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Q1 2023 RESULTS PRESENTATION

May 3, 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 second 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 disruption to our business and global economy caused by the lingering effects of COVID-19, (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, 2022 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.

Use of Non-GAAP Measures

This presentation includes certain “non-GAAP financial measures” as defined under the Securities Exchange Act of 1934 and in accordance with Regulation G. Management believes the use of such non-GAAP financial measures assists investors in understanding the ongoing operating performance of the Company by presenting the financial results between periods on a more comparable basis. Such non-GAAP financial measures should not be construed as an alternative to reported results determined in accordance with U.S. GAAP.

We have included reconciliations of these non-GAAP financial measures to the most directly comparable financial measures calculated and provided in accordance with U.S. GAAP at the end of this presentation. A reconciliation of the forecasted range for Non-GAAP Adjusted EBITDA for the second quarter and full year of 2023 is not included in this presentation due to the number of variables in the projected range and because we are currently unable to quantify accurately certain amounts that would be required to be included in the GAAP measure or the individual adjustments for such reconciliation. In addition, we believe such reconciliation would imply a degree of precision that would be confusing or misleading to investors.

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Resideo Q1 2023 Highlights

- Delivered results at the upper end of the outlook range
- Revenue of $1.5B, up 3% y/y, driven primarily by acquisitions
- Operating income of $138M, reflecting lower gross margin driven by input cost inflation and reduced organic volumes within Products & Solutions
- Improving supply chain and logistics environments and executing on restructuring initiatives



REVENUE
$1.5B for Q1 2023

+3% Y/Y



OPERATING INCOME
$138M for Q1 2023

-20% Y/Y



CORPORATE COSTS
$51M for Q1 2023

-16% Y/Y

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Products & Solutions Q1 2023 Highlights

- Revenue of $658M, up 6% y/y, with $98M from First Alert and ~$13M negative FX impact
- Headwinds from input cost inflation and softer residential end demand offset by ongoing price realization
- Introduced new products touching multiple end markets during the quarter
- Began facility optimization process with announced closing of San Diego castings facility



REVENUE
$658M for Q1 2023

+6% Y/Y



STRONG PRICE ACTION REALIZATION

+$28M Y/Y



AIR PRODUCT REVENUE
$211M for Q1 2023

-1% Y/Y

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ADI Global Distribution Q1 2023 Highlights

- Revenue of $891M, flat y/y, acquisitions added $23M y/y and ~$14M negative FX impact; daily sales average was up 2% y/y
- E-commerce revenue grew 17% y/y and total touchless sales grew to 39% of total sales
- Residential end market softness in AV and Security categories
- Gross margin relatively stable y/y with operating expense increase driven by continued investment in systems and digital tools to support long-term growth and profit expansion



REVENUE
$891M for Q1 2023

Flat Y/Y



GROSS MARGIN
19.2% for Q1 2023

-10 bps Y/Y



E-COMMERCE SALES GROWTH

+17% Y/Y

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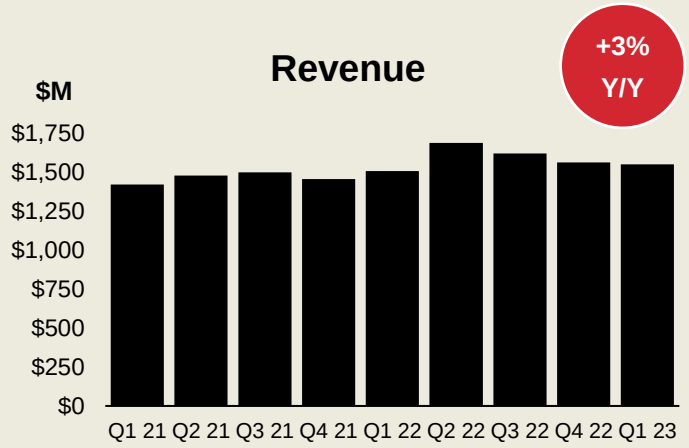
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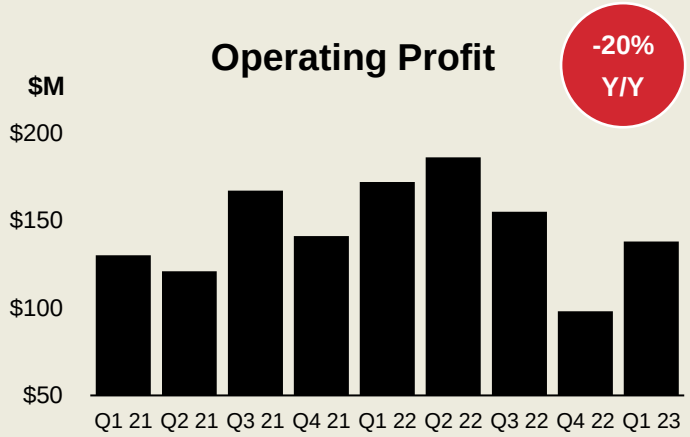
Q1 2023 Financial Summary

