infringement claims against us based on our use of these open source software programs. Litigation could be costly for us to defend, have a negative effect on our business, financial condition, cash flows and results of operations or require us to devote additional research and development resources to change our solutions.

Although we are not aware of any use of open source software in our platforms and solutions that would require us to disclose all or a portion of the source code underlying our core solutions, it is possible that such use may have inadvertently occurred in deploying our platforms and solutions. Additionally, if a third-party software provider has incorporated certain types of open source software into software we license from such third party for our platforms and solutions without our knowledge, we could, under certain circumstances, be required to disclose the source code to our platforms and solutions. This could harm our intellectual property position as well as our business, financial condition, cash flows and results of operations.

Risks Related to Ownership of Our Common Stock

The market price of our common stock has been and will likely continue to be volatile.

The market price of our common stock may be highly volatile and may fluctuate substantially as a result of a variety of factors, some of which are related in complex ways. The market price of our common stock may decline regardless of our operating performance, resulting in the potential for substantial losses for our stockholders, and may fluctuate significantly in response to numerous factors, many of which are beyond our control, including the factors listed below and other factors described in this "Risk Factors" section:

- actual or anticipated fluctuations in our financial condition and operating results;
- the financial projections we may provide to the public, any changes in these projections or our failure to meet these projections;
- failure of securities analysts to initiate or maintain coverage of our company, changes in financial estimates by any securities analysts who follow our company, or our failure to meet these estimates or the expectations of investors;
- ratings changes by any securities analysts who follow our company;
- variance in our financial performance from expectations of securities analysts;

- announcements by us or our competitors of significant business developments, technical innovations, acquisitions or new solutions;
- changes in the prices of our platforms and solutions;
- changes in our projected operating and financial results;
- changes in laws or regulations applicable to our platforms and solutions or marketing techniques, or our industry in general;
- our involvement in any litigation, including any lawsuits threatened or filed against us;
- repurchases of our common stock under the stock repurchase program authorized by our board of directors or our sale of our common stock or other securities in the future;
- changes in senior management or key personnel;
- trading volume of our common stock;
- changes in the anticipated future size and growth rate of our market; and
- general economic, regulatory and market conditions in the United States and abroad as well as the uncertainty resulting from the current Macroeconomic Conditions.

The stock markets have experienced extreme price and volume fluctuations that have affected and continue to affect the market prices of equity securities of many companies. These fluctuations have often been unrelated or disproportionate to the operating performance of those companies. Broad market and industry fluctuations, as well as general economic, political, regulatory and market conditions, may negatively impact the market price of our common stock. In the past, companies that have experienced volatility in the market price of their securities have been subject to securities class action litigation. We may be the target of this type of litigation in the future, which could result in substantial costs and divert our management's attention.

Sales of a substantial number of shares of our common stock in the public market could cause our market price to decline.

Sales of a substantial number of shares of our common stock in the public market, or the perception that these sales might occur, could depress the market price of our common stock and could impair our ability to raise capital through the sale of additional equity securities. We are unable to predict the effect that sales, particularly sales by our directors, executive officers, and significant stockholders, may have on the prevailing market price of our common stock. Additionally, the shares of common stock subject to outstanding options under our equity incentive plans and the shares reserved for future issuance under our equity incentive plans, as well as shares issuable upon vesting of restricted stock awards, will become eligible for sale in the public market in the future, subject to certain legal and contractual limitations. Moreover, some holders of shares of our common stock have rights, subject to certain conditions, to require us to file registration statements covering their shares or to include their shares in registration statements that we may file for ourselves or our stockholders. We have also registered shares of common stock that we may issue under our employee equity incentive plans. Accordingly, these shares may be able to be sold freely in the public market upon issuance as permitted by any applicable vesting requirements. See "Conversion of the 2026 Notes and 2029 Notes" may dilute the ownership interest of our stockholders or may otherwise depress the price of our common stock" below for further details on the risks related to the dilutive impact of the 2026 Notes and 2029 Notes.

We are obligated to develop and maintain a system of effective internal control over financial reporting. These internal controls may be determined to be not effective, which may adversely affect investor confidence in our company and, as a result, the value of our common stock.

We have been and are required, pursuant to Section 404 of the Sarbanes-Oxley Act, to furnish a report by management on, among other things, the effectiveness of our internal control over financial reporting on an annual basis. This assessment includes disclosure of any material weaknesses identified by our management in our internal control over financial reporting. During the evaluation and testing process, if we identify one or more material weaknesses in our internal control over financial reporting, we will be unable to assert our internal controls are effective and would be required to disclose any material weaknesses identified in Management's Report on Internal Control over Financial Reporting. While we have established certain procedures and control over our financial reporting processes, we cannot assure you that these efforts will prevent restatements of our financial statements in the future.

Our independent registered public accounting firm is also required, pursuant to Section 404 of the Sarbanes-Oxley Act, to report on the effectiveness of our internal control over financial reporting. For future reporting periods, our independent registered public accounting firm may issue a report that is adverse in the event it is not satisfied with the level at which our controls are documented, designed or operating. We may not be able to remediate any future material weaknesses, or to complete our evaluation, testing and any required remediation in a timely fashion.

If we are unable to conclude our internal control over financial reporting is effective, or if our independent registered public accounting firm is unable to express an opinion our internal control over financial reporting is effective, investors could lose confidence in the accuracy and completeness of our financial reports, which could cause the price of our common stock to decline, and we could be subject to sanctions or investigations by regulatory authorities, including the SEC and Nasdaq. Failure to remediate any material weakness in our internal control over financial reporting, or to maintain other effective control systems required of public companies, could also restrict our future access to the capital markets.

If securities or industry analysts publish negative reports about our business, or cease coverage of our company, our share price and trading volume could decline.

The trading market for our common stock depends, in part, on the research and reports that securities or industry analysts publish about us or our business. We do not have any control over these analysts. If our financial performance fails to meet analyst estimates or one or more of the analysts who cover us downgrade our shares or change their opinion of our shares, our share price would likely decline. If one or more of these analysts cease coverage of our company or fail to regularly publish reports on us, we could lose visibility in the financial markets, which could cause our share price or trading volume to decline.

We do not intend to pay dividends for the foreseeable future and, as a result, your ability to achieve a return on your investment will depend on appreciation in the price of our common stock.

We do not intend to pay any cash dividends in the foreseeable future. We anticipate that we will retain all of our future earnings for use in the development of our business and for general corporate purposes. Any determination to pay dividends in the future will be at the discretion of our board of directors and may be subject to any restrictions on paying dividends in any future indebtedness.

Accordingly, investors must rely on sales of their common stock after price appreciation, which may never occur, as the only way to realize any future gains on their investments.

Anti-takeover provisions in our charter documents and under Delaware law could make an acquisition of us more difficult, limit attempts by our stockholders to replace or remove our current management and limit the market price of our common stock.

Provisions in our amended and restated certificate of incorporation and bylaws may have the effect of delaying or preventing a change in control or changes in our management. Our amended and restated certificate of incorporation and amended and restated bylaws include provisions that:

- authorize our board of directors to issue preferred stock, without further stockholder action and with voting liquidation, dividend and other rights superior to our common stock;
- require that any action to be taken by our stockholders be effected at a duly called annual or special meeting and not by written consent, and limit the ability of our stockholders to call special meetings;
- establish an advance notice procedure for stockholder proposals to be brought before an annual meeting, including proposed nominations of persons for director nominees; and
- provide that vacancies on our board of directors may be filled only by the vote of a majority of directors then in office, even though less than a quorum.

These provisions may frustrate or prevent any attempts by our stockholders to replace or remove our current management by making it more difficult for stockholders to replace members of our board of directors, which is responsible for appointing the members of our management. In addition, because we are incorporated in Delaware, we are governed by the provisions of Section 203 of the Delaware General Corporation Law, which generally prohibits a Delaware corporation from engaging in any of a broad range of business combinations with any "interested" stockholder for a period of three years following the date on which the stockholder became an "interested" stockholder. Any of the foregoing provisions could limit the price that investors might be willing to pay in the future for shares of our common stock, and they could deter potential acquirers of our company, thereby reducing the likelihood that you would receive a premium for your common stock in an acquisition.

Our amended and restated certificate of incorporation designates the Court of Chancery of the State of Delaware and, to the extent enforceable, the federal district courts of the United States of America as the exclusive forums for certain litigation that may be initiated by our stockholders, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us.

Pursuant to our amended and restated certificate of incorporation, unless we consent in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware is the sole and exclusive forum for the following types of actions or proceedings under Delaware statutory or common law: (1) any derivative action or proceeding brought on our behalf, (2) any action asserting a claim of breach of a fiduciary duty owed by any of our directors, officers or other employees to us or our stockholders, (3) any action asserting a claim arising pursuant to any provision of the Delaware General Corporation Law, our amended and restated certificate of incorporation or our amended and restated bylaws or (4) any action asserting a claim governed by the internal affairs doctrine. Notwithstanding the foregoing, this choice of forum provision will not apply to suits brought to enforce a duty or liability created by the Securities Exchange Act of 1934, as amended, or any other claim for which the federal courts have exclusive jurisdiction. Accordingly, both state and federal courts have jurisdiction to entertain such claims. Our amended and restated certificate of incorporation provides that any person or entity purchasing or otherwise acquiring any interest in shares of our common stock is deemed to have notice of and consented to the foregoing provision. Furthermore, our amended and restated bylaws provide that unless we consent in writing to the selection of an alternative forum, to the fullest extent permitted by law, the federal district courts of the United States of America shall be the exclusive forum for the resolution of any claims arising under the Securities Act. The forum selection clause in our amended and restated certificate of incorporation may limit our stockholders' ability to obtain a favorable judicial forum for disputes with us.

Risks Related to our Outstanding Convertible Senior Notes

We may not have the ability to raise the funds necessary to settle cash conversions of the 2026 Notes or 2029 Notes or to repurchase the 2026 Notes or 2029 Notes upon a fundamental change, and our future debt may contain limitations on our ability to pay cash upon conversion or repurchase of the 2026 Notes or 2029 Notes.

On January 20, 2021, we issued the 2026 Notes. The terms of the 2026 Notes are governed by an Indenture, or the 2026 Indenture, by and between Alarm.com Holdings, Inc. and U.S. Bank National Association, as trustee. The 2026 Notes are senior unsecured obligations that do not bear regular interest and the principal amount of the 2026 Notes will not accrete. The 2026 Notes may bear special interest under specified circumstances related to our failure to comply with our reporting obligations under the 2026 Indenture. Special interest, if any, will be payable semiannually in arrears on January 15 and July 15 of each year, beginning on July 15, 2021. We received proceeds from the issuance of the 2026 Notes of \$484.3 million, net of \$15.7 million of transaction fees and other debt issuance costs. On May 31, 2024, we issued the 2029 Notes. The terms of the 2029 Notes are governed by an Indenture, or the 2029 Indenture, by and between Alarm.com Holdings, Inc. and U.S. Bank Trust Company, National Association, as trustee. The 2029 Notes are senior unsecured obligations that bear interest at a rate of 2.25% per annum, payable semiannually in arrears on June 1 and December 1 of each year, beginning on December 1, 2024, and the principal amount of the 2029 Notes will not accrete. We received proceeds from the issuance of the 2029 Notes of \$485.2 million, net of \$14.8 million of transaction fees and other debt issuance costs.

Holders of the 2026 Notes or 2029 Notes will have the right, subject to certain conditions and limited exceptions, to require us to repurchase all or a portion of their notes upon the occurrence of a fundamental change at a fundamental change repurchase price equal to 100% of the principal amount of the 2026 Notes or 2029 Notes to be repurchased, plus accrued and unpaid special interest or interest, if any, as defined in the 2026 Indenture and 2029 Indenture. In addition, upon conversion of the 2026 Notes or 2029 Notes, unless we elect to deliver solely shares of our common stock to settle such conversion (other than paying cash in lieu of delivering any fractional share), we will be required to make cash payments in respect of the 2026 Notes or 2029 Notes being converted as defined in the 2026 Indenture and 2029 Indenture. However, we may not have enough available cash or be able to obtain financing at the time we are required to make repurchases of 2026 Notes or 2029 Notes surrendered therefor or pay cash with respect to 2026 Notes or 2029 Notes being converted. In addition, our ability to repurchase the 2026 Notes or 2029 Notes or to pay cash upon conversions of the 2026 Notes or 2029 Notes may be limited by law, by regulatory authority or by agreements governing our future indebtedness. Our failure to repurchase the 2026 Notes or 2029 Notes at a time when the repurchase is required by the 2026 Indenture or 2029 Indenture or to pay any cash payable on future conversions of the 2026 Notes or 2029 Notes as required by the 2026 Indenture or 2029 Indenture would constitute a default under the 2026 Indenture or 2029 Indenture. A default under the 2026 Indenture governing the 2026 Notes or the 2029 Indenture governing the 2029 Notes or the fundamental change itself could also lead to a default under agreements governing our future indebtedness. If the repayment of the related indebtedness were to be accelerated after any applicable notice or grace periods, we may not have sufficient funds to repay the indebtedness and repurchase the 2026 Notes or 2029 Notes or make cash payments upon conversions thereof.

The conditional conversion feature of the 2026 Notes or 2029 Notes, if triggered, may adversely affect our financial condition and operating results.

In the event the conditional conversion feature of the 2026 Notes or 2029 Notes is triggered, holders of 2026 Notes or 2029 Notes will be entitled to convert the 2026 Notes or 2029 Notes at any time during specified periods at their option. If one or more holders elect to convert their 2026 Notes or 2029 Notes, unless we elect to satisfy our conversion obligation by delivering solely shares of our common stock (other than paying cash in lieu of delivering any fractional share), we would be required to settle a portion or all of our conversion obligation through the payment of cash, which could adversely affect our liquidity. In addition, even if holders do not elect to convert their notes, we could be required under applicable accounting rules to reclassify all or a portion of the outstanding principal of the notes as a current rather than long-term liability, which would result in a material reduction of our net working capital.

Conversion of the 2026 Notes and 2029 Notes may dilute the ownership interest of our stockholders or may otherwise depress the price of our common stock.

The conversion of some or all of the 2026 Notes or 2029 Notes may dilute the ownership interests of our stockholders. Upon conversion of the 2026 Notes or 2029 Notes, we have the option to pay or deliver, as the case may be, cash, shares of our common stock, or a combination of cash and shares of our common stock. If we elect to settle our conversion obligation in shares of our common stock or a combination of cash and shares of our common stock, any sales in the public market of our common stock issuable upon such conversion could adversely affect prevailing market prices of our common stock. In addition, the existence of the 2026 Notes or 2029 Notes may encourage short selling by market participants because the conversion of the 2026 Notes or 2029 Notes could be used to satisfy short positions, or anticipated conversion of the 2026 Notes or 2029 Notes into shares of our common stock could depress the price of our common stock.

The capped call transactions may affect the value of the 2029 Notes and our common stock.

In connection with the 2029 Notes, we entered into privately negotiated capped call transactions with one of the initial purchasers and certain other financial institutions, or the Counterparties. The capped call transactions are generally expected to reduce the potential dilution to holders of our common stock upon any conversion of the 2029 Notes and/or offset any cash payments we are required to make in excess of the principal amount of converted 2029 Notes, as the case may be, with such reduction and/or offset subject to a cap.

From time to time, the Counterparties and/or their respective affiliates may modify their hedge positions by entering into or unwinding various derivatives with respect to our common stock and/or purchasing or selling our common stock in secondary market transactions (and are likely to do so following any conversion of 2029 Notes, any repurchase of the 2029 Notes by us on any fundamental change (as defined in the 2029 Indenture governing the 2029 Notes) repurchase date, any redemption date or any other date on which the 2029 Notes are retired by us). This activity could also cause or avoid an increase or a decrease in the market price of our common stock or the 2029 Notes.

The potential effect, if any, of these transactions and activities on the market price of our common stock or the 2029 Notes will depend in part on market conditions and cannot be ascertained at this time. Any of these activities could adversely affect the value of our common stock.

We are subject to counterparty risk with respect to the capped call transactions, and the capped calls may not operate as planned.

The Counterparties are financial institutions, and we will be subject to the risk that they might default under the capped call transactions. Our exposure to the credit risk of the Counterparties will not be secured by any collateral. Global economic conditions have from time to time resulted in the actual or perceived failure or financial difficulties of many financial institutions. If one of the Counterparties becomes subject to insolvency proceedings, we will become an unsecured creditor in those proceedings with a claim equal to our exposure at that time under our transactions with that counterparty. Our exposure will depend on many factors, but, generally, the increase in our exposure will be correlated with increases in the market price or the volatility of our common stock. In addition, upon a default by one of the Counterparties, we may suffer adverse tax consequences and more dilution than we currently anticipate with respect to our common stock. We can provide no assurances as to the financial stability or viability of any of the Counterparties.

In addition, the capped call transactions are complex and they may not operate as planned. For example, the terms of the capped call transactions may be subject to adjustment, modification, or, in some cases, renegotiation if certain corporate or other transactions occur. Accordingly, these transactions may not operate as we intend if we are required to adjust their terms as a result of transactions in the future or upon unanticipated developments that may adversely affect the functioning of the capped call transactions.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 1C. CYBERSECURITY

Our business is highly dependent on the processing and storage of significant amounts of data, and we have invested and will continue to invest in measures to secure this data. We have implemented and maintain a comprehensive information security program consisting of policies, procedures, and technology designed to maintain the privacy, security and integrity of our data, intellectual property, confidential information, systems and networks. Our information security program is informed by externally established sets of standards, such as those of the National Institute of Standards and Technology and the Center for Internet Security. Among other things, the program includes controls designed to limit and monitor access to our systems, networks and data, prevent inappropriate or unauthorized access or modification, and monitor for threats or vulnerability. We maintain disaster recovery solutions and implement enhancements as necessary and also use technologies that assist in preventing theft and abuse of credentials and sensitive data. We also have third parties perform penetration tests as well as security assessments of mobile applications. Our information security program also includes third-party risk management processes that help us oversee and identify risks from our use of third-party service providers. Additionally, we focus our efforts on education and training for employees regarding cybersecurity and implementing security controls for contractors. We also engage consultants to conduct cybersecurity assessments and preparedness analysis. We primarily conduct our business in the United States and are expanding internationally in various other countries. Conducting expanded international operations subjects us to additional risks, including our exposure to cybersecurity incidents.

The risks related to cybersecurity change rapidly, and we aim to update our information security program as frequently as reasonably possible to achieve commercially accepted levels of preparedness. In addition to the core operating environment of Alarm.com, we also have acquired businesses and subsidiaries that in some cases operate data infrastructure that is distinct from the Alarm.com operating environment, and therefore have distinct data security vulnerabilities. The overall management of cybersecurity risk involves coordination between Alarm.com and our acquired businesses and subsidiaries, and data security risks in these entities may be heightened where the technology platform is less mature than the Alarm.com core platform.

We have established an Information Security team led by our Chief Information Officer, which who has over 30 years of experience in information technology and cloud operations. Our Information Security team is responsible for assessing, identifying and managing risks from cybersecurity threats. Managing cybersecurity risk has been integrated into our overall risk management system and is a priority that we monitor and review regularly with our Board board of Directors. directors. The Information Security team works closely with our Legal team to make determinations whether a cybersecurity incident has occurred and whether the incident has materially impacted or is reasonably likely to materially impact us. If a cybersecurity incident is deemed material, the incident is would be communicated to various members of the Alarm.com leadership team and with the Board board of Directors. directors. The Board board of Directors oversees our overall risk management system, including cybersecurity risks. A member of the The Chief Information Security team Officer presents at quarterly Board meetings and discusses specific risk areas, including those relating to cybersecurity.

To date, there have not been any cybersecurity threats or incidents that have materially impacted or are reasonably likely to materially impact our business strategy, results of operations or financial condition. In the ordinary course of business, we have experienced and will continue to experience cyber threats and incidents of varying degrees. Refer to Item 1A. "Risk Factors" for a discussion of risks related to data security and the associated risks to our business.

ITEM 2. PROPERTIES

Our Facilities

Our principal office is located in Tysons, Virginia and is used by our Alarm.com segment for sales and marketing, research and development, customer service and administrative purposes. As of December 31, 2023 December 31, 2024, we occupied 189,058 210,657 square feet of commercial space in our principal office under a lease we entered into in August 2014 that is scheduled to expire in 2026, 2034. This lease agreement has been periodically amended to expand our square footage as we have continued to grow.

Our Alarm.com segment also leases offices in Bloomington, Minnesota; Boston, Massachusetts; and Redwood City, California as well as in other locations. Our Other segment leases an office in Brooklyn, New York as well as in other locations. Our Alarm.com segment owns a commercial building located in Liberty Lake, Washington as well as buildings in other locations. These facilities are used for sales and training, research and development, technical support, warehousing and administrative purposes.

ITEM 3. LEGAL PROCEEDINGS

On June 2, 2015, Vivint, Inc., or Vivint, filed a lawsuit against us in U.S. District Court, District of Utah, alleging that our technology directly and indirectly infringes six patents that Vivint purchased. On October 27, 2022, we filed a demand for arbitration of a dispute arising under the Patent Cross License Agreement between Alarm.com and Vivint executed in November 2013. Vivint had stopped paying license fees to Alarm.com under the agreement. As a result of Vivint's refusal to pay license fees under the agreement, which began during the fourth quarter of 2022, SaaS and license revenue and total revenue through December 31, 2023 were lower by approximately \$6.0 million on a quarterly basis. Quarterly earnings and cash flow through December 31, 2023 were also impacted by the aforementioned \$6.0 million, plus additional legal fees.

We also filed a lawsuit against Vivint on January 4, 2023 in U.S. District Court, Eastern District of Texas, alleging that Vivint infringed 15 of our patents. On March 8, 2023, Vivint filed counterclaims in the action alleging that Alarm.com's products and services directly and indirectly infringed 14 patents owned by Vivint. Most of Vivint's counterclaims also named our service provider ADT LLC as a defendant.

On December 21, 2023, Alarm.com and Vivint agreed to settle all outstanding litigation between the parties and to enter into a long-term intellectual property license agreement under which Alarm.com will license to Vivint its intellectual property portfolio.

On January 10, 2022, EcoFactor, Inc., or EcoFactor, filed a lawsuit against us in U.S. District Court, District of Oregon, alleging Alarm.com's products and services directly and indirectly infringe five U.S. patents owned by EcoFactor. EcoFactor is seeking a permanent injunction, enhanced damages and attorneys' fees. EcoFactor had previously asserted two of the same patents against us in an October 2019 complaint with the U.S. International Trade Commission, or ITC. In July 2021, the ITC found in favor of Alarm.com. EcoFactor appealed the decision but withdrew its appeal in December 2021. We moved to dismiss the Oregon case for failure to state a claim on March 28, 2022. Three On April 18, 2022, the district court stayed the case at the request of the parties pending the disposition of other proceedings involving the asserted patents are in patents. These proceedings include four ex parte reexamination proceedings at the PTO, U.S. Patent and Trademark Office and one inter partes review. Two of the patents were found unpatentable in reexamination, and EcoFactor appealed the decision with respect to one of the patents to the United States Court of Appeals for the Federal Circuit on July 9, 2024, while its time to appeal the second decision has not yet expired. The ex parte reexamination of a third patent is still ongoing, and ex parte reexamination of a fourth patent concluded on August 23, 2023 after the claims were amended. On April 18, 2022, all claims of a fifth patent were found unpatentable by the U.S. Patent Trial and Appeal Board, or PTAB, in an inter partes review, and the parties expect that all claims of that patent will be canceled because EcoFactor's appeal of that PTAB decision was dismissed. On April 18, 2022, the district court stayed the case at the request of the parties pending the disposition of PTAB and other proceedings involving the asserted patents, and the parties filed a joint status report on January 2, 2024 February 1, 2024.

Should EcoFactor prevail in its lawsuit we could be required to pay damages and/or a reasonable royalty for sales of our solution, we could be enjoined from making, using and selling our solution if a license or other right to continue selling such elements is not made available to us, and we could be required to pay ongoing royalties and comply with unfavorable terms if such a license is made available to us. While we believe we have valid defenses to EcoFactor's claims, the outcome of these legal claims cannot be predicted with certainty and any of these outcomes could result in an adverse effect on our business.

On July 22, 2021, Causam Enterprises, Inc., or Causam, filed a lawsuit against us in U.S. District Court, Western District of Texas, alleging that Alarm.com's smart thermostats infringe four U.S. patents owned by Causam. Causam is seeking preliminary and permanent injunctions, enhanced damages and attorneys' fees. We have not yet responded to the complaint. On September 3, 2021, the court issued an order staying the lawsuit until the ITC investigation described below is finally resolved.

On July 28, 2021, Causam filed a complaint with the ITC naming Alarm.com Incorporated, Alarm.com Holdings, Inc., and EnergyHub, Inc., among others, as proposed respondents. The complaint alleges infringement of the same four patents Causam asserted in district court. Causam is seeking a permanent limited exclusion order and permanent cease and desist order. On August 27, 2021, the ITC instituted an investigation into Causam's allegations naming Alarm.com Incorporated, Alarm.com Holdings, Inc., EnergyHub Inc. and others as respondents. We answered the complaint on October 4, 2021. Among other things,

we asserted defenses based on non-infringement and invalidity of the patents in question. An evidentiary hearing in the investigation was held from June 28, 2022 through July 1, 2022. On February 16, 2023, the ITC issued a final decision in favor of Alarm.com and EnergyHub. Causam filed an appeal of the ITC decision on April 14, 2023. Causam did not appeal the ITC decision with respect to Alarm.com and EnergyHub.

Should Causam prevail in its district court lawsuit we could be required to pay damages and/or a reasonable royalty for sales of our solution, we could be enjoined from making, using and selling our solution if a license or other right to continue selling such elements is not made available to us, and we could be required to pay ongoing royalties and comply with unfavorable terms if such a license is made available to us. While we believe we have valid defenses to Causam's claims, the outcome of these legal claims cannot be predicted with certainty, and any of these outcomes could result in an adverse effect on our business.

In addition to the matters described above, we may be required to provide indemnification to certain of our service provider partners for certain claims regarding our solutions. For example, we incurred costs associated with the indemnification of our service provider ADT, LLC.

On February 25, 2021, Vivint filed a lawsuit against ADT LLC a/k/a ADT LLC of Delaware d/b/a ADT Security Services in U.S. District Court, District of Utah, alleging that ADT Pulse, Control, and Blue each infringe one or more patents owned by Vivint. Vivint is seeking damages and attorneys' fees. Vivint filed a second amended complaint on March 8, 2022. Pursuant to the December 21, 2023 settlement agreement between Alarm.com and Vivint, the allegations regarding ADT Pulse and Control will be dismissed, ending Alarm.com's indemnification obligations in this matter.

We also incurred costs associated with the indemnification of our service provider Monitronics International, Inc. d/b/a Brinks in patent infringement suits. On November 4, 2022, January 13, 2023 and April 18, 2023, IOT Innovations LLC, or IOT, sued Monitronics in U.S. District Court, Eastern District of Texas, alleging patent infringement of certain products and services sold by Monitronics. Together, IOT asserted infringement of 26 patents and sought permanent injunctions, enhanced damages and attorneys' fees. On October 3, 2023, IOT filed a stipulation of dismissal of all three cases, ending the cases and the Company's involvement therein.

We also incur costs associated with the indemnification of our service provider, Central Security Group – Nationwide, Inc. (d/b/a Alert 360), or CSG, in an ongoing patent litigation. In 2018,

Ubiquitous Connectivity, LP, or Ubiquitous, brought suit against CSG in U.S. District Court, Northern District of Oklahoma, alleging infringement of two US U.S. patents. The case was stayed by agreement of the parties for several years while the patents in suit were challenged before the PTAB. In January 2021, the PTAB deemed 42 out of 46 claims of the two asserted patents unpatentable. Ubiquitous appealed a portion of the PTAB's findings to the United States Court of Appeals for the Federal Circuit. The Federal Circuit affirmed the PTAB's ruling on August 8, 2023. As a result, only four patent claims remain at issue and the Northern District of Oklahoma case is no longer stayed. **A The case is currently in the discovery phase. The court held a claim construction hearing is scheduled for on December 12, 2024, but has not yet rendered a claim construction opinion.** A hearing on dispositive motions, including for summary judgment, is scheduled for April 15, 2026. A trial is scheduled for **June 22, 2026** **July 6, 2026**.

Should Ubiquitous prevail on its infringement claims, we could be required to indemnify CSG for damages in the form of a reasonable royalty or of Ubiquitous's lost profits. CSG could be enjoined from making, using, and selling our solution if a license or other right to continue selling our technology is not made available or if we are unable to design around such patents, and we could be required to pay ongoing royalties and comply with unfavorable terms if such a license is made available to us. The outcome of these legal claims cannot be predicted with certainty.

We may also be a party to litigation and subject to claims incident to the ordinary course of business. Although the results of litigation and claims cannot be predicted with certainty, we currently believe that the final outcome of these ordinary course matters will not have a material adverse effect on our business. Regardless of the outcome, litigation can have an adverse impact on us because of defense and settlement costs, diversion of management resources and other factors. For a description of our legal proceedings, see Note 13 to our consolidated financial statements for additional information.

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

Our common stock commenced trading on The Nasdaq Global Select Market on June 26, 2015 and trades under the symbol "ALRM." Prior to June 26, 2015, there was no public market for our common stock. On **February 15, 2024** **February 13, 2025**, the closing price of our common stock on The Nasdaq Global Select Market was **\$71.00** **\$63.82** per share.

Holders

As of **February 15, 2024** **February 13, 2025**, there were **1920** stockholders of record of our common stock, one of which is Cede & Co., a nominee for Depository Trust Company, or DTC. All of the shares of common stock held by brokerage firms, banks and other financial institutions as nominees for beneficial owners are deposited into participant accounts at DTC, and are considered to be held of record by Cede & Co. as one stockholder.

Dividends

We cannot provide any assurance that we will declare or pay cash dividends on our common stock in the future. We currently anticipate that we will retain all of our future earnings, if any, for use in the operation and expansion of our business and we do not anticipate paying cash dividends in the foreseeable future. Payment of future cash dividends, if any, will be at the discretion of the board of directors after taking into account various factors, including our financial condition, operating results, current and anticipated cash needs, the requirements of current or then-existing debt instruments and other factors the board of directors deems relevant.

Stock Performance Graph

This performance graph shall not be deemed "soliciting material" or to be "filed" with the SEC for purposes of Section 18 of the Exchange Act, or otherwise subject to the liabilities under that Section, and shall not be deemed to be incorporated by reference into any of our filings under the Securities Act.

The following graph shows a comparison for the period from **December 31, 2018** **December 31, 2019** through **December 31, 2023** **December 31, 2024** of the cumulative total return for (i) our common stock, (ii) the Nasdaq Composite Index and (iii) Standard & Poor's 500 Index, or S&P 500 Index, assuming an initial investment of \$100 on the last trading day for the fiscal year ended **December 31, 2018** **December 31, 2019** and reinvestment of all dividends. The returns in the graph are not intended to forecast or be indicative of possible future performance of our common stock.

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Recent Sales of Unregistered Securities

In January 2021, May 2024, we issued \$500.0 million aggregate principal amount of **0% 2.25%** convertible senior notes due **January 15, 2026** **June 1, 2029**, or the **2026 Notes**, in a private offering pursuant to Rule 144A under the Securities Act. The offer and sale of the **2026 2029** Notes to the initial purchasers for the **2026 2029** Notes was made in reliance on the exemption from registration provided by Section 4(a)(2) of the Securities Act. We relied on this exemption from registration based in part on representations made by the initial purchasers, including that such initial purchasers would only offer, sell or deliver the **2026 2029** Notes to persons whom they reasonably believe to be qualified institutional buyers within the meaning of Rule 144A under the Securities Act.

For more information related to the **2026 2029** Notes, see Note 13 to our consolidated financial statements included in this Annual Report on Form 10-K.

Use of Proceeds

None.

Issuer Purchases of Equity Securities

On February 15, 2023, our board of directors authorized a stock repurchase program, effective February 23, 2023, under which we are authorized to purchase up to an aggregate of \$100.0 million of our outstanding common stock during the two-year period ending February 23, 2025. On May 24, 2024, our board of directors authorized the repurchase of our common stock in connection with the issuance of the 2029 Notes, the cancellation of the balance under the stock repurchase program ending February 23, 2025, and also authorized a stock repurchase program, effective May 31, 2024, under which we are authorized to purchase up to an aggregate of \$100.0 million of our outstanding common stock during the two-year period ending May 31, 2026.

We utilize our stock repurchase program in an effort to return surplus cash to stockholders efficiently and to offset dilution related to the issuance of stock under our 2015 Equity Incentive Plan, or 2015 Plan, and our employee stock purchase plan. Our board of directors determines repurchase program amounts through an analysis of projected capital needs to sustain growth as well as to meet other investing and financing criteria. In determining whether to authorize repurchases and the size of the repurchase program, our board of directors considers whether we have funds legally available to repurchase shares of common stock and various alternative uses for our cash and cash equivalents.

The stock repurchase program is designed to enable us to make both opportunistic repurchases based on market conditions at management's discretion and consistent repurchases over time. Stock repurchases may be made through a variety of methods, including open-market transactions (including pursuant to a trading plan adopted in accordance with Rule 10b5-1 of the Exchange Act), privately negotiated transactions, block trades, tender offers and by any combination of the foregoing.

Our Insider Trading and Trading Window Policy prohibits our directors, officers and other employees from trading in Alarm.com securities while they are aware of material nonpublic information about Alarm.com, which would include unannounced material stock repurchase plans. The prohibition does not apply to trades made pursuant to a Rule 10b5-1 trading plan.

During the year ended December 31, 2023, we repurchased 487,918 shares of our common stock under our stock repurchase program for \$27.3 million, which includes applicable commissions and fees. The following table contains information relating to the repurchases of our common stock made by us in the quarter three months ended December 31, 2023:

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as a Part of a Publicly Announced Program	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Program
October 1 to October 31, 2023	—	\$ —	—	\$ 87,145,286
November 1 to November 30, 2023	248,378	58.15	248,378	72,701,660
December 1 to December 31, 2023	—	—	—	72,701,660
Total	248,378	\$ 58.15	248,378	

December 31, 2024.

We withhold shares of common stock in connection with the vesting of restricted stock unit awards issued to employees to satisfy applicable tax withholding requirements. These withheld shares are not issued or considered common stock repurchases under our stock repurchase program and therefore, are excluded from our repurchase activity.

As of January 1, 2023, we are subject to a 1.0% excise tax on the value of net corporate stock repurchases under the Inflation Reduction Act of 2022. When applicable, the excise tax will be included as part of the cost basis of shares acquired and is presented within stockholders' equity in the consolidated balance sheets and will be excluded from amounts presented above, for shares purchased.

ITEM 6. [RESERVED]

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

You should read the following discussion and analysis of our financial condition and results of operations together with our consolidated financial statements and the related notes and other financial information included elsewhere in this Annual Report. Some of the information contained in this discussion and analysis or set forth elsewhere in this Annual Report, including information with respect to our plans and strategy for our business, includes forward-looking statements that involve risks and uncertainties. You should review Item 1A. "Risk Factors" and "Special Note Regarding Forward-Looking Statements" in this Annual Report for a discussion of important factors that could cause actual results to differ materially from the results described in or implied by the forward-looking statements contained in the following discussion and analysis.

Overview

Alarm.com is the leading platform for the intelligently connected property. Our cloud-based platform offers an expansive suite of IoT solutions addressing global opportunities in the residential, multi-family, small business and enterprise commercial markets. Alarm.com's solutions include security, video and video analytics, energy management, access control, electric utility grid management, indoor gunshot detection, water management, health and wellness, personal safety and data-rich emergency response. During 2023 2024, our platforms processed more than 325 billion 345 billion data points generated by over 150 million 160 million connected devices. We believe this scale of subscribers, connected devices and data operations makes us the leader in the connected property market.

Our solutions are delivered through an Alarm.com has established a global network of trusted service providers, provider partners who distribute our solutions to their customers. Our service provider partners represent a diverse range of independent businesses, and are experts at selling, installing and supporting our solutions. We technology. They depend on the Alarm.com platform for connected property technology and to operate and manage their businesses efficiently.

Alarm.com primarily generates SaaS and license revenue through our service provider partners, who resell these our services and pay us monthly fees. These Contracts with our service provider partners typically have an initial term of one year, with subsequent renewal terms of one year. Our service provider partners have indicated that they typically have three to five-year service contracts with residential and commercial property owners who use our solutions. We also generate hardware and other revenue, primarily from our service provider partners and distributors. Our hardware sales include connected devices that enable our services, such as video cameras, video recorders, gunshot detection sensors, gateway modules and smart thermostats. We believe our network of service providers and the length of our service relationships with residential and commercial property owners, combined with our robust SaaS platforms and over 20 years of operating experience, contribute to a compelling business model.

Our solutions are designed to make both residential and commercial properties safer, smarter and more efficient. Our technology platforms support property owners who subscribe to our services, the hardware partners who manufacture devices that integrate with our platforms and the service provider partners who install and maintain our solutions.

The Alarm.com platform enables our service provider partners to **deploy our interactive security, video monitoring, intelligent automation, access control, energy management and wellness solutions as stand-alone offerings or as combined solutions to address the needs of a broad range of residential and commercial customers. They can deploy interactive security, video monitoring, property automation, access control, energy management, gunshot detection, water management, vehicle and fleet management, and wellness and personal safety solutions as stand-alone offerings or as integrated solutions.**

Executive Overview and Highlights of 2023 2024 and 2022 2023 Results

We Alarm.com primarily **generate** generates SaaS and license revenue, our largest source of revenue, through our service provider partners, who resell our services and pay us monthly fees. Our service provider partners sell, install and support Alarm.com solutions that enable residential and commercial property owners to intelligently secure, connect, control and automate their properties. Our subscribers consist of all of the properties maintained by those residential and commercial property owners to which we are delivering at least one of our solutions. We derive a portion of our revenue from licensing our intellectual property to third parties on a per customer basis. SaaS and license revenue represented **65% 67%, 62% 65% and 61% 62%** of our revenue in **2024, 2023 2022 and 2021, 2022**, respectively.

We also generate SaaS and license revenue from monthly fees charged to service providers on a per subscriber basis for access to our non-hosted software platform, or Software platform. The non-hosted software for interactive security, automation and related solutions is typically deployed and operated by the service provider in its own network operations center. Software license revenue represented **3% 2%, 3% and 4% 3%** of our revenue in **2024, 2023 2022 and 2021, 2022**, respectively.

We also generate revenue from the sale of many types of hardware, including video cameras, video recorders, cellular radio modules, smart thermostats, image sensors, gunshot detection sensors and other peripherals, that enable our solutions. Our hardware and other revenue also includes our revenue from the sale of perpetual licenses that provide our customers in the commercial market the right to use our video surveillance software for an indefinite period of time in exchange for a one-time license fee. Additionally, our hardware and other revenue includes our revenue from the sale of licenses that provide our customers the right to use our gunshot detection solution in exchange for license fees. Hardware and other revenue represented **35% 33%, 38% 35% and 39% 38%** of our revenue in **2024, 2023 2022 and 2021, 2022**, respectively. We typically expect hardware and other revenue to fluctuate as a percentage of total revenue.

Highlights of our financial performance for the periods covered in this Annual Report include:

- SaaS and license revenue increased **11% to \$631.2 million in 2024 from \$569.2 million in 2023. SaaS and license revenue increased 9% to \$569.2 million in 2023 from \$520.4 million in 2022. SaaS and Software license revenue increased 13% decreased to \$520.4 million \$20.3 million in 2022 2024 from \$460.4 million \$23.2 million in 2021, 2023. Software license revenue decreased to \$23.2 million in 2023 from \$26.8 million in 2022. Software license revenue decreased to \$26.8 million in 2022 from \$32.3 million in 2021.**
- Total revenue increased 7% to \$939.8 million in 2024 from \$881.7 million in 2023. Total revenue increased 5% to \$881.7 million in 2023 from \$842.6 million in 2022. Total revenue increased 12% to \$842.6 million in 2022 from \$749.0 million in 2021.**
- Net income increased 52% to \$122.5 million in 2024 from \$80.3 million in 2023. Net income increased 44% to \$80.3 million in 2023 from \$55.6 million in 2022. Net income attributable to common stockholders increased **9% 53% to \$55.6 million \$124.1 million in 2022 2024 from \$51.2 million \$81.0 million in 2021, 2023. Net income attributable to common stockholders increased 44% to \$81.0 million in 2023 from \$56.3 million in 2022. Net income attributable to common stockholders increased 8% to \$56.3 million in 2022 from \$52.3 million in 2021.****
- Non-GAAP adjusted EBITDA, a non-GAAP measurement of operating performance, increased to **\$176.2 million in 2024 from \$154.0 million in 2023. Non-GAAP adjusted EBITDA increased to \$154.0 million in 2023 from \$146.8 million in 2022. Non-GAAP adjusted EBITDA increased to \$146.8 million in 2022 from \$142.5 million in 2021.**

Please see **Non-GAAP Measures** below in this section of this Annual Report for a discussion of the limitations of non-GAAP adjusted EBITDA (a non-GAAP measure) and a reconciliation of non-GAAP adjusted EBITDA from net income, the most directly comparable **measurement in accordance with GAAP, measure**, for the years ended **December 31, 2023 December 31, 2024, 2022 2023 and 2021, 2022**.

Historical Trends within the Financial Results

Information about current period and prior period acquisitions that may affect the comparability of our historical financial information is included in Item 1. Business – Governance – Corporate Information. Information about the **2026 2029 Notes issued in January 2021** and the related interest expense as well as changes in **costs for freight shipments and inventory component legal costs**, which may affect the comparability of historical financial information, is disclosed in the Comparison of Years Ended **December 31, 2023 December 31, 2024 to December 31, 2022 December 31, 2023** section below within Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations."

Geographic Areas

We believe there is significant opportunity to expand our international business, as **4% 6% of our total revenue during the year ended December 31, 2023 December 31, 2024 originated from customers located outside of North America. Our products are currently localized and available in over 50 countries outside of North America. On January 18, 2023 November 22, 2024, we acquired 100% certain assets of Kapacity.io to help accelerate deployment of a cloud-based demand response platform internationally for our EnergyHub subsidiary.**

Recent Developments

On January 30, 2025, we entered into a senior secured loan agreement with a service provider partner, under which a term loan was provided to the service provider partner in the original principal amount of \$21.5 million, which loan is collateralized by the assets of the service provider partner. Quarterly principal payments begin in the second quarter of 2027. Interest on the outstanding principal accrues at a rate per annum equal to the overnight financing rate published by the Federal Reserve Bank of New York for a period of three months, plus 3.0%. For the first two years of the loan, monthly interest payments can be payable in kind at the election of the borrower. The maturity date of the loan is January 30, 2030.

On February 10, 2025, Alarm.com Incorporated acquired 81% of the issued and outstanding shares of capital stock of **EBS**, an international producer **CHeKT**. **CHeKT** provides a remote video monitoring service for central station operators that is compatible with a variety of universal smart communicator devices, headquartered in Warsaw, Poland. **cameras**. We believe this the acquisition of **CHeKT will assist** help to expand our opportunity to provide remote video monitoring solutions in the continued expansion of our international operations as well as benefit our supply chain operations. **commercial and residential markets.**

Recent Developments In consideration for the purchase of 81% of the issued and outstanding shares of capital stock of CHeKT, we paid \$23.6 million in cash on February 10, 2025, after deducting \$3.7 million related to agreed holdback provisions. We are currently evaluating the accounting treatment of this acquisition and are in the process of completing the preliminary purchase price allocation of the assets acquired and liabilities assumed.

The global economy, credit markets and financial markets have and may continue to experience significant volatility as a result of the Macroeconomic Conditions. These Macroeconomic Conditions have and may continue to create tariffs, supply chain disruptions, inventory disruptions, and fluctuations in economic growth, including fluctuations in employment rates, inflation, energy prices and consumer sentiment. It remains difficult to assess or predict the ultimate duration and economic impact of the Macroeconomic Conditions. Prolonged uncertainty with respect to the Macroeconomic Conditions could cause further economic slowdown or cause other unpredictable events, each of which could adversely affect our business, results of operations or financial condition.

Other Business Metrics

We regularly monitor a number of financial and operating metrics in order to measure our current performance and estimate our future performance. Our other business metrics may be calculated in a manner different from the way similar business metrics used by other companies are calculated and include the following (dollars in thousands):

	Year Ended December 31,			Year Ended December 31,		
	2023	2022	2021	2024	2023	2022
SaaS and license revenue						
Non-GAAP adjusted EBITDA						
SaaS and license revenue renewal rate	SaaS and license revenue renewal rate	94 %	94 %	SaaS and license revenue renewal rate	95 %	94 %

SaaS and License Revenue

SaaS and license revenue is a GAAP measure that we use to measure our current performance and estimate our future performance. We believe SaaS and license revenue is an indicator of the productivity of our existing service provider partners and their ability to activate and maintain subscribers using our intelligently connected property solutions, our ability to add new service provider partners reselling our solutions, the demand for our intelligently connected property solutions and the pace at which the market for these solutions is growing.

