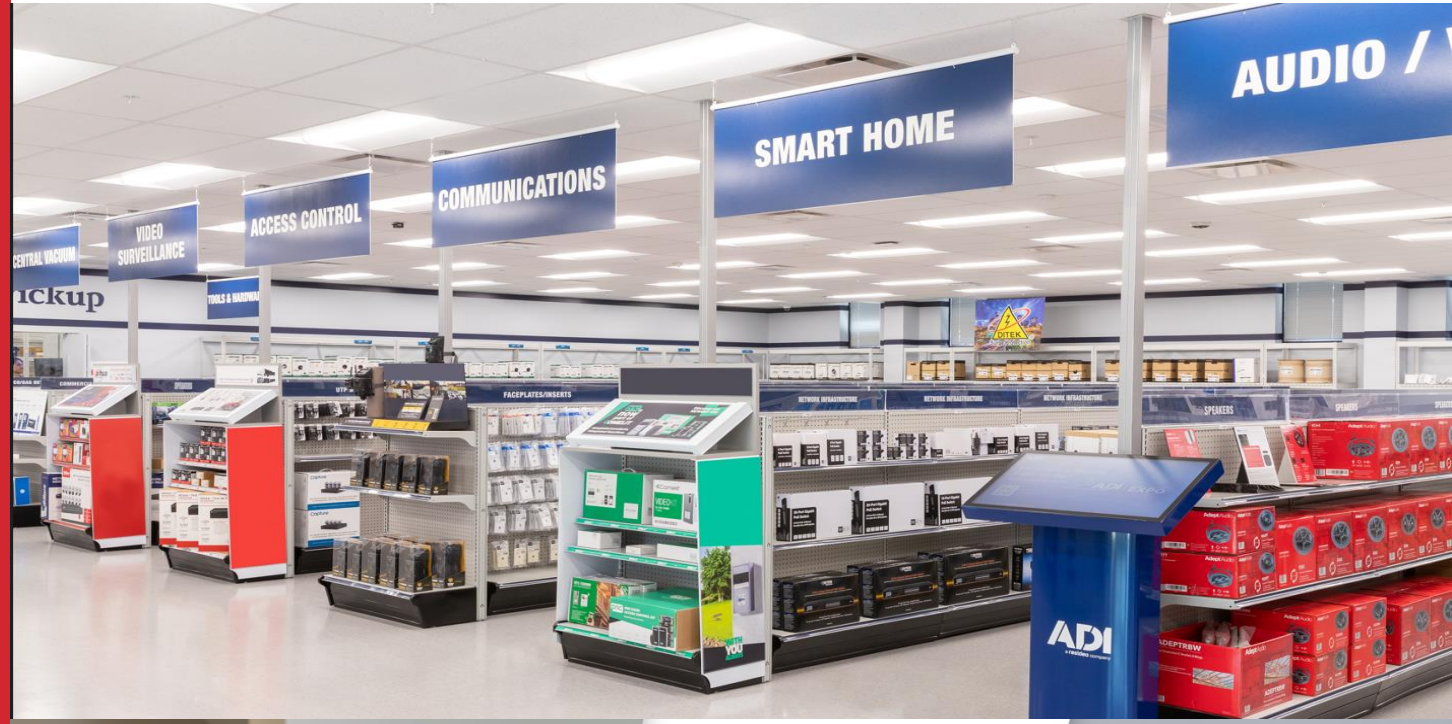
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Q1 2024 RESULTS PRESENTATION

May 2, 2024





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 2024 and full year 2024, (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 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, (4) 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), (5) the ability of the conditions to the closing of the Snap One transaction being timely satisfied and the consummation of the transaction, (6) the ability of Snap One and/or Resideo to drive increased customer value and financial returns and enhance strategic and operational capabilities, (7) the ability of Snap One and/or Resideo to achieve the targeted amount of synergies and the related valuation implications described in this presentation, (8) the accretive nature of the transaction to Resideo's non-GAAP EPS in the first full year of ownership and the growth and margin profile of the combined businesses, (9) the ability to accelerate brand strategy as a result of the transaction, (10) the ability to integrate the Snap One business into Resideo and realize the anticipated strategic benefits of the transaction, including the anticipated operational and strategic benefits of the transaction, and (11) 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, 2023 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 Adjusted EBITDA and Adjusted Net Income per diluted share for the second quarter of 2024 and for the fiscal period ending December 31, 2024 are 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 U.S. 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 2024 Highlights

