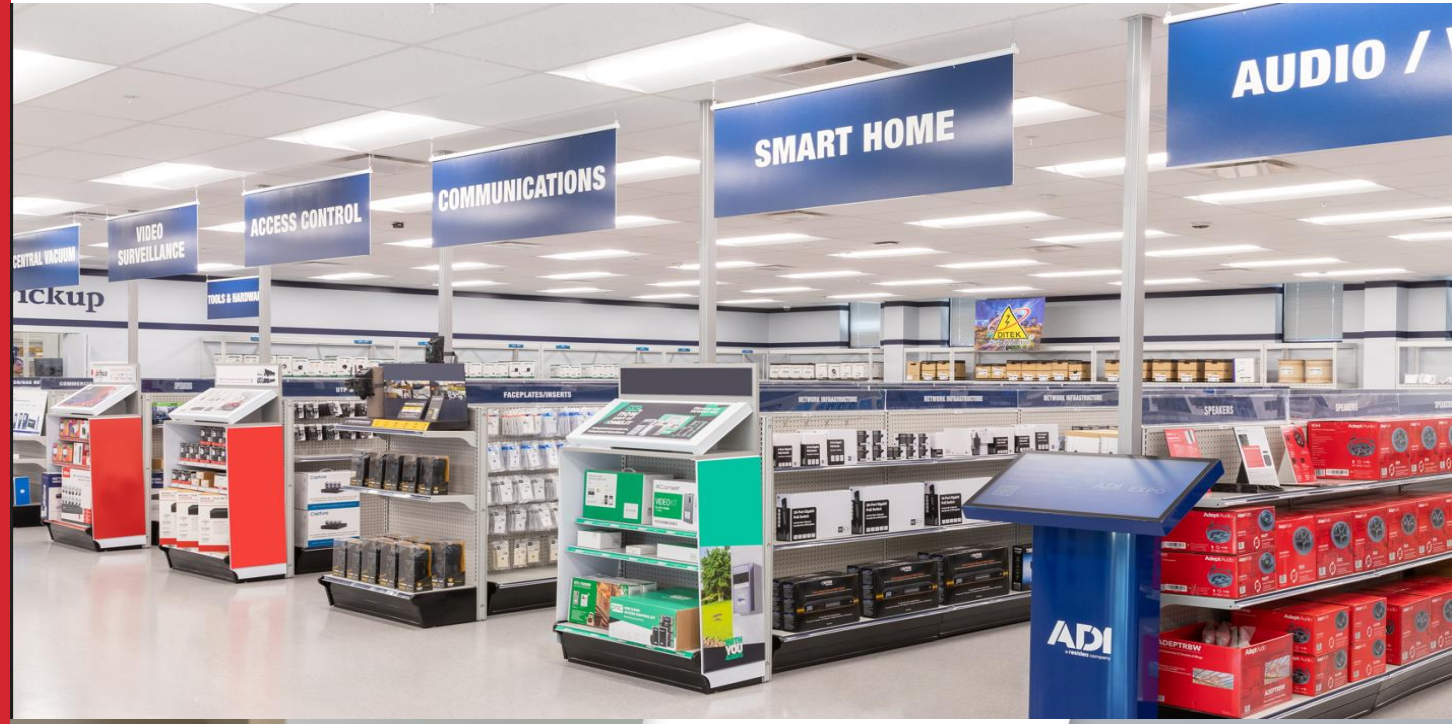
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Q2 2024 RESULTS PRESENTATION

August 8, 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 third 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 Snap One and/or Resideo to drive increased customer value and financial returns and enhance strategic and operational capabilities, (6) the ability of Snap One and/or Resideo to achieve the targeted amount of synergies and the related valuation implications described in this presentation, (7) 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, (8) the ability to accelerate brand strategy as a result of the transaction, (9) 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 (10) 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. Please see our earnings release dated August 8, 2024 for further information relating to these non-GAAP financial measures.