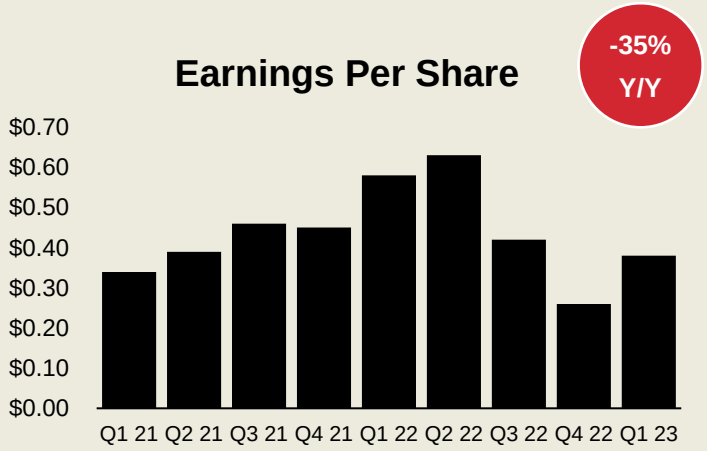
($ in millions, except per share)	Q1 2023	Q1 2022	% change Y/Y
Net Revenue	**1,549**	**1,506**	**+2.9%**
P&S Revenue	658	619	+6.2%
ADI Revenue	891	887	+0.5%
Gross Margin	**27.1%**	**29.1%**	**-200 bps**
P&S Gross Margin	38.0%	43.3%	-530 bps
ADI Gross Margin	19.2%	19.3%	-10 bps
Operating Expense	**282**	**267**	**+5.8%**
Operating Profit	**138**	**172**	**-20%**
P&S Operating Profit	117	153	-24%
ADI Operating Profit	72	80	-10%
Corporate Operating Profit	(51)	(61)	+16%
Net Income	**57**	**87**	**-34%**
EPS – Diluted	**0.38**	**0.58**	**-35%**

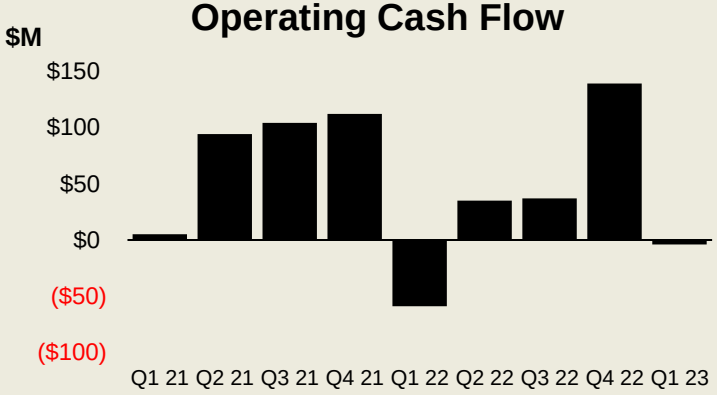
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Resideo Key Financial Trends









Q1 2023 HIGHLIGHTS

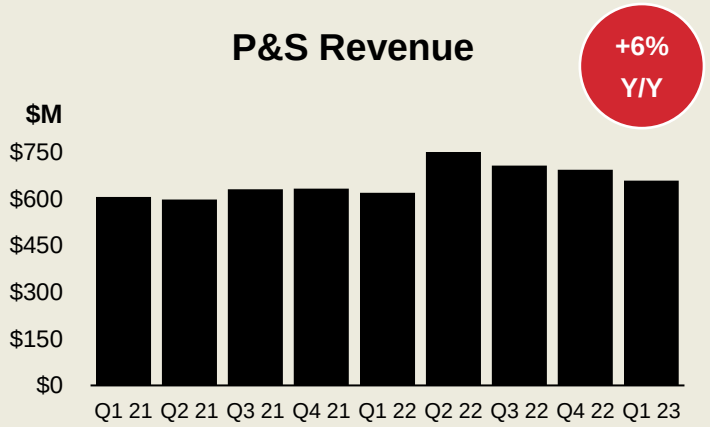
- Softer end demand trends across residential categories
- Acquisitions added $121M to revenue y/y and FX was a ~$27M headwind
- Total OPEX up 6% y/y on inclusion of First Alert expenses, offset by lower corporate costs and initial restructuring benefits
- Operating cash flow reflects improved working capital y/y