Non-GAAP Adjusted EBITDA

Non-GAAP adjusted EBITDA is a non-GAAP measure that represents our net income before interest expense, interest income, certain activity within other income (expense) / (expense), income, net, provision for / (benefit from) income taxes, amortization and depreciation expense, stock-based compensation expense, acquisition-related expense, legal costs and settlement fees incurred and received in connection with non-ordinary course litigation and other disputes, particularly costs involved in ongoing intellectual property litigation. We do not consider these items to be indicative of our core operating performance. The non-cash items include amortization and depreciation expense; amortization of debt discount and debt issuance costs for the January 20, 2021 issuance of \$500.0 million aggregate principal amount of 0% convertible senior notes due January 15, 2026, or the 2026 Notes, included in interest expense; amortization of debt issuance costs for the May 31, 2024 issuance of \$500.0 million aggregate principal amount of 2.25% convertible senior notes due June 1, 2029, or the 2029 Notes, included in interest expense; and stock-based compensation expense related to restricted stock units and other forms of equity compensation, including, but not limited to, the sale of common stock. We do not adjust for ordinary course legal expenses resulting from maintaining and enforcing our intellectual property portfolio and license agreements.

We record interest expense primarily related to our 2026 Notes and 2029 Notes. We exclude interest expense in calculating non-GAAP adjusted EBITDA because we believe the exclusion of interest expense will provide for more meaningful information about our financial performance. We exclude interest income and certain activity within other income (expense) / (expense), income, net including gains, losses or impairments on investments without readily determinable fair values and other assets, gains and losses from equity method investments, gains on settlement fees and losses on the early extinguishment of debt, when applicable, from non-GAAP adjusted EBITDA because we do not consider it part of our ongoing results of operations. We exclude the impact related to our provision for / (benefit from) income taxes from non-GAAP adjusted EBITDA because we do not consider this tax adjustment to be part of our ongoing results of operations.

GAAP requires that operating expenses include the amortization of acquired intangible assets, which principally include acquired customer relationships, developed technology and trade names. We exclude amortization of intangibles from non-GAAP adjusted EBITDA because we do not consider amortization expense when we evaluate our ongoing business operations, nor do we factor amortization expense into our evaluation of potential acquisitions, or our measurement of the performance of those acquisitions. We believe the exclusion of amortization expense enables the comparison of our performance to other companies in our industry as other companies may be more or less acquisitive than we are, and therefore, amortization expense may vary significantly by company based on their acquisition history. Although we exclude amortization of acquired intangible assets from non-GAAP adjusted EBITDA, management believes that it is important for investors to understand that such intangible assets were recorded as part of purchase accounting and contribute to revenue generation.

We record depreciation primarily for investments in property and equipment. We exclude depreciation in calculating non-GAAP adjusted EBITDA because we do not consider depreciation when we evaluate our ongoing business operations.

We exclude stock-based compensation expense, which relates to restricted stock units and other forms of equity incentives primarily awarded to employees of Alarm.com, because they are non-cash charges that we do not consider when assessing the operating performance of our business. Additionally, the determination of stock-based compensation expense can be calculated using various methodologies and is dependent upon subjective assumptions and other factors that vary on a company-by-company basis. Therefore, we believe excluding stock-based compensation expense from non-GAAP adjusted EBITDA improves the comparability of our results to the results of other companies in our industry.

Included in operating expenses are incremental costs directly related to business and asset acquisitions as well as changes in the fair value of contingent consideration liabilities, when applicable. We exclude acquisition-related expense from non-GAAP adjusted EBITDA because we believe the exclusion of this expense allows us to better provide meaningful information about our operating performance, facilitates comparisons to our historical operating results, improves the comparability of our results to the results of other companies in our industry, and ultimately, we believe helps investors better understand the acquisition-related expense and the effects of the transaction on our results of operations.

We exclude non-ordinary course litigation expense because we do not consider legal costs and settlement fees incurred and received in litigation and litigation-related matters of non-ordinary course lawsuits and other disputes, particularly costs incurred in ongoing intellectual property litigation, to be indicative of our core operating performance. We do not adjust for ordinary course legal expenses, including those expenses resulting from maintaining and enforcing our intellectual property portfolio and license agreements.

Non-GAAP adjusted EBITDA is a key measure our management uses to understand and evaluate our core operating performance and trends to generate future operating plans, to make strategic decisions regarding the allocation of capital, and to make investments in initiatives that are focused on cultivating new markets for our solutions. In particular, the exclusion of certain expenses in

calculating non-GAAP adjusted EBITDA facilitates comparisons of our operating performance on a period-to-period basis and, in the case of exclusion of acquisition-related adjustments and certain historical legal expenses, excludes items that we do not consider to be indicative of our core operating performance. Non-GAAP adjusted EBITDA is not a measure calculated in accordance with GAAP and should not be considered in isolation from, or as a substitute for, financial information prepared in accordance with GAAP. Please see *Non-GAAP Measures* in this section for a discussion of the limitations of non-GAAP adjusted EBITDA and a reconciliation of non-GAAP adjusted EBITDA from net income, the most directly comparable GAAP measurement, for the years ended **December 31, 2023**, **December 31, 2024**, **2022**, **2023** and **2021**, **2022**.

SaaS and License Revenue Renewal Rate

Our SaaS and license revenue renewal rate is an operating metric. We measure our SaaS and license revenue renewal rate on a trailing 12-month basis by dividing (a) the total SaaS and license revenue recognized during the trailing 12-month period from our subscribers on our Alarm.com platform who were subscribers on the first day of the period, by (b) total SaaS and license revenue we would have recognized during the period from those same subscribers assuming no terminations, or service level upgrades or downgrades. The SaaS and license revenue renewal rate represents both residential and commercial properties. Our SaaS and license revenue renewal rate is expressed as an annualized percentage and it is calculated across our entire subscriber base on the Alarm.com platform excluding subscribers of service providers that may use one of our other platforms as a substitute for the Alarm.com platform. Our service provider partners have indicated that they typically have three to five-year service contracts with residential and commercial property owners who use our solutions. Our SaaS and license revenue renewal rate includes subscribers whose contract with their service provider reached the end of its contractual term during the measurement period, as well as subscribers whose contract with their service provider has not reached the end of its contractual term during the measurement period, and is not intended to estimate the rate at which our subscribers renew their contracts with our service provider partners. We believe our SaaS and license revenue renewal rate allows us to measure our ability to retain and grow our SaaS and license revenue and serves as an indicator of the lifetime value of our subscriber base.

Components of Operating Results

Our fiscal year ends on December 31. The key elements of our operating results include:

Revenue

We derive our revenue from three primary sources: the sale of cloud-based SaaS services on our integrated Alarm.com platform, the sale of licenses and services on the Software platform and the sale of hardware products. We sell our platform and hardware solutions to service provider partners that resell our solutions and hardware to residential and commercial property owners, who are the service provider partners' customers.

SaaS and License Revenue. We generate the majority of our SaaS and license revenue primarily from monthly fees charged to our service provider partners on a per subscriber basis for access to our cloud-based intelligently connected property platform and related solutions. Our fees per subscriber vary based upon the service plan and features utilized.

We offer multiple service level packages for our platform solutions including a range of solutions and a range of a la carte add-ons for additional features. The fee paid by our service provider partners each month for the delivery of our solutions is based on the combination of packages and add-ons enabled for each subscriber. We utilize tiered pricing plans where our service provider partners may receive prospective pricing discounts driven by volume.

We also generate SaaS and license revenue from the fees paid to us when we license our intellectual property to third parties for use of our patents. In addition, in certain markets, our EnergyHub subsidiary sells its demand response service for an annual service fee, with pricing based on the number of subscribers or amount of aggregate electricity demand made available for a utility's or market's control.

On October 27, 2022, we filed a demand for arbitration of a dispute arising under the Patent Cross License Agreement between Alarm.com and Vivint executed in November 2013. Vivint had stopped paying license fees to Alarm.com under the agreement. Vivint had been paying the required license fees to Alarm.com since the agreement was executed in November 2013. As a result of Vivint's refusal to pay license fees under the agreement, which began during the fourth quarter of 2022, SaaS and license revenue and total revenue through December 31, 2023 were lower by approximately \$6.0 million on a quarterly basis. Quarterly earnings and cash flow through December 31, 2023 were also impacted by the aforementioned \$6.0 million, plus additional legal fees. On December 21, 2023, Alarm.com and Vivint agreed to settle all outstanding litigation between the parties and to enter into a long-term intellectual property license agreement under which Alarm.com will license to Vivint its intellectual property portfolio.

Software License Revenue. Our SaaS and license revenue also includes our software license revenue from monthly fees charged to service providers on a per subscriber basis for access to our Software platform. The non-hosted software for interactive security, automation and related solutions is typically deployed and operated by the service provider in its own network operations center. Our agreements for the Software platform solution typically include software and services, such as post-contract customer support, or PCS. Software license revenue included in SaaS and license revenue is expected to continue to decline over time as we transition subscribers to our cloud-based hosted platform.

Hardware and Other Revenue. We generate hardware and other revenue primarily from the sale of video cameras, video recorders, smart thermostats and cellular radio modules that provide access to our cloud-based platforms and, to a lesser extent, the sale of other devices, including image sensors, gunshot detection sensors and peripherals. We primarily transfer hardware to our customers upon delivery to the customer, which corresponds with the time at which the customer obtains control of the hardware. We record a reserve against revenue for hardware returns based on historical returns.

Our hardware and other revenue also includes our revenue from the sale of perpetual licenses that provide our customers in the commercial market the right to use our video surveillance software for an indefinite period of time in exchange for a one-time license fee. Additionally, our hardware and other revenue includes our revenue from the sale of licenses that provide our customers the right to use our indoor gunshot detection solution in exchange for license fees. Hardware and other revenue may also include activation fees charged to some of our service provider partners for activation of a new subscriber account on our platforms, as well as fees paid by service provider partners for our marketing services. The decision whether to charge an activation fee is based in part on the expected number of subscribers to be added by our service provider partners and as a result, many of our largest service provider partners do not pay an activation fee.

Our revenue, and in particular our hardware revenue, has in the past and may in the future be negatively affected by the Macroeconomic Conditions and their related impacts. It remains difficult to assess or predict the ultimate duration and economic impact of the Macroeconomic Conditions.

Cost of Revenue

Our cost of SaaS and license revenue primarily includes the amounts paid to wireless network providers and, to a lesser extent, the costs of running our network operations centers which are expensed as incurred, as well as patent and royalty costs in connection with technology licensed from third-party providers and amounts paid to distributed energy resource providers. Our cost of SaaS and license revenue also includes our cost of software license revenue, which primarily includes the payroll and payroll-related costs of the department dedicated to providing service exclusively to those service providers that host the Software platform. **As of December 31, 2024 and 2023, we had 74 and 77 employees who manufacture hardware for our suite of IoT solutions, respectively.** Our cost of hardware and other revenue primarily includes cost of raw materials, tooling, freight shipments and amounts paid to our third-party manufacturer for production and fulfillment of our cellular radio modules and image sensors, and procurement costs for our video cameras, video recorders, smart thermostats and gunshot detection sensors, which we purchase from an original equipment manufacturer, and other devices. Cost of hardware and other revenue also includes material costs and labor cost related to our employees who manufacture hardware for our suite of IoT solutions. Additionally, our cost of hardware and other revenue includes royalty costs in connection with technology licensed from third-party providers.

We record the cost of SaaS and license revenue as expenses are incurred, which corresponds to the delivery period of our services to our subscribers. We record the cost of hardware and other revenue primarily when the hardware and other services are delivered to the service provider partner, which occurs when control of the hardware and other services transfers to the service provider partner. Our cost of revenue excludes amortization and depreciation shown in operating expenses.

Since 2019, the U.S. government has implemented and imposed significant changes to U.S. trade policy with respect to China. Tariffs have subjected certain Alarm.com products manufactured overseas to additional import duties of up to 25%. The amount of the import tariff and the number of products subject to tariffs have changed numerous times based on action by the U.S. government. **Approximately one-fifth to one-half Less than one-third** of the hardware products that we sell to our service provider partners are imported from China and could be subject to increased tariffs. While the additional import duties resulted in an increase to our cost of hardware revenue, these import duties had a modest impact on hardware revenue margins. If tariffs are increased or are expanded to apply to more of our products, such actions may increase our cost of hardware revenue and reduce our hardware revenue margins in the future. We continue to monitor the changes in tariffs.

Our costs of hardware revenue increased during the second half of 2021 primarily due to an increase in costs for freight shipments, including expedited shipping costs, as well as an increase in inventory component costs. We currently expect our hardware revenue margins in **2024** **2025** to approximate the hardware revenue margins experienced during **2023**. **2024**.

Operating Expenses

Our operating expenses consist of sales and marketing, general and administrative, research and development and amortization and depreciation expenses. Salaries, bonuses, stock-based compensation, benefits and other personnel related costs are the most significant components of each of these expense categories, excluding amortization and depreciation. We include stock-based compensation expense in connection with the grant of restricted stock units and other forms of equity compensation, including equity compensation with performance conditions, in the applicable operating expense category based on the respective equity award recipient's function (sales and marketing, general and administrative or research and development). We grew from **1,733 employees as of January 1, 2023 to 1,989 employees as of December 31, 2023, including 77 employees who manufacture hardware for our suite of IoT solutions.** We expect to continue to hire new employees to support the projected future growth of our business.

Sales and Marketing Expense. Sales and marketing expense consists primarily of personnel and related expenses for our sales and marketing teams, including salaries, bonuses, stock-based compensation, benefits, travel, and commissions. Our

sales and marketing teams engage in sales, account management, service provider partner support, advertising, promotion of our products and services and marketing.

The number of employees in sales and marketing functions increased from **511 as of January 1, 2023 to 565 as of December 31, 2023** **January 1, 2024 to 572 as of December 31, 2024**. We expect to continue to invest in our sales and marketing activities to expand our business both domestically and internationally and we expect to increase our marketing expense in **2024** **2025** as compared to **2023**. **2024**. We intend to increase the size of our sales force and our service provider partner support team to provide additional support to our existing service provider partner base to drive their productivity in selling our solutions as well as to enroll new service provider partners in North America and in international markets.

General and Administrative Expense. General and administrative expense consists primarily of personnel and related expenses for our administrative, legal, human resources, finance and accounting personnel, including salaries, bonuses, stock-based compensation, benefits and other personnel costs. Additional expenses included in this category are legal costs, including those that are incurred to defend and license our intellectual property, as well as non-personnel costs, such as **travel related expenses**, rent, subcontracting and professional fees, audit fees, tax services, and insurance expenses. Also included in general and administrative expenses are credit losses and acquisition-related expenses, which consist primarily of legal, accounting and professional service fees directly related to acquisitions and valuation gains or losses on acquisition-related contingent liabilities.

The number of employees in general and administrative functions increased from **218 as of January 1, 2023 to 229 as of December 31, 2023** **January 1, 2024 to 237 as of December 31, 2024**. Excluding intellectual property litigation and acquisition-related expense, we expect general and administrative costs to increase prospectively as our business grows. This includes cost increases related to human resources, accounting, finance, and legal personnel, additional external legal, audit fees and other expenses associated with regulations governing public companies. While somewhat unpredictable, we also expect to continue to incur costs related to litigation involving intellectual property. See the section of this Annual Report titled "Legal Proceedings" for additional information regarding litigation matters.

Research and Development Expense. Research and development expense consists primarily of personnel and related expenses for our employees working on our product development and software and device engineering teams, including salaries, bonuses, stock-based compensation, benefits and other personnel costs. Also included are non-personnel costs such as consulting and professional fees paid to third-party development resources.

The number of employees in research and development functions increased from **1,004 as of January 1, 2023 to 1,118 as of December 31, 2023** **January 1, 2024 to 1,127 as of December 31, 2024**. Our research and development efforts are focused on innovating new features and enhancing the functionality of our platforms and the solutions we offer to our service provider partners and subscribers. We will also continue to invest in efforts to extend our platforms to adjacent markets and internationally to maintain our leadership position in the development of intelligently connected property technology, and continued enhancement of our Partner Services Platform, a comprehensive suite of enterprise-grade business management solutions for our service provider partners.

Amortization and Depreciation. Amortization and depreciation consists of amortization of intangible assets originating from our acquisitions as well as our internally-developed capitalized software. Our depreciation expense is related to investments in property and equipment. Acquired intangible assets include developed technology, customer related intangibles, trademarks and trade names. We expect in the near term that amortization and depreciation may fluctuate based on our acquisition activity, development of our platforms and capitalized expenditures.

Interest Expense

We record interest expense associated with our 2026 Notes, 2029 Notes and acquired debt. Interest expense in 2024 2025 is expected to remain relatively consistent with increase as compared to 2024 due to the interest expense in 2023, issuance of the 2029 Notes.

Interest Income

Interest income consists of interest income earned on our cash and cash equivalents, our notes receivable and our restricted cash. Interest income in 2024 2025 will depend, in part, on our use of cash and fluctuations in interest rates.

Other Income (Expense) / (Expense), Income, Net

Other income (expense) / (expense), income, net primarily consists of non-operating and miscellaneous expense and income.

Provision for / (Benefit from) Income Taxes

We are subject to U.S. federal, state and local income taxes as well as foreign income taxes. During the ordinary course of business, there are many transactions and calculations for which the ultimate tax determination is uncertain. As a result, we recognize tax liabilities based on estimates of whether additional taxes will be due. Our For the year ended December 31, 2024, our effective tax rate was below the 21.0% statutory rate primarily due to research and development tax credits claimed, and the foreign derived intangible income deduction and tax windfall benefits from employee stock-based compensation, partially offset by the impact of state taxes, foreign withholding taxes federal estimated tax payment interest expense, and other nondeductible expenses and, for 2023, a stock-based compensation tax shortfall expenses. We recognize stock-based compensation tax shortfalls and excess tax windfall benefits on a discrete basis during the quarter in which they occur, and we anticipate our effective tax rate will vary from quarter to quarter depending on our stock price as well as the vesting and exercises of various forms of equity compensation under our equity incentive plans each period, including restricted stock units and stock options.

Results of Operations

The following table sets forth our selected consolidated statements of operations (in thousands) and data as a percentage of revenue for the periods presented:

Consolidated Statements of Operations

	Year Ended December 31,			Year Ended December 31,		
	2023	2022	2021	2024	2023	2022
Revenue:						
SaaS and license revenue	\$569,200	65	65 %	\$520,377	62	62 %
Hardware and other revenue	\$460,372	61	61 %	\$631,198	67	67 %
Total revenue					\$569,200	65
Cost of revenue ⁽¹⁾ :					\$520,377	65 %
Cost of SaaS and license revenue						62
Cost of SaaS and license revenue						
Cost of SaaS and license revenue						
Cost of hardware and other revenue						
Total cost of revenue						
Operating expenses:						

Sales and marketing																		
(2)																		
Sales and marketing																		
(2)																		
Sales and marketing																		
(2)																		
General and administrative																		
(2)																		
Research and development																		
(2)																		
Amortization and depreciation																		
Total operating expenses																		
Operating income																		
Interest expense																		
Interest income																		
Other income / (expense), net																		
Other (expense) / income, net																		
Income before income taxes																		
Provision for / (benefit from) income taxes																		
Provision for income taxes																		
Net income	Net income	\$ 80,340	9	9 %	\$ 55,631	7	7 %	\$ 51,175	7	7 %	Net income	\$ 122,513	13	13 %	\$ 80,340	9	9 %	\$ 55,631

(1) Excludes amortization and depreciation shown in operating expenses below.

(2) Operating expenses include stock-based compensation expense as follows (in thousands):

	Year Ended December 31,		
	2023	2022	2021
	2024	2023	2022

Stock-based compensation expense data:

Cost of hardware and other revenue
 Cost of hardware and other revenue
 Cost of hardware and other revenue
 Sales and marketing
 General and administrative
 Research and development
 Total stock-based compensation expense

The following table sets forth the components of cost of revenue as a percentage of revenue:

	Year Ended December 31,			Year Ended December 31,		
	2023	2022	2021	2024	2023	2022
Components of cost of revenue as a percentage of revenue:						
Cost of SaaS and license revenue as a percentage of SaaS and license revenue						
Cost of SaaS and license revenue as a percentage of SaaS and license revenue						
Cost of SaaS and license revenue as a percentage of SaaS and license revenue	15 %	14 %	15 %	14 %	15 %	14 %
Cost of hardware and other revenue as a percentage of hardware and other revenue						
Total cost of revenue as a percentage of total revenue	37 %	41 %	41 %	Total cost of revenue as a percentage of total revenue	35 %	37 %
					41 %	

Comparison of Years Ended December 31, 2023 December 31, 2024 to December 31, 2022 December 31, 2023

The following tables in this section set forth our selected consolidated statements of operations (in thousands), data for the percentage change and data as a percentage of revenue for the years ended December 31, 2023 December 31, 2024 and December 31, 2022.

Revenue

Revenue:

Revenue:

Revenue:

SaaS and license revenue

SaaS and license revenue

SaaS and license revenue

Hardware and other revenue

Hardware and other revenue

Hardware and other revenue

Total revenue

Total revenue

Total revenue

The \$39.1 million \$58.1 million increase in total revenue in 2023 2024 as compared to 2022 2023 was the result of a \$48.8 million \$62.0 million, or 9% 11%, increase in our SaaS and license revenue and a \$9.7 million \$3.9 million, or 3% 1%, decrease in our hardware and other revenue. Our software license revenue included within SaaS and license revenue decreased \$3.6 million \$2.9 million to \$23.2 million \$20.3 million in 2023 2024 as compared to \$26.8 million \$23.2 million during 2022 2023, primarily due to the result of the continuing transition of customers from non-hosted software to our cloud based hosted platform. The SaaS and license revenue for the Alarm.com segment increased \$36.5 \$49.8 million in 2023 2024 as compared to 2022 2023 primarily due to growth in our subscriber base, including the revenue impact from subscribers we added in 2022. The 2023, as well as an increase in SaaS and our license revenue for the Alarm.com segment includes the impact from Vivint license revenue of \$16.6 million in 2022 that did not occur in 2023, revenue. The SaaS and license revenue for our Other segment increased \$12.3 \$12.2 million in 2023 2024 as compared to 2022 2023 primarily due to an increase in sales of our energy management and demand response solutions as well as our property management solution. The decrease in hardware and other revenue in 2023 2024 as compared to 2022 2023 was primarily from the \$7.3 million \$3.3 million decrease in hardware and other revenue, net of intersegment eliminations, for the Alarm.com segment arising from a decrease in the volume of cellular radio modules sold due to the shut down of 3G and CDMA wireless networks in 2022 by certain cellular carriers, as well as a decrease in the volume of thermostats and video cameras sold. Hardware and other revenue, net of intersegment eliminations, in our Other segment decreased \$2.4 \$0.6 million, in 2023 2024 as compared to 2022 2023 primarily due to an decreased sales related to our property management and Heating, Ventilation and Air Conditioning solutions, solution.

Cost of Revenue

Cost of revenue⁽¹⁾:

Cost of revenue⁽¹⁾:

Cost of revenue⁽¹⁾:

Cost of SaaS and license revenue

Cost of SaaS and license revenue

Cost of SaaS and license revenue

Cost of hardware and other revenue

Cost of hardware and other revenue

Cost of hardware and other revenue

Total cost of revenue

Total cost of revenue

Total cost of revenue

% of total revenue

% of total revenue

% of total revenue

(1) Excludes amortization and depreciation shown in operating expenses.

The \$17.4 million decrease \$1.0 million increase in cost of revenue in 2023 2024 as compared to 2022 2023 was the result of a \$29.4 million \$3.6 million, or 11% 4%, increase in cost of SaaS and license revenue and a \$2.6 million, or 1%, decrease in cost of hardware and other revenue and a \$12.0 million, or 16%, increase in cost of SaaS and license revenue. Our cost of software license revenue included within cost of SaaS and license revenue increased \$0.1 million to remained relatively consistent at \$0.6 million during 2023 as compared to \$0.5 million during 2022. The cost of hardware 2024 and other revenue for the Alarm.com segment decreased \$27.5 million in 2023 as compared to 2022 primarily due to a decrease in the number of hardware units shipped, a decrease in inventory component costs and a decrease in costs for freight shipments, 2023. The cost of SaaS and license revenue for the

Alarm.com segment increased \$8.5 million \$0.3 million in 2023 2024 as compared to 2022 2023 primarily due to the growth in our subscriber base, which drove a corresponding increase in amounts paid to wireless network providers. The cost of hardware and other revenue for the Other segment decreased \$1.9 million in 2023 as compared to 2022 primarily due to a decrease in the number of hardware units shipped, a decrease in inventory component costs and a decrease in costs for freight shipments. The cost of SaaS and license revenue for the Other segment increased \$3.5 million \$3.3 million in 2023 2024 as compared to 2022 2023 primarily due to an increase in sales of our energy management and demand response solutions, which drove a corresponding increase in amounts paid to distributed energy resource providers. The cost of hardware and other revenue for the Alarm.com segment decreased \$2.1 million in 2024 as compared to 2023 primarily due to a decrease in the number of hardware units shipped. The cost of hardware and other revenue for the Other segment decreased \$0.5 million in 2024 as compared to 2023 primarily due to a decrease in the number of hardware units shipped.

Cost of hardware and other revenue as a percentage of hardware and other revenue was 77% in 2023 2024 and 83% in 2022. The decrease in cost of hardware and other revenue as a percentage of hardware and other revenue in 2023 as compared to 2022 is primarily due to a decrease in inventory component and freight shipment costs, price increases we have implemented on some of our products as well as a reflection of the mix of product sales during the periods. 2023. Cost of SaaS and license revenue as a percentage of SaaS and license revenue was 14% and 15% in 2024 and 14% in 2023, and 2022, respectively. The increase decrease in cost of SaaS and license revenue as a percentage of SaaS and license revenue in 2023 2024 as compared to 2022 2023 is a reflection of the mix of sales of and services during the periods. Cost of software license revenue as a percentage of software license revenue was 3% in 2024 and 2% in 2023 and 2022, respectively. 2023.

Sales and Marketing Expense

	2023
	2023
	2023
	2024
	2024
	2024

Sales and marketing

Sales and marketing

Sales and marketing

% of total revenue

% of total revenue

% of total revenue

The \$7.5 million \$11.0 million increase in sales and marketing expense in 2023 2024 as compared to 2022 2023 was primarily due to a \$7.2 million \$3.7 million increase in personnel and related costs for our Alarm.com segment, attributable in part to increases in the headcount for our sales team to support our growth, partially offset by and a \$3.1 million decrease \$3.5 million increase in marketing expense including advertising cost. Personnel and related costs includes salary, benefits, stock-based compensation and travel expenses. Sales for our Alarm.com segment. These increases in sales and marketing expense for our Alarm.com segment also increased were partially offset by \$1.0 million in 2023 as compared to 2022 due to an increase a \$0.7 million decrease in our expenses for external consultants consultants in 2024 as compared to 2023. Sales and marketing expense from our Other segment increased \$1.7 million \$4.8 million in 2023 2024 as compared to 2022, 2023, primarily due to increases in personnel and related costs, attributable in part to increases in the headcount for our sales team. The overall number of employees in our sales and marketing teams increased from 511 as of December 31, 2022 to 565 as of December 31, 2023 to 572 as of December 31, 2024.

General and Administrative Expense

General and administrative

General and administrative

General and administrative

% of total revenue

% of total revenue

% of total revenue

The \$6.2 million increase \$4.1 million decrease in general and administrative expense in 2023 2024 as compared to 2022 2023 was primarily due to a \$2.4 million \$16.1 million decrease in legal costs for our Alarm.com segment related to intellectual property litigation. This decrease in general and administrative expense was partially offset by a \$4.0 million increase in the provision for credit losses related to a loan we previously provided to an affiliated entity of one of our distribution partners, a \$3.9 million increase in expenses related to a program to help our service providers resell our solutions and hardware to our subscribers, a \$1.1 million increase in personnel and related costs, for our Alarm.com segment a \$0.9 million increase in rent expense and a \$2.0 million \$0.7 million

increase in our expenses for external consultants. Additionally, the provision for credit losses increased \$1.6 million, rent expense increased \$0.9 million recruiting costs and insurance-related costs increased \$0.4 million for our Alarm.com segment in 2023 2024 as compared to 2022, 2023. General and administrative expenses from our Other segment decreased increased by \$2.1 million \$1.5 million during 2023 2024 as compared to 2022, 2023, primarily due to a \$1.3 million decrease in the provision for credit losses and a \$0.7 million decrease an increase in personnel and related costs. The overall number of employees in general and administrative functions increased from 218 as of December 31, 2022 to 229 as of December 31, 2023 to 237 as of December 31, 2024.

Research and Development Expense

Research and development

Research and development

Research and development

% of total revenue

% of total revenue

% of total revenue

The \$26.5 million \$10.8 million increase in research and development expense in 2023 2024 as compared to 2022, 2023 was primarily due to a \$20.2 million \$5.7 million increase in personnel and related costs for our Alarm.com segment, attributable in part to an increase in headcount of employees in research and development functions as well as a \$1.8 million \$2.4 million increase in our expenses for external consultants. Research and development expense from our Other segment increased by \$4.5 million \$3.3 million in 2023 2024 as compared to 2022, 2023 primarily due to an increase in our personnel and related costs. The overall number of employees in research and development functions increased from 1,004 as of December 31, 2022 to 1,118 as of December 31, 2023 to 1,127 as of December 31, 2024.

Amortization and Depreciation

Amortization and depreciation

Amortization and depreciation

Amortization and depreciation

% of total revenue

% of total revenue

% of total revenue

Amortization and depreciation increased \$0.6 million decreased \$2.3 million in 2023 2024 as compared to 2022, 2023, primarily due to changes in amortization expense related to the intangible assets that were acquired in connection with the purchase of EBS on January 18, 2023, we previously acquired.

Interest Expense

Interest expense

Interest expense

Interest expense

% of total revenue

% of total revenue

% of total revenue

Interest expense increased \$0.3 million \$8.0 million in 2023 2024 as compared to 2022, 2023, primarily due to the interest expense incurred on and amortization of the assumed debt from issuance costs related to the acquisition of EBS on January 18, 2023, 2029 Notes.

Interest Income

Interest income

Interest income

Interest income

% of total revenue

% of total revenue

% of total revenue

Interest income increased \$21.0 million \$17.6 million in 2023 2024 as compared to 2022, 2023, primarily due to an increase in interest income earned on cash and cash equivalents from higher amounts of cash and cash equivalents and higher average interest rates during 2024 as compared to 2023. The increase in interest income was partially offset by a \$0.5 million reduction to interest income for the year ended December 31, 2023 reversal of payable in kind interest associated with a subordinated credit agreement with an affiliated entity of one of our distribution partners during 2024, which did not occur during 2023.

Other Income (Expense) / (Expense), Income, Net

Other income / (expense), net
 Other income / (expense), net
 Other income / (expense), net
 Other (expense) / income, net
 Other (expense) / income, net
 Other (expense) / income, net

% of total revenue
 % of total revenue
 % of total revenue

Other (expense) / income, / (expense), net increased \$4.7 million decreased \$7.3 million in 2023 2024 as compared to 2022, 2023, primarily due to a gain recorded from the settlement of a legal matter partially offset by in 2023 that did not occur in 2024 as well as an increase in non-operating and miscellaneous expenses.

Provision for / (Benefit from) Income Taxes

Provision for / (benefit from) income taxes
 Provision for / (benefit from) income taxes
 Provision for / (benefit from) income taxes
 Provision for income taxes
 Provision for income taxes
 Provision for income taxes
 % of total revenue
 % of total revenue
 % of total revenue

The provision for / (benefit from) income taxes increased \$16.5 million \$1.8 million in 2023 2024 as compared to 2022, 2023. Our effective tax rate was 17.9% 13.6% in 2023 2024 as compared to 1.7% 17.9% in 2022, 2023. The increase in the provision for / (benefit from) income taxes was primarily due to an increase in income before income taxes, foreign withholding taxes, a stock-based compensation tax shortfall and a decrease partially offset by an increase in our research and development income tax credits, credits and windfall benefits from employee stock-based compensation.

Comparison of Years Ended December 31, 2022 December 31, 2023 to December 31, 2021 December 31, 2022

A comparison of the years ended December 31, 2022 December 31, 2023 and 2021 2022 has been omitted from this Annual Report on Form 10-K, but may be found in "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" of our Annual Report on Form 10-K for the fiscal year ended December 31, 2022 December 31, 2023, filed with the SEC on February 24, 2023 February 22, 2024.

Segment Information

We have two reportable segments: Alarm.com and Other. Our Alarm.com segment represents our cloud-based and Software platforms for the intelligently connected property and related solutions that contributed 93% 92%, 94% 93% and 95% 94% of our revenue, net of intersegment eliminations, for the years ended December 31, 2023 December 31, 2024, 2022 2023 and 2021, 2022, respectively. Our Other segment is focused on researching, developing and offering residential and commercial automation solutions and energy management products and services in adjacent markets. The consolidated subsidiaries that make up our Other segment are in the investment stage and have incurred significant operating expenses relative to their revenue.

Our Alarm.com segment increased decreased from 1,563 employees as of January 1, 2023 to 1,776 employees as of December 31, 2023 January 1, 2024 to 1,773 employees as of December 31, 2024. Our Other segment increased from 170 employees as of January 1, 2023 to 213 employees as of December 31, 2023 January 1, 2024 to 237 employees as of December 31, 2024. Inter-segment revenue includes sales of hardware between our segments.

Management evaluates the performance of its segments and allocates resources to them based on operating income / (loss) as compared to prior periods and current performance levels. The following table presents our revenue, inter-segment revenue and operating expenses by reportable segment operational data is presented in the tables below (in thousands):

	Year Ended December 31,								
	2023			2022			2021		
	SaaS and License Revenue	Hardware and Other Revenue	Operating Expenses	SaaS and License Revenue	Hardware and Other Revenue	Operating Expenses	SaaS and License Revenue	Hardware and Other Revenue	Operating Expenses
Alarm.com	\$ 514,673	\$ 309,778	\$ 440,590	\$ 478,134	\$ 317,937	\$ 403,774	\$ 426,823	\$ 284,721	\$ 348,700
Other	54,527	6,501	49,584	42,243	9,097	45,647	33,549	9,275	33,214
Intersegment Alarm.com	—	(3,201)	(480)	—	(4,067)	(480)	—	(3,089)	(416)
Intersegment Other	—	(596)	—	—	(785)	—	—	(2,310)	—
Total	\$ 569,200	\$ 312,482	\$ 489,694	\$ 520,377	\$ 322,182	\$ 448,941	\$ 460,372	\$ 288,597	\$ 381,498

	Year Ended December 31, 2024				
	Alarm.com		Other	Intersegment	
	Alarm.com	Other	Alarm.com	Intersegment	Other
SaaS and license revenue	\$ 564,513	\$ 66,685	\$ —	\$ —	\$ 631,198
Hardware and other revenue	306,074	5,979	(2,769)	(655)	308,629
Total revenue	870,587	72,664	(2,769)	(655)	939,827
Cost of SaaS and license revenue	68,666	20,809	329	(292)	89,512
Cost of hardware and other revenue	234,414	5,414	(2,630)	(561)	236,637
Total cost of revenue	303,080	26,223	(2,301)	(853)	326,149
Selling and marketing expense	88,899	22,343	—	—	111,242
General and administrative expense	101,401	7,478	—	—	108,879
Research and development expense	227,559	28,319	—	—	255,878
Amortization and depreciation expense	28,107	1,024	—	—	29,131
Total operating expenses	445,966	59,164	—	—	505,130
Operating income / (loss)	\$ 121,541	\$ (12,723)	\$ (468)	\$ 198	\$ 108,548
Assets	\$ 2,081,214	\$ 85,468	\$ (128,465)	\$ (9)	\$ 2,038,208
<i>Reconciliation of operating income to income before income taxes</i>					
Operating income					\$ 108,548
Interest expense					(11,426)
Interest income					47,359
Other (expense) / income, net					(2,674)
Income before income taxes					\$ 141,807

	Year Ended December 31, 2023				
	Alarm.com		Other	Intersegment	
	Alarm.com	Other	Alarm.com	Intersegment	Other
SaaS and license revenue	\$ 514,673	\$ 54,527	\$ —	\$ —	\$ 569,200
Hardware and other revenue	309,778	6,501	(3,201)	(596)	312,482
Total revenue	824,451	61,028	(3,201)	(596)	881,682
Cost of SaaS and license revenue	71,639	17,852	(2,967)	(626)	85,898
Cost of hardware and other revenue	237,660	5,760	(3,771)	(388)	239,261
Total cost of revenue	309,299	23,612	(6,738)	(1,014)	325,159
Selling and marketing expense	82,672	17,554	—	—	100,226
General and administrative expense	107,475	5,935	(480)	—	112,930
Research and development expense	220,106	25,008	—	—	245,114
Amortization and depreciation expense	30,337	1,087	—	—	31,424
Total operating expenses	440,590	49,584	(480)	—	489,694
Operating income / (loss)	\$ 74,562	\$ (12,168)	\$ 4,017	\$ 418	\$ 66,829
Assets	\$ 1,477,674	\$ 73,621	\$ (111,725)	\$ (7)	\$ 1,439,563
<i>Reconciliation of operating income to income before income taxes</i>					
Operating income					\$ 66,829
Interest expense					(3,429)
Interest income					29,801
Other (expense) / income, net					4,624
Income before income taxes					\$ 97,825

	Year Ended December 31, 2022				
	Alarm.com		Other	Intersegment	
	Alarm.com	Other	Alarm.com	Intersegment	Other
SaaS and license revenue	\$ 564,513	\$ 66,685	\$ —	\$ —	\$ 631,198
Hardware and other revenue	306,074	5,979	(2,769)	(655)	308,629
Total revenue	870,587	72,664	(2,769)	(655)	939,827
Cost of SaaS and license revenue	68,666	20,809	329	(292)	89,512
Cost of hardware and other revenue	234,414	5,414	(2,630)	(561)	236,637
Total cost of revenue	303,080	26,223	(2,301)	(853)	326,149
Selling and marketing expense	88,899	22,343	—	—	111,242
General and administrative expense	101,401	7,478	—	—	108,879
Research and development expense	227,559	28,319	—	—	255,878
Amortization and depreciation expense	28,107	1,024	—	—	29,131
Total operating expenses	445,966	59,164	—	—	505,130
Operating income / (loss)	\$ 121,541	\$ (12,723)	\$ (468)	\$ 198	\$ 108,548
Assets	\$ 2,081,214	\$ 85,468	\$ (128,465)	\$ (9)	\$ 2,038,208
<i>Reconciliation of operating income to income before income taxes</i>					
Operating income					\$ 108,548
Interest expense					(11,426)
Interest income					47,359
Other (expense) / income, net					(2,674)
Income before income taxes					\$ 141,807

	Intersegment					Total
	Alarm.com	Other	Alarm.com	Intersegment Other		
SaaS and license revenue	\$ 478,134	\$ 42,243	\$ —	\$ —	\$ 520,377	
Hardware and other revenue	317,937	9,097	(4,067)	(785)	322,182	
Total revenue	796,071	51,340	(4,067)	(785)	842,559	
Cost of SaaS and license revenue	59,725	14,172	415	(415)	73,897	
Cost of hardware and other revenue	265,828	7,776	(4,419)	(501)	268,684	
Total cost of revenue	325,553	21,948	(4,004)	(916)	342,581	
Selling and marketing expense	76,927	15,821	—	—	92,748	
General and administrative expense	99,081	8,087	(480)	—	106,688	
Research and development expense	198,127	20,508	—	—	218,635	
Amortization and depreciation expense	29,639	1,231	—	—	30,870	
Total operating expenses	403,774	45,647	(480)	—	448,941	
Operating income / (loss)	\$ 66,744	\$ (16,255)	\$ 417	\$ 131	\$ 51,037	
<i>Reconciliation of operating income to income before income taxes</i>						
Operating income					\$ 51,037	
Interest expense					(3,144)	
Interest income					8,759	
Other (expense) / income, net					(59)	
Income before income taxes					\$ 56,593	

Our SaaS and license revenue for the Alarm.com segment included software license revenue of **\$23.2 million** \$20.3 million, **\$26.8 million** \$23.2 million and **\$32.3 million** \$26.8 million for the years ended **December 31, 2023** December 31, 2024, **2022** 2023 and **2021** 2022, respectively. There was no software license revenue recorded for the Other segment during the years ended **December 31, 2023** December 31, 2024, 2023 and 2022. Additions to property and equipment were \$20.1 million, \$8.9 million and \$28.4 million for the Alarm.com segment for the years ended December 31, 2024, 2023 and 2022, respectively. Additions to property and **2021** equipment were \$0.1 million, \$0.2 million and \$0.3 million for the Other segment for the years ended December 31, 2024, 2023 and 2022, respectively.

Critical Accounting Estimates

Our management's discussion and analysis of our financial condition and results of operations is based on our consolidated financial statements, which have been prepared in accordance with GAAP. The preparation of these consolidated financial statements requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue, costs and expenses during the reported period. In accordance with GAAP, we base our estimates on historical experience and on various other assumptions that we believe are reasonable under the circumstances. Because of the use of estimates inherent in the financial reporting process in light of the continuing uncertainty arising from the Macroeconomic Conditions, actual results could differ from those estimates and any such differences may be material. To the extent that there are differences between our estimates and actual results, our future financial statement presentation, financial condition, results of operations and cash flows will be affected. Our most critical accounting estimates are summarized below. See Note 2 to our consolidated financial statements for a description of the following critical accounting estimates and our other significant accounting estimates.

Revenue

We derive our revenue from three primary sources: the sale of cloud-based SaaS services on our integrated Alarm.com platform, the sale of licenses and services on the Software platform and the sale of hardware products. We sell our platform and hardware solutions to service provider partners that resell our solutions and hardware to residential and commercial property owners, who are the service provider partners' customers.

We have variable consideration primarily in the form of rebate incentives, which contain uncertainties and require us to make estimates of the amount of consideration to which we will be entitled. The significant inputs related to our estimates of variable consideration include the volume and amount of products and services sold historically and expected to be sold in the future, the availability and performance of our services and the historical and expected number of returns. We record a reserve against revenue for hardware returns based on historical returns. For each of the years ended **December 31, 2023** December 31, 2024, **2022** 2023 and **2021** 2022, our reserve against revenue for hardware returns was 1% of hardware and other revenue. We evaluate our hardware reserve on a quarterly basis or if there is an indication of significant changes in return experience. Historically, our returns of hardware have not significantly differed from our estimated reserve.

If we enter into contracts that contain multiple promised services, we evaluate which of the promised services represent separate performance obligations based on whether or not the promised services are distinct and whether or not the services are separable from other promises in the contract. If these criteria are met, then we allocate the transaction price to the performance obligations using the relative stand-alone selling price method at contract inception. In determining the relative estimated selling prices, we consider market conditions, entity-specific factors and information about the customer or class of customer. Any discount within the contract is allocated proportionately to all of the separate performance obligations in the contract unless the terms of discount relate specifically to the entity's efforts to satisfy some but not all of the performance obligations.

While variable consideration assumptions and assumptions regarding the relative stand-alone selling price are specific to each contract, we did not make any material changes to these assumptions for the year ended **December 31, 2023** December 31, 2024. We do not expect any material changes in the near term to the underlying assumptions used to recognize revenue during the year ended **December 31, 2023** December 31, 2024. However, if changes in these assumptions occur, and, should those changes be significant, they could have a material impact on our SaaS and license revenue as well as our hardware and other revenue.

Fair Value Measurements

The accounting standard for fair value measurements provides a framework for measuring fair value and requires disclosures regarding fair value measurements. Fair value is defined as the price that would be received for an asset or the exit price that would be paid to transfer a liability in the principal or most advantageous market in an orderly transaction between market participants on the measurement date.

We previously maintained a subsidiary long-term incentive plan and recorded a liability based on the potential cash payment contingent upon meeting certain financial milestones related to the agreement established with certain employees of one of our subsidiaries. During 2021 and until the termination of the subsidiary long-term incentive plan in May of 2022, we estimated the fair value of the liability by using a Monte Carlo simulation model which involves several Level 3 unobservable inputs. Concurrent with the termination of the subsidiary long-term incentive plan, we granted performance-based restricted stock units to those employees who previously participated in the subsidiary long-term incentive plan. We accounted for the termination of the subsidiary long-term incentive plan and concurrent grant of performance-based restricted stock units as a modification of the original subsidiary long-term incentive plan. As a result, no further estimates related to the subsidiary long-term incentive plan were necessary as of December 31, 2023. See the Stock-Based Compensation section below for details on the judgment required in determining the probable outcome of performance conditions related to performance-based restricted stock units.

Accounting estimates are also used for the contingent consideration liability related to the potential earn-out payment from our acquisition of 100% of the issued and outstanding capital stock of EBS on January 18, 2023. The earn-out payment is contingent on the satisfaction of certain performance targets related to the integration of EBS's hardware into the Alarm.com platform by December 31, 2025 and has a maximum potential payment of up to \$2.5 million. We account for the contingent consideration using fair value and established a liability for the future earn-out payment based on an estimation of the probability of the future achievement of the performance targets. The contingent consideration liability was valued with Level 3 unobservable inputs, including the probability of expected achievement of the performance targets. At each reporting date until December 31, 2025, or the achievement of the performance targets, we will remeasure the liability, using the same valuation approach. We did not make any material changes in the accounting methodology used to determine the fair value of the contingent consideration liability for the year ended December 31, 2023. We do not expect any material changes in the near term to the underlying assumptions used to determine the significant unobservable inputs used to calculate the fair value of the contingent consideration and, if changes in these assumptions occur, we do not expect those changes to have a material impact on our general and administrative operating expenses.