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 common share for the third 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 Q2 2024 Highlights

- Revenue and Adjusted EBITDA above high end of outlook range
- Adjusted EBITDA margin expansion via improved gross margin and thoughtful cost management, resulting in strong free cash flow in the quarter
- Continued Products and Solutions gross margin and Adjusted EBITDA margin expansion
- Completed highly strategic acquisition of Snap One



REVENUE
$1.6B for Q2 2024

-1% Y/Y



ADJUSTED EBITDA
$175M for Q2 2024

+13% Y/Y



CASH FROM OPERATIONS
$92M for Q2 2024

-$29M Y/Y

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Products and Solutions Q2 2024 Highlights

- First Alert safety products had double-digit sales growth; normalization of North American channel inventory largely offset slower activity in EMEA and security products
- Continued strength in new construction channel
- Expanded new product pipeline with significant product releases targeted for later this year
- Strong profitability performance driven by improved gross margin and lower OPEX



REVENUE
$630M for Q2 2024

-7% Y/Y



GROSS MARGIN
41.3% for Q2 2024

+300 bps Y/Y



ADJUSTED EBITDA
$156M for Q2 2024

+14% Y/Y

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ADI Global Distribution Q2 2024 Highlights

- Growth in commercial fire, residential intrusion, datacom, and professional AV partially offset by softer market demand across video surveillance and residential AV
- Exclusive brands grew 18% y/y, excl. Snap One, with further expansion opportunity looking forward with the addition of Snap One's large exclusive brand portfolio
- E-commerce sales, up 6% y/y, excl. Snap One, with increasing customer adoption in digital channel and multiple significant enhancements expected to launch in second half 2024



REVENUE
$959M for Q2 2024

+4% Y/Y



GROSS MARGIN
19.4% for Q2 2024

+20 bps Y/Y

AVARRO™ Capture UltraTech® POWER PRODUCTS

EXCLUSIVE BRANDS SALES GROWTH

+18% Y/Y

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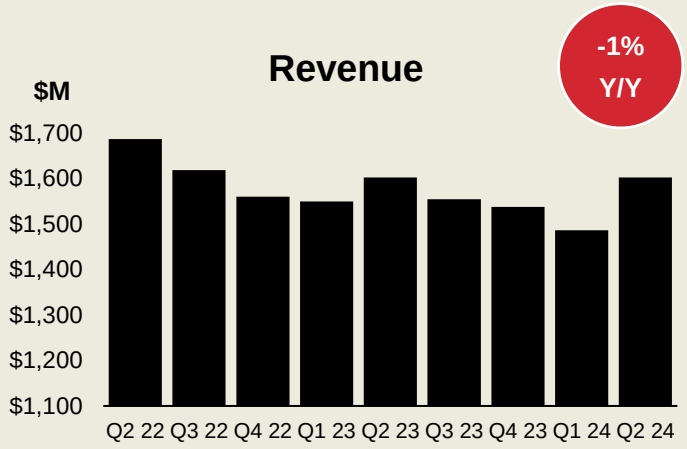
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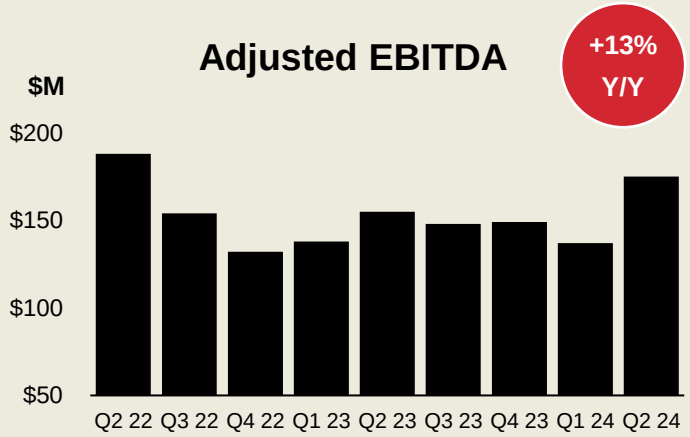
Q2 2024 Financial Summary