- Revenue at mid-point and Adjusted EBITDA at higher end of outlook
- Continued Products and Solutions gross margin and Adjusted EBITDA margin expansion
- Progress on cost reductions with lower OPEX y/y and additional actions announced
- Executing on portfolio repositioning and operational optimization across multiple fronts



REVENUE
$1.5B for Q1 2024

-4% Y/Y



ADJUSTED EBITDA
$137M for Q1 2024

-1% Y/Y

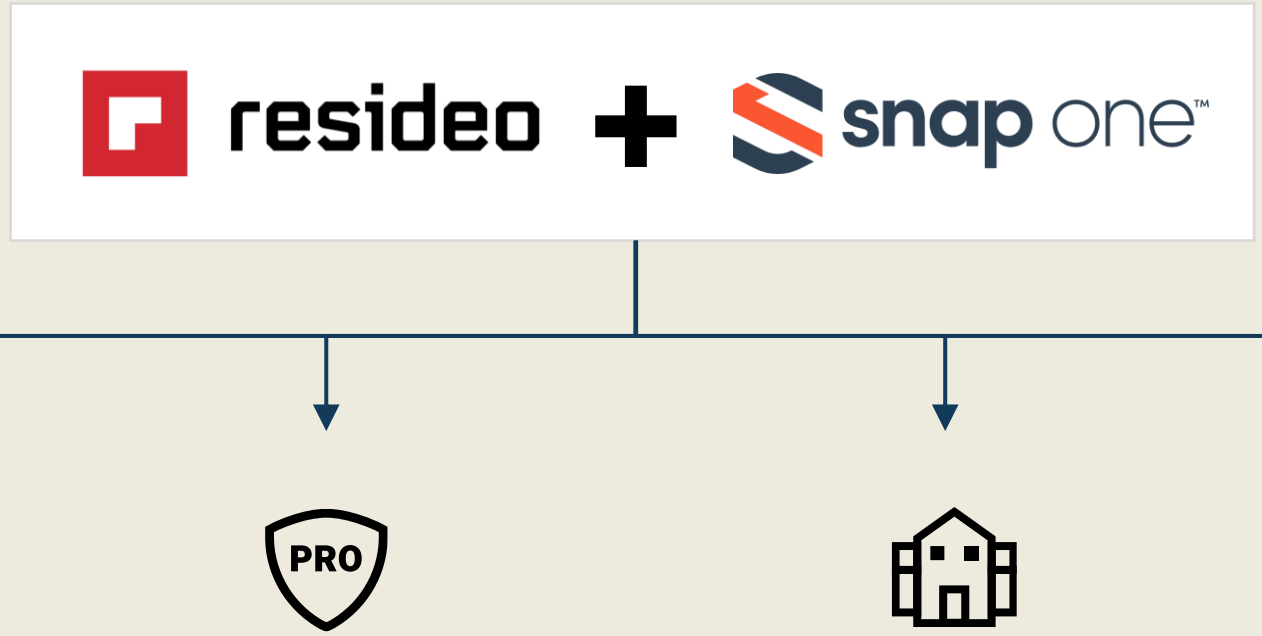


CASH FROM OPERATIONS
$2M for Q1 2024

+$6M Y/Y

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Snap One Provides Multiple Value Creation Levers



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Products and Solutions Q1 2024 Highlights

- Revenue growth in First Alert and stabilizing HVAC channel inventory largely offset Genesis divestiture and ongoing headwinds from higher interest rates and slower housing turnover
- Continued progress on new product introductions and new product pipeline
- Strong profitability performance driven by improved gross margin and OPEX reductions
- Expanding partnerships in energy management and home builder channels



REVENUE
$620M for Q1 2024

-6% Y/Y



GROSS MARGIN
39.5% for Q1 2024

+180 bps Y/Y



ADJUSTED EBITDA
$140M for Q1 2024

+9% Y/Y

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ADI Global Distribution Q1 2024 Highlights

- Softer market demand across video and residential security categories more than offset growth in fire and data communications
- Growth in exclusive brands, up 7% y/y, and e-commerce sales, up 1% y/y, with expanding customer engagement in digital channel
- Gross margin and overall profitability impacted by waning inflationary benefits and slower market activity