Business Combinations

We are required to allocate the purchase price of acquired companies to the identifiable tangible and intangible assets acquired and liabilities assumed at the acquisition date based upon their estimated fair values. This valuation contains uncertainties and requires management to apply significant judgment in estimating the fair value of long-lived and intangible assets acquired, which involves the use of significant estimates and assumptions.

Significant estimates and assumptions in valuing certain acquired customer relationship intangible assets include estimates about future expected cash flows and discount rates. Significant estimates and assumptions in valuing acquired developed technology intangible assets include estimates about future expected cash flows, obsolescence factors and discount rates. Significant estimates and assumptions in valuing acquired trade name intangible assets include estimates about future expected cash flows, royalty rates and discount rates.

We did not make any material changes to the underlying assumptions used as of the acquisition date to calculate the purchase price of the business combinations that occurred during 2023 and 2022. We do not expect any material changes in the near term to the underlying assumptions used to calculate the purchase price of those business combinations. However, if changes in these assumptions occur, and, should those changes be significant, they could have a material impact on our combinations as the purchase price allocation was finalized for these business combinations.

Goodwill, Intangible Assets and Long-lived Assets

Goodwill

We perform our annual impairment review of goodwill on October 1 and when a triggering event occurs between annual impairment tests. We test our goodwill at the reporting unit level. We perform either a qualitative analysis or a quantitative analysis every year depending on the changes to our goodwill balance as well as changes in our business and the economy. Significant estimates and assumptions when we perform a quantitative assessment include estimates about future expected cash flows and discount rates. Qualitative factors we consider when we perform a qualitative analysis include, but are not limited to, macroeconomic conditions, industry and market conditions, company specific events, changes in circumstances and market capitalization.

For our 2023 2024 annual impairment review, we performed a qualitative assessment for our Alarm.com reporting unit, our only reporting unit with a goodwill balance. There were no triggering events that occurred between our qualitative annual impairment test performed as of October 1, 2023 October 1, 2024 and December 31, 2023 December 31, 2024. If triggering events arise in the future that require changes in the underlying assumptions used in our assessment of our goodwill, and, should those changes be significant, they could have a material impact on our goodwill and potentially our other income (expense) / (expense), income, net, if those significant changes result in an impairment.

Intangible Assets and Long-lived Assets

Intangible assets are initially valued at fair value using generally accepted valuation methods appropriate for the type of intangible asset. Intangible assets with definite lives are amortized over their estimated useful lives and are reviewed for impairment if indicators of impairment arise.

We evaluate the recoverability of our long-lived assets for impairment whenever events or circumstances indicate that the carrying amount of the assets may not be recoverable. Recoverability of long-lived assets are measured by comparison of the carrying amount of the asset to the future undiscounted cash flows the asset is expected to generate. If the asset is considered to be impaired, the amount of any impairment is measured as the difference between the carrying value and the fair value of the impaired asset.

For the year ended December 31, 2021, we determined there was an impairment of \$0.1 million for an intangible asset acquired in 2014 related to customer relationships that no longer existed after December 31, 2021. There were no indicators of impairment of our intangible assets with definite lives or long-lived assets during the years ended December 31, 2023 December 31, 2024, 2023 and 2022. If triggering events arise in the future, depending on the significance of the underlying assumptions in the impairment analysis, they could have a material impact on our intangible assets and long-lived assets and potentially our other income (expense) / (expense), income, net, if those significant changes result in an impairment.

Accounting for Income Taxes

We account for income taxes under the asset and liability method as required by Accounting Standards Codification, or ASC 740, "Income Taxes," which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that are included in the financial statements.

We record net deferred tax assets to the extent we believe these assets will more likely than not be realized. In making such a determination, we consider all available positive and negative evidence, including future reversals of existing taxable temporary differences, projected future taxable income, tax-planning strategies and results of recent operations.

We are subject to income taxes in the United States and foreign jurisdictions based upon our business operations in those jurisdictions. Significant judgment is required in evaluating uncertain tax positions. We record uncertain tax positions in accordance with ASC 740-10 on the basis of a two-step process whereby (1) we determine whether it is more likely than not that the tax positions will be sustained based on the technical merits of the position, and (2) with respect to those tax positions that meet the more-likely-than-not recognition threshold, we recognize the largest amount of tax benefit that is greater than 50% likely to be realized upon ultimate settlement with the related tax authority.

We did not make any material changes to the underlying assumptions used to calculate deferred tax assets and liabilities as well as uncertain tax positions for the year ended **December 31, 2023** **December 31, 2024**, and we do not expect any material changes in the near term to the underlying assumptions used to calculate deferred tax assets and liabilities as well as uncertain tax positions for the year ended **December 31, 2023** **December 31, 2024**. However, if changes in these assumptions occur, and, should those changes be significant, they could have a material impact on our deferred tax assets and liabilities as well as our provision for **/(benefit from)** income taxes.

Stock-Based Compensation

We compensate our executive officers, board of directors and employees with stock-based compensation plans under our 2015 **Equity Incentive Plan**. We record stock-based compensation expense related to performance-based restricted stock units based on management's determination of the probable outcome of the performance conditions, which requires considerable judgment. We estimate the fair value of each option granted on the date of the grant using the Black-Scholes option-pricing model, which contains uncertainties and requires us to estimate the risk-free interest rate, expected term, expected stock price volatility and dividend yield. In 2021 and years prior to 2021, we used the "simplified method" to calculate the expected term, which was presumed to be the mid-point between the vesting date and the end of the contractual term. Beginning upon the first grant of options in 2022, the **The** expected term for options granted is estimated using our historical experience, including information related to options we have granted.

Recent Accounting Pronouncements

See Note 2 of our consolidated financial statements for information related to recently issued accounting standards.

Liquidity and Capital Resources

Working Capital

The following table summarizes our cash and cash equivalents, accounts receivable, net and working capital, for the periods indicated (in thousands):

	As of December 31,	As of December 31,
Cash and cash equivalents		
Cash and cash equivalents		
Cash and cash equivalents		
Accounts receivable, net		
Accounts receivable, net		
Accounts receivable, net		
Working capital		
Working capital		
Working capital		

We define working capital as current assets minus current liabilities. Our cash and cash equivalents as of **December 31, 2023** **December 31, 2024** are available for working capital purposes. Our investment policy defines allowable investments and establishes guidelines relating to credit quality, diversification and maturities of our investments to preserve capital, maintain liquidity and limit the amount of credit risk exposure. As of **December 31, 2023** **December 31, 2024**, our cash and cash equivalents were primarily held in money market accounts.

Liquidity and Capital Resources

As of **December 31, 2023** **December 31, 2024**, we had **\$697.0 million** **\$1.22 billion** in cash and cash equivalents. We consider all highly liquid instruments purchased with an original maturity from the date of purchase of three months or less to be cash equivalents. To date, we have principally financed our operations through cash generated by operating activities and through private and public equity and debt financings. We mitigate the risk of loss for our cash and cash equivalents by depositing funds with a number of reputable financial institutions and monitoring **both** the risk profiles and investment strategies of money market funds.

On October 27, 2022, we filed a demand for arbitration of a dispute arising under the Patent Cross License Agreement between Alarm.com and Vivint executed in November 2013. Vivint had stopped paying license fees to Alarm.com under the agreement. Vivint had been paying the required license fees to Alarm.com since the agreement was executed in November 2013. As a result of Vivint's refusal to pay license fees under the agreement, which began during the fourth quarter of 2022, cash flows from operating activities through December 31, 2023 were lowered by approximately \$6.0 million on a quarterly basis, plus additional legal fees. On December 21, 2023, Alarm.com and Vivint agreed to settle all outstanding litigation between the parties and to enter into a long-term intellectual property license agreement under which Alarm.com will license to Vivint its intellectual property portfolio.

Beginning in 2022, the Tax Cuts and Jobs Act of 2017 amended Internal Revenue Code Section 174, or Section 174, to eliminate the option to immediately deduct research and development expenditures in the year incurred, requiring these expenditures to be capitalized and amortized over five years for domestic expenditures and over 15 years for foreign expenditures. **While we** **We** calculated the 2022 federal and state cash tax increase from Section 174 to be \$38.1 million, **we did not pay this additional cash tax liability as part of our 2022 estimated tax payments due to the possible deferral, modification or repeal of Section 174. The additional 2022 federal cash tax liability was included in current income taxes payable as of December 31, 2022, and which was paid in February 2023. The increased 2022 state tax liability was paid in April early 2023, in the amount of \$7.5 million. We calculated the 2023 federal and state cash tax increase from Section 174 to be \$43.5 million, which we paid in April 2024, and we have estimated the 2024 federal and state cash tax increase from Section 174 to be approximately \$33.5 million, which we expect to pay in April 2024 if Section 174 is not deferred, modified or repealed.** **2025**. The Section 174 impact on **2024** **2025** cash flows from operating activities will depend on, among other factors, our **2024** **2025** operating results and the level of **2024** **2025** research and development activity. Based on information currently available to us, we estimate the **increased 2024** **2025** Section 174 federal and state cash tax payable for our **2024** **2025** taxable income to be in the range of **\$35.0 million** **\$25.0 million to \$40.0 million** **\$30.0 million** if the requirement to capitalize and amortize research and development expenditures is not deferred, modified or repealed. This estimate is based on the limited information that is currently available and is subject to change. While the largest impact **will be** **has been** to cash flow from operating

activities, the impact for domestic research and development expenditures would continue over the five-year amortization period beginning in 2022, but would decrease has decreased over that period and is expected to be immaterial beginning in year six.

On January 31, 2024, the U.S. House There is discussion of Representatives passed H.R. 7024, which, among other provisions, would retroactively change the effective date of prospectively repealing the requirement to capitalize Section 174 domestic research and development expenditures from January 1, 2022 to January 1, 2026. Foreign research and development expenditures would continue to costs, but there is no assurance such legislation will be capitalized and amortized over 15 years as of January 1, 2022. If the bill is passed by the Senate and signed into law by the President as currently drafted, the bill would allow us to receive a partial refund of the 2022 Section 174 federal income tax paid, the amount and timing of which cannot be estimated at this time. Any state impact would depend on the relevant individual state laws enacted.

We believe our existing cash and cash equivalents and our future cash flows from operating activities will be sufficient to meet our anticipated operating cash needs for at least the next 12 months. Over the next 12 months, we expect our capital expenditure requirements to be between \$4.5 million \$12.0 million and \$6.5 million \$15.0 million, primarily related to purchases of computer software and equipment as well as the continued build out of our leased and owned office space. As of December 31, 2023 December 31, 2024, maturities of lease liabilities for our various leases are as follows: \$13.7 million in 2024, \$11.6 million \$13.1 million in 2025, \$7.0 million \$11.8 million in 2026, \$1.6 million \$12.1 million in 2027, \$0.9 million \$11.5 million in 2028, and \$1.5 million \$11.1 million in 2029 and \$43.5 million in 2030 and thereafter.

On January 30, 2025, we entered into a senior secured loan agreement with a service provider partner, under which a term loan was provided to the service provider partner in the original principal amount of \$21.5 million, which loan is collateralized by the assets of the service provider partner. Quarterly principal payments begin in the second quarter of 2027. Interest on the outstanding principal accrues at a rate per annum equal to the overnight financing rate published by the Federal Reserve Bank of New York for a period of three months, plus 3.0%. For the first two years of the loan, monthly interest payments can be payable in kind at the election of the borrower. The maturity date of the loan is January 30, 2030.

In consideration for the purchase of 81% of the issued and outstanding shares of capital stock of CheKT, we paid \$23.6 million in cash on February 10, 2025, after deducting \$3.7 million related to agreed holdback provisions. We are currently evaluating the accounting treatment of this acquisition and are in the process of completing the preliminary purchase price allocation of the assets acquired and liabilities assumed.

Our future working capital, capital expenditure and cash requirements will depend on many factors, including the impact of the Macroeconomic Conditions on the economy and our operations, the rate of our revenue growth, the amount and timing of our investments in human resources and capital equipment, future acquisitions and investments, and the timing and extent of our introduction of new solutions and platform and solution enhancements. As the impact of the Macroeconomic Conditions on the economy and our operations evolves, we will continue to assess our liquidity needs. To the extent our cash and cash equivalents and cash flows from operating activities are insufficient to fund our future activities, we may need to borrow additional funds or raise funds from public or private equity or debt financings. If we raise additional funds through the incurrence of indebtedness, such indebtedness would likely have rights that are senior to holders of our equity securities and could contain covenants that restrict our operations. Any additional equity financing would be dilutive to our current stockholders.

The following discussion summarizes our current and long-term material cash requirements as of December 31, 2023 December 31, 2024, which we expect to fund primarily with operating cash flows:

Material Cash Requirements (in thousands)										
1 Year	1 Year	2 to 3 Years	4 to 5 Years	More Than 5 Years	Total	1 Year	2 to 3 Years	4 to 5 Years	More Than 5 Years	Total
Convertible Notes:										
Principal payments										
Principal payments										
Principal payments										
Special interest										
Special interest - 2026 Notes										
Contractual interest - 2029 Notes										
Operating lease commitments										
Other long-term liabilities:										
Other commitments ²										
Total										

¹ (1) See Note 12 to our consolidated financial statements for details on the components of other long-term liabilities. As of December 31, 2023 December 31, 2024, we recorded a liability for long-term accrued taxes and interest payable of \$7.9 million \$9.3 million. Due to the uncertainty in the timing of future payments, we have excluded the liability related to these uncertain tax positions from the table above. See Note 18 to our consolidated financial statements for additional information regarding income taxes.

² (2) Represents amounts due under multi-year, non-cancelable contracts with third-party vendors, as well as other commitments.

The commitment amounts in the table above are associated with contracts that are enforceable and legally binding and that specify all significant terms, including fixed or minimum services to be used, fixed, minimum or variable price provisions, and the approximate timing of the actions under the contracts. The table does not include obligations under agreements that we can cancel without a significant penalty. Future events could cause actual payments to differ from these estimates.

Convertible Senior Notes - 2026

On January 20, 2021, we issued \$500.0 million aggregate principal amount of 0% convertible senior notes due January 15, 2026, in a private placement to qualified institutional buyers, or the 2026 Notes. The terms of the 2026 Notes are governed by an Indenture, or the 2026 Indenture, by and between Alarm.com Holdings, Inc. and U.S. Bank National Association, as trustee. The 2026 Notes are senior unsecured obligations that do not bear regular interest and the principal amount of the 2026 Notes will not accrue. The 2026 Notes may bear special interest under specified circumstances related to our failure to comply with our reporting obligations under the 2026 Indenture. Special interest, if any, will be payable semiannually in arrears on January 15 and July 15 of each year, beginning on July 15, 2021. We received proceeds from the issuance of the 2026 Notes of \$484.3 million, net of \$15.7 million of transaction fees and other debt issuance costs.

We may not redeem the 2026 Notes prior to January 20, 2024.

We may redeem for cash, all or any portion of the 2026 Notes, at our option, on or after January 20, 2024, at a redemption price equal to 100% of the principal amount of the 2026 Notes to be redeemed, plus accrued and unpaid special interest, if any, to, but excluding, the redemption date, if the last reported sale price of our common stock has been at least 130% of the conversion price for the 2026 Notes then in effect for at least 20 trading days (whether or not consecutive) during any 30 consecutive trading day period (including the last trading day of such period) ending on, and including, the trading day immediately preceding the date on which we provide notice of redemption. No sinking fund is provided for the 2026 Notes.

The 2026 Notes will be convertible at the option of the holders at any time prior to the close of business on the business day immediately preceding August 15, 2025, only under the following circumstances: (1) during any calendar quarter commencing after the calendar quarter ending on June 30, 2021 (and only during such calendar quarter), if the last reported sale price of our common stock for at least 20 trading days (whether or not consecutive) during a period of 30 consecutive trading days ending on, and including, the last trading day of the immediately preceding calendar quarter is greater than or equal to 130% of the conversion price for the 2026 Notes on each applicable trading day; (2) during the five business day period immediately after any 10 consecutive trading day period in which, for each trading day of that period, the trading price per \$1,000 principal amount of 2026 Notes for such trading day was less than 98% of the product of the last reported sale price of our common stock and the conversion rate for the 2026 Notes on each such trading day; (3) if we call any or all of the 2026 Notes for redemption, at any time prior to the close of business on the scheduled trading day immediately preceding the redemption date, but only with respect to the 2026 Notes called (or deemed called) for redemption; or (4) upon the occurrence of specified corporate events as set forth in the [2026 Indenture](#).

On or after August 15, 2025, until the close of business on the second scheduled trading day immediately preceding the maturity date of the 2026 Notes, holders of the 2026 Notes may convert all or any portion of their 2026 Notes at any time, regardless of the foregoing conditions. Upon conversion, we may satisfy our conversion obligation by paying or delivering, as the case may be, cash, shares of our common stock or a combination of cash and shares of our common stock, at our election. It is our current intent to settle the principal amount of the 2026 Notes with cash. The initial conversion rate for the 2026 Notes is 6.7939 shares of our common stock per \$1,000 principal amount of 2026 Notes, which is equivalent to an initial conversion price of \$147.19 per share of our common stock, subject to adjustment under certain circumstances in accordance with the terms of the [2026 Indenture](#). In addition, following certain corporate events that occur prior to the maturity date of the 2026 Notes or if we deliver a notice of redemption in respect of the 2026 Notes, we will, under certain circumstances, increase the conversion rate of the 2026 Notes for a holder who elects to convert its 2026 Notes (or any portion thereof) in connection with such a corporate event or convert its 2026 Notes called (or deemed called) for redemption during the related redemption period (as defined in the Indenture), as the case may be.

If we undergo a fundamental change (as defined in the [2026 Indenture](#)), subject to certain exceptions and except as described in the [2026 Indenture](#), holders may require us to repurchase for cash all or any portion of their 2026 Notes at a fundamental change repurchase price equal to 100% of the principal amount of the 2026 Notes to be repurchased, plus accrued and unpaid special interest, if any, to, but excluding, the fundamental change repurchase date.

The [2026 Indenture](#) includes customary covenants and sets forth certain events of default after which the 2026 Notes may be declared immediately due and payable and sets forth certain types of bankruptcy or insolvency events of default involving us after which the 2026 Notes become automatically due and payable.

We used some of the proceeds to repay the \$110.0 million outstanding principal balance under our credit facility and also used some of the proceeds to pay accrued interest, fees and expenses related to our credit facility, which was terminated effective January 20, 2021. We are using the remaining net proceeds from the issuance of the 2026 Notes for working capital and other general corporate purposes, which may include acquisitions or strategic investments in complementary businesses or technologies.

Convertible Senior Notes - 2029 Notes

On May 31, 2024, we issued \$500.0 million aggregate principal amount of 2.25% convertible senior notes due June 1, 2029, in a private placement to qualified institutional buyers, or the [2029 Notes](#). The terms of the 2029 Notes are governed by an Indenture, or the [2029 Indenture](#), by and between Alarm.com Holdings, Inc. and U.S. Bank Trust Company, National Association, as trustee. The 2029 Notes are senior unsecured obligations that bear interest at a rate of 2.25% per annum, payable semiannually in arrears on June 1 and December 1 of each year, beginning on December 1, 2024, and the principal amount of the 2029 Notes will not accrete. We received proceeds from the issuance of the 2029 Notes of \$485.2 million, net of \$14.8 million of transaction fees and other debt issuance costs.

We may redeem for cash, all or any portion of the 2029 Notes (subject to the partial redemption limitation described below), at our option, on or after June 7, 2027, at a redemption price equal to 100% of the principal amount of the 2029 Notes to be redeemed, plus accrued and unpaid interest, if any, to, but excluding, the redemption date, if the last reported sale price of our common stock has been at least 130% of the conversion price for the 2029 Notes then in effect for at least 20 trading days (whether or not consecutive) during any 30 consecutive trading day period (including the last trading day of such period) ending on, and including, the trading day immediately preceding the date on which we provide notice of redemption. If we redeem less than all the 2029 Notes, at least \$75.0 million aggregate principal amount of the 2029 Notes must be outstanding and not subject to redemption as of the relevant redemption notice date. No sinking fund is provided for the 2029 Notes.

The 2029 Notes will be convertible at the option of the holders at any time prior to the close of business on the business day immediately preceding January 1, 2029, only under the following circumstances: (1) during any calendar quarter commencing after the calendar quarter ending on September 30, 2024 (and only during such calendar quarter), if the last reported sale price of our common stock for at least 20 trading days (whether or not consecutive) during a period of 30 consecutive trading days ending on, and including, the last trading day of the immediately preceding calendar quarter is greater than or equal to 130% of the conversion price for the 2029 Notes on each applicable trading day; (2) during the five business day period immediately after any ten consecutive trading day period in which, for each trading day of that period, the trading price per \$1,000 principal amount of 2029 Notes for such trading day was less than 98% of the product of the last reported sale price of our common stock and the conversion rate for the 2029 Notes on each such trading day; (3) if we call any or all of the 2029 Notes for redemption, at any time prior to the close of business on the scheduled trading day immediately preceding the redemption date, but only with respect to the 2029 Notes called (or deemed called) for redemption; or (4) upon the occurrence of specified corporate events as set forth in the [2029 Indenture](#).

On or after January 1, 2029, until the close of business on the second scheduled trading day immediately preceding the maturity date of the 2029 Notes, holders of the 2029 Notes may convert all or any portion of their 2029 Notes at any time, regardless of the foregoing conditions. Upon conversion, we may satisfy our conversion obligation by paying or delivering, as the case may be, cash, shares of our common stock or a combination of cash and shares of our common stock, at our election. It is our current intent to settle the principal amount of the 2029 Notes with cash. The initial conversion rate for the 2029 Notes is 11.4571 shares of our common stock per \$1,000 principal amount of 2029 Notes, which is equivalent to an initial conversion price of \$87.28 per share of our common stock, subject to adjustment under certain circumstances in accordance with the terms of the [2029 Indenture](#). In addition, following certain corporate events that occur prior to the maturity date of the 2029 Notes or if we deliver a notice of redemption in respect of some or all of the 2029 Notes, we will, under certain circumstances, increase the conversion rate of the 2029 Notes for a holder who elects to convert its 2029 Notes (or any portion thereof) in connection with such a corporate event or convert its 2029 Notes called (or deemed called) for redemption during the related redemption period (as defined in the [2029 Indenture](#)), as the case may be.

If we undergo a fundamental change (as defined in the [2029 Indenture](#)), subject to certain exceptions and except as described in the [2029 Indenture](#), holders may require us to repurchase for cash all or any portion of their 2029 Notes at a fundamental change repurchase price equal to 100% of the principal amount of the 2029 Notes to be repurchased, plus accrued and unpaid interest, if any, to, but excluding, the fundamental change repurchase date.

The [2029 Indenture](#) includes customary covenants and sets forth certain events of default after which the 2029 Notes may be declared immediately due and payable and sets forth certain types of bankruptcy or insolvency events of default involving us after which the 2029 Notes become automatically due and payable.

We used \$63.1 million of the net proceeds from the 2029 Notes to pay the cost of the capped call transactions described below and used \$75.0 million to repurchase 1,117,068 shares of our common stock concurrently with the pricing of the 2029 Notes, which was separately authorized by our board of directors. We are using the remaining net proceeds from the issuance of the 2029 Notes for general corporate purposes, which may include acquisitions or strategic investments in complementary businesses or technologies, other repurchases of our common stock, repurchases of our 2026 Notes and for working capital, operating expenses and capital expenditures.

Capped Call – 2029 Notes

In connection with the offering of the 2029 Notes, we entered into privately negotiated capped call transactions with one of the initial purchasers and certain other financial institutions, at a cost of \$63.1 million. The capped call transactions cover, subject to customary adjustments substantially similar to those applicable to the 2029 Notes, the number of shares of our common stock initially underlying the 2029 Notes. The cap price of the capped call transactions is initially \$134.28 per share of our common stock, which represents a premium of 100% over the closing price of our common stock on the Nasdaq Global Select Market on May 28, 2024, and is subject to certain adjustments under the terms of the capped call transactions. The exercise price is \$87.28 per share of common stock, subject to customary anti-dilution adjustments that mirror corresponding adjustments for the 2029 Notes.

Sources of Liquidity

On January 20, 2021, we issued \$500.0 million aggregate principal amount of 0% convertible senior notes due January 15, 2026, in a private placement to qualified institutional buyers and received proceeds of \$484.3 million, net of \$15.7 million of transaction fees and other debt issuance costs. The 2026 Notes are discussed in more detail above under "Convertible Senior Notes - 2026."

On May 31, 2024, we issued \$500.0 million aggregate principal amount of 2.25% convertible senior notes due June 1, 2029, in a private placement to qualified institutional buyers and received proceeds of \$485.2 million, net of \$14.8 million of transaction fees and other debt issuance costs. The 2029 Notes are discussed in more detail above under "Convertible Senior Notes - 2029 Notes."

Dividends

We did not declare or pay dividends during the years ended December 31, 2023 December 31, 2024, 2022 2023 or 2021, 2022. We cannot provide any assurance that we will declare or pay cash dividends on our common stock in the future. We currently anticipate that we will retain all of our future earnings, if any, for use in the operation and expansion of our business and we do not anticipate paying cash dividends in the foreseeable future. Payment of future cash dividends, if any, will be at the discretion of the board of directors after taking into account various factors, including our financial condition, operating results, current and anticipated cash needs, the requirements of current or then-existing debt instruments and other factors the board of directors deems relevant.

Stock Repurchase Programs

On December 3, 2020 February 15, 2023, our board of directors authorized a stock repurchase program, effective February 23, 2023, under which we were authorized to purchase up to an aggregate of \$100.0 million of our outstanding common stock during the three-year two-year period ending December 3, 2023 February 23, 2025.

On February 15, 2023 May 24, 2024, our board of directors authorized the repurchase of our common stock in connection with the issuance of the 2029 Notes, the cancellation of the balance under the stock repurchase program ending December 3, 2023 February 23, 2025, and also authorized a stock repurchase program, effective February 23, 2023 May 31, 2024, under which we are authorized to purchase up to an aggregate of \$100.0 million of our outstanding common stock during the two-year period ending February 23, 2025 May 31, 2026.

The full repurchase balance for this program of \$100.0 million was available as of December 31, 2024. During the year ended December 31, 2024, we repurchased 1,117,068 shares of our common stock for \$75.0 million concurrently with the pricing of the 2029 Notes, which was separately authorized by our board of directors. During the years ended December 31, 2023 and 2022, we repurchased 487,918 and 1,385,592 shares of our common stock under these our stock repurchase programs that were subsequently canceled effective May 31, 2024 and February 15, 2023, for \$27.3 million and \$78.8 million, respectively, which includes applicable commissions and fees. We did not repurchase any shares of our common stock under these programs in 2021.

As of January 1, 2023, we are subject to a 1.0% excise tax on the value of net corporate stock repurchases under the Inflation Reduction Act of 2022. When applicable, the excise tax will be included as part of the cost basis of shares acquired and is presented within stockholders' equity in the consolidated balance sheets.

Shares Withheld

As permitted under the terms of the 2015 Equity Incentive Plan, or 2015 Plan, in 2021 the Compensation Committee authorized the withholding of shares of common stock in connection with the vesting of restricted stock unit awards issued to employees to satisfy applicable tax withholding requirements. These withheld shares are not issued or considered common stock repurchases under our stock repurchase program. We paid \$2.6 million \$3.4 million and \$4.5 million \$2.6 million of tax withholdings related to vesting of restricted stock units during the years ended December 31, 2023 December 31, 2024 and 2021, 2023, respectively. No tax withholdings related to the vesting of restricted stock units were paid during the year ended December 31, 2022. We also utilized the sell-to-cover method in which shares of our restricted stock unit awards were sold into the market on behalf of the employee upon vesting to cover tax withholding liabilities. We may utilize either the withholding method or sell-to-cover method in the future.

Historical Cash Flows

The following table sets forth our cash flows for the periods indicated (in thousands):

	Year Ended December 31,		Year Ended December 31,		2023	2022
	2023	2022	2021	2024		
Cash flows from operating activities						
Cash flows used in investing activities						
Cash flows (used in) / from financing activities						
Cash flows from / (used in) financing activities						

Operating Activities

Cash flows from operating activities have typically been generated from our net income and by changes in our operating assets and liabilities, particularly from accounts receivable, accounts payable and inventory, adjusted for non-cash expense items such as amortization and depreciation, deferred income taxes and stock-based compensation.

For 2024, cash flows from operating activities were \$206.4 million, compared to \$136.0 million for 2023. This \$70.4 million increase in cash flows from operating activities was due to a \$42.2 million increase in net income, a \$19.7 million increase in cash from operating assets and liabilities and a \$8.5 million increase in non-cash and other reconciling items.

The \$19.7 million increase in cash from operating assets and liabilities was primarily due to differences in the timing of disbursements and the collection of receipts, partially offset by a \$12.4 million change in inventory purchased in 2024 as compared to 2023. The \$8.5 million increase in non-cash and other reconciling items was primarily due to a \$13.2 million change in deferred income taxes, which was primarily driven by the capitalization and amortization of research and development expenditures under Section 174, as well as a \$4.0 million increase in the provision for credit losses on notes receivable related to a loan we provided to an affiliated entity of one of our distribution partners in 2024. These increases in non-cash and other reconciling items were partially offset by a \$6.0 million decrease in stock-based compensation and a \$2.3 million decrease in amortization and depreciation expense in 2024 as compared to 2023 as well as a \$1.4 million inventory write-down in 2023 that did not occur in 2024.

For 2023, cash flows from operating activities were \$136.0 million, compared to \$56.9 million for 2022. This \$79.1 million increase in cash flows from operating activities was due to a \$49.3 million increase in cash from operating assets and liabilities, a \$24.7 million increase in net income and a \$5.1 million increase in non-cash and other reconciling items.

The \$49.3 million increase in cash from operating assets and liabilities was primarily due to a \$61.3 million change in inventory resulting from a decrease in purchased inventory following prior year 2022 purchase activity to reduce risks and uncertainties in our supply chain as well as differences in the timing of disbursements and the collection of receipts in 2023 as compared to 2022. The \$5.1 million increase in non-cash and other reconciling items was primarily due to a \$7.3 million change in deferred income taxes, which was primarily driven by the capitalization and amortization of research and development expenditures under Section 174, as well as a \$1.4 million inventory write-down during 2023, which did not occur in 2022. These increases in non-cash and other reconciling items were partially offset by a \$5.4 million decrease in stock-based compensation in 2023 as compared to 2022.

For 2022, cash flows from operating activities were \$56.9 million, compared to \$103.2 million for 2021. This \$46.3 million decrease in cash flows from operating activities was due to a \$38.3 million decrease in non-cash and other reconciling items and a \$12.4 million decrease in cash from operating assets and liabilities, partially offset by a \$4.4 million increase in net income. The \$38.3 million decrease in non-cash and other reconciling items was primarily due to a \$44.9 million change in deferred income taxes, which was driven by an increase in estimated taxable income during 2022 pursuant to the capitalization requirements under Section 174 of the Internal Revenue Code, as compared to 2021. The decrease in non-cash and other reconciling items during 2022 as compared to 2021 was also due to a \$12.7 million decrease in amortization of the debt discount and debt issuance costs related to the adoption of Accounting Standards Update, or ASU, 2020-06, "Debt—Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging—Contracts in Entity's Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity's Own Equity," for the 2026 Notes. These decreases in non-cash and other reconciling items were partially offset by a \$14.0 million increase in stock-based compensation resulting from additional grants of restricted stock units during 2022 as well as an increase in the changes to the provision for credit losses and reserve for product returns of \$4.1 million during 2022 as compared to 2021. The \$12.4 million decrease in cash from operating assets and liabilities was primarily due to a \$8.9 million change in inventory resulting from an increase in purchased inventory as we seek to reduce risks and uncertainties in our supply chain as well as a \$6.5 million change in accounts payable, accrued expenses and other liabilities primarily due to differences in the timing of disbursements during 2022 as compared to 2021.

Investing Activities

Our investing activities typically include acquisitions, capital expenditures, investments in unconsolidated entities, notes receivable issued to companies with offerings complementary to ours and proceeds from the repayment of those notes receivable. Our capital expenditures have primarily been for general business use, including leasehold improvements as we have expanded our office space to accommodate our growth in headcount, computer equipment used internally and expansion of our network operations centers.

For 2024, cash flows used in investing activities was \$24.7 million, compared to \$26.0 million in 2023. The \$1.3 million decrease in cash used in investing activities was primarily due to the \$9.7 million paid to purchase 100% of the issued and outstanding shares of capital stock of EBS Spółka z ograniczoną odpowiedzialnością, or EBS, net of cash acquired, and the \$5.9 million paid to purchase certain assets from Vintra, Inc., or Vintra, including direct transaction costs, in 2023 which did not occur in 2024. These decreases in cash used in investing activities were partially offset by a \$9.3 million increase in purchases of investments in unconsolidated entities, a \$2.6 million increase in purchases of equipment, \$1.4 million paid to purchase certain assets of Kapacity.io in 2024 which did not occur in 2023 as well as a \$0.9 million increase in payments related to capitalized software development costs in 2024 as compared to 2023.

For 2023, cash flows used in investing activities was \$26.0 million, compared to \$68.3 million in 2022. The \$42.3 million decrease in cash used in investing activities was primarily due to the \$31.9 million paid to purchase 85% of the issued and outstanding shares of capital stock of Noonlight and the \$21.8 million paid for developable land during 2022, which did not occur during 2023. These decreases in cash used in investing activities were partially offset by \$9.7 million paid to purchase 100% of the issued and outstanding shares of capital stock of EBS, net of cash acquired, and the \$5.9 million paid to purchase certain assets from Vintra, including direct transaction costs, in 2023, which did not occur in 2022.

For 2022, cash flows used in investing activities was \$68.3 million, compared to \$20.4 million in 2021. The \$47.9 million increase in cash used in investing activities was primarily due to the \$31.9 million paid to purchase 85% of the issued and outstanding shares of capital stock of Noonlight and the \$21.8 million paid for developable land during 2022, which did not occur during 2021. These increases in cash used in investing activities were partially offset by \$4.4 million paid for developed technology in 2021, which did not occur during 2022.

Financing Activities

Cash generated by financing activities includes proceeds from the 2026 Notes, 2029 Notes and proceeds from the issuance of common stock from employee stock option exercises and from our employee stock purchase plan. Cash used in financing activities typically includes repurchases of common stock, and repayments of debt, debt payments of debt issuance costs and purchases of capped calls related to the 2029 Notes.

For 2024, cash flows from financing activities was \$346.4 million, compared to cash flows used in financing activities of \$31.9 million in 2023. The \$378.3 million increase in cash flows from financing activities was primarily due to \$485.2 million in proceeds from the issuance of the 2029 Notes, net of issuance costs paid in 2024, which did not occur in 2023. These increases in cash flows from financing activities were partially offset by a \$47.7 million increase in purchases of shares of our common stock and \$63.1 million purchases of capped calls related to the 2029 Notes in 2024, which did not occur in 2023.

For 2023, cash flows used in financing activities was \$31.9 million, compared to \$76.3 million in 2022. The \$44.4 million decrease in cash flows used in financing activities was primarily due to the \$51.5 million decrease in purchases of shares of our common stock in 2023 as compared to 2022, partially offset by \$3.0 million in debt payments related to the debt assumed in the acquisition of EBS as well as \$2.6 million of tax withholdings paid related to vesting of restricted stock units in 2023, which did not occur in 2022.

For 2022, cash flows used in financing activities was \$76.3 million, compared to cash flows from financing activities of \$374.4 million in 2021. The \$450.7 million decrease in cash flows from financing activities was primarily due to \$484.3 million in proceeds from the issuance of the 2026 Notes, net of issuance costs paid during 2021 that did not occur during 2022. The decrease in cash flows from financing activities was also due to the repurchase of 1,385,592 shares of our common stock for \$78.8 million during 2022 that did not occur during 2021. These decreases in cash flows from financing activities were partially offset by the repayment of \$110.0 million to terminate our credit facility in 2021 that did not occur in 2022.

Non-GAAP Measures

We define non-GAAP adjusted EBITDA as our net income before interest expense, interest income, certain activity within other income (expense) / (expense), net, provision for / (benefit from) income taxes, amortization and depreciation expense, stock-based compensation expense, acquisition-related expense, legal costs and settlement fees incurred and received in connection with non-ordinary course litigation and other disputes, particularly costs involved in ongoing intellectual property litigation. We do not consider these items to be indicative of our core operating performance. The non-cash items include amortization and depreciation expense, amortization of debt discount and debt issuance costs for the 2026 Notes and 2029 Notes included in interest expense, stock-based compensation expense related to restricted stock units and other forms of equity compensation, including, but not limited to, the sale of common stock. We do not adjust for ordinary course legal expenses resulting from maintaining and enforcing our intellectual property portfolio and license agreements. Non-GAAP adjusted EBITDA is not a measure calculated in accordance with GAAP. See the table below for a reconciliation of non-GAAP adjusted EBITDA from net income, the most directly comparable financial measure calculated and presented in accordance with GAAP.

We have included non-GAAP adjusted EBITDA in this report because it is a key measure our management uses to understand and evaluate our core operating performance and trends, to generate future operating plans, to make strategic decisions regarding the allocation of capital and to make investments in initiatives that are focused on cultivating new markets for our solutions. We also use non-GAAP adjusted EBITDA, a non-GAAP financial measure, as a performance measure under our executive bonus plan. Further, we believe the exclusion of certain expenses in calculating non-GAAP adjusted EBITDA facilitates comparisons of our operating performance on a period-to-period basis and, in the case of exclusion of acquisition-related expense and certain historical legal expenses, excludes items that we do not consider to be indicative of our core operating performance. Accordingly, we believe non-GAAP adjusted EBITDA provides useful information to investors and others in understanding and evaluating our operating results in the same manner as our management and board of directors.

Our use of non-GAAP adjusted EBITDA has limitations as an analytical tool, and you should not consider it in isolation or as a substitute for analysis of our financial results as reported under GAAP. Some of these limitations are: (a) although amortization and depreciation are non-cash charges, the assets being amortized and depreciated may have to be replaced in the future, and non-GAAP adjusted EBITDA does not reflect cash capital expenditure requirements for such replacements or for new capital expenditure requirements; (b) non-GAAP adjusted EBITDA does not reflect changes in, or cash requirements for, our working capital needs; (c) non-GAAP adjusted EBITDA does not reflect the potentially dilutive impact of equity-based compensation; (d) non-GAAP adjusted EBITDA does not reflect tax payments that may represent a reduction in cash available to us; and (e) other companies, including companies in our industry, may calculate non-GAAP adjusted EBITDA or similarly titled measures differently, which reduces its usefulness as a comparative measure.

Because of these and other limitations, you should consider non-GAAP adjusted EBITDA alongside our other GAAP-based financial performance measures, net income and our other GAAP financial results. The following table presents a reconciliation of non-GAAP adjusted EBITDA from net income, the most directly comparable GAAP measure, for each of the periods indicated (in thousands):

	Year Ended December 31,		
	2023	2022	2021
	2024	2023	2022
Non-GAAP adjusted EBITDA:			
Net income			
Net income			
Net income			
Adjustments:			
Interest expense, interest income and certain activity within other income / (expense), net			
Interest expense, interest income and certain activity within other income / (expense), net			
Interest expense, interest income and certain activity within other income / (expense), net			
Provision for / (benefit from) income taxes			
Interest expense, interest income and certain activity within other (expense) / income, net			
Interest expense, interest income and certain activity within other (expense) / income, net			
Interest expense, interest income and certain activity within other (expense) / income, net			
Provision for income taxes			
Amortization and depreciation expense			
Stock-based compensation expense			
Acquisition-related expense			
Acquisition-related expense			
Acquisition-related expense			
Litigation expense			
Total adjustments			
Non-GAAP adjusted EBITDA			

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market risk represents the risk of loss that may impact our financial position due to adverse changes in financial market prices and rates. Our market risk exposure is primarily the result of inflation and foreign exchange rates.

The uncertainty that exists with respect to the economic impact of the Macroeconomic Conditions continues to create significant volatility in the financial markets subsequent to the year ended December 31, 2023 December 31, 2024.

Market Risk

On January 20, 2021, we issued the 2026 Notes. On May 31, 2024, we issued the 2029 Notes. We carry these instruments at face value less unamortized issuance costs. However, the fair value of the 2026 Notes fluctuates and 2029 Notes fluctuate when the market price of our common stock fluctuates.

Inflation Risk

We do not believe that inflation has had a material effect on our business, financial condition or results of operations. While we have experienced inflationary pressures on our inventory component and freight costs, we implemented price increases on certain products in 2022 to partially offset these increases in costs. If our costs become subject to significant inflationary pressures, we may not be able to fully offset such higher costs through price increases. Our inability or failure to do so could harm our business, financial condition and results of operations.

Foreign Currency Exchange Risk

Because substantially all of our revenue and operating expenses are denominated in U.S. dollars, we do not believe our exposure to foreign currency exchange risk is material to our business, financial condition or results of operations. If a significant portion of our revenue and operating expenses becomes denominated in currencies other than U.S. dollars, we may not be able to effectively manage this risk, and our business, financial condition and results of operations could be adversely affected by translation and by transactional foreign currency conversions.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

ALARM.COM HOLDINGS, INC. INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

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Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of Alarm.com Holdings, Inc.

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of Alarm.com Holdings, Inc. and its subsidiaries (the "Company") as of [December 31, 2023](#) [December 31, 2024](#) and [2022](#), [2023](#), and the related consolidated statements of operations, of comprehensive income, of equity and of cash flows for each of the three years in the period ended [December 31, 2023](#) [December 31, 2024](#), including the related notes and financial statement schedule listed in the accompanying index (collectively referred to as the "consolidated financial statements"). We also have audited the Company's internal control over financial reporting as of [December 31, 2023](#) [December 31, 2024](#), based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of [December 31, 2023](#) [December 31, 2024](#) and [2022](#), [2023](#), and the results of its operations and its cash flows for each of the three years in the period ended [December 31, 2023](#) [December 31, 2024](#) in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of [December 31, 2023](#) [December 31, 2024](#), based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the COSO.

Change in Accounting Principle

As discussed in Note 2 to the consolidated financial statements, the Company changed the manner in which it accounts for convertible instruments [and earnings per share](#) in 2022.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Report on Internal Control over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on the Company's consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (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 audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

As described in Management's Report on Internal Control over Financial Reporting, management has excluded EBS Spółka z ograniczoną odpowiedzialnością ("EBS") from its assessment of internal control over financial reporting as of December 31, 2023, because it was acquired by the Company in a purchase business combination during 2023. We have also excluded EBS from our audit of internal control over financial reporting. EBS is a wholly-owned subsidiary whose total assets and total revenues excluded from management's assessment and our audit of internal control over financial reporting represent less than 1% and 1%, respectively, of the related consolidated financial statement amounts as of and for the year ended December 31, 2023.

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 (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) 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 (iii) 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.

Critical Audit Matters

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that (i) relates to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters 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.

Revenue recognition

As described in Note 2 to the consolidated financial statements, the Company's revenue is generated from the sale of cloud-based SaaS services on its integrated Alarm.com platform, the sales of licenses and services on its non-hosted software platform, and the sale of hardware products. Cloud-based SaaS services are billed monthly in advance and revenue is recognized on a monthly basis as the performance obligation is satisfied. Licenses on non-hosted services are billed monthly and revenue is recognized on a monthly basis as the services are performed. Hardware revenue is recognized when the customer obtains control. The Company's total revenue was **\$881.7 million** **\$939.8 million** for the year ended **December 31, 2023** **December 31, 2024**.

The principal considerations for our determination that performing procedures relating to revenue recognition is a critical audit matter are the significant audit effort in performing procedures and evaluating audit evidence related to the accuracy and occurrence of revenue transactions.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to the revenue recognition process, including controls over the accuracy and occurrence of revenue transactions. These procedures also included, among others, evaluating, on a test basis, the accuracy and occurrence of transactions recognized as revenue by obtaining and inspecting, where applicable, invoices, customer purchase orders, dealer and license agreements, shipping documents and cash receipts from customers.

/s/ PricewaterhouseCoopers LLP
Washington, District Of Columbia
February 22, 2024 20, 2025

We have served as the Company's auditor since 2009.

ALARM.COM HOLDINGS, INC.
Consolidated Statements of Operations
(in thousands, except share and per share data)

Year Ended December 31,				
2023	2022	2021	2024	2023

Revenue:

SaaS and license revenue
SaaS and license revenue
SaaS and license revenue
Hardware and other revenue
Total revenue

Cost of revenue⁽¹⁾:

Cost of SaaS and license revenue
Cost of SaaS and license revenue

Cost of SaaS and license revenue
Cost of hardware and other revenue
Total cost of revenue
Operating expenses:
Sales and marketing
Sales and marketing
Sales and marketing
General and administrative
Research and development
Amortization and depreciation
Total operating expenses
Operating income
Interest expense
Interest income
Other income / (expense), net
Other (expense) / income, net
Income before income taxes
Provision for / (benefit from) income taxes
Provision for income taxes
Net income
Net loss attributable to redeemable noncontrolling interests
Net income attributable to common stockholders
Per share information attributable to common stockholders:
Per share information attributable to common stockholders:
Per share information attributable to common stockholders:
Net income per share:
Net income per share:
Net income per share:
Net income attributable to common stockholders per share:
Net income attributable to common stockholders per share:
Net income attributable to common stockholders per share:
Basic
Basic
Basic
Diluted
Weighted average common shares outstanding:
Basic
Basic
Basic
Diluted

(1) Exclusive of amortization and depreciation shown in operating expenses below.

