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Q4 2022 RESULTS PRESENTATION

February 15, 2023





Disclaimer

Forward-Looking Statements

This presentation contains “forward-looking statements.” All statements, other than statements of fact, that address activities, events or developments that we or our management intend, expect, project, believe or anticipate will or may occur in the future are forward-looking statements. Although we believe forward-looking statements are based upon reasonable assumptions, such statements involve known and unknown risks and uncertainties, which may cause the actual results or performance of the Company to differ materially from such forward-looking statements. Such risks and uncertainties include, but are not limited to, (1) our ability to achieve our outlook regarding the first quarter 2023 and full year 2023, (2) our ability to recognize the expected savings from, and the timing and impact of, our cost reduction actions, (3) the duration and severity of the COVID-19 pandemic and the disruption to our business and the global economy caused by it, including its effect on our and our business partners’ supply chains, (4) the amount of our obligations and nature of our contractual restrictions pursuant to, and disputes that have or may hereafter arise under the agreements we entered into with Honeywell in connection with our spin-off, (5) the likelihood of continued success of our transformation programs and initiatives, (6) risks related to our recently completed acquisitions, including First Alert, including our ability to achieve the targeted amount of annual cost synergies, successfully integrate the acquired operations (including successfully driving category growth in connected offerings), and the expected net present value of tax benefits resulting from the First Alert transaction and (7) the other risks described under the headings “Risk Factors” and “Cautionary Statement Concerning Forward-Looking Statements” in our Annual Report on Form 10-K for the year ended December 31, 2021 and other periodic filings we make from time to time with the Securities and Exchange Commission. Forward-looking statements are not guarantees of future performance, and actual results, developments, and business decisions may differ from those envisaged by our forward-looking statements. Except as required by law, we undertake no obligation to update such statements to reflect events or circumstances arising after the date of this presentation and we caution investors not to place undue reliance on any such forward looking statements.

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Resideo 2022 Highlights

- Record revenue of $6.4B, up 9% y/y, and operating income of $611M driven by acquisitions and growth at ADI
- Initiated cost reduction actions and manufacturing optimization activities responding to customer destocking and slowing residential activity; $60M of expected savings in 2023
- Significant progress on software platforming, home energy management ecosystem, and ADI digital enablement and adjacent market expansion



REVENUE
$6.4B for 2022

+9% Y/Y



GROSS MARGIN
27.7% for 2022

+60 bps Y/Y



OPERATING INCOME
$611M for 2022

+9% Y/Y

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Products & Solutions 2022 Highlights

- Revenue of $2.8B, up 13% y/y, including $341M from First Alert and ~$95M negative impact from FX
- Strong price realization partially offsetting lower volumes and input cost inflation
- Restructuring and impairment expenses of $29M recorded in Q4 2022
- Completed acquisition of First Alert; 2022 performance ahead of initial expectations



REVENUE
$2.8B for 2022

+13% Y/Y



STRONG PRICE ACTION REALIZATION

+$200M Y/Y



AIR PRODUCT REVENUE
$953M for 2022

+11% Y/Y

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ADI Global Distribution 2022 Highlights

- Revenue of $3.6B, up 6% y/y, with strength in commercial oriented categories in North America; acquisitions added $86M y/y and ~$66M negative impact from FX
- E-commerce revenue grew 24% y/y and exclusive brands grew 25% y/y
- Gross margin and operating profit expansion while continuing to invest in systems and digital tools to drive long-term growth and profit expansion
- Adjacent category expansion with audio visual and data com sales surpassing $500 million



REVENUE
$3.6B for 2022

+6% Y/Y



GROSS MARGIN EXPANSION
19.4% for 2022

+130 bps Y/Y

AVARRO™ Capture advance UltraTech® POWER PRODUCTS

EXCLUSIVE BRANDS SALES GROWTH

+25% Y/Y

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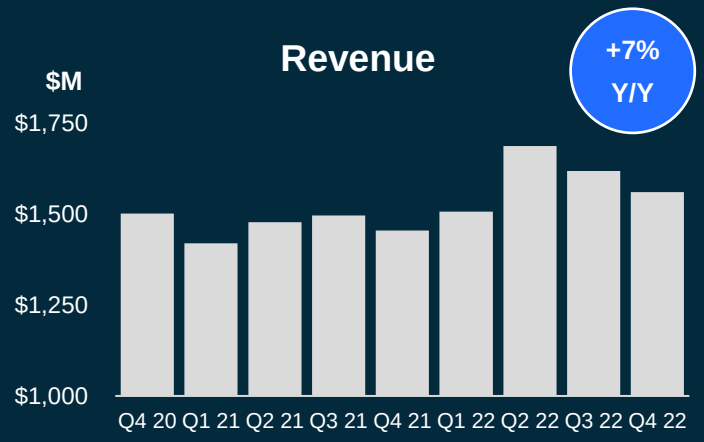
Q4 2022 and Full Year 2022 Financial Summary

