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**Tony Trunzo, CFO**
**Jason Willey, VP IR**

**November 7, 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 fourth quarter 2023 and full year 2023, (2) our ability to recognize the expected savings from, and the timing and impact of, our existing and anticipated cost reduction actions, and our ability to optimize our portfolio and operational footprint (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) risks related to our recently completed acquisitions including our ability to achieve the targeted amount of annual cost synergies and successfully integrate the acquired operations (including successfully driving category growth in connected offerings), (6) the Company’s announced share repurchase program, the timing, purchase price and number of additional shares purchased under such program, if at all, the sources of funds under the repurchase program and the impacts of the repurchase program, 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 and accompanying earnings material 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.

The Company discloses a tabular comparison of Non-GAAP Adjusted Net Income, Non-GAAP Adjusted Net Income per diluted common share, Non-GAAP Adjusted EBITDA, and Non-GAAP Adjusted Income from Operations, each of which is a non-GAAP measure, because management believes that they are instrumental in comparing the results from period to period. Non-GAAP Adjusted Net Income, Non-GAAP Adjusted Net Income per diluted common share, Non-GAAP Adjusted EBITDA, and Non-GAAP Adjusted Income from Operations should not be considered in isolation or as a substitute for Net Income, Net Income per diluted common share or Income from operations, as applicable, as reported on the face of our consolidated statements of operations. We define Non-GAAP Adjusted Net Income and Non-GAAP Adjusted Net Income per diluted common share as Net Income and Net income per diluted common share, respectively, as set forth on the face of our consolidated statements of operations, adjusted for the following items: pension settlement loss, restructuring and impairment expenses; acquisition/divestiture related costs, divestiture loss, litigation settlement, net of insurance proceeds, Tax Matters Agreement gain, foreign exchange transaction loss (income), and tax effect of applicable non-GAAP adjustments. We define Non-GAAP Adjusted EBITDA as Net Income as set forth on the face of our consolidated statements of operations, adjusted for the following items: provision for income taxes; depreciation and amortization; interest expense, net; stock-based compensation expense, pension settlement loss, restructuring and impairment expenses; acquisition/divestiture related costs, divestiture loss, litigation settlement, net of insurance proceeds, and Tax Matters Agreement gain, and foreign exchange transaction loss (income). We define Non-GAAP Adjusted Income from Operations as Income from operations as set forth on the face of our consolidated statements of operations, adjusted for the following items: stock-based compensation expense, restructuring and impairment charges, and acquisition/divestiture related costs. 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.


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# Resideo (NYSE: REZI) Snapshot

**$6.4B**
2022 Revenue

**$611M**
2022 Operating Income

**$1.90**
2022 GAAP EPS

A Leading Provider of **Products and Services** for the Home



Presence in
**150M**
Homes

A Leading **Security Distribution** Business

**1,000+**
SUPPLIERS

**350,0000+**
PRODUCTS

**12 years**
of consecutive revenue growth at ADI

***Trusted brands***

ADI a resideo company

FIRST ALERT

Honeywell Home

**Resideo is a leading global manufacturer and distributor** of technology-driven products and solutions that provide comfort, safety and security, energy efficiency, and control to residential and commercial customers worldwide.

Building on a 130-year heritage, Resideo has a presence in more than 150 million homes. We continue to serve more than 100,000 professionals through leading distributors, including our ADI Global Distribution business, which exports to more than 100 countries from nearly 200 stocking locations around the world.


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# Resideo Investment Opportunity



**Differentiated Channel and Product Breadth**



**Growth Initiatives**




**Structural Margin Expansion**


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# Products & Solutions Segment



# Broad Product Set Touching Large Markets Across the Home

**$2.8B**
2022 Segment Revenue

## SOLUTIONS & SERVICES

**$527M**
2022 Segment Operating Income

Energy management / demand response | Equipment predictive maintenance | Indoor Air Quality data insights | Remote monitoring and automation

### AIR

- Thermostats
- Air Quality
- De-/Humidifiers
- Hydronics
- Zoning

**34%** of 2022 P&S segment sales

**+$3B** Core Addressable Category

### SECURITY & SAFETY

- Professional Residential Intrusion Systems
- Video Surveillance
- Smoke and CO Alarms, Fire Extinguishers

**33%** of 2022 P&S segment sales

**~$4B** Core Addressable Category

### WATER

- Potable Water Controls
- Backflow Prevention
- Leakage Detection and Prevention

**12%** of 2022 P&S segment sales

**+$2.5B** Core Addressable Category

### ENERGY

Controls and combustion systems components for Furnaces, Water Heaters, Boilers, and Heat Pumps

**21%** of 2022 P&S segment sales

**~$2B** Core Addressable Category

Core Addressable Category reflects categories where Resideo has a strategic focus and a meaningful presence. Category sizing based on Resideo estimates and third-party research.


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# Channel Strategy Focused on Pro Installer

## Multiple Channels to the Pro

Products sold through **Distributors and Security Dealers**

Partnerships with **OEMs**

**Utility and Insurance** product rebate programs

**Retail** strategy for DIY / DIFM

Residential new construction **Builder** programs

## Resideo Pro Network

**Central to all our channels**

- Critical to repair and remodel and new home construction
- Customers of our distribution partners
- Increasing Pro sales at Retail

**Drives repeat business with the homeowner**

**Many relationships extend multiple decades**


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# Exposure to Attractive Secular Growth Trends



**CONNECTED HOME**

- Smart thermostats
- Water leak detection
- Air quality monitoring
- Preventative maintenance insights



**HOME ENERGY MANAGEMENT**

- Energy efficient products
- Demand response services
- Equipment monitoring services