See accompanying notes to the consolidated financial statements.

ALARM.COM HOLDINGS, INC.
Consolidated Statements of Comprehensive Income
(in thousands)

	Year Ended December 31,		
	2023	2022	2021
	2024	2023	2022
Net income			
Other comprehensive income			

Other comprehensive (loss) / income

Foreign currency translation adjustment

Foreign currency translation adjustment

Foreign currency translation adjustment

Total other comprehensive income**Total other comprehensive (loss) / income****Comprehensive income**

Comprehensive loss attributable to redeemable noncontrolling interests

Comprehensive income attributable to common stockholders

See accompanying notes to the consolidated financial statements.

ALARM.COM HOLDINGS, INC.**Consolidated Balance Sheets**

(in thousands, except share and per share data)

December 31,

	2023	2022
	2024	2023

Assets

Current assets:

Current assets:

Current assets:

Cash and cash equivalents

Cash and cash equivalents

Cash and cash equivalents

Accounts receivable, net of allowance for credit losses of \$3,864 and \$2,835, and net of allowance for product returns of \$2,279 and \$1,551, as of December 31, 2023 and 2022, respectively

Accounts receivable, net of allowance for credit losses of \$3,864 and \$2,835, and net of allowance for product returns of \$2,279 and \$1,551, as of December 31, 2023 and 2022, respectively

Accounts receivable, net of allowance for credit losses of \$3,864 and \$2,835, and net of allowance for product returns of \$2,279 and \$1,551, as of December 31, 2023 and 2022, respectively

Accounts receivable, net of allowance for credit losses of \$3,870 and \$3,864, and net of allowance for product returns of \$2,448 and \$2,279, as of December 31, 2024 and 2023, respectively

Accounts receivable, net of allowance for credit losses of \$3,870 and \$3,864, and net of allowance for product returns of \$2,448 and \$2,279, as of December 31, 2024 and 2023, respectively

Accounts receivable, net of allowance for credit losses of \$3,870 and \$3,864, and net of allowance for product returns of \$2,448 and \$2,279, as of December 31, 2024 and 2023, respectively

Inventory

Other current assets, net

Total current assets

Property and equipment, net

Intangible assets, net

Goodwill

Deferred tax assets

Operating lease right-of-use assets

Other assets, net of allowance for credit losses of \$5 and \$2 as of December 31, 2023 and 2022, respectively

Other assets, net of allowance for credit losses of \$1 and \$5 as of December 31, 2024 and 2023, respectively

Total assets**Liabilities, redeemable noncontrolling interests and stockholders' equity**

Current liabilities:

Current liabilities:

Current liabilities:

Accounts payable, accrued expenses and other current liabilities

Accounts payable, accrued expenses and other current liabilities

Accounts payable, accrued expenses and other current liabilities

Accrued compensation		
Deferred revenue		
Operating lease liabilities		
Total current liabilities		
Deferred revenue		
Convertible senior notes, net		
Operating lease liabilities		
Operating lease liabilities		
Operating lease liabilities		
Other liabilities		
Total liabilities		
Commitments and contingencies (Note 13)	Commitments and contingencies (Note 13)	Commitments and contingencies (Note 13)
Redeemable noncontrolling interests		
Stockholders' equity		
Preferred stock, \$0.001 par value, 10,000,000 shares authorized; no shares issued and outstanding as of December 31, 2023 and 2022		
Preferred stock, \$0.001 par value, 10,000,000 shares authorized; no shares issued and outstanding as of December 31, 2023 and 2022		
Preferred stock, \$0.001 par value, 10,000,000 shares authorized; no shares issued and outstanding as of December 31, 2023 and 2022		
Common stock, \$0.01 par value, 300,000,000 shares authorized; 51,888,838 and 50,985,454 shares issued; and 49,868,175 and 49,452,709 shares outstanding as of December 31, 2023 and 2022, respectively		
Preferred stock, \$0.001 par value, 10,000,000 shares authorized; no shares issued and outstanding as of December 31, 2024 and 2023		
Preferred stock, \$0.001 par value, 10,000,000 shares authorized; no shares issued and outstanding as of December 31, 2024 and 2023		
Preferred stock, \$0.001 par value, 10,000,000 shares authorized; no shares issued and outstanding as of December 31, 2024 and 2023		
Common stock, \$0.01 par value, 300,000,000 shares authorized; 52,756,077 and 51,888,838 shares issued; and 49,618,346 and 49,868,175 shares outstanding as of December 31, 2024 and 2023, respectively		
Additional paid-in capital		
Treasury stock, at cost; 2,020,663 and 1,532,745 shares as of December 31, 2023 and 2022, respectively		
Treasury stock, at cost; 3,137,731 and 2,020,663 shares as of December 31, 2024 and 2023, respectively		
Accumulated other comprehensive income		
Retained earnings		
Total stockholders' equity		
Total liabilities, redeemable noncontrolling interests and stockholders' equity		

See accompanying notes to the consolidated financial statements.

ALARM.COM HOLDINGS, INC.
Consolidated Statements of Cash Flows
(in thousands)

	Year Ended December 31,		
	2023	2022	2021
	2024	2023	2022

Cash flows from operating activities:

Net income

Net income

Net income

Adjustments to reconcile net income to net cash flows from operating activities:

Provision for / (recovery of) credit losses on accounts receivable

Provision for credit losses on accounts receivable

Provision for / (recovery of) credit losses on accounts receivable

Provision for credit losses on accounts receivable

Provision for / (recovery of) credit losses on accounts receivable

Provision for credit losses on accounts receivable

Reserve for product returns

Provision for / (recovery of) credit losses on notes receivable

Inventory write-down

Amortization on patents and tooling

Amortization and depreciation
Amortization of debt issuance costs and debt discount
Amortization of debt issuance costs
Amortization of operating leases
Deferred income taxes
Change in fair value of contingent liability
Stock-based compensation
Gain from investment in unconsolidated entity
(Gain on) / impairment of investment or intangible assets
Gain from investment in unconsolidated entity
Gain from investment in unconsolidated entity
(Gain on) / impairment of investment or intangible assets
Changes in operating assets and liabilities (net of business acquisitions):
(Gain on) / impairment of investment or intangible assets
Changes in operating assets and liabilities (net of business acquisitions):
Loss on early extinguishment of debt
Loss on early extinguishment of debt
Loss on early extinguishment of debt
Changes in operating assets and liabilities (net of business acquisitions):
Accounts receivable
Accounts receivable
Accounts receivable
Inventory
Other current and non-current assets
Accounts payable, accrued expenses and other current liabilities
Deferred revenue
Operating lease liabilities
Other liabilities
Cash flows from operating activities
Cash flows used in investing activities:
Business acquisition, net of cash acquired
Business acquisition, net of cash acquired
Business acquisition, net of cash acquired
Additions to property and equipment
Additions to property and equipment
Additions to property and equipment
Issuances of notes receivable
Issuances of notes receivable
Issuances of notes receivable
Capitalized software development costs
Receipt of payments on notes receivable
Purchase of investment in unconsolidated entity
Purchase of investment in unconsolidated entities
Proceeds from sale of investment
Purchases of developed technology and other assets
Purchases of intangible assets and other assets
Cash flows used in investing activities
Cash flows (used in) / from financing activities:
Cash flows from / (used in) financing activities:
Cash flows (used in) / from financing activities:
Cash flows from / (used in) financing activities:
Cash flows (used in) / from financing activities:

Cash flows from / (used in) financing activities:
Repayments of credit facility
Repayments of credit facility
Proceeds from issuance of convertible senior notes
Repayments of credit facility
Proceeds from issuance of convertible senior notes
Proceeds from issuance of convertible senior notes
Payments of debt issuance costs
Purchases of capped calls related to convertible senior notes
Payments of deferred consideration for acquisitions
Purchases of treasury stock, including transaction costs
Purchases of redeemable noncontrolling interest
Payments of acquired debt
Payments of tax withholdings related to vesting of restricted stock units
Issuances of common stock from equity-based plans
Cash flows (used in) / from financing activities
Cash flows from / (used in) financing activities

Effect of exchange rate changes on cash, cash equivalents and restricted cash

Net increase / (decrease) in cash, cash equivalents and restricted cash

Cash, cash equivalents and restricted cash at beginning of the period

Cash, cash equivalents and restricted cash at end of the period

ALARM.COM HOLDINGS, INC.
Consolidated Statements of Cash Flows — (Continued)
(in thousands)

	Year Ended December 31,		
	2023	2022	2021
	2024	2023	2022

Reconciliation of cash, cash equivalents and restricted cash:

Cash and cash equivalents
 Cash and cash equivalents
 Cash and cash equivalents
 Restricted cash included in other current assets and other assets
 Total cash, cash equivalents and restricted cash

Supplemental disclosures:

Supplemental disclosures:

Supplemental disclosures:

Cash paid for interest
 Cash paid for interest
 Cash paid for interest
 Cash paid for income taxes, net of refunds

Noncash investing and financing activities:

Cash not yet paid for capital expenditures
 Cash not yet paid for capital expenditures
 Cash not yet paid for capital expenditures
 Cash not yet paid for business and asset acquisitions - holdback
 Contingent liability from business acquisition

See accompanying notes to the consolidated financial statements.

ALARM.COM HOLDINGS, INC.
Consolidated Statements of Equity
(in thousands)

Redeemable Noncontrolling Interests	Redeemable Noncontrolling Interests	Common Stock	Additional Paid-In Capital	Treasury Stock	Accumulated Other Comprehensive Income	Retained Earnings	Total Stockholders' Equity	Common Stock	Additional Paid-In Capital	Treasury Stock	Accumulated Other Comprehensive Income / (Loss)	Retained Earnings	Total Stockholders' Equity
Balance as of December 31, 2020													
Balance as of December 31, 2020													
Balance as of December 31, 2020													
Common stock issued in connection with equity-based plans													
Tax withholding related to vesting of restricted stock units													
Stock-based compensation expense													
Equity component of convertible senior notes, net													
Accretion adjustments of redeemable noncontrolling interest to redemption value													
Net income / (loss) attributable to common stockholders													
Balance as of December 31, 2021													
Balance as of December 31, 2021													
Balance as of December 31, 2021													

Adoption of
accounting
standard on
debt with
conversion and
other options

Common stock
issued in
connection with
equity-based
plans

Purchases of
treasury stock

Reclassification
of subsidiary
long-term
incentive plan
liability related
to modification

Stock-based
compensation
expense

Noncontrolling
interest
assumed
through
acquisition

Accretion
adjustments of
redeemable
noncontrolling
interest to
redemption
value

Net income /
(loss)
attributable to
common
stockholders

Balance as of
December 31,
2022

Common stock
issued in
connection with
equity-based
plans

Purchase of
treasury stock

Purchase of
treasury stock

Purchase of
treasury stock

Purchases of
treasury stock

Tax
withholdings
related to
vesting of
restricted stock
units
Stock-based
compensation
expense
Purchases of
redeemable
noncontrolling
interest
Accretion
adjustments of
redeemable
noncontrolling
interest to
redemption
value

Net income /
(loss)
attributable to
common
stockholders
Net income /
(loss)
attributable to
common
stockholders

Net income /
(loss)
attributable to
common
stockholders

Other
comprehensive
income

Balance as of
December 31,
2023

	Redeemable Noncontrolling Interests	Common Stock		Additional Paid-In Capital		Treasury Stock		Accumulated Other Comprehensive Income / (Loss)		Retained Earnings	Total Stockholders' Equity
		Shares	Amount	Shares	Amount	Shares	Amount	1,398	266,186		
		\$	\$	\$	\$	\$	\$	\$	\$		
Balance as of December 31, 2023	\$ 36,308	51,889	\$ 519	531,734		2,021	\$ (111,291)	1,398	\$ 266,186		\$ 688,546
Common stock issued in connection with equity-based plans	—	867	9	9,975		—	—	—	—	—	9,984
Purchase of treasury stock, including transaction costs and excise tax	—	—	—	(394)	1,117	(75,000)		—	—	—	(75,394)
Tax withholdings related to vesting of restricted stock units	—	—	—	(3,401)	—	—		—	—	—	(3,401)
Stock-based compensation expense	—	—	—	41,397	—	—		—	—	—	41,397
Accretion adjustments of redeemable noncontrolling interest to redemption value	10,042	—	—	(10,042)	—	—		—	—	—	(10,042)
Purchases of capped calls related to convertible senior notes, net of tax	—	—	—	(48,077)	—	—		—	—	—	(48,077)

Net income / (loss) attributable to common stockholders	(1,603)	—	—	—	—	—	—	124,116	124,116
Other comprehensive loss	—	—	—	—	—	—	(583)	—	(583)
Balance as of December 31, 2024	\$ 44,747	52,756	\$ 528	\$ 521,192	3,138	\$ (186,291)	815	\$ 390,302	\$ 726,546

See accompanying notes to the consolidated financial statements.

ALARM.COM HOLDINGS, INC.
Notes to the Consolidated Financial Statements
December 31, 2024, 2023 2022 and 2021 2022

Note 1. Organization

Alarm.com Holdings, Inc. (referred to herein as Alarm.com, the Company, or we) is the leading platform for the intelligently connected property. Our cloud-based platform offers an expansive suite of Internet of Things, or IoT, solutions addressing **global** opportunities in the residential, multi-family, small business and enterprise commercial markets. Alarm.com's **solutions include** **solution suite** **includes** security, video and video analytics, energy management, access control, electric utility grid management, indoor gunshot detection, water management, health and wellness, **personal safety** and data-rich emergency response. Our solutions are delivered through an established network of trusted service provider partners, who are experts at selling, installing and supporting our solutions. We derive revenue from the sale of our cloud-based Software-as-a-Service, or SaaS, services, license fees, software, hardware, activation fees and other revenue. Our fiscal year ends on December 31.

Note 2. Summary of Significant Accounting Policies

Principles of Consolidation

Our consolidated financial statements include our accounts and those of our majority-owned and controlled subsidiaries after elimination of intercompany accounts and transactions. Equity investments over which we are able to exercise significant influence but do not control the investee are accounted for using the equity method.

We determine whether we have a controlling financial interest in an entity by first evaluating whether the entity is a voting interest entity or a variable interest entity, or VIE. Voting interest entities are entities that have sufficient equity and provide equity investor voting rights that give them power to make significant decisions relating to the entity's operations. The usual condition for a controlling financial interest in a voting interest entity is ownership of a majority voting interest. In VIEs, a controlling financial interest is attained through means other than voting rights and the entities lack one or more of the characteristics of a voting entity.

We have unconsolidated equity investments in third-party businesses. Equity investments with readily determinable fair values are recorded at fair value. Equity investments without readily determinable fair values are recorded using the measurement alternative. Under the measurement alternative, we measure investments without readily determinable fair values at cost, less impairment, adjusted for observable price changes from orderly transactions for identical or similar investments. We make a separate election to use the measurement alternative for each eligible investment, and reassess whether an investment qualifies for the alternative at each reporting period. Adjustments resulting from impairment, fair value or observable price changes are recorded in other **income (expense) / (expense)**, **income**, net in our consolidated statements of operations.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America, or GAAP, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. As of the date of issuance of these financial statements, we are not aware of any specific event or circumstance that would require us to update our estimates, assumptions and judgments or revise the carrying value of our assets or liabilities. However, our estimates, judgments and assumptions are continually evaluated based on available information and experience and may change as new events occur and additional information is obtained. The global economy, credit markets and financial markets have and may continue to experience significant volatility as a result of significant worldwide events, including public health crises, and geopolitical upheaval such as **Russia's incursion into** (including the **ongoing conflicts in Ukraine, and the war between** in Israel and **Hamas, surrounding areas**), disruptions to global supply chains, **rising fluctuations in** interest rates, risk of recession and inflation (collectively, the **Macroeconomic Conditions**). Because of the use of estimates inherent in the financial reporting process and in light of the continuing uncertainty arising from the **Macroeconomic Conditions**, actual results could differ from those estimates and any such differences may be material. Estimates are used when accounting for revenue recognition, allowances for credit losses, allowance for hardware returns, estimates of obsolete inventory, long-term incentive compensation, the lease term and incremental borrowing rates for leases, stock-based compensation, income taxes, legal reserves, goodwill, intangible assets and other long-lived assets.

Reclassifications

Certain previously reported amounts in the income taxes footnote for the year ended December 31, 2022 have been reclassified to conform to our current presentation, including the reclassification for income tax underpayment interest, net of tax benefit, within the reconciliation between the federal statutory rate and the effective income tax rate.

ALARM.COM HOLDINGS, INC.
Notes to the Consolidated Financial Statements — (Continued)
December 31, 2023, 2022 and 2021

Cash and Cash Equivalents

We consider all highly liquid instruments purchased with an original maturity from the date of purchase of three months or less to be cash equivalents. As of **December 31, 2023 December 31, 2024** and **2022, 2023**, we have invested **\$679.7 million** **\$1.21 billion** and **\$510.3 million** **\$679.7 million** in cash equivalents in the form of money market funds with a number of financial institutions, respectively. We consider these money market funds to be Level 1 financial instruments (see Note 10).

ALARM.COM HOLDINGS, INC.
Notes to the Consolidated Financial Statements — (Continued)
December 31, 2024, 2023 and 2022

Accounts Receivable

Accounts receivable are principally derived from sales to customers located in the United States and Canada. The majority of our sales in Canada are transacted in U.S. dollars. Revenue in countries outside of North America accounted for 4% 6%, 4% and 3% 4% of our total revenue for the years ended December 31, 2023 December 31, 2024, 2022 2023 and 2021 2022, respectively. Accounts receivable balances related to service providers partners outside of North America were 7% 8% and 5% 7% as of December 31, 2023 December 31, 2024 and 2022, 2023, respectively. Our accounts receivable are stated at estimated realizable value.

Restricted Cash

We consider all cash reserved for a specific use and not available for immediate or general business use to be restricted cash. As of December 31, 2024, we had a total of \$8.4 million of restricted cash, of which \$2.2 million was included in other current assets and \$6.2 million was included in other assets within our consolidated balance sheets. As of December 31, 2023, we had a total of \$4.1 million of restricted cash, of which less than \$0.1 million was included in other current assets and \$4.1 million was included in other assets within our consolidated balance sheets. As of December 31, 2022, we had a total of \$0.7 million of restricted cash, of which less than \$0.1 million was included in other current assets and \$0.7 million was included in other assets within our consolidated balance sheets.

Notes Receivable

Notes receivable are presented net of an allowance for uncollectability, if any. We accrue interest on notes receivable based on the contractual terms of the note. Outstanding notes receivable that are aged 30 days or more from the contractual payment date are considered past due. Notes receivable are evaluated for impairment at least quarterly. Impairment occurs when it is deemed probable that we will not be able to collect all amounts due according to the contractual terms of the loan. Factors considered in determining impairment include payment status, collateral value and the probability of collecting payments when due. See Note 9 for further details on loans provided to one of our distribution partners, technology partners and service provider partners.

Credit Losses

The allowance for credit losses is a valuation account that is deducted from the accounts receivable and notes receivable amortized cost basis to present the net amount expected to be collected. We estimate the allowance balance by applying the loss-rate method using relevant available information from internal and external sources, including historical write-off activity, current conditions and reasonable and supportable forecasts. Historical credit loss experience provides the basis for the estimation of expected credit losses. Adjustments to historical loss information are made for changes in economic conditions, such as changes in unemployment rates. We use projected economic conditions over a period no more than twelve months based on data from external sources. For periods beyond the twelve-month reasonable and supportable forecast period, we revert to historical loss information immediately.

The allowance for credit losses is measured on a pooled basis when similar risk characteristics exist. When assessing whether to measure certain financial assets on a pooled basis, we considered various risk characteristics, including the financial asset type, size and the historical or expected credit loss pattern. These risk characteristics are relevant to accounts receivable and notes receivable. We identified the following two portfolio segments for our accounts receivable: (i) outstanding accounts receivable balances within Alarm.com and certain subsidiaries and (ii) outstanding accounts receivable balances within all other subsidiaries. We identified the following two portfolio segments for our notes receivable: (i) loan receivables and (ii) hardware financing receivables. There were no changes to our portfolio segments during the years ended December 31, 2023 and 2022, and no changes to our policies or practices involving the issuance of notes receivable, customer acquisitions or any other factors that influenced our estimate of expected credit losses. Additionally, there were no significant changes in the amount of accounts receivable or notes receivable write-offs during the year ended December 31, 2023 as compared to historical periods other than a partial accounts receivable write-off of \$0.7 million related to one of our distribution partners' outstanding balance during the year ended December 31, 2021. There were no purchases or sales of financial assets during the years ended December 31, 2023 and 2022. There were no hardware financing receivables outstanding as of December 31, 2023 and 2022.

Expected credit losses are estimated over the contractual term of the financial assets and we adjust the term for expected prepayments when appropriate. For the years ended December 31, 2023 December 31, 2024, 2023 and 2022 we recorded credit loss expense of \$4.7 million, \$1.0 million and \$0.8 million in general and administrative expense in our consolidated statements of operations, respectively. For the year ended December 31, 2021, we recorded a reduction to credit loss expense of \$1.0 million in general and administrative expense in our consolidated statements of operations. The contractual term excludes expected extensions, renewals and

ALARM.COM HOLDINGS, INC.
Notes to the Consolidated Financial Statements — (Continued)
December 31, 2023, 2022 and 2021

modifications because extension and renewal options are unconditionally cancelable by us. Write-offs of the amortized cost basis are recorded to the allowance for credit losses. Any subsequent recoveries of previously written off balances are recorded as a reduction to credit loss expense.

Credit Losses - Accounts Receivable

We identified the following two portfolio segments for our accounts receivable: (i) outstanding accounts receivable balances within Alarm.com and certain subsidiaries and (ii) outstanding accounts receivable balances within all other subsidiaries. There were no changes to our portfolio segments for our accounts receivable during the years ended December 31, 2024, 2023 and 2022, and no changes to our policies or practices that influenced our estimate of expected credit losses for accounts receivable. Additionally, there were no significant changes in the amount of accounts receivable write-offs during the year ended December 31, 2024, as compared to historical periods.

Credit Losses - Notes Receivable

We identified one portfolio segment, loan receivables, for our notes receivable. We previously disclosed a hardware financing receivable portfolio segment; however, there has been no activity within that portfolio segment since 2022. There were no changes to our policies or practices involving the issuance of notes receivable, customer acquisitions or any other factors that influenced our estimate of expected credit losses. During the year ended December 31, 2024, we wrote off \$4.0 million related to a note receivable that originated in 2017 with an affiliate entity of one of our distribution partners, or the Affiliate, and reversed the

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previously allowance for credit losses recorded earlier in 2024. There were no purchases or sales of financial assets during the years ended December 31, 2024 and 2023. There were no hardware financing receivables outstanding as of December 31, 2024 and 2023.

We do not accrue interest on notes receivable that are considered impaired or are 90 days or greater past due based on their contractual payment terms. Notes receivable that are 90 days or greater past due are placed on nonaccrual status. Notes receivable may be placed on nonaccrual status earlier if, in management's opinion, a timely collection of the full principal and interest becomes uncertain. After a note receivable has been placed on nonaccrual status, interest will be recognized when cash is received. A note receivable may be returned to accrual status after all of the customer's delinquent balances of principal and interest have been settled, and collection of all remaining contractual amounts due is reasonably assured. We have elected not to measure an allowance for credit losses for accrued interest receivables. We write-off any accrued interest on notes receivable that are considered impaired or are 90 days or greater past due based on their contractual payment terms by reversing interest income. The accrued interest receivable as of December 31, 2023 December 31, 2024 and 2022 2023 was \$0.1 million \$0.2 million and less than \$0.1 million, respectively, and is reflected in other current assets and other assets within our consolidated balance sheets and excluded from the amortized cost basis of the notes receivable. During the year ended December 31, 2024, we recorded a reduction to our interest income of \$0.5 million related to the reversal of payable in kind interest associated with a subordinated credit agreement with the Affiliate. We did not write-off any accrued interest receivable during the years ended December 31, 2023, 2022 and 2021, 2022.

Inventory

Our inventory, which is comprised of raw materials, work-in-process and finished goods, includes materials used to produce our wireless communications network enabled radios, video cameras, video recorders, smart thermostats, gunshot detection sensors, home automation system parts and peripherals, is stated at the lower of cost or net realizable value, and is charged to cost of sales primarily on a first in, first out, or FIFO, basis when the inventory is shipped from our manufacturer and received by our service provider partners. We periodically evaluate our inventory quantities for obsolescence based on criteria such as customer demand and changing technology and record an obsolescence write-off when necessary.

Leases

We determine if an arrangement contains a lease at the inception of the arrangement. As part of the lease determination process, we assess several factors, including, but not limited to, whether we have the right to control and direct the use of the asset and whether the other party has a substantive substitution right. If we enter into leases that contain multiple components, we identify separate lease components based on whether or not the right to use the underlying assets is distinct and either highly dependent or highly interrelated with other rights in the contract. We also evaluate whether there are any non-lease components in the arrangement. For certain classes of underlying assets, such as data centers, we have elected not to separate non-lease components from lease components. For all other classes of underlying assets, if separate lease and non-lease components are identified, we allocate the consideration in the contract to the lease and non-lease components using the relative stand-alone selling price method at the lease inception.

Many Some of our leases include options to renew at our sole discretion. We also have several leases that provide us an option to terminate the lease prior to the end of the lease term. These renewal and termination options are included in the lease term at the commencement date when we are reasonably certain the options will be exercised. When assessing the likelihood of electing these options, we consider the length of the renewal period, market conditions, our expansion plans, the existence of a termination penalty, as well as other factors. Our lease agreements do not contain any material residual value guarantees, restrictive covenants or variable lease payments.

Right-of-use, or ROU, assets represent our right to use an underlying asset for the term of the lease and lease liabilities represent our obligation to make lease payments throughout the term of the lease. ROU assets and lease liabilities are recognized as of the commencement date of the lease based on the present value of contractual lease payments due over the term of the lease. We use our incremental borrowing rate to determine the present value of the lease payments, as our leases do not state the rate implicit in the lease. Our incremental borrowing rate is determined on a collateralized basis at the commencement date of the lease.

ROU assets and lease liabilities resulting from operating leases are recorded on our consolidated balance sheets. We did not have any finance leases or subleases as of December 31, 2023 December 31, 2024 and 2022, 2023.

Lease expense is recognized on a straight-line basis over the term of the lease. Office and equipment lease expense is recorded in general and administrative expense and data center lease expense recorded in cost of SaaS and license revenue as well as research and development expense. Some of our leases include tenant improvement allowances, which are recorded when we are reasonably certain to utilize the allowance and are amortized on a straight-line basis over the shorter of the lease terms or the asset lives. Leases with an initial lease term of twelve months or less are considered short-term leases. Short-term leases are not recorded on our consolidated balance sheets. Expenses associated with short-term leases are recognized on a

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straight-line basis over the term of the lease and are recorded in general and administrative expense. Short-term lease costs were immaterial for the years ended December 31, 2023 December 31, 2024 and 2022.

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2023.

Convertible Senior Notes

On January 20, 2021, we issued \$500.0 million aggregate principal amount of 0% convertible senior notes due January 15, 2026, in a private placement to qualified institutional buyers, or the 2026 Notes. On May 31, 2024, we issued \$500.0 million aggregate principal amount of 2.25% convertible senior notes due June 1, 2029, in a private placement to qualified institutional buyers, or the 2029 Notes. Prior to the January 1, 2022 adoption of Accounting Standards Update, or ASU, 2020-06, "Debt—Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging—Contracts in Entity's Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity's Own Equity," we separated the 2026 Notes into liability and equity components. In accounting for the issuance of our convertible senior notes, the carrying amount of the liability component was calculated by measuring the fair value of a similar liability that did not have an associated convertible feature, using a discounted cash flow model with a risk adjusted yield. The carrying amount of the equity component representing the conversion option was determined by deducting the fair value of the liability component from the par value of the 2026 Notes as a whole. This difference between the aggregate principal amount and the liability component represented a debt discount that was amortized to interest expense using the effective interest method over the term of the notes. Transaction costs attributable to the liability component were netted with the liability component and amortized to interest expense using the effective interest method over the term of the 2026 Notes. Transaction costs attributable to the equity component were netted with the equity component of the notes in additional paid-in capital in the consolidated balance sheets. The equity component was not remeasured as long as it continued to meet the conditions for equity classification.

We adopted ASU 2020-06 effective January 1, 2022, using a modified retrospective adoption method, which required us to record the initial effect of this guidance as a cumulative-effect adjustment to retained earnings on January 1, 2022. Upon adoption of ASU 2020-06, we recombined the liability and equity components of the 2026 Notes assuming that the instrument was accounted for as only a liability from inception to the date of adoption. We also recombined the liability and equity components of the debt issuance costs. We also removed the temporary difference between the book and tax treatment of the debt discount and adjusted the temporary difference between the book and tax treatment of the debt issuance costs of the 2026 Notes.

The issuance costs are presented as a deduction from the outstanding principal balance of the 2026 Notes and 2029 Notes and are amortized to interest expense using the effective interest method over the contractual term of the 2026 Notes and 2029 Notes.

Capped Call Transactions

On May 31, 2024, we issued the 2029 Notes. In connection with the offering of the 2029 Notes, we entered into privately negotiated capped call transactions with one of the initial purchasers and certain other financial institutions, at a cost of \$63.1 million. The capped call transactions cover, subject to customary adjustments substantially similar to those applicable to the 2029 Notes, the number of shares of our common stock initially underlying the 2029 Notes. As the capped call options are both legally detachable and separately exercisable from the 2029 Notes, we account for the capped call options separately from the 2029 Notes. The capped call options are indexed to our own common stock and classified in stockholders' equity. As such, the premiums paid for the capped call options were included as a net reduction to additional paid-in capital in the consolidated balance sheets. The capped call transactions will not be remeasured as long as they continue to meet the conditions for equity classification.

We elected to integrate the capped call options with the 2029 Notes for federal income tax purposes pursuant to applicable U.S. Treasury Regulations. Accordingly, the \$63.1 million cost of the purchased capped calls will be deductible for income tax purposes. The original issue discount is accreted over the term of the 2029 Notes.

Comprehensive Income

Comprehensive income consists of net income and other comprehensive (loss) / income. Other comprehensive (loss) / income refers to gains and losses that are recorded as an element of stockholders' equity and excluded from net income. Our other comprehensive (loss) / income consists of foreign currency translation adjustments.

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Foreign Currency

For foreign operations where substantially all monetary transactions are in the local currency, we use the local currency as the functional currency. For these foreign operations, assets and liabilities are translated at period-end exchange rates and revenue and expense items are translated at average exchange rates prevailing during the periods being reported. The effects of translating financial statements of foreign operations into our reporting currency are recognized as a cumulative translation adjustment within accumulated other comprehensive (loss) / income, a separate component of stockholders' equity. Gains or losses from foreign currency remeasurements that arise from exchange rate fluctuations on transactions denominated in a currency other than the functional currency are included in our results of operations.

Redeemable Noncontrolling Interests

Noncontrolling interests with redemption features that are not solely within our control are considered redeemable noncontrolling interests. Our redeemable noncontrolling interests relate to our 86% equity ownership interest in PC Open Incorporated, a Washington corporation, doing business as OpenEye and our 85% equity ownership interest in Noonlight, Inc., or Noonlight, a Delaware corporation (see Note 7). The OpenEye and Noonlight stockholder agreements contain a put option that gives the minority stockholders the right to sell their shares to us based on the fair value of the shares and also contain a call option that gives us the right to purchase the remaining shares from the minority stockholders based on the fair value of the shares. The next put and call options related to OpenEye can each be exercised beginning in the first quarter of 2024, 2025. The put and call options related to Noonlight can each be exercised beginning in the first quarter of 2026. These redeemable noncontrolling interests are considered temporary equity and we report them between liabilities and stockholders' equity in the consolidated balance sheets. The amount of the net income or loss attributable to the redeemable noncontrolling interests is recorded in the consolidated statements of operations and the accretion of the redemption values is recorded as an adjustment to additional paid-in capital. We account for purchases of redeemable noncontrolling interest as a component of stockholders' equity when control is maintained. We recognize the difference between the consideration paid for the acquired redeemable noncontrolling interest and the fair value of the acquired redeemable noncontrolling interest as an adjustment to additional paid-in capital. The aggregate redemption values of the of the noncontrolling interest was \$36.3 million \$44.7 million and \$24.0 million \$36.3 million as of December 31, 2023 December 31, 2024 and 2022, 2023, respectively.

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Internal-Use Software

We capitalize the costs directly related to the development of internal-use software for our platforms during the application development stage of the projects. Such costs primarily include payroll and payroll-related costs for engineers and product development employees directly associated with the development project. Our internal-use software is reported at cost less accumulated depreciation. Depreciation begins once the project is ready for its intended use, which is usually when the code goes into production in weekly software builds on our platforms. We depreciate amortize the asset on a straight-line basis over a period of three years, which is the estimated useful life, which is typically a three to five-year period. We update our software for our SaaS multi-tenant platforms on a weekly basis utilizing continuous agile development methods, which primarily consists of bug-fixes and user interface changes. We evaluate whether a project should be capitalized if it adds significant functionality to our platforms. Maintenance activities or minor upgrades are expensed in the period performed.

External Software

Costs incurred in researching and developing a computer software product that will be marketed and sold are charged to expense when incurred until technological feasibility is established. Technological feasibility is established upon completion of a detailed program design or, in its absence, completion of a working model. After technological feasibility is established, certain payroll and payroll-related costs are capitalized for engineers and product development employees directly associated with the development project. Cost capitalization ceases when the product is available for general release. Our non-hosted software is typically developed in an agile environment with frequent revisions to product release features and functions. Agile development results in a short duration between completion of the detailed program design and beta release. As of December 31, 2023, December 31, 2024 and 2023, our capitalized software development costs for internal-use software and external software included in the consolidated balance sheets were \$2.4 million and \$0.9 million. There were no capitalized software development costs included in, respectively.

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Revenue Recognition

We derive our revenue from three primary sources: the sale of cloud-based SaaS services on our integrated Alarm.com platform, the sale of licenses and services on our non-hosted software platform, or Software platform, and the sale of hardware products. We sell our platform and hardware solutions to service provider partners that resell our solutions and hardware to residential and commercial property owners, who are the service provider partners' customers. Our subscribers consist of all of the properties maintained by those residential and commercial property owners to which we are delivering at least one of our solutions. We also sell our hardware to distributors who resell the hardware to service provider partners. We enter into contracts with our service provider partners that establish pricing for access to our platform solutions and for the sale of hardware. These service provider contracts typically have an initial term of one year, with subsequent renewal terms of one year. Our service provider partners have indicated that they typically have three to five-year service contracts with residential and commercial property owners who use our solutions.

Our hardware sales includes cellular radio modules connected devices that enable access to our cloud-based platforms, as well services, such as video cameras, video recorders, smart thermostats, image sensors, gunshot detection sensors, gateway modules and other peripherals. Our service provider partners may purchase our hardware in anticipation of installing the hardware in a residential or commercial property when they create a new subscriber account, or for use in existing subscriber properties. The purchase of hardware occurs in a transaction that is separate and typically in advance of the purchase of our platform services. The performance obligation is primarily satisfied when the hardware is received by our service provider partner or distributor. Service provider partners transact with us to purchase our platform solutions and resell our solutions to a new subscriber, or to upgrade or downgrade the solutions of an existing subscriber, at which time the subscriber's access to our platform solutions is enabled and the delivery of the services commences. Our performance obligation related to providing our platform solutions is satisfied on a daily basis as the subscriber uses the platform services. The purchase of platform solutions and the purchase of hardware are separate transactions as revenue is recognized when control of the promised goods or services are transferred to our customers, in an amount that reflects the consideration that we expect to receive in exchange for those goods or services. We generate all of our revenue from contracts with customers.

SaaS and license revenue associated with our contracts is invoiced and revenue is recognized at an amount that corresponds directly with the value of the performance completed to date. Additionally, the consideration received from hardware sales corresponds directly with the stand-alone selling price of the hardware. As a result, we have elected to use the practical expedient related to the amount of transaction price allocated to the unsatisfied performance obligations and therefore, we have not disclosed the total remaining revenue expected to be recognized on all contracts or the expected period over which the remaining revenue would be recognized.

To determine the transaction price, we analyze all of the performance obligations included in the contract. We consider the terms of the contract and our customary business practices, which typically do not include financing components or non-cash consideration. We have variable consideration primarily in the form of rebate incentives. The significant inputs related to our estimates of variable consideration include the volume and amount of products and services sold historically and expected to be sold in the future, the availability and performance of our services and the historical and expected number of returns. Depending

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on the type of variable consideration and its predictability, we may apply an "expected value" approach or a "most likely amount" approach. We estimate the variable consideration at the onset of a contract and include the variable consideration within the transaction price if it is probable that a significant reversal of the variable consideration would not occur in the future. When determining whether the amount of variable consideration included in the transaction price should be constrained, we look at the history of hardware purchased and subscribers added by our service provider partners to estimate the likelihood of those service provider partners obtaining the rebates. At times, our contracts include consideration payable to a customer in the form of fixed discounts or rebates. We record the consideration payable to a customer as a reduction to the transaction price resulting in a reduction to revenue over the service period.

If we enter into contracts that contain multiple promised services, we evaluate which of the promised services represent separate performance obligations based on whether or not the promised services are distinct and whether or not the services are separable from other promises in the contract. If these criteria are met, then we allocate the transaction price to the performance obligations using the relative stand-alone selling price method at contract inception.

In determining the relative estimated selling prices, we consider market conditions, entity-specific factors and information about the customer or class of customer. Any discount within the contract is allocated proportionately to all of the separate performance obligations in the contract unless the terms of discount relate specifically to the entity's efforts to satisfy some but not all of the performance obligations.

For our standard service provider agreements, we have used a portfolio approach for purposes of revenue recognition, as each agreement has similar characteristics and we do not expect the effects of applying this approach would have a material impact on our financial statements as compared to assessing each agreement individually.

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SaaS and License Revenue

We generate the majority of our SaaS and license revenue primarily from monthly fees charged to our service provider partners sold on a per subscriber basis for access to our cloud-based intelligently connected property platform and related solutions. Our fees per subscriber vary based upon the service plan and features utilized.

Under the terms of our contractual arrangements with our service provider partners, we bill a monthly fee to our service provider partners in advance of the month of service, with the exception of the initial partial month of service, which is paid in arrears. Due to the limited period of time between receipt of payment and delivery of service, we have not accounted for these advance payments as significant financing components. We typically transfer the promised SaaS services to our customers over time, which is evidenced by the fact that the customers receive and consume the benefits provided by our performance of the services as such services are rendered. As a result, we recognize revenue from SaaS services on a monthly basis as we satisfy our performance obligations over the period of service. We have demonstrated that we can sell our SaaS offering on a stand-alone basis, as it can be sold separately from hardware and activation services. Our service provider partners typically incur and pay the same monthly fee per subscriber account for the entire period a subscriber account is active.

We offer multiple service level packages for our platform solutions including a range of solutions and a range of a la carte add-ons for additional features. The fee paid by our service provider partners each month for the delivery of our solutions is based on the combination of packages and add-ons enabled for each subscriber. We utilize tiered pricing plans where our service provider partners may receive prospective pricing discounts driven by volume.

We also generate SaaS and license revenue from the fees paid to us when we license our intellectual property to third parties for use of our patents. We bill a monthly fee to third parties based on the number of customers that were active during the prior month. We apply the usage-based royalty exception to recognize license revenue because the sole or predominant item to which the royalty relates is the license of intellectual property. Under the usage-based royalty exception, we recognize revenue on a monthly basis over the period of service. In addition, in certain markets, our EnergyHub subsidiary sells its demand response service for an annual service fee, with pricing based on the number of subscribers or amount of aggregate electricity demand made available for a utility's or market's control.

Software License Revenue

Our SaaS and license revenue also includes our software license revenue from monthly fees charged to service providers on a per subscriber basis for access to our Software platform. The non-hosted software for interactive security, automation and related solutions is typically deployed and operated by the service provider in its own network operations center. Our agreements for the Software platform solution typically include software and services, such as post-contract customer support, or PCS. Software sales that include multiple elements are typically allocated to the various elements using the relative stand-alone selling price method. We apply the usage-based royalty exception to recognize license revenue associated with software hosted by our customers because the predominant item to which the royalty relates is the license of intellectual property. Under the usage-based royalty exception, we recognize revenue on a monthly basis over the period during which the services are expected to be performed. Under the terms of our contractual arrangements with our service provider partners, we are entitled to payment of a

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monthly fee that is billed per subscriber for the month of service. Our software license revenue during the years ended December 31, 2023 December 31, 2024, 2023 and 2022 was \$20.3 million, \$23.2 million and 2021 was \$23.2 million, \$26.8 million and \$32.3 million, respectively.

Hardware and Other Revenue

We generate hardware and other revenue primarily from the sale of video cameras, video recorders, smart thermostats and cellular radio modules that provide access to our cloud-based platforms and, to a lesser extent, the sale of other devices, including image sensors, gunshot detection sensors and other peripherals. We primarily transfer hardware to our customers upon delivery to the customer, which corresponds with the time at which the customer obtains control of the hardware. As a result, we recognize hardware and other revenue as we satisfy our performance obligations, which primarily occurs when the hardware is received by our service provider partner or distributor, net of a reserve for estimated returns. There are a few contracts in which we provide shipping and handling services to the customer after control of the hardware transfers to the customer. In these instances, we have elected to account for shipping and handling costs as activities performed to fulfill the promise to transfer hardware to the customer and not as a separate promised service.

Amounts due from the sale of hardware are payable in accordance with the terms of our agreements with our service provider partners or distributors, and are not contingent on resale to end-users, or to service provider partners in the case of sales of hardware to distributors. Payment for our hardware is typically due within 30 days from shipment. Our distributors sell directly to our service provider partners under terms between the two parties.

When determining the amount of consideration we expect to be entitled to for the sale of our hardware, we estimate the variable consideration associated with customer returns. We record a reserve against revenue for hardware returns based on historical returns. For each of the years ended December 31, 2023 December 31, 2024, 2022 2023 and 2021, 2022, our reserve against revenue for hardware

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returns was 1% of hardware and other revenue. We evaluate our hardware reserve on a quarterly basis or if there is an indication of significant changes in return experience. Historically, our returns of hardware have not significantly differed from our estimated reserve. Additionally, we provide warranties related to the intended functionality of the products and services provided and those warranties

typically allow for the return of hardware up to one year past the date of sale. We determined that these warranties are not separate performance obligations as they cannot be purchased separately and do not provide a service in addition to an assurance the hardware will function as expected.

Our hardware and other revenue also includes our revenue from the sale of perpetual licenses that provide our customers in the commercial market the right to use our video surveillance software for an indefinite period of time in exchange for a one-time license fee. Our hardware and other revenue also includes our revenue from the sale of licenses that provide our customers the right to use our indoor gunshot detection solution in exchange for license fees. Our perpetual licenses and licenses to our indoor gunshot detection solution provide a right to use intellectual property that is functional in nature and has significant stand-alone functionality. Accordingly, for licenses of functional intellectual property, revenue is recognized at the point-in-time when control has been transferred to the customer, which occurs once the software has been made available to the customer.

Hardware and other revenue may also include activation fees charged to some of our service provider partners for activation of a new subscriber account on our platforms, as well as fees paid by service provider partners for our marketing services. Our service provider partners use services on our platforms, such as support tools and applications, to assist in the installation of our solutions in subscriber properties. This installation marks the beginning of the service period on our platforms and, on occasion, we earn activation revenue for fees charged for this service. The activation fee is non-refundable, separately negotiated and specified in our contractual arrangements with our service provider partners and is charged to the service provider partner for each subscriber activated on our platforms. The decision whether to charge an activation fee is based in part on the expected number of subscribers to be added by our service provider partners and as a result, many of our largest service provider partners do not pay an activation fee. Activation fees are not offered on a stand-alone basis separate from our SaaS offering and are billed and received at the beginning of the arrangement. We record activation fees initially as deferred revenue and we recognize these fees ratably over the expected term of the subscribers' account which we estimate is 10 years based on our annual attrition rate. The portion of these activation fees included in current and long-term deferred revenue as of our balance sheet date represents the amounts that will be recognized ratably as revenue over the following twelve months, or longer as appropriate, until the 10-year expected term is complete. The balance of deferred revenue for activation fees was **\$4.8 million** \$4.3 million and **\$5.3 million** \$4.8 million as of **December 31, 2023** December 31, 2024 and **2022**, 2023, respectively, which combines current and long-term balances.