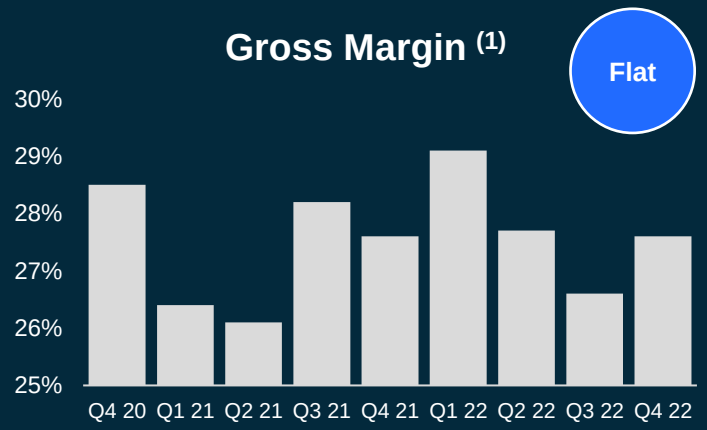
($ in millions, except per share)	Q4 2022	Q4 2021	% change Y/Y	FY 2022	FY 2021	% change Y/Y
Net Revenue	**1,560**	**1,454**	**+7%**	**6,370**	**5,846**	**+9%**
P&S Revenue (1)	693	633	+9%	2,783	2,468	+13%
ADI Revenue	867	821	+6%	3,587	3,378	+6%
Gross Margin (2)	**27.6%**	**27.6%**	**flat**	**27.7%**	**27.1%**	**+60 bps**
P&S Gross Margin (2)	38.4%	38.5%	-10 bps	38.7%	39.6%	-90 bps
ADI Gross Margin (2)	19.1%	19.2%	-10 bps	19.4%	18.1%	+130 bps
Operating Expense	**333**	**261**	**+28%**	**1,155**	**1,025**	**+13%**
Operating Profit	**98**	**141**	**-30%**	**611**	**559**	**+9%**
P&S Operating Profit	96	125	-23%	527	541	-3%
ADI Operating Profit	69	70	-1%	313	268	+17%
Corporate Operating Profit	(67)	(54)	-24%	(229)	(250)	+8%
Net Income	**39**	**67**	**-42%**	**283**	**242**	**+17%**
EPS – Diluted	**0.26**	**0.45**	**-42%**	**1.90**	**1.63**	**+17%**

(1) Net segment revenue excluding intersegment revenue
(2) Gross margin reflects change in presentation of intangible asset amortization

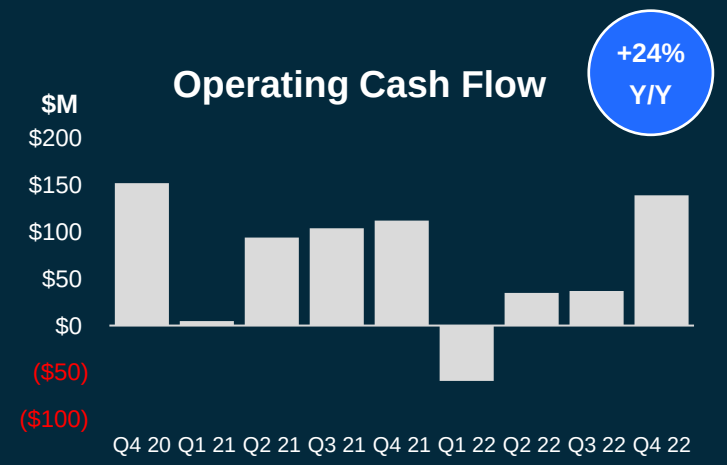
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Resideo Key Financial Trends









