

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q**

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2020

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission File Number 001-38635

Resideo Technologies, Inc.

(Exact name of registrant as specified in its charter)

Delaware

82-5318796

(State or other jurisdiction of incorporation or organization)

(I.R.S. Employer Identification No.)

901 E 6th Street
Austin, Texas

78702

(Address of principal executive offices)

(Zip Code)

(512) 726-3500

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class:	Trading Symbol:	Name of each exchange on which registered:
Common Stock, par value \$0.001 per share	REZI	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒

Accelerated filer ☐

Non-accelerated filer ☐

Smaller reporting company ☐

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The number of shares outstanding of the Registrant's common stock, par value \$0.001 per share, as of May 1st, 2020 was 123,148,033 shares.

TABLE OF CONTENTS

	<u>Item</u>	<u>Page</u>
Part I.	<u>Item 1. Financial Statements</u>	5
	1. <u>Financial Statements</u>	5
	<u>Consolidated Interim Statements of Operations (unaudited) – Three Months Ended March 31, 2020 and 2019</u>	5
	<u>Consolidated Interim Statements of Comprehensive (Loss) Income (unaudited) – Three Months Ended March 31, 2020 and 2019</u>	6
	<u>Consolidated Interim Balance Sheets (unaudited) – March 31, 2020 and December 31, 2019</u>	7
	<u>Consolidated Interim Statements of Cash Flows (unaudited) – Three Months Ended March 31, 2020 and 2019</u>	8
	<u>Consolidated Interim Statements of Equity (unaudited) - Three Months Ended March 31, 2020 and 2019</u>	9
	<u>Notes to Consolidated Interim Financial Statements (unaudited)</u>	10
	2. <u>Management’s Discussion and Analysis of Financial Condition and Results of Operations</u>	26
	3. <u>Quantitative and Qualitative Disclosures About Market Risk</u>	36
	4. <u>Controls and Procedures</u>	37
Part II.	1. <u>Legal Proceedings</u>	38
	1A. <u>Risk Factors</u>	38
	5. <u>Other Information</u>	40
	6. <u>Exhibits</u>	41
	<u>Signatures</u>	43

RESIDEO TECHNOLOGIES, INC.

Cautionary Statement about Forward-Looking Statements

This Quarterly Report on Form 10-Q (this “Form 10-Q”) contains “forward-looking statements” that involve risks and uncertainties. These statements can be identified by the fact that they do not relate strictly to historical or current facts, but rather are based on current expectations, estimates, assumptions and projections about our industries and our business and financial results. Forward-looking statements often include words such as “anticipates,” “estimates,” “expects,” “projects,” “forecasts,” “intends,” “plans,” “continues,” “believes,” “may,” “will,” “goals” and words and terms of similar substance in connection with discussions of future operating or financial performance. As with any projection or forecast, forward-looking statements are inherently susceptible to uncertainty and changes in circumstances. Our actual results may vary materially from those expressed or implied in our forward-looking statements. Accordingly, undue reliance should not be placed on any forward-looking statement made by us or on our behalf. Although we believe that the forward-looking statements contained in this Form 10-Q are based on reasonable assumptions, you should be aware that many factors could affect our actual financial results or results of operations and could cause actual results to differ materially from those in such forward-looking statements, including but not limited to:

- limited operating history as an independent publicly traded company and unreliability of historical pre-Spin-Off combined financial information as an indicator of our future results;
- the level of competition from other companies in our markets and segments, as well as in new markets and emerging markets;
- ability to successfully develop new technologies and introduce new products;
- inability to attract and retain new leadership personnel, including the CEO and CFO and to manage successfully through leadership transitions;
- inability to recruit and retain qualified personnel;
- changes in prevailing global and regional economic conditions;
- natural disasters or inclement or hazardous weather conditions, including, but not limited to cold weather, flooding, tornadoes and the physical impacts of climate change;
- fluctuation in financial results due to seasonal nature of portions of our business;
- failure to achieve and maintain a high level of product and service quality;
- dependence upon investment in information technology;
- failure or inability to comply with relevant data privacy legislation or regulations, including the European Union’s General Data Protection Regulation and the California Consumer Privacy Act;
- technical difficulties or failures;
- work stoppages, other disruptions, or the need to relocate any of our facilities;
- economic, political, regulatory, foreign exchange and other risks of international operations, including the impact of tariffs and the recently negotiated USMCA, which, when legislatively approved by each of the US, Mexico and Canada, will serve to replace NAFTA;
- changes in legislation or government regulations or policies;
- our growth strategy is dependent on expanding our distribution business;
- inability to obtain necessary product components, production equipment or replacement parts;
- the significant failure or inability to comply with the specifications and manufacturing requirements of our original equipment manufacturers (“OEMs”) customers;
- inability to implement and execute actions to achieve the expected results from our operational and financial review initially disclosed in connection with our 2019 third-quarter results;
- the possibility that our goodwill or intangible assets become impaired;
- increases or decreases to the inventory levels maintained by our customers;
- difficulty collecting receivables;
- the failure to protect our intellectual property or allegations that we have infringed the intellectual property of others;
- our inability to maintain intellectual property agreements;
- our inability to service our indebtedness;
- the failure to increase productivity through sustainable operational improvements;
- inability to grow successfully through future acquisitions;
- the operational constraints and financial distress of third parties;

RESIDEO TECHNOLOGIES, INC.

- changes in the price and availability of raw materials that we use to produce our products;
- labor disputes;
- our ability to borrow funds and access capital markets;
- the amount of our obligations and nature of our contractual restrictions pursuant to, and disputes that have or may hereafter arise under, the Honeywell Reimbursement Agreement and the other agreements we entered into with Honeywell in connection with the Spin-Off;
- our reliance on Honeywell for the Honeywell Home trademark;
- potential material environmental liabilities;
- our inability to fully comply with data privacy laws and regulations;
- potential material losses and costs as a result of warranty claims, including product recalls, and product liability actions that may be brought against us;
- potential business and other disruption due to cyber security threats or concerns;
- potential material litigation matters,
- unforeseen U.S. federal income tax and foreign tax liabilities;
- U.S. federal income tax reform;
- the inception or suspension in the future of any dividend program;
- the impact of pandemics, epidemics and other public health emergencies, such as the recent outbreak of COVID-19; and
- certain factors discussed elsewhere in this Form 10-Q.

These and other factors are more fully discussed in the “Risk Factors” section in our 2019 Annual Report on Form 10-K for the year ended December 31, 2019 (the “2019 Annual Report on Form 10-K”) and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” section in this Form 10-Q. There have been no material changes to the risk factors described in our 2019 Annual Report on Form 10-K, except as reflected in the “Risk Factors” section in this Form 10-Q. These risks could cause actual results to differ materially from those implied by forward-looking statements in this Form 10-Q. Even if our results of operations, financial condition and liquidity and the development of the industries in which we operate are consistent with the forward-looking statements contained in this Form 10-Q, those results or developments may not be indicative of results or developments in subsequent periods.

Any forward-looking statements made by us in this Form 10-Q speak only as of the date on which they are made. We are under no obligation to, and expressly disclaim any obligation to, update or alter our forward-looking statements, whether as a result of new information, subsequent events or otherwise.

PART I

The financial statements and related footnotes as of March 31, 2020 should be read in conjunction with the financial statements for the year ended December 31, 2019 contained in our 2019 Annual Report on Form 10-K.

RESIDEO TECHNOLOGIES, INC.

Item 1. Financial Statements

CONSOLIDATED INTERIM STATEMENTS OF OPERATIONS
(Dollars in millions except share and per share data)
(Unaudited)

	Three Months Ended	
	March 31,	
	2020	2019
Net revenue	\$ 1,179	\$ 1,216
Cost of goods sold	895	884
Gross profit	284	332
Selling, general and administrative expenses	250	247
Operating profit	34	85
Other expense (income), net	42	(16)
Interest expense	17	17
(Loss) income before taxes	(25)	84
Tax (benefit) expense	(4)	36
Net (loss) income	\$ (21)	\$ 48
Weighted Average Number of Common Shares Outstanding (in thousands)		
Basic	122,962	122,570
Diluted	122,962	123,472
(Loss) Earnings Per Share		
Basic	\$ (0.17)	\$ 0.39
Diluted	\$ (0.17)	\$ 0.39

The unaudited Notes to Consolidated Interim Financial Statements are an integral part of these statements.

RESIDEO TECHNOLOGIES, INC.

CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE (LOSS) INCOME
(Dollars in millions)
(Unaudited)

	Three Months Ended	
	March 31,	
	2020	2019
Net (loss) income	\$ (21)	\$ 48
Other comprehensive (loss) income, net of tax		
Foreign exchange translation adjustment	(66)	6
Total other comprehensive (loss) income, net of tax	(66)	6
Comprehensive (loss) income	<u>\$ (87)</u>	<u>\$ 54</u>

The unaudited Notes to Consolidated Interim Financial Statements are an integral part of these statements.

RESIDEO TECHNOLOGIES, INC.

CONSOLIDATED INTERIM BALANCE SHEETS
(Dollars in millions, shares in thousands)
(Unaudited)

	March 31, 2020	December 31, 2019
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 338	\$ 122
Accounts receivable – net	820	817
Inventories – net	671	671
Other current assets	164	175
Total current assets	1,993	1,785
Property, plant and equipment – net	304	316
Goodwill	2,612	2,642
Other assets	378	385
Total assets	\$ 5,287	\$ 5,128
LIABILITIES		
Current liabilities:		
Accounts payable	\$ 906	\$ 920
Current maturities of long-term debt	382	22
Accrued liabilities	467	552
Total current liabilities	1,755	1,494
Long-term debt	1,149	1,158
Obligations payable to Honeywell	592	594
Other liabilities	270	280
COMMITMENTS AND CONTINGENCIES (Note 13)		
EQUITY		
Common stock, \$0.001 par value, 700,000 shares authorized, 123,874 and 123,121 shares issued and outstanding as of March 31, 2020, 123,488 and 122,873 shares issued and outstanding as of December 31, 2019, respectively	-	-
Additional paid-in capital	1,768	1,761
Treasury stock, at cost	(4)	(3)
Retained earnings	17	38
Accumulated other comprehensive (loss)	(260)	(194)
Total equity	1,521	1,602
Total liabilities and equity	\$ 5,287	\$ 5,128

The unaudited Notes to Consolidated Interim Financial Statements are an integral part of these statements.

RESIDEO TECHNOLOGIES, INC.

CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
(Dollars in millions)
(Unaudited)

	Three Months Ended March 31,	
	2020	2019
Cash flows used for operating activities:		
Net (loss) income	\$ (21)	\$ 48
Adjustments to reconcile net (loss) income to net cash used for operating activities:		
Depreciation and amortization	21	16
Restructuring charges, net of payments	5	-
Stock compensation expense	7	7
Other	12	3
Changes in assets and liabilities:		
Accounts receivable	(17)	(17)
Inventories – net	(6)	(72)
Other current assets	10	(16)
Accounts payable	(1)	70
Accrued liabilities	(80)	(6)
Obligations payable to Honeywell	(2)	(49)
Other	(2)	6
Net cash used for operating activities	(74)	(10)
Cash flows used for investing activities:		
Expenditures for property, plant, equipment and other intangibles	(16)	(15)
Cash paid for acquisitions, net of cash acquired	(35)	(6)
Net cash used for investing activities	(51)	(21)
Cash flows provided by (used for) financing activities:		
Net proceeds from revolving credit facility	350	-
Repayment of long-term debt	-	(6)
Non-operating obligations paid to Honeywell, net	-	(15)
Tax payments related to stock vestings	(1)	(2)
Net cash provided by (used for) financing activities	349	(23)
Effect of foreign exchange rate changes on cash and cash equivalents	(8)	1
Net increase (decrease) in cash and cash equivalents	216	(53)
Cash and cash equivalents at beginning of period	122	265
Cash and cash equivalents at end of period	\$ 338	\$ 212

The unaudited Notes to Consolidated Interim Financial Statements are an integral part of these statements.

RESIDEO TECHNOLOGIES, INC.

CONSOLIDATED INTERIM STATEMENTS OF EQUITY
(Dollars in millions, shares in thousands)
(Unaudited)

	Common Shares	Treasury Shares	Common Stock	Treasury Stock	Additional Paid- In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total Equity
Balance at December 31, 2018	122,499	468	\$ -	\$ -	\$ 1,720	\$ 2	\$ (189)	\$ 1,533
Net income	-	-	-	-	-	48	-	48
Other comprehensive income, net of tax	-	-	-	-	-	-	6	6
Issuance of common stock under stock-based compensation plans, net of shares withheld for employee taxes	187	84	-	(2)	-	-	-	(2)
Stock-based compensation	-	-	-	-	7	-	-	7
Balance at March 31, 2019	<u>122,686</u>	<u>552</u>	<u>\$ -</u>	<u>\$ (2)</u>	<u>\$ 1,727</u>	<u>\$ 50</u>	<u>\$ (183)</u>	<u>\$ 1,592</u>
Balance at December 31, 2019	122,873	615	\$ -	\$ (3)	\$ 1,761	\$ 38	\$ (194)	\$ 1,602
Net loss	-	-	-	-	-	(21)	-	(21)
Other comprehensive loss, net of tax	-	-	-	-	-	-	(66)	(66)
Issuance of common stock under stock-based compensation plans, net of shares withheld for employee taxes	248	137	-	(1)	-	-	-	(1)
Stock-based compensation	-	-	-	-	7	-	-	7
Balance at March 31, 2020	<u>123,121</u>	<u>752</u>	<u>\$ -</u>	<u>\$ (4)</u>	<u>\$ 1,768</u>	<u>\$ 17</u>	<u>\$ (260)</u>	<u>\$ 1,521</u>

The unaudited Notes to Consolidated Interim Financial Statements are an integral part of these statements.

RESIDEO TECHNOLOGIES, INC.

NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Dollars in millions, unless otherwise noted) (Unaudited)

Note 1. Organization, Operations and Basis of Presentation

Business Description

Resideo Technologies, Inc. (“Resideo” or “the Company”), is a global provider of products, software, solutions and technologies that help homeowners stay connected and in control of their comfort, security and energy use. The Company is a leader in the home heating, ventilation and air conditioning controls and security markets, and a leading global distributor of low-voltage electronic and security products.

Separation from Honeywell

The Company was incorporated in Delaware on April 24, 2018. The Company separated from Honeywell International Inc. (“Honeywell”) on October 29, 2018, becoming an independent publicly traded company as a result of a pro rata distribution of the Company’s common stock to shareholders of Honeywell (the “Spin-Off”). On October 29, 2018, Honeywell’s shareholders of record as of October 16, 2018 (“Record Date”) received one share of the Company’s common stock, par value \$0.001 per share, for every six shares of Honeywell’s common stock, par value \$1.00 per share, held as of the Record Date, and cash for any fractional shares of the Company’s common stock. The Company began trading “regular way” under the ticker symbol “REZI” on the New York Stock Exchange on October 29, 2018.

In connection with the separation, Resideo and Honeywell entered into a Honeywell Reimbursement Agreement, a Tax Matters Agreement and a Trademark Agreement (each as defined in Note 13. Commitments and Contingencies), a Separation and Distribution Agreement, an Employee Matters Agreement, a Transition Services Agreement, and a Patent Cross-License Agreement. The agreements govern the relationship between Resideo and Honeywell following the separation and provide for the allocation of various assets, liabilities, rights and obligations. These agreements also include arrangements for transition services to be provided by Honeywell to Resideo and by Resideo to Honeywell.

Prior to the Spin-Off, Honeywell provided certain services, such as legal, accounting, information technology, human resources and other infrastructure support, on behalf of the Company. After the Spin-Off, a number of services have continued under a Transition Services Agreement with Honeywell, which the Company expenses as incurred based on the contractual pricing terms.

Basis of Presentation

The Company’s financial statements are presented on a consolidated basis (collectively, the “Interim Financial Statements”) and have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”). All intercompany transactions have been eliminated for all periods presented. The Interim Financial Statements are unaudited; however, in the opinion of management, they contain all the adjustments (consisting of those of a normal recurring nature) considered necessary to state fairly the financial position, results of operations and cash flows for the periods presented in conformity with U.S. GAAP applicable to interim periods.

In periods subsequent to the Spin-Off, we may have made and may continue to make adjustments to balances transferred at the Spin-Off, including adjustments to the classification of assets or liabilities transferred. Any such adjustments are recorded directly to equity in Adjustments due to the Spin-Off and are considered immaterial.

The Company reports its quarterly financial information using a calendar convention; the first, second and third quarters are consistently reported as ending on March 31, June 30 and September 30. It is the Company’s practice to establish actual quarterly closing dates using a predetermined fiscal calendar, which requires its businesses to close their books on the last Saturday of the month in order to minimize the potentially disruptive effects of quarterly closing on business processes. The effects of this practice are generally not significant to

RESIDEO TECHNOLOGIES, INC.

NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Dollars in millions, unless otherwise noted)

(Unaudited)

reported results for any quarter and only exist within a reporting year. In the event that differences in actual closing dates are material to year-over-year comparisons of quarterly or year-to-date results, the Company will provide appropriate disclosures. Actual closing dates for the three months ended March 31, 2020 and 2019 were March 28, 2020 and March 30, 2019, respectively.

Reclassification

On January 1, 2020, the Company changed its classification of research and development expenses in the Consolidated Interim Statements of Operations from Cost of goods sold to Selling, general and administrative expenses, such that research and development expenses are excluded from the calculation of Gross profit. The impact on the March 31, 2019 Consolidated Interim Statement of Operations is a reduction of Cost of goods sold, an increase in Gross profit and an increase in Selling, general and administrative expenses of \$19 million. This reclassification had no effect on the previously reported Net income or the Company's Consolidated Interim Statements of Comprehensive (loss) income, Cash flows, or Balance sheets.

Note 2. Summary of Significant Accounting Policies

The Company's accounting policies are set forth in "Note 2. Summary of Significant Accounting Policies" of the Company's Notes to Consolidated and Combined Financial Statements included in the 2019 Annual Report on Form 10-K. Included herein are certain updates to those policies.

In December 2019, a novel coronavirus disease ("COVID-19") was reported and in January 2020, the World Health Organization ("WHO") declared it a Public Health Emergency of International Concern. On February 28, 2020, the WHO raised its assessment of the COVID-19 threat from high to very high at a global level due to the continued increase in the number of cases and affected countries, and on March 11, 2020, the WHO characterized COVID-19 as a pandemic. The broader implications of COVID-19 on the Company's results of operations and overall financial performance remain uncertain. The Company may experience constrained supply or slowed customer demand that could materially adversely impact the Company's business, results of operations and overall financial performance in future periods. See "Item 1A. Risk Factors" for further discussion of the possible impact of the COVID-19 pandemic on the Company's business. As there remains a high degree of uncertainty around the impacts of the COVID-19 pandemic, the Company addresses and evaluates the impacts frequently. At March 31, 2020, the Company believes that the accounting policies most likely to be affected by the COVID-19 pandemic are the following:

Use of Estimates—The preparation of the Company's Consolidated Financial Statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts in the Consolidated Financial Statements and related disclosures in the accompanying Notes to Consolidated Financial Statements. Actual results could differ from those estimates. Estimates and assumptions are periodically reviewed, and the effects of changes are reflected in the Consolidated Financial Statements in the period they are determined to be necessary. Estimates are used when accounting for stock-based compensation, pension benefits, contingent consideration, indemnification liabilities, goodwill and intangible assets and valuation allowances for receivables and inventory reserves, deferred tax assets, and the amounts of revenue and expenses reported during the period. The Company has used information available to identify potential impacts caused by the COVID-19 pandemic at March 31, 2020 in these estimates.

Goodwill—Determining the fair value of a reporting unit involves the use of significant estimates and assumptions. For the 2019 annual impairment test, the Company used a weighting of fair values derived from the income approach and market approach. Under the income approach, the Company calculates the fair value of a reporting unit based on the present value of estimated future cash flows. The income approach requires the exercise of significant judgment, including judgment about the amount and timing of expected future cash flows, assumed

RESIDEO TECHNOLOGIES, INC.

NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Dollars in millions, unless otherwise noted)

(Unaudited)

terminal value and appropriate discount rates. Under the market approach, the Company utilizes the public company guideline method. As a corroborative source of information, the Company reconciles the estimated fair value of its reporting units to within a reasonable range of its market capitalization, which includes an assumed control premium to verify the reasonableness of the fair value of its reporting units.

The Company believes the estimates and assumptions used in the calculations are reasonable and have not significantly changed considering the expected impacts of the COVID-19 pandemic. However, the extent to which COVID-19 may adversely impact our business depends on future developments, which are highly uncertain and unpredictable, depending upon the severity and duration of the outbreak, and the effectiveness of actions taken globally to contain or mitigate its effects. Any resulting financial impact cannot be estimated reasonably at this time but may materially adversely affect our business and financial results. It is possible that, during the remainder of 2020, business conditions could further deteriorate to a greater extent than we currently anticipate and if there was an adverse change in the facts and circumstances, then an impairment charge may be necessary in the future. Specifically, the fair value of our Products & Solutions reporting unit, with goodwill of approximately \$1,978 million, exceeded its carrying value by 10% and therefore is highly sensitive to adverse changes in the facts and circumstances that could result in a possible future impairment. Should the fair value of the Company's reporting units fall below its carrying amount because of reduced operating performance, market declines, changes in the discount rate, a more significant impact than expected from the COVID-19 pandemic, or other conditions, charges for impairment may be necessary. The Company monitors its reporting units to determine if there is an indicator of potential impairment.

Recent Accounting Pronouncements—The Company considers the applicability and impact of all recent accounting standards updates (“ASUs”) issued by the Financial Accounting Standards Board (“FASB”). ASUs not listed below were assessed and determined to be either not applicable or are expected to have an immaterial impact on the Company's consolidated financial position or results of operations.

In February 2018, the FASB issued ASU No. 2018-02, *Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income*, which allows for an entity to elect to reclassify, to retained earnings, the one-time income tax effects stranded in accumulated other comprehensive income (AOCI) resulting from the U.S. Tax Cuts and Jobs Act (“U.S. Tax Reform”). An entity that elects to make this reclassification must consider all items in AOCI that have tax effects stranded as a result of the tax rate change and must disclose the reclassification of these tax effects as well as the entity's policy for releasing income tax effects from AOCI. The ASU may be applied either retrospectively or as of the beginning of the period of adoption. The Company adopted the standard on January 1, 2019 using the aggregate portfolio accounting policy for recognizing the disproportionate income tax effects in AOCI and has elected not to reclassify the stranded income tax effects of U.S. Tax Reform from AOCI to retained earnings.

The Company adopted ASU 2016-13, *Financial Instruments - Credit Losses (Topic 326)*, which provides guidance designed to provide financial statement users with more information about the expected credit losses on financial instruments and other commitments to extend credit held by a reporting entity at each reporting date. From November 2018 to November 2019, amendments to Topic 326 were issued to clarify numerous accounting topics. When determining such expected credit losses, the guidance requires companies to apply a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. Adoption of this pronouncement did not have a material financial statement impact.

In August 2018, the FASB issued guidance that amends the current disclosure requirements regarding defined benefit pensions and other post retirement plans and allows for the removal of certain disclosures, while adding certain new disclosure requirements. This standard is effective for fiscal years beginning after December 15, 2020 and allows for early adoption. The Company does not expect this new standard to have a significant impact to its disclosures.