REVENUE
$866M for Q1 2024

-3% Y/Y



GROSS MARGIN
18.0% for Q1 2024

-120 bps Y/Y

AVARRO™ Capture UltraTech® POWER PRODUCTS

EXCLUSIVE BRANDS SALES GROWTH

+7% Y/Y

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Q1 2024 Financial Summary

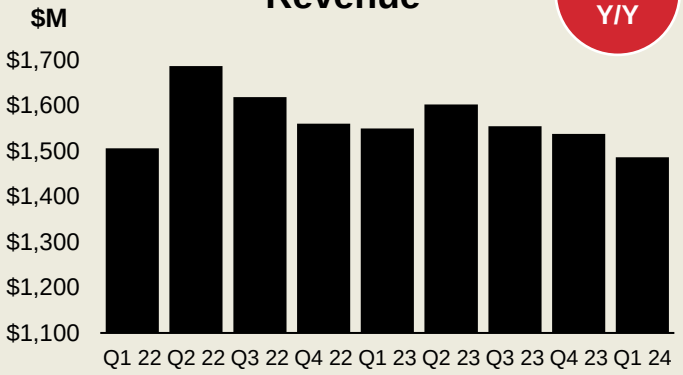
($ in millions, except per share)	Q1 2024	Q1 2023	% change Y/Y
Net Revenue	**1,486**	**1,549**	**-4%**
P&S Revenue	620	658	-6%
ADI Revenue	866	891	-3%
Gross Margin	**26.9%**	**27.0%**	**-10bps**
P&S Gross Margin	39.5%	37.7%	+180bps
ADI Gross Margin	18.0%	19.2%	-120bps
Operating Profit	**128**	**138**	**-7%**
Net Income	**43**	**57**	**-25%**
EPS – Diluted	**0.29**	**0.38**	**-24%**
Adjusted EPS – Diluted	**0.47**	**0.51**	**-8%**
Adjusted EBITDA	**137**	**138**	**-1%**
P&S Adjusted EBITDA	140	128	9%
ADI Adjusted EBITDA	58	70	-17%

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Resideo Key Financial Trends

