

**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 September 28, 2024

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.)

16100 N. 71st Street, Suite 550
Scottsdale, Arizona

85254

(Address of principal executive offices)

(Zip Code)

(480) 573-5340

(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	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

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 October 30, 2024 was 146,971,549 shares.

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Part I. Financial Information**Item 1. Financial Statements.****Resideo Technologies, Inc.
Consolidated Balance Sheets
(Unaudited)**

(in millions, except par value)	September 28, 2024	December 31, 2023
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 531	\$ 636
Accounts receivable, net	1,103	973
Inventories, net	1,197	941
Other current assets	206	193
Total current assets	3,037	2,743
Property, plant and equipment, net	423	390
Goodwill	3,119	2,705
Intangible assets, net	1,197	461
Other assets	359	346
Total assets	\$ 8,135	\$ 6,645
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 1,021	\$ 905
Current portion of long-term debt	6	12
Accrued liabilities	645	608
Total current liabilities	1,672	1,525
Long-term debt	1,983	1,396
Obligations payable under Indemnification Agreements	635	609
Other liabilities	491	366
Total liabilities	4,781	3,896
COMMITMENTS AND CONTINGENCIES		
Stockholders' equity		
Preferred stock, \$0.001 par value: 100 shares authorized, 0.5 shares issued and outstanding at September 28, 2024 and no shares issued and outstanding at December 31, 2023, respectively	482	—
Common stock, \$0.001 par value: 700 shares authorized, 153 and 147 shares issued and outstanding at September 28, 2024, respectively, and 151 and 145 shares issued and outstanding at December 31, 2023, respectively	—	—
Additional paid-in capital	2,294	2,226
Retained earnings	893	810
Accumulated other comprehensive loss, net	(207)	(194)
Treasury stock at cost	(108)	(93)
Total stockholders' equity	3,354	2,749
Total liabilities and stockholders' equity	\$ 8,135	\$ 6,645

Refer to accompanying Notes to the Unaudited Consolidated Financial Statements.

Resideo Technologies, Inc.
Consolidated Statements of Operations
(Unaudited)

(in millions, except per share data)	Three Months Ended		Nine Months Ended	
	September 28, 2024	September 30, 2023	September 28, 2024	September 30, 2023
Net revenue	\$ 1,828	\$ 1,554	\$ 4,903	\$ 4,705
Cost of goods sold	1,304	1,137	3,532	3,432
Gross profit	524	417	1,371	1,273
Operating expenses:				
Research and development expenses	23	28	69	84
Selling, general and administrative expenses	317	233	828	719
Intangible asset amortization	29	9	51	28
Restructuring, impairment and extinguishment costs, net	29	38	47	42
Total operating expenses	398	308	995	873
Income from operations	126	109	376	400
Other expenses, net	55	56	145	138
Interest expense, net	27	16	55	50
Income before taxes	44	37	176	212
Provision for income taxes	24	16	83	84
Net income	\$ 20	\$ 21	\$ 93	\$ 128
Less: preferred stock dividends	8	—	10	—
Less: undistributed income allocated to preferred stockholders	1	—	4	—
Net income available to common stockholders	\$ 11	\$ 21	\$ 79	\$ 128
Earnings per common share:				
Basic	\$ 0.07	\$ 0.14	\$ 0.54	\$ 0.87
Diluted	\$ 0.07	\$ 0.14	\$ 0.53	\$ 0.86
Weighted average common shares outstanding:				
Basic	147	147	146	147
Diluted	149	148	149	149

Refer to accompanying Notes to the Unaudited Consolidated Financial Statements.

Resideo Technologies, Inc.
Consolidated Statements of Comprehensive Income (Loss)
(Unaudited)

(in millions)	Three Months Ended		Nine Months Ended	
	September 28, 2024	September 30, 2023	September 28, 2024	September 30, 2023
Comprehensive income (loss):				
Net income	\$ 20	\$ 21	\$ 93	\$ 128
Other comprehensive gain (loss), net of tax:				
Foreign exchange translation gain (loss)	47	(37)	4	(11)
Pension liability adjustments	—	2	—	6
Changes in fair value of effective cash flow hedges	(12)	(2)	(17)	(4)
Total other comprehensive gain (loss), net of tax	35	(37)	(13)	(9)
Comprehensive income (loss)	\$ 55	\$ (16)	\$ 80	\$ 119

Refer to accompanying Notes to the Unaudited Consolidated Financial Statements.

Resideo Technologies, Inc.
Consolidated Statements of Cash Flows
(Unaudited)

(in millions)	Nine Months Ended	
	September 28, 2024	September 30, 2023
Cash Flows From Operating Activities:		
Net income	\$ 93	\$ 128
Adjustments to reconcile net income to net cash in operating activities:		
Depreciation and amortization	98	71
Restructuring, impairment and extinguishment costs, net	47	42
Stock-based compensation expense	44	36
Other, net	5	2
Changes in assets and liabilities, net of acquired companies:		
Accounts receivable, net	(79)	(9)
Inventories, net	(13)	(4)
Other current assets	15	(5)
Accounts payable	62	(14)
Accrued liabilities	(65)	(114)
Other, net	34	44
Net cash provided by operating activities	241	177
Cash Flows From Investing Activities:		
Acquisitions, net of cash acquired	(1,334)	(16)
Capital expenditures	(58)	(74)
Other investing activities, net	6	—
Net cash used in investing activities	(1,386)	(90)
Cash Flows From Financing Activities:		
Proceeds from issuance of long-term debt, net	1,176	—
Proceeds from issuance of preferred stock, net of issuance costs	482	—
Repayments of long-term debt	(602)	(9)
Common stock repurchases	(1)	(28)
Other financing activities, net	(12)	(10)
Net cash provided by (used in) financing activities	1,043	(47)
Effect of foreign exchange rate changes on cash, cash equivalents and restricted cash	(3)	1
Net (decrease) increase in cash, cash equivalents and restricted cash	(105)	41
Cash, cash equivalents and restricted cash at beginning of period	637	329
Cash, cash equivalents and restricted cash at end of period	\$ 532	\$ 370
Supplemental Cash Flow Information:		
Interest paid, net of swaps	\$ 57	\$ 81
Taxes paid, net of refunds	\$ 116	\$ 104
Capital expenditures in accounts payable	\$ 16	\$ 19

Refer to accompanying Notes to the Unaudited Consolidated Financial Statements.

Resideo Technologies, Inc.
Consolidated Statements of Stockholders' Equity
(Unaudited)

Fiscal Quarters

	<u>Preferred Stock</u>		<u>Common Stock</u>		Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	<u>Treasury Stock</u>		Total Stockholders' Equity
	Shares	Amount	Shares	Amount				Shares	Amount	
(in millions, except shares in thousands)										
Balance at June 30, 2024	500	\$ 482	146,269	\$ —	\$ 2,276	\$ 881	\$ (242)	6,033	\$ (103)	\$ 3,294
Net income	—	—	—	—	—	20	—	—	—	20
Other comprehensive gain, net of tax	—	—	—	—	—	—	35	—	—	35
Common stock issuance, net of shares withheld for taxes	—	—	650	—	1	—	—	282	(5)	(4)
Stock-based compensation	—	—	—	—	17	—	—	—	—	17
Preferred stock dividend	—	—	—	—	—	(8)	—	—	—	(8)
Balance at September 28, 2024	500	\$ 482	146,919	\$ —	\$ 2,294	\$ 893	\$ (207)	6,315	\$ (108)	\$ 3,354
Balance at July 2, 2023	—	\$ —	147,649	\$ —	2,204	\$ 707	\$ (184)	2,902	\$ (50)	\$ 2,677
Net income	—	—	—	—	—	21	—	—	—	21
Other comprehensive loss, net of tax	—	—	—	—	—	—	(37)	—	—	(37)
Common stock issuance, net of shares withheld for taxes	—	—	284	—	4	—	—	71	(1)	3
Stock-based compensation	—	—	—	—	11	—	—	—	—	11
Common stock repurchases	—	—	(1,840)	—	—	—	—	1,840	(30)	(30)
Balance at September 30, 2023	—	\$ —	146,093	\$ —	2,219	\$ 728	\$ (221)	4,813	\$ (81)	\$ 2,645