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Cost of Revenue

Our cost of SaaS and license revenue primarily includes the amounts paid to wireless network providers and, to a lesser extent, the costs of running our network operations centers which are expensed as incurred, as well as patent and royalty costs in connection with technology licensed from third-party providers and amounts paid to distributed energy resource providers. Our cost of SaaS and license revenue also includes our cost of software license revenue, which primarily includes the payroll and payroll-related costs of the department dedicated to providing services exclusively to those service providers that host the Software platform. Our cost of software license revenue during the years ended **December 31, 2023** December 31, 2024, **2022** 2023 and **2021** 2022 was \$0.6 million, **\$0.5 million** \$0.6 million and **\$1.1 million** \$0.5 million, respectively. Our cost of hardware and other revenue primarily includes cost of raw materials, tooling, freight shipments and amounts paid to our third-party manufacturer for production and fulfillment of our cellular radio modules and image sensors, and procurement costs for our video cameras, video recorders, smart thermostats and gunshot detection sensors, which we purchase from an original equipment manufacturer, and other devices. Cost of hardware and other revenue also includes material costs and labor cost related to our employees who manufacture hardware for our suite of IoT solutions. Additionally, our cost of hardware and other revenue includes royalty costs in connection with technology licensed from third-party providers.

We record the cost of SaaS and license revenue as expenses are incurred, which corresponds to the delivery period of our services to our subscribers. We record the cost of hardware and other revenue primarily when the hardware and other services are delivered to the service provider partner, which occurs when control of the hardware and other services transfers to the service provider partner. Our cost of revenue excludes amortization and depreciation shown in operating expenses.

Contract Asset and Contract Liability Balances

At contract inception, we assess the goods and services promised in our contracts with customers and identify a performance obligation for each distinct promise to transfer a good or service, or bundle of goods or services. To identify the performance obligations, we consider all of the goods or services promised in the contract, whether explicitly stated or implied based on customary business practices. We record a contract asset when we satisfy a performance obligation by transferring a promised good or service. Contract assets can be conditional or unconditional depending on whether another performance obligation must be satisfied before payment can be received. We receive payments from our service provider partners based on the billing schedule established in our contracts. All of the accounts receivable presented in the consolidated balance sheets represent unconditional rights to consideration. We do not have any assets from contracts containing conditional rights and we do not have any assets from satisfied performance obligations that have not been invoiced.

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We recognize an asset related to the costs incurred to obtain a contract only if we expect to recover those costs and we would not have incurred those costs if the contract had not been obtained. We recognize an asset from the costs incurred to fulfill a contract if the costs (i) are specifically identifiable to a contract, (ii) enhance resources that will be used in satisfying performance obligations in future and (iii) are expected to be recovered. Our assets related to costs incurred to obtain a contract consist of capitalized commission costs and upfront payments made to a customer. Based on the policy above, we capitalize a portion of our commission costs as an incremental cost of obtaining a contract. When calculating the incremental cost of obtaining a contract, we exclude any commission costs related to metrics that could be satisfied without obtaining a contract, including training-related metrics. We amortize our commission costs to sales and marketing expense on our consolidated statements of operations over a period of three years, which is consistent with the period over which the products and services related to the commission are transferred to the customer. The three-year period was determined based on our review of historical enhancements and upgrades to our products and services. We applied the portfolio approach to account for the amortization of contract costs for those contracts that have similar characteristics. Upfront payments made to a customer are capitalized and amortized over the expected period of benefit and are recorded as a reduction to revenue.

Contract liabilities include payments received in advance of performance under the contract and are realized with the associated revenue recognized under the contract. All of the deferred revenue presented in the consolidated balance sheets represents contract liabilities resulting from advance cash receipts from customers or amounts billed in advance to customers from the sale of services. Changes in deferred revenue are due to our performance under the contract as well as to cash received from new contracts for which services have not been provided.

Research and Development

Our research and development costs consist primarily of personnel and related expenses for our employees working on our product development and software and device engineering teams, including salaries, bonuses, stock-based compensation, benefits and other personnel costs. Our research and development of new products and services is a multidisciplinary effort across our product management, program management, software engineering, device engineering, quality engineering, configuration management and network operations teams. Also included are non-personnel costs, such as consulting and professional fees paid to third-party development resources. We invest substantial resources in research and development to enhance our platforms and applications, support our technology infrastructure, develop new capabilities and conduct quality assurance testing.

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Fair Value Measurements

The accounting standard for fair value measurements provides a framework for measuring fair value and requires disclosures regarding fair value measurements. Fair value is defined as the price that would be received for an asset or the exit price that would be paid to transfer a liability in the principal or most advantageous market in an orderly transaction between market participants on the measurement date. This accounting standard established a fair value hierarchy, which requires an entity to maximize the use of observable inputs, where available. The following summarizes the three levels of inputs:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity can access at the measurement date;

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for similar assets and liabilities, either directly or indirectly; quoted prices in markets that are not active; and

Level 3 - Unobservable inputs supported by little or no market activity.

The carrying amount of financial assets, including cash and cash equivalents and accounts receivable, as well as accounts payable approximates fair value because of the short maturity and liquidity of those instruments.

Assets and Liabilities Measured at Fair Value on a Recurring Basis - In 2023 2024 and 2022 2023, we recorded assets for our money market accounts. In 2023, we recorded accounts and liabilities for a contingent consideration liability related to acquisitions at fair value on a recurring basis. In 2024 we recorded assets for our equity securities with readily determinable fair values on a recurring basis. Prior to the termination of the long-term incentive plan with one of our subsidiaries in May 2022, we recorded liabilities for the long-term incentive plan at fair value on a recurring basis.

Assets Measured at Fair Value on a Nonrecurring Basis - We measure certain assets, including property and equipment, goodwill and intangible and long-lived assets at fair value on a nonrecurring basis. These assets are recognized at fair value when they are deemed to be other-than-temporarily impaired. Additionally, equity investments without readily determinable fair values are recognized at fair value on a nonrecurring basis when observable price changes from orderly transactions for identical or similar investments become available.

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Concentration of Credit Risk

The financial instruments that potentially subject us to concentrations of credit risk consists principally of cash and cash equivalents and accounts receivables. All of our cash and cash equivalents are held at financial institutions that management believes to be of high credit quality. Our cash and cash equivalent accounts may exceed federally insured limits at times. We mitigate the risk of loss for our cash and cash equivalents by depositing funds with a number of reputable financial institutions and monitoring risk profiles and investment strategies of money market funds. We have not experienced any losses on cash and cash equivalents to date. To manage accounts receivable risk, we evaluate the credit worthiness of our service provider partners and maintain an allowance for credit losses. The majority of our accounts receivable balance is due from our service provider partners in North America. We assess the concentrations of credit risk with respect to accounts receivables based on one industry and one geographic region and believe our reserve for uncollectible accounts is appropriate based on our history and this concentration.

Stock-Based Compensation

We compensate our executive officers, board of directors and employees with stock-based compensation plans under our 2015 Equity Incentive Plan, or 2015 Plan. We record stock-based compensation expense related to time-based restricted stock units based upon the award's grant date fair value and use an accelerated attribution method, net of actual forfeitures, in which compensation cost for each vesting tranche in an award is recognized ratably from the service inception date to the vesting date for that tranche. We record stock-based compensation expense related to performance-based restricted stock units based on management's determination of the probable outcome of the performance conditions and we record a cumulative adjustment in periods in which there is a change in the estimated number of shares expected to vest. Our equity awards generally vest over five years and are settled in shares of our common stock. During 2024, 2023 2022 and 2021 2022, we recognized compensation expense of \$47.3 million \$41.2 million, \$52.7 million \$47.3 million and \$38.7 million \$52.7 million, respectively. During 2022 2024 and 2021 2022 we recognized an associated tax windfall benefit from stock-based awards of \$2.0 million \$1.8 million and \$10.1 million \$2.0 million, respectively. During 2023, we recognized a tax shortfall from stock-based awards of \$0.5 million. We account for stock-based compensation arrangements with non-employees based upon the award's grant date fair value. We estimate the fair value of each option granted on the date of the grant using the Black-Scholes option-pricing model, which contains uncertainties and requires us to estimate the risk-free interest rate, expected term, expected stock price volatility and dividend yield. In 2021 and years prior to 2021, we used the "simplified method" to calculate the expected term, which was presumed to be the mid-point between the vesting date and the end of the contractual term. Beginning upon the first grant of options in 2022, the expected term for options granted is estimated using our historical experience, including information related to options we have granted.

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Notes to the Consolidated Financial Statements — (Continued)
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Our Employee Stock Purchase Plan, or 2015 ESPP, allows eligible employees to purchase shares of our common stock at 90% of the fair market value of the closing price on the purchase date. The maximum number of shares of our common stock that a participant may purchase during any calendar year is limited to the lesser of 10% of the participant's base compensation for that year or the number of shares with a fair market value of \$15,000. The 2015 ESPP is considered compensatory for purposes of share-based compensation expense. Compensation expense is recognized for the amount of the discount, net of actual forfeitures, over the six-month purchase period.

401(k) Defined Contribution Plan

We adopted the Alarm.com Holdings 401(k) Plan, or the Plan, on April 30, 2009. All of our employees are eligible to participate in the Plan. For the years ended December 31, 2023 December 31, 2024, 2022 2023 and 2021, 2022, our discretionary match was 100% of employee contributions up to 10% of salary and up to a \$5,000 maximum match. We recognized compensation expense of \$7.2 million \$7.5 million, \$6.4 million \$7.2 million and \$5.5 million \$6.4 million for the years ended December 31, 2023 December 31, 2024, 2022 2023 and 2021, 2022, respectively, related to our matching contributions.

Business Combinations

We are required to allocate the purchase price of acquired companies to the identifiable tangible and intangible assets acquired and liabilities assumed at the acquisition date based upon their estimated fair values. The net assets and results of operations of an acquired entity are included in our consolidated financial statements from the acquisition date. Acquisition-related costs are expensed as incurred. Goodwill as of the acquisition date represents the excess of the purchase consideration of an acquired business over the fair value of the underlying net tangible and intangible assets acquired net of liabilities assumed. This valuation requires management to apply significant judgment in estimating the fair value of long-lived and intangible assets acquired, which involves the use of significant estimates and assumptions.

Significant estimates and assumptions in valuing certain acquired customer relationship intangible assets include estimates about future expected cash flows and discount rates. Significant estimates and assumptions in valuing acquired developed technology intangible assets include estimates about future expected cash flows, obsolescence factors and discount rates. Significant estimates and assumptions in valuing acquired trade name intangible assets include estimates about future expected cash flows, royalty rates and discount rates.

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During the measurement period, we may record adjustments to the assets acquired and liabilities assumed. Any adjustments to provisional amounts that are identified during the measurement period are recorded in the reporting period in which the adjustment amounts are determined. Upon the conclusion of the measurement period, any subsequent adjustments are recorded to earnings.

Some acquisitions may include contingent consideration, which is an obligation to make future payments to the seller contingent upon the achievement of future operational or financial targets. The fair value of the contingent consideration is estimated on a quarterly basis and changes in the fair value of the contingent consideration resulting from information that existed subsequent to the acquisition date are recorded in the consolidated statements of operations.

Goodwill, Intangible Assets and Long-lived Assets

Goodwill

Goodwill represents the excess of (1) the aggregate of the fair value of consideration transferred in a business combination, over (2) the fair value of assets acquired, net of liabilities assumed. Goodwill is allocated to our reporting units, which are our operating segments or one level below our operating segments. Goodwill is not amortized, but is subject to annual impairment tests. We perform our annual impairment review of goodwill on October 1 and when a triggering event occurs between annual impairment tests. We test our goodwill at the reporting unit level. We perform either a qualitative analysis or a quantitative analysis every year depending on the changes to our goodwill balance as well as changes in our business and the economy. Qualitative factors we consider include, but are not limited to, macroeconomic conditions, industry and market conditions, company specific events, changes in circumstances and market capitalization. The amount of goodwill impairment is calculated as the amount by which a reporting unit's carrying value exceeds its fair value, not to exceed the carrying amount of goodwill.

For our 2023 2024 annual impairment review, we performed a qualitative assessment for our Alarm.com reporting unit, our only reporting unit with a goodwill balance. Based on the results of our qualitative assessment, we determined that it was not more likely than not that the fair value of our reporting unit was less than its carrying amount, including goodwill. Therefore, we concluded that there was no goodwill impairment as of October 1, 2023 October 1, 2024. Our assessment was performed as of October 1, 2023 October 1, 2024, and we have determined there has been no triggering events that resulted in goodwill impairment from our assessment date through December 31, 2023 December 31, 2024.

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Intangible Assets and Long-lived Assets

Intangible assets are initially valued at fair value using generally accepted valuation methods appropriate for the type of intangible asset. Intangible assets with definite lives are amortized over their estimated useful lives. We evaluate the recoverability of our intangible assets with definite lives and long-lived assets for impairment whenever events or circumstances indicate that the carrying amount of the assets may not be recoverable. Recoverability of intangible assets with definite lives and long-lived assets are measured by comparison of the carrying amount of the asset to the future undiscounted cash flows the asset is expected to generate. If the asset is considered to be impaired, the amount of any impairment is measured as the difference between the carrying value and the fair value of the impaired asset.

For the years ended December 31, 2023 December 31, 2024, 2023 and 2022, we determined there were no impairments of our intangible assets with definite lives or other long-lived assets. For the year ended December 31, 2021, we determined there was an impairment of \$0.1 million for an intangible asset acquired in 2014 related to customer relationships that no longer existed after December 31, 2021. There were no impairments of any other long-lived assets for the year ended December 31, 2021.

Advertising Costs

We expense advertising costs as incurred. Advertising costs totaled **\$2.9 million** **\$6.6 million**, **\$6.1 million** **\$2.9 million** and **\$9.6 million** **\$6.1 million** for the years ended **December 31, 2023** **December 31, 2024**, **2022** and **2021**, respectively. Advertising costs are primarily included within sales and marketing expenses on our consolidated statements of operations.

Accounting for Income Taxes

We account for income taxes under the asset and liability method as required by Accounting Standards Codification, or ASC 740, "Income Taxes," which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that are included in the financial statements. Under this method, deferred tax assets and liabilities are determined based on the differences between the financial statements and tax basis of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in income in the period that includes the enactment date.

We record net deferred tax assets to the extent we believe these assets will more likely than not be realized. In making such a determination, we consider all available positive and negative evidence, including future reversals of existing taxable temporary differences, projected future taxable income, tax-planning strategies and results of recent operations.

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We are subject to income taxes in the United States and foreign jurisdictions based upon our business operations in those jurisdictions. Significant judgment is required in evaluating uncertain tax positions. We record uncertain tax positions in accordance with ASC 740-10 on the basis of a two-step process whereby (1) we determine whether it is more likely than not that the tax positions will be sustained based on the technical merits of the position, and (2) with respect to those tax positions that meet the more-likely-than-not recognition threshold, we recognize the largest amount of tax benefit that is greater than 50% likely to be realized upon ultimate settlement with the related tax authority. We record interest and penalties as a component of our income tax provision.

Treasury Stock

We account for treasury stock under the cost method and present treasury stock, including any applicable commissions and fees, as a component of stockholders' equity in the consolidated balance sheets and statements of equity. As of January 1, 2023, we are subject to a 1.0% excise tax on the value of net corporate stock repurchases under the Inflation Reduction Act of 2022. When applicable, the excise tax will be included as part of the cost basis of shares acquired and is presented within stockholders' equity in the consolidated balance sheets. Treasury stock held by us may be retired or reissued in the future.

Earnings per Share

Our basic net income per share attributable to common stockholders is calculated by dividing the net income attributable to common stockholders by the weighted-average number of shares of common stock outstanding for the period.

Our diluted net income per share attributable to common stockholders is calculated by giving effect to all potentially dilutive common stock when determining the weighted-average number of common shares outstanding. For purposes of the diluted net income per share calculation, restricted stock units, options to purchase common stock and unvested shares issued upon the early exercise of options that are subject to repurchase are considered to be potential common stock.

We use the treasury stock method when calculating the dilutive impact of the stock options and restricted stock units on net income per share.

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On January 20, 2021, we issued the 2026 Notes. Prior to the adoption of ASU 2020-06, since we expected to settle the principal amount on our outstanding 2026 Notes in cash and any excess in cash or shares of our common stock, we used the treasury stock method for calculating any potential dilutive effect of the conversion spread on diluted net income per share, if applicable. The conversion spread had a dilutive impact on diluted net income per share of common stock when the average market price of our common stock for a given period exceeded the conversion price of \$147.19 per share for the 2026 Notes.

Upon adoption of ASU 2020-06 on January 1, 2022, we began using We use the if-converted method when calculating the dilutive impact of the 2026 Notes and 2029 Notes on net income per share. As a result, we included 3,396,950 shares related to the 2026 Notes and 3,365,132 shares related to the 2029 Notes within the weighted average shares outstanding when calculating the diluted net income per share. Additionally, we included interest expense and debt issuance cost amortization, net of tax, within the numerator of the diluted net income per share.

Our redeemable noncontrolling interests are related to our 86% equity ownership interest in OpenEye and our 85% equity ownership interest in Noonlight. When calculating net income attributable to the common stockholders, net loss attributable to our redeemable noncontrolling interests should be excluded from net income. As a result, net income attributable to the common stockholders is equal to the net income less (i) dividends paid on unvested shares with any remaining earnings allocated in accordance with the bylaws between the outstanding common and preferred stock and (ii) net loss attributable to redeemable noncontrolling interests as of the end of each period.

Recent Accounting Pronouncements

Adopted

During the year ended December 31, 2023, we did not adopt any new accounting pronouncements.

Not Yet Adopted

On November 27, 2023, the Financial Accounting Standards Board, or FASB, issued ASU 2023-07, "Segment Reporting (Topic 280)," which revises the disclosure requirements about a public entity's reportable segments and a reportable segment's expenses. This amendment requires a public entity to (i) disclose significant segment expense that are regularly provided to the chief operating

decision maker and included within each reported measure of segment profit or loss, (ii) disclose an amount for other segment items by reportable segment and a description of its composition and (iii) provide annual disclosures about a reportable segment's profit or loss and assets currently required by Topic 280 in interim periods. **The amendment is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. Early adoption is permitted.** This amendment is required to be applied retrospectively to all prior periods presented. We are currently assessing adopted ASU 2023-07 during the impact this pronouncement will have on our consolidated financial statement disclosures, fiscal year ended December 31, 2024, which increased the amount of disclosures within Note 19 related to segment expenses.

Not Yet Adopted

On December 14, 2023, the FASB issued ASU 2023-09, "Income Taxes (Topic 740)," which requires additional annual disclosures regarding specific categories in the income tax rate reconciliation as well additional information for reconciling items that meet a quantitative threshold. This amendment also requires annual disclosures regarding the amount of income taxes paid, including income taxes paid disaggregated by (i) federal, state and foreign taxes as well as (ii) individual jurisdictions in which income taxes paid is equal to or greater than five percent of total income taxes paid. Additionally, this amendment requires annual disclosures for income from continuing operations before income tax expense (or benefit) disaggregated between domestic and foreign as well as income tax expense (or benefit) disaggregated between federal, state and foreign. The amendment is effective for annual periods beginning after December 15, 2024, and early adoption is permitted. This amendment

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should be applied on a prospective basis, but retrospective application is permitted. We are currently assessing the impact this pronouncement will have on our consolidated financial statement disclosures.

On November 5, 2024, the FASB issued ASU 2024-03, "Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40)," which requires more detailed information about the types of expenses included in certain expense captions presented on the consolidated statements of operations, including purchases of inventory, employee compensation, depreciation, amortization and depletion. Additionally, this amendment requires the disclosure of a qualitative description of the amounts remaining in relevant expense captions that are not separately disaggregated quantitatively and the disclosure of the total amount of selling expenses and, on an annual basis, an entity's definition of selling expenses. The amendment is effective for annual periods beginning after December 15, 2026, and interim periods within annual reporting periods beginning after December 15, 2027. Early adoption is permitted. This amendment should be applied either on a prospective basis or a retrospective basis to any or all prior periods presented. We are currently assessing the impact this pronouncement will have on our consolidated financial statement disclosures.

Note 3. Revenue from Contracts with Customers

Contract Assets

Our assets related to costs incurred to obtain a contract consist of capitalized commission costs and upfront payments made to customers. The current portion of capitalized commission costs and upfront payments made to customers is included in other current assets within our consolidated balance sheets. The non-current portion of capitalized commission costs and upfront payments made to customers is reflected in other assets within our consolidated balance sheets.

We review the capitalized costs for impairment at least annually. Impairment exists if the carrying amount of the asset recognized from contract costs exceeds the remaining amount of consideration we expect to receive in exchange for providing the goods and services to which such asset relates, less the costs that relate directly to providing those goods and services and that have not been recognized as an expense. We did not record an impairment loss on our contract assets during the years ended December 31, 2023 December 31, 2024, 2022 2023 and 2021, 2022.

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The changes in our contract assets are as follows (in thousands):

	Year Ended December 31,		
	2023	2022	2021
	2024	2023	2022
Beginning of period balance			
Commission costs and upfront payments to a customer capitalized in period			
Reimbursement of previously capitalized upfront payments to customers			
Amortization of contract assets			
End of period balance			

On July 27, 2023, we received \$6.9 million in cash related to the reimbursement of previously capitalized upfront payments to a customer. On the date of the payment, the \$6.8 million unamortized portion of the contract asset balance was reduced to zero and the remaining amount of \$0.1 million was recorded as an increase to SaaS and license revenue.

Contract Liabilities

Contract liabilities include payments received in advance of performance under the contract and are realized with the associated revenue recognized under the contract. The changes in our contract liabilities are as follows (in thousands):

	Year Ended December 31,		
	2023	2022	2021

	2024	2023	2022
Beginning of period balance			
Revenue deferred and acquired in period			
Revenue recognized from amounts included in contract liabilities			
End of period balance			

The revenue recognized from amounts included in contract liabilities primarily relates to prepayment contracts with customers as well as payments of activation fees.

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Note 4. Accounts Receivable, Net

The components of accounts receivable, net are as follows (in thousands):

	December 31,	
	2023	2022
	2024	2023
Accounts receivable		
Allowance for credit losses		
Allowance for product returns		
Accounts receivable, net		

For the years ended December 31, 2023 December 31, 2024, 2023 and 2022 we recorded a provision for credit losses on our accounts receivable of \$1.0 million, \$1.5 million and \$1.2 million, respectively. For the year ended December 31, 2021, we recorded a reduction to the provision for credit losses on our accounts receivable of \$0.8 million.

For the years ended December 31, 2023 December 31, 2024, 2022 2023 and 2021, 2022, we recorded a \$4.4 million \$3.2 million, \$4.7 million \$4.4 million and \$2.5 million \$4.7 million reserve for product returns in our hardware and other revenue, respectively. Historically, we have not experienced write-offs for uncollectible accounts or sales returns that have differed significantly from our estimates.

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Allowance for Credit Losses - Accounts Receivable

The changes in our allowance for credit losses for accounts receivable are as follows (in thousands):

	Year Ended December 31, 2023	
	Year Ended December 31, 2023	Year Ended December 31, 2023
	Year Ended December 31, 2024	Year Ended December 31, 2024
	Alarm.com and Certain Subsidiaries	Alarm.com and Certain Subsidiaries
	Alarm.com and Certain Subsidiaries	Alarm.com and Certain Subsidiaries
	Alarm.com and Certain Subsidiaries	Alarm.com and Certain Subsidiaries

Beginning of period balance

Beginning of period balance

Beginning of period balance

(Provision for) / recovery of expected credit losses

(Provision for) / recovery of expected credit losses

(Provision for) / recovery of expected credit losses

Write-offs

Write-offs

Write-offs

End of period balance

End of period balance

End of period balance

Note 5. Inventory

The components of inventory are as follows (in thousands):

	December 31,		
	2023	2022	2023
	2024		
Raw materials			
Work-in-process			
Finished goods			
Total inventory			

Inventory values include are net of a write-down of \$1.4 million during the year ended December 31, 2023, which is reflected in cost of hardware and other revenue within our consolidated statements of operations. The inventory write-down is was the result of a lower of cost or net realizable value adjustment for finished goods.

Note 6. Property and Equipment, Net

Furniture, fixtures and office equipment, computer software and hardware, internal-use software, construction in progress, leasehold improvements and real property and improvements are recorded at cost and presented net of depreciation on the consolidated balance sheets. We record land at historical cost. Furniture, fixtures and office equipment and computer software and hardware are depreciated on a straight-line basis over lives generally ranging from three to five years. Internal-use software included in fixed assets is amortized on a straight-line basis over a three-year period. Leasehold improvements are amortized on a straight-line basis over the shorter of the lease terms or the asset lives. Real property is amortized on a straight-line basis over lives ranging from 15 to 39 years and the improvements related to real property are amortized on a straight-line basis over the shorter of the life of the underlying real property or the asset lives.

The components of property and equipment, net are as follows (in thousands):

	December 31,		
	2023	2022	2023
Furniture, fixtures and office equipment	\$ 9,839	\$ 9,078	
Computer software and hardware	34,913	32,560	
Internal-use software	8,949	8,949	
Construction in progress	3,581	1,864	
Leasehold improvements	33,555	31,532	
Real property and improvements	12,079	10,495	
Land	22,693	22,502	
Total property and equipment	125,609	116,980	
Accumulated depreciation	(71,445)	(59,808)	
Property and equipment, net	\$ 54,164	\$ 57,172	

Depreciation expense related to property and equipment for the years ended December 31, 2023, 2022 and 2021 was \$11.2 million, \$11.6 million and \$10.4 million, respectively. Amortization expense related to internal-use software of zero, \$0.6 million

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The components of property and equipment, net are as follows (in thousands):

	December 31,		
	2024	2023	2024
Furniture, fixtures and office equipment	\$ 10,325	\$ 9,839	
Computer software and hardware	41,197	34,913	

Internal-use software	8,949	8,949
Construction in progress	14,809	3,581
Leasehold improvements	34,397	33,555
Real property and improvements	11,322	12,079
Land	22,684	22,693
Total property and equipment	143,683	125,609
Accumulated depreciation	(80,478)	(71,445)
Property and equipment, net	\$ 63,205	\$ 54,164

Depreciation expense related to property and equipment for the years ended December 31, 2024, 2023 and 2022 was \$10.3 million, \$11.2 million and \$11.6 million, respectively. Amortization expense related to internal-use software included in fixed assets of zero, zero and \$0.6 million was included in those depreciation expenses for the years ended December 31, 2023 December 31, 2024, 2022 2023 and 2021 2022, respectively. We had no disposals and write-offs of property and equipment that impacted the consolidated statements of operations during the years ended December 31, 2023 December 31, 2024, 2022 2023 and 2021 2022.

Note 7. Acquisitions

Asset Acquisitions

On November 22, 2024, EnergyHub International, Inc., one of our wholly-owned subsidiaries, acquired certain assets of Finland-based Kapacity.io Solutions Oy. Substantially all of the acquired assets consisted of developed technology. We believe the acquisition of the developed technology will help accelerate deployment of a cloud-based demand response platform internationally for our EnergyHub subsidiary.

In consideration for the purchase of the developed technology, we paid \$1.3 million in cash in November 2024, after deducting \$0.2 million related to an agreed holdback provision. Additionally, we incurred \$0.1 million in direct transaction costs related to legal fees during 2024 that were capitalized as a component of the consideration transferred. The \$1.6 million purchase price consideration related to developed technology was recorded as an intangible asset at the time of the asset acquisition and is being amortized on a straight-line basis over an estimated useful life of seven years. The asset acquisition was recorded within our Other segment.

On April 21, 2023, Alarm.com Incorporated, one of our wholly-owned subsidiaries, acquired certain assets of Vintra, Inc., or Vintra. Substantially all of the acquired assets consisted of developed technology. We believe the acquisition of the developed technology will expand Alarm.com's learning program and accelerate deployment of advanced video analytics solutions for the Alarm.com and OpenEye platforms.

In consideration for the purchase of the acquired assets, we paid \$5.5 million in cash on April 21, 2023, after deducting \$0.3 million related to the settlement of an outstanding loan issued to Vintra during March 2023 and \$1.0 million related to an agreed holdback provision. The holdback is expected to be was fully paid by the third quarter of 2024, subject to offset for any indemnification obligations. Additionally, we incurred \$0.4 million in direct transaction costs related to legal fees during 2023 that were capitalized as a component of the consideration transferred. The \$7.1 million purchase price consideration allocated to developed technology was recorded as an intangible asset at the time of the asset acquisition and is being amortized on a straight-line basis over an estimated useful life of five years. The remaining \$0.1 million purchase price consideration was allocated to property and equipment.

On December 16, 2021, EnergyHub, Inc., one of our wholly-owned subsidiaries, acquired certain assets of an unrelated third party. Substantially all of the acquired assets consisted of developed technology. We believe the The asset acquisition of the developed technology will continue to advance our load-shaping energy management solution allowing additional devices to participate in utility programs that reduce or shift power consumption during peak demand periods.

In consideration for the purchase of the developed technology, we paid \$4.2 million in cash in December 2021, with the remaining \$0.9 million paid in June 2023. Additionally, we incurred \$0.2 million in direct transaction costs related to legal fees during 2021 that were capitalized as a component of the consideration transferred. The combined \$5.3 million consideration related to developed technology was recorded as an intangible asset at the time of the asset acquisition and is being amortized on a straight-line basis over an estimated useful life of seven years. within our Alarm.com segment.

Acquisition of a Business – EBS

On January 18, 2023, one of our wholly-owned subsidiaries acquired 100% of the issued and outstanding shares of capital stock of EBS Spółka z ograniczoną odpowiedzialnością, or EBS, an international producer of universal smart communicator devices, headquartered in Warsaw, Poland. We believe this acquisition will assist in the continued expansion of our international operations as well as benefit our supply chain operations.

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In consideration for the purchase of EBS, we paid \$9.8 million in cash on January 18, 2023, after deducting \$2.2 million related to agreed holdback provisions. The holdback was fully paid by the third quarter of 2024. An earn-out up to an additional \$2.5 million is payable if certain performance targets are met, which was initially recorded at the acquisition date fair value of \$2.0 million. The acquisition was accounted for as a business combination within our Alarm.com segment. The purchase price allocation was finalized during the third quarter of 2023. The overall impacts to our consolidated financial statements were not considered material for during the year ended December 31, 2023, of the acquisition.

Acquisition of a Business – Noonlight

On September 23, 2022, Alarm.com Incorporated acquired 85% of the issued and outstanding shares of capital stock of Noonlight. Noonlight provides a connected safety and event management software and services platform that enables new applications and provides enhanced emergency response capabilities. We believe the acquisition of Noonlight will enhance our comprehensive suite of interactive cloud-based services and allow us to expand markets for emergency response services as well as accelerate innovation in those services.

In consideration for the purchase of 85% of the issued and outstanding shares of capital stock of Noonlight, we paid \$31.9 million in cash on September 23, 2022, after deducting \$1.5 million related to an outstanding loan issued to Noonlight during May of 2022 and \$4.9 million related to agreed holdback provisions. The working capital adjustment was finalized during the first quarter of 2023 and \$0.4 million was paid during the second quarter of 2023. The remaining amount of the holdback of \$4.6 million was fully expected to be paid to the stockholders of Noonlight by the end second quarter of the first quarter of 2024, subject to offset for any indemnification obligations.

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The table below sets forth the purchase consideration and the fair value allocation of the tangible and intangible net assets acquired (in thousands):

	September 23, 2022
<i>Calculation of Purchase Consideration:</i>	
Cash paid, net of working capital adjustment	\$ 31,805
Outstanding principal and interest of loan provided to Noonlight	1,537
Holdback consideration	4,910
Total consideration	\$ 38,252
<i>Tangible and Intangible Net Assets:</i>	
Cash	\$ 188
Accounts receivable	291
Other current and non-current assets	200
Property and equipment	45
Deferred tax assets	424
Developed technology	9,335
Trade names	150
Accounts payable	(321)
Accrued expenses and other current liabilities	(318)
Deferred revenue	(67)
Redeemable noncontrolling interest	(6,770)
Goodwill	35,095
Total tangible and intangible net assets	\$ 38,252

Goodwill of \$35.1 million reflects the value of acquired workforce and synergies we expect to achieve from integrating Noonlight's suite of emergency response cloud-managed application program interfaces into our existing comprehensive suite of interactive cloud-based services. None of the goodwill recognized is expected to be deductible for income tax purposes in future periods. We allocate goodwill to reporting units based on expected benefit from synergies and have allocated the goodwill to the Alarm.com segment.

Fair Value of Net Assets Acquired and Intangibles

The acquired activities and assets in the purchase of Noonlight constituted a business and with the exception of contract liabilities accounted for under Topic 606, in accordance with ASC 805, "Business Combinations," the assets and liabilities were

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recorded at their respective fair values as of September 23, 2022. We developed the fair value of intangible net assets using a multi-period excess earnings method for developed technology and the relief from royalty method for the trade name.

Developed Technology

Developed technology primarily consists of intellectual property of proprietary software that is marketed for sale. We valued the developed technology using the multi-period excess earnings method, an income approach. The significant assumptions used in the income approach include estimates about future expected cash flows from the developed technology, the obsolescence factor and the discount rate. We are amortizing the Noonlight developed technology, valued at \$9.3 million, on an attribution method based on the discounted cash flows of the model over an estimated useful life of seven years.

Trade Names

We valued the trade names acquired using a relief from royalty method. The significant assumptions used in the income approach include future expected cash flows from the trade name, the royalty rate and the discount rate. We are amortizing the trade names, valued at \$0.2 million, on an attribution basis derived from the discounted cash flows of the model over an estimated useful life of five years.

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Redeemable Noncontrolling Interests

We have a redeemable noncontrolling interest related to our 85% equity ownership interest in Noonlight. The Noonlight stockholder agreement contains a put option that gives the minority Noonlight stockholders the right to sell their remaining 15% equity ownership interest to us based on the fair value of the shares and also contains a call option that gives us the right to purchase the remaining Noonlight shares from the minority Noonlight stockholders based on the fair value of the shares. The put and call options can each be exercised beginning in the first quarter of 2026. This redeemable noncontrolling interest was recorded at fair value on September 23, 2022, by applying the income approach using unobservable inputs for projected cash flows, including projected financial results and a discount rate, which are considered Level 3 inputs. This redeemable noncontrolling interest is considered temporary equity and we report it between liabilities and stockholders' equity in the consolidated balance sheets. The redemption value of the Noonlight noncontrolling interest was \$6.8 million as of September 23, 2022 \$5.2 million and \$6.4 million as of December 31, 2023 December 31, 2024 and 2023, respectively.

Business Combinations in Operations - Noonlight

The operations of the Noonlight business combination discussed above were included in the consolidated financial statements as of the acquisition date. The pro forma information as well as the revenue and net losses of the business combination were not material to the consolidated financial statements in the year of acquisition.

Note 8. Goodwill and Intangible Assets, Net

The changes in goodwill by reportable segment are outlined below (in thousands):

	Alarm.com	Alarm.com	Other	Total	Alarm.com	Other	Total
Balance as of January 1, 2022							
Goodwill acquired - initial measurement							
Measurement period adjustment							
Balance as of December 31, 2022							
Balance as of January 1, 2023							
Goodwill acquired - initial measurement							
Measurement period adjustment							
Foreign currency translation adjustment							
Balance as of December 31, 2023							
Foreign currency translation adjustment							
Foreign currency translation adjustment							
Foreign currency translation adjustment							
Balance as of December 31, 2024							

On January 18, 2023, we acquired 100% of the issued and outstanding shares of capital stock of EBS and initially recorded \$7.2 million of goodwill in the Alarm.com segment. The 2023 measurement period adjustments related to the Noonlight and EBS working capital and tax adjustments during the year ended December 31, 2023. On September 23, 2022, we acquired 85% of the issued and outstanding shares of capital stock of Noonlight and initially recorded \$37.9 million of goodwill in the Alarm.com segment. Additionally, during 2022, we recorded a measurement period adjustment related to the assessment of the net operating losses acquired, which resulted in us recording a decrease to goodwill of \$2.6 million. There were no impairments of goodwill recorded during the years ended December 31, 2023 December 31, 2024, 2022 2023 or 2021 2022. As of December 31, 2023 December 31, 2024, the accumulated balance of goodwill impairments was \$4.8 million, which is related to our acquisition of EnergyHub in 2013.

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The following table reflects changes in the net carrying amount of the components of intangible assets (in thousands):

	Customer Relationships	Customer Relationships	Developed Technology	Trade Name	Capitalized Software Development Costs	Customer Relationships	Developed Technology	Trade Name	Capitalized Software Development Costs	Other	Total
Balance as of January 1, 2022											
Balance as of January 1, 2023											

Intangible assets acquired	
Capitalized software development costs	
Amortization	
Amortization	
Balance as of December 31, 2022	
Balance as of December 31, 2023	
Intangible assets acquired	
Capitalized software development costs	
Amortization	
Amortization	
Balance as of December 31, 2023	
Balance as of December 31, 2024	

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year ended December 31, 2024, we paid less than \$0.1 million for the purchase of domain names. We recorded \$19.3 million \$18.6 million, \$18.4 million \$19.3 million and \$17.1 million \$18.4 million of amortization related to our intangible assets for the years ended December 31, 2023 December 31, 2024, 2022 2023 and 2021, 2022, respectively. There were no impairments of long-lived intangible assets during the years ended December 31, 2023 December 31, 2024, 2023 and 2022. We determined there was an impairment During the year ended December 31, 2024, \$0.3 million of \$0.1 million for the remaining value of a fully amortized developed technology intangible asset assets previously acquired were written-off in the Alarm.com segment that as the technology was acquired in 2014 related to customer relationships that no longer existed after December 31, 2021, which was included in other income / (expense), net in our consolidated statements of operations for the year ended December 31, 2021. use. During the year ended December 31, 2022, we wrote-off \$0.7 million in fully amortized intangible assets in the Alarm.com segment that were acquired in 2014 related to customer relationships, developed technology, trade name and other intangible assets that no longer existed as of January 1, 2022.

The following tables reflect the weighted-average remaining life and carrying value of finite-lived intangible assets (in thousands, except weighted-average remaining life):

		December 31, 2023				December 31, 2024				
		Gross Carrying Amount	Accumulated Amortization	Net Carrying Value	Weighted-Average Remaining Life (in years)	Gross Carrying Amount	Accumulated Amortization	Net Carrying Value		
Customer relationships	Customer relationships	\$128,280	\$ (88,986)	\$ 39,294	6.2	\$ 128,280	\$ (98,655)	\$ (98,655)		
Developed technology	Developed technology	70,061	(32,887)	37,174	37,174	4.7	71,316	(40,773)	(40,773)	
Trade name	Trade name	4,474	(3,257)	1,217	1,217	2.6	4,474	(3,974)	(3,974)	
Capitalized software development costs	Capitalized software development costs	882	(3)	879	879	3.3	2,680	(235)	(235)	
Other		46	—	46	5.0					
Total intangible assets	Total intangible assets	\$203,697	\$ (125,133)	\$ 78,564	5.4	\$ 206,796	\$ (143,637)	\$ (143,637)		

		December 31, 2022			December 31, 2023		
		Gross Carrying Amount	Accumulated Amortization	Net Carrying Value	Weighted-Average Remaining Life (in years)	Gross Carrying Amount	Accumulated Amortization
Customer relationships	Customer relationships	\$ 125,885	\$ (78,363)	\$ 47,522	7.0	Customer relationships	\$ 128,280
Developed technology	Developed technology	58,478	(24,925)	33,553	5.8	Developed technology	58,061
Trade name	Trade name	3,937	(2,554)	1,383	2.4	Trade name	4,474
Capitalized software development costs		882	(3)	879	3.3		
Total intangible assets	Total intangible assets	\$ 203,697	\$ (125,133)	\$ 78,564	5.4		5.4
Total intangible assets		\$ 188,300	\$ (105,842)	\$ 82,458	6.5		

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The following table reflects the future estimated amortization expense for intangible assets (in thousands):

Year Ended December 31,	Year Ended December 31,	Amortization	Year Ended December 31,	Amortization
2024				
2025				
2026				
2027				
2028				
2029 and thereafter				
2029				
2030 and thereafter				
Total future amortization expense				

Note 9. Other Assets

Loan to a Distribution Partner

In December 2022, we amended a subordinated credit agreement with the affiliated entity of one of our distribution partners, Affiliate. The amended subordinated credit agreement with the affiliated entity of the distribution partner Affiliate matures on June 18, 2027, and interest on the outstanding principal balance accrues at a rate of 12.0% per annum and is payable in kind. Under In March 2024, the amended terms, Affiliate was in default on a loan arrangement with one of its third party secured lenders. Based on this information, during the distribution partner paid us \$1.0 million three months ended March 31, 2024, we recorded a credit loss expense of \$4.0 million in paid-in-kind general and administrative expense and recorded a reduction to our interest income of \$0.5 million related to the reversal of payable in December 2022, kind interest associated with the subordinated credit agreement. We placed this loan in nonaccrual status and recorded a full allowance for credit losses for this note receivable as of March 31, 2024. During the three months ended June 30, 2024, we wrote off the entire \$4.0 million outstanding note receivable balance that originated in 2017 and reversed the previously recorded allowance for credit losses. As of December 31, 2023 and 2022, \$4.5 million and \$4.0 million of the notes receivable balance related to the subordinated credit agreement was included in other assets in our consolidated balance sheets, respectively sheet.

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For the years ended December 31, 2023 December 31, 2024, 2022 2023 and 2021, 2022, we recognized \$3.0 million \$2.6 million, \$2.7 million \$3.0 million and \$3.0 million \$2.7 million of revenue from the distribution partner associated with these loans, respectively.

Loan to a Service Provider Partner

In July 2020, we entered into a loan agreement with a service provider partner, under which we agreed to loan the service provider partner up to \$2.5 million, collateralized by the assets of the service provider partner. Interest on the outstanding principal accrues at a rate per annum equal to 9.0% and monthly interest and principal payments began in April 2021. The maturity date of the loan

is July 24, 2025. As of December 31, 2023 December 31, 2024 and 2022, \$1.0 million and \$1.1 million of principal was outstanding from the service provider partner under the loan agreement, respectively.

For each of the years ended December 31, 2023 December 31, 2024, 2022 2023 and 2021, 2022, we recognized \$0.2 million of revenue from the service provider partner associated with this loan.

Loan to a Technology Partner

In June 2022, we entered into a convertible promissory note with a technology partner, under which we agreed to loan the technology partner \$1.5 million. Interest on the outstanding principal accrues at a rate per annum equal to 6.5%, starting one year from the effective date of the loan. Interest and principal payments are due on the maturity date of the loan, which is June 27, 2029, unless the loan is converted prior to the maturity date, which may occur upon a qualified financing event, as defined in the convertible promissory note, upon a sale of the technology partner or upon our election on the maturity date of the loan. As of December 31, 2023 December 31, 2024 and 2022, 2023, \$1.5 million of principal was outstanding from the technology partner under the convertible promissory note.

For the years ended December 31, 2023 December 31, 2024, 2022 2023 and 2021, 2022, we did not record any revenue from the technology partner associated with this convertible promissory note.

Investment in a Hardware Supplier

In October 2018, we entered into a subordinate convertible promissory note with one of our hardware suppliers. In July 2019, we converted the outstanding notes receivable balance of \$5.6 million into 9,520,832 shares of Series B preferred stock in the hardware supplier. We concluded that the \$5.6 million equity investment, which is included in the Alarm.com segment, does not meet the criteria for consolidation and will be accounted for using the measurement alternative. Under the alternative, we measure investments without readily determinable fair values at cost, less impairment, adjusted for observable price changes

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from orderly transactions for identical or similar investments. As of December 31, 2023 December 31, 2024 and 2022, 2023, our investment in the hardware supplier was \$5.6 million.

Investments in Technology Partners

In February 2021, we paid \$5.0 million in cash to purchase 1,000,000 shares of Series B-2 Preferred Stock from a technology partner as part of a financing round that included other investors. The \$5.0 million equity investment, which is included in the Alarm.com segment, does not meet the criteria for consolidation and is accounted for using the measurement alternative. Under the measurement alternative, we measure investments without readily determinable fair values at cost, less impairment, adjusted for observable price changes from orderly transactions for identical or similar investments. As of December 31, 2023 December 31, 2024 and 2022, 2023, our investment in the technology partner was \$5.7 million.

In December 2022, we paid \$5.1 million in cash to another technology partner to purchase 4,231,717 shares of its Series A Preferred Stock. The \$5.1 million equity investment, which is included in the Alarm.com segment, does not meet the criteria for consolidation and is accounted for using the measurement alternative. As of December 31, 2023 December 31, 2024 and 2022, 2023, our investment in the technology partner was \$5.1 million.

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Notes In December 2023, we paid \$1.5 million to another technology partner as part of a Simple Agreement for Future Equity, or SAFE. We paid an additional \$1.5 million during both May 2024 and December 2024 in the Consolidated Financial Statements — (Continued)
December 31, same technology partner via a SAFE for a total investment of \$4.5 million. The SAFE provides us the right to be issued certain shares of the technology partner's stock in connection with a qualified equity financing or liquidity event. Our investment, which is included in the Alarm.com segment, does not meet the criteria for consolidation and is accounted for using the measurement alternative. As of December 31, 2024 and 2023, 2022 our investment in the privately-held company was \$4.5 million and 2021 \$1.5 million, respectively.