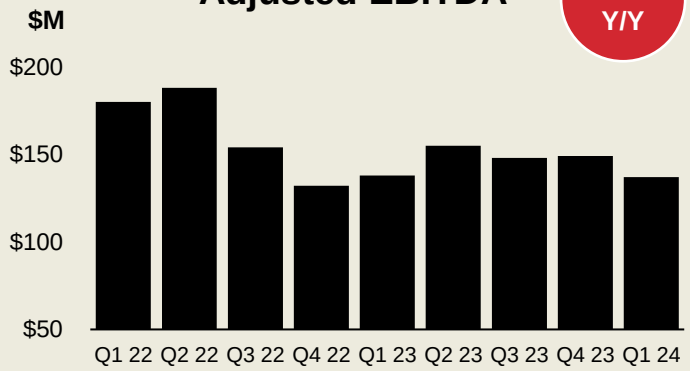
Revenue

-4% Y/Y



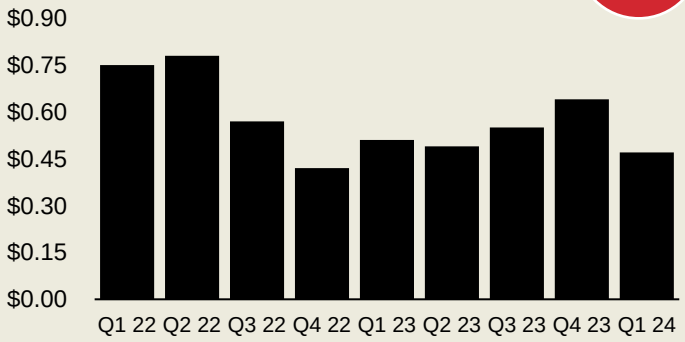
Adjusted EBITDA

-1% Y/Y



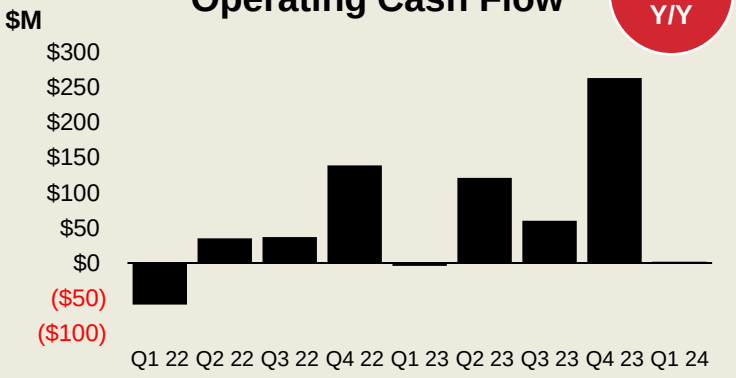
Adjusted EPS

-8% Y/Y



Operating Cash Flow

+$6M Y/Y

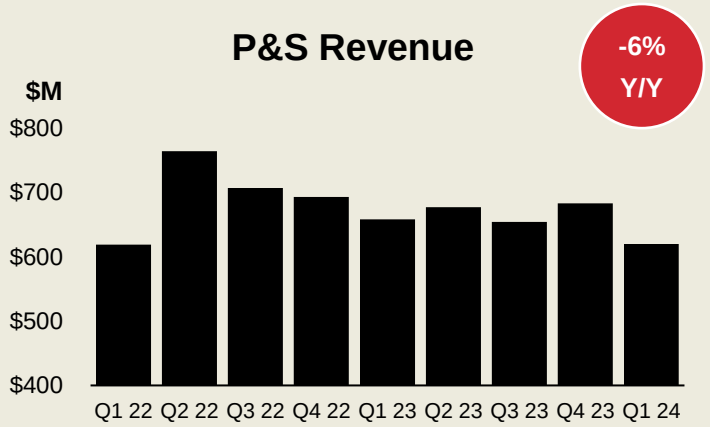


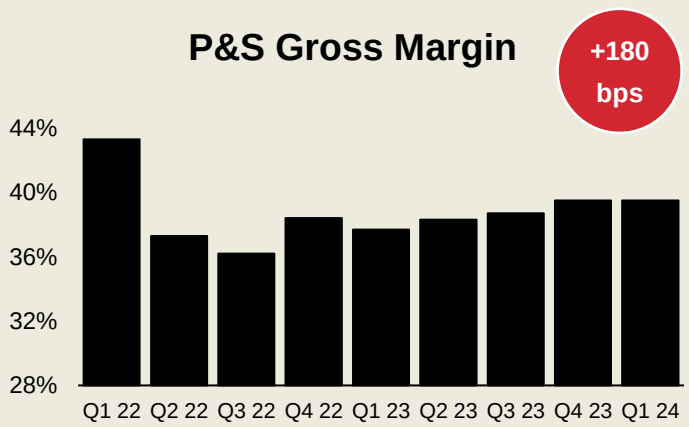
Q1 2024 HIGHLIGHTS

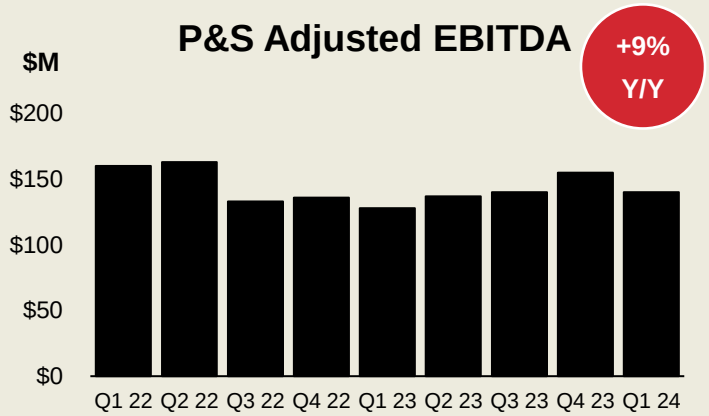
- Market headwinds persist across both businesses, impacting revenue growth
- Continued positive trends in Products and Solutions gross margin offsetting gross margin headwinds at ADI
- Strategic cost initiatives delivered $13M y/y reduction in OPEX, excluding restructuring
- Operating cash flow in-line with our expectations, remain on target for >$320M for 2024

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Products and Solutions Financial Trends