RESIDEO TECHNOLOGIES, INC.

NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Dollars in millions, unless otherwise noted)

(Unaudited)

In December 2019, the FASB issued ASU No. 2019-12, *Simplifying the Accounting for Income Taxes (Topic 740)*. This ASU simplifies the accounting for income taxes by, among other things, eliminating certain existing exceptions related to the general approach in ASC 740 relating to franchise taxes, reducing complexity in the interim-period accounting for year-to-date loss limitations and changes in tax laws, and clarifying the accounting for transactions outside of business combination that result in a step-up in the tax basis of goodwill. The transition requirements are primarily prospective and the effective date for Resideo is January 1, 2021, with early adoption permitted. The Company early adopted the provisions of this guidance on January 1, 2020. Adoption of this guidance did not have a material financial statement impact.

In March 2020, the FASB issued ASU No. 2020-04, *Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting*, which is optional guidance related to reference rate reform that provides practical expedients for contract modifications and certain hedging relationships associated with the transition from reference rates that are expected to be discontinued. This guidance is applicable for our Term Loans and Revolving Credit Facility, which use LIBOR as a reference rate, and is effective immediately, but is only available through December 31, 2022. Refer to “Note 10. Long-term Debt and Credit Agreement” for further details on our Term Loans and Revolving Credit Facility. The Company is currently evaluating the potential impact of this standard on our condensed and consolidated financial statements.

Note 3. (Loss) Earnings Per Share

The details of the earnings per share calculations for the three months ended March 31, 2020 and 2019 are as follows:

	Three Months Ended March 31,	
	2020	2019
Basic:		
Net (loss) income	\$ (21)	\$ 48
Weighted average common shares outstanding (in thousands)	122,962	122,570
(Loss) earnings per share - Basic	\$ (0.17)	\$ 0.39
	Three Months Ended March 31,	
	2020	2019
Diluted:		
Net (loss) income	\$ (21)	\$ 48
Weighted average common shares outstanding - Basic (in thousands)	122,962	122,570
Dilutive effect of common stock equivalents	-	902
Weighted average common shares outstanding - Diluted (in thousands)	122,962	123,472
(Loss) earnings per share - Diluted	\$ (0.17)	\$ 0.39

(Loss) earnings per share for March 31, 2020 and 2019, excludes 752.4 and 552.0 of treasury shares, respectively.

RESIDEO TECHNOLOGIES, INC.

NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Dollars in millions, unless otherwise noted)

(Unaudited)

Diluted earnings per share is computed based upon the weighted average number of common shares outstanding for the period plus the dilutive effect of common stock equivalents using the treasury stock method and the average market price of our common stock for the three months ended March 31, 2020 and 2019. In periods where the Company has a net loss, no dilutive common shares are included in the calculation for diluted shares as they are considered anti-dilutive. For the three months ended March 31, 2020, average options and other rights to purchase approximately 4.5 million shares of common stock were outstanding, all of which were anti-dilutive during the three months ended March 31, 2020, and therefore excluded from the computation of diluted earnings per common share. As of March 31, 2019, options and other rights to purchase approximately 1.8 million shares of common stock were outstanding, all of which were anti-dilutive during the three months ended March 31, 2019, and therefore excluded from the computation of diluted income per common share. In addition, an average of approximately 0.4 million and 0.3 million shares of performance-based unit awards are excluded from the computation of diluted earnings per common share for the three months ended March 31, 2020 and 2019, respectively, as the contingency has not been satisfied at March 31, 2020 and 2019.

Note 4. Acquisitions

On February 10, 2020, the Company completed the acquisition of privately held Herman ProAV, a leading provider and distributor of professional audio-visual products, procurement services and labor resources to systems integrators in the commercial audio-visual industry. The purchase price paid for this acquisition was approximately \$36 million. In connection with this acquisition, the Company recognized goodwill and intangible assets of \$4 million and \$18 million, respectively. This acquisition was integrated into and builds upon ADI Global Distribution's product portfolio and expands its presence in the pro-AV market. The Herman ProAV acquisition agreements include deferred payments for certain individuals that are contingent upon employment as well as financial performance. The Company determined that these deferred payments are accounted for as compensation expense over the requisite service period. The Company is still assessing the final allocation of the purchase price to the assets and liabilities of the business. Pro-forma disclosures are not provided as the acquisition has an immaterial financial statement impact.

Note 5. Revenue Recognition

Disaggregated Revenue

Revenues by channel are as follows:

	Three Months Ended March 31,	
	2020	2019
U.S. and Canada	\$ 576	\$ 536
EMEA (1)	114	115
APAC (2)	14	14
ADI Global Distribution	704	665
Comfort	230	272
Security	122	132
Residential Thermal Solutions	123	147
Products & Solutions	475	551
Net revenue	\$ 1,179	\$ 1,216

(1) EMEA represents Europe, the Middle East and Africa.

(2) APAC represents Asia and Pacific countries.

RESIDEO TECHNOLOGIES, INC.

NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Dollars in millions, unless otherwise noted)

(Unaudited)

The Company recognizes the majority of its revenue from performance obligations outlined in contracts with its customers that are satisfied at a point in time. Less than 3% of the Company's revenue is satisfied over time. As of March 31, 2020, and 2019 contract assets and liabilities are not material.

Note 6. Restructuring and Other Charges

During the fourth quarter of 2019, the Company announced commencement of a comprehensive operational and financial review focused on product cost, gross margin improvement, and general and administrative expense simplification. The review is being overseen by the Strategic and Operational Committee of our board, comprised of independent directors. We have retained industry-recognized experts in supply chain optimization and organizational excellence to assist in the review. Certain restructuring actions have been and are continuing to be implemented under this program as well as previous programs. For the three months ended March 31, 2020, restructuring and related expenses for the Products & Solutions segment and the ADI Global Distribution segment were \$8 million and \$1 million, respectively, and primarily related to severance. There were no material restructuring charges for the three months ended March 31, 2019.

The following table summarizes the pretax distribution of total net restructuring charges by unaudited Consolidated Statements of Operations classification:

		Three Months Ended March 31, 2020
Cost of goods sold	\$	3
Selling, general and administrative expenses		6
	\$	9

The following table summarizes the status of total restructuring reserves related to severance cost included in Accrued liabilities in the unaudited Consolidated Balance Sheets:

		Three Months Ended March 31, 2020
Beginning of period	\$	19
Charges		9
Usage – cash		(4)
End of period	\$	24

Note 7. Income Taxes

The Company recorded a tax benefit of \$4 million for the three months ended March 31, 2020.

For interim periods, income tax is equal to the total of (1) year-to-date pretax income multiplied by our forecasted effective tax rate plus (2) tax expense items specific to the period. In situations where we expect to report losses that we do not expect to receive a tax benefit, we are required to apply separate forecasted effective tax rates to those jurisdictions, rather than including them in the consolidated effective tax rate. For the three months ended March 31, 2020, income tax expense was impacted by this set of rules, resulting in an additional cost of \$1 million compared to what would have been recorded under the general rule on a consolidated basis.

RESIDEO TECHNOLOGIES, INC.

NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Dollars in millions, unless otherwise noted)

(Unaudited)

For the three months ended March 31, 2020, the net tax benefit of \$4 million, was driven by tax expense specific to the period of approximately \$17 million primarily related to \$15 million for valuation allowances in foreign jurisdictions and \$2 million related to the estimated tax impact of the CARES Act on prior years, offset by the impact of our estimated annual effective tax rate applied to pre-tax losses. In addition to items specific to the period our income tax rate is impacted by the mix of earnings across the jurisdictions in which we operate, non-deductible expenses, and U.S. taxation of foreign earnings.

Note 8. Inventories—Net

	March 31, 2020	December 31, 2019
Raw materials	\$ 155	\$ 154
Work in process	18	18
Finished products	569	568
Inventory reserves	(71)	(69)
	<u>\$ 671</u>	<u>\$ 671</u>

Note 9. Accrued Liabilities

	March 31, 2020	December 31, 2019
Obligations payable to Honeywell	\$ 140	\$ 140
Taxes payable	40	66
Compensation, benefit and other employee-related	49	66
Customer rebate reserve	35	78
Other	203	202
	<u>\$ 467</u>	<u>\$ 552</u>

Refer to “Note 13. Commitments and Contingencies” for further details on Obligations payable to Honeywell.

Note 10. Long-term Debt and Credit Agreement

The Company’s debt at March 31, 2020 and December 31, 2019 consisted of the following:

	March 31, 2020	December 31, 2019
6.125% notes due 2026	\$ 400	\$ 400
Five-year variable rate term loan A due 2023	333	333
Seven-year variable rate term loan B due 2025	470	470
Revolving Credit Facility	350	-
Unamortized deferred financing costs	(22)	(23)
Total outstanding indebtedness	1,531	1,180
Less: amounts due within one year	382	22
Total long-term debt due after one year	<u>\$ 1,149</u>	<u>\$ 1,158</u>

RESIDEO TECHNOLOGIES, INC.

NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Dollars in millions, unless otherwise noted)

(Unaudited)

In October of 2018, the Company issued \$400 million in principal amount of its 6.125% senior unsecured notes (the “Senior Notes”), entered into term loan facilities in the form of a seven-year LIBOR plus 2.25% senior secured first-lien term B loan facility in an aggregate principal amount of \$475 million and a five-year LIBOR plus 2.25% senior secured first-lien term A loan facility in an aggregate principal amount of \$350 million (the “Term Loans”) and established a five-year senior secured first-lien revolving credit facility in an aggregate principal amount of \$350 million (the “Revolving Credit Facility”). The interest rate on the Revolving Credit Facility borrowings are based on, at the option of the Company, either (i) the rate of interest last quoted by The Wall Street Journal as the “prime rate” in the United States, (ii) the greater of the federal funds effective rate and the overnight bank funding rate, plus 0.75% and (iii) the one month adjusted LIBOR rate, plus 1.25% per annum.

On November 26, 2019, the Company entered into a First Amendment to the Credit Agreement (the “Credit Agreement Amendment”). The Credit Agreement Amendment amended the Term Loans and Revolving Credit Facility credit agreement (the “Credit Agreement”) to, among other things: (i) increase the levels of the maximum consolidated total leverage ratio under the Credit Agreement, to not greater than 5.25 to 1.00 for the quarter ended December 31, 2019, with step-downs to 4.75 to 1.00 starting in the quarter ending December 31, 2020, 4.25 to 1.00 starting in the quarter ending December 31, 2021, and 3.75 to 1.00 starting in the quarter ending December 31, 2022; (ii) increase each applicable interest rate margin on loans outstanding after the first amendment effective date by 25 basis points per annum, 2.25% per annum (for LIBOR loans) and 1.25% per annum (for ABR loans) in respect of the Term B Loan Facility, and based on our leverage ratio, from 2.25% per annum to 1.75% per annum (for LIBOR loans) and 1.25% to 0.75% per annum (for ABR loans) for the Term A Loan Facility and the Revolving Credit Facility; and (iii) modify the defined terms “Consolidated EBITDA” and “Pro Forma Basis” set forth in the Credit Agreement.

As of March 31, 2020, there were \$350 million of borrowings and no of letters of credit issued under the \$350 million Revolving Credit Facility. The Company assessed the amount recorded under the Term Loans, the Senior Notes, and the Revolving Credit Facility and determined the Revolving Credit Facility approximated fair value. The senior secured first-lien term A loan facility, senior secured first-lien term B loan facility and the Senior Notes’ fair values are approximately \$308, \$375 and \$348 million, respectively. The fair values of the debt are based on the quoted inactive prices and are therefore classified as Level 2 within the valuation hierarchy.

At March 31, 2020, the interest rate for the Term Loans was 4.20% and the weighted average interest rate for the Revolving Credit Facility was 3.17%. The interest expense for the Revolving Credit Facility, Term Loans and Senior Notes during the three months ended March 31, 2020 was \$17 million, which includes the amortization of deferred financing costs and debt discounts.

For more information, please refer to “Note 15. Long-term Debt and Credit Agreement” in our 2019 Annual Report on Form 10-K.

Note 11. Leases

The Company is party to operating leases for the majority of its manufacturing sites, offices, engineering and lab sites, stocking locations, warehouses, automobiles, and certain equipment. Certain of the Company’s real estate leases include variable rental payments which adjust periodically based on inflation, and certain automobile lease agreements include rental payments which fluctuate based on mileage. Generally, the Company’s lease agreements do not contain any material residual value guarantees or material restrictive covenants.

RESIDEO TECHNOLOGIES, INC.

NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(Dollars in millions, unless otherwise noted)
(Unaudited)

The Company's operating lease costs for the three months ended March 31, 2020 and 2019 consisted of the following:

	Three Months Ended March 31,	
	2020	2019
Selling, general & administrative	\$ 10	\$ 8
Cost of goods sold	4	4
Total operating lease costs	\$ 14	\$ 12

Total operating lease costs include variable lease costs of \$3 million for the three months ended March 31, 2020 and 2019. Total operating lease costs also include offsetting sublease income which is immaterial for the three months ended March 31, 2020 and 2019.

The Company recognized the following related to its operating leases:

	Financial Statement Line Item	At March 31, 2020	At December 31, 2019
Operating right-of-use assets	Other assets	\$ 129	\$ 137
Operating lease liabilities - current	Accrued liabilities	\$ 32	\$ 31
Operating lease liabilities - noncurrent	Other liabilities	\$ 105	\$ 111

Maturities of the Company's operating lease liabilities were as follows:

	At March 31, 2020
2020	\$ 28
2021	35
2022	30
2023	23
2024	12
Thereafter	32
Total lease payments	160
Less: imputed interest	23
Present value of operating lease liabilities	\$ 137
Weighted-average remaining lease term (years)	5.64
Weighted-average incremental borrowing rate	5.89%

Supplemental cash flow information related to the Company's operating leases was as follows:

	Three Months Ended March 31,	
	2020	2019
Operating cash outflows	\$ 7	\$ 9
Operating right-of-use assets obtained in exchange for operating lease liabilities	\$ 5	\$ 12

RESIDEO TECHNOLOGIES, INC.

NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Dollars in millions, unless otherwise noted)

(Unaudited)

As of March 31, 2020, the Company has additional operating leases that have not yet commenced. Obligations under these leases are not material. Additionally, as a lessor, the Company leases all or a portion of certain owned properties. Rental income for the three months ended March 31, 2020 and 2019 was not material.

Note 12. Stock-Based Compensation Plans

Restricted Stock Units (“RSUs”)

During the three months ended March 31, 2020, as part of the Company’s annual long-term compensation under the 2018 Stock Incentive Plan of Resideo Technologies, Inc. and its Affiliates and the 2018 Stock Incentive Plan for Non-Employee Directors of Resideo Technologies, Inc. as may be amended from time to time (together, the “Stock Incentive Plan”), it granted 545,588 performance-based RSUs and 1,056,354 time-based RSUs to eligible employees. The weighted average grant date fair value per share for these shares was \$10.80.

Stock Options

During the three months ended March 31, 2020, as part of the Company’s annual long-term compensation under the Stock Incentive Plan, 650,367 stock options were granted to eligible employees at a weighted average exercise price per share of \$10.27 and weighted average grant date fair value per share of \$2.84.

Note 13. Commitments and Contingencies

Environmental Matters

The Company is subject to various federal, state, local and foreign government requirements relating to the protection of the environment and accrues costs related to environmental matters when it is probable that it has incurred a liability related to a contaminated site and the amount can be reasonably estimated. Environmental-related expenses for sites owned and operated by Resideo are presented within Cost of goods sold for operating sites. For the three months ended March 31, 2020 and March 31, 2019, environmental expenses related to these operating sites were not material. Liabilities for environmental cost were \$22 million as of March 31, 2020 and December 31, 2019.

The Company does not currently possess sufficient information to reasonably estimate the amounts of environmental liabilities to be recorded upon future completion of studies, litigation or settlements, and neither the timing nor the amount of the ultimate costs associated with environmental matters can be determined although they could be material to our unaudited consolidated results of operations and operating cash flows in the periods recognized or paid.

Honeywell Reimbursement Agreement

On October 29, 2018, in connection with the Spin-Off, the Company entered into an indemnification and reimbursement agreement with Honeywell (the “Honeywell Reimbursement Agreement”) pursuant to which the Company has an obligation to make cash payments to Honeywell in amounts equal to 90% of payments for certain Honeywell environmental-liability payments, which include amounts billed (“payments”), less 90% of Honeywell’s net insurance receipts relating to such liabilities, and less 90% of the net proceeds received by Honeywell in connection with (i) affirmative claims relating to such liabilities, (ii) contributions by other parties relating to such liabilities and (iii) certain property sales (the “recoveries”). The amount payable by the Company in respect of such liabilities arising in respect of any given year is subject to a cap of \$140 million (exclusive of any late payment fees up to 5% per annum). The scope of the Company’s current environmental remediation obligations subject to the Honeywell Reimbursement Agreement relates to approximately 230 sites or groups of sites that are undergoing environmental remediation under U.S. federal or state law and agency oversight for contamination associated with Honeywell historical business operations. The ongoing environmental remediation is designed to address

RESIDEO TECHNOLOGIES, INC.

NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Dollars in millions, unless otherwise noted)

(Unaudited)

contaminants at upland and sediment sites, which include, among others, metals, organic compounds and polychlorinated biphenyls, through a variety of methods, which include, among others, excavation, capping, in-situ stabilization, groundwater treatment and dredging. In addition, the Company obligations subject to the Honeywell Reimbursement Agreement include certain liabilities with respect to (i) hazardous exposure or toxic tort claims associated with the specified sites that arise after the Spin-Off, if any, (ii) currently unidentified releases of hazardous substances at or associated with the specified sites, (iii) other environmental claims associated with the specified sites and (iv) consequential damages.

Payments in respect of the liabilities arising in a given year will be made quarterly throughout such year on the basis of an estimate of the liabilities and recoveries provided by Honeywell. Following the end of any such year, Honeywell will provide the Company with a calculation of the amount of payments and the recoveries actually received.

Payment amounts under the Honeywell Reimbursement Agreement will be deferred to the extent that a specified event of default has occurred and is continuing under certain indebtedness, including under the Company's principal credit agreement, or the payment thereof causes the Company to not be compliant with certain financial covenants in certain indebtedness, including the Company's principal credit agreement on a pro forma basis, including the maximum total leverage ratio (ratio of consolidated debt to consolidated EBITDA, which excludes any amounts owed to Honeywell under the Honeywell Reimbursement Agreement), and the minimum interest coverage ratio. A 5% late payment fee will accrue on all amounts that are not otherwise entitled to be deferred under the terms of the Honeywell Reimbursement Agreement, without prejudice to any other rights that Honeywell may have for late payments.

The obligations under the Honeywell Reimbursement Agreement will continue until the earlier of: (1) December 31, 2043; or (2) December 31 of the third consecutive year during which the annual reimbursement obligation (including in respect of deferred payment amounts) has been less than \$25 million.

The following table summarizes information concerning our Honeywell Reimbursement Agreement liabilities:

	Three Months Ended March 31,	
	2020	2019
Beginning balance	\$ 585	\$ 616
Accruals for indemnification liabilities deemed probable and reasonably estimable	34	67
Reduction (1)	-	(81)
Indemnification payment	(35)	(35)
Ending balance	<u>\$ 584</u>	<u>\$ 567</u>

- (1) Reduction in indemnification liabilities relates to a provision in the Honeywell Reimbursement Agreement that reduces the obligation due to Honeywell for any proceeds received by Honeywell from a property sale of a site under the agreement.

RESIDEO TECHNOLOGIES, INC.**NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS****(Dollars in millions, unless otherwise noted)****(Unaudited)**

For the three months ended March 31, 2020 and 2019, net expenses (gains) related to the Honeywell Reimbursement Agreement were \$34 million and \$(14) million, respectively and are recorded in Other expense, net. Honeywell Reimbursement Agreement liabilities are included in the following balance sheet accounts:

	March 31, 2020	December 31, 2019
Accrued liabilities	\$ 140	\$ 140
Obligations payable to Honeywell	444	445
	<u>\$ 584</u>	<u>\$ 585</u>

The Company does not currently possess sufficient information to reasonably estimate the amounts of indemnification liabilities to be recorded upon future completion of studies, litigation or settlements, and neither the timing nor the amount of the ultimate costs associated with environmental matters can be determined although they could be material to our unaudited consolidated results of operations and operating cash flows in the periods recognized or paid.

Tax Matters Agreement

In connection with the Spin-Off, the Company entered into a tax matters agreement (the “Tax Matters Agreement”) with Honeywell pursuant to which it is responsible and will indemnify Honeywell for all taxes, including income taxes, sales taxes, VAT and payroll taxes, relating to the business for all periods, including periods prior to the consummation of the Spin-Off. As of March 31, 2020 and December 31, 2019, the Company has indemnified Honeywell for future tax payments of \$148 million and \$149 million, which is included in Obligations payable to Honeywell.

Trademark Agreement

In connection with the Spin-Off, the Company and Honeywell entered into a 40-year Trademark License Agreement (the “Trademark Agreement”) that authorizes the Company’s use of certain licensed trademarks in the operation of Resideo’s business for the advertising, sale and distribution of certain licensed products. In exchange, the Company pays a royalty fee of 1.5% on net revenue to Honeywell related to such licensed products which is recorded in Selling, general and administrative expense on the unaudited Consolidated Interim Statements of Operations. For the three months ended March 31, 2020 and 2019 royalty fees were \$6 million and \$8 million, respectively.

Other Matters

The Company is subject to other lawsuits, investigations and disputes arising out of the conduct of its business, including matters relating to commercial transactions, government contracts, product liability, prior acquisitions and divestitures, employee matters, intellectual property, and environmental, health and safety matters. The Company recognizes a liability for any contingency that is probable of occurrence and reasonably estimable. The Company continually assesses the likelihood of adverse judgments of outcomes in these matters, as well as potential ranges of possible losses (taking into consideration any insurance recoveries), based on a careful analysis of each matter with the assistance of outside legal counsel and, if applicable, other experts. As of March 31, 2020 and December 31, 2019, the Company’s legal reserve was not material.

RESIDEO TECHNOLOGIES, INC.**NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS****(Dollars in millions, unless otherwise noted)****(Unaudited)**

The Company is involved in the class action suit described below:

Between November 8, 2019 and January 7, 2020, four separate purported class action complaints alleging violations of the federal securities laws were filed against the Company, the Company's CEO Michael Nefkens, and the Company's former CFO Joseph Ragan, in the United States District Court for the District of Minnesota (the "Minnesota Court"). On January 27, 2020, the Minnesota Court granted an order on a stipulation addressing various motions for consolidation and appointment of lead plaintiff and lead counsel in the pending actions. By this ruling, the court consolidated the pending actions into a single proceeding styled *In re Resideo Technologies, Inc. Securities Litigation*, 19-cv-02889. The court also appointed co-lead plaintiffs and co-lead plaintiffs' counsel. On April 10, 2020, an amended consolidated complaint was filed that named the Company, the Company's CEO Michael Nefkens, the Company's former CFO Joseph Ragan, and the Company's CIO Niccolo de Masi as defendants. The complaint is a class action securities suit with the class defined as all persons or entities who purchased or otherwise acquired common stock of Resideo during the class period of October 29, 2018 to November 6, 2019. The complaint asserts claims under Section 10(b) and Section 20(a) of the Securities Exchange Act of 1934, broadly alleging that defendants made false and misleading statements regarding, among other things, the Company's performance, its ability to launch new products, the capacity of its engineering team, the efficiency of its supply chain, and resolution of operational issues arising from the spin-off from Honeywell. Based on these claims, the complaint alleges that the Company's financial guidance lacked a reasonable basis and that the Company was not on track to make its full-year 2019 guidance as originally claimed. The defendants' response to the complaint is due June 10, 2020. See "Note 19. Commitments and Contingencies" of Notes to Consolidated and Combined Financial Statements in our 2019 Annual Report on Form 10-K for further discussion. The Company intends to vigorously defend against the allegations in the amended consolidated complaint, but there can be no assurance that the defense will be successful.