Allowance for Credit Losses - Notes Receivable

The changes in our allowance for credit losses for notes receivable are as follows (in thousands):

	Year Ended December 31, 2023	Year Ended December 31, 2023	Year Ended December 31, 2023
	Loan	Receivables	Loan
	Receivables	Receivables	Receivables
Beginning of period balance			
	Year Ended December 31, 2024	Year Ended December 31, 2024	Year Ended December 31, 2024

Beginning of period balance

Beginning of period balance	
Beginning of period balance	
(Provision for) / recovery of expected credit losses	
(Provision for) / recovery of expected credit losses	
(Provision for) / recovery of expected credit losses	
Provision for expected credit losses	
Provision for expected credit losses	
Provision for expected credit losses	
Write-offs	
Write-offs	
Write-offs	
End of period balance	
End of period balance	
End of period balance	

We manage our notes receivables using delinquency as a key credit quality indicator. The following tables reflect the current and delinquent notes receivable by class of financing receivables and by year of origination (in thousands):

Loan Receivables:	December 31, 2023					December 31, 2024										
	Loan Receivables:	2023	2022	2021	2020	2019	Prior	Total	Loan Receivables:	2024	2023	2022	2021	2020	Prior	Total
Current																
30-59 days past due																
60-89 days past due																
90-119 days past due																
120+ days past due																
Total																
December 31, 2022																
Loan Receivables:	2022	2021	2020	2019	2018		Prior	Total	Loan Receivables:	2022	2021	2020	2019	2018		Total
Current	\$ 1,500	\$ —	\$ 1,093	\$ 1	\$ —		\$ 4,015	\$ 6,609								
30-59 days past due	—	—	—	—	—		—	—								
60-89 days past due	—	—	—	—	—		—	—								
90-119 days past due	—	—	—	—	—		—	—								
120+ days past due	—	—	—	—	—		—	—								
Total	\$ 1,500	\$ —	\$ 1,093	\$ 1	\$ —		\$ 4,015	\$ 6,609								

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Loan Receivables:	December 31, 2023									
	2023	2022	2021	2020	2019		Prior	Total		
Current	\$ 150	\$ 1,500	\$ —	\$ 1,039	\$ —		\$ 4,524	\$ 7,213		
30-59 days past due	—	—	—	—	—		—	—		
60-89 days past due	—	—	—	—	—		—	—		
90-119 days past due	—	—	—	—	—		—	—		
120+ days past due	—	—	—	—	—		—	—		
Total	\$ 150	\$ 1,500	\$ —	\$ 1,039	\$ —		\$ 4,524	\$ 7,213		

There were no notes receivable placed on nonaccrual status as of December 31, 2023 December 31, 2024 and 2022, 2023. During the years ended December 31, 2023 December 31, 2024, 2022, 2023 and 2021, 2022, there was no interest income recognized related to notes receivables that were in nonaccrual status.

As of December 31, 2023 December 31, 2024 and 2022, 2023, there were no notes receivable placed in nonaccrual status for which there was not a related allowance for credit losses. As of December 31, 2023 December 31, 2024 and 2022, 2023, there were no notes receivables that were 90 days or greater past due for which we continued to accrue interest income.

Prepaid Expenses

As of December 31, 2023 December 31, 2024 and 2022, 2023, \$16.1 million and \$14.6 million and \$14.5 million of prepaid expenses were included in other current assets, respectively, primarily related to software licenses, long lead-time parts related to our inventory and insurance.

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Note 10. Fair Value Measurements

The following tables present our assets and liabilities measured at fair value on a recurring basis (in thousands):

	Fair Value Measurements on a Recurring Basis				
	Level 1	Level 1	Level 2	Level 3	Total
Level 1	Level 1	Level 2	Level 3	Total	
Assets:					
Money market accounts as of December 31, 2024					
Money market accounts as of December 31, 2024					
Money market accounts as of December 31, 2024					
Equity securities with readily determinable fair value as of December 31, 2024					
Money market accounts as of December 31, 2023					
Money market accounts as of December 31, 2023					
Money market accounts as of December 31, 2023					
Money market accounts as of December 31, 2022					
Liabilities:					
Liabilities:					
Contingent consideration liability from acquisition as of December 31, 2024					
Contingent consideration liability from acquisition as of December 31, 2024					
Contingent consideration liability from acquisition as of December 31, 2024					
Contingent consideration liability from acquisition as of December 31, 2023					
Contingent consideration liability from acquisition as of December 31, 2023					
Contingent consideration liability from acquisition as of December 31, 2023					

The following table summarizes the change in fair value of the Level 3 liabilities with significant unobservable inputs (in thousands):

	Year Ended December 31,			Subsidiary Long-Term Incentive Plan
	2023	2022	2021	
	2024	2023	2022	
Contingent Consideration Liability from Acquisition	Contingent Consideration Liability from Acquisition	Subsidiary Long-Term Incentive Plan	Contingent Consideration Liability from Acquisition	Subsidiary Long-Term Incentive Plan
Beginning of period balance				
Acquired liabilities				
Changes in fair value included in earnings				
Reclassification to additional paid in capital upon modification				
End of period balance				

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As of December 31, 2024, \$1.20 billion of our money market accounts was included in cash and cash equivalents, \$6.2 million was included in other assets and \$1.9 million was included in other current assets in our consolidated balance sheets. As of December 31, 2023, \$675.6 million of our money market accounts was included in cash and cash equivalents and \$4.1 million was included in other assets in our consolidated balance sheets. As of December 31, 2022, \$509.6 million of our money market accounts was included in cash and cash equivalents and \$0.7 million was included in other assets in our consolidated balance sheets. Our assets in our consolidated balance sheets are valued using quoted prices in active markets. Our equity securities with readily determinable fair value represent our investments in publicly traded companies, which are valued using quoted prices in active markets. During the year ended December 31, 2024, we recorded an unrealized loss on equity

securities of less than \$0.1 million. Our investments in public entities are recorded at fair value within other current assets in our consolidated balance sheets and changes in fair value of the investments are recorded within other (expense) / income, net within our consolidated statements of operations. See Note 13 for the carrying amount and estimated fair value of the 2026 Notes our convertible senior notes as of December 31, 2023 December 31, 2024 and 2022 2023.

We previously maintained a subsidiary long-term incentive plan and recorded a liability based on the potential cash payment contingent upon meeting certain financial milestones related to the agreement established with certain employees of one of our subsidiaries. This incentive plan was established in November 2017 and the amount of compensation awarded to employees depended on the fair market value of the subsidiary, which was determined in part by the subsidiary's projected financial results. We accounted for the subsidiary long-term incentive plan using fair value and established liabilities for the future payments under the terms of the incentive plan based on estimating revenue, EBITDA and EBITDA margin of the subsidiary over the period of the incentive plan through the anticipated achievement of the milestones. We estimated the fair value of the liability by using a Monte Carlo simulation model which involves several Level 3 unobservable inputs. The significant unobservable inputs used in the valuation included a weighted average revenue volatility and the revenue risk adjustment. The revenue volatility was weighted using revenue volatility results from the subsidiary's peer group as well as market transaction metrics. The revenue risk adjustment was calculated using capital structure allocations from the subsidiary's peer group, market transaction metrics as well as United States Treasury yields.

In May 2022, we terminated the subsidiary long-term incentive plan. The fair value of the liability related to the subsidiary long-term incentive plan as of the termination date was consistent with the liability as of March 31, 2022. Concurrent with the termination of the subsidiary long-term incentive plan, we granted performance-based restricted stock units to those employees who previously participated in the subsidiary long-term incentive plan. We accounted for the termination of the subsidiary long-term incentive plan and concurrent grant of performance-based restricted stock units as a modification of the original subsidiary long-term incentive plan. As a result, we reclassified the \$3.1 million liability related to the subsidiary long-term incentive plan to additional paid-in capital during the three months ended June 30, 2022. Additionally, we recorded \$1.2 million in incremental compensation costs as additional stock-based compensation expense to the applicable operating expense category based on the respective employee's function (sales and marketing, general and administrative or research and development) during the three months ended June 30, 2022. The incremental compensation costs represented the excess of the fair value of the

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performance-based restricted stock units over the fair value of the subsidiary long-term incentive plan as of the modification date of the subsidiary long-term incentive plan.

The contingent consideration liability consists of the potential earn-out payment related to our acquisition of 100% of the issued and outstanding capital stock of EBS on January 18, 2023. The earn-out payment is contingent on the satisfaction of certain performance targets related to the integration of EBS's hardware into the Alarm.com platform by December 31, 2025, and has a maximum potential payment of up to \$2.5 million. We account for the contingent consideration using fair value and established a liability for the future earn-out payment based on an estimation of the probability of the future achievement of the performance targets. The contingent consideration liability was valued with Level 3 unobservable inputs, including the probability of expected achievement of the performance targets. At January 18, 2023, the fair value of the liability was \$2.0 million. At each reporting date until December 31, 2025, or the achievement of the performance targets, we will remeasure the liability, using the same valuation approach. The fair value of the contingent consideration liability is included within accounts payable, accrued expenses and other current liabilities within our consolidated balance sheets. Changes in fair value resulting from information that existed subsequent to the acquisition date are recorded in general and administrative expense in the consolidated statements of operations. In 2024 and 2023, the contingent consideration liability did not materially change from the acquisition date fair value of \$2.0 million as there were minor changes in the expected probability of achievement for the performance targets. The unobservable inputs used in the valuation as of December 31, 2023 December 31, 2024 included a weighted average expected achievement percentage of 89.5%, weighted by the potential payout of the performance targets, including a range of 80.0% to 99.0%. The valuation also included a weighted average discount rate of 5.5% 6.1%, which also represented weighted by the low and high probability of achievement of the performance targets at various dates, including a range of the discount rates, 6.0% to 6.2%. Selecting another probability of expected achievement or discount rate within an acceptable range would not result in a significant change to the fair value of the contingent consideration liability.

We monitor the availability of observable market data to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. There were no transfers into or out of Level 3 or during the years ended December 31, 2024 and 2023, and no transfers into Level 3 during the year ended December 31, 2022. There were no reclassifications between levels of the fair value hierarchy during the years ended December 31, 2023 December 31, 2024, 2022 2023 and 2021 2022.

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Note 11. Leases

As of December 31, 2023 December 31, 2024, we leased office space, data centers and office equipment under non-cancellable operating leases with various expiration dates through 2030, 2034. In August 2014, we signed a lease for office space in Tysons, Virginia where we relocated our corporate headquarters to in February 2016. We have subsequently entered into amendments to this lease to provide us with additional office space. The space as well as tenant improvement allowances. In August 2024, we entered into an amendment to the lease for our corporate headquarters, which extends the term ends in 2026, of our existing leased office space to 2034 and includes a two successive five-year renewal option options. Additionally, the amendment provides for additional office space, parking spaces and includes a cumulative tenant improvement allowance of \$12.1 million as of December 31, 2023, allowances.

Supplemental information related to leases is presented in the table below (in thousands, except weighted-average term and discount rate):

	Year Ended December 31,		
	2023	2022	2021
	2024	2023	2022
Operating lease cost			
Cash paid for amounts included in the measurement of operating lease liabilities			
Operating lease right-of-use assets obtained in exchange for new operating lease liabilities			
	December 31, 2023		December 31, 2022

	December 31, 2024	December 31, 2023	
Weighted-average remaining lease term — operating leases	Weighted-average remaining lease term — operating leases years	3.0	3.4 Weighted-average remaining lease term — years operating leases years
Weighted-average discount rate — operating leases	Weighted-average discount rate — operating leases	4.9 %	Weighted-average discount rate — operating leases 8.2 % 4.9 %

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

Year Ended December 31,	Operating Leases ⁽¹⁾
2025	\$ 13,130
2026	11,820
2027	12,063
2028	11,503
2029	11,052
2030 and thereafter	43,457
Total lease payments	103,025
Less: imputed interest ⁽²⁾	29,791
Present value of lease liabilities	<u><u>\$ 73,234</u></u>

(1) Operating lease payments exclude \$13.6 million of legally binding minimum lease payments for leases executed but not yet commenced. There are no options to extend lease terms that were reasonably certain of being exercised included in these balances.

(2) Imputed interest was calculated using the incremental borrowing rate applicable for each lease.

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

Year Ended December 31,	Operating Leases ⁽¹⁾
2024	\$ 13,736
2025	11,609
2026	6,962
2027	1,610
2028	925
2029 and thereafter	1,461
Total lease payments	36,303
Less: imputed interest ⁽²⁾	3,792
Present value of lease liabilities	<u><u>\$ 32,511</u></u>

(1) Operating lease payments exclude \$5.1 million of legally binding minimum lease payments for leases executed but not yet commenced and do not include any options to extend lease terms that were reasonably certain of being exercised.

(2) Imputed interest was calculated using the incremental borrowing rate applicable for each lease.

Note 12. Liabilities

The components of accounts payable, accrued expenses and other current liabilities are as follows (in thousands):

	December 31, 2023	December 31, 2022	
	December 31, 2024	December 31, 2023	
Accounts payable			
Accrued expenses			
Income taxes payable			
Holdback liability from business combinations and asset acquisitions			
Contingent consideration liability from acquisition			

Other current liabilities

Accounts payable, accrued expenses and other current liabilities

The components of other liabilities are as follows (in thousands):

	December 31, 2023	December 31, 2022
	December 31, 2024	December 31, 2023
Holdback liability from business combination		
Holdback liability from business combination		
Holdback liability from business combination		
Contingent consideration liability from acquisition		
Contingent consideration liability from acquisition		
Contingent consideration liability from acquisition		
Other liabilities		
Other liabilities		

Note 13. Debt, Commitments and Contingencies

The debt, commitments and contingencies described below would require us, or our subsidiaries, to make payments to third parties under certain circumstances.

Convertible Senior Notes - 2026 Notes

On January 20, 2021, we issued \$500.0 million aggregate principal amount of 0% convertible senior notes due January 15, 2026, in a private placement to qualified institutional buyers, buyers, or the 2026 Notes. The terms of the 2026 Notes are governed by an Indenture, or the 2026 Indenture, by and between Alarm.com Holdings, Inc. and U.S. Bank National Association, as trustee. The 2026 Notes are senior unsecured obligations that do not bear regular interest and the principal amount of the 2026 Notes will not accrete. The 2026 Notes may bear special interest under specified circumstances related to our failure to comply with our reporting obligations under the 2026 Indenture. Special interest, if any, will be payable semiannually in arrears on January 15 and July 15 of each year, beginning on July 15, 2021. We received proceeds from the issuance of the 2026 Notes of \$484.3 million, net of \$15.7 million of transaction fees and other debt issuance costs.

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We may not redeem the 2026 Notes prior to January 20, 2024. We may redeem for cash, all or any portion of the 2026 Notes, at our option, on or after January 20, 2024, at a redemption price equal to 100% of the principal amount of the 2026 Notes to be redeemed, plus accrued and unpaid special interest, if any, to, but excluding, the redemption date, if the last reported sale price of our common stock has been at least 130% of the conversion price for the 2026 Notes then in effect for at least 20 trading days (whether or not consecutive) during any 30 consecutive trading day period (including the last trading day of such period) ending on, and including, the trading day immediately preceding the date on which we provide notice of redemption. No sinking fund is provided for the 2026 Notes.

The 2026 Notes will be convertible at the option of the holders at any time prior to the close of business on the business day immediately preceding August 15, 2025, only under the following circumstances: (1) during any calendar quarter commencing after the calendar quarter ending on June 30, 2021 (and only during such calendar quarter), if the last reported sale price of our common stock for at least 20 trading days (whether or not consecutive) during a period of 30 consecutive trading days ending on, and including, the last trading day of the immediately preceding calendar quarter is greater than or equal to 130% of the conversion price for the 2026 Notes on each applicable trading day; (2) during the five business day period immediately after any 10 consecutive trading day period in which, for each trading day of that period, the trading price per \$1,000 principal amount of 2026 Notes for such trading day was less than 98% of the product of the last reported sale price of our common stock and the conversion rate for the 2026 Notes on each such trading day; (3) if we call any or all of the 2026 Notes for redemption, at any time prior to the close of business on the scheduled trading day immediately preceding the redemption date, but only with respect to the 2026 Notes called (or deemed called) for redemption; or (4) upon the occurrence of specified corporate events as set forth in the 2026 Indenture.

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On or after August 15, 2025, until the close of business on the second scheduled trading day immediately preceding the maturity date of the 2026 Notes, holders of the 2026 Notes may convert all or any portion of their 2026 Notes at any time, regardless of the foregoing conditions. Upon conversion, we may satisfy our conversion obligation by paying or delivering, as the case may be, cash, shares of our common stock or a combination of cash and shares of our common stock, at our election. It is our current intent to settle the principal amount of the 2026 Notes with cash. The initial conversion rate for the 2026 Notes is 6.7939 shares of our common stock per \$1,000 principal amount of 2026 Notes, which is equivalent to an initial conversion price of \$147.19 per share of our common stock, subject to adjustment under certain circumstances in accordance with the terms of the 2026 Indenture. In addition, following certain corporate events that occur prior to the maturity date of the 2026 Notes or if we deliver a notice of redemption in respect of the 2026 Notes, we will, under certain circumstances, increase the conversion rate of the 2026 Notes for a holder who elects to convert its 2026 Notes (or any portion thereof) in connection with such a corporate event or convert its 2026 Notes called (or deemed called) for redemption during the related redemption period (as defined in the 2026 Indenture), as the case may be.

If we undergo a fundamental change (as defined in the 2026 Indenture), subject to certain exceptions and except as described in the 2026 Indenture, holders may require us to repurchase for cash all or any portion of their 2026 Notes at a fundamental change repurchase price equal to 100% of the principal amount of the 2026 Notes to be repurchased, plus accrued and unpaid special interest, if any, to, but excluding, the fundamental change repurchase date.

The 2026 Indenture includes customary covenants and sets forth certain events of default after which the 2026 Notes may be declared immediately due and payable and sets forth certain types of bankruptcy or insolvency events of default involving us after which the 2026 Notes become automatically due and payable.

We used some of the proceeds to repay the \$110.0 million outstanding principal balance under our credit facility and also used some of the proceeds to pay accrued interest, fees and expenses related to our credit facility, which was terminated effective January 20, 2021. We are using the remaining net proceeds from the issuance of the 2026 Notes for working capital and other general corporate purposes, which may include acquisitions or strategic investments in complementary businesses or technologies.

As discussed in Note 2, we adopted ASU 2020-06 effective January 1, 2022, using a modified retrospective adoption method. Prior to the adoption of the standard, the 2026 Notes were separated into liability and equity components. The carrying amount of the liability component was calculated by measuring the fair value of a similar debt instrument that did not have an associated convertible feature. The carrying amount of the equity component representing the conversion option was determined by deducting the fair value of the liability component from the par value of the 2026 Notes. The equity component was recorded in additional paid-in capital and was not remeasured as it continued to meet the conditions for equity classification. The debt discount for conversion option, debt issuance costs and net carrying amount of the equity component was \$77.2 million, \$2.4 million and \$74.8 million, respectively, as of December 31, 2021. The excess of the principal amount of the liability component over its carrying amount was amortized to interest expense over the contractual term of the 2026 Notes at an effective interest rate of 4.0%.

Prior to the adoption of ASU 2020-06, the difference between the book and tax treatment of the debt discount and debt issuance costs of the 2026 Notes resulted in a difference between the carrying amount and tax basis of the 2026 Notes. This

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taxable temporary difference resulted in the recognition of a \$18.3 million net deferred tax liability which was recorded as an adjustment to additional paid-in capital during the three months ended March 31, 2021.

Upon adoption of ASU 2020-06 on January 1, 2022, we recombined the liability and equity components of the 2026 Notes assuming that the instrument was accounted for as only a liability from inception to the date of adoption. We also recombined the liability and equity components of the debt issuance costs. The issuance costs are presented as a deduction from the outstanding principal balance of the 2026 Notes and are amortized to interest expense using the effective interest method over the contractual term of the 2026 Notes at a rate of 0.6%.

Upon adoption of ASU 2020-06 on January 1, 2022, we We also removed the temporary difference between the book and tax treatment of the debt discount and adjusted the temporary difference between the book and tax treatment of the debt issuance costs of the 2026 Notes.

As of December 31, 2023 December 31, 2024 and 2022, 2023, the fair value of our 2026 Notes was \$444.8 million \$473.8 million and \$411.5 million \$444.8 million, respectively. The fair value was determined based on the quoted price of the 2026 Notes in an inactive market on the last traded day of the quarter and has been classified as Level 2 in the fair value hierarchy. Based on the closing price of our common stock of \$64.62 \$60.80 on the last trading day of the quarter, the if-converted value of the 2026 Notes did not exceed the principal amount of \$500.0 million as of December 31, 2023 December 31, 2024.

The net carrying amount of the liability component of the 2026 Notes is as follows (in thousands):

	December 31, 2023	December 31, 2022
	December 31, 2024	December 31, 2023
Principal		
Unamortized debt issuance costs		
Unamortized debt issuance costs		
Unamortized debt issuance costs		
Net carrying amount		

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Interest expense related to the 2026 Notes is as follows (in thousands):

	Year Ended December 31,		
	2023	2022	2021
Amortization of debt discount	2023	2022	
Amortization of debt issuance costs	2024	2023	2022
Amortization of debt issuance costs			
Amortization of debt issuance costs			
Total interest expense			

Convertible Senior Notes - 2029 Notes

On May 31, 2024, we issued \$500.0 million aggregate principal amount of 2.25% convertible senior notes due June 1, 2029, in a private placement to qualified institutional buyers, or the 2029 Notes. The terms of the 2029 Notes are governed by an Indenture, or the 2029 Indenture, by and between Alarm.com Holdings, Inc. and U.S. Bank Trust Company, National Association, as trustee. The 2029 Notes are senior unsecured obligations that bear interest at a rate of 2.25% per annum, payable semiannually in arrears on June 1 and December 1 of each year, beginning on December 1, 2024, and the principal amount of the 2029 Notes will not accrete. We received proceeds from the issuance of the 2029 Notes of \$485.2 million, net of \$14.8 million of transaction fees and other debt issuance costs.

We may redeem for cash, all or any portion of the 2029 Notes (subject to the partial redemption limitation described below), at our option, on or after June 7, 2027, at a redemption price equal to 100% of the principal amount of the 2029 Notes to be redeemed, plus accrued and unpaid interest, if any, to, but excluding, the redemption date, if the last reported sale price of our common stock has been at least 130% of the conversion price for the 2029 Notes then in effect for at least 20 trading days (whether or not consecutive) during any 30 consecutive trading day period (including the last trading day of such period) ending on, and including, the trading day immediately preceding the date on which we provide notice of redemption. If we redeem less than all the 2029 Notes, at least \$75.0 million aggregate principal amount of the 2029 Notes must be outstanding and not subject to redemption as of the relevant redemption notice date. No sinking fund is provided for the 2029 Notes.

The 2029 Notes will be convertible at the option of the holders at any time prior to the close of business on the business day immediately preceding January 1, 2029, only under the following circumstances: (1) during any calendar quarter commencing after the calendar quarter ending on September 30, 2024 (and only during such calendar quarter), if the last reported sale price of our common stock for at least 20 trading days (whether or not consecutive) during a period of 30 consecutive trading days ending on, and including, the last trading day of the immediately preceding calendar quarter is greater than or equal to 130% of the conversion price for the 2029 Notes on each applicable trading day; (2) during the five business day period immediately after any 10 consecutive trading day period in which, for each trading day of that period, the trading price per \$1,000 principal amount of 2029 Notes for such trading day was less than 98% of the product of the last reported sale price of our common stock and the conversion rate for the 2029 Notes on each such trading day; (3) if we call any or all of the 2029 Notes for redemption, at any time prior to the close of business on the scheduled trading day immediately preceding the redemption date, but only with respect to the 2029 Notes called (or deemed called) for redemption; or (4) upon the occurrence of specified corporate events as set forth in the 2029 Indenture.

On or after January 1, 2029, until the close of business on the second scheduled trading day immediately preceding the maturity date of the 2029 Notes, holders of the 2029 Notes may convert all or any portion of their 2029 Notes at any time, regardless of the foregoing conditions. Upon conversion, we may satisfy our conversion obligation by paying or delivering, as the case may be, cash, shares of our common stock or a combination of cash and shares of our common stock, at our election. It is our current intent to settle the principal amount of the 2029 Notes with cash. The initial conversion rate for the 2029 Notes is 11.4571 shares of our common stock per \$1,000 principal amount of 2029 Notes, which is equivalent to an initial conversion price of \$87.28 per share of our common stock, subject to adjustment under certain circumstances in accordance with the terms of the 2029 Indenture. In addition, following certain corporate events that occur prior to the maturity date of the 2029 Notes or if we deliver a notice of redemption in respect of some or all of the 2029 Notes, we will, under certain circumstances, increase the conversion rate of the 2029 Notes for a holder who elects to convert its 2029 Notes (or any portion thereof) in connection with such a corporate event or convert its 2029 Notes called (or deemed called) for redemption during the related redemption period (as defined in the 2029 Indenture), as the case may be.

If we undergo a fundamental change (as defined in the 2029 Indenture), subject to certain exceptions and except as described in the 2029 Indenture, holders may require us to repurchase for cash all or any portion of their 2029 Notes at a fundamental change repurchase price equal to 100% of the principal amount of the 2029 Notes to be repurchased, plus accrued and unpaid interest, if any, to, but excluding, the fundamental change repurchase date.

The 2029 Indenture includes customary covenants and sets forth certain events of default after which the 2029 Notes may be declared immediately due and payable and sets forth certain types of bankruptcy or insolvency events of default involving us after which the 2029 Notes become automatically due and payable.

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We used \$63.1 million of the net proceeds from the 2029 Notes to pay the cost of the capped call transactions described below and used \$75.0 million to repurchase 1,117,068 shares of our common stock concurrently with the pricing of the 2029 Notes, which was separately authorized by our board of directors. We are using the remaining net proceeds from the issuance of the 2029 Notes for general corporate purposes, which may include acquisitions or strategic investments in complementary businesses or technologies, other repurchases of our common stock, repurchases of our 2026 Notes and for working capital, operating expenses and capital expenditures.

We account for the 2029 Notes as a liability. The debt issuance costs are presented as a deduction from the outstanding principal balance of the 2029 Notes and are amortized to interest expense using the effective interest method over the contractual term of the 2029 Notes at a rate of 2.9%.

As of December 31, 2024, the fair value of our 2029 Notes was \$496.7 million. The fair value was determined based on the quoted price of the 2029 Notes in an inactive market on the last traded day of the quarter and has been classified as Level 2 in the fair value hierarchy. Based on the closing price of our common stock of \$60.80 on the last trading day of the quarter, the if-converted value of the 2029 Notes did not exceed the principal amount of \$500.0 million as of December 31, 2024.

The net carrying amount of the liability component of the 2029 Notes is as follows (in thousands):

	December 31, 2024
Principal	\$ 500,000
Unamortized debt issuance costs	(13,204)
Net carrying amount	\$ 486,796

Interest expense related to the 2029 Notes is as follows (in thousands):

	Year Ended December 31, 2024
Interest expense	\$ 6,593
Amortization of debt issuance costs	1,630
Total interest expense	\$ 8,223

Capped Call – 2029 Notes

In connection with the offering of the 2029 Notes, we entered into privately negotiated capped call transactions with one of the initial purchasers and certain other financial institutions, at a cost of \$63.1 million. The capped call transactions cover, subject to customary adjustments substantially similar to those applicable to the 2029 Notes, the number of shares of our common stock initially underlying the 2029 Notes. The cap price of the capped call transactions is initially \$134.28 per share of our common stock, which represents a premium of 100% over the closing price of our common stock on the Nasdaq Global Select Market on May 28, 2024, and is subject to certain adjustments under the terms of the capped call transactions. The exercise price is \$87.28 per share of common stock, subject to customary anti-dilution adjustments that mirror corresponding adjustments for the 2029 Notes.

We elected to integrate the capped call options with the 2029 Notes for federal income tax purposes pursuant to applicable U.S. Treasury Regulations. Accordingly, the \$63.1 million cost of the purchased capped calls will be deductible for income tax purposes. The original issue discount is accreted over the term of the 2029 Notes.

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The capped call transactions are generally expected to reduce the potential dilution to holders of our common stock upon any conversion of the 2029 Notes and/or offset any cash payments we are required to make in excess of the principal amount of converted 2029 Notes, as the case may be, with such reduction and/or offset subject to a cap. As the capped call options are both legally detachable and separately exercisable from the 2029 Notes, we account for the capped call options separately from the 2029 Notes. The capped call options are indexed to our own common stock and classified in stockholders' equity. As such, the premiums paid for the capped call options were included as a net reduction to additional paid-in capital in the consolidated balance sheets. The capped call transactions will not be remeasured as long as they continue to meet the conditions for equity classification.

Acquired Debt - EBS

On January 18, 2023, one of our wholly-owned subsidiaries acquired 100% of the issued and outstanding shares of capital stock of EBS. As part of this acquisition we acquired \$2.9 million of outstanding debt, which had decreased to zero as of December 31, 2023.

Commitments and Contingencies

Indemnification Agreements

We have various agreements that may obligate us to indemnify the other party to the agreement with respect to certain matters. Generally, these indemnification provisions are included in contracts arising in the normal course of business. Although we cannot predict the maximum potential amount of future payments that may become due under these indemnification agreements, we do not believe any potential liability that might arise from such indemnity provisions is probable or material.

Legal Proceedings

On June 2, 2015, Vivint, Inc., or Vivint, filed a lawsuit against us in U.S. District Court, District of Utah, alleging that our technology directly and indirectly infringes six patents that Vivint purchased. On October 27, 2022, we filed a demand for arbitration of a dispute arising under the Patent Cross License Agreement between Alarm.com and Vivint executed in November 2013. Vivint had stopped paying license fees to Alarm.com under the agreement. As a result of Vivint's refusal to pay license fees under the agreement, which began during the fourth quarter of 2022, SaaS and license revenue and total revenue through December 31, 2023 were lower by approximately \$6.0 million on a quarterly basis. Quarterly earnings and cash flow through December 31, 2023 were also impacted by the aforementioned \$6.0 million, plus additional legal fees.

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We also filed a lawsuit against Vivint on January 4, 2023 in U.S. District Court, Eastern District of Texas, alleging that Vivint infringed 15 of our patents. On March 8, 2023, Vivint filed counterclaims in the action alleging that Alarm.com's products and services directly and indirectly infringed 14 patents owned by Vivint. Most of Vivint's counterclaims also named our service provider ADT LLC as a defendant.

On December 21, 2023, Alarm.com and Vivint agreed to settle all outstanding litigation between the parties and to enter into a long-term intellectual property license agreement under which Alarm.com will license to Vivint its intellectual property portfolio.

On January 10, 2022, EcoFactor, Inc., or EcoFactor, filed a lawsuit against us in U.S. District Court, District of Oregon, alleging Alarm.com's products and services directly and indirectly infringe five U.S. patents owned by EcoFactor. EcoFactor is seeking a permanent injunction, enhanced damages and attorneys' fees. EcoFactor had previously asserted two of the same patents against us in an October 2019 complaint with the U.S. International Trade Commission, or ITC. In July 2021, the ITC found in favor of Alarm.com. EcoFactor appealed the decision but withdrew its appeal in December 2021. We moved to dismiss the Oregon case for failure to state a claim on March 28, 2022. On April 18, 2022, the district court stayed the case at the request of the parties pending the disposition of other proceedings involving the asserted patents. These proceedings include four ex parte reexamination proceedings at the PTO, U.S. Patent and Trademark Office and one inter partes review. Two of the patents were found unpatentable in reexamination, and EcoFactor appealed the decision with respect to one of the patents to the United States Court of Appeals for the Federal Circuit on July 9, 2024, while its time to appeal the second decision has not yet expired. The ex parte reexamination of a third patent is still ongoing, and ex parte reexamination of a fourth patent concluded on August 23, 2023 after the claims were amended. On April 18, 2022, all claims of a fifth patent were found unpatentable by the U.S. Patent Trial and Appeal Board, or PTAB, in an inter partes review, and the parties expect that all claims of that patent will be canceled because EcoFactor's appeal of that PTAB decision was dismissed. On April 18, 2022, the district court stayed the case at the request of the parties pending the disposition of PTAB and other proceedings involving the asserted patents, and the parties filed a joint status report on January 2, 2024 February 1, 2024.

Should EcoFactor prevail in its lawsuit we could be required to pay damages and/or a reasonable royalty for sales of our solution, we could be enjoined from making, using and selling our solution if a license or other right to continue selling such elements is not made available to us, and we could be required to pay ongoing royalties and comply with unfavorable terms if such a license is made available to us. While we believe we have valid defenses to EcoFactor's claims, the outcome of these legal claims cannot be predicted with certainty and any of these outcomes could result in an adverse effect on our business. Based on currently available information, we have determined a loss is not probable or reasonably estimable at this time.

On July 22, 2021, Causam Enterprises, Inc., or Causam, filed a lawsuit against us in U.S. District Court, Western District of Texas, alleging that Alarm.com's smart thermostats infringe four U.S. patents owned by Causam. Causam is seeking preliminary and permanent injunctions, enhanced damages and attorneys' fees. We have not yet responded to the complaint. On September 3, 2021, the court issued an order staying the lawsuit until the ITC investigation described below is finally resolved.

On July 28, 2021, Causam filed a complaint with the ITC naming Alarm.com Incorporated, Alarm.com Holdings, Inc., and EnergyHub, Inc., among others, as proposed respondents. The complaint alleges infringement of the same four patents Causam asserted in district court. Causam is seeking a permanent limited exclusion order and permanent cease and desist order. On August 27, 2021, the ITC instituted an investigation into Causam's allegations naming Alarm.com Incorporated, Alarm.com Holdings, Inc., EnergyHub Inc. and others as respondents. We answered the complaint on October 4, 2021. Among other things, we asserted defenses based on non-infringement and invalidity of the patents in question. An evidentiary hearing in the investigation was held from June 28, 2022 through July 1, 2022. On February 16, 2023, the ITC issued a final decision in favor of Alarm.com and EnergyHub. Causam filed an appeal of the ITC decision on April 14, 2023. Causam did not appeal the ITC decision with respect to Alarm.com and EnergyHub.

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Should Causam prevail in its district court lawsuit we could be required to pay damages and/or a reasonable royalty for sales of our solution, we could be enjoined from making, using and selling our solution if a license or other right to continue selling such elements is not made available to us, and we could be required to pay ongoing royalties and comply with unfavorable terms if such a license is made available to us. While we believe we have valid defenses to Causam's claims, the outcome of these legal claims cannot be predicted with certainty, and any of these outcomes could result in an adverse effect on our business. Based on currently available information, we have determined a loss is not probable or reasonably estimable at this time.

In addition to the matters described above, we may be required to provide indemnification to certain of our service provider partners for certain claims regarding our solutions. For example, we incurred costs associated with the indemnification of our service provider **ADT, LLC**.

On February 25, 2021, Vivint filed a lawsuit against ADT LLC a/k/a ADT LLC of Delaware d/b/a ADT Security Services in U.S. District Court, District of Utah, alleging that ADT Pulse, Control, and Blue each infringe one or more patents owned by Vivint. Vivint is seeking damages and attorneys' fees. Vivint filed a second amended complaint on March 8, 2022. Pursuant to the December 21, 2023 settlement agreement between Alarm.com and Vivint, the allegations regarding ADT Pulse and Control will be dismissed, ending Alarm.com's indemnification obligations in this matter.

We also incurred costs associated with the indemnification of our service provider Monitronics International, Inc. d/b/a Brinks in patent infringement suits. On November 4, 2022, January 13, 2023 and April 18, 2023, IOT Innovations LLC, or IOT, sued

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Monitronics in U.S. District Court, Eastern District of Texas, alleging patent infringement of certain products and services sold by Monitronics. Together, IOT asserted infringement of 26 patents and sought permanent injunctions, enhanced damages and attorneys' fees. On October 3, 2023, IOT filed a stipulation of dismissal of all three cases, ending the cases and the Company's involvement therein.

We also incur costs associated with the indemnification of our service provider, Central Security Group – Nationwide, Inc. (d/b/a Alert 360), or CSG, in an ongoing patent litigation. In 2018, Ubiquitous Connectivity, LP, or Ubiquitous, brought suit against CSG in U.S. District Court, Northern District of Oklahoma, alleging infringement of two **US U.S.** patents. The case was stayed by agreement of the parties for several years while the patents in suit were challenged before the PTAB. In January 2021, the PTAB deemed 42 out of 46 claims of the two asserted patents unpatentable. Ubiquitous appealed a portion of the PTAB's findings to the United States Court of Appeals for the Federal Circuit. The Federal Circuit affirmed the PTAB's ruling on August 8, 2023. As a result, only four patent claims remain at issue and the Northern District of Oklahoma case is no longer stayed. **A The case is currently in the discovery phase. The court held a claim construction hearing is scheduled for on December 12, 2024, but has not yet rendered a claim construction opinion.** A hearing on dispositive motions, including for summary judgment, is scheduled for April 15, 2026. A trial is scheduled for **June 22, 2026** **July 6, 2026**.

Should Ubiquitous prevail on its infringement claims, we could be required to indemnify CSG for damages in the form of a reasonable royalty or of Ubiquitous's lost profits. CSG could be enjoined from making, using, and selling our solution if a license or other right to continue selling our technology is not made available or if we are unable to design around such patents, and we could be required to pay ongoing royalties and comply with unfavorable terms if such a license is made available to us. The outcome of these legal claims cannot be predicted with certainty. Based on currently available information, we have determined a loss is not probable or reasonably estimable at this time.

We may also be a party to litigation and subject to claims incident to the ordinary course of business. Although the results of litigation and claims cannot be predicted with certainty, we currently believe that the final outcome of these ordinary course matters will not have a material adverse effect on our business.

Other than the preceding matters, we are not a party to any lawsuit or proceeding that, in the opinion of management, is reasonably possible or probable of having a material adverse effect on our financial position, results of operations or cash flows. We reserve for contingent liabilities based on ASC 450, "Contingencies," when it is determined that a liability, inclusive of defense costs, is probable and reasonably estimable. Litigation is subject to many factors that are difficult to predict, so there can be no assurance that, in the event of a material unfavorable result in one or more claims, we will not incur material costs.

Note 14. Stockholders' Equity

Authorized shares

We are authorized to issue two classes of stock, common stock and preferred stock. On June 9, 2015, the board of directors amended and restated our Amended and Restated Certificate of Incorporation, effective upon the closing of our initial public offering, or IPO, on July 1, 2015, and authorized us to issue up to 300,000,000 shares of common stock and 10,000,000 shares of undesignated preferred stock.

Common and Preferred Stock

As of December 31, 2023 December 31, 2024 and 2022, 2023, there were 51,888,838 52,756,077 and 50,985,454 51,888,838 shares of common stock issued, and 49,868,175 49,618,346 and 49,452,709 49,868,175 shares of common stock outstanding, respectively. As of December 31, 2023 December 31, 2024 and 2022, 2023, there were no preferred shares issued and outstanding. Each outstanding share of common stock is entitled to one vote per share.

Stock Repurchase Programs

On December 3, 2020, our board of directors authorized a stock repurchase program, under which we were authorized to purchase up to an aggregate of \$100.0 million of our outstanding common stock during the three-year period ending December 3, 2023. On February 15, 2023, our board of directors authorized the cancellation of the balance under the stock repurchase program ending December 3, 2023, and also authorized a stock repurchase program, effective February 23, 2023, under which we are authorized to purchase up to an aggregate of \$100.0 million of our outstanding common stock during the two-year period ending February 23, 2025.

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On May 24, 2024, our board of directors authorized the repurchase of our common stock in connection with the issuance of the 2029 Notes, the cancellation of the balance under the stock repurchase program ending February 23, 2025, and also authorized a stock repurchase program, effective May 31, 2024, under which we are authorized to purchase up to an aggregate of \$100.0 million of our outstanding common stock during the two-year period ending May 31, 2026. The full repurchase balance for this program of \$100.0 million was available as of December 31, 2024.

During the year ended December 31, 2024, we repurchased 1,117,068 shares of our common stock for \$75.0 million concurrently with the pricing of the 2029 Notes, which was separately authorized by our board of directors. During the years ended December 31, 2023 and 2022, we repurchased 487,918 and 1,385,592 shares of our common stock under these our stock repurchase programs that were subsequently canceled effective May 31, 2024 and February 15, 2023, for \$27.3 million and \$78.8 million, respectively, which includes applicable commissions and fees. We did not repurchase any shares of our common stock under these programs in 2021. As of January 1, 2023, we are subject to a 1.0% excise tax on the value of net corporate stock repurchases under the Inflation Reduction Act of 2022. When applicable, the excise tax will be included as part of the cost basis of shares acquired and is presented within stockholders' equity in the consolidated balance sheets.

Shares Withheld

As permitted under the terms of the 2015 Plan, in 2021 the Compensation Committee authorized the withholding of shares of common stock in connection with the vesting of restricted stock unit awards issued to employees to satisfy applicable tax withholding requirements. These withheld shares are not issued or considered common stock repurchases under our stock repurchase program. We paid \$2.6 million \$3.4 million and \$4.5 million \$2.6 million of tax withholdings related to vesting of restricted stock units during the years ended December 31, 2023 December 31, 2024 and 2021 2023, respectively. No tax withholdings related to the vesting of restricted stock units were paid during the year ended December 31, 2022. We also utilize utilized the sell-to-cover method in which shares of our restricted stock unit awards were sold into the market on behalf of the employee upon vesting to cover tax withholding liabilities. We may utilize either the withholding method or sell-to-cover method in the future.

Note 15. Stock-Based Compensation

Stock-based compensation expense is included in the following line items in the consolidated statements of operations (in thousands):

	Year Ended December 31,			
	2023	2022	2021	2024
	2024	2023	2022	
Cost of hardware and other revenue				
Sales and marketing				
General and administrative				
Research and development				
Total stock-based compensation expense				

The following table summarizes the components of non-cash stock-based compensation expense (in thousands):

	Year Ended December 31,		Year Ended December 31,	
	2023	2022	2021	2024
Stock options				
Restricted stock units				
Employee stock purchase plan				
Total stock-based compensation expense				
Tax (shortfall) / windfall benefit from stock-based awards				
Tax windfall benefit / (shortfall) from stock-based awards				

2015 Equity Incentive Plan

We issue stock options pursuant to our 2015 Plan. The 2015 Plan allows for the grant of stock options to employees and for the grant of nonqualified stock options, stock appreciation rights, restricted stock awards, restricted stock unit awards, or RSUs, performance-based stock awards, and other forms of equity compensation to our employees, directors and non-employee directors.

In June 2015, our board of directors adopted and our stockholders approved our 2015 Plan pursuant to which we initially reserved a total of 4,700,000 shares of common stock for issuance under the 2015 Plan, which included shares of our common

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stock previously reserved for issuance under our Amended and Restated 2009 Stock Incentive Plan, or the 2009 Plan. The number of shares of common stock reserved for issuance under the 2015 Plan will automatically increase on January 1 each year, for a period of not more than 10 years, commencing on January 1, 2016 through January 1, 2024, by 5.0% of the total number of shares of common stock outstanding on December 31 of the preceding calendar year, or a lesser number of shares as may be determined by the board of directors. As a result of the adoption of the 2015 Plan, no further grants may be made under the 2009 Plan. As of December 31, 2023 December 31, 2024, 9,526,427 11,533,781 shares remained available for future grant under the 2015 Plan. In December 2023, our board of directors determined that the January 1, 2024 increase in the number of shares reserved for

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issuance under the 2015 Plan would be 5.0% of the total number of shares of common stock outstanding on December 31, 2023, or 2,493,408 shares. In November 2022, our board of directors determined that the January 1, 2023 increase in the number of shares reserved for issuance under the 2015 Plan would be 5.0% of the total number of shares of common stock outstanding on December 31, 2022, or 2,472,635 shares. In December 2021, our board of directors determined that the January 1, 2022 increase in the number of shares reserved for issuance under the 2015 Plan would be 5.0% of the total number of shares of common stock outstanding on December 31, 2021, or 2,512,972 shares.

Stock Options

Stock options under the 2015 Plan have been granted at exercise prices based on the closing price of our common stock on the date of grant. Stock options under the 2009 Plan were granted at exercise prices as determined by the board of directors to be the fair market value of our common stock. Our stock options generally vest over a five-year period and each option, if not exercised or forfeited, expires on the tenth anniversary of the grant date.

Certain stock options granted under the 2015 Plan and previously granted under the 2009 Plan may be exercised before the options have vested. Unvested shares issued as a result of early exercise are subject to repurchase by us upon termination of employment or services at the original exercise price. The proceeds from the early exercise of stock options are initially recorded as a current liability and are reclassified to common stock and additional paid-in capital as the awards vest and our repurchase right lapses. There were no unvested shares of common stock outstanding subject to our right of repurchase as of December 31, 2023 December 31, 2024 and 2022, 2023. We did not repurchase any unvested shares of common stock related to early exercised stock options in connection with employee terminations during the years ended December 31, 2023 December 31, 2024, 2022 2023 and 2021, 2022. There were no proceeds from the early exercise of the unvested stock options reflected in accounts payable, accrued expenses and other current liabilities on our consolidated balance sheets as of December 31, 2023 December 31, 2024 and 2022, 2023.

We account for stock-based compensation options based on the fair value of the award as of the grant date. We recognize stock-based compensation expense using the accelerated attribution method, net of actual forfeitures, in which compensation cost for each vesting tranche in an award is recognized ratably from the service inception date to the vesting date for that tranche.