(1) Gross margin reflects change in presentation of intangible asset amortization

Q4 2022 HIGHLIGHTS

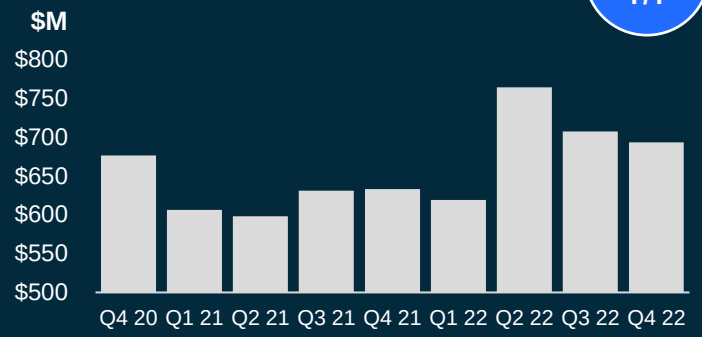
- Continued growth at ADI and from acquisitions partially offset by slowing residential growth trends within Products & Solutions
- Acquisitions added $139M to revenue y/y and FX was a ~$46M headwind
- Initiated cost reduction and facility optimization actions, resulting in $35M charge

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Products & Solutions Financial Trends

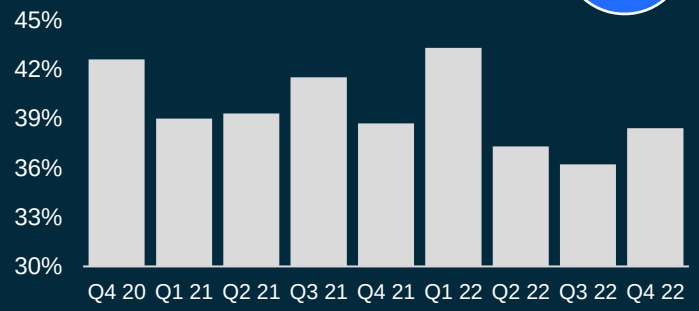
P&S Revenue (1)

+9% Y/Y



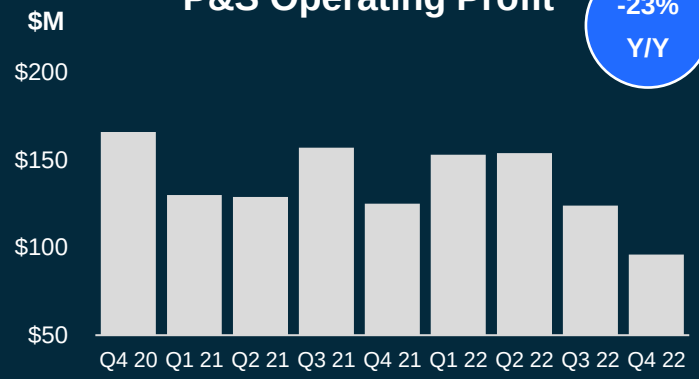
P&S Gross Margin (2)

-10 bps



P&S Operating Profit

-23% Y/Y



(1) Net segment revenue excluding intersegment revenue
(2) Gross margin reflects change in presentation of intangible asset amortization

Q4 2022 HIGHLIGHTS

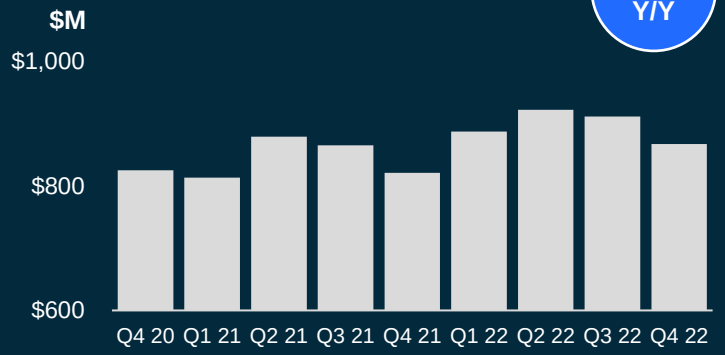
- Revenue grew 9% y/y driven by First Alert acquisition and realization on price actions, offset by FX headwinds and volume declines
- Volumes impacted by customer inventory destocking, particularly in distribution channel
- Operating income essentially flat y/y excluding restructuring costs
- First Alert delivered $116M of revenue and operating income of $12M