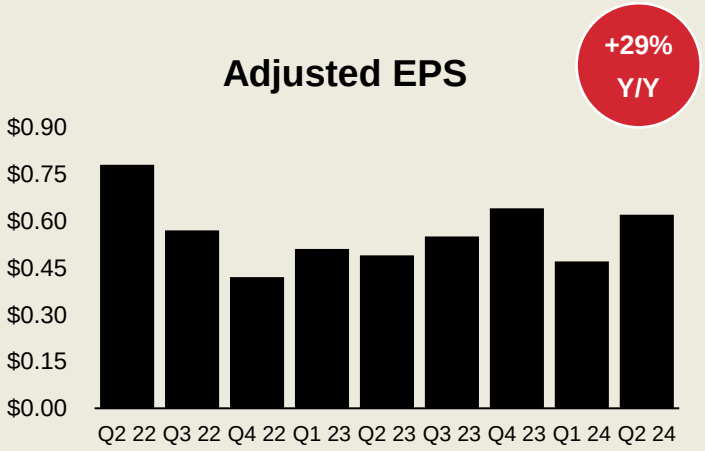
($ in millions, except per share)	Q2 2024	Q2 2023	% change Y/Y
Net Revenue	**1,589**	**1,602**	**-1%**
P&S Revenue	630	677	-7%
ADI Revenue	959	925	+4%
Gross Margin	**28.1%**	**27.2%**	**+90 bps**
P&S Gross Margin	41.3%	38.3%	+300 bps
ADI Gross Margin	19.4%	19.2%	+20 bps
Operating Profit	**122**	**153**	**-20%**
Net Income	**30**	**50**	**-40%**
EPS – Diluted	**0.19**	**0.34**	**-44%**
Adjusted EPS – Diluted	**0.62**	**0.48**	**+29%**
Adjusted EBITDA	**175**	**155**	**+13%**
P&S Adjusted EBITDA	156	137	+14%
ADI Adjusted EBITDA	77	79	-3%

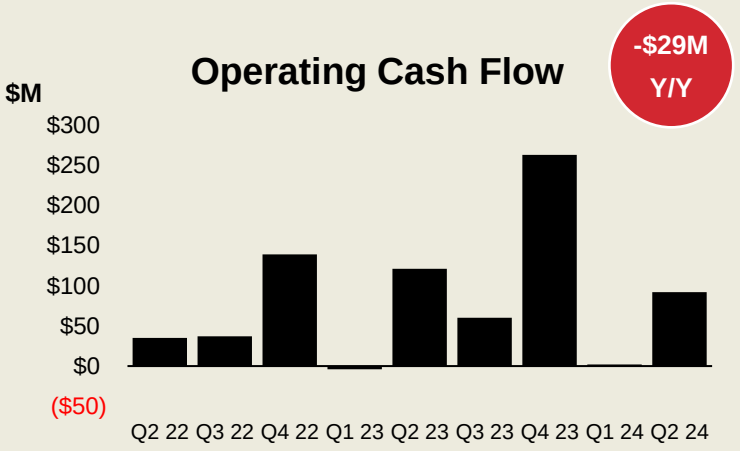
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Resideo Key Financial Trends