Warranties and Guarantees

In the normal course of business, the Company issues product warranties and product performance guarantees. It accrues for the estimated cost of product warranties and performance guarantees based on contract terms and historical experience at the time of sale. Adjustments to initial obligations for warranties and guarantees are made as changes to the obligations become reasonably estimable. Product warranties and product performance guarantees are included in Accrued liabilities.

The following table summarizes information concerning recorded obligations for product warranties and product performance guarantees:

	March 31,			
	2020		2019	
Beginning of period	\$	25	\$	26
Accruals for warranties/guarantees issued during the year		5		5
Adjustment of pre-existing warranties/guarantees		(3)		(1)
Settlement of warranty/guarantee claims		(4)		(6)
End of period	\$	23	\$	24

RESIDEO TECHNOLOGIES, INC.

NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Dollars in millions, unless otherwise noted)

(Unaudited)

Note 14. Pension

The Company sponsors multiple funded and unfunded U.S. and non-U.S. defined benefit pension plans. Pension benefits for many of its U.S. employees are provided through non-contributory, qualified and non-qualified defined benefit plans. It also sponsors defined benefit pension plans which cover non-U.S. employees who are not U.S. citizens, in certain jurisdictions, principally Germany, Austria, Belgium, France, India, Switzerland, and the Netherlands. The pension obligations as of March 31, 2020 and December 31, 2019 were \$122 million and \$124 million, respectively, and are included in Other liabilities in the unaudited Consolidated Interim Balance Sheet. Net periodic benefit cost recognized in Comprehensive income for the three months ended March 31, 2020 and 2019 is \$2 million and \$1 million, respectively.

The components of net periodic benefit costs other than the service cost are included in Other expense (income), net in the unaudited Consolidated Interim Statements of Operations for the three months ended March 31, 2020 and 2019.

Note 15. Segment Financial Data

The Company globally manages its business operations through two reportable operating segments, Products & Solutions and ADI Global Distribution:

Products & Solutions—The Products & Solutions business is a leading global provider of products, software solutions and technologies that help homeowners stay connected and in control of their comfort, security and energy use.

ADI Global Distribution—The ADI Global Distribution business is a leading global distributor of low-voltage electronic and security products.

Segment information is consistent with how management reviews the businesses, makes investing and resource allocation decisions and assesses operating performance.

The Company's Chief Operating Decision Maker evaluates segment performance based on Segment Adjusted EBITDA. Segment Adjusted EBITDA is defined as segment net income before income taxes, net interest (income) expense, depreciation and amortization plus environmental expense, Honeywell Reimbursement Agreement expense, stock compensation expense, restructuring charges and other adjustments.

	Three Months Ended	
	March 31,	
	2020	2019
Revenue		
Total Products & Solutions revenue	\$ 559	\$ 622
Less: Intersegment revenue	84	71
External Products & Solutions revenue	475	551
External ADI Global Distribution revenue	704	665
Total revenue	\$ 1,179	\$ 1,216

RESIDEO TECHNOLOGIES, INC.

NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Dollars in millions, unless otherwise noted)

(Unaudited)

	Three Months Ended	
	March 31,	
	2020	2019
Segment Adjusted EBITDA		
Products & Solutions	\$ 53	\$ 81
ADI Global Distribution	46	46
Segment Adjusted EBITDA	<u>\$ 99</u>	<u>\$ 127</u>

RESIDEO TECHNOLOGIES, INC.

NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Dollars in millions, unless otherwise noted)

(Unaudited)

The table below provides a reconciliation of net income to Segment Adjusted EBITDA:

	Three Months Ended	
	March 31,	
	2020	2019
Net (loss) income	\$ (21)	\$ 48
Net interest expense (1)	17	16
Tax (benefit) expense	(4)	36
Depreciation and amortization	21	16
Honeywell Reimbursement Agreement net expense (gain) (2)	34	(14)
Stock compensation expense (3)	7	7
Restructuring charges	9	-
Other (4)	36	18
Segment Adjusted EBITDA	\$ 99	\$ 127

- (1) For the three months ended March 31, 2020 and 2019 interest expense was \$17 million and \$17 million net of interest income of \$- million and \$1 million, respectively.
- (2) Represents recorded net expenses (gains) related to the Honeywell Reimbursement Agreement.
- (3) Stock compensation expense adjustment includes only non-cash expenses.
- (4) For the three months ended March 31, 2020, Other represents \$12 million of items related to the Spin-Off, \$14 million of consulting and other fees related to transformation programs, \$9 million of non-operating expense adjustment which excludes net interest (income), and \$1 million of acquisition-related expenses. For the three months ended March 31, 2019, Other represents \$19 million of items related to the Spin-Off and (\$1) million in non-operating (income) expense adjustment which excludes interest (income).

The Company's CODM does not use segment assets information to allocate resources or to assess performance of the segments and therefore, total segment assets have not been disclosed.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

(Dollars in millions, except per share amounts)

The following Management's Discussion and Analysis of Financial Condition and Results of Operations is intended to help you understand the results of operations and financial condition of Resideo Technologies, Inc. and its consolidated subsidiaries ("Resideo" or "the Company", "we", "us" or "our") for the three months ended March 31, 2020 and should be read in conjunction with the unaudited Consolidated Interim Financial Statements and the notes thereto contained elsewhere in this Form 10-Q. The financial information as of March 31, 2020 should be read in conjunction with the consolidated and combined financial statements for the year ended December 31, 2019 contained in our 2019 Annual Report on Form 10-K (the "2019 Annual Report on Form 10-K").

Overview and Business Trends

We are a leading global provider of products, software solutions and technologies that help homeowners stay connected and in control of their comfort, security and energy use. We are a leader in the home heating, ventilation and air conditioning controls and security markets. We manage our business operations through two segments, Products & Solutions and ADI Global Distribution. Our Products & Solutions segment consist of solutions in Comfort, Residential Thermal Solutions ("RTS") and Security categories and include temperature and humidity control, thermal, water and air solutions and remote patient monitoring software solutions as well as security panels, sensors, peripherals, wire and cable, communications devices, video cameras, awareness solutions, cloud infrastructure, installation and maintenance tools and related software. Our ADI Global Distribution business is the leading wholesale distributor of low-voltage electronic and security products which include intrusion and smart home, fire, video surveillance, access control, power, audio and video, ProAV, networking, communications, wire and cable, enterprise connectivity and structured wiring. The Products & Solutions segment, which, consistent with our industry, have a higher gross and operating margin profile in comparison to the ADI Global Distribution segment.

Our Chief Operating Decision Maker evaluates segment performance based on Segment Adjusted EBITDA. Segment Adjusted EBITDA is defined as segment net income before income taxes, net interest expense (income), depreciation and amortization plus or minus environmental expense, expenses related to the indemnification and reimbursement agreement with Honeywell (the "Honeywell Reimbursement Agreement"), stock compensation expense, restructuring charges, other expense, net and other costs not directly related to future ongoing business of the segments, such as costs related to becoming an independent publicly traded company ("the Spin-Off") on October 29, 2018 and costs related to restructuring programs.

We evaluate our results of operations on both an as reported and constant currency basis. The constant currency presentation, which is a non-GAAP financial measure, excludes the impact of fluctuations in foreign currency exchange rates. We believe providing constant currency information provides valuable supplemental information regarding our results of operations, thereby facilitating period-over-period comparisons of the Company's business performance and is consistent with how management evaluates the Company's performance. We calculate constant currency percentages by converting both our prior period local currency financial results and current period local currency financial results at a fixed exchange rate and comparing these adjusted amounts. These metrics should be considered in addition to, and not as replacements for, the most comparable measure in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). They should be read in connection with our financial statements presented in accordance with U.S. GAAP.

Our financial performance is influenced by several macro factors such as repair and remodeling activity, residential and non-residential construction, employment rates, and overall macro environment. The first quarter of 2020 saw the global outbreak of a novel coronavirus disease ("COVID-19"), which in the latter part of the quarter created economic disruption and negatively impacted revenue in both segments. Despite a COVID-19 pandemic-driven revenue slowdown toward the end of the quarter, the ADI Global Distribution business continued with revenue growth. Segment Adjusted EBITDA remained flat despite higher revenue.

In the first quarter 2020, the Products & Solutions segment experienced revenue declines across all businesses driven by the overlap of a strong prior year quarter, coupled with the impact of the COVID-19 pandemic. Segment adjusted EBITDA declined due to lower revenue and unfavorable product mix relating mainly to new product launches.

Recent Developments

COVID-19 Pandemic

In December 2019, COVID-19 was reported and in January 2020, the World Health Organization (“WHO”) declared it a Public Health Emergency of International Concern. On February 28, 2020, the WHO raised its assessment of the COVID-19 threat from high to very high at a global level due to the continued increase in the number of cases and affected countries, and on March 11, 2020, the WHO characterized COVID-19 as a pandemic. The broader implications of COVID-19 on our results of operations and overall financial performance remain uncertain. We have begun to experience and expect to continue to experience constrained supply and slowed customer demand that has and may continue to adversely impact business, results of operations and overall financial performance in future periods. See “Item 1A. Risk Factors” of this Form 10-Q for further discussion of the possible impact of the COVID-19 pandemic on our business. As there remains a high degree of uncertainty around the impacts of the COVID-19 pandemic, we intend to address and evaluate the impacts regularly.

U.S. and international government responses to the COVID-19 outbreak have included “shelter in place,” “stay at home” and similar types of orders. In the United States, Canada and certain other countries globally, these orders exempt certain products and services needed to maintain continuity of operations of critical infrastructure sectors as determined by the federal government. Although the Company’s operations are currently considered essential and exempt in the United States, Canada and certain other countries globally, there remain certain jurisdictions where our business is not clearly defined as essential and where there have been and may continue to be restrictions on manufacturing or operations or other government lockdown mandates or recommendations, under which we have temporarily closed certain manufacturing and sales facilities, and restricted operations in others, including manufacturing in Mexico and restricted operations in many ADI sales branches, although certain of these facilities have since reopened or remained opened with restricted sales activities and we anticipate others to reopen in the near term. If any of the applicable exemptions are curtailed or revoked in the future, that could adversely impact our business, operating results and financial condition. Furthermore, to the extent these exemptions do not extend to our key suppliers and customers, this could also adversely impact our business, operating results and financial condition. We have also implemented work-from-home policies for a significant percentage of our employees, which could negatively impact productivity, disrupt conduct of our business in the ordinary course and delay our production timelines. Due to the significant remote workforce populations, we may also face informational technology infrastructure and connectivity issues from the vendors that we rely on for certain information technologies to administer, store and support the Company’s multiple business activities.

Looking ahead to the remainder of 2020, our visibility is limited due to the uncertainty surrounding the duration and ultimate impact of COVID-19 and the mitigation measures that are implemented by governmental authorities. We also expect business conditions to remain challenging, as we have seen a decline in sales in the latter part of March and those declines continued into April. In response to these challenges, we will continue to focus on those factors that we can control: closely managing and controlling our expenses; aligning our production schedules with demand in a proactive manner as there are changes in market conditions to minimize our cash operating costs; and pursuing further improvements in the productivity and effectiveness of our manufacturing, selling and administrative activities. Specific actions we have taken include temporarily postponing or reducing non-essential capital expenditures, optimizing working capital, reducing salaries for certain senior executives, reducing salaries and implementing a furlough program for certain other company employees, eliminating board service fees for the first quarter of 2020 and restricting new hiring activity. We have also implemented workstreams intended to avail our business of all appropriate government schemes intended to assist businesses in their recovery via the deferral or reduction of taxes, support of employees and other measures designed to maximize our liquidity that are appropriate given our business and operations in the various regions around the world in which we operate.

2020 Acquisition

On February 10, 2020, we completed the acquisition of privately held Herman ProAV (“Herman”), a leading provider and distributor of professional audio-visual products, procurement services and labor resources to systems integrators in the commercial audio-visual industry. This acquisition was integrated into and builds upon ADI Global Distribution’s product portfolio and expands its presence in the pro-AV market.

First Quarter Highlights

Net revenue decreased \$37 million in the recent quarter compared to the first quarter of 2019, primarily due to decreased volume in Products & Solutions business and unfavorable foreign exchange translation. This was partially offset by increased ADI Global Distribution volume and price. Revenue in both segments was negatively impacted by the COVID-19 pandemic toward the end of the quarter. Gross profit as a percent of net revenues decreased to 24% in the recent quarter from 27% in the first quarter of 2019. The primary drivers to the decrease in gross profit percentage were a 200 bps impact from material and labor inflation and fixed production costs, a 100 bps unfavorable impact from sales mix changes. First quarter net loss was \$21 million for the three months ended March 31, 2020 compared to net income of \$48 million for the three months ended March 31, 2019.

Selling, general, and administrative expenses increased by \$3 million in the recent quarter compared to the first quarter of 2019. The increase was driven by restructuring related costs, impact of acquisitions, and labor cost inflation totaling \$21 million. These increases were partially offset by cost reduction programs, employee benefit reductions, decrease in spin related expenses and foreign currency translation totaling \$18 million.

We ended the first quarter with \$338 million in cash and cash equivalents. We drew down all funds available under our \$350 million revolving credit facility to increase our cash position in light of the economic uncertainty surrounding the COVID-19 pandemic. Net cash used in operating activities was \$74 million for the three months ended March 31, 2020. At March 31, 2020, accounts receivable were \$820 million and inventories were \$671 million.

Basis of Presentation

Our financial statements are presented on a consolidated basis (collectively, the “Interim Financial Statements”). The Interim Financial Statements have been prepared in accordance with U.S. GAAP.

Components of Operating Results

The key elements of our operating results include:

Net Revenue

We globally manage our business operations through two reportable segments, Products & Solutions and ADI Global Distribution:

Products & Solutions. We generate the majority of our Product & Solutions net revenue primarily from residential end-markets. Our Products & Solutions segment includes traditional products, as well as connected products, which we define as any device with the capability to be monitored or controlled from a remote location by an end-user or service provider. Our products are sold through a network of distributors (e.g. HVAC, plumbing, Security, Electrical), OEMs, and service providers such as HVAC contractors, security dealers and plumbers including our ADI Global Distribution business. We also sell some products via retail and online channels.

ADI Global Distribution. We generate revenue through the distribution of low-voltage electronic and security products that are delivered through a comprehensive network of professional contractors, distributors and OEMs, as well as major retailers and online merchants. In addition to our own Security products, ADI Global Distribution distributes products from industry-leading manufacturers and ADI Global Distribution also carries a line of private label products. We sell these products to contractors that service non-residential and residential end-users. 14% of ADI Global Distribution’s net revenue is supplied by our Products & Solutions segment. Management estimates that in 2019 approximately two-thirds of ADI Global Distribution’s net revenue was attributed to non-residential end markets and one-third to residential end markets.

Cost of Goods Sold

Products & Solutions: Cost of goods sold includes costs associated with raw materials, assembly, shipping and handling of those products; costs of personnel-related expenses, including pension benefits, and equipment associated with manufacturing support, logistics and quality assurance; and costs of certain intangible assets.

ADI Global Distribution: Cost of goods sold consists primarily of inventory-related costs and includes labor and personnel-related expenses.

Selling, General, and Administrative Expense

Selling, general and administrative expense includes trademark royalty expenses, sales incentives and commissions, professional fees, legal fees, promotional and advertising expenses, personnel-related expenses, including stock compensation expense and pension benefits, and research and development expenses.

Other Expense, Net

Other expense, net consists primarily of Honeywell Reimbursement Agreement expenses (gains) for certain environmental claims related to approximately 230 sites or groups of sites that are undergoing environmental remediation under U.S. federal or state law and agency oversight for contamination associated with Honeywell historical business operations. For further information see the “Honeywell Reimbursement Agreement” section of this Management’s Discussion and Analysis of Financial Condition and Results of Operations and “Note 13. Commitments and Contingencies” of Notes to Interim Financial Statements of this Form 10-Q.

Interest Expense

Interest expense consists of interest on our short and long-term obligations, including our senior notes, term credit facility, and revolving credit facility. Interest expense on our obligations includes contractual interest, amortization of the debt discount and amortization of deferred financing costs.

Tax (Benefit) Expense

Provision for income taxes includes both domestic and foreign income taxes at the applicable statutory tax rates, adjusted for U.S. taxation of foreign earnings and other non-deductible expenses

Results of Operations

The following table sets forth our selected unaudited consolidated interim statements of operations for the periods presented:

Unaudited Consolidated Interim Statements of Operations (Dollars in millions except share and per share data)

	Three Months Ended March 31,	
	2020	2019
Net revenue	\$ 1,179	\$ 1,216
Cost of goods sold	895	884
Gross profit	284	332
Selling, general and administrative expenses	250	247
Operating profit	34	85
Other expense (income), net	42	(16)
Interest expense	17	17
(Loss) income before taxes	(25)	84
Tax (benefit) expense	(4)	36
Net (loss) income	\$ (21)	\$ 48
Weighted Average Number of Common Shares Outstanding (in thousands)		
Basic	122,962	122,570
Diluted	122,962	123,472
(Loss) Earnings Per Share		
Basic	\$ (0.17)	\$ 0.39
Diluted	\$ (0.17)	\$ 0.39

Results of Operations for the Three Months Ended March 31, 2020 and 2019

Net Revenue

	Three Months Ended March 31,	
	2020	2019
Net revenue	\$ 1,179	\$ 1,216
% change compared with prior period	(3)%	

The change in net revenue compared to prior year period is attributable to the following:

	Three Months Ended March 31, 2020
Volume	(4)%
Price	1 %
Acquisitions	1 %
Foreign currency translation	(1)%
% change compared with prior period	(3)%

A discussion of net revenue by segment can be found in the “Review of Business Segments” section of this Management’s Discussion and Analysis of Financial Condition and Results of Operations.

Cost of Goods Sold

	Three Months Ended March 31,	
	2020	2019
Cost of goods sold	\$ 895	\$ 884
% change compared with prior period	1%	
Gross profit percentage	24%	27%

Cost of goods sold for the three months ended March 31, 2020 was \$895 million, an increase of \$11million, or 1%, from \$884 million for the three months ended March 31, 2019.

This increase in cost of goods sold was driven by the changes in sales mix, impact of expenses related to revenue that are attributable to the operations of Herman, material and labor inflation and restructuring related costs totaling \$43 million. The increased costs were partially offset by lower sales volume in Products & Solutions, foreign currency translation, reduced spin related costs, employee benefit reductions and savings in other miscellaneous costs of goods sold totaling \$32 million.

The primary drivers to the decrease in gross profit percentage were a 200 bps impact from material and labor inflation and fixed production costs, a 100 bps unfavorable impact from sales mix changes.

Selling, General and Administrative Expense

	Three Months Ended March 31,	
	2020	2019
Selling, general and administrative expense	\$ 250	\$ 247
% of revenue	21%	20%

Selling, general and administrative expense for the three months ended March 31, 2020 was \$250 million, an increase of \$3 million, from \$247 million for the three months ended March 31, 2019. The increase was driven by restructuring related costs, impact of acquisitions and labor cost inflation totaling \$21 million. These increases were partially offset by cost reduction programs, employee benefit reductions, decrease in spin related expenses and foreign currency translation totaling \$18 million.

Other Expense (Income), Net

	Three Months Ended March 31,	
	2020	2019
Other expense (income), net	\$ 42	\$ (16)

Other expense (income), net for the three months ended March 31, 2020, was expense of \$42 million, an increase of \$58 million from income of \$16 million for the three months ended March 31, 2019. In the first quarter of 2020 we recognized \$34 million in expense from the Honeywell Reimbursement Agreement compared to the first quarter of 2019, we recognized a gain of \$14 million related to a provision in the Honeywell Reimbursement Agreement that reduced the obligation due to Honeywell for any proceeds received from a property sale of a site under the agreement. There was also a \$10 million increase in unfavorable foreign currency exchange rates.

Tax (Benefit) Expense

	Three Months Ended March 31,	
	2020	2019
Tax (benefit) expense	\$ (4)	\$ 36
Effective tax rate	14%	43%

The Company recorded a tax benefit of \$4 million for the three months ended March 31, 2020.

For interim periods, income tax is equal to the total of (1) year-to-date pretax income multiplied by our forecasted effective tax rate plus (2) tax expense items specific to the period. In situations where we expect to report losses that we do not expect to receive a tax benefit, we are required to apply separate forecasted effective tax rates to those jurisdictions, rather than including them in the consolidated effective tax rate. For the three months ended March 31, 2020, income tax expense was impacted by this set of rules, resulting in an additional cost of \$1 million compared to what would have been recorded under the general rule on a consolidated basis.

For the three months ended March 31, 2020 the net tax benefit of \$4 million was driven by tax expense specific to the period of approximately \$17 million primarily related to \$15 million for valuation allowances in foreign jurisdictions and \$2 million related to the estimated tax impact of the CARES Act on prior years, offset by the impact of our estimated annual effective tax rate applied to our pre-tax losses. In addition to items specific to the period, our income tax rate is impacted by the mix of earnings across the jurisdictions in which we operate, non-deductible expenses, and U.S. taxation of foreign earnings.

Review of Business Segments***Products & Solutions***

	Three Months Ended March 31,		
	2020	2019	% Change
Total revenue	\$ 559	\$ 622	
Less: Intersegment revenue	84	71	
External revenue	\$ 475	\$ 551	(14)%
Segment Adjusted EBITDA	\$ 53	\$ 81	(35)%

	2020 vs. 2019	
	Revenue (%)	Segment Adjusted EBITDA (%)
Factors Contributing to Year-Over-Year Change		
Constant currency decline	(13)%	(34)%
Foreign currency translation	(1)%	(1)%
Total % Change	(14)%	(35)%

Products & Solutions revenue declined 14% on a reported basis, and 13% on a constant currency basis after excluding foreign currency exchange, with lower sales volume across all business driven by the overlap of a strong prior year quarter coupled with the impact of COVID-19. Segment Adjusted EBITDA declined from \$81 million to \$53 million, or 35%. Segment Adjusted EBITDA was negatively impacted by \$49 million due to lower volume and unfavorable product mix relating mainly to new product launches in the Security and Comfort businesses. Other decreases of \$9 million relate to inflation, impact of acquisitions and unfavorable foreign currency exchange rates. These negative impacts were partially offset by \$30 million ongoing transformation programs coupled with COVID-19 related cost actions, increased selling prices, employee benefit reductions, and material productivity.