Fiscal Year to Date Periods

(in millions, except shares in thousands)	Preferred Stock		Common Stock		Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock		Total Stockholders' Equity
	Shares	Amount	Shares	Amount				Shares	Amount	
Balance at January 1, 2024	—	\$ —	145,389	\$ —	\$ 2,226	\$ 810	\$ (194)	5,536	\$ (93)	\$ 2,749
Net income	—	—	—	—	—	93	—	—	—	93
Other comprehensive loss, net of tax	—	—	—	—	—	—	(13)	—	—	(13)
Preferred stock issuance	500	482	—	—	—	—	—	—	—	482
Common stock issuance, net of shares withheld for taxes	—	—	1,605	—	5	—	—	704	(14)	(9)
Stock-based compensation awards issued for acquisition of Snap One	—	—	—	—	17	—	—	—	—	17
Stock-based compensation	—	—	—	—	46	—	—	—	—	46
Preferred stock dividend	—	—	—	—	—	(10)	—	—	—	(10)
Common stock repurchases	—	—	(75)	—	—	—	—	75	(1)	(1)
Balance at September 28, 2024	500	\$ 482	146,919	\$ —	\$ 2,294	\$ 893	\$ (207)	6,315	\$ (108)	\$ 3,354
Balance at January 1, 2023	—	\$ —	146,222	\$ —	\$ 2,176	\$ 600	\$ (212)	2,050	\$ (35)	\$ 2,529
Net income	—	—	—	—	—	128	—	—	—	128
Other comprehensive loss, net of tax	—	—	—	—	—	—	(9)	—	—	(9)
Common stock issuance, net of shares withheld for taxes	—	—	1,711	—	7	—	—	923	(16)	(9)
Stock-based compensation	—	—	—	—	36	—	—	—	—	36
Common stock repurchases	—	—	(1,840)	—	—	—	—	1,840	(30)	(30)
Balance at September 30, 2023	—	\$ —	146,093	\$ —	\$ 2,219	\$ 728	\$ (221)	4,813	\$ (81)	\$ 2,645

Refer to accompanying Notes to the Unaudited Consolidated Financial Statements.

Resideo Technologies, Inc.
Notes to Consolidated Financial Statements
(Unaudited)

Note 1. Nature of Operations and Basis of Presentation

Nature of Operations

Resideo Technologies, Inc. (“Resideo”, the “Company”, “we”, “us”, or “our”) is a leading manufacturer and developer of technology-driven sensing and controls products that provide critical comfort, energy, smoke and carbon monoxide detection home safety products and security solutions to homes globally. We are also a leading wholesale distributor of low-voltage security products including access control, fire detection, fire suppression, security, and video products, and participate significantly in the broader related markets of, communications, data communications, networking, power, residential and professional audio-visual solutions, smart home, and wire and cable. Our global footprint serves both commercial and residential end markets.

Basis of Consolidation and Reporting

The accompanying Unaudited Consolidated Financial Statements have been prepared in accordance with United States (“U.S.”) generally accepted accounting principles (“GAAP”) for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, the Unaudited Consolidated Financial Statements do not include all of the information and notes required by GAAP for complete financial statements. In the opinion of management, the Unaudited Consolidated Financial Statements included herein contain all adjustments, which consist of normal recurring adjustments, necessary to fairly present our financial position, results of operations and cash flows for the periods indicated. Operating results for the period from January 1, 2024 through September 28, 2024 are not necessarily indicative of the results that may be expected for the fiscal year ending December 31, 2024.

For additional information, refer to the consolidated financial statements and notes thereto included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2023 (the “2023 Annual Report on Form 10-K”), filed with the United States Securities and Exchange Commission (the “SEC”) on February 14, 2024 as reclassified in our Current Report on Form 8-K filed on June 4, 2024 to reflect the impacts of certain corporate functions being decentralized to align with the business strategy. Refer to *Note 4. Segment Financial Data* for additional information.

Reporting Period

We report financial information on a fiscal quarter basis using a modified four-four-five week calendar. Our fiscal calendar begins on January 1 and ends on December 31. We have elected the first, second and third quarters to end on a Saturday in order to not disrupt business processes. The effects of this election are generally not significant to reported results for any quarter and only exist within a reporting year.

Reclassification

For the purpose of comparability, certain prior period amounts have been reclassified to conform to current period classification. Refer to *Note 4. Segment Financial Data* for additional information on reclassified corporate expenses to the segments.

Note 2. Summary of Significant Accounting Policies

Our significant accounting policies are detailed in *Note 2. Summary of Significant Accounting Policies* of the Annual Report on Form 10-K for the year ended December 31, 2023. There have been no significant changes to these policies that have had a material impact on the Unaudited Consolidated Financial Statements and the accompanying disclosure notes for the nine months ended September 28, 2024.

We consider the applicability and impact of all recent accounting standards updates (“ASUs”) issued by the Financial Accounting Standards Board (“FASB”) and U.S. Securities and Exchange Commission (“SEC”) rules and disclose only those that may have a material impact.

Resideo Technologies, Inc.
Notes to Consolidated Financial Statements
(Unaudited)

Recent Accounting Pronouncements

In November 2024, the FASB issued ASU 2024-03, *Income Statement – Reporting Comprehensive Income - Expense Disaggregation Disclosure (Topic 220): Disaggregation of Income Statement Expenses*. This ASU requires entities to disaggregate operating expenses into specific categories, such as purchases of inventory, employee compensation, depreciation, and amortization, to provide enhanced transparency into the nature and function of expenses. The guidance is effective for annual reporting years beginning after December 15, 2026 and interim reporting periods beginning after December 15, 2027. We are currently assessing the impact of adoption on our Consolidated Financial Statements and related disclosures.

In November 2023, the FASB issued ASU 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures*. This ASU requires entities to disclose, on an annual and interim basis, significant segment expenses that are regularly reviewed by the chief operating decision maker (“CODM”) and included within each reported measure of segment profit or loss. The ASU also requires disclosure of the name and title of the CODM. The guidance is effective for fiscal years beginning after December 15, 2023 and interim periods within fiscal years beginning after December 15, 2024. We do not expect adoption of the standard to have a material impact.

Note 3. Acquisitions

On June 14, 2024, we acquired 100% of the issued and outstanding equity of Snap One Holdings Corp. (“Snap One”) for an aggregate purchase price of \$1.4 billion. This acquisition aligns with our strategic objective to expand our distribution network, market presence, and product portfolio within the smart home and audio-visual sectors, enhancing our competitive positioning in the industry. The business is included within the ADI Global Distribution segment.

The following table presents the preliminary purchase price allocation at estimated fair values as of the date of acquisition:

(in millions)

Assets acquired:

Cash and cash equivalents	\$	47
Accounts receivable		49
Inventories		240
Other current assets		27
Property, plant and equipment		63
Goodwill ⁽¹⁾		405
Intangible assets		770
Other assets		69
Total assets acquired		1,670

Liabilities assumed:

Accounts payable		48
Accrued liabilities		70
Other liabilities		147
Total liabilities assumed		265
Net assets acquired	\$	1,405

⁽¹⁾ Goodwill from this acquisition is partially deductible for tax purposes.

The purchase price allocations are preliminary and are subject to future adjustments during the maximum one-year measurement period as we finalize our estimates.

The Company expensed approximately \$35 million of costs related to the acquisition of Snap One during the nine months ended September 28, 2024. These costs are included in selling, general and administrative expenses in the accompanying Consolidated Statements of Operations and consist primarily of advisory, insurance and legal fees. The Company assumed \$21 million of seller success fees, which were paid upon the closing of the acquisition.

Resideo Technologies, Inc.
Notes to Consolidated Financial Statements
(Unaudited)

Snap One's contribution in the period post-acquisition to net revenue of \$297 million and operating income was not material. On a pro forma basis assuming the acquisition occurred at the beginning of the respective reported periods, Resideo's net revenue for the three and nine months ended September 28, 2024 would have been \$1,828 million and \$5,364 million, respectively. The pro forma operating income is not materially different than the amounts reported for both periods.

Note 4. Segment Financial Data

The Company's segment information is evaluated by our Chief Executive Officer, who is also the CODM, and is consistent with how management reviews and assesses the performance of the business as well as makes investing and resource allocation decisions. We monitor our operations through our two reportable segments: Products and Solutions and ADI Global Distribution, and report Corporate separately.

These operating segments follow the same accounting policies used for the financial statements. We evaluate a segment's performance on a U.S. GAAP basis, primarily operating income before corporate expenses.

Products and Solutions—The Products and Solutions business is a leading global manufacturer and developer of technology-driven sensing and controls products and components that provide critical comfort, energy management, and safety and security services and solutions to over 150 million homes globally. Our offerings include temperature and humidity control, thermal water and air solutions, as well as security panels, sensors, peripherals, communications devices, video cameras, other home-related lifestyle convenience solutions, cloud infrastructure, installation and maintenance tools, and related software.

ADI Global Distribution—The ADI Global Distribution business is a leading wholesale distributor of low-voltage security products including security and life safety, access control, video products, and participates significantly in the broader related markets of smart-living products, power, audio, residential and professional audio-visual solutions, networking, communications, wire and cable, data communications, services, and software.

Corporate—On January 1, 2024, certain corporate functions were decentralized into the operating segments aligning with the business strategy. Functional expenses related to information technology, finance, tax, business development, and research and development are now recorded within the Products and Solutions and ADI Global Distribution segments. For the three and nine months ended September 30, 2023, \$13 million and \$38 million of corporate expenses have been reclassified into the Products and Solutions segment while \$8 million and \$24 million of corporate expenses have been reclassified into the ADI Global Distribution segment, respectively, decreasing reported Income from Operations to conform to the current year presentation.