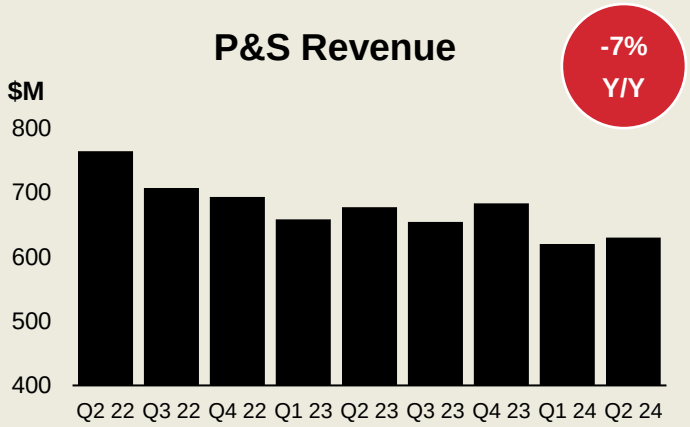


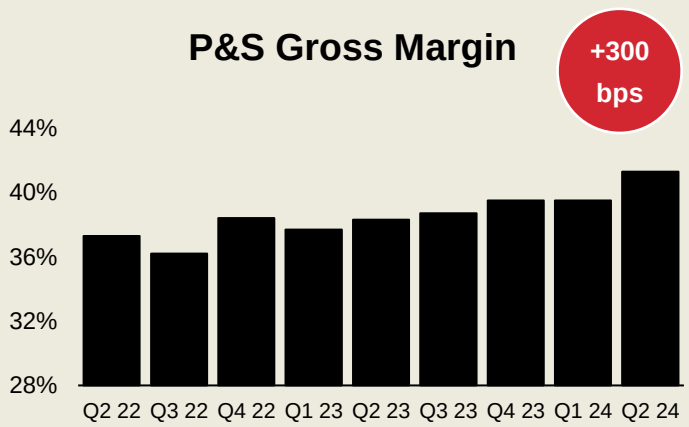
Q2 2024 HIGHLIGHTS

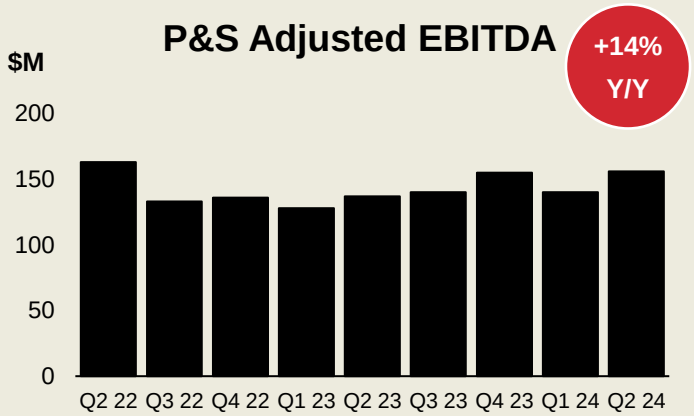
- Stabilizing demand trends in core markets despite ongoing macro headwinds of higher interest rates and soft existing home sales
- Gross margin expansion driven by continued positive trends in Products and Solutions
- Structural cost reductions and strategic initiatives continue to translate into Adjusted EBITDA margin expansion
- Operating cash flow ahead of expectations, net of Snap One impacts, raising target to >$375M for 2024

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Products and Solutions Financial Trends





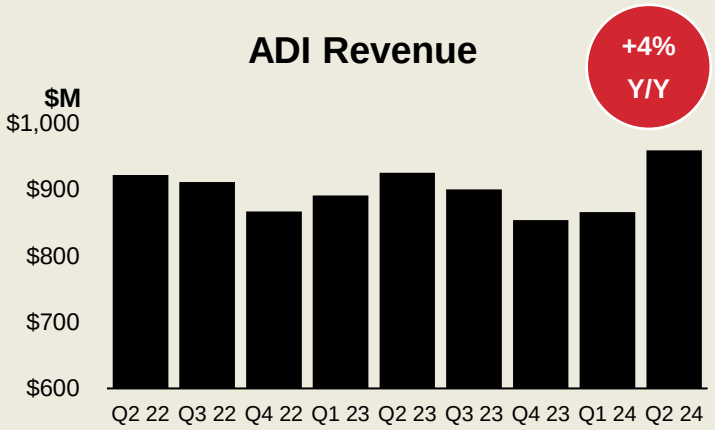


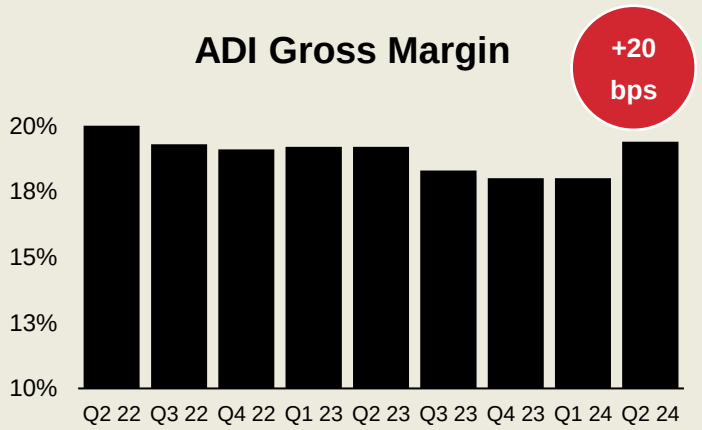
Q2 2024 HIGHLIGHTS

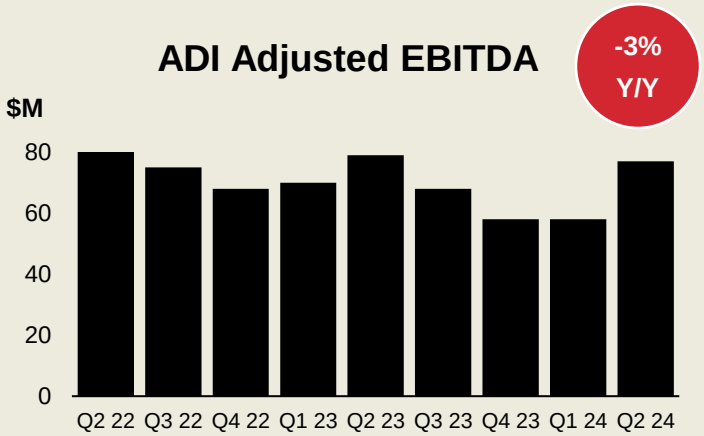
- Revenue down 7% y/y; down 2% when excluding the sale of Genesis
- Continued strong performance from First Alert and normalization of North American channel inventory mostly offset weaker conditions in EMEA
- Gross margin improved by 300 bps y/y, highlighting progress in cost and supply chain savings
- OPEX down 10% y/y, which combined with gross margin improvement drove growth in Adjusted EBITDA