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ADI Global Distribution Financial Trends

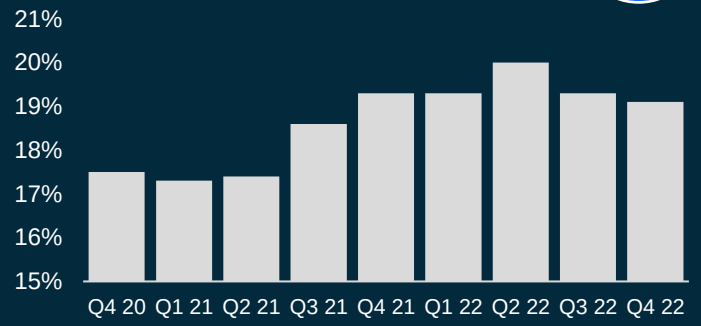
ADI Revenue

+6% Y/Y



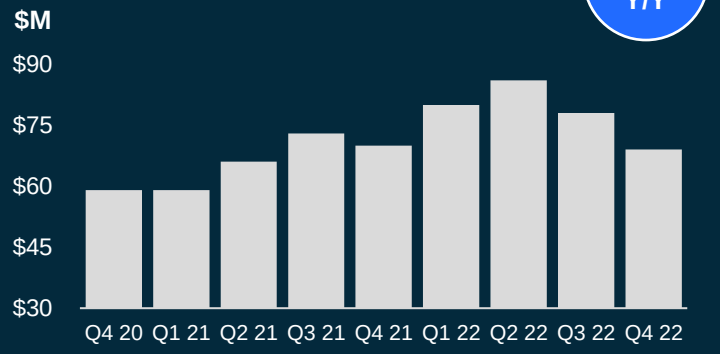
ADI Gross Margin (1)

-10 bps



ADI Operating Profit

-1% Y/Y



(1) Gross margin reflects change in presentation of intangible asset amortization

Q4 2022 HIGHLIGHTS

- Revenue up 6% y/y driven by growth in North America with acquisitions contributing $23M and FX headwinds of $20M
- Continued solid trends in commercial categories driven by Fire, Video Surveillance, and Access Control
- E-commerce sales up 22% y/y, supported by continued investment in e-commerce user experience

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Balance Sheet and Cash Flow Summary (Unaudited)

($ in millions)	Q4 2022	Q3 2022	Q4 2021
Cash and cash equivalents and restricted cash	329	255	779
Total debt	1,416	1,419	1,230
Accounts receivable, net	1,002	1,043	876
Inventories, net	975	957	740
Accounts payable	894	936	883
Cash provided (used) by operating activities	139	37	112
Cash capital expenditures	51	10	15

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2023 Outlook

($ in millions, except per share)	Q1 2023	2023
Revenue	$1,520 to $1,560	$6,200 to $6,550
Gross margin	26.3% to 27.3%	26.8% to 27.8%
GAAP operating profit	$120 to $140	$625 to $675
GAAP earnings per share (2)	$0.29 to $0.39	$1.85 to $2.15
Additional items	Avg. diluted shares ~149M	Corporate costs ~$210 Stock-based comp ~$50 D&A ~$90 Capital expenditures $90 - $100 Interest expense ~$79 Avg. diluted shares ~150M Effective tax rate mid-20s (1)

(1) Honeywell reimbursement agreement payments have limited tax deductibility; implied income statement tax rate likely will exceed effective rate

(2) Excluding any impact from the expected full re-measurement of pension and OPEB plan obligations. The amount of the gain or loss cannot currently be estimated.

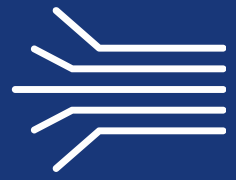
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Resideo Values



Start with the customer

We understand our customers' needs and pride ourselves on delivering exceptional experiences.



Act as one team

We work together toward common goals, engaging from a place of humility and respect.



Pioneer the future

We embrace change, boldly step into the unknown, and relentlessly foster innovation to fuel our growth.



Make a difference

We care about the long-lasting positive impact we make on each other, our customers, our communities, and the planet.