Corporate expenses include costs related to the corporate office such as the executive function, legal, accounting, tax, treasury, corporate development, human resources, and information technology. Additionally, unallocated amounts for non-operating items such as Reimbursement Agreement expense, interest income (expense), other income (expense) and provision for income taxes are reported within Corporate.

The following table represents summary financial data attributable to the segments:

(in millions)	Three Months Ended		Nine Months Ended	
	September 28, 2024	September 30, 2023	September 28, 2024	September 30, 2023
Net revenue				
Products and Solutions	\$ 645	\$ 654	\$ 1,895	\$ 1,989
ADI Global Distribution	1,183	900	3,008	2,716
Total net revenue	\$ 1,828	\$ 1,554	\$ 4,903	\$ 4,705

Resideo Technologies, Inc.
Notes to Consolidated Financial Statements
(Unaudited)

(in millions)	Three Months Ended		Nine Months Ended	
	September 28, 2024	September 30, 2023	September 28, 2024	September 30, 2023
Income from operations				
Products and Solutions	\$ 128	\$ 94	\$ 370	\$ 314
ADI Global Distribution	36	52	147	187
Corporate	(38)	(37)	(141)	(101)
Total income from operations	\$ 126	\$ 109	\$ 376	\$ 400

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.

Note 5. Revenue Recognition

We have two operating segments, Products and Solutions and ADI Global Distribution. Disaggregated revenue information for Products and Solutions is presented by product grouping, while ADI Global Distribution is presented by region. Effective in the second quarter of 2024, the disaggregated regional revenue within ADI Global Distribution were consolidated into two regions, Americas and International.

The following table presents revenue by business line and geographic location, as we believe this presentation best depicts how the nature, amount, timing, and uncertainty of net revenue and cash flows are affected by economic factors:

(in millions)	Three Months Ended		Nine Months Ended	
	September 28, 2024	September 30, 2023	September 28, 2024	September 30, 2023
Products and Solutions				
Safety and Security	\$ 219	\$ 245	\$ 659	\$ 721
Air	229	211	634	640
Energy	122	123	374	391
Water	75	75	228	237
Total Products and Solutions	645	654	1,895	1,989
ADI Global Distribution				
Americas ⁽¹⁾	1,046	780	2,632	2,354
International ⁽²⁾	137	120	376	362
Total ADI Global Distribution	1,183	900	3,008	2,716
Total net revenue	\$ 1,828	\$ 1,554	\$ 4,903	\$ 4,705

⁽¹⁾ Americas represents North, Central, and South America.

⁽²⁾ International represents all geographies that are not included in Americas.

Resideo Technologies, Inc.
Notes to Consolidated Financial Statements
(Unaudited)

Note 6. Restructuring

The following table details restructuring expense by segment. Restructuring expenses are presented in the Restructuring, impairment and extinguishment costs, net line within the Consolidated Statement of Operations.

(in millions)	Three Months Ended		Nine Months Ended	
	September 28, 2024	September 30, 2023	September 28, 2024	September 30, 2023
Products and Solutions	\$ 8	\$ 25	\$ 13	\$ 27
ADI Global Distribution	17	10	19	12
Corporate	3	3	3	3
Restructuring expenses ⁽¹⁾	\$ 28	\$ 38	\$ 35	\$ 42

⁽¹⁾ Includes impairment expenses associated with restructuring activities.

We took restructuring actions, including capturing synergies from our recent Snap One acquisition, to align our cost structure based on our strategic objectives and our outlook of market conditions. The intent of these actions is to lower costs, increase margins, and position us for long-term growth. We expect to fully execute on our restructuring programs over the next 12 to 36 months, and we may incur future additional restructuring expenses associated with these or from new plans. We are unable at this time to make a good faith determination of cost estimates, or ranges of cost estimates, associated with future phases of the programs or the total costs we may incur in connection with these programs. Refer to *Note 6. Restructuring Expenses* in our 2023 Annual Report on Form 10-K for further discussion of our restructuring programs.

The following table summarizes the status of our restructuring expenses included within accrued liabilities on the Unaudited Consolidated Balance Sheets.

(in millions)	Nine Months Ended		Twelve Months Ended	
	September 28, 2024		December 31, 2023	
Beginning of period	\$ 30		\$ 27	
Charges	35		34	
Usage ⁽¹⁾	(25)		(31)	
End of period	\$ 40		\$ 30	

⁽¹⁾ Usage primarily relates to cash payments associated with employee termination costs.

Note 7. Stockholders' Equity
Preferred Stock

On June 14, 2024, in connection with our acquisition of Snap One, we issued 500,000 shares of Series A Cumulative Convertible Participating Preferred Stock ("Preferred Stock") to Clayton, Dubilier & Rice ("CD&R") for an aggregate purchase price of \$500 million pursuant to an investment agreement dated April 15, 2024. In connection with the issuance of the Preferred Stock, we incurred direct and incremental expenses of \$18 million. These direct and incremental expenses reduced the Preferred Stock carrying value.

The Preferred Stock is convertible perpetual participating preferred stock of the Company, with an initial conversion price equal to \$26.92, and accrues dividends at a rate of 7% per annum, payable in cash or in kind. The Preferred Stock votes on an as-converted basis together with common stockholders. The Preferred Stock had a liquidation preference of \$500 million as of September 28, 2024. Preferred Stock dividends accumulated during the three and nine months ended September 28, 2024 were \$8 million and \$10 million, respectively. The Company paid \$3 million of dividends to preferred stockholders in cash during the three and nine months ended September 28, 2024, and Preferred Stock dividends payable totaling \$7 million were included in accrued liabilities as of September 28, 2024.

Resideo Technologies, Inc.
Notes to Consolidated Financial Statements
(Unaudited)

The Preferred Stock can be converted into our common stock at the holder’s option at any time. We can also force conversion if at any time our common stock trading price exceeds 200% of the then-effective conversion price for at least 20 out of 30 trailing trading days. Following the third anniversary of the closing date, we have the option to redeem the Preferred Stock for an aggregate redemption price equal to two times the sum of the Accumulated Amount (as defined in the Certificate of Designations) plus any interim accrued and unpaid dividends (calculated at 1X instead of 2X) on such share of Preferred Stock in effect at the time of redemption. In the event of a change of control, we will have the option to purchase all of the outstanding shares of Preferred Stock at a price per share equal to 150% of the sum of the Accumulated Amount plus any interim accrued and unpaid dividends (calculated at 100% instead of 150%) on such share of Preferred Stock in effect at the time of such purchase.

Note 8. Stock-Based Compensation Plans

A summary of awards granted follows:

	Nine Months Ended September 28, 2024		Nine Months Ended September 30, 2023	
	Number of Stock Units Granted ⁽¹⁾	Weighted average grant date fair value per share	Number of Stock Units Granted	Weighted average grant date fair value per share
Performance Stock Units (“PSUs”) ⁽²⁾	585,819	\$ 27.94	553,071	\$ 29.89
Restricted Stock Units (“RSUs”)	4,555,856	\$ 19.59	2,232,465	\$ 18.85

⁽¹⁾ Includes 2 million RSUs granted as part of the Snap One acquisition for a fair value of \$43 million of which \$17 million was included in purchase consideration.

⁽²⁾ Includes PSUs at target payout. Final common shares issued may be different based upon the actual achievement versus the performance measure target.

Stock-based compensation expense, net of tax was \$15 million and \$44 million for the three and nine months ended September 28, 2024, respectively. For the three and nine months ended September 30, 2023, stock-based compensation expense, net of tax was \$11 million and \$36 million, respectively.

Note 9. Inventories, net

The following table summarizes the details of our inventories, net.

(in millions)	September 28, 2024	December 31, 2023
Raw materials	\$ 176	\$ 221
Work in process	13	18
Finished products	1,008	702
Total inventories, net	\$ 1,197	\$ 941

Note 10. Goodwill and Intangible Assets, net

Our goodwill balance and changes in carrying value by segment are as follows:

(in millions)	Products and Solutions	ADI Global Distribution	Total
Balance at January 1, 2024	\$ 2,045	\$ 660	\$ 2,705
Acquisitions ⁽¹⁾	—	405	405
Impact of foreign currency translation	7	2	9
Balance at September 28, 2024	\$ 2,052	\$ 1,067	\$ 3,119

⁽¹⁾ Please refer to Note 3. *Acquisitions* for additional information.