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ADI Global Distribution Financial Trends







Q2 2024 HIGHLIGHTS

- Revenue up 4% y/y driven by inclusion of 15 days of Snap One results and improving demand trends across many core categories
- Daily sales trends improved in each month of the quarter
- ADI exclusive brand sales grew by 18% y/y and e-commerce sales were up 6% y/y, excl. Snap One
- Adjusted EBITDA down 3% y/y due to lower ADI product line gross margin, partially offset by inclusion of higher margin Snap One sales

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Balance Sheet and Cash Flow Summary (Unaudited)

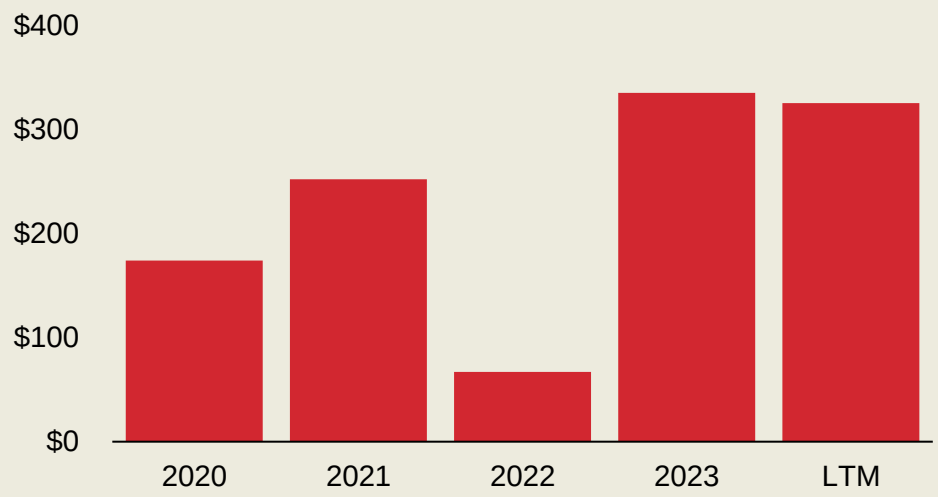
($ in millions); for three months ended	June 29, 2024	Dec 31, 2023	Jul 1, 2023
Cash and cash equivalents	413	636	381
Total debt	1,991	1,408	1,412
Accounts receivable, net	1,071	973	1,043
Inventories, net	1,188	941	1,001
Accounts payable	980	905	948
Cash provided by operating activities	92	263	121
Cash capital expenditures	15	31	29

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Strong Balance Sheet and Cash Generation

($ in millions)	**June 29, 2024**
Cash and cash equivalents	413
Total debt	1,991
	June 29, 2024
Cash provided by operating activities (LTM)	417
Capital expenditures (LTM)	92

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)	Q3 2024	2024
Consolidated Revenue	$1,790 to $1,830	$6,680 to $6,760
ADI Revenue Growth Y/Y		*0% to 2%*
P&S Revenue Growth Y/Y		*-5% to -3%*
Adjusted EBITDA (1)	$170 to $180	$655 to $695
Adjusted EPS (1) (2)	$0.49 to $0.59	$2.15 to $2.35
Operating Cash Flow		At least $375

Additional Items for 2024

Stock-based comp ~$70

D&A ~$130

Capital expenditures ~$100

Net interest expense ~$80

Honeywell IRA cash expense $140

Income tax expense $110 - $120

Avg. diluted shares ~149M

(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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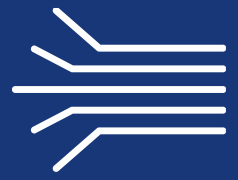
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Our Values



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)	Q2 2024 [1] Products and Solutions	Q2 2024 [1] ADI Global Distribution	Q2 2024 [1] Corporate	Q2 2024 [1] Total Company	YTD 2024 [1] Products and Solutions	YTD 2024 [1] ADI Global Distribution	YTD 2024 [1] Corporate	YTD 2024 [1] Total Company
Net revenue	$ 630	$ 959	$ —	$ 1,589	$ 1,250	$ 1,825	$ —	$ 3,075
Cost of goods sold	370	773	(1)	1,142	745	1,483	—	2,228
Gross profit	260	186	1	447	505	342	—	847
Research and development expenses	21	—	—	21	46	—	—	46
Selling, general and administrative expenses	103	118	59	280	200	220	91	511
Intangible asset amortization	6	6	1	13	12	9	1	22
Restructuring, impairment and extinguishment costs, net	—	—	11	11	5	2	11	18
Income (loss) from operations	$ 130	$ 62	$ (70)	$ 122	$ 242	$ 111	$ (103)	$ 250