We value our stock options using the Black-Scholes option pricing model, which requires the input of subjective assumptions, including the risk-free interest rate, expected term, expected stock price volatility and dividend yield. The risk-free interest rate assumption is based upon observed interest rates for constant maturity U.S. Treasury securities consistent with the expected term of our stock options. In 2021 and years prior to 2021, we used the "simplified method" to calculate the expected term, which was presumed to be the mid-point between the vesting date and the end of the contractual term. Beginning upon the first grant of options in 2022, the expected term for options granted is estimated using our historical experience, including information related to options we have granted. The expected volatility for options granted is based on historical volatilities of our stock over the estimated expected term of the stock options.

There were 138,750, 237,400 184,500 and 143,700 184,500 stock options granted during the years ended December 31, 2023 December 31, 2024, 2022 2023 and 2021, 2022, respectively. We declared and paid dividends in June 2015 in anticipation of our IPO, which we closed on July 1, 2015. Subsequent to the IPO, we do not expect to declare or pay dividends on a recurring basis. As such, we assume that the dividend rate is 0%.

The following table summarizes the assumptions used for estimating the fair value of stock options granted:

		Year Ended December 31,			Year Ended December 31,		
		2023	2022	2021	2024	2023	2022
Volatility	Volatility	40.9 - 41.9%	40.2 - 41.8%	41.8 - 42.6% Volatility	39.7 - 41.1%	40.9 - 41.9%	40.2 - 41.8%
Expected term	Expected term	5.4 - 5.6 years	5.2 - 5.3 years	6.2 - 6.7 years Expected term	5.5 - 5.6 years	5.4 - 5.6 years	5.2 - 5.3 years
Risk-free interest rate	Risk-free interest rate	3.3 - 4.4%	2.9 - 3.9%	1.0 - 1.2% Risk-free interest rate	3.7 - 4.4%	3.3 - 4.4%	2.9 - 3.9%
Dividend rate	Dividend rate	— %	— %	— % Dividend rate	— %	— %	— %

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The following table summarizes stock option activity:

	Number of Options	Number of Options	Weighted Average Price Per Share	Weighted Average Remaining Contractual Life (in years)	Aggregate Intrinsic Value (in thousands)	Number of Options	Weighted Average Price Per Share	Weighted Average Remaining Contractual Life (in years)	Aggregate Intrinsic Value (in thousands)
Outstanding as of December 31, 2022									
Outstanding as of December 31, 2023									
Granted									
Exercised									
Exercised									
Exercised									
Forfeited									
Expired									
Expired									
Expired									
Outstanding as of December 31, 2023									
Outstanding as of December 31, 2023									
Outstanding as of December 31, 2023									
Vested and expected to vest as of December 31, 2023									
Exercisable as of December 31, 2023									
Outstanding as of December 31, 2024									
Outstanding as of December 31, 2024									
Outstanding as of December 31, 2024									
Vested and expected to vest as of December 31, 2024									
Exercisable as of December 31, 2024									

The weighted average grant date fair value for our stock options granted during the years ended December 31, 2023 December 31, 2024, 2023 and 2022 was \$29.16, \$23.01 and 2021 was \$23.01, \$24.68, and \$36.63, respectively. The total fair value of stock options vested during the years ended December 31, 2023 December 31, 2024, 2023 and 2022 and 2021 was \$3.3 million \$4.2 million, \$3.3 million and \$3.4 million \$3.3 million, respectively. The aggregate intrinsic value of stock options exercised during the years ended December 31, 2023 December 31, 2024, 2023 and 2022 was \$9.3 million, \$5.6 million and 2021 was \$5.6 million, \$5.7 million and \$21.9 million, respectively. As of December 31, 2023 December 31, 2024, the total compensation cost related to nonvested awards not yet recognized was \$6.8 million \$6.2 million, which will be recognized over a weighted average period of 2.7 2.4 years. Cash received from exercises of stock options was \$2.0 million \$8.3 million, \$2.5 million \$2.0 million and \$4.2 million \$2.5 million during the years ended December 31, 2023 December 31, 2024, 2022 2023 and 2021, 2022, respectively.

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Restricted Stock Units

There was an aggregate of 628,394, 558,747 1,123,076 and 837,576 1,123,076 RSUs without performance conditions granted to certain of our employees and directors during the years ended December 31, 2023 December 31, 2024, 2022 2023 and 2021, respectively. There were no RSUs with performance conditions granted during the years ended December 31, 2023 December 31, 2024 and 2023. There was an aggregate of 168,223 and 120,314 RSUs with performance conditions granted to certain of our employees during the years ended December 31, 2022 and 2021, respectively. The time-based RSUs vest over a five-year period from the vesting commencement date, which is generally the grant date. The performance-based RSUs vest when the related performance conditions are met. Vested RSUs include the amount of shares withheld to satisfy tax withholding requirements to be paid by us on behalf of our employees, when applicable. We account for RSUs based on the fair value of the award as of the grant date. We recognize stock-based compensation expense for time-based RSUs using the accelerated attribution method, net of actual forfeitures, in which compensation cost for each vesting tranche in an award is recognized ratably from the grant date to the vesting date for that tranche. The condition for vesting of the RSUs is based on continued employment. We recognize stock-based compensation expense for performance-based RSUs based on management's determination of the probable outcome of the performance conditions and we record a cumulative adjustment in periods in which there is a change in the estimated number of shares expected to vest. As of December 31, 2023 December 31, 2024, the total unrecognized compensation expense related to RSUs without performance conditions was \$63.1 million \$57.4 million, which is expected to be recognized over a weighted average period of 2.4 years. As of December 31, 2023 December 31, 2024, the total unrecognized compensation expense related to RSUs with performance conditions was \$6.8 million \$3.6 million, which is expected to be recognized over a weighted average period of 2.8 2.5 years.

The following table summarizes RSU activity:

RSUs without Performance Conditions	RSUs without Performance Conditions	RSUs with Performance Conditions	RSUs without Performance Conditions	RSUs with Performance Conditions

		Weighted Average Grant Date Fair Value	Aggregate Intrinsic Value (in thousands)	Number of RSUs	Weighted Average Grant Date Fair Value	Aggregate Intrinsic Value (in thousands)	Number of RSUs	Weighted Average Grant Date Fair Value	Aggregate Intrinsic Value (in thousands)	Number of RSUs	Weighted Average Grant Date Fair Value	Aggregate Intrinsic Value (in thousands)
Outstanding as of December 31, 2022												
Outstanding as of December 31, 2023												
Granted												
Vested												
Vested												
Vested												
Forfeited												
Outstanding as of December 31, 2023												
Outstanding as of December 31, 2023												
Outstanding as of December 31, 2023												
Vested and expected to vest as of December 31, 2023												
Outstanding as of December 31, 2024												
Outstanding as of December 31, 2024												
Outstanding as of December 31, 2024												
Vested and expected to vest as of December 31, 2024												

The weighted average grant date fair value for our RSUs without performance conditions granted during the years ended **December 31, 2023** December 31, 2024, 2023 and 2022 was \$65.29, \$55.40 and 2021 was \$55.40, \$63.76, and \$86.35, respectively. The weighted average grant date fair value for our RSUs with performance conditions granted during the years ended December 31, 2022 and 2021 was \$71.64 and \$87.53, respectively. The total fair value of RSUs without performance conditions vested during the years ended **December 31, 2023** December 31, 2024, 2023 and 2022 was \$37.0 million, \$45.3 million and 2021 was \$45.3 million, \$24.3 million and \$20.9 million, respectively. The total fair value of RSUs with performance conditions vested during the years ended **December 31, 2023** December 31, 2024, 2023 and 2022 was \$2.0 million, \$3.2 million and 2021 was \$3.2 million, zero, and \$1.1 million, respectively.

Employee Stock Purchase Plan

Our board of directors adopted our 2015 ESPP in June 2015. As of **December 31, 2023** December 31, 2024, 1,895,990 1,866,044 shares have been reserved for future grant under the 2015 ESPP, with provisions established to increase the number of shares available on January 1 of each subsequent year for nine years. The annual automatic increase in the number of shares available for issuance under the 2015 ESPP is was the lesser of 1% of each class of common stock outstanding as of December 31 of the preceding fiscal year, 1,500,000 shares of common stock, or such lesser number as determined by the board of directors. There was no increase to the number of shares of common stock reserved for issuance under the 2015 ESPP in any of 2021, 2022, or 2023 nor will the number of shares be increased in 2024. The 2015 ESPP allows eligible employees to purchase shares of our common stock at 90% of the fair market value, rounded up to the nearest cent, based on the closing price of our common stock on the purchase date. The maximum number of shares of our common stock that a participant may purchase during any calendar year shall not exceed such number of shares having a fair market value equal to the lesser of \$15,000 or 10% of the participant's base compensation for that year.

The 2015 ESPP is considered compensatory for purposes of share-based compensation expense due to the 10% discount on the fair market value of the common stock. An aggregate of 29,946, 33,639 24,994 and 19,628 24,994 shares were purchased by employees for the years ended **December 31, 2023** December 31, 2024, 2022 2023 and 2021, 2022, respectively, for which we recognized \$0.2 million of compensation.

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expense during each of those years. Compensation expense is recognized for the amount of the discount, net of actual forfeitures and voluntary withdrawals, over the six-month purchase period.

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Note 16. Earnings Per Share

Basic and Diluted Earnings Per Share

The components of basic and diluted earnings per share are as follows (in thousands, except share and per share amounts):

Numerator:	Year Ended December 31,		Year Ended December 31,		Numerator:	2024	2023	2022
	2023	2022	2021	Numerator:				
Net income								
Net loss attributable to redeemable noncontrolling interests								
Net income attributable to common stockholders - basic (A)								
Net income attributable to common stockholders - basic (A)								
Net income attributable to common stockholders - basic (A)								
Add back interest expense, net of tax, attributable to convertible senior notes								
Add back total interest expense, net of tax, attributable to convertible senior notes								
Net income attributable to common stockholders - diluted (B)								
Denominator:								
Weighted average common shares outstanding — basic (C)								
Weighted average common shares outstanding — basic (C)								
Weighted average common shares outstanding — basic (C)								
Dilutive effect of convertible senior notes, stock options and restricted stock units								
Weighted average common shares outstanding — diluted (D)								
Net income per share:								
Net income attributable to common stockholders per share:								
Basic (A/C)								
Basic (A/C)								
Basic (A/C)								
Diluted (B/D)								

The following securities have been excluded from the calculation of diluted weighted average common shares outstanding as the inclusion of these securities would have an anti-dilutive effect:

	Year Ended December 31,		Year Ended December 31,		2023	2022
	2023	2022	2021	2024		
Stock options						
Restricted stock units						

Our redeemable noncontrolling interests relate to our 86% equity ownership interest in OpenEye, and our 85% equity ownership interest in Noonlight. See Note 2 for details on the put options and call options contained in the OpenEye and Noonlight stockholder agreements.

Prior to the adoption of ASU 2020-06, since we expected to settle the principal amount on our outstanding 2026 Notes in cash and any excess in cash or shares of our common stock, we used We use the treasury stock method for when calculating any potential the dilutive effect impact of the conversion spread stock options and restricted stock units on diluted net income per share, if applicable. The conversion spread had a dilutive impact on diluted net income per share of common stock when the average market price of our common stock for a given period exceeded the conversion price of \$147.19 per share for the 2026 Notes. Based on the initial conversion price and the average market price of our common stock for the year ended December 31, 2021, there was no dilutive effect of the 2026 Notes on our earnings per share during the year ended December 31, 2021.

Upon adoption of ASU 2020-06 on January 1, 2022, we began using share. We use the if-converted method when calculating the dilutive impact of the 2026 Notes and 2029 Notes on net income per share. As a result, we included 3,396,950 shares related to the 2026 Notes within the weighted average shares outstanding when calculating the diluted net income per share for the years ended December 31, 2023 December 31, 2024, 2023 and 2022. We included 3,365,132 shares related to the 2029 Notes within the weighted averages shares outstanding when calculating the diluted net income per share for the year ended December 31, 2024. Additionally, we included \$8.6 million, \$2.4 million and \$2.4 million of interest expense and debt issuance cost amortization, net of tax, within

the numerator of the diluted net income per share for each of the years ended December 31, 2023 December 31, 2024, 2023 and 2022. We use the treasury stock method when calculating the dilutive impact of the stock options and restricted stock units on net income per share. 2022, respectively.

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Note 17. Significant Service Providers and Distributors

During the years ended December 31, 2023 December 31, 2024, 2022 2023 and 2021, 2022, our 10 largest revenue service provider partners or distributors accounted for 50% 46%, 49% 50% and 47% 49% of our consolidated revenue, respectively. One of our service provider partners within the Alarm.com segment individually represented greater than 15% but not more than 20% of our revenue for the years ended December 31, 2023 December 31, 2024, 2022 2023 and 2021, 2022.

No service provider partners represented more than 10% of accounts receivable as of December 31, 2024. One of our service provider partners in the Alarm.com segment represented more than 10% of accounts receivable as of December 31, 2023. Two of our service provider partners in the Alarm.com segment represented more than 10% of accounts receivable as of December 31, 2022.

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Note 18. Income Taxes

The components of our income before income taxes are as follows (in thousands):

	Year Ended December 31,		
	2023	2022	2021
	2024	2023	2022
Domestic			
Foreign			
Total			

The components of our income tax expense are as follows (in thousands):

	Year Ended December 31,		
	2023	2022	2021
	2024	2023	2022
Current			
Federal			
Federal			
Federal			
State			
Foreign			
Total Current			
Deferred			
Federal			
Federal			
Federal			
State			
Foreign			
Total Deferred			
Total			

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The difference between the income tax expense at the federal statutory rate and income tax expense in the consolidated statements of operations is as follows:

	Year Ended December 31,		
	2023	2022	2021

		2024	2023	2022			
	Federal statutory rate	21.0 %	21.0 %	21.0 %	Federal statutory rate	21.0 %	21.0 %
Federal statutory rate							
State income tax expense, net of federal benefits							
Foreign tax rate differential							
Nondeductible meals and entertainment							
Foreign-derived intangible income deduction							
Foreign-derived intangible income deduction							
Foreign-derived intangible income deduction							
Valuation allowance							
Research and development tax credits							
Tax shortfall / (windfall benefits)							
Tax (windfall benefits) / shortfall							
Foreign withholding tax							
Foreign withholding tax							
Foreign withholding tax							
Nondeductible compensation							
Income tax underpayment interest, net of tax benefit							
Other							
Effective rate	Effective rate	17.9 %	1.7 %	(11.1) %	Effective rate	13.6 %	17.9 %

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The components of our net deferred tax assets (liabilities) are as follows (in thousands):

	December 31,		
	2023	2022	2024
Deferred tax assets, non-current			
Provision for credit losses on accounts receivable			
Provision for credit losses on accounts receivable			
Provision for credit losses on accounts receivable			
Depreciation			
Accrued expenses			
Accrued expenses			
Accrued expenses			
Deferred revenue			
Operating lease liabilities			
Stock-based compensation			
Stock-based compensation			
Stock-based compensation			
Acquisition costs			
Inventory reserve			
Inventory reserve			
Inventory reserve			
Net operating losses			
Net operating losses			
Net operating losses			
Tax credits			
Capitalized research and development expenditures			
Capitalized research and development expenditures			
Capitalized research and development expenditures			

Capped call premium
Other
Total deferred tax assets, non-current prior to valuation allowance
Valuation allowance
Total deferred tax assets, non-current, net of valuation allowance
Deferred tax liabilities, non-current
Intangible assets and prepaid patent licenses
Intangible assets and prepaid patent licenses
Intangible assets and prepaid patent licenses
Operating lease right-of-use assets
Depreciation
Sales commissions
Equity investments
Equity investments
Equity investments
Other deferred tax liabilities
Other deferred tax liabilities
Other deferred tax liabilities
Total deferred tax liabilities, non-current
Net deferred tax assets, non-current

A reconciliation of the beginning and ending amounts of unrecognized tax benefits (without related interest expense) is as follows (in thousands):

	Year Ended December 31,		
	2023	2022	2021
	2024	2023	2022
Beginning balance			
Additions based on tax positions of the current year			
Additions based on tax positions of prior year			
Decreases based on tax positions of prior year			
Decreases due to lapse of applicable statute of limitations			
Decreases due to lapse of applicable statute of limitations			
Decreases for tax positions taken in the prior year due to settlement			
Decreases due to lapse of applicable statute of limitations			
Ending balance			

Our effective income tax rates were 17.9% 13.6%, 1.7% 17.9% and (11.1)% 1.7% for the years ended December 31, 2023 December 31, 2024, 2023 and 2022, respectively. For the year ended December 31, 2024, the effective tax rate was below the 21.0% statutory rate primarily due to research and development tax credits claimed, the foreign derived intangible income deduction and tax windfall benefits from employee stock-based compensation, partially offset by the impact of state taxes, foreign withholding taxes and other nondeductible expenses. For the year ended December 31, 2023, the effective tax rate was below the 21.0% statutory rate

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primarily due to research and development tax credits claimed and the foreign derived intangible income deduction, partially offset by the impact of state taxes, foreign withholding taxes, federal estimated tax payment interest expense, other nondeductible expenses and a stock-based compensation tax shortfall. For the years ended December 31, 2022 and 2021, the effective tax rates were below the 21.0% statutory rate primarily due to research and development tax credits claimed, foreign derived intangible income deductions and tax windfall benefits from employee stock-based payment transactions, compensation, partially offset by the impact of nondeductible expenses, foreign withholding taxes and state taxes.

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We recognize a valuation allowance if, based on the weight of available evidence, both positive and negative, it is more likely than not that some portion, or all, of net deferred tax assets will not be realized. Our valuation allowance for state research and development tax credit carryforwards and net deferred tax assets of our EBS subsidiary were was \$5.0 million, \$3.8 million, and \$2.6 million and \$1.9 million as of December 31, 2023 December 31, 2024, 2022 2023 and 2021, 2022, respectively.

We apply guidance for uncertainty in income taxes that requires the application of a more likely than not threshold to the recognition and de-recognition of uncertain tax positions. If the recognition threshold is met, this guidance permits us to recognize a tax benefit measured at the largest amount of the tax benefit that, in our judgment, is more likely than not to be realized upon settlement. We recorded a net increase to the unrecognized tax benefits liability of **\$1.5 million** \$0.1 million, **\$2.1 million** primarily due to a liability for research and **\$1.4 million** development tax credits claimed, partially offset by the closure of the 2018 and 2019 Internal Revenue Service federal income tax return examination and the release of a state unrecognized tax benefit liability due to the statute of limitations expiration during the year ended December 31, 2024. We recorded a net increase to the unrecognized tax benefits liability of \$1.5 million and \$2.1 million primarily for research and development tax credits claimed during the years ended December 31, 2023, and 2022, and 2021, respectively. We believe it is reasonably possible within the next 12 months that a decrease of up to **\$2.5 million** \$1.3 million in unrecognized tax benefits may be recognized as a result of a lapse of the statute of limitations.

Our unrecognized tax benefits as of **December 31, 2023** December 31, 2024 and **2022** 2023 includes unrecognized tax benefits of **\$8.9 million** \$9.1 million and **\$7.4 million** \$8.9 million, respectively, that if recognized, would reduce our income tax expense and effective tax rate.

As of **December 31, 2023** December 31, 2024 and **2022** 2023, our consolidated balance sheets included a **\$0.8 million** \$0.9 million and **\$0.3 million** \$0.8 million accrual for total interest expense related to unrecognized tax benefits, respectively. We recognize interest and penalties related to unrecognized tax benefits as a component of income tax expense.

As of **December 31, 2023** December 31, 2024, we had gross U.S. federal net operating loss carryforwards of **\$10.0 million** \$5.9 million, which will begin to expire in 2031, and Canadian federal net operating loss carryforwards of **\$0.4 million** \$0.1 million, which are scheduled to begin to expire in 2034 and Polish federal net operating loss carryforwards of \$0.7 million, which are scheduled to begin to expire in 2025, 2034. As of **December 31, 2023** December 31, 2024, we had state net operating loss carryforwards of **\$5.5 million** \$4.6 million, which will begin to expire in 2031. As of **December 31, 2023** December 31, 2024, we had less than \$0.1 million of federal research and development tax credit carryforwards that will begin to expire in 2041. As of **December 31, 2023** December 31, 2024, we had state research and development tax credit carryforwards of **\$4.0 million** \$5.0 million, which will begin to expire in 2030. The federal net operating loss carryforward arose in connection with the 2013 acquisition of EnergyHub and the 2022 acquisition of Noonlight. Utilization of the acquired EnergyHub and Noonlight net operating loss carryforwards may be subject to annual limitations due to ownership change limitations as provided by the Internal Revenue Code of 1986, as amended.

Our tax returns are subject to on-going review and examination by various tax authorities. Tax authorities may not agree with the treatment of items reported in our tax returns, and therefore the outcome of tax reviews and examinations can be unpredictable. On October 13, 2021, the Internal Revenue Service commenced an examination of our federal income tax return for 2018 and on August 12, 2022, the Internal Revenue Service expanded the examination to include our federal income tax return for 2019. On January 25, 2024, the Internal Revenue Service notified us that the income tax examination of our 2018 and 2019 federal income tax returns has been closed. As a result, we expect to pay approximately **\$1.5 million** paid \$0.6 million in additional federal taxes, including interest, during the three months ended June 30, 2024, and recognize an **recognized** a net income tax benefit of approximately **\$0.9 million** \$1.7 million during the three months ending ended March 31, 2024.

As of **December 31, 2023** December 31, 2024, we did not have material undistributed foreign earnings. We have not recorded a deferred tax liability on the undistributed earnings from our foreign subsidiaries, as such earnings are considered to be indefinitely reinvested.

In August 2022, the Inflation Reduction Act of 2022 was enacted in the United States which, among other provisions, includes a minimum 15.0% tax on companies that have a three-year average annual adjusted financial statement income of more than \$1.0 billion and a 1.0% excise tax on the value of net corporate stock repurchases. Both provisions became effective on January 1, 2023 and the provisions did not have a material impact on our financial condition or results of operations as of **December 31, 2023**, for the periods presented.

Note 19. Segment Information

We have two reportable segments:

- Alarm.com segment

ALARM.COM HOLDINGS, INC.
Notes to the Consolidated Financial Statements — (Continued)
December 31, 2024, 2023 and 2022

- Other segment

Our chief operating decision maker is our chief executive officer. Management determined the operational data used by the chief operating decision maker is that of the two reportable segments. Management bases strategic goals and decisions on these segments and the data presented below is used to measure financial results.

Our Alarm.com segment represents our cloud-based and Software platforms for the intelligently connected property and related solutions that contributed **93%** 92%, **94%** 93% and **95%** 94% of our revenue, net of intersegment eliminations, for the years ended

ALARM.COM HOLDINGS, INC.
Notes to the Consolidated Financial Statements — (Continued)
December 31, December 31, 2024, 2023 2022 and 2021

December 31, 2023, 2022, and 2021, respectively. Our Other segment is focused on researching, developing and offering residential and commercial automation solutions and energy management products and services in adjacent markets. Inter-segment revenue includes sales of hardware between our segments.

Management evaluates the performance of its segments and allocates resources to them based on operating income / (loss) as compared to prior periods and current performance levels. The reportable segment operational data is presented in the tables below (in thousands):

Year Ended December 31, 2023				
Alarm.com	Other	Intersegment Alarm.com	Intersegment Other	Total

SaaS and license revenue	\$ 514,673	\$ 54,527	\$ —	\$ —	\$ 569,200	
Hardware and other revenue	309,778	6,501	(3,201)	(596)	312,482	
Total revenue	824,451	61,028	(3,201)	(596)	881,682	
Operating income / (loss)	74,562	(12,168)	4,017	418	66,829	
Assets	1,477,674	73,621	(111,725)	(7)	1,439,563	
Year Ended December 31, 2022						
	Intersegment					
	Alarm.com	Other	Alarm.com	Intersegment Other	Total	
SaaS and license revenue	\$ 478,134	\$ 42,243	\$ —	\$ —	\$ 520,377	
Hardware and other revenue	317,937	9,097	(4,067)	(785)	322,182	
Total revenue	796,071	51,340	(4,067)	(785)	842,559	
Operating income / (loss)	66,744	(16,255)	417	131	51,037	
Assets	1,366,343	53,927	(90,929)	34	1,329,375	
Year Ended December 31, 2021						
	Intersegment					
	Alarm.com	Other	Alarm.com	Intersegment Other	Total	
SaaS and license revenue	\$ 426,823	\$ 33,549	\$ —	\$ —	\$ 460,372	
Hardware and other revenue	284,721	9,275	(3,089)	(2,310)	288,597	
Total revenue	711,544	42,824	(3,089)	(2,310)	748,969	
Operating income / (loss)	70,646	(9,590)	766	(250)	61,572	

Our SaaS and license revenue for the Alarm.com segment included software license revenue of \$23.2 million, \$26.8 million and \$32.3 million for the years ended December 31, 2023, 2022 and 2021, respectively. There was no software license revenue recorded for the Other segment during the years ended December 31, 2023, 2022 and 2021.

Amortization and depreciation expense was \$30.3 million, \$29.6 million and \$29.3 million for the Alarm.com segment for the years ended December 31, 2023, 2022 and 2021, respectively. Amortization and depreciation expense was \$1.1 million, \$1.2 million and \$0.4 million for the Other segment for the years ended December 31, 2023, 2022 and 2021, respectively. Additions to property and equipment were \$8.9 million, \$28.4 million and \$9.7 million for the Alarm.com segment for the years ended December 31, 2023, 2022 and 2021, respectively. Additions to property and equipment were \$0.2 million, \$0.3 million and \$0.5 million for the Other segment for the years ended December 31, 2023, 2022 and 2021, respectively.

We derived substantially all revenue from North America for the years ended December 31, 2023, 2022 and 2021. Substantially all of our long-lived assets were in North America as of December 31, 2023 and 2022.

	Year Ended December 31, 2024					
	Intersegment					
	Alarm.com	Other	Alarm.com	Intersegment Other	Total	
SaaS and license revenue	\$ 564,513	\$ 66,685	\$ —	\$ —	\$ 631,198	
Hardware and other revenue	306,074	5,979	(2,769)	(655)	308,629	
Total revenue	870,587	72,664	(2,769)	(655)	939,827	
Cost of SaaS and license revenue	68,666	20,809	329	(292)	89,512	
Cost of hardware and other revenue	234,414	5,414	(2,630)	(561)	236,637	
Total cost of revenue	303,080	26,223	(2,301)	(853)	326,149	
Selling and marketing expense	88,899	22,343	—	—	111,242	
General and administrative expense	101,401	7,478	—	—	108,879	
Research and development expense	227,559	28,319	—	—	255,878	
Amortization and depreciation expense	28,107	1,024	—	—	29,131	
Total operating expenses	445,966	59,164	—	—	505,130	
Operating income / (loss)	\$ 121,541	\$ (12,723)	\$ (468)	\$ 198	\$ 108,548	
Assets	\$ 2,081,214	\$ 85,468	\$ (128,465)	\$ (9)	\$ 2,038,208	

Reconciliation of operating income to income before income taxes

Operating income	\$ 108,548
Interest expense	(11,426)
Interest income	47,359
Other (expense) / income, net	(2,674)
Income before income taxes	\$ 141,807

ALARM.COM HOLDINGS, INC.
Notes to the Consolidated Financial Statements — (Continued)
December 31, 2024, 2023 and 2022

	Year Ended December 31, 2023				
	Intersegment				
	Alarm.com	Other	Alarm.com	Intersegment Other	Total
SaaS and license revenue	\$ 514,673	\$ 54,527	\$ —	\$ —	\$ 569,200
Hardware and other revenue	309,778	6,501	(3,201)	(596)	312,482
Total revenue	824,451	61,028	(3,201)	(596)	881,682
Cost of SaaS and license revenue	71,639	17,852	(2,967)	(626)	85,898
Cost of hardware and other revenue	237,660	5,760	(3,771)	(388)	239,261
Total cost of revenue	309,299	23,612	(6,738)	(1,014)	325,159
Selling and marketing expense	82,672	17,554	—	—	100,226
General and administrative expense	107,475	5,935	(480)	—	112,930
Research and development expense	220,106	25,008	—	—	245,114
Amortization and depreciation expense	30,337	1,087	—	—	31,424
Total operating expenses	440,590	49,584	(480)	—	489,694
Operating income / (loss)	\$ 74,562	\$ (12,168)	\$ 4,017	\$ 418	\$ 66,829
Assets	\$ 1,477,674	\$ 73,621	\$ (111,725)	\$ (7)	\$ 1,439,563
<i>Reconciliation of operating income to income before income taxes</i>					
Operating income					\$ 66,829
Interest expense					(3,429)
Interest income					29,801
Other (expense) / income, net					4,624
Income before income taxes					\$ 97,825

ALARM.COM HOLDINGS, INC.
Notes to the Consolidated Financial Statements — (Continued)
December 31, 2024, 2023 and 2022

	Year Ended December 31, 2022				
	Intersegment				
	Alarm.com	Other	Alarm.com	Intersegment Other	Total
SaaS and license revenue	\$ 478,134	\$ 42,243	\$ —	\$ —	\$ 520,377
Hardware and other revenue	317,937	9,097	(4,067)	(785)	322,182
Total revenue	796,071	51,340	(4,067)	(785)	842,559
Cost of SaaS and license revenue	59,725	14,172	415	(415)	73,897
Cost of hardware and other revenue	265,828	7,776	(4,419)	(501)	268,684
Total cost of revenue	325,553	21,948	(4,004)	(916)	342,581
Selling and marketing expense	76,927	15,821	—	—	92,748
General and administrative expense	99,081	8,087	(480)	—	106,688
Research and development expense	198,127	20,508	—	—	218,635
Amortization and depreciation expense	29,639	1,231	—	—	30,870
Total operating expenses	403,774	45,647	(480)	—	448,941
Operating income / (loss)	\$ 66,744	\$ (16,255)	\$ 417	\$ 131	\$ 51,037
<i>Reconciliation of operating income to income before income taxes</i>					
Operating income					\$ 51,037

Interest expense	(3,144)
Interest income	8,759
Other (expense) / income, net	(59)
Income before income taxes	\$ 56,593

Our SaaS and license revenue for the Alarm.com segment included software license revenue of \$20.3 million, \$23.2 million and \$26.8 million for the years ended December 31, 2024, 2023 and 2022, respectively. There was no software license revenue recorded for the Other segment during the years ended December 31, 2024, 2023 and 2021. Additions to property and equipment were \$20.1 million, \$8.9 million and \$28.4 million for the Alarm.com segment for the years ended December 31, 2024, 2023 and 2022, respectively. Additions to property and equipment were \$0.1 million, \$0.2 million and \$0.3 million for the Other segment for the years ended December 31, 2024, 2023 and 2022, respectively.

We derived substantially all revenue from North America for the years ended December 31, 2024, 2023 and 2022. Substantially all of our long-lived assets were in North America as of December 31, 2024 and 2023.

Note 20. Quarterly Financial Data (unaudited)

The following table shows selected unaudited quarterly consolidated statement of operations data for each of our eight most recently completed quarters. In the opinion of management, the information for each of these quarters has been prepared on the same basis as our audited financial statements and include all adjustments, consisting of normal recurring adjustments and accruals, necessary for the fair statement of financial information in accordance with GAAP. However, the global economy, credit markets and financial markets have and may continue to experience significant volatility as a result of Macroeconomic Conditions. These Macroeconomic Conditions have and may continue to create tariffs, supply chain disruptions, inventory disruptions, and fluctuations in economic growth, including fluctuations in employment rates, inflation, energy prices and consumer sentiment. It remains difficult to assess or predict the ultimate duration and economic impact of the Macroeconomic Conditions. Additionally, increases in freight shipment

ALARM.COM HOLDINGS, INC.

Notes to the Consolidated Financial Statements — (Continued)

December 31, 2024, 2023 and inventory component costs resulted in an increase to our cost of hardware revenue during portions of 2022. 2022

Information about current and prior period acquisitions that may affect the comparability of the selected financial information presented below is included in Note 7, and information about current and prior period legal matters that may affect the comparability of the selected financial information presented below is included in Note 13. Information about the 2029 Notes issued in May 2024 and the related interest expense, which may affect the comparability of the quarterly financial data presented below, is included in Note 13. The selected consolidated statements of operation data in amounts are presented below (in thousands, except per share data):

	Three Months Ended				Three Months Ended			
	Mar. 31, 2022	June 30, 2022	Sept. 30, 2022	Dec. 31, 2022	Mar. 31, 2023	June 30, 2023	Sept. 30, 2023	Dec. 31, 2023
	Mar. 31, 2023	June 30, 2023	Sept. 30, 2023	Dec. 31, 2023	Mar. 31, 2024	June 30, 2024	Sept. 30, 2024	Dec. 31, 2024
Total revenue								
Total cost of revenue								
Net income								
Net income								
Net income								
Net income attributable to common stockholders								
Net income per share attributable to common stockholders								
Basic								
Basic								
Basic								
Diluted								

Note 21. Subsequent Events

Loan to a Service Provider Partner

On January 30, 2025, we entered into a senior secured loan agreement with a service provider partner, under which a term loan was provided to the service provider partner in the original principal amount of \$21.5 million, which loan is collateralized by the assets of the service provider partner. Quarterly principal payments begin in the second quarter of 2027. Interest on the outstanding principal accrues at a rate per annum equal to the overnight financing rate published by the Federal Reserve Bank of New York for a period of three months, plus 3.0%. For the first two years of the loan, monthly interest payments can be payable in kind at the election of the borrower. The maturity date of the loan is January 30, 2030.

Acquisition

On February 10, 2025, Alarm.com Incorporated, one of our wholly-owned subsidiaries, acquired 81% of the issued and outstanding shares of capital stock of CHeKT, Inc., or CHeKT. CHeKT provides a remote video monitoring service for central station operators that is compatible with a variety of cameras. We believe the acquisition of CHeKT will help to expand our opportunity to provide remote video monitoring solutions in the commercial and residential markets.

In consideration for the purchase of 81% of the issued and outstanding shares of capital stock of CHeKT, we paid \$23.6 million in cash on February 10, 2025, after deducting \$3.7 million related to agreed holdback provisions. We are currently evaluating the accounting treatment of this acquisition and are in the process of completing the preliminary purchase price allocation of the assets acquired and liabilities assumed.

Schedule II – Valuation and Qualifying Accounts and Reserves

Alarm.com Holdings, Inc. Schedule II Valuation and Qualifying Accounts and Reserves (In thousands)												
Description	Description	Balance at Beginning of Year	Additions Charged Against Revenue	Additions Charged to Accounts	Deductions	Balance at End of Year	Description	Balance at Beginning of Year	Additions Charged Against Revenue	Additions Charged to Accounts	Deductions	Balance at End of Year
			Year Ended December 31, 2024	Year Ended December 31, 2023					Year Ended December 31, 2023	Year Ended December 31, 2022		
Allowance for credit losses on accounts receivable												
Allowance for credit losses on accounts receivable												
Allowance for credit losses on accounts receivable												
Allowance for product returns												
Allowance for credit losses on notes receivable												
Deferred tax valuation allowance												
Year Ended December 31, 2023												
Allowance for credit losses on accounts receivable												
Allowance for credit losses on accounts receivable												
Allowance for credit losses on accounts receivable												
Allowance for product returns												
Allowance for credit losses on notes receivable												
Deferred tax valuation allowance												
Year Ended December 31, 2022												
Allowance for credit losses on accounts receivable												
Allowance for credit losses on accounts receivable												
Allowance for credit losses on accounts receivable												
Allowance for product returns												

Allowance for credit losses on notes receivable	Allowance for credit losses on accounts receivable
Allowance for credit losses on accounts receivable	Allowance for credit losses on accounts receivable
Allowance for credit losses on accounts receivable	Allowance for credit losses on accounts receivable
Allowance for product returns	Allowance for credit losses on notes receivable
Allowance for credit losses on notes receivable	Allowance for credit losses on notes receivable
Deferred tax valuation allowance	

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

None.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

We maintain "disclosure controls and procedures," as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended, or the Exchange Act, that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange Commission's rules and forms, and that such information is accumulated and communicated to the company's management, including its chief executive officer and chief financial officer, as appropriate to allow timely decisions regarding required disclosure. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

Our management, with the participation of our Chief Executive Officer and our Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures as of **December 31, 2023** **December 31, 2024**. Based on the evaluation of our disclosure controls and procedures as of **December 31, 2023** **December 31, 2024**, our Chief Executive Officer and Chief Financial Officer concluded that, as of such date, our disclosure controls and procedures were effective at the reasonable assurance level.

Management's Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act. Our management, under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, conducted an evaluation of the effectiveness of our internal control over financial reporting as of **December 31, 2023** **December 31, 2024**, based on the framework in *Internal Control-Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on the results of its evaluation, management concluded our internal control over financial reporting was effective as of **December 31, 2023** **December 31, 2024**.

Our independent registered public accounting firm, PricewaterhouseCoopers LLP, has audited our financial statements included in this Annual Report on Form 10-K and the effectiveness of our internal control over financial reporting as of **December 31, 2023** **December 31, 2024**. The [report of PricewaterhouseCoopers LLP](#) is incorporated by reference into Item 8 of this Annual Report on Form 10-K.

On January 18, 2023, we acquired 100% of the issued and outstanding shares of capital stock of EBS. In accordance with guidance issued by the Securities and Exchange Commission, management's assessment of the effectiveness of our internal control over financial reporting excluded the internal control activities of EBS, which is included in our December 31, 2023 consolidated financial statements, for which EBS represented 1% of total assets and 1% of total revenue of the related consolidated financial statement amounts as of and for the year ended December 31, 2023.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting, as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act, during our most recent fiscal quarter ended **December 31, 2023** **December 31, 2024** that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Inherent Limitations on Effectiveness of Controls

Our management, including our Chief Executive Officer and Chief Financial Officer, believes our disclosure controls and procedures and internal control over financial reporting are designed to provide reasonable assurance of achieving their objectives and are effective at the reasonable assurance level. However, our management does not expect our disclosure controls and procedures or our internal control over financial reporting will prevent all errors and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, have been detected. These inherent limitations include the realities that judgments in decision making can be faulty, and that breakdowns can occur because of a simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people or by management override of the controls. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions; over time, controls may become inadequate because of changes in conditions, or the degree of compliance with policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

ITEM 9B. OTHER INFORMATION

Insider Trading Arrangements

During the three months ended **December 31, 2023** **December 31, 2024**, the following directors or officers (as defined in Rule 16a-1(f) under the Exchange Act) adopted, modified or terminated a Rule 10b5-1 trading arrangement (as defined in Item 408(a) of Regulation S-K) intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) under the Exchange Act:

Name and Title	Action	Total Number of Shares to be Sold Pursuant to the Trading Arrangement		Adoption Date	Expiration Date
		Arrangement			
Daniel Kerzner, President, Platforms Business	Adoption	Sale of up to 28,433 53,668 shares of common stock		November 15, 2023	March December 31, 2025
Darius Nevin, Director	Adoption	Sale of up to 36,000 shares of common stock		December 16, 2024	May 14, 2025 2026

During the three months ended **December 31, 2023** **December 31, 2024**, none of our directors or officers adopted, modified or terminated a non-Rule 10b5-1 trading arrangement (as defined in Item 408(c) of Regulation S-K).

ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not applicable.

PART III.

We will file a definitive Proxy Statement for our Annual Meeting, or our **2024** **2025** Proxy Statement, with the SEC, pursuant to Regulation 14A, not later than 120 days after the end of our fiscal year. Accordingly, certain information required by Part III has been omitted under General Instruction G(3) to Form 10-K. Only those sections of the **2024** **2025** Proxy Statement that specifically address the items set forth herein are incorporated by reference.

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information required by Item 10 is hereby incorporated by reference to the sections of our **2024** **2025** Proxy Statement under the captions "Information Regarding Committees of the Board of Directors," "Election of Directors" and "Executive Officers."

We have adopted a written Code of Business Conduct and Ethics, or the Code of Conduct, applicable to all of our employees, executive officers and directors, including our principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions. A current copy of the Code of Conduct is available on the Investors section of our website, www.alarm.com, under "Corporate Governance." We intend to disclose on our website any amendments to, or waivers from, our Code of Conduct that are required to be disclosed pursuant to SEC rules.

We have adopted a comprehensive Insider Trading Policy governing the purchase, sale and other dispositions of our securities by directors, officers, other employees and the Company, which is designed to promote compliance with all applicable insider trading laws, rules and regulations. A copy of this policy is filed as Exhibit 19.1 to this Annual Report on Form 10-K.

ITEM 11. EXECUTIVE COMPENSATION

The information required by Item 11 is hereby incorporated by reference to the sections of our **2024** **2025** Proxy Statement under the captions "Executive Compensation" (other than the information appearing under the heading "Pay Versus Performance"), "Director Compensation" and "Information Regarding Committees of the Board of Directors."

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information required by Item 12 is hereby incorporated by reference to the sections of our **2024** **2025** Proxy Statement under the captions "Security Ownership of Certain Beneficial Owners and Management" and "Equity Compensation Plan Information."

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS AND DIRECTOR INDEPENDENCE

The information required by Item 13 is hereby incorporated by reference to the sections of our **2024** **2025** Proxy Statement under the captions "Transactions with Related Persons" and "Independence of the Board of Directors."

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information required by Item 14 is hereby incorporated by reference to the section of our 2024 2025 Proxy Statement under the caption "Principal Accountant Fees and Services" and "Pre-Approval Policies and Procedures."

PART IV.