Resideo Technologies, Inc.
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The following table summarizes the net carrying amount of intangible assets:

(in millions)	September 28, 2024	December 31, 2023
Intangible assets subject to amortization	\$ 1,017	\$ 281
Indefinite-lived intangible assets	180	180
Total intangible assets	\$ 1,197	\$ 461

Intangible assets subject to amortization consisted of the following:

(in millions)	September 28, 2024			December 31, 2023		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Patents and technology	\$ 172	\$ (37)	\$ 135	\$ 64	\$ (26)	\$ 38
Customer relationships	910	(167)	743	319	(138)	181
Trademarks	79	(10)	69	9	(8)	1
Software	212	(142)	70	193	(132)	61
Intangible assets subject to amortization	\$ 1,373	\$ (356)	\$ 1,017	\$ 585	\$ (304)	\$ 281

Intangible assets amortization expense was \$29 million and \$51 million for the three and nine months ended September 28, 2024, respectively, and \$9 million and \$28 million for the three and nine months ended September 30, 2023, respectively.

Note 11. Leases

Total operating lease costs are as follows:

(in millions)	Three Months Ended		Nine Months Ended	
	September 28, 2024	September 30, 2023	September 28, 2024	September 30, 2023
Operating lease costs:				
Cost of goods sold	\$ 4	\$ 5	\$ 12	\$ 15
Selling, general and administrative expenses	20	14	49	43
Total operating lease costs	\$ 24	\$ 19	\$ 61	\$ 58

Total operating lease costs include variable lease costs of \$5 million and \$12 million for the three and nine months ended September 28, 2024, respectively. For the three and nine months ended September 30, 2023, total operating lease costs include variable lease costs of \$6 million and \$18 million, respectively.

The following table summarizes the carrying amounts of our operating lease assets and liabilities:

(in millions)	Financial Statement Line Item	September 28, 2024	December 31, 2023
Operating lease assets	Other assets	\$ 225	\$ 192
Operating lease liabilities - current	Accrued liabilities	\$ 50	\$ 39
Operating lease liabilities - non-current	Other liabilities	\$ 188	\$ 166

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Supplemental cash flow information related to operating leases follows:

(in millions)	Nine Months Ended	
	September 28, 2024	September 30, 2023
Cash paid for operating lease liabilities	\$ 29	\$ 27
Non-cash activities: operating lease assets obtained in exchange for new operating lease liabilities	\$ 11	\$ 37

Note 12. Long-Term Debt

Long-term debt is comprised of the following:

(in millions)	September 28, 2024		December 31, 2023	
	\$		\$	
4.000% Senior Notes due 2029	\$	300	\$	300
6.500% Senior Notes due 2032		600		—
Variable rate A&R Term B Facility		1,118		1,119
Gross debt		2,018		1,419
Less: current portion of long-term debt		(6)		(12)
Less: unamortized deferred financing costs		(29)		(11)
Total long-term debt	\$	1,983	\$	1,396

A&R Senior Credit Facilities

On February 12, 2021, we entered into an Amendment and Restatement Agreement with JP Morgan Chase Bank N.A. as administrative agent (the “A&R Credit Agreement”). The A&R Credit Agreement provides for an initial seven-year senior secured term B loan facility in an aggregate principal amount of \$950 million. In March 2022, we amended the agreement adding \$200 million in additional term loans with a maturity date of February 1, 2028. Additionally, in June 2024 we further amended the agreement adding \$600 million of term loans with a maturity date of May 14, 2031 to partially finance our acquisition of Snap One (the “A&R Term B Facility”). Included in the A&R Term B Facility is a five-year senior secured revolving credit facility in an aggregate principal amount of \$500 million (the “A&R Revolving Credit Facility” and, together with the A&R Term B Facility, the “A&R Senior Credit Facilities”). In June 2024, we also extended the term of our A&R Revolving Credit Facility for a new five-year term.

In May 2024, the A&R Term B Facility was repriced by (i) reducing the interest rate margin from 2.25% to 2.00%, (ii) eliminating the SOFR credit spread adjustment, and (iii) reducing the SOFR floor from 0.50% to 0%. The repricing and incremental \$600 million issuance of term loans resulted in a loss on extinguishment of \$6 million in the second quarter of 2024.

At September 28, 2024 and December 31, 2023, the weighted average interest rate for the A&R Term B Facility, excluding the effect of the interest rate swaps, was 7.32% and 7.72%, respectively. There were no letters of credit issued under the A&R Revolving Credit Facility with no outstanding borrowings. As of September 28, 2024, we were in compliance with all covenants related to the A&R Senior Credit Facilities.

We entered into certain interest rate swap agreements in March 2021, which were amended in June 2023 to transition from a hedge of LIBOR-based cash flows to a hedge of SOFR-based cash flows. These interest rate swap agreements effectively convert a portion of our variable-rate debt to fixed rate debt. Additionally, we acquired an interest rate cap as part of the Snap One acquisition, which caps the interest on a portion of our variable rate debt. Refer to *Note 13. Derivative Financial Instruments* for further discussion.

Resideo Technologies, Inc.
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Senior Notes due 2029

On August 26, 2021, we issued \$300 million in principal amount of 4.00% Senior Notes due 2029 (the “Senior Notes due 2029”). The Senior Notes due 2029 are senior unsecured obligations guaranteed by the Company’s existing and future domestic subsidiaries and rank equally with all senior unsecured debt and senior to all subordinated debt.

Senior Notes due 2032

On July 17, 2024, we issued \$600 million in aggregate principal of 6.500% Senior Notes due 2032 (the “Senior Notes due 2032”). The Senior Notes due 2032 are due July 15, 2032 and are senior unsecured obligations guaranteed by the Company’s existing and future domestic subsidiaries. The issue price of the Senior Notes due 2032 was equal to 100% of the principal amount. The net proceeds from the Senior Notes due 2032 were used to repay \$596 million principal amount of outstanding indebtedness under the Company’s A&R Term B Facility, which resulted in a loss on extinguishment of \$1 million.

We may, at our option, redeem the Senior Notes due 2032 in whole (at any time) or in part (from time to time), at varying prices based on the timing of the redemption.

The Senior Notes due 2032 limit the Company and its restricted subsidiaries’ ability to, among other things, incur additional non-Guarantor indebtedness and issue non-Guarantor preferred stock; enter into certain sale and leaseback transactions; incur liens; and consolidate, merge or sell all or substantially all of their assets. Additionally, upon certain events constituting a change of control together with a ratings downgrade, the holders of the Senior Notes due 2032 have the right to require the Issuer to offer to repurchase the Senior Notes due 2032 at a purchase price equal to 101% of their principal amount, plus accrued and unpaid interest, to (but not including) the date of purchase.

Refer to *Note 11. Long-Term Debt* in our 2023 Annual Report on Form 10-K for further discussion.

Note 13. Derivative Financial Instruments

In March 2021, we entered into eight interest rate swap agreements (“Swap Agreements”) with several financial institutions for a combined notional value of \$560 million. The Swap Agreements were entered into to reduce the consolidated interest rate risk associated with variable rate, long-term debt.

During 2023, we modified the Swap Agreements blending the asset positions of the original interest rate swap agreements into new interest swap agreements and extending the term of our hedged positions. The new pay-fixed interest rate swap agreements qualify as hybrid instruments in accordance with Accounting Standards Codification 815, *Derivatives and Hedging*, consisting of financing components and embedded at-market derivatives that were designated as cash flow hedges. We also amended the Swap Agreements to transition from a hedge of LIBOR-based cash flows to a hedge of SOFR-based cash flows.

Refer to *Note 12. Derivative Financial Instruments* in our 2023 Annual Report on Form 10-K for further discussion.

As part of our acquisition of Snap One, we acquired an interest rate cap with a notional value of \$345 million and a strike rate of 4.79%, which effectively caps SOFR on the notional amount at that rate (the “Interest Rate Cap”). We are required to pay a premium of \$7 million at the maturity date of December 31, 2025. The Interest Rate Cap qualifies as a hybrid instrument consisting of a financing component and an embedded at-market derivative that was designated as a cash flow hedge on our A&R Term B Facility as of the Snap One acquisition date.

The Swap Agreements and Interest Rate Cap (referred to collectively as “interest rate derivatives”) are adjusted to fair value on a quarterly basis. The following tables summarizes the fair value and presentation of derivative instruments in the Unaudited Consolidated Balance Sheets as well as the changes in fair value recorded in accumulated other comprehensive loss:

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(in millions)	Financial Statement Line Item	Fair Value of Derivative Assets	
		September 28, 2024	December 31, 2023
Derivatives designated as hedging instruments:			
Interest rate derivatives	Other current assets	\$ 13	\$ 20
Interest rate derivatives	Other assets	2	10
Total derivative assets designated as hedging instruments		\$ 15	\$ 30

(in millions)	Financial Statement Line Item	Fair Value of Derivative Liabilities	
		September 28, 2024	December 31, 2023
Derivatives designated as hedging instruments:			
Interest rate derivatives	Other liabilities	\$ 6	\$ —
Total derivative liabilities designated as hedging instruments		\$ 6	\$ —
Unrealized gain	Accumulated other comprehensive loss	\$ 8	\$ 25

The following table summarizes the effect of derivative instruments designated as cash flow hedges in other comprehensive income and the Unaudited Consolidated Statements of Operations:

(in millions)	Three Months Ended		Nine Months Ended	
	September 28, 2024	September 30, 2023	September 28, 2024	September 30, 2023
Gains recorded in accumulated other comprehensive loss, beginning of period	\$ 20	\$ 40	\$ 25	\$ 42
Current period gain (loss) recognized in/reclassified from other comprehensive income	(12)	—	(15)	7
Gains reclassified from accumulated other comprehensive loss to net income	—	(2)	(2)	(11)
Gains recorded in accumulated other comprehensive loss, end of period	\$ 8	\$ 38	\$ 8	\$ 38

Unrealized gains expected to be reclassified from accumulated other comprehensive loss in the next 12 months are estimated to be \$8 million as of September 28, 2024.