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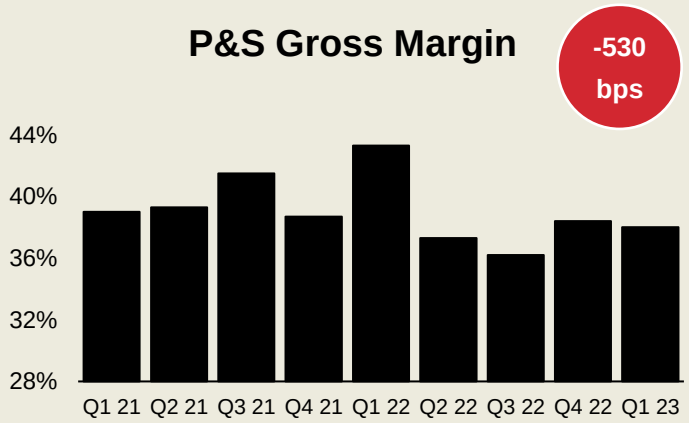
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Products & Solutions Financial Trends

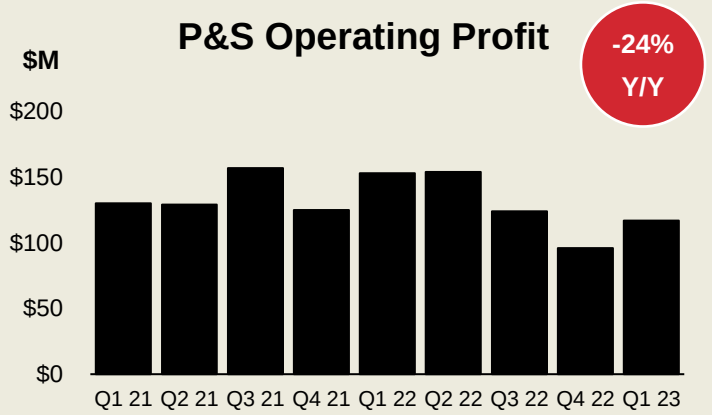
P&S Revenue



P&S Gross Margin



P&S Operating Profit

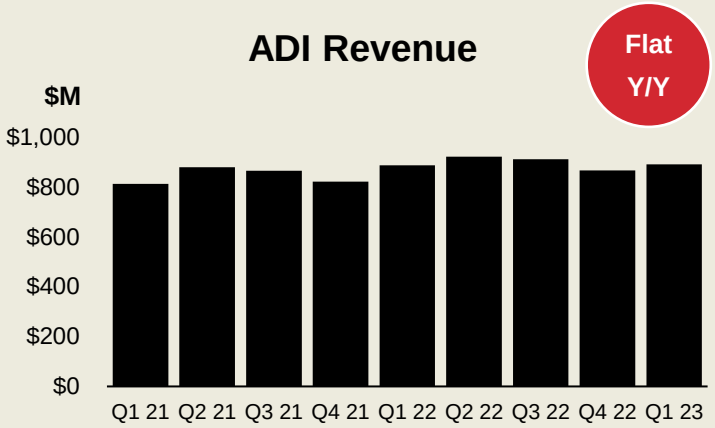


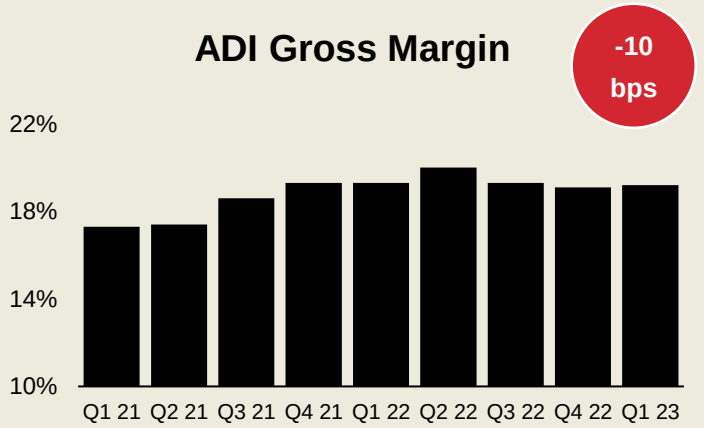
Q1 2023 HIGHLIGHTS

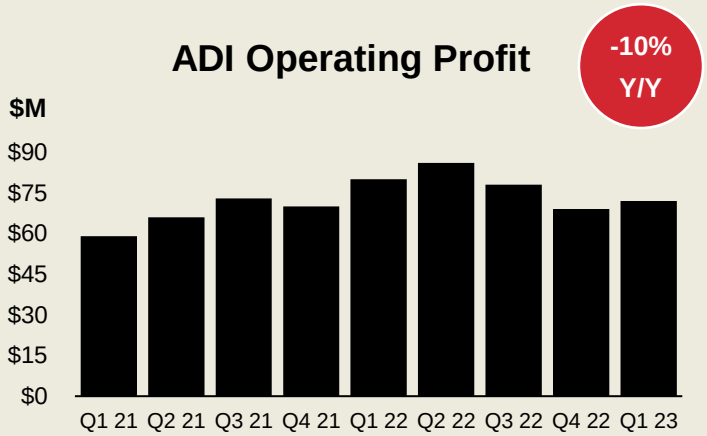
- Revenue grew 6% y/y driven by First Alert acquisition and realization on price actions, offset by volume declines and FX headwinds
- Slower activity in traditional Security and Energy
- Gross margin impacted by continued inflationary pressure, lower margin First Alert revenue, and volume declines, partially offset by pricing actions
- Operating expense impacted y/y by inclusion of First Alert

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ADI Global Distribution Financial Trends







Q1 2023 HIGHLIGHTS

- Revenue essentially flat y/y with daily sales average up 2%
- Acquisitions and price increases were offset by lower volumes and FX headwinds
- Growth in commercial categories offset by declines in AV and residential Security
- E-commerce sales up 17% y/y, up to 20% of total ADI sales
- Ongoing investment in pricing and digital sales enablement tools, user experience, and IT infrastructure

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Balance Sheet and Cash Flow Summary (Unaudited)