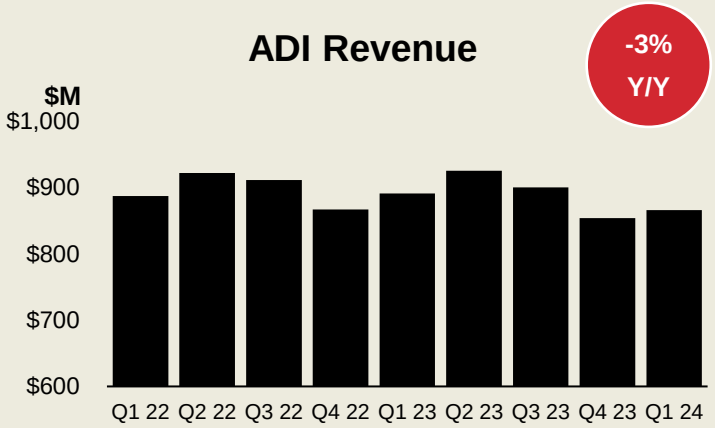


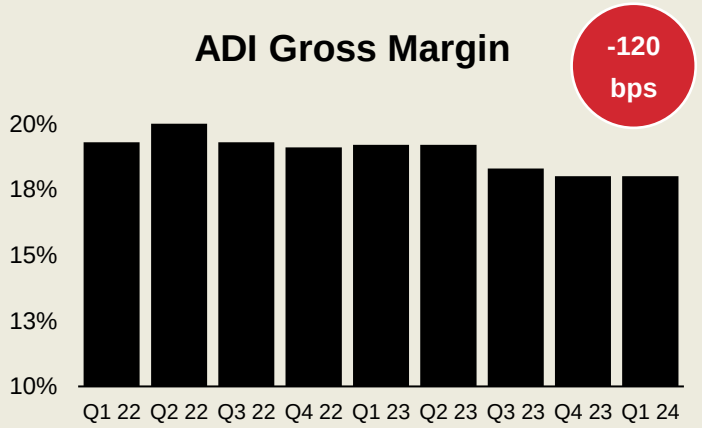
Q1 2024 HIGHLIGHTS

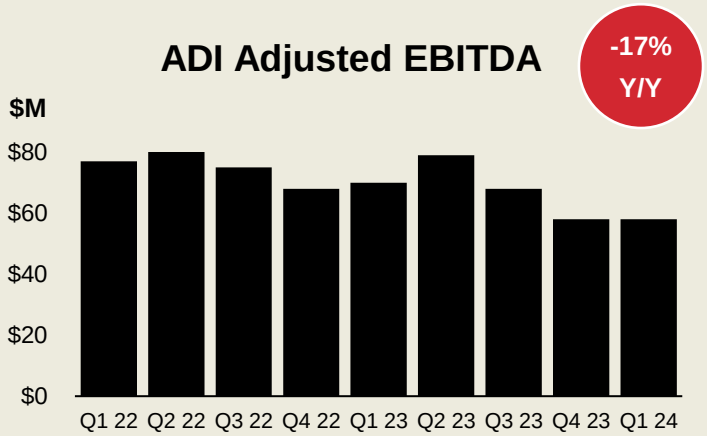
- Revenue down 6% y/y but essentially flat excluding Genesis sale impact
- Strong performance in First Alert and stabilizing conditions in U.S. HVAC distribution channel partially offset weaker EMEA and continued security headwinds
- Gross margin improved by 180 basis points y/y despite modest volume declines; cost savings and efficiency efforts driving expansion
- OPEX down 9% y/y, adjusting for restructuring, driving growth in Adjusted EBITDA

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ADI Global Distribution Financial Trends







Q1 2024 HIGHLIGHTS

- Revenue down 3% y/y driven by softer residential security and video categories, partially offset by growth in fire category
- Daily sales trends improved as the quarter progressed
- E-commerce sales up 1% y/y and were 21% of Q1 2024 sales
- Exclusive brand sales grew by 7% y/y to record level
- Gross margin and Adjusted EBITDA down y/y due to reduced inflationary benefits and softer demand environment

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Balance Sheet and Cash Flow Summary (Unaudited)

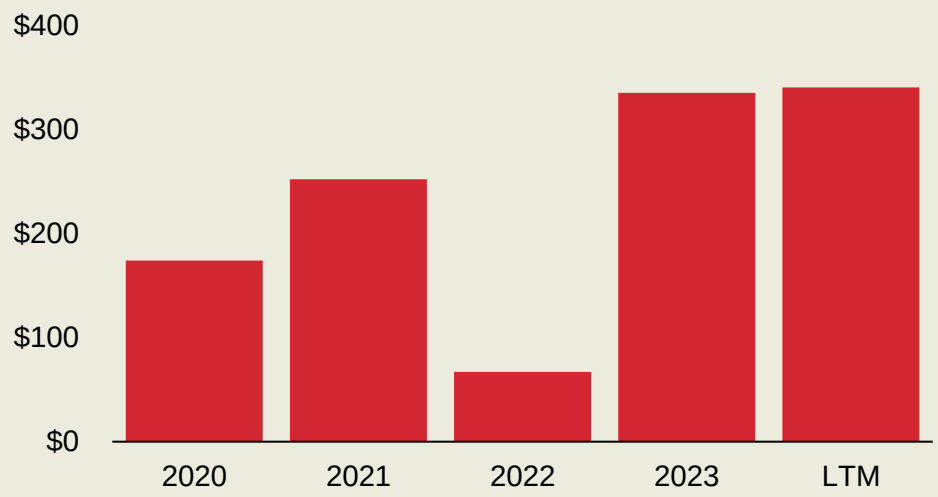
($ in millions)	Mar 30, 2024	Dec 31, 2023	Apr 1, 2023
Cash and cash equivalents	603	636	292
Total debt	1,406	1,408	1,414
Accounts receivable, net	933	973	985
Inventories, net	929	941	1,008
Accounts payable	858	905	894
Cash provided (used) by operating activities	2	263	(4)
Cash capital expenditures	21	31	20