**RESIDENTIAL LIFE SAFETY**

- Hardware and software for monitored security
- A leader in residential smoke / CO detection
- AI video analytics



**ENERGY DELIVERY TRANSITIONS**

- Hydrogen – $H_2$ ready products
- Heat pumps
- Gas to electric

**Growing housing demand and ageing housing stock expected to drive investment**


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# Envisioning The Future Home

**Proactive Homes**

**Seamless User Experience**

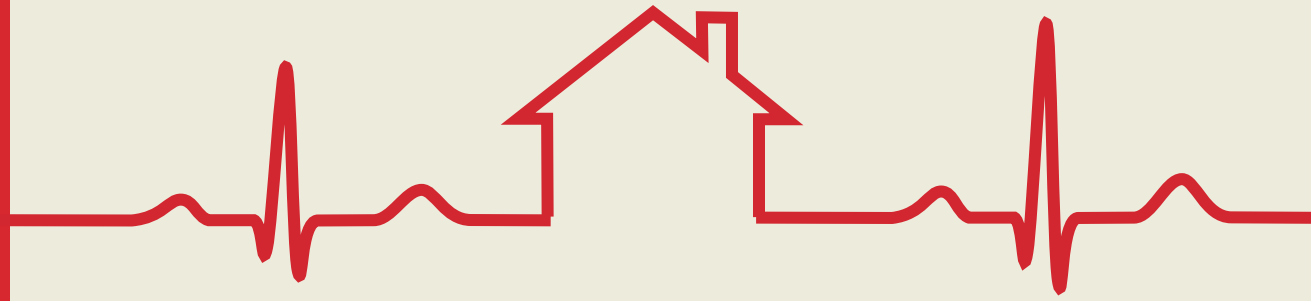
**Systems working together as an ecosystem**

**Homeowner Driven Insights**

**Data Privacy and Protection**

**Reducing pain points to help provide safer, happier and more comfortable homes.**

- More connected / intelligent
- More comfortable home
- Reduced energy consumption
- Better safety
- Predictive maintenance




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# Structural Margin Opportunity



**MANUFACTURING OPTIMIZATION**

- Factory automation
- Outsourcing non-value add activities
- Footprint consolidation



**RECAPTURE INPUT COST INFLATION**

- Price realization
- Freight
- Electronic components
- Value / cost engineering



**PORTFOLIO OPTIMIZATION**

- Divest non-strategic assets
- End-of-life management
- SKU reduction
- Redeploying existing R&D spending



**NEW PRODUCTS**

- Innovation focus
- Connectivity
- Actionable analytics
- Services tie-in

Taking actions to drive long-term, sustainable profitability improvement


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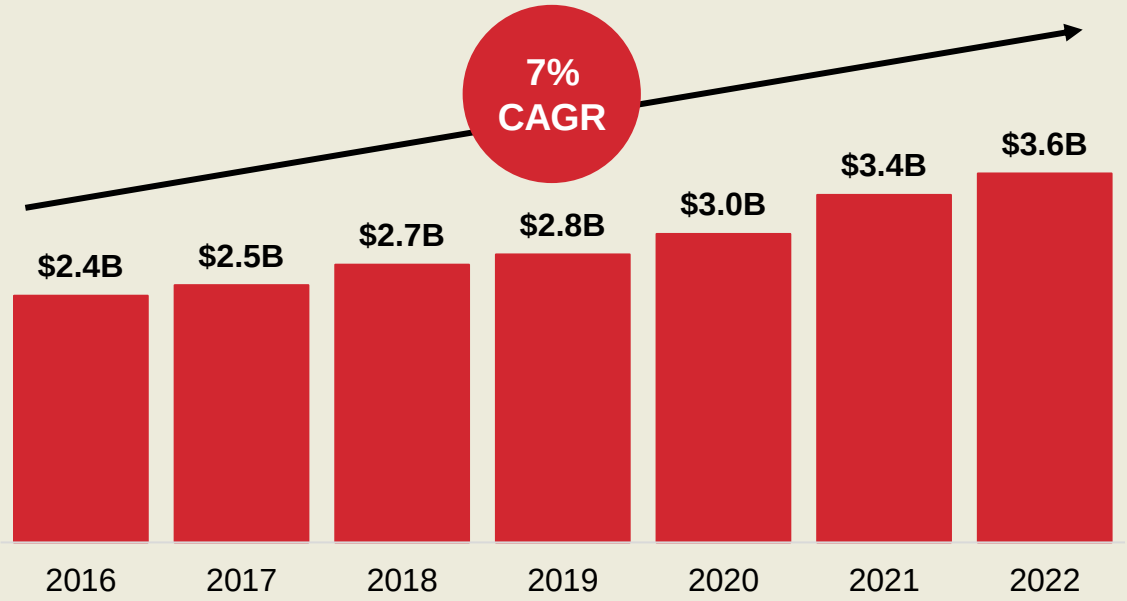
# ADI Global Distribution Segment



# A Leading Security Distribution Platform

- Intrusion
- Data Communications
- Fire
- Residential & Pro AV
- Access Control
- Networking
- Video Surveillance
- Wire & Cable
- Power

ADI a resideo company




**ADI Revenue**

**19.4%**
2022 Segment Gross Margin

**$313M**
2022 Segment Operating Income


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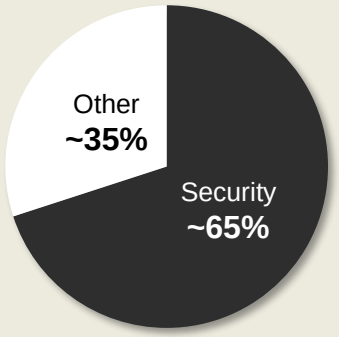
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# Differentiated Value Proposition