(in millions)	Q2 2023 [1] Products and Solutions	Q2 2023 [1] ADI Global Distribution	Q2 2023 [1] Corporate	Q2 2023 [1] Total Company	YTD 2023 [1] Products and Solutions	YTD 2023 [1] ADI Global Distribution	YTD 2023 [1] Corporate	YTD 2023 [1] Company
Net revenue	$ 677	$ 925	$ —	$ 1,602	$ 1,335	$ 1,816	$ —	$ 3,151
Cost of goods sold	418	747	1	1,166	826	1,467	2	2,295
Gross profit (loss)	259	178	(1)	436	509	349	(2)	856
Research and development expenses	28	—	1	29	55	—	1	56
Selling, general and administrative expenses	111	102	30	242	221	207	58	486
Intangible asset amortization	5	3	1	10	11	6	2	19
Restructuring and impairment expenses	—	2	—	2	2	2	—	4
Income (loss) from operations	$ 115	$ 71	$ (33)	$ 153	$ 220	$ 135	$ (64)	$ 291

	Q2 2024 % change compared with prior period Products and Solutions	Q2 2024 % change compared with prior period ADI Global Distribution	Q2 2024 % change compared with prior period Corporate	Q2 2024 % change compared with prior period Total Company	YTD 2024 % change compared with prior period Products and Solutions	YTD 2024 % change compared with prior period ADI Global Distribution	YTD 2024 % change compared with prior period Corporate	YTD 2024 % change compared with prior period Total Company
Net revenue	(7)%	4 %	N/A	(1)%	(6)%	— %	N/A	(2)%
Cost of goods sold	(11)%	3 %	N/A	(2)%	(10)%	1 %	N/A	(3)%
Gross profit	— %	4 %	N/A	3 %	(1)%	(2)%	N/A	(1)%
Research and development expenses	(25)%	N/A	N/A	(28)%	(16)%	N/A	N/A	(18)%
Selling, general and administrative expenses	(7)%	16 %	97 %	16 %	(10)%	6 %	57 %	5 %
Intangible asset amortization	20 %	100 %	— %	30 %	9 %	50 %	(50)%	16 %
Restructuring, impairment and extinguishment costs, net	N/A	N/A	N/A	450 %	150 %	— %	N/A	350 %
Income (loss) from operations	13 %	(13)%	112 %	(20)%	10 %	(18)%	61 %	(14)%

[1] On January 1, 2024, certain corporate functions were decentralized into the operating segments aligning with the business strategy. Functional expenses related to information technology, finance, tax, business development, and research and development are now recorded within the Products and Solutions and ADI Global Distribution segments. For the three and six months ended July 1, 2023, $13 million and $25 million of corporate expenses have been reclassified into the Products and Solutions while $8 million and $16 million of corporate expenses have been reclassified into the ADI Global Distribution segments, respectively, decreasing reported Income from Operations to conform to the current year presentation.

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Consolidated Statements of Operations (Unaudited)