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Strong Balance Sheet and Cash Generation

($ in millions)	**Mar 30, 2024**
Cash and cash equivalents	603
Total debt	1,406
Net debt / LTM Adjusted EBITDA	1.4x
	Mar 30, 2024
Cash provided by operating activities (LTM)	446
Capital expenditures (LTM)	106

Free Cash Flow (1)



(1) Free cash flow is cash provided by operating activities less capital expenditures as reported in our quarterly and annual SEC filings

Free Cash Flow (1) Conversion of >100% of Net Income Over Past Four Years

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2024 Outlook

($ in millions, except per share)	Q2 2024	2024
Consolidated Revenue	$1,510 to $1,560	$6,080 to $6,280
ADI Revenue Growth Y/Y		*0% to 3%*
P&S Revenue Growth Y/Y		*-6% to -2%*
Adjusted EBITDA (1)	$130 to $150	$560 to $640
Adjusted EPS (1) (2)	$0.43 to $0.53	$1.90 to $2.30
Operating Cash Flow		At least $320

Additional Items for 2024

Corporate costs ~$130

Stock-based comp ~$60

D&A ~$100

Capital expenditures ~$105

Net interest expense ~$60

Honeywell IRA cash expense $140

Income tax expense $125 - $145

Avg. diluted shares ~148M

(1) Includes expected $35 million quarterly, $140 million annual cash payment to Honeywell for Indemnification and Reimbursement Agreement (IRA)
(2) Adjusted EPS outlook reflects revised definition excluding impact of stock-based compensation and intangible asset amortization

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Transformation Focus on Accelerating Profitable Growth

Portfolio Rebalancing

- ✓ New product launches
  - Video solutions
  - Connected water
- ✓ Value add M&A
  - First Alert
  - Sfty and Teknique
  - ADI adjacent expansion
- ✓ Strategic divestitures
  - Genesis Wire
  - ADI geographic consolidation

Cost Reduction Initiatives

- ✓ Manufacturing optimization
  - San Diego facility
  - Mexico facility
- ✓ Executing structural cost reduction plan
  - Reduction in manufacturing headcount
  - OPEX containment
- ✓ Reducing corporate costs
  - Scalability
  - Aligning costs to owners

Operational Improvements

- ✓ Growing ADI digital capabilities
  - User experience
  - Mobile capabilities
- ✓ Expanding and deepening partnerships
  - Utilities
  - Insurance companies
- ✓ Expanding depth of homebuilder relationships
  - Specified into more homes
  - Adding content per home

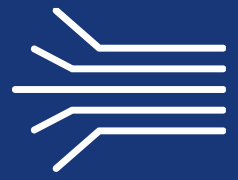
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Our Values



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)

(in millions)	Products and Solutions	ADI Global Distribution	Corporate	Total Company
	Q1 2024 [1]			
Net revenue	$ 620	$ 866	$ —	$ 1,486
Cost of goods sold	375	710	1	1,086
Gross profit	245	156	(1)	400
Research and development expenses	25	—	—	25
Selling, general and administrative expenses	97	102	32	231
Intangible asset amortization	6	3	—	9
Restructuring expenses	5	2	—	7
Income (loss) from operations	$ 112	$ 49	$ (33)	$ 128
	Q1 2023 [1]			
(in millions)	Products and Solutions	ADI Global Distribution	Corporate	Total Company
Net revenue	$ 658	$ 891	$ —	$ 1,549
Cost of goods sold	410	720	1	1,131
Gross profit	248	171	(1)	418
Research and development expenses	25	—	—	25
Selling, general and administrative expenses	110	104	30	244
Intangible asset amortization	6	3	—	9
Restructuring expenses	2	—	—	2
Income (loss) from operations	$ 105	$ 64	$ (31)	$ 138
	Year-Over-Year % Change			
	Products and Solutions	ADI Global Distribution	Corporate	Total Company
Net revenue	(6)%	(3)%	N/A	(4)%
Cost of goods sold	(9)%	(1)%	— %	(4)%
Gross profit	(1)%	(9)%	— %	(4)%
Research and development expenses	— %	N/A	N/A	— %
Selling, general and administrative expenses	(12)%	(2)%	7 %	(5)%
Intangible asset amortization	— %	— %	N/A	— %
Restructuring expenses	150 %	N/A	N/A	250 %
Income (loss) from operations	7 %	(23)%	6 %	(7)%