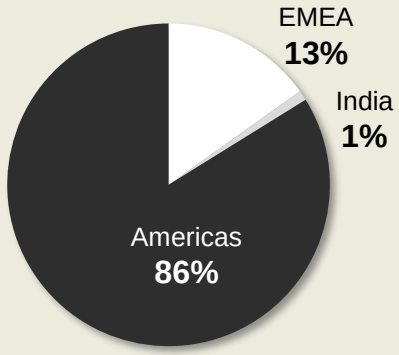
| Omnichannel | Geographic Footprint | Products & Technology | Expert Sales Support | Growth Culture | Digitally Enabled |
|---|---|---|---|---|---|
| Physical locations, e-commerce and in-person consultative sales support | Local product availability in +190 markets | Wide selection of over 350,000 products | Technology and systems design experts | Twelve consecutive years of revenue growth | Convenient digital shopping options |

## 2022 ADI Global Distribution Snapshot

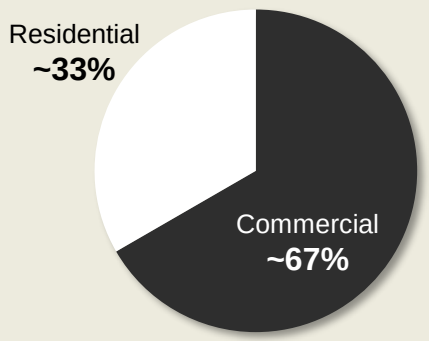
Sales by Product Category



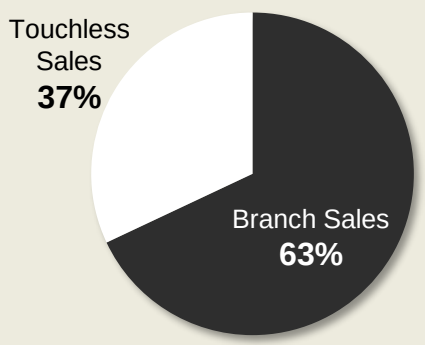

Sales by Geography (2)




Sales by End Market (1)




Sales by Channel




(1) Resideo management estimates
(2) ADI India business sold in October 2022

**Core Addressable Categories of ~$14B for 2023**

- Core Addressable Category reflects categories where Resideo has a strategic focus and a meaningful presence. Category sizing based on Resideo estimates and third-party research.


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# Business Model Built for the Pro

## Leading Pros Rely on ADI

ADI’s wide selection and availability of products, configured solutions, and industry expertise enables dealers and integrators to operate more efficiently and offer reliable services. It is why ADI is a leading security and low-voltage distributor.



### Wide Selection of Brands

Access to the newest technologies and large selection of products



### Immediate Product Availability

Thousands of items in-stock and available for shipping or pickup



### Knowledgeable Sales Staff

Team of experts across every product category and application



### Systems Design and Value-Added Services

Systems design, configuration and product selection support for any project


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# Adjacent Category Expansion



## Pro AV

Audio and visual products professionally installed in commercial applications

**+$200M**
of 2022 sales

**~$60B**
TAC



## Residential AV

Home automation, control, audio visual, networking and smart devices professionally installed in homes

**+$150M**
of 2022 sales

**~$7B**
TAC



## Data Communications

Cabling, associated accessories and networking hardware professionally installed in commercial applications

**+$150M**
of 2022 sales

**~$8B**
TAC

- Total Addressable Category (TAC) sizing based on Resideo estimates and third-party research.