ADI Global Distribution

	Three Months Ended March 31,		
	2020	2019	% Change
External revenue	\$ 704	\$ 665	6%
Segment Adjusted EBITDA	\$ 46	\$ 46	0%

	2020 vs. 2019	
	Three Months Ended March 31,	Segment Adjusted EBITDA
Factors Contributing to Year-Over-Year Change	Revenue (%)	(%)
Constant currency growth	7%	0%
Foreign currency translation	(1)%	0%
Total % Change	6%	0%

Despite the COVID-19 revenue slowdown at the end of the quarter, ADI Global Distribution revenue increased 6% on a reported basis, and 7% on a constant currency basis. ADI Global Distribution segment constant currency basis performance was driven by increased sales volume in the Americas, EMEA and APAC regions and from the impact of the Herman acquisition. Segment Adjusted EBITDA of \$46 million remained flat. Segment Adjusted EBITDA was impacted by increased volume, employee benefit reductions, and other productivity which was offset by negative product line and customer mix, as well as commercial investments, and unfavorable foreign currency exchange rates.

Restructuring Charges

During the fourth quarter of 2019, the Company announced commencement of a comprehensive operational and financial review focused on product cost and gross margin improvement, and general and administrative expenses simplification. The review is being overseen by the Strategic and Operational Committee of our board, comprised of independent directors. We have retained industry-recognized experts in supply chain optimization and organizational excellence to assist in the review. Certain restructuring actions have been and are continuing to be implemented under this program as well as previous programs. These restructuring actions are expected to generate incremental pre-tax savings of \$30 million to \$40 million in 2020 compared with 2019 principally from planned workforce reductions. Cash spending related to our restructuring actions was \$4 million for the three months ended March 31, 2020 and was funded through operating cash flows. We expect to spend an additional \$35 million associated with restructuring activities in 2020.

Net restructuring and related expenses were \$9 million for the three months ended March 31, 2020, primarily related to severance. There were no material restructuring charges for the three months ended March 31, 2019. For further discussion of restructuring activities, refer to Note 6. Restructuring and Other Charges of Notes to Consolidated Interim Financial Statements of this Form 10-Q.

Capital Resources and Liquidity

Our liquidity is primarily dependent on our ability to continue to generate cash flows from operations, supplemented by external sources of capital as needed. During the quarter, we drew down all funds available under our \$350 million revolving credit facility as a conservative measure to bolster our cash position in light of the economic uncertainty surrounding the COVID-19 pandemic. Additional liquidity may also be provided through access to the financial capital markets.

In order to preserve capital resources and liquidity, we are: closely managing and controlling our expenses; aligning our production schedules with demand in a proactive manner as there are changes in market conditions to minimize our cash operating costs; and pursuing further improvements in the productivity and effectiveness of our manufacturing, selling and administrative activities. Specific actions we have taken include temporarily postponing or reducing non-essential capital expenditures, optimizing working capital, reducing salaries for certain senior executives, reducing salaries and implementing a furlough program for certain other company employees, eliminating board service fees for the first quarter of 2020 and restricting new hiring activity. We have also implemented workstreams intended to avail our business of all appropriate government schemes intended to assist businesses in their recovery via the deferral or reduction of taxes, support of employees and other measures designed to maximize our liquidity that are appropriate given our business and operations in the various regions around the world in which we operate.

In addition, on April 21, 2020, the parties entered into an amendment to the Honeywell Reimbursement Agreement (the "Reimbursement Agreement Amendment"). Pursuant to the Reimbursement Agreement Amendment, certain covenants in Exhibit G of the Reimbursement Agreement were modified to conform, if applicable, to the amended covenants included in the Credit Agreement Amendment. The modified covenants include the leverage ratio, which, consistent with the Credit Agreement Amendment, increased the levels of the maximum consolidated total leverage ratio to not greater than 5.25 to 1.00 for the fiscal quarter ending December 31, 2019, 4.75 to 1.00 starting in the fiscal quarter ending December 31, 2020, 4.25 to 1.00 starting in the fiscal quarter ending December 31, 2021, and 3.75 to 1.00 starting in the fiscal quarter ending December 31, 2022. In addition, under the Reimbursement Agreement Amendment, the parties agreed to defer until no later than July 30, 2020 the \$35 million quarterly payment otherwise payable to Honeywell on April 30, 2020. The Reimbursement Agreement Amendment expressly reserves all rights of the parties thereto and their respective affiliates in respect of the Honeywell Reimbursement Agreement and each other contract or agreement between such parties or their affiliates (the "Other Agreements"), and provides that the execution of the amendment does not constitute a waiver of any claims, rights, remedies, defenses, arguments, interpretations or obligations of such parties or their affiliates under or related to the Honeywell Reimbursement Agreement or any Other Agreement.

- Operating cash flows from continuing operations was an outflow of \$74 million for the three months ended March 31, 2020 and \$10 million for the three months ended March 31, 2019.
- As of March 31, 2020, total cash and cash equivalents were \$338 million.
- At March 31, 2020, there were \$350 million of borrowings and no letters of credit issued under our \$350 million revolving credit facility.

Our future capital requirements will depend on many factors, including the rate of sales growth, market acceptance of our products, the timing and extent of research and development projects, potential acquisitions of companies or technologies and the expansion of our sales and marketing activities. We believe our existing cash, cash equivalents, and credit under our credit facilities are sufficient to meet our capital requirements through at least the next 12 months.

Honeywell Reimbursement Agreement

In connection with the Spin-Off, we entered into the Honeywell Reimbursement Agreement, pursuant to which we have an obligation to make cash payments to Honeywell in amounts equal to 90% of payments for certain Honeywell environmental-liability payments, which include amounts billed, less 90% of Honeywell's net insurance receipts relating to such liabilities, and less 90% of the net proceeds received by Honeywell in connection with (i) affirmative claims relating to such liabilities, (ii) contributions by other parties relating to such liabilities and (iii) certain property sales. The amount payable by us in respect of such liabilities arising in any given year is subject to a

cap of \$140 million (exclusive of any late payment fees up to 5% per annum). The amount paid during the three months ended March 31, 2020 was \$35 million. See “Note 19. Commitments and Contingencies” of Notes to Consolidated and Combined Financial Statements in our 2019 Annual Report on Form 10-K for further discussion.

Cash Flow Summary for the Three Months Ended March 31, 2020 and 2019

Our cash flows from operating, investing and financing activities for the three months ended March 31, 2020 and 2019, as reflected in the unaudited Interim Financial Statements are summarized as follows:

	Three Months Ended March 31,	
	2020	2019
Cash (used for) provided by:		
Operating activities	\$ (74)	\$ (10)
Investing activities	(51)	(21)
Financing activities	349	(23)
Effect of exchange rate changes on cash and cash equivalents	(8)	1
Net increase (decrease) in cash and cash equivalents	<u>\$ 216</u>	<u>\$ (53)</u>

Cash used for operating activities for the three months ended March 31, 2020 increased by \$64 million, primarily due to lower net income of \$69 million.

Cash used for investing activities increased by \$30 million, primarily due to an increase of \$29 million cash paid for acquisitions and an increase of \$1 million cash paid for capital expenditures.

Net cash provided by financing activities increased by \$372 million. The increase in cash provided was primarily due to drawing down all funds available under our \$350 million revolving credit facility to increase our cash position in light of the economic uncertainty surrounding the COVID-19 pandemic.

Capital Expenditures

We believe our capital spending in recent years has been sufficient to maintain efficient production capacity, to implement important product and process redesigns and to expand capacity to meet increased demand. Productivity projects have freed up capacity in our manufacturing facilities and are expected to continue to do so. We expect to continue investing to expand and modernize our existing facilities and to create capacity for new product development.

Off-Balance Sheet Arrangements

We do not engage in any off-balance sheet financial arrangements that have or are reasonably likely to have a material current or future effect on our financial condition, changes in financial condition, net revenue or expenses, results of operations, liquidity, capital expenditures or capital resources.

Critical Accounting Policies

The preparation of our unaudited Interim Financial Statements in accordance with U.S. GAAP is based on the selection and application of accounting policies that require us to make significant estimates and assumptions about the effects of matters that are inherently uncertain. We consider the accounting policies discussed in our 2019 Annual Report on Form 10-K to be critical to the understanding of our unaudited Interim Financial Statements included in this Form 10-Q. There have been no changes in our critical accounting policies as compared to what was disclosed in the 2019 Annual Report on Form 10-K. Actual results could differ from our estimates and assumptions, and any such differences could be material to our unaudited Interim Financial Statements. As there remains a high degree of uncertainty around the impacts of the COVID-19 pandemic, we intend to address and evaluate the impacts frequently. See “Note 2. Summary of Significant Accounting Policies” of Notes to Consolidated Interim Financial Statements of this Form 10-Q for a discussion of the accounting policies most likely affected by the COVID-19 pandemic.

Other Matters

Litigation, Environmental Matters and Honeywell Reimbursement Agreement

See “Note 13. Commitments and Contingencies” of Notes to Consolidated Interim Financial Statements of this Form 10-Q for a discussion of environmental and other litigation matters.

Recent Accounting Pronouncements

See “Note 2. Summary of Significant Accounting Policies” of Notes to Consolidated Interim Financial Statements of this Form 10-Q for a discussion of recent accounting pronouncements.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

We are exposed to market risk from foreign currency exchange rates and interest rates, which could affect operating results, financial position and cash flows. We manage our exposure to these market risks through our regular operating and financing activities and, when appropriate, through the use of derivative financial instruments.

Interest Rate Risk

As of March 31, 2020, \$1,153 million of our total debt of \$1,531 million carried variable interest rates. The fair market values of our fixed-rate financial instruments are sensitive to changes in interest rates. At March 31, 2020, an increase or decrease in interest rate on our term loans by 100 basis points would have an approximate \$9 million impact on our annual interest expense on long-term debt.

Foreign Currency Exchange Rate Risk

We are exposed to market risks from changes in currency exchange rates. While we primarily transact with customers in the U.S. Dollar, we also transact in foreign currencies, primarily including the Euro, British Pound, Canadian Dollar, and Czech Koruna. These exposures may impact total assets, liabilities, future earnings and/or operating cash flows. Our exposure to market risk for changes in foreign currency exchange rates arises from transactions arising from international trade, foreign currency denominated monetary assets and liabilities, and international financing activities between subsidiaries. We rely primarily on natural offsets to address our exposures and may supplement this approach from time to time by entering into forward and option hedging contracts. As of March 31, 2020 and December 31, 2019 we have no outstanding hedging arrangements.

Commodity Price Risk

While we are exposed to commodity price risk, we attempt to pass through significant changes in component and raw material costs to our customers based on the contractual terms of our arrangements. In limited situations, we may not be fully compensated for such changes in costs.

Item 4. Controls and Procedures***Evaluation of Disclosure Controls and Procedures***

We maintain a system of disclosure controls and procedures designed to give reasonable assurance that information required to be disclosed in the Company's reports filed or submitted under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC and that such information is accumulated and communicated to management to allow timely decisions regarding required disclosures.

Management recognizes that any disclosure controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives. Because there are inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud have been or will be detected.

Our Chief Executive Officer and Interim Chief Financial Officer, with the assistance of other members of our management, including our Interim Chief Accounting Officer, conducted an evaluation of the effectiveness of the Company's disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of the end of the period covered by this Quarterly Report on Form 10-Q. Based upon such evaluation, our Chief Executive Officer and Interim Chief Financial Officer have concluded that our disclosure controls and procedures are effective at a reasonable assurance level as of the end of the period covered by this Quarterly Report on Form 10-Q.

Changes in Internal Control Over Financial Reporting

There was no change in our internal control over financial reporting that occurred during the quarter ended March 31, 2020 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II

Item 1. Legal Proceedings

We are subject to various lawsuits, investigations and disputes arising out of the conduct of our business, including matters relating to commercial transactions, government contracts, product liability, prior acquisitions and divestitures, employee matters, intellectual property, and environmental, health and safety matters. We recognize a liability for any contingency that is probable of occurrence and reasonably estimable. We continually assess the likelihood of adverse judgments of outcomes in these matters, as well as potential ranges of possible losses (taking into consideration any insurance recoveries), based on a careful analysis of each matter with the assistance of outside legal counsel and, if applicable, other experts. We do not currently believe that such matters are material to our results of operations.

In connection with our entry into the Honeywell Reimbursement Agreement, we will be required to make payments to Honeywell in amounts equal to 90% of payments, which include amounts billed, with respect to certain environmental claims, remediation and, to the extent arising after the Spin-Off, hazardous exposure or toxic tort claims, in each case including consequential damages in respect of Honeywell properties contaminated through historical business operations, including the legal and other costs of defending and resolving such liabilities, less 90% of Honeywell's net insurance receipts relating to such liabilities, and less 90% of the net proceeds received by Honeywell in connection with (i) affirmative claims relating to such liabilities, (ii) contributions by other parties relating to such liabilities and (iii) certain property sales. For further information, see "Note 13. Commitments and Contingencies" of Notes to Consolidated Financial Statements of this Form 10-Q.

Between November 8, 2019 and January 7, 2020, four separate purported class action complaints alleging violations of the federal securities laws were filed against the Company, the Company's CEO Michael Nefkens, and the Company's former CFO Joseph Ragan, in the United States District Court for the District of Minnesota (the "Minnesota Court"). On January 27, 2020, the Minnesota Court granted an order on a stipulation addressing various motions for consolidation and appointment of lead plaintiff and lead counsel in the pending actions. By this ruling, the court consolidated the pending actions into a single proceeding styled *In re Resideo Technologies, Inc. Securities Litigation*, 19-cv-02889. The court also appointed co-lead plaintiffs and co-lead plaintiffs' counsel. On April 10, 2020, an amended consolidated complaint was filed that named the Company, the Company's CEO Michael Nefkens, the Company's former CFO Joseph Ragan, and the Company's former CIO Niccolo de Masi as defendants. The complaint is a putative class action securities suit with the class defined as all persons or entities who purchased or otherwise acquired common stock of Resideo during the class period of October 29, 2018 to November 6, 2019. The complaint asserts claims under Section 10(b) and Section 20(a) of the Securities Exchange Act of 1934, broadly alleging that defendants made false and misleading statements regarding, among other things, the Company's performance, its ability to launch new products, the capacity of its engineering team, the efficiency of its supply chain, and resolution of operational issues arising from the spin-off from Honeywell. Based on these claims, the complaint alleges that the Company's financial guidance lacked a reasonable basis and that the Company was not on track to make its full-year 2019 guidance as originally claimed. The defendants' response to the complaint is due June 10, 2020. See "Note 19. Commitments and Contingencies" of Notes to Consolidated and Combined Financial Statements in our 2019 Annual Report on Form 10-K for further discussion. The Company intends to vigorously defend against the allegations in the amended consolidated complaint, but there can be no assurance that the defense will be successful.

Item 1A. Risk Factors

We face a variety of risks that are inherent in our business and our industry, including operational, legal and regulatory risks. Such risks could cause our actual results to differ materially from our forward-looking statements, expectations and historical trends. There have been no material changes to the risk factors described in our 2019 Annual Report on Form 10-K, except as reflected in the revised risk factors and one additional risk factor set forth below.

Our business, results of operations, financial condition, cash flows and stock price may be materially adversely impacted by pandemics, epidemics or other public health emergencies, such as the recent coronavirus (COVID-19) outbreak.

Our business, results of operations, financial condition, cash flows and stock price may be adversely affected by pandemics, epidemics or other public health emergencies, such as the recent outbreak of COVID-19. In March 2020 the World Health Organization characterized COVID-19 as a pandemic. This recent outbreak has negatively impacted and could continue to negatively impact the global economy. Our operating results will be subject to fluctuations based on general economic conditions and the extent to which COVID-19 may ultimately impact our business will depend on future developments, which are highly uncertain and cannot be predicted with confidence, such as the ultimate geographic spread of the disease and the duration of the outbreak and business closures or business disruptions for our Company, our suppliers and our customers.

Deterioration in economic conditions could materially reduce our sales and profitability. Any financial distress of our customers due to deterioration in economic conditions could result in reduced sales and decreased collectability of accounts receivable which would negatively impact our results of operations. We also expect business conditions to remain challenging as we have seen a decline in sales in the latter part of March and those declines continued into April. The COVID-19 outbreak could also have a material impact on our ability to obtain the raw materials, parts and components we need to manufacture our products as our suppliers face disruptions in their businesses, including closures and potential bankruptcy as a result of the COVID-19 outbreak. We depend greatly on our suppliers for items that are essential to the manufacturing of our products. If our suppliers fail to meet our manufacturing needs, it could delay our production and our product shipments to customers and negatively affect our operations.

Should the adverse impacts described above (or others that are currently unknown) occur, whether individually or collectively, we could experience declines in revenues and profitability, as we have experienced in the first few weeks of our second quarter. Such impacts could be material to our consolidated financial statements in the second quarter and subsequent reporting periods. A prolonged period of such declines, including any impacts arising out of related general economic downturns, could, among other things, exhaust our available liquidity (and ability to access liquidity sources) and/or trigger an acceleration to pay a significant portion or all of our then-outstanding debt obligations, which we may be unable to do.

The impact of a pandemic like COVID-19 can be mitigated by measures that international, federal, state, and local governments, agencies, law enforcement, and/or health authorities implement to address it. However, efforts to lift restrictions on individuals' daily activities and businesses' normal operations may result in a resurgence of a pandemic like COVID-19 and potentially prolong and intensify the impact of the crisis. While the economic impact of COVID-19 may be reduced by financial assistance under the Coronavirus Aid, Relief, and Economic Security (CARES) Act or other similar COVID-19 related federal and state programs, such programs may not have a positive impact on our business.

To the extent the COVID-19 outbreak adversely affects our business and financial results, it may also have the effect of heightening many of the other risks described in the risk factors included in the Annual Report on Form 10-K for the year ended December 31, 2019, including the following captioned risks described in such Annual Report:

“Disruption, or the need to relocate any of our facilities, could significantly disrupt our business;” “We rely on certain suppliers of materials and components for our product;” “We are subject to the economic, political, health, epidemic, regulatory, foreign exchange and other risks of international operations;” “Our operations require substantial capital and we may not be able to obtain additional capital that we need in the future on favorable terms or at all;” “Market and economic conditions may adversely affect the economic conditions of our customers, demand for our products and services and our results of operations;” “We have credit exposure to our customers;” “The commercial and credit environment may adversely affect our access to capital.”

Item 5. Other Information

On May 5, 2020, we entered into an amendment to our engagement letter with Horsepower Advisors, LLC, pursuant to which Robert Ryder serves as our Interim Chief Financial Officer, to extend the term of the agreement to June 14, 2020. In addition, the amendment provides that the engagement may be extended as mutually agreed by the parties and eliminates the ability of both parties to terminate the engagement for convenience during the current and any additional extension period.

Item 6. Exhibits

The Exhibits listed below on the Exhibit Index are filed or incorporated by reference as part of this Form 10-Q.

EXHIBIT INDEX

Exhibit Number	Exhibit Description
10.1	<u>Employment Offer letter agreement with Niccolo de Masi dated January 5, 2020† (incorporated by reference to Exhibit 10.27 to Resideo's Form 10-K filed February 27, 2020, File No. 001-38635)</u>
10.2	<u>Amended and Restated Restricted Stock Unit Agreement with Niccolo de Masi dated January 6, 2020† (incorporated by reference to Exhibit 10.28 to Resideo's Form 10-K filed on February 27, 2020, File No. 001-38635)</u>
10.3	<u>Employment Separation Agreement and Release with Mike Nefkens dated January 22, 2020 ‡ (incorporated by reference to Exhibit 10.29 to Resideo's Form 10-K filed on February 27, 2020, File No. 001-38635)</u>
10.4	<u>Employment Offer letter agreement with Michael Flink executed January 17, 2020† (filed herewith)</u>
10.5	<u>Amended and Restated 2018 Stock Incentive Plan of Resideo Technologies, Inc. and its Affiliates Form of Stock Option Award Agreement (adopted 2020). ‡ (filed herewith)</u>
10.6	<u>Amended and Restated 2018 Stock Incentive Plan of Resideo Technologies, Inc. and its Affiliates Form of Restricted Stock Unit Agreement (adopted 2020). ‡ (filed herewith)</u>
10.7	<u>Amended and Restated 2018 Stock Incentive Plan of Resideo Technologies, Inc. and its Affiliates Form of Performance Stock Unit Agreement (adopted 2020). ‡ (filed herewith)</u>
10.8	<u>Restricted Stock Unit Agreement with Michael Nefkens dated February 20, 2020. ‡ (filed herewith)</u>
10.9	<u>Restricted Stock Unit Agreement with Andrew Teich dated December 2, 2019. ‡ (filed herewith)</u>
31.1	<u>Certification of Principal Executive Officer pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith)</u>
31.2	<u>Certification of Principal Financial Officer pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith)</u>
32.1	<u>Certification of Principal Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (filed herewith)</u>
32.2	<u>Certification of Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (filed herewith)</u>
101.INS	Inline XBRL Instance Document (filed herewith)
101.SCH	Inline XBRL Taxonomy Extension Schema (filed herewith)
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase (filed herewith)
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase (filed herewith)
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase (filed herewith)
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase (filed herewith)

Exhibit Number	Exhibit Description
104	Cover Page from the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2020, formatted in Inline XBRL (and contained in Exhibit 101)
*	Certain schedules and similar attachments have been omitted pursuant to Item 601(b)(2) of Regulation S-K. The Company hereby undertakes to furnish copies of any of the omitted schedules and similar attachments upon request by the U.S. Securities and Exchange Commission.
†	Indicates management contracts or compensatory plans or arrangements.

Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Resideo Technologies, Inc.

Date: May 7th, 2020

By: /s/ Robert Ryder

Robert Ryder
Interim Chief Financial Officer
(on behalf of the Registrant and as the
Registrant's Principal Financial Officer)

Date: May 7th, 2020

By: /s/ AnnMarie Geddes

AnnMarie Geddes
Interim Chief Accounting Officer
(on behalf of the Registrant and as the
Registrant's Principal Accounting Officer)



January 17, 2020

Michael Flink
Michael.flink@resideo.com

Re: Offer Letter

Dear Michael:

I am pleased to confirm our offer to you to become Executive Vice President of Transformation (Executive Band), based in Austin, Texas, reporting directly to me. The effective date of this new position will be January 17, 2020 ("Effective Date"), subject to the terms and conditions of this offer letter.

In connection with your new role, you will be entitled to the following compensation and benefits package:

COMPENSATION

Base Salary: Your annual base salary will remain \$469,000. Base salary reviews occur annually and any adjustments are generally at the end of the first quarter of the calendar year. Adjustments are based on your performance and other relevant factors. You will next be eligible for a base salary review in March of 2020.

Annual Incentive Compensation: Your target incentive compensation opportunity will remain at 90% of your annual cash base salary earnings during the year. Incentive compensation awards are paid in the first quarter of the following year.

Annual Long-Term Incentive Awards: You will be eligible for annual long-term incentive ("LTI") awards with the size and mix determined by the Compensation Committee ("CC") of the Company's Board of Directors based on your performance and future career potential with Resideo. The terms of all LTI awards are governed by the terms of the applicable stock plan and the relevant award agreements. Moreover, Resideo and the CC reserve the right to modify the design or mix of the LTI award program in the future.

OTHER EXECUTIVE BENEFITS

You will also be entitled to the following Executive Benefits:

- *Excess Liability Insurance:* Resideo will pay the annual premium for an Excess Liability Insurance policy that provides \$5,000,000 of personal liability umbrella coverage per occurrence.
- *Officer Severance:* You will be covered under the Resideo Technologies, Inc. Severance Plan for Designated Officers (the “Officer Severance Plan”). You will be required to execute a release of claims in favor of Resideo and its affiliates, and you may be required to agree to certain non-disclosure covenants, as a condition of receiving officer severance benefits.