($ in millions)	Q1 2023	Q4 2022	Q1 2022
Cash and cash equivalents	292	326	240
Total debt	1,414	1,416	1,424
Accounts receivable, net	985	1,002	1,008
Inventories, net	1,008	975	922
Accounts payable	894	894	958
Cash provided (used) by operating activities	(4)	139	(59)
Cash capital expenditures	20	51	19

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2023 Outlook

($ in millions)	Q2 2023	2023 UPDATED	2023 PREVIOUS
Revenue	$1,590 to $1,640	Unchanged	$6,200 to $6,550
Gross margin	26.8% to 27.8%	Unchanged	26.8% to 27.8%
GAAP Operating profit	$150 to $170	Unchanged	$625 to $675
GAAP EPS	$0.41 to $0.51	$1.80 to $2.00	$1.85 to $2.15
Adjusted EBITDA	--------	$610 - $660	--------
Additional items	Restructuring expense ~$2 Reimbursement expense ~$41 Net interest expense ~$19 Avg. diluted shares ~149M	Corporate costs ~$210 Restructuring expense ~$4 Stock-based comp ~$50 D&A ~$95 Capital expenditures ~$100 Net interest expense ~$75 Reimbursement expense ~$164 Avg. diluted shares ~150M	Corporate costs ~$210 Stock-based comp ~$50 D&A ~$90 Capital expenditures ~$100 Net interest expense ~$79 Avg. diluted shares ~150M

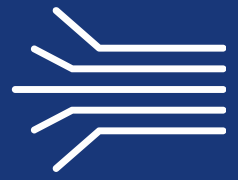
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Our Values



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

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Summary Financial Results (Unaudited) (1)