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# Driving Margin Expansion

**Enhance customer experience**

**Expand product technology offerings**

**Broaden Market coverage**

**Drive sales force effectiveness**

**Bolt-on M&A**



**E-COMMERCE ACCELERATION**

- Website and App
- Omnichannel Integration
- Product Information System

AVARRO™

Capture advance

UltraTech POWER PRODUCTS

**EXCLUSIVE BRANDS**

- Expanded product offering
- Cost-effective options
- Attractive margins



**SALES FORCE EFFECTIVENESS**

- CRM and Data Analytics
- AI/Machine Learning
- Pricing Optimization

**Delivered significant gross margin expansion over past two years**

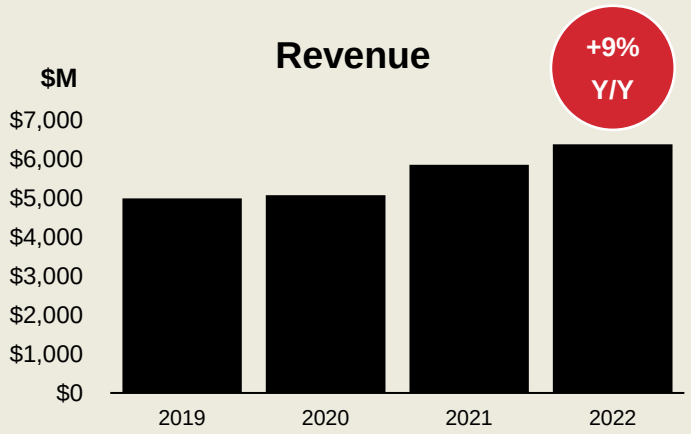

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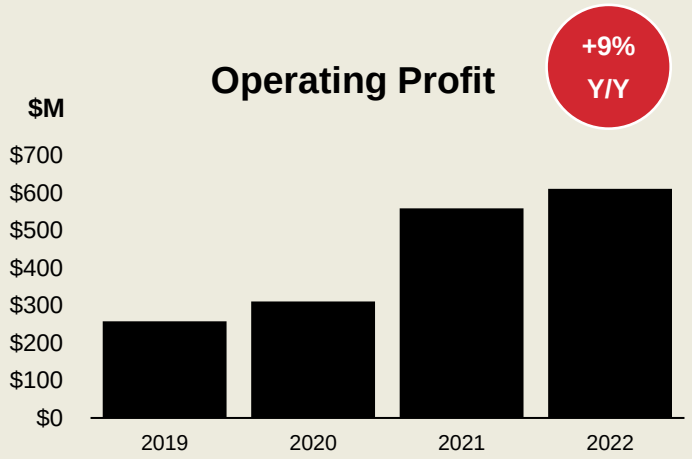
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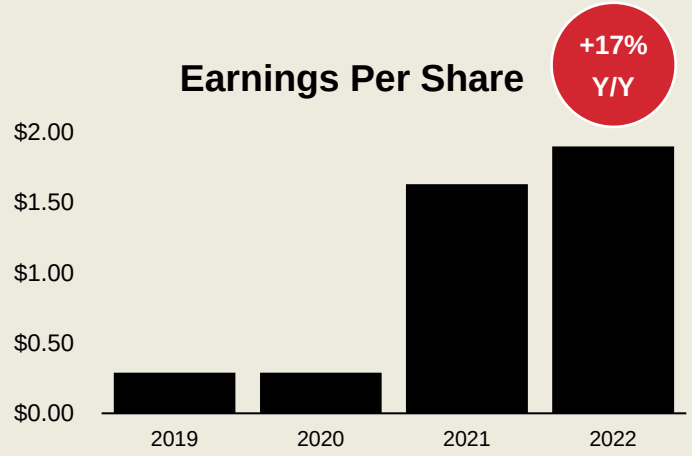
# Financial Summary

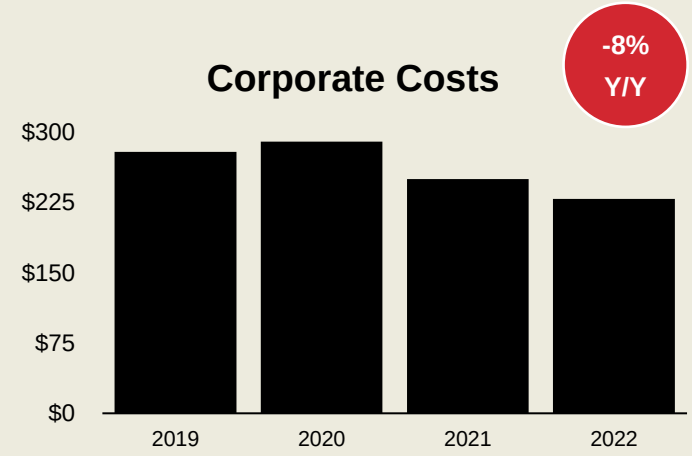


# Resideo Key Financial Trends




## HIGHLIGHTS

- Record revenue of $6.4B in 2022 and operating income of $611M driven by acquisitions and growth at ADI
- Progress on software platforming, home energy management, and ADI digital enablement and adjacent expansion
- Initiated cost reduction and manufacturing optimization actions responding to customer destocking and slowing residential activity
- Corporate spend down 8% y/y in 2022 and over past three years corporate costs declined by 18%


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# Resideo Q3 2023 Highlights

- Financial results above midpoint of outlook range (excluding restructuring)
- Sharpened focus on portfolio optimization
- Driving further cost cutting initiatives to lower near-term and structural costs
- Continue to enhance digital experience at ADI, supporting touchless sales growth
- Repurchased 1.8M shares for $30M as part of $150M repurchase program



**REVENUE**
$1.55B for Q3 2023

**-4% Y/Y**



**ADJUSTED EBITDA**
$138M for Q3 2023

**-14% Y/Y**



**CASH FROM OPERATIONS**
$60M for Q3 2023

**+62% Y/Y**


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# Q3 2023 Financial Summary

| *($ in millions, except per share)* | Q3 2023 | Q3 2022 | % change Y/Y |
|---|---|---|---|
| **Net Revenue** | **1,554** | **1,618** | **-4%** |
| P&S Revenue | 654 | 707 | -7% |
| ADI Revenue | 900 | 911 | -1% |
| **Gross Margin** | **26.8%** | **26.6%** | **+20bps** |
| P&S Gross Margin | 38.7% | 36.2% | +250bps |
| ADI Gross Margin | 18.3% | 19.3% | -100bps |
| **Operating Profit** | **109** | **155** | **-30%** |
| P&S Operating Profit | 107 | 124 | -14% |
| ADI Operating Profit | 60 | 78 | -23% |
| Corp. Operating Expense | (58) | (47) | +23% |
| **Adjusted EBITDA** | **138** | **160** | **-14%** |
| **EPS – Diluted** | **0.14** | **0.42** | **-67%** |
| **Non-GAAP EPS – Diluted** | **0.41** | **0.48** | **-15%** |


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# Balance Sheet and Cash Flow Summary (Unaudited)

| *($ in millions)* | Sept 30, 2023 | Dec 31, 2022 | Oct 1, 2022 |
|---|---|---|---|
| Cash and cash equivalents | 368 | 326 | 255 |
| Total debt | 1,409 | 1,416 | 1,419 |
| Accounts receivable, net | 988 | 1,002 | 1,043 |
| Inventories, net | 970 | 975 | 957 |
| Accounts payable | 863 | 894 | 936 |
| Cash provided (used) by operating activities | 60 | 139 | 37 |
| Cash capital expenditures | 25 | 51 | 10 |


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# Capital Allocation and Investment Priorities

## Inorganic

### ADI Global Distribution



- Adjacent categories
- Bolt-on M&A
- Service offerings
- Broaden market coverage