Note 14. Fair Value

The estimated fair value of our financial instruments held, and when applicable, issued to finance our operations, is summarized below. Certain estimates and judgments were required to develop the fair value amounts. The fair value amounts shown below are not necessarily indicative of the amounts that we would realize upon disposition, nor do they indicate our intent or ability to dispose of the financial instrument. Assets and liabilities that are carried at fair value are required to be classified and disclosed in one of the following three categories:

- Level 1—quoted market prices in active markets for identical assets and liabilities
- Level 2—observable market-based inputs or unobservable inputs that are corroborated by market data
- Level 3—unobservable inputs that are not corroborated by market data

Financial and non-financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. There were no changes in the methodologies used in our valuation practices as of September 28, 2024.

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The fair values of long-term debt instruments were determined using quoted market prices in inactive markets or discounted cash flows based upon current observable market interest rates and therefore were classified as Level 2 measurements in the fair value hierarchy.

The following table provides a summary of the carrying amount and fair value of outstanding debt:

(in millions)	September 28, 2024		December 31, 2023	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Debt				
4.000% Senior Notes due 2029	\$ 300	\$ 282	\$ 300	\$ 266
6.500% Senior Notes due 2032	600	616	—	—
Variable rate A&R Term B Facility	1,118	1,122	1,119	1,122
Total debt	\$ 2,018	\$ 2,020	\$ 1,419	\$ 1,388

Refer to *Note 12. Long-Term Debt* to the Unaudited Consolidated Financial Statements for further discussion.

Interest Rate Risk—We have exposure to movements in interest rates associated with cash and borrowings. We have entered, and in the future may enter, into various interest rate protection agreements in order to limit the impact of movements in interest rates. The fair values of interest rate swaps have been determined based on market value equivalents at the balance sheet date, taking into account the current interest rate environment and therefore, were classified as Level 2 measurements in the fair value hierarchy.

The following table provides a summary of the carrying amount and fair value of our interest rate derivatives:

(in millions)	September 28, 2024		December 31, 2023	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Assets:				
Interest rate derivatives	\$ 15	\$ 15	\$ 30	\$ 30
Liabilities:				
Interest rate derivatives	6	6	—	—
Total, net	\$ 9	\$ 9	\$ 30	\$ 30

Refer to *Note 13. Derivative Financial Instruments* to the Unaudited Consolidated Financial Statements for further discussion.

There are no material Level 1 or Level 3 assets or liabilities for the periods presented. The carrying amounts of cash and cash equivalents, accounts receivable, other current assets, accounts payable, accrued liabilities approximate fair value because of the short-term maturity of these amounts.

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Note 15. Accrued Liabilities

Accrued liabilities consist of the following:

(in millions)	September 28, 2024	December 31, 2023
Obligations payable under Indemnification Agreements	\$ 140	\$ 140
Compensation, benefit and other employee-related	114	110
Customer rebate reserve	99	104
Current operating lease liability	50	39
Restructuring	40	30
Deferred revenue	29	4
Product warranties	27	24
Freight payable	26	25
Other ⁽¹⁾	120	132
Total accrued liabilities	\$ 645	\$ 608

⁽¹⁾ Other includes accruals for advertising, legal and professional reserves, taxes, interest, royalties and other miscellaneous items.

Note 16. Commitments and Contingencies***Environmental Matters***

We are subject to various federal, state, local, and foreign government requirements relating to the protection of the environment and accrue costs related to environmental matters when it is probable that we have incurred a liability related to a contaminated site and the amount can be reasonably estimated. We believe that, as a general matter, our policies, practices and procedures are properly designed to prevent unreasonable risk of environmental damage and personal injury and that our handling, manufacture, use and disposal of hazardous substances are in accordance with environmental and safety laws and regulations. We have incurred remedial response and voluntary cleanup costs for site contamination and are a party to claims associated with environmental and safety matters, including products containing hazardous substances. Additional claims and costs involving environmental matters are likely to continue to arise in the future.

Environment-related expenses for sites owned and operated by us are presented within cost of goods sold for operating sites. For the three and nine months ended September 28, 2024 and September 30, 2023, environmental expenses related to these operating sites were not material. Liabilities for environmental costs were \$22 million at September 28, 2024 and December 31, 2023.

Obligations Payable Under Indemnification Agreements

The Reimbursement Agreement and the Tax Matters Agreement (collectively, the “Indemnification Agreements”) are further described below.

Reimbursement Agreement

We 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 our common stock to shareholders of Honeywell (the “Spin-off”). In connection with the Spin-Off, we entered into a 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 (the “Reimbursement Agreement”), 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 Reimbursement Agreement extends until the earlier of (1) December 31, 2043; or (2) December 31 of the third consecutive anniversary where the annual reimbursement obligation (including accrued amounts) has been less than \$25 million. While the amount payable by us in respect of such liabilities arising in any given year is subject to a cap of \$140 million under the Reimbursement Agreement, the estimated liability for resolution of pending and

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future environmental-related liabilities recorded on our balance sheets are calculated as if we were responsible for 100% of the environmental-liability payments associated with certain sites. Refer to *Note 15. Commitments and Contingencies* in our 2023 Annual Report on Form 10-K for further discussion.

Tax Matters Agreement

In connection with the Spin-Off, we entered into the Tax Matters Agreement with Honeywell, pursuant to which we are responsible and will indemnify Honeywell for certain taxes, including certain 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. In addition, the Tax Matters Agreement addresses the allocation of liability for taxes that are incurred as a result of restructuring activities undertaken to effectuate the Spin-Off.

We are required to indemnify Honeywell for any taxes resulting from the failure of the Spin-Off and related internal transactions to qualify for their intended tax treatment under U.S. federal, state and local income tax law, as well as foreign tax law, where such taxes result from our action or omission not permitted by the Separation and Distribution Agreement between Honeywell and Resideo dated as of October 19, 2018 or the Tax Matters Agreement.

The following table summarizes information concerning the Reimbursement and Tax Matter Agreements' liabilities:

(in millions)	Reimbursement Agreement	Tax Matters Agreement	Total
Balance as of January 1, 2024	\$ 652	\$ 97	\$ 749
Accruals for liabilities deemed probable and reasonably estimable	135	—	135
Payments to Honeywell	(105)	(4)	(109)
Balance as of September 28, 2024	<u>\$ 682</u>	<u>\$ 93</u>	<u>\$ 775</u>

The liabilities related to the Reimbursement and Tax Matters Agreements are included in the following balance sheet accounts:

(in millions)	September 28, 2024	December 31, 2023
Accrued liabilities	\$ 140	\$ 140
Obligations payable under Indemnification Agreements	635	609
Total indemnification liabilities	<u>\$ 775</u>	<u>\$ 749</u>

For the three and nine months ended September 28, 2024, net expenses related to the Reimbursement Agreement were \$45 million and \$135 million, respectively. For the three and nine months ended September 30, 2023, net expenses related to the Reimbursement Agreement were \$43 million and \$128 million, respectively.

We do 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 such indemnification liability payments can be determined although they could be material to our consolidated results of operations and operating cash flows in the periods recognized or paid.

Independent of our payments under the Reimbursement Agreement, we will have ongoing liability for certain environmental claims, which are part of our ongoing business.

Other Matters

We are subject to lawsuits, investigations and disputes arising out of the conduct of our business, including matters relating to commercial transactions, government contracts, product liability, 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 or outcomes in these matters, as well as potential ranges of possible losses, based on a careful analysis of each matter with the assistance

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of outside legal counsel and, if applicable, other experts. No such matters are material to our financial statements as of September 28, 2024. Refer to *Note 15. Commitments and Contingencies* in our 2023 Annual Report on Form 10-K for further discussion of these matters.