INTELLECTUAL PROPERTY AND NON-COMPETITION AGREEMENTS

As a condition of this employment offer and in consideration of future LTI awards and base salary increases, you are required to execute, in the form attached hereto, (i) Resideo’s “Employee Agreement Relating to Trade Secrets, Proprietary and Confidential Information” (“IP Agreement”), and (ii) the “Resideo Technologies, Inc. Noncompete Agreement for Senior Executives” (“Noncompete Agreement”), both of which are attached hereto.

ACCEPTANCE OF OFFER

Please indicate your acceptance of this offer by electronically signing this offer letter, as well as the IP Agreement and Noncompete Agreement via DocuSign.

Michael, we are excited to be extending this offer to you and look forward to working with you in this new role. Your experience and background is an asset to our Company.

If you have any questions or need any further information about our offer, please contact me directly.

Congratulations,

/s/ Mike Nefkens

Mike Nefkens
President and CEO

Read and Accepted:

/s/ Michael Flink
MICHAEL FLINK

January 31, 2020
Date

**AMENDED AND RESTATED 2018 STOCK INCENTIVE PLAN
OF RESIDEO TECHNOLOGIES, INC. AND ITS AFFILIATES**

FORM OF STOCK OPTION AWARD AGREEMENT

STOCK OPTION AWARD AGREEMENT (this “Agreement”) made as of the [DAY] day of [MONTH, YEAR] (the “Grant Date”), between Resideo Technologies, Inc. (the “Company”) and [EMPLOYEE NAME] (“Participant”).

1. **Grant of Option.** The Company has granted you an Option to purchase [NUMBER] Shares of Common Stock, subject to the provisions of this Agreement and the Amended and Restated 2018 Stock Incentive Plan of Resideo Technologies, Inc. and its Affiliates (the “Plan”). This Option is a nonqualified Option for federal income tax purposes.
 2. **Exercise Price.** The purchase price of the Shares covered by the Option will be [DOLLAR AMOUNT] per Share (the “Exercise Price”).
 3. **Vesting.** Except as otherwise provided in Sections 7 and 8 of this Agreement, the Option will become exercisable as provided on the attached Vesting Schedule Table, which is incorporated into, and made a part of, this Agreement.
 4. **Term of Option.** The Option must be exercised prior to the close of the New York Stock Exchange (“NYSE”) on the day before the seventh anniversary of the Grant Date (the “Expiration Date”), subject to earlier termination or cancellation as provided below. If the NYSE is not open for business on the Expiration Date, the Option will expire at the close of the NYSE on the business day immediately preceding the Expiration Date.
 5. **Payment of Exercise Price.** You may pay the Exercise Price by cash, certified check, bank draft, wire transfer, postal or express money order, or any other alternative method specified in the Plan and expressly approved by the Committee. Notwithstanding the foregoing, you may not tender any form of payment that the Committee determines, in its sole and absolute discretion, could violate any law or regulation.
 6. **Exercise of Option.** Subject to the terms and conditions of this Agreement, the Option may be exercised by contacting the [CONTACT DETAILS]. If the Option is exercised after your death, the Company will deliver Shares only after the Committee has determined that the person exercising the Option is the duly appointed executor or administrator of your estate or the person to whom the Option has been transferred by your will or by the applicable laws of descent and distribution.
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7. **Termination, Retirement, Disability or Death.** Subject to Section 8, this Option shall vest and remain exercisable as follows:

Event	Vesting	Exercise Period for Vested Awards
Death	Immediate vesting as of death (including if death occurs during any post-Retirement continued vesting period).	Expires earlier of (i) original expiration date, or (ii) 3 years after death (including instances where death occurs during any post-Retirement continued vesting period).
Disability	Immediate vesting as of Termination of Service due to the incurrence of Disability.	Expires earlier of (i) original expiration date, or (ii) 3 years after Termination of Service due to Disability.
Retirement	Unvested portions of this Award continue to vest in accordance with original vesting schedule following Retirement.	Expires earlier of (i) original expiration date, or (ii) 3 years after Retirement.
Voluntary Termination of Service (other than as covered by Retirement)	Unvested portions of this Award forfeited as of Termination of Service.	Expires earlier of (i) original expiration date, or (ii) 30 days after Termination of Service.
Involuntary Termination of Service not for Cause	[Unvested portions of this Award forfeited as of Termination of Service.] [Section 16 Officers: Pro rata vesting as of Termination of Service (determined by multiplying the number of Options originally subject to this Award by a fraction, the numerator of which is the number of days you were actively employed before your Termination of Service from the Award Date, and the denominator of which is the total number of days from the Award Date to the final scheduled vesting date, and then subtracting the number of Options previously vested under this Award.)]	Expires earlier of (i) original expiration date, or (ii) 1 year after Termination of Service.
Involuntary termination for Cause	Unvested portions of this Award forfeited as of Termination of Service.	Vested Awards immediately cancelled.

If your Termination of Service due to Retirement occurs before the final scheduled vesting date described in Vesting Schedule Table, your unvested Award will continue to vest in accordance with the terms of this Agreement. If your Retirement results in this Award's continued vesting, as a condition thereof you hereby agree that for the remainder of any continued vesting period, you will (i) remain available to provide service to the Company on an as-requested basis (which service, for purposes of compliance with Section 409A of the Code, shall not exceed 20% of your pre-Termination of Service level of Service to the Company) and (ii) execute, in the discretion of the Company, a non-competition agreement in favor of the Company in the form provided by the Company.

Except as expressly provided herein, all rights hereunder shall cease to accrue as of the date of your Termination of Service with the Company and its Affiliates and you will forfeit the unvested portion of any award and all rights to continue vesting in awards shall cease as of the date of your Termination of Service. Further, you will not be entitled to receive additional awards hereunder after your Termination of Service.

8. **Change in Control.** If you incur an involuntary Termination of Service not for Cause (as defined in Section 2 of the Plan) or a voluntary Termination of Service for Good Reason (as defined in Section 2 of the Plan) on or before the second anniversary of the date of a Change in Control, any portion of the Option that has not vested or terminated as of your Termination of Service shall vest as of your Termination of Service and become exercisable in full as of the date of such Termination of Service. Such a termination shall be considered an Involuntary Termination not for Cause or, if applicable, a Retirement, under Section 7 of this Agreement.
 9. **Withholdings.** The Company or your local employer shall have the power and the right to deduct or withhold, or require you to remit to the Company or your local employer, an amount sufficient to satisfy taxes imposed under the laws of any country, state, province, city or other jurisdiction, including but not limited to income taxes, capital gain taxes, transfer taxes, and social security contributions, and National Insurance Contributions, that are required by law to be withheld with respect to the grant of the Option, any exercise of your rights under this Agreement, the sale of Shares acquired from the exercise of the Option, and/or payment of dividends on Shares acquired pursuant to the Option.
 10. **Transfer of Option.** You may not transfer the Option or any interest in the Option except by will or the laws of descent and distribution [or except as otherwise permitted by the Committee and as specified in the Plan]. Any other attempt to dispose of your interest will be null and void.
 11. **[Requirements for and Forfeiture of Award.]**
 - a. **General.** The Award is expressly contingent upon you complying with the terms, conditions and definitions contained in this Section 11 and in any other agreement that governs your noncompetition with the Company and its Affiliates, your nonsolicitation of employees, customers, suppliers, business partners and vendors of the Company and its Affiliates, and/or your conduct with respect to trade secrets and proprietary and confidential information of the Company and its
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Affiliates. For the avoidance of doubt, for purposes of this Section 11, the “Company and its Affiliates” shall include Resideo Technologies, Inc. and its predecessors, designees and successors, as well as its past, present and future operating companies, divisions, subsidiaries, affiliates and other business units, including businesses acquired by purchase of assets, stock, merger or otherwise.

b. Remedies.

1. You expressly agree and acknowledge that the forfeiture provisions of Section 11(b)(2) of this Agreement shall apply if, from the Grant Date until the date that is [twenty-four (24)] months after your Termination of Service for any reason other than Retirement, or in the case of Retirement only, the later of (A) [twenty-four (24)] months after your Termination of Service and (B) the last scheduled vesting date in the Vesting Schedule Table, for any reason, you (i) enter into an employment, consultation or similar agreement or arrangement (including any arrangement for service as an agent, partner, stockholder, consultant, officer or director) with any entity or person engaged in a business in which the Company or its Affiliates are engaged if the business is competitive (in the sole judgment of the Committee) with the Company or its Affiliates and the Committee has not approved the agreement or arrangement in writing, or (ii) make any statement, publicly or privately (other than to your spouse and legal advisors), which would be disparaging (as defined below) to the Company and its Affiliates or their businesses, products, strategies, prospects, condition, or reputation or that of their directors, employees, officers or members; provided, however, that nothing shall preclude you from making any statement in good faith which is required by any applicable law or regulation or the order of a court or other governmental body, or (iii) write or contribute to a book, article or other media publication, whether in written or electronic format, that is in any way descriptive of the Company or its Affiliates or your career with the Company or its Affiliates without first submitting a draft thereof, at least thirty (30) days in advance, to the Company’s [Senior Vice President, General Counsel and Corporate Secretary] or his or her delegate, whose judgment about whether such book, article or other media publication is disparaging shall be determinative; or such a book, article or other media publication is published after a determination that it is disparaging; provided, however, that nothing herein shall preclude you from reporting (in good faith) possible violations of federal law or regulation to any governmental agency or entity, including but not limited to, the Department of Justice, the Securities and Exchange Commission, the Congress, and/or any agency Inspector General, or making any other disclosures that are protected under the whistleblower provisions of federal or state law or regulation, or from otherwise making any statement (in good faith) which is required by any applicable law or regulation or the order of a court or other governmental body.
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For purposes of this Section 11 (b)(1), the term “disparaging” shall mean any statement or representation (whether oral or written and whether true or untrue) which, directly or by implication, tends to create a negative, adverse, or derogatory impression about the subject of the statement or representation or which is intended to harm the reputation of the subject of the statement or representation.

2. In addition to the relief described in any other agreement that governs your noncompetition with the Company or its Affiliates, your nonsolicitation of the employees, customers, suppliers, business partners and vendors of the Company or its Affiliates, and/or your conduct with respect to the trade secrets and proprietary and confidential information of the Company or its Affiliates, if the Committee determines, in its sole judgment, that you have violated the terms of any such agreement or you have engaged in an act that violates Section 11(b)(1) of this Agreement, (i) any portion of the Option you have not exercised (whether vested or unvested) shall immediately be cancelled, and you shall forfeit any rights you have with respect to the Option as of the date of the Committee’s determination, and (ii) you shall immediately deliver to the Company Shares equal in value to the amount of any profit you realized upon an exercise of the Option during the period beginning twelve (12) months prior to your Termination of Service and ending on the date of the Committee’s determination.
3. Notwithstanding anything in the Plan or this Agreement to the contrary, you acknowledge that the Company may be entitled or required by law, Company policy or the requirements of an exchange on which the Shares are listed for trading, to recoup compensation paid to you pursuant to the Plan, and you agree to comply with any Company request or demand for recoupment.¹

12. **Adjustments.** Any adjustments to the Option will be governed by Section 5.3 of the Plan.

13. **Restrictions on Exercise.** Exercise of the Option is subject to the conditions that, to the extent required at the time of exercise, (i) the Shares covered by the Option will be duly listed, upon official notice of issuance, upon the NYSE, and (ii) a Registration Statement under the Securities Act of 1933 with respect to the Shares will be effective. The Company will not be required to deliver any Common Stock until all applicable federal and state laws and regulations have been complied with and all legal matters in connection with the issuance and delivery of the Shares have been approved by counsel of the Company.

14. **Disposition of Securities.** By accepting the Award, you acknowledge that you have read and understand the Company’s policy, and are aware of and understand your obligations under U.S. federal securities laws in respect of trading in the Company’s securities, and you agree

¹ Section 11 or other similar terms may be included in individual grant agreements, as determined by the Committee at the time an Award is granted.

not to use the Company's "cashless exercise" program (or any successor program) at any time when you possess material nonpublic information with respect to the Company or when using the program would otherwise result in a violation of securities law. The Company will have the right to recover, or receive reimbursement for, any compensation or profit realized on the exercise of the Option or by the disposition of Shares received upon exercise of the Option to the extent that the Company has a right of recovery or reimbursement under applicable securities laws.

15. **Plan Terms Govern.** The exercise of the Option, the disposition of any Shares received upon exercise of the Option, and the treatment of any gain on the disposition of these Shares are subject to the terms of the Plan and any rules that the Committee may prescribe. The Plan document, as may be amended from time to time, is incorporated into this Agreement. Capitalized terms used in this Agreement have the meaning set forth in the Plan, unless otherwise stated in this Agreement. In the event of any conflict between the terms of the Plan and the terms of this Agreement, the Plan will control unless otherwise stated in this Agreement. By accepting the Award, you acknowledge receipt of the Plan and the prospectus, as in effect on the date of this Agreement.

16. **Personal Data.**

- a. By entering into this Agreement, and as a condition of the grant of the Option, you acknowledge that your personal data is collected, used, and transferred in view of the performance of this Agreement as described in this Section 16, which is to the full extent permitted by and in full compliance with applicable law.
 - b. You understand that your local employer holds, by means of an automated data file, certain personal information about you, including, but not limited to, name, home address and telephone number, date of birth, social insurance number, salary, nationality, job title, any shares or directorships held in the Company, details of all options or other entitlement to shares awarded, canceled, exercised, vested, unvested, or outstanding in your favor, for the purpose of managing and administering the Plan ("Data").
 - c. You understand that part or all of your Data may be also collected, used, or held by the Company or its Affiliates for the purpose of managing and administering this award or any previous award/incentive plans. Specifically, your Data is transferred to, and/or collected, used, or held by [the Compensation & Benefits Department (at the business and Corporate levels), your local, regional and SBG business managers, the Company's senior executives (e.g., SVP-HR, CEO), the Committee, and Morgan Stanley]. The Company stores your Data for this purpose [until the last vesting date described in this Agreement OR for a period of xx years / months / days].
 - d. You understand that your local employer will transfer Data to the Company or its Affiliates among themselves as necessary for the purposes of implementation, administration, and management of your participation in the Plan, and that the
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Company or its Affiliates may transfer data among themselves, and/or each, in turn, further transfer data to any third parties assisting the Company in the implementation, administration, and management of the Plan (the “Data Recipients”).

- e. You understand that the Company or its Affiliates, as well as the Data Recipients, are or may be located in your country of residence or elsewhere, such as the United States. You authorize the Company or its Affiliates, as well as the Data Recipients, to receive, possess, use, retain, and transfer Data in electronic or other form, for the purposes of implementing, administering, and managing your participation in the Plan, including any transfer of such Data, as may be required for the administration of the Plan and/or the subsequent holding of Shares on your behalf, to a broker or third party with whom the Shares may be deposited.
- f. You understand that you may show your opposition to the processing and transfer of your Data, and, may at any time, review the Data or request that any necessary amendments be made to it. To exercise your data privacy rights, refer to the Company’s Data Privacy Global Policy [located on the Intranet / provide link to policy / otherwise describe how to find the policy].
- g. As soon as your Data is transferred to a third party Data Recipient (e.g., Morgan Stanley), (i) the Data Recipient becomes responsible for this Data (as a data controller), (ii) the Data will be subject to the Data Recipient’s privacy statements and notices, (iii) the Company and its Affiliates will no longer be responsible for the transferred Data, and (iv) you should refer to the Data Recipient’s statements and notices about its data protection policies and practices.

17. **Discretionary Nature and Acceptance of Award.** By accepting this Award, you agree to be bound by the terms of this Agreement and acknowledge that:

- a. The Company (and not your local employer) is granting your Option. Furthermore, this Agreement is not derived from any preexisting labor relationship between you and the Company, but rather from a mercantile relationship.
 - b. The Company may administer the Plan from outside your country of residence and United States law will govern all options granted under the Plan.
 - c. Benefits and rights provided under the Plan are wholly discretionary and, although provided by the Company, do not constitute regular or periodic payments.
 - d. The benefits and rights provided under the Plan are not to be considered part of your salary or compensation under your employment with your local employer for purposes of calculating any severance, resignation, redundancy or other end of service payments, vacation, bonuses, long-term service awards, indemnification, pension or retirement benefits, or any other payments, benefits or rights of any kind. You waive any and all rights to compensation or damages as a result of the
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termination of employment with your local employer for any reason whatsoever insofar as those rights result, or may result, from the loss or diminution in value of such rights under the Plan or your ceasing to have any rights under, or ceasing to be entitled to any rights under, the Plan as a result of such termination.

- e. The grant of the Option hereunder, and any future grant of an option under the Plan, is entirely voluntary, and at the complete discretion of the Company. Neither the grant of the Option nor any future grant by the Company will be deemed to create any obligation to make any future grants, whether or not such a reservation is explicitly stated at the time of such a grant. The Company has the right, at any time and/or on an annual basis, to amend, suspend or terminate the Plan; provided, however, that no such amendment, suspension, or termination will adversely affect your rights hereunder.
- f. The Plan will not be deemed to constitute, and will not be construed by you to constitute, part of the terms and conditions of employment. Neither the Company nor your local employer will incur any liability of any kind to you as a result of any change or amendment, or any cancellation, of the Plan at any time.
- g. Participation in the Plan will not be deemed to constitute, and will not be deemed by you to constitute, an employment or labor relationship of any kind with the Company.

18. **Limitations.** Nothing in this Agreement or the Plan gives you any right to continue in the employ of the Company or any of its Affiliates or to interfere in any way with the right of the Company or any Affiliate to terminate your employment at any time. Payment of Shares is not secured by a trust, insurance contract or other funding medium, and you do not have any interest in any fund or specific asset of the Company by reason of the Option. You have no rights as a shareowner of the Company pursuant to the Option until Shares are actually delivered you.
19. **Incorporation of Other Agreements.** This Agreement and the Plan constitute the entire understanding between you and the Company regarding the Option. This Agreement supersedes any prior agreements, commitments or negotiations concerning the Option.
20. **Severability.** The invalidity or unenforceability of any provision of this Agreement will not affect the validity or enforceability of the other provisions of the Agreement, which will remain in full force and effect. Moreover, if any provision is found to be excessively broad in duration, scope or covered activity, the provision will be construed so as to be enforceable to the maximum extent compatible with applicable law.
21. **Governing Law.** The Plan, this Agreement, and all determinations made and actions taken under the Plan or this Agreement shall be governed by the internal substantive laws, and not the choice of law rules, of the State of Delaware and construed accordingly, to the extent not superseded by applicable federal law.
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22. **Acknowledgements and Acceptance.** By accepting this Agreement, you agree to the following: (i) you have carefully read, fully understand and agree to all of the terms and conditions described in this Agreement, the Plan, the Plan's prospectus and all accompanying documentation; and (ii) you understand and agree that this Agreement and the Plan constitute the entire understanding between you and the Company regarding the Option, and that any prior agreements, commitments, or negotiations concerning the Option are replaced and superseded.

I Accept:

Print Name

EID

Signature

Date

VESTING SCHEDULE TABLE

**AMENDED AND RESTATED 2018 STOCK INCENTIVE PLAN
OF
RESIDEO TECHNOLOGIES, INC. AND ITS AFFILIATES
FORM OF RESTRICTED STOCK UNIT AGREEMENT**

RESTRICTED STOCK UNIT AGREEMENT (this “Agreement”) as of the [DAY] day of [MONTH, YEAR] (the “Award Date”) between Resideo Technologies, Inc. (the “Company”) and [EMPLOYEE NAME] (the “Participant”).