### Products & Solutions



- Software, AI and data analytics capabilities
- Accelerate growth in attractive categories
- Grow intelligent sensor capabilities and footprint within home

## Organic

- 2023 capital expenditures of ~$100M
- Investment in factory automation
- Targeted engineering and R&D investment to drive future growth
- Systems upgrades to support growth and digital initiatives

## Capital Return

- $150M share repurchase authorization initiated in early August 2023

**High Return Investment to Augment and Accelerate Organic Strategy**


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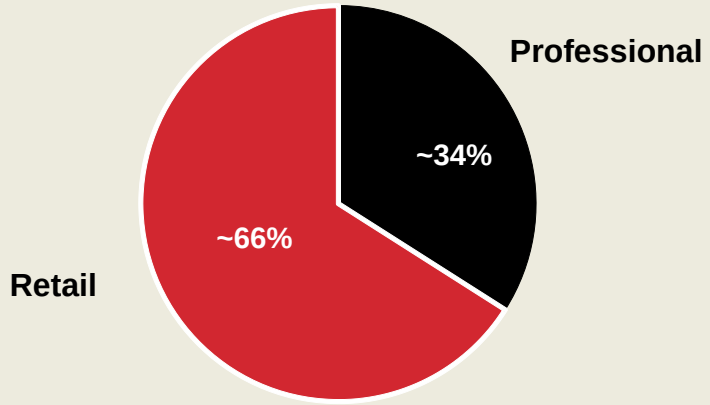
# Value Creating M&A – First Alert

- Completed acquisition of First Alert on March 31, 2022 for $613M; ~6.4x 2021 adjusted EBITDA multiple (including synergies and tax benefits)
- A leader in home safety market with comprehensive portfolio of detection and suppression devices marketed through First Alert®, BRK®, and Onelink® brands
- Enhances Resideo retail presence and adds additional intelligent sensor to product portfolio
- Rolling out First Alert brand to broader set of Resideo products (video doorbell, water leak detection)
- Generated $441M in sales for LTM through September 30, 2023; profitability tracking deal model
- Tracking to generate at least $30M of annualized synergies by year end 2023

## *Key Products*




## *Sales Channel Mix*





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# Value Creating M&A – ADI Adjacent Category Expansion

**2021** **Resideo acquires Norfolk Wire** and **Shoreview** to be part of ADI, expanding distribution of Data Comm and Pro AV products

**2022** **Resideo acquires Arrow Wire** and **Electronic Custom Distributors** to be part of ADI, expanding distribution of Data Comm and Resi AV products

**2023** **Resideo acquires BTX** to be part of ADI, expanding distribution of Pro AV products and exclusive brand offerings

**~$60M of capital deployed since 2021**

**< 7.5x blended EBITDA multiple pre-synergies**

**+$175M in annual sales**

**Targeted bolt-on M&A to build-out key adjacent product categories**


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# Resideo Investment Opportunity



**Differentiated Channel and Product Breadth**



**Growth Initiatives**




**Structural Margin Expansion**


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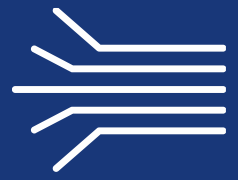
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# Our Values



## 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) | Q3 2023 Products and Solutions | Q3 2023 ADI Global Distribution | Q3 2023 Corporate | Q3 2023 Total Company | YTD 2023 Products and Solutions | YTD 2023 ADI Global Distribution | YTD 2023 Corporate | YTD 2023 Total Company |
|---|---|---|---|---|---|---|---|---|
| Net revenue | $ 654 | $ 900 | $ — | $ 1,554 | $ 1,989 | $ 2,716 | $ — | $ 4,705 |
| Cost of goods sold | 401 | 735 | 1 | 1,137 | 1,227 | 2,202 | 3 | 3,432 |
| Gross profit (loss) | 253 | 165 | (1) | 417 | 762 | 514 | (3) | 1,273 |
| Research and development expenses | 27 | — | 1 | 28 | 82 | — | 2 | 84 |
| Selling, general and administrative expenses | 88 | 93 | 52 | 233 | 284 | 283 | 152 | 719 |
| Intangible asset amortization | 6 | 2 | 1 | 9 | 17 | 8 | 3 | 28 |
| Restructuring and impairment expenses | 25 | 10 | 3 | 38 | 27 | 12 | 3 | 42 |
| Income (loss) from operations | $ 107 | $ 60 | $ (58) | $ 109 | $ 352 | $ 211 | $ (163) | $ 400 |

| (in millions) | Q3 2022 Products and Solutions | Q3 2022 ADI Global Distribution | Q3 2022 Corporate | Q3 2022 Total Company | YTD 2022 Products and Solutions | YTD 2022 ADI Global Distribution | YTD 2022 Corporate | YTD 2022 Total Company |
|---|---|---|---|---|---|---|---|---|
| Net revenue | $ 707 | $ 911 | $ — | $ 1,618 | $ 2,090 | $ 2,720 | $ — | $ 4,810 |
| Cost of goods sold | 451 | 735 | 2 | 1,188 | 1,280 | 2,190 | 5 | 3,475 |
| Gross profit (loss) | 256 | 176 | (2) | 430 | 810 | 530 | (5) | 1,335 |
| Research and development expenses | 29 | — | — | 29 | 80 | — | 1 | 81 |
| Selling, general and administrative expenses | 96 | 96 | 44 | 236 | 283 | 281 | 152 | 716 |
| Intangible asset amortization | 7 | 2 | 1 | 10 | 16 | 5 | 4 | 25 |
| Restructuring and impairment expenses | — | — | — | — | — | — | — | — |
| Income (loss) from operations | $ 124 | $ 78 | $ (47) | $ 155 | $ 431 | $ 244 | $ (162) | $ 513 |