Warranties and Guarantees

In the normal course of business, we issue product warranties and product performance guarantees. We accrue for the estimated cost of product warranties and product 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 and other liabilities. The following table summarizes information concerning recorded obligations for product warranties and product performance guarantees:

(in millions)	Nine Months Ended		Twelve Months Ended	
	September 28, 2024		December 31, 2023	
Beginning balance	\$	34	\$	48
Accruals for warranties/guarantees issued/acquired during the period		25		24
Settlement/adjustment of warranty/guarantee claims		(22)		(38)
Ending balance	\$	37	\$	34

Note 17. Income Taxes

For interim periods, income tax is equal to the total of (1) year-to-date pretax income multiplied by the forecasted effective tax rate plus (2) tax expense items specific to the period. In situations where we expect to report losses and where we do not expect to receive tax benefits, we apply separate forecast effective tax rates to those jurisdictions rather than including them in the consolidated forecast effective tax rate.

For the three and nine months ended September 28, 2024, the net tax expense was \$24 million and \$83 million, respectively, and for the three and nine months ended September 30, 2023, net tax expense was \$16 million and \$84 million, respectively, and consists primarily of interim period tax expense based on year-to-date pretax income multiplied by our forecasted effective tax rate. 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.

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Note 18. Earnings Per Common Share

The reconciliation of the numerator and denominator used for the computation of basic and diluted earnings per common share follows:

(in millions, except per share data)	Three Months Ended		Nine Months Ended	
	September 28, 2024	September 30, 2023	September 28, 2024	September 30, 2023
Numerator for basic and diluted earnings per common share:				
Net income	\$ 20	\$ 21	\$ 93	\$ 128
Less: preferred stock dividends	8	—	10	—
Less: undistributed income allocated to preferred stockholders	\$ 1	\$ —	\$ 4	\$ —
Net income available to common stockholders	\$ 11	\$ 21	\$ 79	\$ 128
Denominator for basic and diluted earnings per common share:				
Weighted average basic number of common shares outstanding	147	147	146	147
Plus: dilutive effect of common stock equivalents	2	1	3	2
Weighted average diluted number of common shares outstanding	149	148	149	149
Earnings per common share:				
Basic	\$ 0.07	\$ 0.14	\$ 0.54	\$ 0.87
Diluted	\$ 0.07	\$ 0.14	\$ 0.53	\$ 0.86

Diluted earnings per common 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 if-converted and treasury stock method with the average market price of our common stock for the period.

The following potentially dilutive instruments, presented as a weighted average of the instruments outstanding, were excluded from the calculation of diluted net income per common share because their effect would have been antidilutive, and in the case of certain PSUs, the contingency has not been satisfied.

(in millions)	Three Months Ended		Nine Months Ended	
	September 28, 2024	September 30, 2023	September 28, 2024	September 30, 2023
RSUs and other rights	0.8	1.0	0.8	1.5
PSUs	1.1	1.6	1.0	1.1
Preferred stock	0.5	—	0.2	—

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

The following information should be read in conjunction with the Unaudited Consolidated Financial Statements included herein under “Item 1. Financial Statements.” and the Audited Consolidated Financial Statements and the notes thereto and “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations” (“MD&A”) included in our 2023 Annual Report on Form 10-K.

FORWARD LOOKING STATEMENTS

This Quarterly Report on Form 10-Q (“Quarterly Report”) contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. 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. This Quarterly Report includes industry and market data that we obtained from various third-party sources, including forecasts based upon such data; 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 Quarterly Report 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:

- competition from other companies in our markets and segments, as well as in new markets and emerging markets;
- compatibility and ease of integration of our products and solutions with third-party products and services and our ability to control such third party integrations;
- our ability to identify consumer preferences and industry standards, develop and protect intellectual property related thereto, and successfully market new technologies, products, and services to consumers;
- our reliance on independent integrators to sell and install our solutions;
- our reliance on certain suppliers;
- the impact of disruptions in our supply chain from third-party suppliers and manufacturers, including our inability to obtain necessary raw materials and product components, production equipment or replacement parts;
- inability to consummate acquisitions on satisfactory terms or to integrate such acquisitions effectively;
- the impact of earthquakes, hurricanes, fires, power outages, floods, pandemics, epidemics, natural disasters and other catastrophic events or other public health emergencies;
- the impact of potentially volatile global market and economic conditions and industry and end market cyclicality, including factors such as interest rates, inflation, energy costs, availability of financing, consumer spending habits and preferences, housing market changes, and employment rates;
- failure to achieve and maintain a high level of product and service quality, including the impact of warranty claims, product recalls, and product liability actions that may be brought against us;
- our ability to retain or expand relationships with significant customers;
- the significant failure or inability to comply with specifications and manufacturing requirements or delays or other problems with existing or new products or inability to meet price requirements;
- inability to successfully execute transformation programs or to effectively manage our workforce;
- the failure to increase productivity through sustainable operational improvements;
- economic, political, regulatory, foreign exchange and other risks of international operations;
- our dependence upon information technology infrastructure and network operations having adequate cyber-security functionality;
- the potential adverse impacts of enhanced tariff, import/export restrictions, or other trade barriers on global economic conditions, financial markets and our business;
- risks associated with the Reimbursement Agreement, the other agreements we entered into with Honeywell in connection with the Spin-Off, and our relationships with Honeywell, including our reliance on Honeywell for the Honeywell Home trademark;
- regulations and societal actions to respond to global climate change;
- failure to comply with the broad range of current and future standards, laws and regulations in the jurisdictions in which we operate;

- the impact of potential material litigation matters, government proceedings, and other contingencies and uncertainties;
- our ability to borrow funds and access capital markets in light of the terms of our debt documents or otherwise;
- provisions in our governing documents discouraging takeovers;
- our ability to recruit and retain qualified personnel;
- currency exchange rate, stock price, and effective tax rate fluctuations;
- the CD&R Stockholder's interest in and influence over us that may diverge from, or event conflict with, interests of the holders of our common stock, and the reduction in the relative voting power of holders of our common stock resulting from the issuance of preferred stock;
- our ability to maintain effective internal controls, deliver timely financial statements, and avoid the financial statements to become impaired and damage public opinion;
- impairment of other intangible assets and long-lived assets;
- being required to make significant cash contributions to our defined benefit pension plans; and
- other risks detailed under the caption "Risk Factors" in this Quarterly Report, in Part I, Item 1A, in our 2023 Annual Report on Form 10-K, and other filings we make with the SEC.

These risks could cause actual results to differ materially from those implied by forward-looking statements in this Quarterly Report. 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 Quarterly Report, those results or developments may not be indicative of results or developments in subsequent periods.

Any forward-looking statements made by us in this Quarterly Report 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.

Overview and Business Trends

We are a leading global manufacturer and distributor of technology-driven sensing and controls products and solutions that help homeowners and businesses 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 markets, smoke and carbon monoxide detection home safety and fire suppression products, and security markets. We have a global footprint serving commercial and residential end-markets. We manage our business operations through two operating segments, Products and Solutions and ADI Global Distribution. The Products and Solutions operating segment, consistent with our industry, has a higher gross and operating profit profile in comparison to the ADI Global Distribution operating segment. In the second quarter of 2024, we expanded the business through the acquisition of Snap One, which has been incorporated into the ADI Global Distribution segment. The acquisition expands our distribution into and reach with smart-living products, services, and software.

Our Products and Solutions operating segment offerings include temperature and humidity control, energy products and solutions, water and air solutions, smoke and carbon monoxide detection home safety products, security panels, sensors, peripherals, communications devices, video cameras, other home-related lifestyle convenience solutions, cloud infrastructure, installation and maintenance tools, and related software.

Our ADI Global Distribution business is a leading wholesale distributor of low-voltage security products including access control, fire detection, fire suppression, security, and video products and participates significantly in the broader related markets of audio, communications, data communications, networking, power, residential and professional audio-visual solutions, smart-living, software solutions, and wire and cable. Our ADI Global Distribution strategy is focused on growth in our omni-channel presence, expansion into adjacent markets, and continued enhancements to our value-add services to support our professional installers' efficiency and profitability.

Our financial performance is influenced by macroeconomic factors underlying end user demand such as repair and remodeling activity, residential and non-residential construction, new and existing home sales, employment rates, interest rates and bank lending standards, and supply chain dynamics that can be influenced by geopolitics. The ongoing uncertainty and volatility in the global macroeconomic conditions have affected and could continue to affect our visibility toward future performance. While supply chain and logistics continue to normalize over 2024, customer demand continues to moderate as uncertainties remain including the potential for changes in inflation and interest rates, increased labor costs, reduced consumer spending due to softening labor markets, elevated mortgage rates, unfavorable foreign currency impacts from a stronger U.S. dollar, shift to cleaner energy, and potential market and other disruption from the ongoing conflict between Russia and Ukraine as well as the Middle East crisis.

Current Period Highlights

- Net revenue of \$1.83 billion, up 17.6% from \$1.55 billion in the third quarter of 2023
- Income from operations of \$126 million, or 6.9% of revenue, compared to \$109 million, or 7.0% of revenue in the third quarter of 2023
- Fully diluted earnings per common share of \$0.07, compared to \$0.14 per common share in the third quarter of 2023
- Cash Flow From Operations of \$147 million in the third quarter of 2024, compared to \$60 million in the third quarter of 2023

Outlook

For the fourth quarter of 2024, we anticipate executing our business against a mixed global macro-economic environment. There are a number of positive indicators, such as an improving interest rate environment and an uptick in new home sales in the United States. There are, however, some negative indicators, such as continued softness in existing home sales in the United States and market weakness in EMEA.