1. **Grant of Award.** The Company has granted you [NUMBER] Restricted Stock Units, subject to the terms of this Agreement and the terms of the Amended and Restated 2018 Stock Incentive Plan of Resideo Technologies, Inc. and its Affiliates (the “Plan”). The Company will hold the Restricted Stock Units in a bookkeeping account on your behalf until they become payable or are forfeited or cancelled.
 2. **Rights as a Shareholder.** The Participant shall have no rights as a stockholder of the Company with respect to any Shares of Common Stock covered by or relating to the Restricted Stock Units until such Shares are actually delivered to the Participant. For purposes of clarification, the Participant shall not have any voting or dividend rights with respect to the Shares of Common Stock underlying the Restricted Stock Units unless and until such Shares are actually delivered to the Participant.
 3. **Dividend Equivalents.** Except as otherwise determined by the Committee, in its sole discretion, the Participant will earn Dividend Equivalents in an amount equal to the value of any ordinary [cash or stock] dividends paid by the Company upon one Share of Common Stock for each unvested Restricted Stock Unit, which may be credited in cash or Common Stock as determined by the Committee in such manner as the Committee may determine from time to time and will be subject to the same vesting provisions as apply to the Restricted Stock Units to which such Dividend Equivalents relate.
 4. **Payment Amount.** Each Restricted Stock Unit represents one (1) Share of Common Stock.
 5. **Vesting.** Except as otherwise provided in Sections 8, 9 [or 10] of this Agreement, the Restricted Stock Units will vest as provided on the attached Vesting Schedule Table, which is incorporated into, and made a part of, this Agreement. Each applicable vesting date of all or any portion of this Award shall be referred to herein as a “Vesting Date”.
 6. **Form and Timing of Payment.** Except as otherwise determined by the Committee in its sole discretion or as provided in Section 9(a) of this Agreement, vested Restricted Stock Units will be redeemed solely for Shares. Payment of vested Restricted Stock Units will be made as soon as practicable, but no later than two and one-half (2-1/2) months following the applicable Vesting Date, and the Participant may not designate the taxable year in which such payment occurs. As determined by the Company in its sole discretion prior to the final scheduled Vesting Date, any fractional Shares may be paid in cash or rounded up or down to the nearest whole Share.
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7. **Termination of Service.** Except as otherwise provided in this Agreement, if your Termination of Service occurs for any reason other than death, Disability or Retirement before a scheduled Vesting Date, any unvested Restricted Stock Units will immediately be forfeited, and your rights with respect to these Restricted Stock Units will end.
 8. **Retirement, Death or Disability.** If your Termination of Service occurs due to death or due to the incurrence of a Disability before any scheduled Vesting Date described in Section 5 of this Agreement, all of your unvested Restricted Stock Units will vest as of your Termination of Service due to death or Disability, as applicable. If you are deceased, the Company will make a payment to your estate only after the Committee has determined that the payee is the duly appointed executor or administrator of your estate, subject to Section 7.14 of the Plan. If your Termination of Service due to Retirement occurs before the final scheduled Vesting Date described in Section 5 of this Agreement, your unvested Restricted Stock Units will continue to vest in accordance with the terms of this Agreement. As a condition to such continued vesting, you hereby agree that for the remainder of the Award's scheduled vesting period, you will (i) remain available to provide service to the Company on an as-requested basis (which service, for purposes of compliance with Section 409A of the Code, shall not exceed 20% of your pre-Termination of Service level of Service to the Company) and (ii) execute, in the discretion of the Company, a non-competition agreement in favor of the Company in the form provided by the Company.
 9. **[Involuntary Termination of Service Not for Cause.** Except as provided in Section 10, if you incur an involuntary Termination of Service not for Cause before any scheduled Vesting Date, a pro-rated number of the unvested Restricted Stock Units subject to the Award will vest as of the date of your Termination of Service. The number of Units subject to such accelerated vesting will be determined by multiplying the number of Restricted Stock Units originally subject to this Award by a fraction, the numerator of which is the number of days you were actively employed before your Termination of Service from the Award Date, and the denominator of which is the total number of days from the Award Date to the final scheduled Vesting Date, and then subtracting the number of Restricted Stock Units previously vested under this Award.]
 10. **Change in Control.** Notwithstanding anything herein to the contrary, in the event of a Change in Control (as defined in the Plan), the following provisions apply:
 - a. **Cashout of Awards.** Unless this Award is assumed, substituted or continued in accordance with Section 5.4(a) of the Plan, the Restricted Stock Units that have not vested or terminated as of the date of the Change in Control shall vest as of immediately prior to the Change in Control. Unless otherwise determined by the Committee, no later than 15 days after the date of the Change in Control, you will receive for the Restricted Stock Units a single payment in [cash or Shares] equal to the product of the number of outstanding Restricted Stock Units as of the date of the Change in Control (including any Restricted Stock Units that vest pursuant to this Section 9) and an amount equal to the highest price per Share paid by the successor company in connection with such Change in Control, as determined by the Committee.
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- b. **Rollover of Awards.** If this Award is assumed, substituted or continued in accordance with Section 5.4(a) of the Plan, Restricted Stock Units that have not vested or terminated as of the date of the Change in Control will continue to vest in accordance with the schedule described in Section 5 of this Agreement (or as adjusted if more favorable); *provided*, however, that if you incur an involuntary Termination of Service not for Cause (as defined in Section 2 of the Plan) or a voluntary Termination of Service for Good Reason (as defined in Section 2 of the Plan) on or before the second anniversary of the date of the Change in Control, Restricted Stock Units that have not vested or terminated as of your Termination of Service will immediately vest in full and be settled no later than 15 days after the Termination of Service.
11. **Withholdings.** The Company or your local employer shall have the power and the right to deduct or withhold, or require you to remit to the Company or to your local employer, prior to any issuance or delivery of Shares underlying Restricted Stock Units, an amount sufficient to satisfy taxes imposed under the laws of any country, state, province, city or other jurisdiction, including but not limited to income taxes, capital gain taxes, transfer taxes, and social security contributions, and National Insurance Contributions, that are required by law to be withheld as determined by the Company or your local employer.
12. **Transfer of Award.** You may not transfer the Restricted Stock Units or any interest in such Units except by will or the laws of descent and distribution [or except as otherwise permitted by the Committee and as specified in the Plan]. Any other attempt to dispose of your interest will be null and void.
13. **Requirements for and Forfeiture of Award.**
- a. **General.** The Award is expressly contingent upon you complying with the terms, conditions and definitions contained in this Section [12][13] and in any other agreement that governs your noncompetition with the Company and its Affiliates, your nonsolicitation of employees, customers, suppliers, business partners and vendors of the Company and its Affiliates, and/or your conduct with respect to trade secrets and proprietary and confidential information of the Company and its Affiliates. For the avoidance of doubt, for purposes of this Section [12][13], the “Company and its Affiliates” shall include Resideo Technologies, Inc. and its predecessors, designees and successors, as well as its past, present and future operating companies, divisions, subsidiaries, affiliates and other business units, including businesses acquired by purchase of assets, stock, merger or otherwise.
- b. **Remedies.**
1. You expressly agree and acknowledge that the forfeiture provisions of Section [12][13](b)(2) of this Agreement shall apply if, from the Award Date until the date that is [twenty-four (24)] months after your Termination of Service for any reason other than Retirement, or in the case of Retirement only, the later of (A) [twenty-four (24)] months after your Termination of Service and (B) the last scheduled Vesting Date, for
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any reason, you (i) enter into an employment, consultation or similar agreement or arrangement (including any arrangement for service as an agent, partner, stockholder, consultant, officer or director) with any entity or person engaged in a business in which the Company or its Affiliates are engaged if the business is competitive (in the sole judgment of the Committee) with the Company or its Affiliates and the Committee has not approved the agreement or arrangement in writing, or (ii) make any statement, publicly or privately (other than to your spouse and legal advisors), which would be disparaging (as defined below) to the Company and its Affiliates or their businesses, products, strategies, prospects, condition, or reputation or that of their directors, employees, officers or members; *provided*, however, that nothing shall preclude you from making any statement in good faith which is required by any applicable law or regulation or the order of a court or other governmental body, or (iii) write or contribute to a book, article or other media publication, whether in written or electronic format, that is in any way descriptive of the Company or its Affiliates or your career with the Company or its Affiliates without first submitting a draft thereof, at least thirty (30) days in advance, to the Company's [Senior Vice President, General Counsel and Corporate Secretary] or his or her delegate, whose judgment about whether such book, article or other media publication is disparaging shall be determinative; or such a book, article or other media publication is published after a determination that it is disparaging; *provided*, however, that nothing herein shall preclude you from reporting (in good faith) possible violations of federal law or regulation to any governmental agency or entity, including but not limited to, the Department of Justice, the Securities and Exchange Commission, the Congress, and/or any agency Inspector General, or making any other disclosures that are protected under the whistleblower provisions of federal or state law or regulation, or from otherwise making any statement (in good faith) which is required by any applicable law or regulation or the order of a court or other governmental body.

For purposes of this Section [12][13](b)(1), the term "disparaging" shall mean any statement or representation (whether oral or written and whether true or untrue) which, directly or by implication, tends to create a negative, adverse, or derogatory impression about the subject of the statement or representation or which is intended to harm the reputation of the subject of the statement or representation.

2. In addition to the relief described in any other agreement that governs your noncompetition with the Company or its Affiliates, your nonsolicitation of the employees, customers, suppliers, business partners and vendors of the Company or its Affiliates, and/or your conduct with respect to the trade secrets and proprietary and confidential information of the Company or its Affiliates, if the Committee determines, in its sole judgment, that you have violated the terms of any such agreement or you
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have engaged in an act that violates Section [12][13](b)(1) of this Agreement, (i) any Restricted Stock Units that have not vested under this Agreement shall immediately be cancelled, and you shall forfeit any rights you have with respect to such Units as of the date of the Committee's determination, and (ii) you shall immediately deliver to the Company Shares (or the cash equivalent) equal in value to the Restricted Stock Units you received during the period beginning twelve (12) months prior to your Termination of Service and ending on the date of the Committee's determination.

3. Notwithstanding anything in the Plan or this Agreement to the contrary, you acknowledge that the Company may be entitled or required by law, Company policy or the requirements of an exchange on which the Shares are listed for trading, to recoup compensation paid to you pursuant to the Plan, and you agree to comply with any Company request or demand for recoupment.¹
14. **Restrictions on Payment of Shares.** Payment of Shares for your Restricted Stock Units is subject to the conditions that, to the extent required at the time of settlement, (i) the Shares underlying the Restricted Stock Units will be duly listed, upon official notice of redemption, upon the New York Stock Exchange (or any other securities exchange on which Shares may be listed), and (ii) a Registration Statement under the Securities Act of 1933 with respect to the Shares will be effective. The Company will not be required to deliver any Shares until all applicable federal and state laws and regulations have been complied with and all legal matters in connection with the issuance and delivery of the Shares have been approved by counsel for the Company.
15. **Adjustments.** Any adjustments to the Restricted Stock Units will be governed by Section 5.3 of the Plan.
16. **Disposition of Securities.** By accepting the Award, you acknowledge that you have read and understand the Company's policy, and are aware of and understand your obligations under applicable securities laws in respect of trading in the Company's securities. The Company will have the right to recover, or receive reimbursement for, any compensation or profit you realize on the disposition of Shares received for Restricted Stock Units to the extent that the Company has a right of recovery or reimbursement under applicable securities laws.
17. **Plan Terms Govern.** The vesting and redemption of Restricted Stock Units, the disposition of any Shares received for Restricted Stock Units, the treatment of gain on the disposition of these Shares, and the treatment of Dividend Equivalents are subject to the provisions of the Plan and any rules that the Committee may prescribe. The Plan document, as may be amended from time to time, is incorporated into this Agreement. Capitalized terms used in this Agreement have the meaning set forth in the Plan, unless

¹ Section 12 or other similar terms may be included in individual grant agreements, as determined by the Committee at the time an Award is granted.

otherwise stated in this Agreement. In the event of any conflict between the terms of the Plan and the terms of this Agreement, the Plan will control. By accepting the Award, you acknowledge that the Plan and the Plan prospectus, as in effect on the date of this Agreement, have been made available to you for your review.

18. Personal Data.

- a. By entering into this Agreement, and as a condition of the grant of the Restricted Stock Units, you acknowledge that your personal data is collected, used, and transferred in view of the performance of this Agreement as described in this Section [17][18], which is to the full extent permitted by and in full compliance with applicable law.
 - b. You understand that your local employer holds, by means of an automated data file, certain personal information about you, including, but not limited to, name, home address and telephone number, date of birth, social insurance number, salary, nationality, job title, any shares or directorships held in the Company, details of all restricted units or other entitlement to shares awarded, canceled, exercised, vested, unvested, or outstanding in your favor, for the purpose of managing and administering the Plan ("Data").
 - c. You understand that part or all of your Data may be also collected, used, or held by the Company or its Affiliates for the purpose of managing and administering this award or any previous award/incentive plans. Specifically, your Data is transferred to, and/or collected, used, or held by [the Compensation & Benefits Department (at the business and Corporate levels), your local, regional and SBG business managers, the Company's senior executives (e.g., SVP-HR, CEO), the Committee, and Morgan Stanley]. The Company stores your Data for this purpose [until the last scheduled Vesting Date described in this Agreement OR for a period of xx years / months / days].
 - d. You understand that your local employer will transfer Data to the Company or its Affiliates among themselves as necessary for the purposes of implementation, administration, and management of your participation in the Plan, and that the Company or its Affiliates may transfer Data among themselves, and/or each, in turn, further transfer Data to any third parties assisting the Company in the implementation, administration, and management of the Plan (the "Data Recipients").
 - e. You understand that the Company or its Affiliates, as well as the Data Recipients, are or may be located in your country of residence or elsewhere, such as the United States. You authorize the Company or its Affiliates, as well as the Data Recipients, to receive, possess, use, retain, and transfer Data in electronic or other form, for the purposes of implementing, administering, and managing your participation in the Plan, including any transfer of such Data, as may be required for the administration of the Plan and/or the subsequent holding of Shares on your behalf, to a broker or third party with whom the Shares may be deposited.
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- f. You understand that you may show your opposition to the processing and transfer of your Data, and, may at any time, review the Data or request that any necessary amendments be made to it. To exercise your data privacy rights, refer to the Company's Data Privacy Global Policy [located on the Intranet / provide link to policy / otherwise describe how to find the policy].
- g. As soon as your Data is transferred to a third party Data Recipient (e.g., Morgan Stanley), (i) the Data Recipient becomes responsible for this Data (as a data controller), (ii) the Data will be subject to the Data Recipient's privacy statements and notices, (iii) the Company and its Affiliates will no longer be responsible for the transferred Data, and (iv) you should refer to the Data Recipient's statements and notices about its data protection policies and practices.

19. **Discretionary Nature and Acceptance of Award.** By accepting this Award, you agree to be bound by the terms of this Agreement and acknowledge that:

- a. The Company (and not your local employer) is granting these Restricted Stock Units. This Agreement is not derived from any preexisting labor relationship between you and the Company, but rather from a mercantile relationship.
 - b. The Company may administer the Plan from outside your country of residence and United States law will govern all Restricted Stock Units granted under the Plan.
 - c. Benefits and rights provided under the Plan are wholly discretionary and, although provided by the Company, do not constitute regular or periodic payments.
 - d. The benefits and rights provided under the Plan are not to be considered part of your salary or compensation under your employment with your local employer for purposes of calculating any severance, resignation, redundancy or other end of service payments, vacation, bonuses, long-term service awards, indemnification, pension or retirement benefits, or any other payments, benefits or rights of any kind. You waive any and all rights to compensation or damages as a result of the termination of employment with your local employer for any reason whatsoever insofar as those rights result, or may result, from the loss or diminution in value of such rights under the Plan or your ceasing to have any rights under, or ceasing to be entitled to any rights under, the Plan as a result of such termination.
 - e. The grant of Restricted Stock Units hereunder, and any future grant of Restricted Stock Units under the Plan, is entirely voluntary, and at the complete discretion of the Company. Neither the grant of the Restricted Stock Units nor any future grant by the Company will be deemed to create any obligation to make any future grants, whether or not such a reservation is explicitly stated at the time of such a grant. The Company has the right, at any time and/or on an annual basis, to amend, suspend or terminate the Plan; *provided*, however, that no such amendment, suspension, or termination will adversely affect your rights hereunder.
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- f. The Plan will not be deemed to constitute, and will not be construed by you to constitute, part of the terms and conditions of employment. Neither the Company nor your local employer will incur any liability of any kind to you as a result of any change or amendment, or any cancellation, of the Plan at any time.
 - g. Participation in the Plan will not be deemed to constitute, and will not be deemed by you to constitute, an employment or labor relationship of any kind with the Company.
20. **Limitations.** Nothing in this Agreement or the Plan gives you any right to continue in the employ of the Company or any of its Affiliates or to interfere in any way with the right of the Company or any Affiliate to terminate your employment at any time. Payment of your Restricted Stock Units is not secured by a trust, insurance contract or other funding medium, and you do not have any interest in any fund or specific asset of the Company by reason of this Award or the account established on your behalf.
21. **Incorporation of Other Agreements.** This Agreement and the Plan constitute the entire understanding between you and the Company regarding the Restricted Stock Units. This Agreement supersedes any prior agreements, commitments or negotiations concerning the Restricted Stock Units. All capitalized terms used and not defined herein shall have the meaning given to such terms in the Plan.
22. **Severability.** The invalidity or unenforceability of any provision of this Agreement will not affect the validity or enforceability of the other provisions of the Agreement, which will remain in full force and effect. Moreover, if any provision is found to be excessively broad in duration, scope or covered activity, the provision will be construed so as to be enforceable to the maximum extent compatible with applicable law.
23. **Governing Law.** The Plan, this Agreement, and all determinations made and actions taken under the Plan or this Agreement shall be governed by the internal substantive laws, and not the choice of law rules, of the State of Delaware and construed accordingly, to the extent not superseded by applicable federal law.
24. **Agreement Changes.** The Company reserves the right to change the terms of this Agreement and the Plan without your consent to the extent necessary or desirable to comply with the requirements of Section 409A of the Code, the Treasury regulations and other guidance thereunder.
25. **Successors and Assigns of the Company.** The terms and conditions of this Agreement shall be binding upon and shall inure to the benefit of the Company and its successors and assigns.
26. **Acknowledgements.** By accepting this Agreement, you agree to the following: (i) you have carefully read, fully understand and agree to all of the terms and conditions described in this Agreement, the Plan, the Plan's prospectus and all accompanying documentation; and (ii) you understand and agree that this Agreement and the Plan constitute the entire understanding between you and the Company regarding the Restricted Stock Units, and that any prior agreements, commitments, or negotiations concerning the Restricted Stock Units are replaced and superseded.
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27. **Award Acceptance.** To retain this Award, you must accept it by signing the Agreement below and, by signing this Agreement, you will be deemed to consent to the application of the terms and conditions set forth in this Agreement and the Plan. **Return the signed Agreement to [•].**

I Accept:

_____	_____
Print Name	EID

_____	_____
Signature	Date

VESTING SCHEDULE TABLE

**AMENDED AND RESTATED 2018 STOCK INCENTIVE PLAN
OF
RESIDEO TECHNOLOGIES, INC. AND ITS AFFILIATES
FORM OF PERFORMANCE STOCK UNIT AGREEMENT**

PERFORMANCE STOCK UNIT AGREEMENT (this “Agreement”) as of the [DAY] day of [MONTH, YEAR] (the “Award Date”) between Resideo Technologies, Inc. (the “Company”) and [EMPLOYEE NAME] (the “Participant”).

1. **Grant of Performance Award.** The Company has granted you a target number of Restricted Stock Units subject to the satisfaction of performance conditions (the “Performance Stock Units” and the “Performance Award”), subject to the terms of this Agreement and the terms of the Amended and Restated 2018 Stock Incentive Plan of Resideo Technologies, Inc. and its Affiliates (the “Plan”). The target number of Performance Stock Units granted to you and covered by this Agreement is [•] (the “Target Award”).

The Company will hold the Performance Stock Units in a bookkeeping account on your behalf until they become payable or are forfeited or cancelled.

[The details for this grant can be found on [•]. The Company reserves the right to change or correct any information contained on the [•] website to reflect the terms of the Award actually made by the Company on the Award Date or the Plan.]¹.

2. **Definitions.** For purposes of this Agreement, the following definitions apply:
 - a. “Actual Award” means (A) the product of (i) the Plan Payout Percentage (as determined under Section 3), and (ii) your Target Award. Notwithstanding anything in this Agreement to the contrary, the Committee (as defined in the Plan) may reduce the amount of your Actual Award in its sole discretion.
 - b. “Performance Cycle” means the [INSERT PERFORMANCE CYCLE DATES].
3. **Performance Measures.** The Plan Payout Percentage shall be determined based on
[DESCRIBE PERFORMANCE MEASURES]
4. **Rights as a Shareholder.** The Participant shall have no rights as a stockholder of the Company with respect to any Shares of Common Stock covered by or relating to the Performance Stock Units until such Shares are actually delivered to the Participant. For purposes of clarification, the Participant shall not have any voting or dividend rights with respect to the Shares of Common Stock underlying the Performance Stock Units unless and until such Shares are actually delivered to the Participant.
5. **Dividend Equivalents.** Except as otherwise determined by the Committee, in its sole discretion, the Participant will earn Dividend Equivalents in an amount equal to the value of any ordinary [cash or stock] dividends paid by the Company upon one Share of Common Stock for each unvested Performance Stock Unit, which may be credited in cash or Common Stock as determined by the Committee in such manner as the Committee may determine

¹ This information regarding the external plan administrator may be included in individual grants as applicable.

from time to time and will be subject to the same vesting provisions as apply to the Performance Stock Units to which such Dividend Equivalents relate.

6. **Payment Amount.** Each Performance Stock Unit represents one (1) Share of Common Stock. Your Actual Award will not exceed 200% of your Target Award.
7. **Vesting and Payment.** Except as otherwise provided in this Agreement, the vesting and payment of an Actual Award is contingent upon (i) the achievement of a Plan Payout Percentage based on performance as described in Section 3, and (ii) you remaining actively employed by the Company on [DESCRIBE VESTING PROVISIONS] (the “Vesting Date”).

[DESCRIBE PAYMENT PROVISIONS, INCLUDING ANY AMOUNTS TO BE PAID IN CASH AND SHARES]

8. **Termination of Service.** Except as otherwise provided in this Agreement, if your Termination of Service occurs for any reason other than death, Retirement or Disability before the Vesting Date, any unvested Performance Stock Units will immediately be forfeited and your rights with respect to future payments under this Agreement will end.
 9. **Death, Disability or Retirement.** If your Termination of Service occurs before the Vesting Date because of your death, Retirement or Disability, you or your estate will receive the prorated value of the Actual Award you would otherwise have earned had your Service continued until the Vesting Date. The prorated value of the Actual Award shall be determined by multiplying the Actual Award by a fraction, the numerator of which is the number of days you were actively employed before your death, Retirement or termination due to Disability from the first day of the Performance Cycle, and the denominator of which is the total number of days from the first day of the Performance Cycle to the last day of the Performance Cycle. Such prorated Actual Award stated in Shares, shall be multiplied by the Fair Market Value of the Shares on the last trading day of the Performance Cycle and, in the each case shall be paid in Shares following the Performance Cycle at the same time payments, if any, are made to other Performance Stock Unit grantees. If your Retirement triggers the applicability of this Section 9, then as a condition thereof you hereby agree that for the remainder of any applicable continued vesting period or Performance Cycle, you will (i) remain available to provide service to the Company on an as-requested basis (which service, for purposes of compliance with Section 409A of the Code, shall not exceed 20% of your pre-Termination of Service level of Service to the Company) and (ii) execute, in the discretion of the Company, a non-competition agreement in favor of the Company in the form provided by the Company.
 10. **[Involuntary Termination of Service Not for Cause.** Except as provided in Section 11, if your Termination of Service occurs before the payment date because of your involuntary Termination of Service not for Cause, you will receive the prorated value of your Actual Award. The prorated value of the Actual Award shall be determined by multiplying the Actual Award by a fraction, the numerator of which is the number of days you were actively employed before your Termination of Service from the first day of the Performance Cycle, and the denominator of which is the total number of days from the first day of the Performance Cycle to the last day of the Performance Cycle. Such prorated Actual Award
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shall be paid in Shares following the Performance Cycle at the same time payments, if any, are made to other Performance Stock Unit grantees.]²

11. **Change in Control.** Notwithstanding anything herein to the contrary, in the event of a Change in Control (as defined in the Plan), the following provisions apply:

- a. **Rollover of Performance Awards.** If adjusted or exchanged pursuant to the Plan, Performance Stock Units that have not vested or terminated as of the date of the Change in Control will continue to vest in accordance with the schedule described in Section 7 of this Agreement (or as adjusted if more favorable) and, if applicable, be subject to proration as provided in Section 9 [or Section 10]; *provided*, however, that (x) if, on or after the Change in Control, you incur an involuntary Termination of Service not for Cause (as defined in Section 2 of the Plan) or a voluntary Termination of Service for Good Reason (as defined in Section 2 of the Plan) on or before the second anniversary of the date of the Change in Control and after the Performance Cycle has ended, your unpaid Actual Award will immediately vest in full and be settled no later than the earlier of 90 days after the Termination of Service or two and one-half months after the end of the calendar year in which the Termination of Service occurs, or (y) if, on or after the Change in Control, you incur an involuntary Termination of Service not for Cause (as defined in Section 2 of the Plan) or a voluntary Termination of Service for Good Reason (as defined in Section 2 of the Plan) during the two-year period following the Change in Control and before the Performance Cycle has ended, an amount equal to the Target Award, pro-rated to reflect the portion of the Performance Cycle that elapsed before such Termination of Service, will be settled no later than the earlier of 90 days after the Termination of Service or two and one-half months after the end of the calendar year in which the Termination of Service occurs.
- b. **Cashout of Performance Awards.** Unless adjusted or exchanged pursuant to the Plan, Performance Stock Units that have not vested or terminated as of the date of the Change in Control will immediately vest as provided in this subsection (b). If the Change in Control occurs after the Performance Cycle has ended but before the Vesting Date specified in Section 7, you will receive your unpaid Actual Award, if any, *provided* that if Section 9 [or Section 10] is applicable to your Award, your Actual Award will be subject to the proration described therein. If the Change in Control occurs before the Performance Cycle has ended, you will receive your unpaid Actual Award as calculated based on the Target Award or other level of substantially achieved performance, as determined by the Committee prior to the Change in Control, *provided* that if Section 9 [or Section 10] is applicable to your Award, your Actual Award will be subject to the proration described there. No later than the earlier of 90 days after the date of the Change in Control or two and one-half months after the end of the calendar year in which the Change in Control occurs, you will receive for the applicable Performance Stock Units a single cash payment equal to the product of the

² Insert for Awards being made to Section 16 officers.

number of vested and outstanding Performance Stock Units as of the date of the Change in Control (including any Performance Stock Units that vest pursuant to this Section [10][11]) and an amount equal to the greater of (i) the highest price per Share paid by the successor, as determined by the Committee, and (ii) the highest Fair Market Value during the period of 90 days that ends on the date of the Change in Control. Any securities or other property that is part or all of the consideration paid for Shares pursuant to the Change in Control will be valued at the higher of (x) the valuation placed on the securities or property by any entity that is a party with the Company to the Change in Control, or (y) the valuation placed on the securities or property by the Committee.