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APPENDIX

Summary Financial Results (Unaudited)

(in millions)	Q4 2022 Products and Solutions	Q4 2022 ADI Global Distribution	Q4 2022 Corporate	Q4 2022 Total Company	Full Year 2022 Products and Solutions	Full Year 2022 ADI Global Distribution	Full Year 2022 Corporate	Full Year 2022 Total Company
Net revenue	$ 693	$ 867	$ —	$ 1,560	$ 2,783	$ 3,587	$ —	$ 6,370
Cost of goods sold	427	701	1	1,129	1,707	2,891	6	4,604
Gross profit (loss)	266	166	(1)	431	1,076	696	(6)	1,766
Research and development expenses	30	—	—	30	110	—	1	111
Selling, general and administrative expenses	105	92	61	258	388	373	213	974
Intangible asset amortization	6	3	1	10	22	8	5	35
Restructuring and impairment expenses	29	2	4	35	29	2	4	35
Income (loss) from operations	$ 96	$ 69	$ (67)	$ 98	$ 527	$ 313	$ (229)	$ 611

(in millions)	Q4 2021 Products and Solutions	Q4 2021 ADI Global Distribution	Q4 2021 Corporate	Q4 2021 Total Company	Full Year 2021 Products and Solutions	Full Year 2021 ADI Global Distribution	Full Year 2021 Corporate	Full Year 2021 Total Company
Net revenue	$ 633	$ 821	$ —	$ 1,454	$ 2,468	$ 3,378	$ —	$ 5,846
Cost of goods sold	389	663	—	1,052	1,490	2,766	6	4,262
Gross profit (loss)	244	158	—	402	978	612	(6)	1,584
Research and development expenses	23	—	—	23	85	—	1	86
Selling, general and administrative expenses	92	86	53	231	333	339	237	909
Intangible asset amortization[1]	4	2	1	7	19	5	6	30
Restructuring and impairment expenses[2]	—	—	—	—	—	—	—	—
Income (loss) from operations	$ 125	$ 70	$ (54)	$ 141	$ 541	$ 268	$ (250)	$ 559

	Q4 2022 % change compared with prior period Products and Solutions	Q4 2022 % change compared with prior period ADI Global Distribution	Q4 2022 % change compared with prior period Corporate	Q4 2022 % change compared with prior period Total Company	Full Year 2022 % change compared with prior period Products and Solutions	Full Year 2022 % change compared with prior period ADI Global Distribution	Full Year 2022 % change compared with prior period Corporate	Full Year 2022 % change compared with prior period Total Company
Net revenue	9 %	6 %	N/A	7 %	13 %	6 %	N/A	9 %
Cost of goods sold	10 %	6 %	N/A	7 %	15 %	5 %	— %	8 %
Gross profit (loss)	9 %	5 %	N/A	7 %	10 %	14 %	— %	11 %
Research and development expenses	30 %	N/A	N/A	30 %	29 %	N/A	— %	29 %
Selling, general and administrative expenses	14 %	7 %	15 %	12 %	17 %	10 %	(10)%	7 %
Intangible asset amortization[1]	50 %	50 %	— %	43 %	16 %	60 %	(17)%	17 %
Restructuring and impairment expenses[2]	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Income (loss) from operations	(23)%	(1)%	24 %	(30)%	(3)%	17 %	(8)%	9 %

[1] The prior year information was reclassified to present intangible asset amortization as a separate line item. Intangible asset amortization was formerly included within cost of goods sold and selling, general and administrative expenses.

[2] The prior year information was reclassified to present restructuring and impairment expenses as a separate line item. Restructuring and impairment expenses were formerly included within cost of goods sold, research and development expenses, and selling, general and administrative expenses.

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Consolidated Statements of Operations (Unaudited)

(in millions)	Three Months Ended December 31, 2022	Three Months Ended December 31, 2021	Twelve Months Ended December 31, 2022	Twelve Months Ended December 31, 2021
Net revenue	$ 1,560	$ 1,454	$ 6,370	$ 5,846
Cost of goods sold[1][2]	1,129	1,052	4,604	4,262
Gross profit	431	402	1,766	1,584
Research and development expenses[2]	30	23	111	86
Selling, general and administrative expenses[1][2]	258	231	974	909
Intangible asset amortization[1]	10	7	35	30
Restructuring and impairment charges[2]	35	—	35	—
Income from operations	98	141	611	559
Other expenses, net	10	28	135	158
Interest expense, net	18	11	58	48
Income before taxes	70	102	418	353
Provision for income taxes	31	35	135	111
Net income	$ 39	$ 67	$ 283	$ 242
Earnings per share:				
Basic	$ 0.26	$ 0.46	$ 1.94	$ 1.68
Diluted	$ 0.26	$ 0.45	$ 1.90	$ 1.63
Weighted average number of shares outstanding:				
Basic	146	145	146	144
Diluted	149	149	149	148