Results of Operations

The following table represents results of operations on a consolidated basis for the periods indicated:

(in millions, except per share data and percentages)	Three Months Ended		Nine Months Ended	
	September 28, 2024	September 30, 2023	September 28, 2024	September 30, 2023
Net revenue	\$ 1,828	\$ 1,554	\$ 4,903	\$ 4,705
Cost of goods sold	1,304	1,137	3,532	3,432
Gross profit	524	417	1,371	1,273
Gross profit %	28.7 %	26.8 %	28.0 %	27.1 %
Operating expenses:				
Research and development expenses	23	28	69	84
Selling, general and administrative expenses	317	233	828	719
Intangible asset amortization	29	9	51	28
Restructuring, impairment and extinguishment costs, net	29	38	47	42
Total operating expenses	398	308	995	873
Income from operations	126	109	376	400
Other expenses, net	55	56	145	138
Interest expense, net	27	16	55	50
Income before taxes	44	37	176	212
Provision for income taxes	24	16	83	84
Net income	\$ 20	\$ 21	\$ 93	\$ 128
Earnings per common share:				
Basic	\$ 0.07	\$ 0.14	\$ 0.54	\$ 0.87
Diluted	\$ 0.07	\$ 0.14	\$ 0.53	\$ 0.86

Net Revenue

Three months ended

Net revenue for the three months ended September 28, 2024 was \$1,828 million, an increase of \$274 million, or 17.6%, from the same period in 2023, primarily due to \$251 million of revenue from the acquisition of Snap One and higher sales volume of \$58 million. The increase was partially offset by \$32 million of lower sales from the divestiture of the Genesis business during the fourth quarter of 2023, and \$3 million of unfavorable price impacts driven by the ADI Global Distribution segment.

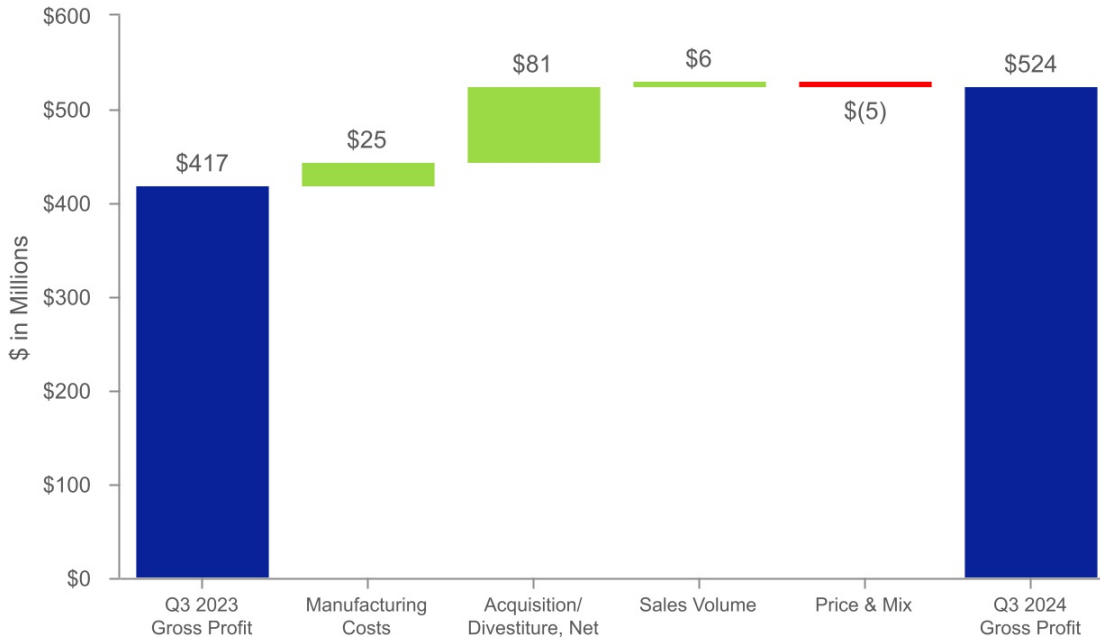
Nine months ended

Net revenue for the nine months ended September 28, 2024 was \$4,903 million an increase of \$198 million, or 4.2%, from the same period in 2023, driven primarily by \$298 million of revenue from the acquisition of Snap One and net volume increases of \$5 million driven by the ADI Global Distribution segment. The increase was partially offset by \$100 million of lower sales from the divestiture of the Genesis business during the fourth quarter of 2023, and unfavorable foreign currency fluctuations of \$3 million.

Gross Profit

Three months ended

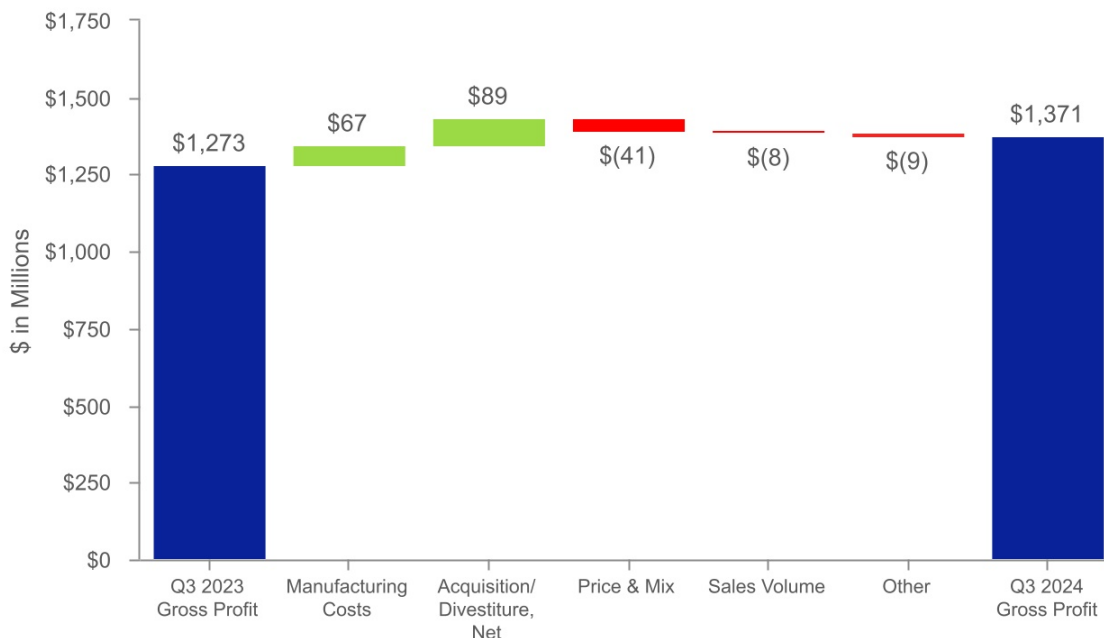
The chart below presents the drivers of the gross profit variance from the three months ended September 30, 2023 to the three months ended September 28, 2024.



Gross profit of \$524 million increased \$107 million and gross margin of 28.7% was up 180 basis points (“bps”) as compared to the same period in 2023. The increase in gross margin was driven by lower manufacturing costs of 140 bps, favorable impacts from acquisitions, net of the Genesis divestiture of 120 bps, and higher pricing of 30 bps, which was partially offset by the impact from lower volumes of 50 bps and unfavorable margin mix shift of 60 bps.

Nine months ended

The chart below presents the drivers of the gross profit variance from the nine months ended September 30, 2023 to the nine months ended September 28, 2024.



Gross profit of \$1,371 million increased \$98 million and gross margin of 28.0% was up 90 basis points (“bps”) as compared to the same period in 2023. The increase in gross margin was driven by lower manufacturing costs of 140 bps, favorable impacts from acquisitions, net of Genesis divestiture of 70 bps, and higher pricing of 50 bps, which was partially offset by unfavorable margin mix shift of 130 bps and the impact from lower volumes of 20 bps.

Research and Development Expenses

Three months ended

Research and development expenses for the three months ended September 28, 2024 of \$23 million were down \$5 million compared with the same period in 2023. The decrease was primarily driven by lower third-party spend and personnel costs due to optimization efforts and an enhanced focus on strategic new product programs.

Nine months ended

Research and development expenses for the nine months ended September 28, 2024 of \$69 million were down \$15 million compared with the same period in 2023. The decrease was primarily driven by lower third-party spend and personnel costs due to optimization efforts and an enhanced focus on strategic new product programs.