12. **Withholdings.** The Company or your local employer shall have the power and the right to deduct or withhold, or require you to remit to the Company or to your local employer, prior to any issuance or delivery of Shares, an amount sufficient to satisfy taxes imposed under the laws of any country, state, province, city or other jurisdiction, including but not limited to income taxes, capital gain taxes, transfer taxes, and social security contributions, and National Insurance Contributions, that are required by law to be withheld as determined by the Company or your local employer.
13. **Transfer of Performance Award.** You may not transfer the Performance Stock Units or any interest in such Units or any portion of your Actual Award except by will or the laws of descent and distribution [or except as permitted by the Committee and as specified in the Plan]. Any other attempt to dispose of your interest will be null and void.
14. **[Requirements for and Forfeiture of Performance Award.**
 - a. **General.** The Performance Award is expressly contingent upon you complying with the terms, conditions and definitions contained in this Section [13][14] and in any other agreement that governs your noncompetition with the Company and its Affiliates, your nonsolicitation of employees, customers, suppliers, business partners and vendors of the Company and its Affiliates, and/or your conduct with respect to trade secrets and proprietary and confidential information of the Company and its Affiliates. For the avoidance of doubt, for purposes of this Section [13][14], the “Company and its Affiliates” shall include Resideo Technologies, Inc. and its predecessors, designees and successors, as well as its past, present and future operating companies, divisions, subsidiaries, affiliates and other business units, including businesses acquired by purchase of assets, stock, merger or otherwise.
 - b. **Remedies.**
 1. You expressly agree and acknowledge that the forfeiture provisions of Section [13][14](b)(2) of this Agreement shall apply if, from the Award Date until the date that is [twenty-four (24)] months after your Termination of Service for any reason other than Retirement, or in the case of Retirement only, the later of (A) [twenty-four (24)] months after your Termination of Service and (B) the completion of the Performance

Cycle, for any reason, you (i) enter into an employment, consultation or similar agreement or arrangement (including any arrangement for service as an agent, partner, stockholder, consultant, officer or director) with any entity or person engaged in a business in which the Company or its Affiliates are engaged if the business is competitive (in the sole judgment of the Committee) with the Company or its Affiliates and the Committee has not approved the agreement or arrangement in writing, or (ii) make any statement, publicly or privately (other than to your spouse and legal advisors), which would be disparaging (as defined below) to the Company and its Affiliates or their businesses, products, strategies, prospects, condition, or reputation or that of their directors, employees, officers or members; *provided*, however, that nothing shall preclude you from making any statement in good faith which is required by any applicable law or regulation or the order of a court or other governmental body, or (iii) write or contribute to a book, article or other media publication, whether in written or electronic format, that is in any way descriptive of the Company or its Affiliates or your career with the Company or its Affiliates without first submitting a draft thereof, at least thirty (30) days in advance, to the Company's [Senior Vice President, General Counsel and Corporate Secretary] or his or her delegate, whose judgment about whether such book, article or other media publication is disparaging shall be determinative; or such a book, article or other media publication is published after a determination that it is disparaging; *provided*, however, that nothing herein shall preclude you from reporting (in good faith) possible violations of federal law or regulation to any governmental agency or entity, including but not limited to, the Department of Justice, the Securities and Exchange Commission, the Congress, and/or any agency Inspector General, or making any other disclosures that are protected under the whistleblower provisions of federal or state law or regulation, or from otherwise making any statement (in good faith) which is required by any applicable law or regulation or the order of a court or other governmental body.

For purposes of this Section [13][14](b)(1), the term "disparaging" shall mean any statement or representation (whether oral or written and whether true or untrue) which, directly or by implication, tends to create a negative, adverse, or derogatory impression about the subject of the statement or representation or which is intended to harm the reputation of the subject of the statement or representation.

2. In addition to the relief described in any other agreement that governs your noncompetition with the Company or its Affiliates, your nonsolicitation of the employees, customers, suppliers, business partners and vendors of the Company or its Affiliates, and/or your conduct with respect to the trade secrets and proprietary and confidential information of the Company or its Affiliates, if the Committee determines, in its sole judgment, that you have violated the terms of any such agreement or you
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have engaged in an act that violates Section [13][14](b)(1) of this Agreement, (i) any Performance Stock Units that have not vested under this Agreement shall immediately be cancelled, and you shall forfeit any rights you have with respect to such Units as of the date of the Committee's determination, and (ii) you shall immediately deliver to the Company Shares (or the cash equivalent) equal in value to the Performance Stock Units you received during the period beginning twelve (12) months prior to your Termination of Service and ending on the date of the Committee's determination.

3. Notwithstanding anything in the Plan or this Agreement to the contrary, you acknowledge that the Company may be entitled or required by law, Company policy or the requirements of an exchange on which the Shares are listed for trading, to recoup compensation paid to you pursuant to the Plan, and you agree to comply with any Company request or demand for recoupment.³

15. **Restrictions on Payment of Shares.** Payment of Shares is subject to the conditions that, to the extent required at the time of exercise, (i) the Shares underlying the Performance Award and/or Actual Award shall be duly listed, upon official notice of redemption, upon the New York Stock Exchange, and (ii) a Registration Statement under the Securities Act of 1933 with respect to the Shares shall be effective. The Company shall not be required to deliver any Common Stock until all applicable federal and state laws and regulations have been complied with and all legal matters in connection with the issuance and delivery of the Shares have been approved by counsel for the Company.
16. **Adjustments.** Any adjustments to this Performance Award will be governed by Section 5.3 of the Plan.
17. **Disposition of Securities.** By accepting the Performance Award, you acknowledge that you have read and understand (i) the Company's policy, and are aware of and understand your obligations under applicable securities laws in respect of trading in the Company's securities, and (ii) the Company's stock ownership guidelines as they apply to this Performance Award. The Company shall have the right to recover, or receive reimbursement for, any compensation or profit you realize on the disposition of Shares received to the extent that the Company has a right of recovery or reimbursement under applicable securities laws.
18. **Plan Terms Govern.** This Award (including the vesting and redemption of Performance Stock Units, the disposition of any Shares received, the treatment of gain on the disposition of these Shares, and the treatment of Dividend Equivalents) are subject to the provisions of the Plan and any rules that the Committee may prescribe. The Plan document, as may be amended from time to time, is incorporated into this Agreement. Capitalized terms used in this Agreement have the meaning set forth in the Plan, unless otherwise stated in this Agreement. In the event of any conflict between the terms of the Plan and the terms of this

³ Section 14 or other similar terms may be included in individual grant agreements, as determined by the Committee at the time an Award is granted.

Agreement, the Plan will control. By accepting the Performance Award, you acknowledge that the Plan and the Plan prospectus, as in effect on the date of this Agreement, have been made available to you for your review. Without limiting the generality of the foregoing, you agree that all determinations made by the Committee of the Performance Measures described in Section 3 shall be final, binding and conclusive on you in accordance with Article III of the Plan.

19. Personal Data.

- a. By entering into this Agreement, and as a condition of the grant of this Award, you acknowledge that your personal data is collected, used, and transferred in view of the performance of this Agreement as described in this Section [18][19], which is to the full extent permitted by and in full compliance with applicable law.
 - b. You understand that your local employer holds, by means of an automated data file, certain personal information about you, including, but not limited to, name, home address and telephone number, date of birth, social insurance number, salary, nationality, job title, any shares or directorships held in the Company, details of all Performance Stock Units or other entitlement to shares awarded, canceled, exercised, vested, unvested, or outstanding in your favor, for the purpose of managing and administering the Plan ("Data").
 - c. You understand that part or all of your Data may be also collected, used, or held by the Company or its Affiliates for the purpose of managing and administering this award or any previous award/incentive plans. Specifically, your Data is transferred to, and/or collected, used, or held by [the Compensation & Benefits Department (at the business and Corporate levels), your local, regional and SBG business managers, the Company's senior executives (e.g., SVP-HR, CEO), the Committee, and Morgan Stanley]. The Company stores your Data for this purpose [until the last vesting date described in this Agreement OR for a period of xx years / months / days].
 - d. You understand that your local employer will transfer Data to the Company or its Affiliates among themselves as necessary for the purposes of implementation, administration, and management of your participation in the Plan, and that the Company or its Affiliates may transfer data among themselves, and/or each, in turn, further transfer Data to any third parties assisting the Company in the implementation, administration, and management of the Plan (the "Data Recipients").
 - e. You understand that the Company or its Affiliates, as well as the Data Recipients, are or may be located in your country of residence or elsewhere, such as the United States. You authorize the Company or its Affiliates, as well as the Data Recipients, to receive, possess, use, retain, and transfer Data in electronic or other form, for the purposes of implementing, administering, and managing your participation in the Plan, including any transfer of such Data, as may be required for the administration of the Plan and/or the subsequent holding of Shares on your behalf, to a broker or third party with whom the Shares may be deposited.
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- f. You understand that you may show your opposition to the processing and transfer of your Data, and, may at any time, review the Data or request that any necessary amendments be made to it. To exercise your data privacy rights, refer to the Company's Data Privacy Global Policy [located on the Intranet / provide link to policy / otherwise describe how to find the policy].
- g. As soon as your Data is transferred to a third party Data Recipient (e.g., Morgan Stanley), (i) the Data Recipient becomes responsible for this Data (as a data controller), (ii) the Data will be subject to the Data Recipient's privacy statements and notices, (iii) the Company and its Affiliates will no longer be responsible for the transferred Data, and (iv) you should refer to the Data Recipient's statements and notices about its data protection policies and practices.

20. **Discretionary Nature and Acceptance of Performance Award.** By accepting this Performance Award, you agree to be bound by the terms of this Agreement and acknowledge that:

- a. The Company (and not your local employer) is granting these Performance Stock Units. This Agreement is not derived from any preexisting labor relationship between you and the Company, but rather from a mercantile relationship.
 - b. The Company may administer the Plan from outside your country of residence and United States law will govern all Performance Stock Units granted under the Plan.
 - c. Benefits and rights provided under the Plan are wholly discretionary and, although provided by the Company, do not constitute regular or periodic payments.
 - d. The benefits and rights provided under the Plan are not to be considered part of your salary or compensation under your employment with your local employer for purposes of calculating any severance, resignation, redundancy or other end of service payments, vacation, bonuses, long-term service awards, indemnification, pension or retirement benefits, or any other payments, benefits or rights of any kind. You waive any and all rights to compensation or damages as a result of the termination of employment with your local employer for any reason whatsoever insofar as those rights result, or may result, from the loss or diminution in value of such rights under the Plan or your ceasing to have any rights under, or ceasing to be entitled to any rights under, the Plan as a result of such termination.
 - e. The grant of this Award, and any future grant of Performance Stock Units under the Plan, is entirely voluntary, and at the complete discretion of the Company. Neither the grant of the Performance Stock Units nor any future grant by the Company will be deemed to create any obligation to make any future grants, whether or not such a reservation is explicitly stated at the time of such a grant. The Company has the right, at any time and/or on an annual basis, to amend, suspend or terminate the Plan; *provided*, however, that no such amendment, suspension, or termination will adversely affect your rights hereunder.
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- f. The Plan will not be deemed to constitute, and will not be construed by you to constitute, part of the terms and conditions of employment. Neither the Company nor your local employer will incur any liability of any kind to you as a result of any change or amendment, or any cancellation, of the Plan at any time.
- g. Participation in the Plan will not be deemed to constitute, and will not be deemed by you to constitute, an employment or labor relationship of any kind with the Company.

- 21. **Limitations.** Nothing in this Agreement or the Plan gives you any right to continue in the employ of the Company or any of its Affiliates or to interfere in any way with the right of the Company or any Affiliate to terminate your employment at any time. Payment of your Performance Stock Units is not secured by a trust, insurance contract or other funding medium, and you do not have any interest in any fund or specific asset of the Company by reason of this Performance Award or the account established on your behalf. You have no rights as a shareowner of the Company pursuant to the Performance Stock Units until Shares are actually delivered to you.
 - 22. **Incorporation of Other Agreements.** This Agreement and the Plan constitute the entire understanding between you and the Company regarding the Performance Stock Units. This Agreement supersedes any prior agreements, commitments or negotiations concerning the Performance Stock Units. All capitalized terms used and not defined herein shall have the meaning given to such terms in the Plan.
 - 23. **Severability.** The invalidity or unenforceability of any provision of this Agreement will not affect the validity or enforceability of the other provisions of the Agreement, which will remain in full force and effect. Moreover, if any provision is found to be excessively broad in duration, scope or covered activity, the provision will be construed so as to be enforceable to the maximum extent compatible with applicable law.
 - 24. **Governing Law.** The Plan, this Agreement, and all determinations made and actions taken under the Plan or this Agreement shall be governed by the internal substantive laws, and not the choice of law rules, of the State of Delaware and construed accordingly, to the extent not superseded by applicable federal law.
 - 25. **Agreement Changes.** The Company reserves the right to change the terms of this Agreement and the Plan without your consent to the extent necessary or desirable to comply with the requirements of Section 409A of the Code, the Treasury regulations and other guidance thereunder.
 - 26. **Acknowledgements.** By accepting this Agreement, you agree to the following: (i) you have carefully read, fully understand and agree to all of the terms and conditions described in this Agreement, the Plan, the Plan's prospectus and all accompanying documentation; and (ii) you understand and agree that this Agreement and the Plan constitute the entire understanding between you and the Company regarding this Award, and that any prior agreements, commitments, or negotiations concerning the Award are replaced and superseded.
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27. **Award Acceptance.** To retain this Award, you must accept it by signing the Agreement below and, by signing this Agreement, you will be deemed to consent to the application of the terms and conditions set forth in this Agreement and the Plan. **Return the signed Agreement to [•].**

I Accept:

_____	_____
Print Name	EID

_____	_____
Signature	Date

**AMENDED AND RESTATED 2018 STOCK INCENTIVE PLAN
OF
RESIDEO TECHNOLOGIES, INC. AND ITS AFFILIATES
RESTRICTED STOCK UNIT AGREEMENT**

This RESTRICTED STOCK UNIT AGREEMENT (this “Agreement”) is entered into effective as of February 20, 2020 (the “Award Date”) between Resideo Technologies, Inc. (the “Company”) and Michael Nefkens (the “Participant”).

1. **Grant of Award.** The Company has granted you 141,881 Restricted Stock Units, subject to the terms of this Agreement and the terms of the Amended and Restated 2018 Stock Incentive Plan of Resideo Technologies, Inc. and its Affiliates (the “Plan”). The Company will hold the Restricted Stock Units in a bookkeeping account on your behalf until they become payable or are forfeited or cancelled.
 2. **Rights as a Shareholder.** The Participant shall have no rights as a stockholder of the Company with respect to any Shares of Common Stock covered by or relating to the Restricted Stock Units until such Shares are actually delivered to the Participant. For purposes of clarification, the Participant shall not have any voting or dividend rights with respect to the Shares of Common Stock underlying the Restricted Stock Units unless and until such Shares are actually delivered to the Participant.
 3. **Dividend Equivalents.** Except as otherwise determined by the Committee, in its sole discretion, the Participant will earn Dividend Equivalents in an amount equal to the value of any ordinary cash or stock dividends paid by the Company upon one Share of Common Stock for each unvested Restricted Stock Unit, which may be credited in cash or Common Stock as determined by the Committee in such manner as the Committee may determine from time to time and will be subject to the same vesting provisions as apply to the Restricted Stock Units to which such Dividend Equivalents relate.
 4. **Payment Amount.** Each Restricted Stock Unit represents one (1) Share of Common Stock.
 5. **Vesting.** Except as otherwise provided in Section 10, and except in the event of your Termination of Service due to your death, Disability or Involuntary Termination (as defined below) as provided in Section 8 and Section 9 below, the Restricted Stock Units will vest on a monthly basis as provided on the attached Vesting Schedule Table, which is incorporated into, and made a part of, this Agreement (each, a “Monthly Vesting Amount”). Each applicable vesting date of all or any portion of this Award shall be referred to herein as a “Vesting Date”.
 6. **Form and Timing of Payment.** Except as otherwise determined by the Committee in its sole discretion or as provided in Section 10, vested Restricted Stock Units will be redeemed solely for Shares. Payment of vested Restricted Stock Units will be made as soon as practicable, but no later than two and one-half (2-1/2) months following the applicable Vesting Date, and the Participant may not designate the taxable year in which such payment occurs. As determined by the Company in its sole discretion prior to the final scheduled Vesting Date, any fractional Shares may be paid in cash or rounded up or down to the nearest whole Share.
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7. **Termination of Service.** Except as otherwise provided in Section 10 of this Agreement, if your Termination of Service occurs on or prior to the third monthly scheduled Vesting Date for any reason other than your death, Disability or Involuntary Termination, any unvested Restricted Stock Units will immediately be forfeited, and your rights with respect to these Restricted Stock Units will end. For the avoidance of doubt, if your Termination of Service occurs for any reason on or after the third monthly scheduled Vesting Date, any unvested Restricted Stock Units will immediately be forfeited, and your rights with respect to these Restricted Stock Units will end.
8. **Death or Disability.** If your Termination of Service occurs due to your death or Disability on or prior to the third monthly scheduled Vesting Date, the Remaining Portion (as defined below) of your unvested Restricted Stock Units will vest as of your Termination of Service due to death or Disability, as applicable, and any remaining unvested Restricted Stock Units will immediately be forfeited. If you are deceased, the Company will make a payment to your estate only after the Committee has determined that the payee is the duly appointed executor or administrator of your estate, subject to Section 7.14 of the Plan. As used herein, “Remaining Portion” means the difference between (i) the Monthly Vesting Amount multiplied by three, and (ii) the number of Restricted Stock Units that have previously vested hereunder.
9. **Involuntary Termination.** If your Termination of Service occurs due to your Involuntary Termination on or prior to the third monthly scheduled Vesting Date, (i) the Remaining Portion of your unvested Restricted Stock Units will continue to vest as of your Termination of Service, provided that on each applicable scheduled Vesting Date you are in compliance with each of the terms and conditions of both this Agreement and the Separation Agreement and (ii) any unvested Restricted Stock Units in excess of the Remaining Portion will immediately be forfeited upon your Termination of Service. “Involuntary Termination” means your involuntary termination of service not for cause from the Company, provided your last day of active employment with the Company is on a date determined in the discretion of the Board of Directors pursuant to the terms of that certain Employment Separation Agreement and Release by and between you and the Company (such agreement, the “Separation Agreement”), and you execute and do not rescind the Separation Agreement in accordance with its terms.
10. **Change in Control.**
 - a. **Cashout of Awards.** Unless this Award is assumed, substituted or continued in accordance with Section 5.4(a) of the Plan, the Restricted Stock Units that have not vested or terminated as of the date of the Change in Control shall vest as of immediately prior to the Change in Control. Unless otherwise determined by the Committee, no later than 15 days after the date of the Change in Control, you will receive for the Restricted Stock Units a single payment in cash or Shares equal to the product of the number of outstanding Restricted Stock Units as of the date of the Change in Control (including any Restricted Stock Units that vest pursuant to this Section 10) and an amount equal to the highest price per Share paid by the successor company in connection with such Change in Control, as determined by the Committee.

- b. **Rollover of Awards.** If this Award is assumed, substituted or continued in accordance with Section 5.4(a) of the Plan, Restricted Stock Units that have not vested or terminated as of the date of the Change in Control will continue to vest in accordance with the schedule described in Section 5 of this Agreement (or as adjusted if more favorable); *provided*, however, that if you incur an involuntary Termination of Service not for Cause (as defined in Section 2 of the Plan) or a voluntary Termination of Service for Good Reason (as defined in Section 2 of the Plan) on or before the second anniversary of the date of the Change in Control, Restricted Stock Units that have not vested or terminated as of your Termination of Service will immediately vest in full and be settled no later than 15 days after the Termination of Service
11. **Withholdings.** The Company or your local employer shall have the power and the right to deduct or withhold, or require you to remit to the Company or to your local employer, prior to any issuance or delivery of Shares underlying Restricted Stock Units, an amount sufficient to satisfy taxes imposed under the laws of any country, state, province, city or other jurisdiction, including but not limited to income taxes, capital gain taxes, transfer taxes, and social security contributions, and National Insurance Contributions, that are required by law to be withheld as determined by the Company or your local employer.
12. **Transfer of Award.** You may not transfer the Restricted Stock Units or any interest in such Units except by will or the laws of descent and distribution or except as otherwise permitted by the Committee and as specified in the Plan. Any other attempt to dispose of your interest will be null and void.
13. **Requirements for and Forfeiture of Award.**
- a. **General.** The Award is expressly contingent upon you complying with the terms, conditions and definitions contained in this Section 13 and in any other agreement that governs your noncompetition with the Company and its Affiliates, your nonsolicitation of employees, customers, suppliers, business partners and vendors of the Company and its Affiliates, and/or your conduct with respect to trade secrets and proprietary and confidential information of the Company and its Affiliates. For the avoidance of doubt, for purposes of this Section 13, the “Company and its Affiliates” shall include Resideo Technologies, Inc. and its predecessors, designees and successors, as well as its past, present and future operating companies, divisions, subsidiaries, affiliates and other business units, including businesses acquired by purchase of assets, stock, merger or otherwise.
- b. **Remedies.**
1. You expressly agree and acknowledge that the forfeiture provisions of Section 13(b)(2) of this Agreement shall apply if, from the Award Date until the date that is twenty-four (24) months after your Termination of Service for any reason other than Retirement, or in the case of Retirement only, the later of (A) twenty-four (24) months after your Termination of Service and (B) the last scheduled Vesting Date, for any reason, you (i) enter into an employment, consultation or similar agreement or arrangement (including any arrangement for service as an agent, partner, stockholder, consultant, officer or director) with any entity or person engaged in a business in which the Company or its Affiliates are

engaged if the business is competitive (in the sole judgment of the Committee) with the Company or its Affiliates and the Committee has not approved the agreement or arrangement in writing, or (ii) make any statement, publicly or privately (other than to your spouse and legal advisors), which would be disparaging (as defined below) to the Company and its Affiliates or their businesses, products, strategies, prospects, condition, or reputation or that of their directors, employees, officers or members; *provided*, however, that nothing shall preclude you from making any statement in good faith which is required by any applicable law or regulation or the order of a court or other governmental body, or (iii) write or contribute to a book, article or other media publication, whether in written or electronic format, that is in any way descriptive of the Company or its Affiliates or your career with the Company or its Affiliates without first submitting a draft thereof, at least thirty (30) days in advance, to the Company's Senior Vice President, General Counsel and Corporate Secretary or his or her delegate, whose judgment about whether such book, article or other media publication is disparaging shall be determinative; or such a book, article or other media publication is published after a determination that it is disparaging; *provided*, however, that nothing herein shall preclude you from reporting (in good faith) possible violations of federal law or regulation to any governmental agency or entity, including but not limited to, the Department of Justice, the Securities and Exchange Commission, the Congress, and/or any agency Inspector General, or making any other disclosures that are protected under the whistleblower provisions of federal or state law or regulation, or from otherwise making any statement (in good faith) which is required by any applicable law or regulation or the order of a court or other governmental body.