(in millions)	Q1 2023 Products and Solutions	Q1 2023 ADI Global Distribution	Q1 2023 Corporate	Q1 2023 Total Company	Q1 2022 Products and Solutions	Q1 2022 ADI Global Distribution	Q1 2022 Corporate	Q1 2022 Total Company	Q1 2023 % change compared with prior period: Products and Solutions	ADI Global Distribution	Corporate	Total Company
Net revenue	$ 658	$ 891	$ —	$ 1,549	$ 619	$ 887	$ —	$ 1,506	6 %	— %	N/A	3 %
Cost of goods sold	408	720	1	1,129	351	716	1	1,068	16 %	1 %	— %	6 %
Gross profit (loss)	250	171	(1)	420	268	171	(1)	438	(7)%	— %	— %	(4)%
Research and development expenses	27	—	—	27	24	—	—	24	13 %	N/A	N/A	13 %
Selling, general and administrative expenses	98	97	49	244	87	90	59	236	13 %	8 %	(17)%	3 %
Intangible asset amortization	6	2	1	9	4	1	1	6	50 %	100 %	— %	50 %
Restructuring and impairment expenses	2	—	—	2	—	—	—	—	N/A	N/A	N/A	N/A
Income (loss) from operations	$ 117	$ 72	$ (51)	$ 138	$ 153	$ 80	$ (61)	$ 172	(24)%	(10)%	(16)%	(20)%

(1) Dollars reported in millions herein are computed based on the amounts in thousands. As a result, the sum of the components, and related calculations, reported in millions may not equal the total amounts due to rounding.

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Consolidated Interim Statements of Operations (Unaudited)

(in millions, except per share data)	Three Months Ended April 1, 2023	Three Months Ended April 2, 2022
Net revenue	$ 1,549	$ 1,506
Cost of goods sold	1,129	1,068
Gross profit	420	438
Research and development expenses	27	24
Selling, general and administrative expenses	244	236
Intangible asset amortization	9	6
Restructuring and impairment expenses	2	—
Income from operations	138	172
Reimbursement Agreement expense [1]	41	41
Other income, net	(2)	(1)
Interest expense, net	18	11
Income before taxes	81	121
Provision for income taxes	24	34
Net income	$ 57	$ 87
Earnings per share:		
Basic	$ 0.39	$ 0.60
Diluted	$ 0.38	$ 0.58
Weighted average number of shares outstanding:		
Basic	147	145
Diluted	149	149

[1] Represents the expense incurred pursuant to the Reimbursement Agreement, which has an annual cash payment cap of $140 million. The following table summarizes information concerning the Reimbursement Agreement:

(in millions)	Three Months Ended April 1, 2023	Three Months Ended April 2, 2022
Accrual for Reimbursement Agreement liabilities deemed probable and reasonably estimable	$ 41	$ 41
Cash payments made to Honeywell	(35)	(35)
Accrual increase, non-cash component in period	$ 6	$ 6

Refer to Note 16. Commitments and Contingencies in our Form 10Q for the period ended April 1, 2023 for further discussion.

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Consolidated Interim Balance Sheets (Unaudited)

(in millions)	April 1, 2023	December 31, 2022
ASSETS		
Current assets:		
Cash and cash equivalents	$ 292	$ 326
Accounts receivable, net	985	1,002
Inventories, net	1,008	975
Other current assets	210	199
Total current assets	2,495	2,502
Property, plant and equipment, net	379	366
Goodwill	2,736	2,724
Intangible assets, net	471	475
Other assets	318	320
Total assets	$ 6,399	$ 6,387
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 894	$ 894
Current portion of long-term debt	12	12
Accrued liabilities	563	640
Total current liabilities	1,469	1,546
Long-term debt	1,402	1,404
Obligations payable under Indemnification Agreements	584	580
Other liabilities	340	328
Total liabilities	3,795	3,858
Stockholders' equity		
Common stock, $0.001 par value: 700 shares authorized, 150 and 147 shares issued and outstanding at April 1, 2023 and 148 and 146 shares issued and outstanding at December 31, 2022, respectively	—	—
Additional paid-in capital	2,191	2,176
Retained earnings	657	600
Accumulated other comprehensive loss, net	(200)	(212)
Treasury stock at cost	(44)	(35)
Total stockholders' equity	2,604	2,529
Total liabilities and stockholders' equity	$ 6,399	$ 6,387

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Consolidated Interim Statements of Cash Flows (Unaudited)