| | Q3 2023 % change compared with prior period Products and Solutions | Q3 2023 % change compared with prior period ADI Global Distribution | Q3 2023 % change compared with prior period Corporate | Q3 2023 % change compared with prior period Total Company | YTD 2023 % change compared with prior period Products and Solutions | YTD 2023 % change compared with prior period ADI Global Distribution | YTD 2023 % change compared with prior period Corporate | YTD 2023 % change compared with prior period Total Company |
|---|---|---|---|---|---|---|---|---|
| Net revenue | (7)% | (1)% | N/A | (4)% | (5)% | — % | N/A | (2)% |
| Cost of goods sold | (11)% | — % | (50)% | (4)% | (4)% | 1 % | (40)% | (1)% |
| Gross profit (loss) | (1)% | (6)% | (50)% | (3)% | (6)% | (3)% | (40)% | (5)% |
| Research and development expenses | (7)% | N/A | N/A | (3)% | 3 % | N/A | 100 % | 4 % |
| Selling, general and administrative expenses | (8)% | (3)% | 18 % | (1)% | — % | 1 % | — % | — % |
| Intangible asset amortization | (14)% | — % | — % | (10)% | 6 % | 60 % | (25)% | 12 % |
| Restructuring and impairment expenses | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Income (loss) from operations | (14)% | (23)% | 23 % | (30)% | (18)% | (14)% | 1 % | (22)% |

[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 | | Nine Months Ended | |
|---|---|---|---|---|
| | September 30, 2023 | October 1, 2022 | September 30, 2023 | October 1, 2022 |
| Net revenue | $ 1,554 | $ 1,618 | $ 4,705 | $ 4,810 |
| Cost of goods sold | 1,137 | 1,188 | 3,432 | 3,475 |
| Gross profit | 417 | 430 | 1,273 | 1,335 |
| Operating expenses: | | | | |
| Research and development expenses | 28 | 29 | 84 | 81 |
| Selling, general and administrative expenses | 233 | 236 | 719 | 716 |
| Intangible asset amortization | 9 | 10 | 28 | 25 |
| Restructuring and impairment expenses | 38 | — | 42 | — |
| Total operating expenses | $ 308 | $ 275 | 873 | 822 |
| Income from operations | 109 | 155 | 400 | 513 |
| Reimbursement Agreement expense | 43 | 30 | 128 | 116 |
| Other expenses, net | 13 | $ 14 | 10 | 10 |
| Interest expense, net | 16 | 15 | 50 | 39 |
| Income before taxes | 37 | 96 | 212 | 348 |
| Provision for income taxes | 16 | 33 | 84 | 104 |
| Net income | $ 21 | $ 63 | $ 128 | $ 244 |
| | | | | |
| Earnings per share: | | | | |
| Basic | $ 0.14 | $ 0.43 | $ 0.87 | $ 1.68 |
| Diluted | $ 0.14 | $ 0.42 | $ 0.86 | $ 1.64 |
| | | | | |
| Weighted average number of shares outstanding: | | | | |
| Basic | 147 | 146 | 147 | 145 |
| Diluted | 148 | 149 | 149 | 149 |


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# Consolidated Balance Sheets (Unaudited)

| (in millions, except par value) | September 30, 2023 | December 31, 2022 |
|---|---|---|
| **ASSETS** | | |
| Current assets: | | |
| Cash and cash equivalents | $ 368 | $ 326 |
| Accounts receivable, net | 988 | 1,002 |
| Inventories, net | 970 | 975 |
| Other current assets | 289 | 199 |
| Total current assets | 2,615 | 2,502 |
| | | |
| Property, plant and equipment, net | 380 | 366 |
| Goodwill | 2,687 | 2,724 |
| Intangible assets, net | 456 | 475 |
| Other assets | 321 | 320 |
| Total assets | $ 6,459 | $ 6,387 |
| | | |
| **LIABILITIES AND STOCKHOLDERS' EQUITY** | | |
| Current liabilities: | | |
| Accounts payable | $ 863 | $ 894 |
| Current portion of long-term debt | 12 | 12 |
| Accrued liabilities | 592 | 640 |
| Total current liabilities | 1,467 | 1,546 |
| | | |
| Long-term debt | 1,397 | 1,404 |
| Obligations payable under Indemnification Agreements | 599 | 580 |
| Other liabilities | 351 | 328 |
| Total liabilities | 3,814 | 3,858 |
| | | |
| **Stockholders' equity** | | |
| Common stock, $0.001 par value: 700 shares authorized, 151 and 146 shares issued and outstanding at September 30, 2023, respectively, and 148 and 146 shares issued and outstanding at December 31, 2022, respectively | — | — |
| Additional paid-in capital | 2,219 | 2,176 |
| Retained earnings | 728 | 600 |
| Accumulated other comprehensive loss, net | (221) | (212) |
| Treasury stock at cost | (81) | (35) |
| Total stockholders' equity | 2,645 | 2,529 |
| Total liabilities and stockholders' equity | $ 6,459 | $ 6,387 |