For purposes of this Section 13(b)(1), the term "disparaging" shall mean any statement or representation (whether oral or written and whether true or untrue) which, directly or by implication, tends to create a negative, adverse, or derogatory impression about the subject of the statement or representation or which is intended to harm the reputation of the subject of the statement or representation.

2. In addition to the relief described in any other agreement that governs your noncompetition with the Company or its Affiliates, your nonsolicitation of the employees, customers, suppliers, business partners and vendors of the Company or its Affiliates, and/or your conduct with respect to the trade secrets and proprietary and confidential information of the Company or its Affiliates, if the Committee determines, in its sole judgment, that you have violated the terms of any such agreement or you have engaged in an act that violates Section 13(b)(1) of this Agreement, (i) any Restricted Stock Units that have not vested under this Agreement shall immediately be cancelled, and you shall forfeit any rights you have with respect to such Units as of the date of the Committee's determination, and (ii) you shall immediately deliver to the Company Shares (or the cash equivalent) equal in value to the Restricted Stock Units you received during the period beginning twelve (12) months prior to your Termination of Service and ending on the date of the Committee's determination.

3. Notwithstanding anything in the Plan or this Agreement to the contrary, you acknowledge that the Company may be entitled or required by law, Company policy or the requirements of an exchange on which the Shares are listed for trading, to recoup compensation paid to you pursuant to the Plan, and you agree to comply with any Company request or demand for recoupment.
14. **Restrictions on Payment of Shares.** Payment of Shares for your Restricted Stock Units is subject to the conditions that, to the extent required at the time of settlement, (i) the Shares underlying the Restricted Stock Units will be duly listed, upon official notice of redemption, upon the New York Stock Exchange (or any other securities exchange on which Shares may be listed), and (ii) a Registration Statement under the Securities Act of 1933 with respect to the Shares will be effective. The Company will not be required to deliver any Shares until all applicable federal and state laws and regulations have been complied with and all legal matters in connection with the issuance and delivery of the Shares have been approved by counsel for the Company.
15. **Adjustments.** Any adjustments to the Restricted Stock Units will be governed by Section 5.3 of the Plan.
16. **Disposition of Securities.** By accepting the Award, you acknowledge that you have read and understand the Company's policy, and are aware of and understand your obligations under applicable securities laws in respect of trading in the Company's securities. The Company will have the right to recover, or receive reimbursement for, any compensation or profit you realize on the disposition of Shares received for Restricted Stock Units to the extent that the Company has a right of recovery or reimbursement under applicable securities laws.
17. **Plan Terms Govern.** The vesting and redemption of Restricted Stock Units, the disposition of any Shares received for Restricted Stock Units, the treatment of gain on the disposition of these Shares, and the treatment of Dividend Equivalents are subject to the provisions of the Plan and any rules that the Committee may prescribe. The Plan document, as may be amended from time to time, is incorporated into this Agreement. Capitalized terms used in this Agreement have the meaning set forth in the Plan, unless otherwise stated in this Agreement. In the event of any conflict between the terms of the Plan and the terms of this Agreement, the Plan will control. By accepting the Award, you acknowledge that the Plan and the Plan prospectus, as in effect on the date of this Agreement, have been made available to you for your review.
18. **Personal Data.**
 - a. By entering into this Agreement, and as a condition of the grant of the Restricted Stock Units, you acknowledge that your personal data is collected, used, and transferred in view of the performance of this Agreement as described in this Section 18, which is to the full extent permitted by and in full compliance with applicable law.

- b. You understand that your local employer holds, by means of an automated data file, certain personal information about you, including, but not limited to, name, home address and telephone number, date of birth, social insurance number, salary, nationality, job title, any shares or directorships held in the Company, details of all restricted units or other entitlement to shares awarded, canceled, exercised, vested, unvested, or outstanding in your favor, for the purpose of managing and administering the Plan (“Data”).
- c. You understand that part or all of your Data may be also collected, used, or held by the Company or its Affiliates for the purpose of managing and administering this award or any previous award/incentive plans. Specifically, your Data is transferred to, and/or collected, used, or held by the Compensation & Benefits Department (at the business and Corporate levels), your local, regional and SBG business managers, the Company’s senior executives (e.g., SVP-HR, CEO), the Committee, and Morgan Stanley. The Company stores your Data for this purpose until the last scheduled Vesting Date described in this Agreement OR for a period of seven years.
- d. You understand that your local employer will transfer Data to the Company or its Affiliates among themselves as necessary for the purposes of implementation, administration, and management of your participation in the Plan, and that the Company or its Affiliates may transfer Data among themselves, and/or each, in turn, further transfer Data to any third parties assisting the Company in the implementation, administration, and management of the Plan (the “Data Recipients”).
- e. You understand that the Company or its Affiliates, as well as the Data Recipients, are or may be located in your country of residence or elsewhere, such as the United States. You authorize the Company or its Affiliates, as well as the Data Recipients, to receive, possess, use, retain, and transfer Data in electronic or other form, for the purposes of implementing, administering, and managing your participation in the Plan, including any transfer of such Data, as may be required for the administration of the Plan and/or the subsequent holding of Shares on your behalf, to a broker or third party with whom the Shares may be deposited.
- f. You understand that you may show your opposition to the processing and transfer of your Data, and, may at any time, review the Data or request that any necessary amendments be made to it. To exercise your data privacy rights, refer to the Company’s Data Privacy Global Policy located on at <https://resideoinc.sharepoint.com/sites/FrontDoor/GlobalPolicyManual/Global%20Policy%20Manual/2006%20-%20Data%20Privacy%20-%20LEG%20-%20EN.pdf>
- g. As soon as your Data is transferred to a third party Data Recipient (e.g., Morgan Stanley), (i) the Data Recipient becomes responsible for this Data (as a data controller), (ii) the Data will be subject to the Data Recipient’s privacy statements and notices, (iii) the Company and its Affiliates will no longer be responsible for the transferred Data, and (iv) you should refer to the Data Recipient’s statements and notices about its data protection policies and practices.

19. **Discretionary Nature and Acceptance of Award.** By accepting this Award, you agree to be bound by the terms of this Agreement and acknowledge that:
- a. The Company (and not your local employer) is granting these Restricted Stock Units. This Agreement is not derived from any preexisting labor relationship between you and the Company, but rather from a mercantile relationship.
 - b. The Company may administer the Plan from outside your country of residence and United States law will govern all Restricted Stock Units granted under the Plan.
 - c. Benefits and rights provided under the Plan are wholly discretionary and, although provided by the Company, do not constitute regular or periodic payments.
 - d. The benefits and rights provided under the Plan are not to be considered part of your salary or compensation under your employment with your local employer for purposes of calculating any severance, resignation, redundancy or other end of service payments, vacation, bonuses, long-term service awards, indemnification, pension or retirement benefits, or any other payments, benefits or rights of any kind. You waive any and all rights to compensation or damages as a result of the termination of employment with your local employer for any reason whatsoever insofar as those rights result, or may result, from the loss or diminution in value of such rights under the Plan or your ceasing to have any rights under, or ceasing to be entitled to any rights under, the Plan as a result of such termination.
 - e. The grant of Restricted Stock Units hereunder, and any future grant of Restricted Stock Units under the Plan, is entirely voluntary, and at the complete discretion of the Company. Neither the grant of the Restricted Stock Units nor any future grant by the Company will be deemed to create any obligation to make any future grants, whether or not such a reservation is explicitly stated at the time of such a grant. The Company has the right, at any time and/or on an annual basis, to amend, suspend or terminate the Plan; *provided*, however, that no such amendment, suspension, or termination will adversely affect your rights hereunder.
 - f. The Plan will not be deemed to constitute, and will not be construed by you to constitute, part of the terms and conditions of employment. Neither the Company nor your local employer will incur any liability of any kind to you as a result of any change or amendment, or any cancellation, of the Plan at any time.
 - g. Participation in the Plan will not be deemed to constitute, and will not be deemed by you to constitute, an employment or labor relationship of any kind with the Company.
20. **Limitations.** Nothing in this Agreement or the Plan gives you any right to continue in the employ of the Company or any of its Affiliates or to interfere in any way with the right of the Company or any Affiliate to terminate your employment at any time. Payment of your Restricted Stock Units is not secured by a trust, insurance contract or other funding medium, and you do not have any interest in any fund or specific asset of the Company by reason of this Award or the account established on your behalf.

21. **Incorporation of Other Agreements.** This Agreement and the Plan constitute the entire understanding between you and the Company regarding the Restricted Stock Units. This Agreement supersedes any prior agreements, commitments or negotiations concerning the Restricted Stock Units. All capitalized terms used and not defined herein shall have the meaning given to such terms in the Plan.
22. **Severability.** The invalidity or unenforceability of any provision of this Agreement will not affect the validity or enforceability of the other provisions of the Agreement, which will remain in full force and effect. Moreover, if any provision is found to be excessively broad in duration, scope or covered activity, the provision will be construed so as to be enforceable to the maximum extent compatible with applicable law.
23. **Governing Law.** The Plan, this Agreement, and all determinations made and actions taken under the Plan or this Agreement shall be governed by the internal substantive laws, and not the choice of law rules, of the State of Delaware and construed accordingly, to the extent not superseded by applicable federal law.
24. **Agreement Changes.** The Company reserves the right to change the terms of this Agreement and the Plan without your consent to the extent necessary or desirable to comply with the requirements of Section 409A of the Code, the Treasury regulations and other guidance thereunder.
25. **Successors and Assigns of the Company.** The terms and conditions of this Agreement shall be binding upon and shall inure to the benefit of the Company and its successors and assigns.
26. **Acknowledgements.** By accepting this Agreement, you agree to the following: (i) you have carefully read, fully understand and agree to all of the terms and conditions described in this Agreement, the Plan, the Plan's prospectus and all accompanying documentation; and (ii) you understand and agree that this Agreement and the Plan constitute the entire understanding between you and the Company regarding the Restricted Stock Units, and that any prior agreements, commitments, or negotiations concerning the Restricted Stock Units are replaced and superseded.
27. **Award Acceptance.** To retain this Award, you must accept it on the Morgan Stanley website. By accepting the Agreement below and, by signing this Agreement, you will be deemed to consent to the application of the terms and conditions set forth in this Agreement and the Plan. **Return the signed Agreement to Steve Kelly, Chief Human Resources Officer.**

I accept this Restricted Stock Unit Award:

/s/ Michael Nefkens

Michael Nefkens

11-Apr-2020 12:48 MDT

Acceptance Date

Vest Schedule - Share Units (RSU)	
Vest Date	Vest Quantity
20-Mar-2020	11,823
20-Apr-2020	11,823
20-May-2020	11,823
20-Jun-2020	11,823
20-Jul-2020	11,823
20-Aug-2020	11,823
20-Sep-2020	11,823
20-Oct-2020	11,824
20-Nov-2020	11,824
20-Dec-2020	11,824
20-Jan-2021	11,824
20-Feb-2021	11,824
	141,881

**NONEMPLOYEE DIRECTORS OF
RESIDEO TECHNOLOGIES, INC.**

RESTRICTED STOCK UNIT AGREEMENT

RESTRICTED STOCK UNIT AGREEMENT (this “Agreement”) as of 02Dec2019 (the “Award Date”) between Resideo Technologies, Inc. (the “Company”) and Andrew Teich.

1. **Grant of Award.** The Company has granted you 14,000 Restricted Stock Units, subject to the terms of this Agreement and the terms of the 2018 Stock Plan For NonEmployee Directors of Resideo Technologies, Inc. (the “Plan”). The Company will hold the Restricted Stock Units in a bookkeeping account on your behalf until they become payable or are forfeited or cancelled.
 2. **Rights as a Shareholder.** You shall have no rights as a stockholder of the Company with respect to any Shares of Common Stock covered by or relating to the Restricted Stock Units until such Shares are actually delivered to you. For purposes of clarification, you shall not have any voting or dividend rights with respect to the Shares of Common Stock underlying the Restricted Stock Units unless and until such Shares are actually delivered to you.
 3. **Dividend Equivalents.** Except as otherwise determined by the Committee, in its sole discretion, you will earn Dividend Equivalents in an amount equal to the value of any ordinary cash or Common Stock dividends paid by the Company upon one Share of Common Stock for each thenunvested Restricted Stock Unit, which may be credited in cash or Common Stock as determined by the Committee in such manner as the Committee may determine from time to time and will be subject to the same vesting provisions as apply to the Restricted Stock Units to which such Dividend Equivalents relate.
 4. **Payment Amount.** Each Restricted Stock Unit represents one (1) Share of Common Stock.
 5. **Vesting.** Except in the event of the termination of your directorship or termination of your chairpersonship of the Strategic & Operational Committee due to death, the incurrence of a Disability, or the occurrence of a Change in Control, onetwelfth of the Restricted Stock Units shall vest each month on the anniversary of the date of grant.
 6. **Form and Timing of Payment.** Vested Restricted Stock Units will be redeemed solely for Shares. Payment of vested Restricted Stock Units will be made as soon as practicable following the applicable vesting date but in no event later than two and onehalf (21/2) months following the end of the calendar year in which the vesting date occurs. As determined by the Company in its sole discretion prior to the vesting date, any fractional Shares may be paid in cash or rounded up or down to the nearest whole Share.
 7. **Termination of Chairpersonship or Directorship.** If you cease to be a director of the Company or cease to be chair of the Strategic & Operational Committee for any reason other than your death or Disability, any Restricted Stock Units and related Dividend Equivalents that have not vested as of the date of the termination of your directorship or as of the date of termination of your chairpersonship will immediately be forfeited, and your rights with respect to such Restricted Stock Units and related Dividend Equivalents will end.
-

8. **Death or Disability.** If you cease to be a director of the Company or cease to be chair of the Strategic & Operational Committee because of your death or Disability, any vesting restrictions on Restricted Stock Units will lapse, and payment will be made in accordance with Section 5. If you are deceased, the Company will make a payment to your estate only after the Committee has determined that the payee is the duly appointed executor or administrator of your estate.
9. **Change in Control.** Notwithstanding anything herein to the contrary, in the event of a Change in Control (as defined in the Plan), Restricted Stock Units that have not vested or terminated as of the date of Change in Control will immediately vest.
10. **Withholdings.** The Company shall have the power and the right to deduct or withhold, or require you to remit, prior to any issuance or delivery of Shares underlying Restricted Stock Units, an amount sufficient to satisfy taxes imposed under the laws of any country, state, province, city or other jurisdiction, including but not limited to income taxes, capital gain taxes, transfer taxes, and social security contributions, and National Insurance Contributions, that are required by law to be withheld as determined by the Company.
11. **Transfer of Award.** You may not transfer the Restricted Stock Units or any interest in such Units except by will or the laws of descent and distribution or except as otherwise permitted by Section 12 of the Plan. Any other attempt to dispose of your interest will be null and void.
12. **Restrictions on Payment of Shares.** Payment of Shares for your Restricted Stock Units is subject to the conditions that, to the extent required at the time of settlement, (i) the Shares underlying the Restricted Stock Units will be duly listed, upon official notice of redemption, upon the New York Stock Exchange, and (ii) a Registration Statement under the Securities Act of 1933 with respect to the Shares will be effective. The Company will not be required to deliver any Common Stock until all applicable federal and state laws and regulations have been complied with and all legal matters in connection with the issuance and delivery of the Shares have been approved by counsel for the Company.
13. **Adjustments.** Any adjustments to the Restricted Stock Units will be governed by Section 9 of the Plan.
14. **Disposition of Securities.** By accepting the Award, you acknowledge that you have read and understand the Company's policy, and are aware of and understand your obligations under applicable securities laws in respect of trading in the Company's securities. The Company will have the right to recover, or receive reimbursement for, any compensation or profit you realize on the disposition of Shares received for Restricted Stock Units to the extent that the Company has a right of recovery or reimbursement under applicable securities laws.
15. **Plan Terms Govern.** The vesting and redemption of Restricted Stock Units, the disposition of any Shares received for Restricted Stock Units, the treatment of gain on the disposition of these Shares, and the treatment of Dividend Equivalents are subject to the provisions of the Plan and any rules that the Committee may prescribe. The Plan document, as may be amended from time to time, is incorporated into this Agreement. Capitalized terms used in this

Agreement have the meaning set forth in the Plan, unless otherwise stated in this Agreement. In the event of any conflict between the terms of the Plan and the terms of this Agreement, the Plan will control. By accepting the Award, you acknowledge that the Plan and the Plan prospectus, as in effect on the date of this Agreement, have been made available to you for your review.

16. **Personal Data.**

- a. By entering into this Agreement, and as a condition of the grant of the Restricted Stock Units, you acknowledge that your personal data is collected, used, and transferred in view of the performance of this Agreement as described in this Section 17, which is to the full extent permitted by and in full compliance with applicable law.
- b. You understand that the Company holds, by means of an automated data file, certain personal information about you, including, but not limited to, name, home address and telephone number, date of birth, social insurance number, salary, nationality, job title, any shares or directorships held, details of all Restricted Stock Units or other entitlement to shares awarded, canceled, exercised, vested, unvested, or outstanding in your favor, for the purpose of managing and administering the Plan ("Data").
- c. You understand that part or all of your Data may be also collected, used, or held by the Company or its subsidiaries or affiliates ("Affiliates") for the purposes of managing and administering this award or any previous award/incentive plans. Specifically, your Data is transferred to, and/or collected, used, or held by the Corporate Executive Compensation Department, the Company's senior executives (e.g., SVPHR, CEO, Corporate Secretary's office), the Committee, the Committee's compensation consultant, and Morgan Stanley. The Company stores your Data for this purpose until the last vesting date described in this Agreement OR for a period of seven years.
- d. You understand that the Company and its Affiliates will transfer Data among themselves as necessary for the purposes of implementation, administration, and management of your participation in the Plan, and that the Company or its Affiliates may transfer data among themselves, and/or each, in turn, further transfer Data to any third parties assisting the Company in the implementation, administration, and management of the Plan (the "Data Recipients").
- e. You understand that the Company or its Affiliates, as well as the Data Recipients, are or may be located in your country of residence or elsewhere, such as the United States. You authorize the Company or its Affiliates, as well as the Data Recipients, to receive, possess, use, retain, and transfer Data in electronic or other form, for the purposes of implementing, administering, and managing your participation in the Plan, including any transfer of such Data, as may be required for the administration of the Plan and/or the subsequent holding of Shares on your behalf, to a broker or third party with whom the Shares may be deposited.

- f. You understand that you may show your opposition to the processing and transfer of your Data, and, may at any time, review the Data or request that any necessary amendments be made to it. To exercise your data privacy rights, refer to the Company's Data Privacy Global Policy located at <https://resideoinc.sharepoint.com/sites/FrontDoor/GlobalPolicyManual/Global%20Policy%20Manual/2006%20%20Data%20Privacy%20%20LEG%20%20EN.pdf>
- g. As soon as your Data is transferred to a third party Data Recipient (e.g., Morgan Stanley or the Committee's compensation consultant), (i) the Data Recipient becomes responsible for this Data (as a data controller), (ii) the Data will be subject to the Data Recipient's privacy statements and notices, (iii) the Company and its Affiliates will no longer be responsible for the transferred Data, and (iv) you should refer to the Data Recipient's statements and notices about its data protection policies and practices.

17. **Discretionary Nature and Acceptance of Award.** By accepting this Award, you agree to be bound by the terms of this Agreement and acknowledge that:

- a. The Company is granting your Restricted Stock Units, and this Agreement is not derived from any preexisting labor relationship between you and the Company, but rather from a mercantile relationship.
- b. The Company may administer the Plan from outside your country of residence and United States law will govern all Restricted Stock Units granted under the Plan.
- c. Benefits and rights provided under the Plan do not constitute regular or periodic payments.

18. **Limitations.** Payment of your Restricted Stock Units is not secured by a trust, insurance contract or other funding medium, and you do not have any interest in any fund or specific asset of the Company by reason of this Award or the account established on your behalf.

19. **Incorporation of Other Agreements.** This Agreement and the Plan constitute the entire understanding between you and the Company regarding the Restricted Stock Units. This Agreement supersedes any prior agreements, commitments or negotiations concerning the Restricted Stock Units. All capitalized terms used and not defined herein shall have the meaning given to such terms in the Plan.

20. **Severability.** The invalidity or unenforceability of any provision of this Agreement will not affect the validity or enforceability of the other provisions of the Agreement, which will remain in full force and effect. Moreover, if any provision is found to be excessively broad in duration, scope or covered activity, the provision will be construed so as to be enforceable to the maximum extent compatible with applicable law.

21. **Governing Law.** The Plan, this Agreement, and all determinations made and actions taken under the Plan or this Agreement shall be governed by the internal substantive laws, and not the choice of law rules, of the State of Delaware and construed accordingly, to the extent not superseded by applicable federal law.
22. **Agreement Changes.** The Company reserves the right to change the terms of this Agreement and the Plan without your consent to the extent necessary or desirable to comply with the requirements of Section 409A of the Code, the Treasury regulations and other guidance thereunder.
23. **Acknowledgements and Acceptance.** By accepting this Agreement, you agree to the following: (i) you have carefully read, fully understand and agree to all of the terms and conditions described in this Agreement, the Plan, the Plan's prospectus and all accompanying documentation; and (ii) you understand and agree that this Agreement and the Plan constitute the entire understanding between you and the Company regarding the Restricted Stock Units, and that any prior agreements, commitments or negotiations concerning the Restricted Stock Units are replaced and superseded.

s/ Andrew Teich
Name

13Dec2019 11:24 MST
Acceptance Date

Vest Schedule Share Units (RSU)	
Vest Date	Vest Quantity
02Jan2020	1,166
02Feb2020	1,166
02Mar2020	1,166
02Apr2020	1,166
02May2020	1,167
02Jun2020	1,167
02Jul2020	1,167
02Aug2020	1,167
02Sep2020	1,167
02Oct2020	1,167
02Nov2020	1,167
02Dec2020	1,167
	14,000

**CERTIFICATION PURSUANT TO
SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002**

I, Michael G. Nefkens, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Resideo Technologies, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting;
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 7th, 2020

By: /s/Michael G. Nefkens

Michael G. Nefkens
President and Chief Executive Officer

**CERTIFICATION PURSUANT TO
SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002**

I, Robert Ryder, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Resideo Technologies, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting;
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 7th, 2020

By: /s/Robert Ryder

Robert Ryder
Interim Chief Financial Officer

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Resideo Technologies, Inc. (the Company) on Form 10-Q for the period ending March 31, 2020 as filed with the Securities and Exchange Commission on the date hereof (the Report), I, Michael G. Nefkens, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 7th, 2020

By: /s/ Michael G. Nefkens
Michael G. Nefkens
President and Chief Executive
Officer

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Resideo Technologies, Inc. (the Company) on Form 10-Q for the period ending March 31, 2020 as filed with the Securities and Exchange Commission on the date hereof (the Report), I, Robert Ryder, Interim Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 7th, 2020

By: /s/ Robert Ryder

Robert Ryder
Interim Chief Financial Officer