(in millions)	Three Months Ended April 1, 2023	Three Months Ended April 2, 2022
Cash Flows From Operating Activities:		
Net income	$ 57	$ 87
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation and amortization	24	20
Stock-based compensation expense	12	11
Other, net	2	2
Changes in assets and liabilities, net of acquired companies:		
Accounts receivable, net	23	(61)
Inventories, net	(27)	(66)
Other current assets	(8)	(12)
Accounts payable	(12)	17
Accrued liabilities	(86)	(66)
Other, net	11	9
Net cash used in operating activities	(4)	(59)
Cash Flows From Investing Activities:		
Capital expenditures	(20)	(19)
Acquisitions, net of cash acquired	(6)	(633)
Other investing activities, net	—	(13)
Net cash used in investing activities	(26)	(665)
Cash Flows From Financing Activities:		
Proceeds from issuance of A&R Term B Facility	—	200
Repayments of long-term debt	(3)	(3)
Payment of debt facility issuance and modification costs	—	(4)
Other financing activities, net	(6)	(4)
Net cash (used in) provided by financing activities	(9)	189
Effect of foreign exchange rate changes on cash, cash equivalents and restricted cash	6	—
Net decrease in cash, cash equivalents and restricted cash	(33)	(535)
Cash, cash equivalents and restricted cash at beginning of period	329	779
Cash, cash equivalents and restricted cash at end of period	$ 296	$ 244

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Non-GAAP Financial Measures and Reconciliations (Unaudited)

Adjusted Net Income Per Diluted Share and Net Income Comparison

	Three Months Ended	
	April 1, 2023	April 2, 2022
GAAP Net income per diluted common share	$ 0.38	$ 0.58
Restructuring and impairment expenses	0.01	—
Acquisition related costs	—	0.07
Pension settlement loss	0.02	—
Other	(0.01)	—
Tax effect of applicable non-GAAP adjustments [1]	(0.01)	(0.02)
Non-GAAP Adjusted net income applicable to common shares	$ 0.39	$ 0.63

	Three Months Ended	
(in millions)	April 1, 2023	April 2, 2022
GAAP Net income applicable to common shares	$ 57	$ 87
Restructuring and impairment expenses	2	—
Acquisition related costs	—	10
Pension settlement loss	3	—
Other	(2)	—
Tax effect of applicable non-GAAP adjustments [1]	(1)	(3)
Non-GAAP Adjusted net income applicable to common shares	$ 59	$ 94

[1] The Company calculated the tax effect of non-GAAP adjustments by applying a flat statutory tax rate of 25% for the three months ended April 1, 2023 and April 2, 2022.

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Non-GAAP Financial Measures and Reconciliations (Unaudited)

Adjusted EBITDA

(in millions)	Three Months Ended April 1, 2023	Three Months Ended April 2, 2022
Net revenue	$ 1,549	$ 1,506
GAAP Net income applicable to common shares	$ 57	$ 87
Provision for income taxes	24	34
GAAP Income before taxes	81	121
Depreciation and amortization	24	20
Interest Expense, net	18	11
Stock-based compensation expense	12	11
Pension settlement loss	3	—
Restructuring and impairment expenses	2	—
Acquisition related costs	—	10
Tax matters settlement	(2)	—
Non-GAAP Adjusted EBITDA	$ 138	$ 173
Non-GAAP Adjusted EBITDA as a % of net revenue	8.9 %	11.5 %

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Non-GAAP Financial Measures and Reconciliations (Unaudited)

Adjusted EBITDA

PRODUCTS AND SOLUTIONS

(in millions)	Three Months Ended April 1, 2023	Three Months Ended April 2, 2022
Net revenue	$ 658	$ 619
GAAP Income from operations	$ 117	$ 153
Stock-based compensation expense	4	4
Restructuring and impairment expenses	2	—
Non-GAAP Adjusted Income from Operations	$ 123	$ 157
Depreciation and amortization	17	15
Non-GAAP Adjusted EBITDA	$ 140	$ 172
Non-GAAP Adjusted EBITDA as a % of net revenue	21.3 %	27.8 %

ADI GLOBAL DISTRIBUTION

(in millions)	Three Months Ended April 1, 2023	Three Months Ended April 2, 2022
Net revenue	$ 891	$ 887
GAAP Income from operations	$ 72	$ 80
Stock-based compensation expense	2	2
Non-GAAP Adjusted Income from Operations	$ 74	$ 82
Depreciation and amortization	4	3
Non-GAAP Adjusted EBITDA	$ 78	$ 85
Non-GAAP Adjusted EBITDA as a % of net revenue	8.8 %	9.6 %

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