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

(a) The following documents are filed as part of this Annual Report:

- (1) Consolidated Financial Statements and Reports of Independent Registered Public Accounting Firm
- (2) Consolidated Financial Statement Schedule
- (3) Exhibits are incorporated herein by reference or are filed with this Annual Report as indicated below

(b) Exhibits

Exhibit	Exhibit	Description	Schedule / Form				Exhibit	Description	Incorporated by Reference			
			File	Exhibit	File Date	Number			File	Exhibit	File Date	Number
2.1	2.1 Asset Purchase Agreement by and among ICN Acquisition, LLC, Icontrol Networks, Inc., the Seller Stockholders, Fortis Advisors LLC, and the Registrant as Guarantor, dated as of June 23, 2016		8-K	001-37461	2.1	June 23, 2016	2.1 Asset Purchase Agreement by and among ICN Acquisition, LLC, Icontrol Networks, Inc., the Seller Stockholders, Fortis Advisors LLC, and the Registrant as Guarantor, dated as of June 23, 2016		8-K	001-37461	2.1	June 23, 2016
2.2	2.2 Amendment No. 1 to Asset Purchase Agreement by and among ICN Acquisition, LLC, Icontrol Networks, Inc., the Seller Stockholders, Fortis Advisors LLC, and the Registrant as Guarantor, dated November 15, 2016		8-K	001-37461	2.1	November 16, 2016	2.2 Amendment No. 1 to Asset Purchase Agreement by and among ICN Acquisition, LLC, Icontrol Networks, Inc., the Seller Stockholders, Fortis Advisors LLC, and the Registrant as Guarantor, dated November 15, 2016		8-K	001-37461	2.1	November 16, 2016
3.1	3.1 Amended and Restated Certificate of Incorporation of the Registrant		8-K	001-37461	3.1	June 10, 2021	3.1 Amended and Restated Certificate of Incorporation of the Registrant		8-K	001-37461	3.1	June 10, 2021
3.2	3.2 Amended and Restated Bylaws of the Registrant		8-K	001-37461	3.1	March 16, 2023	3.2 Amended and Restated Bylaws of the Registrant		8-K	001-37461	3.1	March 16, 2023
4.1	4.1 Indenture, dated as of January 20, 2021, by and between Alarm.com Holdings, Inc. and U.S. Bank National Association, as Trustee		8-K	001-37461	4.1	January 20, 2021	4.1 Indenture, dated as of January 20, 2021, by and between Alarm.com Holdings, Inc. and U.S. Bank National Association, as Trustee		8-K	001-37461	4.1	January 20, 2021
4.2	4.2 Form of Global Note, representing Alarm.com Holdings, Inc.'s 0% Convertible Senior Notes due 2026 (included as Exhibit A to the Indenture filed as Exhibit 4.1)		8-K	001-37461	4.2	January 20, 2021	4.2 Form of Global Note, representing Alarm.com Holdings, Inc.'s 0% Convertible Senior Notes due 2026 (included as Exhibit A to the Indenture filed as Exhibit 4.1)		8-K	001-37461	4.2	January 20, 2021
4.3	4.3 Form of Common Stock Certificate of the Registrant		S-1	333-204428	4.1	May 22, 2015						
4.4	4.4 Amended and Restated Registration Rights Agreement by and among the Registrant and certain of its stockholders, dated July 11, 2012		S-1	333-204428	4.2	May 22, 2015						
4.5	4.5 Description of Securities Registered Pursuant To Section 12 of the Securities Exchange Act of 1934, As Amended		10-K	001-37461	4.5	February 24, 2022						
4.3	4.3 Indenture, dated as of May 31, 2024, by and between Alarm.com Holdings, Inc. and U.S. Bank Trust Company, National Association, as Trustee		8-K	001-37461	4.1	May 31, 2024						
4.4	4.4 Form of Global Note, representing Alarm.com Holdings, Inc.'s 2.25% Convertible Senior Notes due 2029 (included as Exhibit A to the Indenture filed as Exhibit 4.3)		8-K	001-37461	4.2	May 31, 2024						
4.5	4.5 Form of Common Stock Certificate of the Registrant		S-1	333-204428	4.1	May 22, 2015						
4.6	4.6 Amended and Restated Registration Rights Agreement by and among the Registrant and certain of its stockholders, dated July 11, 2012		S-1	333-204428	4.2	May 22, 2015						
4.7	4.7 Description of Securities Registered Pursuant To Section 12 of the Securities Exchange Act of 1934, As Amended		10-K	001-37461	4.5	February 24, 2022						

10.1	10.1 Deed of Office Lease Agreement between Registrant and Marshall Property LLC, dated August 8, 2014	S-1	333-	10.2	May 22, 2015	10.1 Deed of Office Lease Agreement between Registrant and Marshall Property LLC, dated August 8, 2014	S-1	333-	10.2	May 22, 2015
10.2	10.2 First Amendment to Deed of Office Lease Agreement by and between Alarm.com Incorporated and Marshall Property LLC, dated May 29, 2015	10-Q	001-	10.1	August 15, 2016	10.2 First Amendment to Deed of Office Lease Agreement by and between Alarm.com Incorporated and Marshall Property LLC, dated May 29, 2015	10-Q	001-	10.1	August 15, 2016
10.3	10.3 Second Amendment to Deed of Office Lease Agreement by and between Alarm.com Incorporated and Marshall Property LLC, dated October 19, 2015	10-Q	001-	10.2	August 15, 2016	10.3 Second Amendment to Deed of Office Lease Agreement by and between Alarm.com Incorporated and Marshall Property LLC, dated October 19, 2015	10-Q	001-	10.2	August 15, 2016
10.4	10.4 Third Amendment to Deed of Office Lease Agreement by and between Alarm.com Incorporated and Marshall Property LLC, dated May 6, 2016	10-Q	001-	10.3	August 15, 2016	10.4 Third Amendment to Deed of Office Lease Agreement by and between Alarm.com Incorporated and Marshall Property LLC, dated May 6, 2016	10-Q	001-	10.3	August 15, 2016
10.5	10.5 Fourth Amendment to Deed of Office Lease Agreement by and between Alarm.com Incorporated and Marshall Property LLC, dated September 15, 2016	10-Q	001-	10.3	November 14, 2016	10.5 Fourth Amendment to Deed of Office Lease Agreement by and between Alarm.com Incorporated and Marshall Property LLC, dated September 15, 2016	10-Q	001-	10.3	November 14, 2016
10.6	10.6 Fifth Amendment to Deed of Office Lease Agreement by and between Alarm.com Incorporated and Marshall Property LLC, dated January 31, 2017	10-K	001-	10.7	March 16, 2017	10.6 Fifth Amendment to Deed of Office Lease Agreement by and between Alarm.com Incorporated and Marshall Property LLC, dated January 31, 2017	10-K	001-	10.7	March 16, 2017
10.7	10.7 Sixth Amendment to Deed of Office Lease Agreement by and between Alarm.com Incorporated and TMG TMC 3, L.L.C., dated October 10, 2018	10-K	001-	10.8	March 1, 2019	10.7 Sixth Amendment to Deed of Office Lease Agreement by and between Alarm.com Incorporated and TMG TMC 3, L.L.C., dated October 10, 2018	10-K	001-	10.8	March 1, 2019
10.8	10.8 Seventh Amendment to Deed of Office Lease Agreement by and between Alarm.com Incorporated and TMG TMC 3, L.L.C., dated May 16, 2019	10-Q	001-	10.1	August 9, 2019					
10.9	10.9 Eighth Amendment to Deed of Office Lease Agreement by and between Alarm.com Incorporated and TMG TMC 3, L.L.C., dated July 17, 2019	10-Q	001-	10.2	August 9, 2019					

Exhibit	Exhibit	Description	Schedule	File	Exhibit	File Date	Incorporated by Reference					
			/ Form	Number								
10.8		10.8 Seventh Amendment to Deed of Office Lease Agreement by and between Alarm.com Incorporated and TMG TMC 3, L.L.C., dated May 16, 2019	10-Q	001-	10.1	August 9, 2019						
10.9		10.9 Eighth Amendment to Deed of Office Lease Agreement by and between Alarm.com Incorporated and TMG TMC 3, L.L.C., dated July 17, 2019	10-Q	001-	10.2	August 9, 2019						
10.10	10.10 Ninth Amendment to Deed of Office Lease Agreement by and between Alarm.com Incorporated and TMG TMC 3, L.L.C., dated March 12, 2020	10-Q	001-	10.1	May 7, 2020	10.10 Ninth Amendment to Deed of Office Lease Agreement by and between Alarm.com Incorporated and TMG TMC 3, L.L.C., dated March 12, 2020	10-Q	001-	10.1	May 7, 2020		
10.11	10.11 Tenth Amendment to Deed of Office Lease Agreement by and between Alarm.com Incorporated and TMG TMC 3, L.L.C., dated December 17, 2020	10-K	001-	10.11	February 25, 2021	10.11 Tenth Amendment to Deed of Office Lease Agreement by and between Alarm.com Incorporated and TMG TMC 3, L.L.C., dated December 17, 2020	10-K	001-	10.11	February 25, 2021		
10.12	10.12 Eleventh Amendment to Deed of Office Lease Agreement by and between Alarm.com Incorporated and TMG TMC 3, L.L.C., dated December 21, 2021	10-K	001-	10.12	February 24, 2022	10.12 Eleventh Amendment to Deed of Office Lease Agreement by and between Alarm.com Incorporated and TMG TMC 3, L.L.C., dated December 21, 2021	10-K	001-	10.12	February 24, 2022		

10.13	10.13 Twelfth Amendment to Deed of Office Lease Agreement by and between Alarm.com Incorporated and TMG TMC 3, L.L.C., dated January 12, 2022	10-K	001-37461	10.13 February 24, 2022	10.13 Twelfth Amendment to Deed of Office Lease Agreement by and between Alarm.com Incorporated and TMG TMC 3, L.L.C., dated January 12, 2022	10-K	001-37461	10.13 February 24, 2022
10.14	10.14 Thirteenth Amendment to Deed of Office Lease Agreement by and between Alarm.com Incorporated and TMG TMC 3, L.L.C., dated July 26, 2023	10-Q	001-37461	10.1 November 9, 2023	10.14 Thirteenth Amendment to Deed of Office Lease Agreement by and between Alarm.com Incorporated and TMG TMC 3, L.L.C., dated July 26, 2023	10-Q	001-37461	10.1 November 9, 2023
10.15†	Amended and Restated 2009 Stock Incentive Plan, Form of Non-Qualified Stock Option Agreement and Form of Early Exercise Notice and Restricted Stock Purchase Agreement thereunder	S-1	333-204428	10.3 May 22, 2015				
10.15^	Fourteenth Amendment to Deed of Office Lease Agreement by and between Alarm.com Incorporated and TMG TMC 3, L.L.C., dated August 28, 2024	10-Q	001-37461	10.1 November 7, 2024				
10.16†	10.16† 2015 Equity Incentive Plan	10-Q	001-37461	10.1 August 14, 2015	10.16† Amended and Restated 2009 Stock Incentive Plan, Form of Non-Qualified Stock Option Agreement and Form of Early Exercise Notice and Restricted Stock Purchase Agreement thereunder	S-1	333-204428	10.3 May 22, 2015
10.17†	10.17† Form of Option Grant Package under 2015 Equity Incentive Plan	10-Q	001-37461	10.1 May 5, 2022	10.17† 2015 Equity Incentive Plan	10-Q	001-37461	10.1 August 14, 2015
10.18†	10.18† Form of RSU Notice and Agreement under 2015 Equity Incentive Plan	10-Q	001-37461	10.2 May 5, 2022	10.18† Form of Option Grant Package under 2015 Equity Incentive Plan	10-Q	001-37461	10.1 May 5, 2022
10.19†	10.19† Form of Early Exercise Restricted Stock Purchase Agreement	10-K	001-37461	10.7 February 29, 2016	10.19† Form of RSU Notice and Agreement under 2015 Equity Incentive Plan	10-Q	001-37461	10.2 May 5, 2022
10.20†	10.20† 2015 Employee Stock Purchase Plan	10-Q	001-37461	10.2 August 14, 2015	10.20† Form of Early Exercise Restricted Stock Purchase Agreement	10-K	001-37461	10.7 February 29, 2016
10.21†	10.21† Alarm.com Holdings, Inc. Executive Bonus Plan	10-Q	001-37461	10.1 May 9, 2019	10.21† 2015 Employee Stock Purchase Plan	10-Q	001-37461	10.2 August 14, 2015
10.22†	10.22† Form of Indemnity Agreement by and between Registrant and each of its directors and executive officers	S-1/A	333-204428	10.9 June 11, 2015	10.22† Alarm.com Holdings, Inc. Executive Bonus Plan	10-Q	001-37461	10.1 May 9, 2019
10.23†	10.23† Offer Letter by and between the Registrant and Steve Valenzuela dated October 12, 2016	8-K	001-37461	10.1 November 14, 2016	10.23† Form of Indemnity Agreement by and between Registrant and each of its directors and executive officers	S-1/A	333-204428	10.9 June 11, 2015
10.24^	Reformed Master Services Agreement by and between Alarm.com Incorporated and ADT LLC, effective as of August 19, 2016	10-Q	001-37461	10.2 November 14, 2016				
10.25	Class Action Settlement Agreement by and between Alarm.com Holdings, Inc., Alarm.com Incorporated, Abante Rooter and Plumbing, Inc., Mark Hankins and Philip J. Charvat, individually and on behalf of all others similarly situated	10-K	001-37461	10.27 March 1, 2019				
10.26^	First Amendment to Reformed Master Services Agreement by and between Alarm.com Incorporated and ADT LLC, effective as of December 9, 2019	10-K	001-37461	10.23 February 26, 2020				
10.27	Indemnity Agreement by and between Alarm.com Holdings, Inc. and Simone Wu	10-K	001-37461	10.24 February 26, 2020				
10.24†	Offer Letter by and between the Registrant and Steve Valenzuela dated October 12, 2016	8-K	001-37461	10.1 November 14, 2016				
10.25^	Reformed Master Services Agreement by and between Alarm.com Incorporated and ADT LLC, effective as of August 19, 2016	10-Q	001-37461	10.2 November 14, 2016				
10.26^	First Amendment to Reformed Master Services Agreement by and between Alarm.com Incorporated and ADT LLC, effective as of December 9, 2019	10-K	001-37461	10.23 February 26, 2020				

10.27^	Second Amendment to Reformed Master Services Agreement by and between Alarm.com Incorporated and ADT LLC, effective as of November 4, 2020	10-K	001-37461	10.27	February 25, 2021						
10.28^	10.28^ Second Amendment to Reformed Master Services Agreement by and between Alarm.com Incorporated and ADT LLC, effective as of November 4, 2020	10-K	001-37461	10.27	February 25, 2021	10.28^ Third Amendment to Reformed Master Services Agreement by and between Alarm.com Incorporated and ADT LLC, effective as of July 1, 2021	10-Q	001-37461	10.1	November 4, 2021	
10.29^	Third Amendment to Reformed Master Services Agreement by and between Alarm.com Incorporated and ADT LLC, effective as of July 1, 2021	10-Q	001-37461	10.1	November 4, 2021						
10.29	Fourth Amendment to Reformed Master Services Agreement by and between Alarm.com Incorporated and ADT LLC, effective as of September 27, 2023	10-Q	001-37461	10.2	November 9, 2023						
10.30	10.30 Fourth Amendment to Reformed Master Services Agreement by and between Alarm.com Incorporated and ADT LLC, effective as of September 27, 2023	10-Q	001-37461	10.2	November 9, 2023	10.30 Class Action Settlement Agreement by and between Alarm.com Holdings, Inc., Alarm.com Incorporated, Abante Rooter and Plumbing, Inc., Mark Hankins and Philip J. Charvat, individually and on behalf of all others similarly situated	10-K	001-37461	10.27	March 1, 2019	
21.1*											
23.1*											
23.1*											
23.1*											
31.1*											
31.1*											
31.1*											
10.31	Indemnity Agreement by and between Alarm.com Holdings, Inc. and Simone Wu	10-K	001-37461	10.24	February 26, 2020						

Exhibit	Description	Incorporated by Reference				
		Schedule / Form	File Number	Exhibit	File Date	
10.32	Form of Confirmation for Capped Call Transactions	8-K	001-37461	10.1	May 31, 2024	
19.1^*	Insider Trading Policy					
21.1*	Subsidiaries of the Registrant					
23.1*	Consent of PricewaterhouseCoopers LLP, independent registered public accounting firm					
31.1*	Certification of Principal Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002					
31.2*	Certification of Principal Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002					
32.1**	Certification of Principal Executive Officer and Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002					
97.1* 97.1†	Alarm.com Clawback Policy	10-K	001-37461	97.1	February 22, 2024	
101.INS	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document					
101.SCH*	Inline XBRL Taxonomy Extension Schema Document					
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document					
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document					
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document					
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document					
104*	Cover Page Interactive Data File - the cover page interactive data is embedded within the Inline XBRL document or included within the Exhibit 101 attachments					

* Filed herewith.

** Furnished herewith.

† Indicates management contract or compensatory plan or arrangement.

^ Portions of this document (indicated by "[***]") have been omitted because they are not material and are the type that Alarm.com Holdings, Inc. treats as private and confidential.

ITEM 16. FORM 10-K SUMMARY

Not applicable.

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.

Alarm.com Holdings, Inc.

Date: February 22, 2024 20, 2025

By: /s/ Stephen Trundle

Stephen Trundle
Chief Executive Officer
(Principal Executive Officer)

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 and on the dates indicated.

Signature	Title	Date
/s/ Stephen Trundle Stephen Trundle	Chief Executive Officer (Principal Executive Officer)	February 22, 2024 20, 2025
/s/ Steve Valenzuela Steve Valenzuela	Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)	February 22, 2024 20, 2025
/s/ Timothy McAdam Timothy McAdam	Chairman of the Board of Directors	February 22, 2024 20, 2025
/s/ Donald Clarke Donald Clarke	Director	February 22, 2024 20, 2025
/s/ Rear Admiral Stephen Evans Rear Admiral (Ret.) Stephen Evans	Director	February 22, 2024 20, 2025
/s/ Cecile Harper Cecile Harper	Director	February 20, 2025
/s/ Darius G. Nevin Darius G. Nevin	Director	February 22, 2024 20, 2025
/s/ Timothy J. Whall Timothy J. Whall	Director	February 22, 2024 20, 2025
/s/ Simone Wu Simone Wu	Director	February 22, 2024 20, 2025

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EXHIBIT 19.1



Insider Trading and Trading Window Policy

Alarm.com's stock is publicly traded on the NASDAQ stock market under the symbol ALRM. As such, trades in the company's securities are subject to federal and state securities laws, rules and regulations and you must comply with the provisions of these laws and our policies. During the course of your relationship with Alarm.com, you will learn information about us that is not publicly known. **It is illegal for you to buy or sell our stock or the stock of companies working with Alarm.com, on the basis of material nonpublic information. It is also illegal for you to "tip" or pass such information on to others who use it to buy or sell our stock.**

Covered Persons

This policy applies to all directors, officers, employees, consultants and contractors of Alarm.com and its subsidiaries. This policy also applies to all family members and other household members of those covered by this policy and all other persons or entities whose investment decisions are influenced or controlled by those covered by this policy. It is also Alarm.com's policy to comply with applicable securities laws concerning trading in company securities on the company's behalf.

Statement of Policy

This policy prohibits not only illegal activities, but also other trading activities that may not be illegal. These additional restrictions are designed to protect you and us from even the appearance of improper activity. Our policy is as follows:

1. You may not trade our stock while you possess information about Alarm.com that is material and nonpublic. Material information is information that a reasonable person would consider important in deciding whether to buy or sell our stock. For example, material information may include (but is not limited to) financial results, merger or acquisition news, joint venture developments, litigation filings or results, governmental actions, cybersecurity incidents, or key personnel hires or departures. Nonpublic information is information that has not been announced publicly, such as by press release, conference call, public filing or similar means of public dissemination. You must wait until the second trading day after the information is publicly announced before you can trade. For example, if the information is publicly announced late on a Tuesday, you cannot trade until Thursday. In addition, you are not allowed to buy or sell stock during any "blackout" period announced by Alarm.com.
2. You may not discuss material nonpublic information about Alarm.com with anyone outside Alarm.com. This prohibition covers spouses, family members, friends, business associates, or persons with whom we are doing business (except to the extent that such persons are covered by a nondisclosure or other confidentiality agreement and the discussion is necessary to accomplish a business purpose of Alarm.com).

3. You may buy or sell our stock only when the trading window period is open and when you do not possess material nonpublic information about Alarm.com. Trading window periods are those periods of time during which employees, directors, contractors and consultants can, potentially, trade our stock, so long as they are not in possession of material nonpublic information. At these times, the "window" is said to be "open." Our window periods are routinely posted in the form of a blackout calendar that can be found at [**]. In addition, from time to time we may inform personnel that the window is "closed." This type of announcement is generally made via email. You may not trade when the trading window is closed, even if you do not possess any material nonpublic information. These closed trading windows generally run from two weeks prior to quarter or year-end through two trading days past the earnings release date for that period.
4. You may not trade derivative securities of Alarm.com at any time. Derivative securities are securities other than common stock that are speculative in nature because they permit a person to leverage his or her investment using a relatively small amount of money. Examples of derivative securities include (but are not limited to) "put options" and "call options." These are different from employee stock options, which are not derivative securities.
5. You may not engage (directly or indirectly) in hedging transactions, or otherwise engage in transactions that hedge or offset, or are designed to hedge or offset, any decrease in the market value of Alarm.com securities, including collars, equity swaps, exchange funds and prepaid variable forward sale contracts.
6. You may not engage in short selling of our securities or purchase our securities on margin or hold them in a margin account at any time. Short selling includes transactions in which you, expecting the stock price to decrease, borrow stock from a broker, sell it, and eventually buy it back on the market to return the borrowed shares to the broker. Purchasing our securities on margin is the use of borrowed money from a brokerage firm to purchase our securities. Holding our securities in a margin account includes holding the securities in an account in which the shares can be sold to pay a loan to the brokerage firm.

7. You may not participate in "chat rooms" or other electronic discussion groups or contribute to blogs, bulletin boards or social media forums concerning the activities of Alarm.com or other companies with which Alarm.com does business, even if you do so anonymously, unless doing so is part of your job responsibilities and you have explicit prior authorization from the Chief Compliance Officer.
8. You may never recommend to another person that he or she buy, hold or sell our stock.
9. The restrictions above also apply to transactions in the stocks of other companies, to the extent you have learned material nonpublic information about these companies as a result of your role with Alarm.com.

The only exceptions to this policy are specifically noted below. Trading activities that may be necessary or justifiable for independent reasons (such as the need to raise money for an emergency expenditure) or that are small transactions are not exempted from this policy. Insider trading laws do not recognize any mitigating circumstances and, in any event, even the appearance of an improper transaction must be avoided to preserve our reputation for adhering to the highest standards of conduct.

Rule 10b5-1 Plans

Notwithstanding the prohibitions above, directors, officers and other employees may establish written plans pursuant to Rule 10b5-1(c) of the Securities Exchange Act of 1934 which permit (a) automatic trading of our stock according to set criteria or (b) trading of our stock by an independent person (such as an investment bank) who is not aware of material nonpublic information. So long as the plan is properly established, trading pursuant to a plan may occur even at a time outside of our "window period" or when the plan participant is aware of material nonpublic information. Each form of plan must be reviewed and approved by the Chief Compliance Officer on behalf of Alarm.com, solely to confirm compliance with the guidelines set forth herein. These plans may only be established and subsequently amended at a time when the plan participant is not aware of material nonpublic information.

A director, officer or employee may adopt a Rule 10b5-1 plan during an open trading window when they are not in possession of material nonpublic information. If a director or executive officer adopts, modifies or terminates a Rule 10b5-1 plan, such event is required to be disclosed with the U.S. Securities and Exchange Commission (SEC). If any other employee wishes to modify or terminate their Rule 10b5-1 plan, they may do so only (a) with prior written notice to our Chief Compliance Officer, (b) in full compliance with the requirements of the plan guidelines and (c) at a time when they are permitted to trade in our stock under the guidelines set forth herein (i.e., during an open trading window when not in possession of any material nonpublic information). Furthermore, at the discretion of Alarm.com, the terms of such a plan may be disclosed to the public through a press release, by placement on our website or through other means to be determined by Alarm.com.

Preclearance

Directors and executive officers must obtain preclearance from the Clearance Officer before conducting any transactions, including gifts and other transfers, in Alarm.com securities. This requirement does not apply to transactions pursuant to a previously approved Rule 10b5-1 plan.

Consequences of Violations

Violations of either the insider trading laws or this policy are extremely serious matters. The SEC and the stock exchanges monitor stock trading and routinely investigate suspicious activity. The penalties for violating the insider trading laws are severe (including fines and imprisonment), and even having to respond to an investigation can result in significant legal expenses and unwanted negative publicity for both you and us.

In addition, violation of this policy may result in personnel action, up to and including termination of your employment or other relationship with us.

Additional Information and Questions

If you have any questions about any aspect of this policy, you are encouraged to contact our Chief Compliance Officer, Daniel Ramos at [***]. You may also refer to the "Insider Trading and Trading Window Policy Frequently Asked Questions" document, which is an Addendum to the Employee Handbook.

INSIDER TRADING AND TRADING WINDOW POLICY

FREQUENTLY ASKED QUESTIONS

1. What is insider trading?

A: Insider trading is the buying or selling of stocks, bonds, futures, or other securities by someone in possession of material nonpublic information. Insider trading also includes trading in options (puts and calls) the price of which is linked to the underlying price of a company's stock. It does not matter how many shares you buy or sell, or whether it has an effect on the stock price – if you have material nonpublic information and you trade, you have broken the law.

2. Why is insider trading illegal?

A: If company insiders are able to use their confidential knowledge to their financial advantage, other investors would not have confidence in the fairness and integrity of the marketplace. Requiring those who have such information to disclose (the information to the public) or abstain (from trading) ensures an even playing field.

3. What is material nonpublic information?

A: Information is material if it would influence a reasonable investor to buy or sell a stock, bond or other security. This could mean many things – financial results, potential mergers, major contracts or cybersecurity incidents. Information is nonpublic if it has not yet been released and disseminated to the public.

4. Who can be guilty of insider trading?

A: Anyone who buys or sells a security while in possession of material nonpublic information. It does not matter if you are not an executive officer or director, or even if you do not work at Alarm.com or one of its subsidiaries – if you know something material about the value of a security that not everyone else does, regardless of who you are, you can be found guilty of insider trading.

5. Does Alarm.com have an insider trading policy?

A: Yes. The policy can be found in the employee handbook.

6. What if I work in a foreign office?

A: There is no difference. The policy and law applies to you. Because our common stock trades on a United States securities exchange, the insider trading laws of the U.S. apply. The U.S. Securities and Exchange Commission or SEC (a U.S. government agency in charge of investor protection) and the Financial Industry Regulatory Authority (a private regulator that oversees U.S. exchanges) routinely investigate trading in a company's securities conducted by individuals and firms based outside of the United States. In addition, as an Alarm.com employee, our policies apply to you no matter where in the world you work.

7. What if I don't buy or sell anything, but I tell someone else the information and they buy or sell?

A: That is called "tipping." You are the "tipper" and the other person is called the "tippee." If the tippee buys or sells based on that material nonpublic information, you might still be guilty of insider trading. In fact, if you tell family members who tell others and those people then trade on the information, those family members might be guilty of insider trading too. As a result, you may not discuss material nonpublic information about Alarm.com with anyone outside Alarm.com, including spouses, family members, friends, or business associates. This includes anonymous discussion on the Internet about Alarm.com or companies with which Alarm.com does business.

8. What if I don't tell them the information itself but just tell them whether they should buy or sell?

A: That is still tipping, and you can still be found guilty of insider trading. According to our policies, you may never recommend to another person that they buy, hold or sell our common stock or any derivative security related to our common stock.

9. What are the penalties if I trade on inside information, or tip off someone else?

A: Anyone found liable in a civil case for trading on inside information may need to pay the U.S. government an amount equal to any profit made or any loss avoided and may also face a penalty of up to three times this amount. Persons found liable for tipping inside information, even if they did not trade themselves, may face a penalty of up to three times the amount of any profit gained or loss avoided by everyone in the chain of tippees. In addition, anyone convicted of criminal insider trading can face prison terms and additional fines.

10. What is "loss avoided"?

A: If you sell a common stock or a related derivative security before the negative news is publicly announced, and as a result of the announcement the stock price declines, you have avoided the loss caused by the negative news.

11. Am I restricted from trading securities of any companies other than Alarm.com (for example a customer or competitor of Alarm.com)?

A: Yes. U.S. insider trading laws restrict everyone from trading in a company's securities based on material nonpublic information about that company, regardless of whether the person is directly connected with that company. Therefore, if you obtain material nonpublic information about another company, you should not trade in that company's securities. You should be particularly conscious of this restriction if, through your position at Alarm.com, you sometimes obtain confidential information about other companies and their business dealings with Alarm.com.

12. So if I don't trade Alarm.com securities when I have material nonpublic information, and I don't "tip" other people, I am in the clear, right?

A: Not necessarily. Even if you do not violate U.S. law, you may still violate our policies. Our policies are stricter than the law requires, so that we and our employees can avoid even the appearance of wrongdoing. Therefore, please review the entire policy carefully.

13. If I am aware of product developments that have not been announced to the public, do I possess material nonpublic information?

A: In most circumstances, Alarm.com does not consider product developments to be material information that would require the closing of the trading window with respect to those individuals that are aware of these developments. However, there are circumstances in which a new product in development or issues with respect to current or past products (such as defects) could be so significant that such an event constitutes material nonpublic information. If you are uncertain, contact your manager or Alarm.com's Chief Compliance Officer.

14. So when can I buy or sell my Alarm.com securities?

A: If you have material nonpublic information, you may not buy or sell our common stock until the second trading day after that information is released or announced. At that point, the information is considered public. **Even if you do not have material nonpublic information, you may not trade in our common stock during any trading "blackout" period.** A list of current blackout periods can be found at [***] and additional trading blackout periods may be announced by email.

15. If I have an open order to buy or sell Alarm.com securities on the date the trading window closes, my broker will cancel the open order and won't execute the trade, right?

A: No. If you have any open orders at the time the trading window closes, it is your responsibility to cancel these orders with your broker. If you have an open order and it executes after the trading window closes, it is a violation of our insider trading policy and may also be a violation of insider trading laws.

16. Am I allowed to trade derivative securities of Alarm.com or short sell Alarm.com common stock?

A: No. Under our policies, you may not trade in derivative securities related to our common stock, which includes, but is not limited to publicly-traded call and put options. In addition, under our policies, you may not engage in short selling of our common stock at any time.

17. Why does Alarm.com prohibit trading in derivative securities and short selling?

A: Many companies with volatile stock prices have adopted such policies because of the temptation such volatility represents to try to benefit from trading on short- term swings in stock prices (without actually holding the underlying common stock) and encourages speculative trading. For this reason, we prohibit employees from such trading. In addition, "shorting" a stock means that you are trying to profit from a decline in the price of our stock. Short selling our common stock is adverse to our company values and would not be received well by our stockholders. U.S. federal securities laws also prohibit directors and certain officers from short selling Alarm.com stock.

18. Can I purchase Alarm.com securities on margin or hold them in a margin account?

A: No. You may not purchase Alarm.com common stock on margin or hold it in a margin account at any time.

19. Why does Alarm.com prohibit me from purchasing Alarm.com securities on margin or holding them in a margin account?

A: Margin loans are subject to a margin call whether or not you possess material nonpublic information at the time of the call. If your margin call were called at a time when you had material nonpublic information and you could not or did not supply other collateral, you and Alarm.com could be subject to litigation based on your insider trading activities, i.e., the sale of the stock (through the margin call) when you possessed material nonpublic information. The sale would be attributed to you even though the lender made the ultimate determination to sell. The SEC takes the view that you made the determination to not supply the additional collateral and you are therefore responsible for the sale.

20. Can I exercise stock options during a trading blackout period or when I possess material nonpublic information?

A: Yes. You may exercise the option and receive shares, but you may not sell the shares (even to pay the exercise price or any taxes due) or otherwise settle the option during a trading blackout period or any time that you have material nonpublic information. Also note that if you choose to exercise and hold the shares, you will be responsible at that time for any taxes due.

21. Am I subject to the trading blackout period if I am no longer an employee of Alarm.com?

A: It depends. If your employment with Alarm.com ends on a day that the trading window is closed, you will be subject to the trading blackout period then in effect. If your employment with Alarm.com ends on a day that the trading window is open, you will not be subject to the next trading blackout period. However, even if you are not subject to our trading blackout period after you leave Alarm.com, you should not trade in Alarm.com securities if you possess material nonpublic information. That restriction stays with you as long as the information you possess is material and not released by Alarm.com.

22. Can I gift stock while I possess material nonpublic information or during a trading blackout period?

A: Gifts, whether to charities, to a trust or otherwise, of our common stock when you possess material nonpublic information or during a trading blackout period may only be made with the prior written approval of Alarm.com's Chief Compliance Officer.

23. What if I purchased publicly-traded options or other derivative securities before I became an Alarm.com employee (or director, contractor or consultant)?

A: The same rules apply as for employee stock options. You may exercise the publicly-traded options at any time, but you may not sell such securities during a trading blackout period or at any time that you have material nonpublic information.

When you become an Alarm.com employee (or director, contractor or consultant), you must report to our Chief Compliance Officer that you hold such publicly-traded options or other derivative securities.

24. May I own shares of a mutual fund that invests in Alarm.com?

A: Yes.

25. Are my mutual fund shares that hold Alarm.com stock subject to the trading blackout periods?

A: No. You may trade in mutual funds holding our common stock at any time.

26. May I use an “automatic trading program” or “10b5-1 plan?”

A: Directors and employees may, subject to the requirements discussed in our Insider Trading and Trading Window Policy, establish automatic trading programs, also known as 10b5-1 plans. These plans set up highly structured programs with stock brokers through which the time, date, price, and amount of securities to be traded are specified ahead of time.

27. What happens if I violate our insider trading policy?

A: Violation of our policies may result in severe personnel action, up to and including termination of your employment (or other relationship with Alarm.com).

28. Whom should I contact if I have questions about our insider trading policy?

A: You should contact our Chief Compliance Officer, Daniel Ramos, at [***].

EXHIBIT 21.1

Subsidiaries of Alarm.com Holdings, Inc.

<u>Name</u>	<u>Jurisdiction of Incorporation</u>
ADC Advance, LLC	Delaware
ADC Greensboro Park, LLC	Virginia
Alarm.com Incorporated	Delaware
Alarm.com International Holdings, LLC	Delaware
All Aware, LLC	Delaware
Building 36 Technologies, LLC	Delaware
EBS USA LLC	Florida
EnergyHub, Inc.	Delaware
EnergyHub International, Inc.	Delaware
HAW Ventures, LLC	Delaware
ICN Acquisition, LLC	Delaware
IControl Networks Canada, Inc.	Delaware
JTT Investment Partners, LLC	Georgia
Noonlight, Inc.	Delaware
ObjectVideo Labs, LLC	Delaware
Onabridge Technologies, LLC	Delaware
PC Open Incorporated d/b/a OpenEye	Washington
PointCentral, LLC	Delaware
SecurityTrax LLC	Delaware
Shooter Detection Systems, LLC	Massachusetts
Smart Coverage, LLC	Delaware
ADC International B.V.	Netherlands
Alarm.com Poland Sp. z.o.o	Poland
Alarm.com, S. de R.L. de C.V	Mexico
EBS Brasil	Brazil
EBS Sp. z.o.o	Poland
EnergyHub Canada ULC	Canada
IControl Networks Canada ULC	Canada

EXHIBIT 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (Nos. 333-277282, 333-270012, 333-262999, 333-253535, 333-216728, 333-209829, and 333-205245) and Form S-3 (No. 333-238504) of Alarm.com Holdings, Inc. of our report dated **February 22, 2024** **February 20, 2025** relating to the financial statements, financial statement schedule and the effectiveness of internal control over financial reporting, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP
Washington, District Of Columbia
February 22, 2024 20, 2025

EXHIBIT 31.1

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Stephen Trundle, certify that:

1. I have reviewed this Annual Report on Form 10-K of Alarm.com Holdings, 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 22, 2024

/s/ Stephen Trundle

Stephen Trundle

Chief Executive Officer

(Principal Executive Officer)

EXHIBIT 31.2

**CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Steve Valenzuela, certify that:

1. I have reviewed this Annual Report on Form 10-K of Alarm.com Holdings, 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 22, 2024

/s/ Steve Valenzuela

Steve Valenzuela

Chief Financial Officer

(Principal Financial Officer and Principal Accounting Officer)

**CERTIFICATIONS PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

Pursuant to the requirement set forth in Rule 13a-14(b) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and Section 1350 of Chapter 63 of Title 18 of the United States Code (18 U.S.C. §1350), Stephen Trundle, Chief Executive Officer of Alarm.com Holdings, Inc. (the "Company"), and Steve Valenzuela, Chief Financial Officer of the Company, each hereby certifies that, to the best of his knowledge:

- (1) The Company's Annual Report on Form 10-K for the fiscal year ended **December 31, 2023** **December 31, 2024**, to which this Certification is attached as Exhibit 32.1 (the "Annual Report"), fully complies with the requirements of Section 13(a) or Section 15(d) of the Exchange Act, and
- (2) The information contained in the Annual Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

In Witness Whereof, the undersigned have set their hands hereto as of the **22** **20** **nd** **th** day of February, **2024**, **2025**.

/s/ Stephen Trundle

Stephen Trundle
Chief Executive Officer
(*Principal Executive Officer*)

/s/ Steve Valenzuela

Steve Valenzuela
Chief Financial Officer
(*Principal Financial Officer and Principal Accounting Officer*)

This certification accompanies the Form 10-K to which it relates, is not deemed filed with the Securities and Exchange Commission and is not to be incorporated by reference into any filing of Alarm.com Holdings, Inc. under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended (whether made before or after the date of the Form 10-K), irrespective of any general incorporation language contained in such filing.

ALARM.COM HOLDINGS, INC.

CLAWBACK POLICY

The Compensation Committee (the "Committee") of the Board of Directors (the "Board") of Alarm.com Holdings, Inc. (the "Company") believes that it is appropriate for the Company to adopt this Clawback Policy (the "Policy") to be applied to the Executive Officers of the Company and adopts this Policy to be effective as of the Effective Date.

1. Definitions

For purposes of this Policy, the following definitions shall apply:

- a) "Company Group" means the Company and each of its Subsidiaries, as applicable.
- b) "Covered Compensation" means any Incentive-Based Compensation granted, vested or paid to a person who served as an Executive Officer at any time during the performance period for the Incentive-Based Compensation and that was Received (i) on or after the effective date of the Nasdaq listing standard, (ii) after the person became an Executive Officer and (iii) at a time that the Company had a class of securities listed on a national securities exchange or a national securities association.
- c) "Effective Date" means December 1, 2023.
- d) "Erroneously Awarded Compensation" means the amount of Covered Compensation granted, vested or paid to a person during the fiscal period when the applicable Financial Reporting Measure relating to such Covered Compensation was attained that exceeds the amount of Covered Compensation that otherwise would have been granted, vested or paid to the person had such amount been determined based on

the applicable Restatement, computed without regard to any taxes paid (i.e., on a pre-tax basis). For Covered Compensation based on stock price or total shareholder return, where the amount of Erroneously Awarded Compensation is not subject to mathematical recalculation directly from the information in a Restatement, the Committee will determine the amount of such Covered Compensation that constitutes Erroneously Awarded Compensation, if any, based on a reasonable estimate of the effect of the Restatement on the stock price or total shareholder return upon which the Covered Compensation was granted, vested or paid and the Committee shall maintain documentation of such determination and provide such documentation to the Nasdaq.

- e) "Exchange Act" means the U.S. Securities Exchange Act of 1934.
- f) "Executive Officer" means each "officer" of the Company as defined under Rule 16a-1(f) under Section 16 of the Exchange Act, which shall be deemed to include any individuals identified by the Company as executive officers pursuant to Item 401(b) of Regulation S-K under the Exchange Act. Both current and former Executive Officers are subject to the Policy in accordance with its terms.
- g) "Financial Reporting Measure" means (i) any measure that is determined and presented in accordance with the accounting principles used in preparing the Company's financial statements, and any measures derived wholly or in part from such measures and may consist of GAAP or non-GAAP financial measures (as defined under Regulation G of the Exchange Act and Item 10 of Regulation S-K under the Exchange Act), (ii) stock price or (iii) total shareholder return. Financial Reporting Measures may or may not be filed with the SEC and may be presented outside the Company's financial statements, such as in Management's

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Discussion and Analysis of Financial Conditions and Result of Operations or in the performance graph required under Item 201(e) of Regulation S-K under the Exchange Act.

- h) "Home Country" means the Company's jurisdiction of incorporation.
- i) "Incentive-Based Compensation" means any compensation that is granted, earned or vested based wholly or in part upon the attainment of a Financial Reporting Measure.
- j) "Lookback Period" means the three completed fiscal years (plus any transition period of less than nine months that is within or immediately following the three completed fiscal years and that results from a change in the Company's fiscal year) immediately preceding the date on which the Company is required to prepare a Restatement for a given reporting period, with such date being the earlier of: (i) the date the Board, a committee of the Board, or the officer or officers of the Company authorized to take such action if Board action is not required, concludes, or reasonably should have concluded, that the Company is required to prepare a Restatement, or (ii) the date a court, regulator or other legally authorized body directs the Company to prepare a Restatement. Recovery of any Erroneously Awarded Compensation under the Policy is not dependent on if or when the Restatement is actually filed.
- k) "Nasdaq" means the Nasdaq Stock Market.
- l) "Received": Incentive-Based Compensation is deemed "Received" in the Company's fiscal period during which the Financial Reporting Measure specified in or otherwise relating to the Incentive-Based Compensation award is attained, even if the grant, vesting or payment of the Incentive-Based Compensation occurs after the end of that period.
- m) "Restatement" means a required accounting restatement of any Company financial statement due to the material noncompliance of the Company with any financial reporting requirement under the securities laws, including (i) to correct an error in previously issued financial statements that is material to the previously issued financial statements (commonly referred to as a "Big R" restatement) or (ii) to correct an error in previously issued financial statements that is not material to the previously issued financial statements but that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period (commonly referred to as a "little r" restatement). Changes to the Company's financial statements that do not represent error corrections under the then-current relevant accounting standards will not constitute Restatements. Recovery of any Erroneously Awarded Compensation under the Policy is not dependent on fraud or misconduct by any person in connection with the Restatement.

- n) "SEC" means the U.S. Securities and Exchange Commission.
- o) "Subsidiary" means any domestic or foreign corporation, partnership, association, joint stock company, joint venture, trust or unincorporated organization "affiliated" with the Company, that is, directly or indirectly, through one or more intermediaries, "controlling", "controlled by" or "under common control with", the Company. "Control" for this purpose means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of such person, whether through the ownership of voting securities, contract or otherwise.

2. Recoupment of Erroneously Awarded Compensation

In the event of a Restatement, any Erroneously Awarded Compensation Received during the Lookback Period prior to the Restatement (a) that is then-outstanding but has not yet been paid shall be automatically and immediately forfeited and (b) that has been paid to any person shall be subject to

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reasonably prompt repayment to the Company Group in accordance with Section 3 of this Policy. The Committee must pursue (and shall not have the discretion to waive) the forfeiture and/or repayment of such Erroneously Awarded Compensation in accordance with Section 3 of this Policy, except as provided below.

Notwithstanding the foregoing, the Committee (or, if the Committee is not a committee of the Board responsible for the Company's executive compensation decisions and composed entirely of independent directors, a majority of the independent directors serving on the Board) may determine not to pursue the forfeiture and/or recovery of Erroneously Awarded Compensation from any person if the Committee determines that such forfeiture and/or recovery would be impracticable due to any of the following circumstances: (i) the direct expense paid to a third party (for example, reasonable legal expenses and consulting fees) to assist in enforcing the Policy would exceed the amount to be recovered (following reasonable attempts by the Company Group to recover such Erroneously Awarded Compensation, the documentation of such attempts, and the provision of such documentation to the Nasdaq), (ii) pursuing such recovery would violate the Company's Home Country laws adopted prior to November 28, 2022 (provided that the Company obtains an opinion of Home Country counsel acceptable to the Nasdaq that recovery would result in such a violation and provides such opinion to the Nasdaq), or (iii) recovery would likely cause any otherwise tax-qualified retirement plan, under which benefits are broadly available to employees of Company Group, to fail to meet the requirements of 26 U.S.C. 401(a)(13) or 26 U.S.C. 411(a) and regulations thereunder.

3. Means of Repayment

In the event that the Committee determines that any person shall repay any Erroneously Awarded Compensation, the Committee shall provide written notice to such person by email or certified mail to the physical address on file with the Company Group for such person, and the person shall satisfy such repayment in a manner and on such terms as required by the Committee, and the Company Group shall be entitled to set off the repayment amount against any amount owed to the person by the Company Group, to require the forfeiture of any award granted by the Company Group to the person, or to take any and all necessary actions to reasonably promptly recoup the repayment amount from the person, in each case, to the fullest extent permitted under applicable law, including without limitation, Section 409A of the U.S. Internal Revenue Code and the regulations and guidance thereunder. If the Committee does not specify a repayment timing in the written notice described above, the applicable person shall be required to repay the Erroneously Awarded Compensation to the Company Group by wire, cash or cashier's check no later than thirty (30) days after receipt of such notice.

4. No Indemnification

No person shall be indemnified, insured or reimbursed by the Company Group in respect of any loss of compensation by such person in accordance with this Policy, nor shall any person receive any advancement of expenses for disputes related to any loss of compensation by such person in accordance with this Policy, and no person shall be paid or reimbursed by the Company Group for any premiums paid by such person for any third-party insurance policy covering potential recovery obligations under this Policy. For this purpose, "indemnification" includes any modification to current compensation arrangements or other means that would amount to *de facto* indemnification (for example, providing the person a new cash

award which would be cancelled to effect the recovery of any Erroneously Awarded Compensation). In no event shall the Company Group be required to award any person an additional payment if any Restatement would result in a higher incentive compensation payment.

5. Miscellaneous

This Policy generally will be administered and interpreted by the Committee, provided that the Board may, from time to time, exercise discretion to administer and interpret this Policy, in which case, all references herein to "Committee" shall be deemed to refer to the Board. Any determination by the

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Committee with respect to this Policy shall be final, conclusive and binding on all interested parties. Any discretionary determinations of the Committee under this Policy, if any, need not be uniform with respect to all persons, and may be made selectively amongst persons, whether or not such persons are similarly situated.

This Policy is intended to satisfy the requirements of Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act, as it may be amended from time to time, and any related rules or regulations promulgated by the SEC or the Nasdaq, including any additional or new requirements that become effective after the Effective Date which upon effectiveness shall be deemed to automatically amend this Policy to the extent necessary to comply with such additional or new requirements.

The provisions in this Policy are intended to be applied to the fullest extent of the law. To the extent that any provision of this Policy is found to be unenforceable or invalid under any applicable law, such provision will be applied to the maximum extent permitted and shall automatically be deemed amended in a manner consistent with its objectives to the extent necessary to conform to applicable law. The invalidity or unenforceability of any provision of this Policy shall not affect the validity or enforceability of any other provision of this Policy. Recoupment of Erroneously Awarded Compensation under this Policy is not dependent upon the Company Group satisfying any conditions in this Policy, including any requirements to provide applicable documentation to the Nasdaq.

The rights of the Company Group under this Policy to seek forfeiture or reimbursement are in addition to, and not in lieu of, any rights of recoupment, or remedies or rights other than recoupment, that may be available to the Company Group pursuant to the terms of any law, government regulation or stock exchange listing requirement or any other policy, code of conduct, employee handbook, employment agreement, equity award agreement, or other plan or agreement of the Company Group.

6. Amendment and Termination

To the extent permitted by, and in a manner consistent with applicable law, including SEC and Nasdaq rules, the Committee may terminate, suspend or amend this Policy at any time in its discretion.

7. Successors

This Policy shall be binding and enforceable against all persons and their respective beneficiaries, heirs, executors, administrators or other legal representatives with respect to any Covered Compensation granted, vested or paid to or administered by such persons or entities.

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ALARM.COM HOLDINGS, INC.

CLAWBACK POLICY

ACKNOWLEDGMENT, CONSENT AND AGREEMENT

I acknowledge that I have received and reviewed a copy of the Alarm.com Holdings, Inc. Clawback Policy (as may be amended from time to time, the "Policy") and I have been given an opportunity to ask questions about the Policy and review it with my counsel. I knowingly, voluntarily and irrevocably consent to and agree to be bound by and subject to the Policy's terms and conditions, including that I will return any Erroneously Awarded Compensation that is required to be repaid in accordance with the Policy. I further acknowledge, understand and agree that (i) the compensation that I receive, have received or may become entitled to receive from the Company Group is subject to the Policy, and the Policy may affect such compensation and (ii) I have no right to indemnification, insurance payments or other reimbursement by or from the Company Group for any compensation that is subject to recoupment and/or forfeiture under the Policy. Capitalized terms used but not defined herein have the meanings set forth in the Policy.

Signed:

Print Name:

Date:

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