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# Consolidated Statements of Cash Flows (Unaudited)

| (in millions) | Three Months Ended | | Nine Months Ended | |
|---|---|---|---|---|
| | September 30, 2023 | October 1, 2022 | September 30, 2023 | October 1, 2022 |
| **Cash Flows From Operating Activities:** | | | | |
| Net income | $ 21 | $ 63 | $ 128 | $ 244 |
| Adjustments to reconcile net income to net cash in operating activities: | | | | |
| Depreciation and amortization | 22 | 24 | 71 | 69 |
| Restructuring and impairment expenses | 38 | — | 42 | — |
| Stock-based compensation expense | 11 | 14 | 36 | 36 |
| Other, net | — | 13 | 2 | 8 |
| Changes in assets and liabilities, net of acquired companies: | | | | |
| Accounts receivable, net | 26 | 3 | (9) | (142) |
| Inventories, net | 11 | (2) | (4) | (129) |
| Other current assets | (8) | (17) | (5) | (38) |
| Accounts payable | (58) | (49) | (14) | 5 |
| Accrued liabilities | (20) | 22 | (114) | (25) |
| Other, net | 17 | (34) | 44 | (15) |
| Net cash provided by operating activities | 60 | 37 | 177 | 13 |
| **Cash Flows From Investing Activities:** | | | | |
| Capital expenditures | (25) | (10) | (74) | (34) |
| Acquisitions, net of cash acquired | (10) | (27) | (16) | (660) |
| Other investing activities, net | — | — | — | (13) |
| Net cash used in investing activities | (35) | (37) | (90) | (707) |
| **Cash Flows From Financing Activities:** | | | | |
| Common stock repurchases | (28) | — | (28) | — |
| Proceeds from issuance of A&R Term B Facility | — | — | — | 200 |
| Repayments of long-term debt | (3) | (3) | (9) | (9) |
| Other financing activities, net | 2 | 2 | (10) | (9) |
| Net cash (used in) provided by financing activities | (29) | (1) | (47) | 182 |
| Effect of foreign exchange rate changes on cash, cash equivalents and restricted cash | (9) | 1 | 1 | (12) |
| Net increase (decrease) in cash, cash equivalents and restricted cash | (13) | — | 41 | (524) |
| Cash, cash equivalents and restricted cash at beginning of period | 383 | 255 | 329 | 779 |
| Cash, cash equivalents and restricted cash at end of period | $ 370 | $ 255 | $ 370 | $ 255 |


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# Non-GAAP Financial Measures and Reconciliations (Unaudited)

## Adjusted Net Income Per Diluted Common Share and Net Income Comparison

| (in millions, except per share data) | Three Months Ended | | Nine Months Ended | |
|---|---|---|---|---|
| | September 30, 2023 | October 1, 2022 | September 30, 2023 | October 1, 2022 |
| **GAAP Net income applicable to common shares** | $ 21 | $ 63 | $ 128 | $ 244 |
| Restructuring and impairment expenses | 38 | — | 42 | — |
| Acquisition and divestiture related costs | 1 | — | 1 | 10 |
| Divestiture loss | — | 5 | — | 5 |
| Litigation settlement, net of insurance proceeds | — | 14 | — | 14 |
| Pension settlement loss | 3 | — | 6 | — |
| Tax Matters Agreement gain | — | (8) | (4) | (8) |
| Foreign exchange transaction loss (income) | 10 | — | 2 | (1) |
| Tax effect of applicable non-GAAP adjustments [1] | (13) | (3) | (12) | (5) |
| **Non-GAAP Adjusted net income applicable to common shares** | $ 60 | $ 71 | $ 163 | $ 259 |

| | Three Months Ended | | Nine Months Ended | |
|---|---|---|---|---|
| | September 30, 2023 | October 1, 2022 | September 30, 2023 | October 1, 2022 |
| **GAAP Net income per diluted common share** | $ 0.14 | $ 0.42 | $ 0.86 | $ 1.64 |
| Restructuring and impairment expenses | 0.26 | — | 0.28 | — |
| Acquisition and divestiture related costs | 0.01 | — | 0.01 | 0.07 |
| Divestiture loss | — | 0.03 | — | 0.03 |
| Litigation settlement, net of insurance proceeds | — | 0.10 | — | 0.09 |
| Pension settlement loss | 0.02 | — | 0.04 | — |
| Tax Matters Agreement gain | — | (0.05) | (0.03) | (0.05) |
| Foreign exchange transaction loss (income) | 0.07 | — | 0.01 | (0.01) |
| Tax effect of applicable non-GAAP adjustments [1] | (0.09) | (0.02) | (0.08) | (0.03) |
| **Non-GAAP Adjusted net income per diluted common share** | $ 0.41 | $ 0.48 | $ 1.09 | $ 1.74 |

[1] We calculated the tax effect of non-GAAP adjustments by applying a flat statutory tax rate of 25% for the three and nine months ended September 30, 2023 and October 1, 2022.


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# Non-GAAP Financial Measures and Reconciliations (Unaudited)

## Adjusted EBITDA

| (in millions) | Three Months Ended | | Nine Months Ended | |
|---|---|---|---|---|
| | September 30, 2023 | October 1, 2022 | September 30, 2023 | October 1, 2022 |
| **Net revenue** | $ 1,554 | $ 1,618 | $ 4,705 | $ 4,810 |
| | | | | |
| **GAAP Net income applicable to common shares** | $ 21 | $ 63 | $ 128 | $ 244 |
| Provision for income taxes | 16 | 33 | 84 | 104 |
| **GAAP Income before taxes** | 37 | 96 | 212 | 348 |
| Depreciation and amortization | 22 | 24 | 71 | 69 |
| Interest expense, net | 16 | 15 | 50 | 39 |
| Stock-based compensation expense | 11 | 14 | 36 | 36 |
| Pension settlement loss | 3 | — | 6 | — |
| Restructuring and impairment expenses | 38 | — | 42 | — |
| Acquisition and divestiture related costs | 1 | — | 1 | 10 |
| Divestiture loss | — | 5 | — | 5 |
| Litigation settlement, net of insurance proceeds | — | 14 | — | 14 |
| Tax Matters Agreement gain | — | (8) | (4) | (8) |
| Foreign exchange transaction loss (income) | 10 | — | 2 | (1) |
| **Non-GAAP Adjusted EBITDA** | $ 138 | $ 160 | $ 416 | $ 512 |
| **Non-GAAP Adjusted EBITDA as a % of net revenue** | 8.9 % | 9.9 % | 8.8 % | 10.6 % |