[1] On January 1, 2024, certain corporate functions were decentralized into the operating segments aligning with the business strategy. As a result, $11 million and $7 million of information technology, finance, tax, business development, and research and development functional expenses incurred during the first quarter are now recorded within the Products and Solutions and ADI Global Distribution segments, respectively. For the period ending April 1, 2023, $12 million and $8 million of corporate expenses have been reclassified into the Products and Solutions and ADI Global Distribution segments, respectively, decreasing reported Income from Operations to conform to the current year presentation. Additionally, certain prior period amounts have been reclassified to conform to the current period classification.

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Consolidated Statements of Operations (Unaudited)

(in millions, except per share data)	Three Months Ended March 30, 2024	Three Months Ended April 1, 2023
Net revenue	$ 1,486	$ 1,549
Cost of goods sold	1,086	1,131
Gross profit	400	418
Operating expenses:		
Research and development expenses	25	25
Selling, general and administrative expenses	231	244
Intangible asset amortization	9	9
Restructuring expenses	7	2
Total operating expenses	$ 272	$ 280
Income from operations	128	138
Reimbursement Agreement expense [1]	43	41
Other income, net	(1)	$ (1)
Interest expense, net	13	17
Income before taxes	73	81
Provision for income taxes	30	24
Net income	$ 43	$ 57
Earnings per share:		
Basic	$ 0.29	$ 0.39
Diluted	$ 0.29	$ 0.38
Weighted average number of shares outstanding:		
Basic	146	147
Diluted	148	149

[1] Represents the expense incurred pursuant to the Reimbursement Agreement, which has an annual cash payment cap of $140 million.

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Consolidated Balance Sheets (Unaudited)

(in millions, except par value)	March 30, 2024	December 31, 2023
ASSETS		
Current assets:		
Cash and cash equivalents	$ 603	$ 636
Accounts receivable, net	933	973
Inventories, net	929	941
Other current assets	212	193
Total current assets	2,677	2,743
Property, plant and equipment, net	369	390
Goodwill	2,689	2,705
Intangible assets, net	456	461
Other assets	329	346
Total assets	$ 6,520	$ 6,645
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 858	$ 905
Current portion of long-term debt	12	12
Accrued liabilities	515	608
Total current liabilities	1,385	1,525
Long-term debt	1,394	1,396
Obligations payable under Indemnification Agreements	617	609
Other liabilities	355	366
Total liabilities	3,751	3,896
Stockholders' equity		
Common stock, $0.001 par value: 700 shares authorized, 152 and 146 shares issued and outstanding at March 30, 2024, respectively, and 151 and 145 shares issued and outstanding at December 31, 2023, respectively	—	—
Additional paid-in capital	2,243	2,226
Retained earnings	853	810
Accumulated other comprehensive loss, net	(226)	(194)
Treasury stock at cost	(101)	(93)
Total stockholders' equity	2,769	2,749
Total liabilities and stockholders' equity	$ 6,520	$ 6,645

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Consolidated Statements of Cash Flows (Unaudited)

(in millions)	Three Months Ended March 30, 2024	Three Months Ended April 1, 2023
Cash Flows From Operating Activities:		
Net income	$ 43	$ 57
Adjustments to reconcile net income to net cash in operating activities:		
Depreciation and amortization	24	24
Restructuring expenses	7	2
Stock-based compensation expense	14	12
Other, net	3	—
Changes in assets and liabilities, net of acquired companies:		
Accounts receivable, net	34	23
Inventories, net	7	(27)
Other current assets	3	(8)
Accounts payable	(44)	(12)
Accrued liabilities	(89)	(86)
Other, net	—	11
Net cash provided by (used in) operating activities	2	(4)
Cash Flows From Investing Activities:		
Capital expenditures	(21)	(20)
Acquisitions, net of cash acquired	—	(6)
Other investing activities, net	(1)	—
Net cash used in investing activities	(22)	(26)
Cash Flows From Financing Activities:		
Common stock repurchases	(1)	—
Repayments of long-term debt	(3)	(3)
Other financing activities, net	(4)	(6)
Net cash used in financing activities	(8)	(9)
Effect of foreign exchange rate changes on cash, cash equivalents and restricted cash	(5)	6
Net decrease in cash, cash equivalents and restricted cash	(33)	(33)
Cash, cash equivalents and restricted cash at beginning of period	637	329
Cash, cash equivalents and restricted cash at end of period	$ 604	$ 296