(in millions, except per share data)	Three Months Ended		Six Months Ended	
	June 29, 2024	July 1, 2023	June 29, 2024	July 1, 2023
Net revenue	$ 1,589	$ 1,602	$ 3,075	$ 3,151
Cost of goods sold	1,142	1,166	2,228	2,295
Gross profit	447	436	847	856
Operating expenses:				
Research and development expenses	21	29	46	56
Selling, general and administrative expenses	280	242	511	486
Intangible asset amortization	13	10	22	19
Restructuring, impairment and extinguishment costs, net	11	2	18	4
Total operating expenses	$ 325	$ 283	597	565
Income from operations	122	153	250	291
Reimbursement Agreement expense [1]	47	44	90	85
Other expense (income), net	1	$ (2)	—	(3)
Interest expense, net	15	17	28	34
Income before taxes	59	94	132	175
Provision for income taxes	29	44	59	68
Net income	$ 30	$ 50	$ 73	$ 107
Earnings per common share:				
Basic	$ 0.19	$ 0.34	$ 0.49	$ 0.73
Diluted	$ 0.19	$ 0.34	$ 0.48	$ 0.72
Weighted average common shares outstanding:				
Basic	146	147	146	147
Diluted	149	149	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)	June 29, 2024	December 31, 2023
ASSETS		
Current assets:		
Cash and cash equivalents	$ 413	$ 636
Accounts receivable, net	1,071	973
Inventories, net	1,188	941
Other current assets	212	193
Total current assets	2,884	2,743
Property, plant and equipment, net	424	390
Goodwill	3,079	2,705
Intangible assets, net	1,218	461
Other assets	379	346
Total assets	$ 7,984	$ 6,645
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 980	$ 905
Current portion of long-term debt	12	12
Accrued liabilities	602	608
Total current liabilities	1,594	1,525
Long-term debt	1,979	1,396
Obligations payable under Indemnification Agreements	625	609
Other liabilities	492	366
Total liabilities	4,690	3,896
Stockholders' equity		
Preferred stock, $0.001 par value: 100 shares authorized, 0.5 shares issued and outstanding at June 29, 2024 and no shares issued and outstanding at December 31, 2023, respectively	482	—
Common stock, $0.001 par value: 700 shares authorized, 152 and 146 shares issued and outstanding at June 29, 2024, respectively, and 151 and 145 shares issued and outstanding at December 31, 2023, respectively	—	—
Additional paid-in capital	2,276	2,226
Retained earnings	881	810
Accumulated other comprehensive loss, net	(242)	(194)
Treasury stock at cost	(103)	(93)
Total stockholders' equity	3,294	2,749
Total liabilities and stockholders' equity	$ 7,984	$ 6,645

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Consolidated Statements of Cash Flows (Unaudited)

(in millions)	Three Months Ended		Six Months Ended	
	June 29, 2024	July 1, 2023	June 29, 2024	July 1, 2023
Cash Flows From Operating Activities:				
Net income	$ 30	$ 50	$ 73	$ 107
Adjustments to reconcile net income to net cash in operating activities:				
Depreciation and amortization	28	25	52	49
Stock-based compensation expense	15	13	29	25
Other, net	7	4	17	6
Changes in assets and liabilities, net of acquired companies:				
Accounts receivable, net	(91)	(58)	(57)	(35)
Inventories, net	(11)	12	(4)	(15)
Other current assets	6	11	9	3
Accounts payable	75	56	31	44
Accrued liabilities	11	(8)	(78)	(94)
Other liabilities	22	16	22	27
Net cash provided by operating activities	92	121	94	117
Cash Flows From Investing Activities:				
Acquisitions, net of cash acquired	(1,334)	—	(1,334)	(6)
Capital expenditures	(15)	(29)	(36)	(49)
Other investing activities, net	7	—	6	—
Net cash used in investing activities	(1,342)	(29)	(1,364)	(55)
Cash Flows From Financing Activities:				
Proceeds from issuance of incremental term loans under the A&R Term B Facility, net	582	—	582	—
Proceeds from issuance of preferred stock, net of issuance costs	482	—	482	—
Repayments of long-term debt	(3)	(3)	(6)	(6)
Other financing activities, net	(1)	(6)	(6)	(12)
Net cash provided by (used in) financing activities	1,060	(9)	1,052	(18)
Effect of foreign exchange rate changes on cash, cash equivalents and restricted cash	—	4	(5)	10
Net (decrease) increase in cash, cash equivalents and restricted cash	(190)	87	(223)	54
Cash, cash equivalents and restricted cash at beginning of period	604	296	637	329
Cash, cash equivalents and restricted cash at end of period	$ 414	$ 383	$ 414	$ 383

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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		Six Months Ended	
	June 29, 2024	July 1, 2023	June 29, 2024	July 1, 2023
GAAP Net income	$ 30	$ 50	$ 73	$ 107
Less: preferred stock dividends	2	—	2	—
GAAP Net income available to common stockholders	28	50	71	107
Acquisition and integration costs	34	—		
Stock-based compensation expense	15	13	29	25
Intangible asset amortization	13	10	22	19
Reimbursement Agreement accrual increase, non-cash component [(1)]	12	9	20	15
Other [(2)]	12	(3)	17	(5)
Tax effect of applicable non-GAAP adjustments [(3)]	(22)	(7)	(31)	(14)
Non-GAAP Adjusted net income available to common stockholders	$ 92	$ 72	$ 162	$ 147