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# Non-GAAP Financial Measures and Reconciliations (Unaudited)

## Products and Solutions Segment

| (in millions) | Three Months Ended | | Nine Months Ended | |
|---|---|---|---|---|
| | September 30, 2023 | October 1, 2022 | September 30, 2023 | October 1, 2022 |
| **Net revenue** | $ 654 | $ 707 | $ 1,989 | $ 2,090 |
| **GAAP Income from operations** | $ 107 | $ 124 | $ 352 | $ 431 |
| Stock-based compensation expense | 4 | 5 | 13 | 13 |
| Restructuring and impairment expenses | 25 | — | 27 | — |
| Acquisition and divestiture related costs | 1 | — | 1 | — |
| **Non-GAAP Adjusted Income from Operations** | $ 137 | $ 129 | $ 393 | $ 444 |
| Depreciation and amortization | 16 | 17 | 51 | 50 |
| **Non-GAAP Adjusted EBITDA** | $ 153 | $ 146 | $ 444 | $ 494 |
| **Non-GAAP Adjusted EBITDA as a % of net revenue** | 23.4 % | 20.7 % | 22.3 % | 23.6 % |

## ADI Global Distribution Segment

| (in millions) | Three Months Ended | | Nine Months Ended | |
|---|---|---|---|---|
| | September 30, 2023 | October 1, 2022 | September 30, 2023 | October 1, 2022 |
| **Net revenue** | $ 900 | $ 911 | $ 2,716 | $ 2,720 |
| **GAAP Income from operations** | $ 60 | $ 78 | $ 211 | $ 244 |
| Stock-based compensation expense | 1 | 2 | 4 | 6 |
| Restructuring and impairment expenses | 10 | — | 12 | — |
| Divestiture loss | — | 5 | — | 5 |
| **Non-GAAP Adjusted Income from Operations** | $ 71 | $ 85 | $ 227 | $ 255 |
| Depreciation and amortization | 4 | 4 | 13 | 10 |
| **Non-GAAP Adjusted EBITDA** | $ 75 | $ 89 | $ 240 | $ 265 |
| **Non-GAAP Adjusted EBITDA as a % of net revenue** | 8.3 % | 9.8 % | 8.8 % | 9.7 % |


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# Non-GAAP Financial Measures and Reconciliations (Unaudited)

## Adjusted Net Income Per Diluted Common Share

| (in millions, except per share data) | Q4 2023 Low | Q4 2023 High | Fiscal Year 2023 Low | Fiscal Year 2023 High |
|---|---|---|---|---|
| **GAAP Net income per diluted common share** | $ 0.43 | $ 0.53 | $ 1.30 | $ 1.41 |
| Restructuring and impairment expenses | — | — | 0.28 | 0.28 |
| Pension settlement loss [1] | — | — | 0.04 | 0.04 |
| Foreign exchange transaction loss [1] | — | — | 0.01 | 0.01 |
| Acquisition related costs | — | — | 0.01 | 0.01 |
| Divestiture gain, net of tax | (0.19) | (0.19) | (0.19) | (0.19) |
| Tax Matters Agreement gain | — | — | (0.03) | (0.03) |
| Tax effect of applicable non-GAAP adjustments [2] | 0.05 | 0.05 | (0.03) | (0.03) |
| **Non-GAAP Adjusted net income per diluted common share** | $ 0.29 | $ 0.39 | $ 1.39 | $ 1.50 |

[1] We are unable to estimate the fourth quarter 2023 amounts. The Fiscal Year 2023 amounts represent actual results through the nine months ended September 30, 2023.

[2] We calculated the tax effect of non-GAAP adjustments by applying a flat statutory tax rate of 25% for fourth quarter 2023 and full year 2023.


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# Non-GAAP Financial Measures and Reconciliations (Unaudited)

## Non-GAAP Adjusted EBITDA

| (in millions) | Q4 2023 Low | Q4 2023 High | Fiscal Year 2023 Low | Fiscal Year 2023 High |
|---|---|---|---|---|
| **Net revenue** | $ 1,495 | $ 1,545 | $ 6,200 | $ 6,250 |
| | | | | |
| **GAAP Net income applicable to common shares** | $ 63 | $ 79 | $ 194 | $ 210 |
| Provision for income taxes | 27 | 31 | 108 | 112 |
| **GAAP Income before taxes** | 90 | 110 | 302 | 322 |
| Depreciation and amortization | 27 | 27 | 98 | 98 |
| Interest expense, net | 19 | 19 | 69 | 69 |
| Stock-based compensation expense | 14 | 14 | 50 | 50 |
| Restructuring and impairment expenses | — | — | 42 | 42 |
| Pension settlement loss [(1)] | — | — | 6 | 6 |
| Foreign exchange transaction loss [(1)] | — | — | 2 | 2 |
| Acquisition related costs | — | — | 1 | 1 |
| Divestiture gain | (24) | (24) | (24) | (24) |
| Tax Matters Agreement gain | — | — | (4) | (4) |
| **Non-GAAP Adjusted EBITDA** | $ 126 | $ 146 | $ 542 | $ 562 |
| **Non-GAAP Adjusted EBITDA as a % of net revenue** | 8.4 % | 9.4 % | 8.7 % | 9.0 % |

(1) We are unable to estimate the fourth quarter 2023 amounts. The Fiscal Year 2023 amounts represent actual results through the nine months ended September 30, 2023.


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