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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 March 30, 2024	Three Months Ended April 1, 2023
GAAP Net income applicable to common shares	$ 43	$ 57
Stock-based compensation expense	14	12
Intangible asset amortization	9	9
Reimbursement Agreement accrual increase, non-cash component [(1)]	8	6
Restructuring expenses	7	2
Loss on sale of assets	3	—
Net periodic benefit cost, excluding service costs	—	3
Other [(2)]	(5)	(7)
Tax effect of applicable non-GAAP adjustments [(3)]	(9)	(6)
Non-GAAP Adjusted net income applicable to common shares	$ 70	$ 76

	Three Months Ended March 30, 2024	Three Months Ended April 1, 2023
GAAP Net income per diluted common share	$ 0.29	$ 0.38
Stock-based compensation expense	0.09	0.08
Intangible asset amortization	0.06	0.06
Reimbursement Agreement accrual increase, non-cash component [(1)]	0.05	0.04
Restructuring expenses	0.05	0.01
Loss on sale of assets	0.02	—
Net periodic benefit cost, excluding service costs	—	0.02
Other [(2)]	(0.03)	(0.04)
Tax effect of applicable non-GAAP adjustments [(3)]	(0.06)	(0.04)
Non-GAAP Adjusted net income per diluted common share	$ 0.47	$ 0.51

[(1)] Refer to the Unaudited Consolidated Statements of Operations herein.

[(2)] Other includes Tax Matters Agreement gain and foreign exchange transaction loss (income).

[(3)] We calculated the tax effect of non-GAAP adjustments by applying a flat statutory tax rate of 25% for the three months ended March 30, 2024 and April 1, 2023.

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Non-GAAP Financial Measures and Reconciliations (Unaudited)

Resideo Adjusted EBITDA

(in millions)	Three Months Ended March 30, 2024	Three Months Ended April 1, 2023
Net revenue	$ 1,486	$ 1,549
GAAP Net income applicable to common shares	$ 43	$ 57
Provision for income taxes	30	24
GAAP Income before taxes	73	81
Depreciation and amortization	24	24
Stock-based compensation expense	14	12
Interest expense, net	13	17
Reimbursement Agreement accrual increase, non-cash component [(1)]	8	6
Restructuring expenses	7	2
Loss on sale of assets	3	—
Net periodic benefit cost, excluding service costs	—	3
Other [(2)]	(5)	(7)
Non-GAAP Adjusted EBITDA	$ 137	$ 138
Non-GAAP Adjusted EBITDA as a % of net revenue	9.2 %	8.9 %

[(1)] Refer to the Unaudited Consolidated Statements of Operations herein.

[(2)] Other includes Tax Matters Agreement gain and foreign exchange transaction loss (income).

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Non-GAAP Financial Measures and Reconciliations (Unaudited)

Products and Solutions Segment

(in millions)	Three Months Ended March 30, 2024	Three Months Ended April 1, 2023
Net revenue	$ 620	$ 658
GAAP Income from operations	$ 112	$ 105
Stock-based compensation expense	6	4
Restructuring expenses	5	2
Non-GAAP Adjusted Income from Operations	$ 123	$ 111
Depreciation and amortization	17	17
Non-GAAP Adjusted EBITDA	$ 140	$ 128
Non-GAAP Adjusted EBITDA as a % of net revenue	22.6 %	19.5 %

ADI Global Distribution Segment

(in millions)	Three Months Ended March 30, 2024	Three Months Ended April 1, 2023
Net revenue	$ 866	$ 891
GAAP Income from operations	$ 49	$ 64
Stock-based compensation expense	2	2
Restructuring expenses	2	—
Non-GAAP Adjusted Income from Operations	$ 53	$ 66
Depreciation and amortization	5	4
Non-GAAP Adjusted EBITDA	$ 58	$ 70
Non-GAAP Adjusted EBITDA as a % of net revenue	6.7 %	7.9 %

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