[1] The prior year Consolidated Statements of Operations were reclassified to present intangible asset amortization as a separate line item. Amortization of other intangible assets were formerly included within cost of goods sold and selling, general and administrative expenses.

[2] The prior year Consolidated Statements of Operations were reclassified to present restructuring and impairment expenses as a separate line item. Restructuring and impairment expenses were formerly included within cost of goods sold, research and development expenses, and selling, general and administrative expenses.

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Consolidated Balance Sheets (Unaudited)

(in millions)	December 31, 2022	December 31, 2021
ASSETS		
Current assets:		
Cash and cash equivalents	$ 326	$ 775
Accounts receivable, net	1,002	876
Inventories, net	975	740
Other current assets	199	150
Total current assets	2,502	2,541
Property, plant and equipment, net	366	287
Goodwill	2,724	2,661
Intangible assets, net	475	120
Other assets	320	244
Total assets	$ 6,387	$ 5,853
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 894	$ 883
Current portion of long-term debt	12	10
Accrued liabilities	640	601
Total current liabilities	1,546	1,494
Long-term debt	1,404	1,220
Obligations payable under Indemnification Agreements	580	585
Other liabilities	328	302
Total liabilities	$ 3,858	$ 3,601
Stockholders' equity		
Common stock, $0.001 par value: 700 shares authorized, 148 and 146 shares issued and outstanding at December 31, 2022 and 146 and 145 shares issued and outstanding at December 31, 2021, respectively	—	—
Additional paid-in capital	2,176	2,121
Retained earnings	600	317
Accumulated other comprehensive loss, net	(212)	(165)
Treasury stock at cost	(35)	(21)
Total stockholders' equity	2,529	2,252
Total liabilities and stockholders' equity	$ 6,387	$ 5,853

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Consolidated Statements of Cash Flows (Unaudited)

(in millions)	Three Months Ended December 31, 2022	Three Months Ended December 31, 2021	Twelve Months Ended December 31, 2022	Twelve Months Ended December 31, 2021
Cash Flows From Operating Activities:				
Net income	$ 39	$ 67	$ 283	$ 242
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization	25	21	94	88
Restructuring and impairment charges	35	—	35	—
Stock-based compensation expense	14	10	50	39
Deferred income taxes	(3)	6	(3)	6
Other, net	(2)	(1)	6	3
Loss on extinguishment of debt	—	—	—	41
Changes in assets and liabilities, net of acquired companies:				
Accounts receivable, net	70	48	(72)	(30)
Inventories, net	7	(33)	(122)	(73)
Other current assets	12	33	(26)	27
Accounts payable	(48)	(23)	(43)	(42)
Accrued liabilities	(16)	(12)	(41)	14
Other, net	6	(4)	(9)	—
Net cash provided by operating activities	139	112	152	315
Cash Flows From Investing Activities:				
Capital expenditures	(51)	(15)	(85)	(63)
Acquisitions, net of cash acquired	(5)	—	(665)	(11)
Other investing activities, net	(1)	6	(14)	9
Net cash used in investing activities	(57)	(9)	(764)	(65)
Cash Flows From Financing Activities:				
Proceeds from issuance of A&R Term B Facility	—	—	200	1,250
Repayments of long-term debt	(3)	(3)	(12)	(1,188)
Payment of debt facility issuance and modification costs	—	—	(4)	(39)
Other financing activities, net	(9)	(5)	(14)	(3)
Net cash (used by) provided by financing activities	(12)	(8)	170	20
Effect of foreign exchange rate changes on cash, cash equivalents and restricted cash	4	(2)	(8)	(8)
Net increase (decrease) in cash, cash equivalents and restricted cash	74	93	(450)	262
Cash, cash equivalents and restricted cash at beginning of year	255	686	779	517
Cash, cash equivalents and restricted cash at end of year	$ 329	$ 779	$ 329	$ 779

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