	Three Months Ended		Six Months Ended	
	June 29, 2024	July 1, 2023	June 29, 2024	July 1, 2023
GAAP Net income per diluted common share	$ 0.19	$ 0.34	$ 0.48	$ 0.72
Acquisition and integration costs	0.23	—	0.23	—
Stock-based compensation expense	0.10	0.09	0.20	0.17
Intangible asset amortization	0.09	0.06	0.15	0.13
Reimbursement Agreement accrual increase, non-cash component [(1)]	0.08	0.06	0.14	0.10
Other [(2)]	0.08	(0.02)	0.11	(0.03)
Tax effect of applicable non-GAAP adjustments [(3)]	(0.15)	(0.05)	(0.22)	(0.10)
Non-GAAP Adjusted net income per diluted common share	$ 0.62	$ 0.48	$ 1.09	$ 0.99

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

[(2)] Other includes restructuring expenses, impairment charges, extinguishment costs, loss on sale of assets, Tax Matters Agreement gain, foreign exchange transaction loss (income), and litigation settlements.

[(3)] We calculated the tax effect of non-GAAP adjustments by applying a flat statutory tax rate of 25% for the three months ended June 29, 2024 and July 1, 2023.

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Non-GAAP Financial Measures and Reconciliations (Unaudited)

Resideo Adjusted EBITDA

(in millions)	Three Months Ended June 29, 2024	Three Months Ended July 1, 2023	Six Months Ended June 29, 2024	Six Months Ended July 1, 2023
Net revenue	$ 1,589	$ 1,602	$ 3,075	$ 3,151
GAAP Net income	$ 30	$ 50	$ 73	$ 107
GAAP Net income as a % of net revenue	1.9 %	3.1 %	2.4 %	3.4 %
Provision for income taxes	29	44	59	68
GAAP Income before taxes	59	94	132	175
Acquisition and integration costs	34	—		
Depreciation and amortization	28	25	52	49
Stock-based compensation expense	15	13	29	25
Interest expense, net	15	17	28	34
Reimbursement Agreement accrual increase, non-cash component [(1)]	12	9	20	15
Other [(2)]	12	(3)	17	(5)
Non-GAAP Adjusted EBITDA	$ 175	$ 155	$ 312	$ 293
Non-GAAP Adjusted EBITDA as a % of net revenue	11.0 %	9.7 %	10.1 %	9.3 %

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

(2) Other includes restructuring expenses, impairment charges, extinguishment costs, loss on sale of assets, Tax Matters Agreement gain, foreign exchange transaction loss (income), and litigation settlements.

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Non-GAAP Financial Measures and Reconciliations (Unaudited)

Products and Solutions Segment

(in millions)	Three Months Ended		Six Months Ended	
	June 29, 2024	July 1, 2023	June 29, 2024	July 1, 2023
Net revenue	$ 630	$ 677	$ 1,250	$ 1,335
GAAP Income from operations	$ 130	$ 115	$ 242	$ 220
GAAP Income from operations as a % of net revenue	20.6 %	17.0 %	19.4 %	16.5 %
Stock-based compensation expense	4	5	10	9
Other [1]	4	—	5	2
Non-GAAP Adjusted Income from Operations	$ 138	$ 120	$ 261	$ 231
Depreciation and amortization	18	17	35	34
Non-GAAP Adjusted EBITDA	$ 156	$ 137	$ 296	$ 265
Non-GAAP Adjusted EBITDA as a % of net revenue	24.8 %	20.2 %	23.7 %	19.9 %

[1] Other includes restructuring expenses and litigation settlements.

ADI Global Distribution Segment

(in millions)	Three Months Ended		Six Months Ended	
	June 29, 2024	July 1, 2023	June 29, 2024	July 1, 2023
Net revenue	$ 959	$ 925	$ 1,825	$ 1,816
GAAP Income from operations	$ 62	$ 71	$ 111	$ 135
GAAP Income from operations as a % of net revenue	6.5 %	7.7 %	6.1 %	7.4 %
Stock-based compensation expense	3	1	5	3
Acquisition and integration costs	4	—	4	—
Other [1]	—	2	2	2
Non-GAAP Adjusted Income from Operations	$ 69	$ 74	$ 122	$ 140
Depreciation and amortization	8	5	13	9
Non-GAAP Adjusted EBITDA	$ 77	$ 79	$ 135	$ 149
Non-GAAP Adjusted EBITDA as a % of net revenue	8.0 %	8.5 %	7.4 %	8.2 %

[1] Other includes restructuring expenses.

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