Selling, General and Administrative Expenses

Three months ended

Selling, general and administrative expenses for the three months ended September 28, 2024 were \$317 million, an increase of \$84 million, or 36.1%, as compared to the same period in 2023. The increase was primarily driven by \$76 million of incremental expenses from the Snap One acquisition, which includes operating expenses and integration costs. Further, there was an increase in bad debt expense of \$7 million and additional IT costs of \$2 million at the Product and Solutions segment. The increase was partially offset by lower expenses of \$2 million from the divestiture of the Genesis business during the fourth quarter of 2023.

Nine months ended

Selling, general and administrative expenses for the nine months ended September 28, 2024 were \$828 million, an increase of \$109 million, or 15.2%, as compared to the same period in 2023. The increase was driven by \$122 million of incremental expenses from the Snap One acquisition, which includes operating expenses and acquisition costs, and \$8 million of higher labor costs. The increase was partially offset by lower employee expenses of \$10 million from restructuring efforts, and lower expenses of \$8 million from the divestiture of the Genesis business during the fourth quarter of 2023.

Intangible Asset Amortization

Three months ended

Intangible asset amortization increased \$20 million for the three months ended September 28, 2024 compared with the same period in 2023. The increase was due to additional amortization expense associated with the new intangibles from the Snap One acquisition.

Nine months ended

Intangible asset amortization increased \$23 million for the nine months ended September 28, 2024 compared with the same period in 2023. The increase was due to additional amortization expense associated with the new intangibles from the Snap One acquisition.

Restructuring, Impairment and Extinguishment Expenses

For the three months ended September 28, 2024, we recorded a \$1 million debt extinguishment loss related to the repayment of a portion of the principal amount under the Company's A&R Term B Facility using the proceeds from the issuance of the Senior Notes due 2032. Further, during the nine months ended September 28, 2024, we recorded \$5 million in impairment expense related to an equity security and \$6 million in debt extinguishment loss in connection with the Snap One acquisition financing. In addition, we continue to take actions to align our cost structure with market conditions. The intent of these actions is to lower costs, increase margins, and position us for long-term growth. For the three months ended September 28, 2024, we incurred \$28 million of restructuring expenses compared to \$38 million for the three months ended September 30, 2023. We incurred \$35 million and \$42 million of restructuring expenses for the nine months ended September 28, 2024 and September 30, 2023, respectively. Restructuring expenses primarily related to employee termination costs.

Other Expenses, Net

Three months ended

Other expenses, net for the three months ended September 28, 2024 were \$55 million, a decrease of \$1 million, or 1.8%, as compared to the same period in 2023. The decrease was driven primarily by favorable foreign currency impacts of \$4 million and reduced pension costs of \$3 million. The decrease was partially offset by a loss on sale of certain assets and related liabilities of \$3 million during the current year at the Product and Solutions segment, and an increase of \$2 million related to the Reimbursement Agreement expenses.

Nine months ended

Other expenses, net for the nine months ended September 28, 2024 were \$145 million, an increase of \$7 million, or 5.1%, as compared to the same period in 2023. The increase was primarily driven by loss on sale of certain assets and related liabilities of \$8 million during the current year at the Product and Solutions segment, and \$7 million of additional Reimbursement Agreement expenses. The increase was partially offset by reduced pension costs of \$5 million and gain of \$4 million from the sale of an investment.

Interest Expense, Net

Three months ended

Interest expense, net increased \$11 million for the three months ended September 28, 2024 as compared to the same period in 2023, due to an increase in our long-term debt resulting in \$10 million of higher interest expense. This amount was partially offset by a \$1 million decrease in interest expense as a result of a decrease in weighted average interest rates on our debt.

Nine months ended

Interest expense, net increased \$5 million for the nine months ended September 28, 2024 due to an increase in our long-term debt resulting in \$11 million of higher interest expense and \$1 million higher interest expense relate to an increase in interest rates on our weighted average debt. This amount was partially offset by \$7 million higher interest income as a result of effectively investing excess cash.

Tax Expense

Three months ended

Income tax expense increased by \$8 million for the three months ended September 28, 2024 compared to the same period in 2023. The effective income tax rate increased by 1,130 bps for the three months ended September 28, 2024 compared to the same period in 2023. The changes are primarily driven by the mix of earnings across the jurisdictions in which we operate, relatively fixed non-deductible expenses, and U.S. taxation of foreign earnings.

Nine months ended

Income tax expense decreased by \$1 million for the nine months ended September 28, 2024 compared to the same period in 2023. The effective income tax rate increased by 750 bps for the nine months ended September 28, 2024 compared to the same period in 2023. The changes are primarily driven by lower income before taxes, the mix of earnings across the jurisdictions in which we operate, relatively fixed non-deductible expenses, and U.S. taxation of foreign earnings.

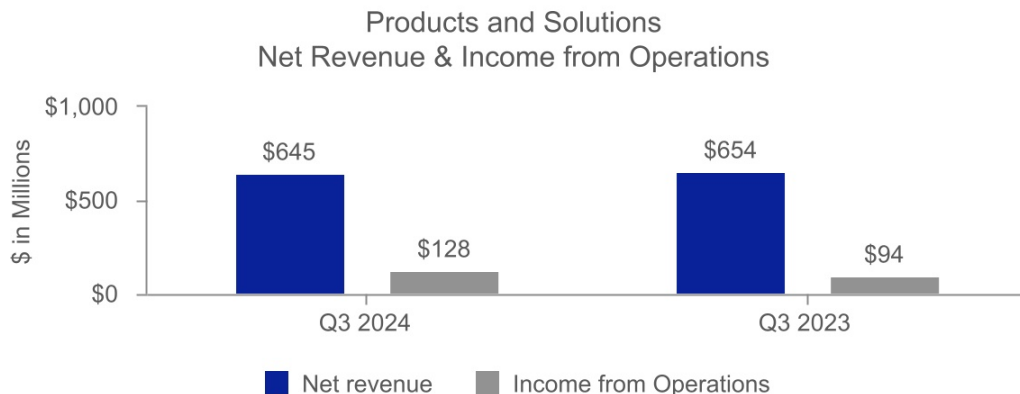
Segment Results of Operations

On January 1, 2024, certain corporate functions were decentralized into the operating segments aligning with the business strategy. For the three and nine months ended September 30, 2023, \$13 million and \$38 million of corporate expenses have been reclassified into the Products and Solutions segment while \$8 million and \$24 million of corporate expenses have been reclassified into the ADI Global Distribution segment, respectively, decreasing reported Income from Operations to conform to the current year presentation.

Products and Solutions

Three months ended

The chart below presents net revenue and income from operations for the three months ended September 28, 2024 and September 30, 2023.

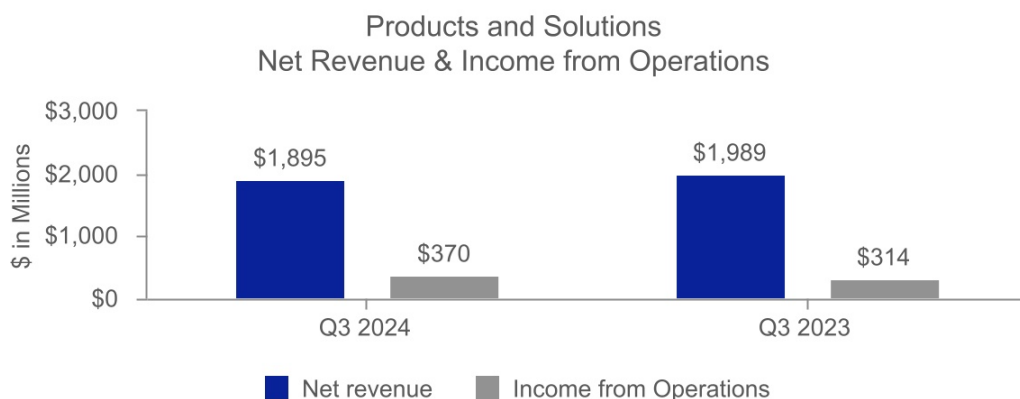


Products and Solutions net revenue decreased \$9 million, or 1%, as compared to the same period in 2023, primarily due to \$32 million from the divestiture of the Genesis business during the fourth quarter of 2023 and unfavorable foreign currency fluctuations of \$1 million. The decrease was partially offset by volume and price increases of \$18 million and \$6 million, respectively.

Income from operations increased \$34 million, or 36%, from the same period in 2023, primarily due to lower material, freight and other manufacturing costs of \$24 million, lower restructuring costs of \$18 million, and favorable pricing impact of \$6 million. Partially offsetting the favorable impacts to income from operations were higher selling, general and administrative expenses of \$6 million, \$5 million from the divestiture of the Genesis business during the fourth quarter of 2023, and unfavorable mix of \$3 million.

Nine months ended

The chart below presents net revenue and income from operations for the nine months ended September 28, 2024 and September 30, 2023.



Products and Solutions net revenue decreased \$94 million, or 4.7%, as compared to the same period in 2023, primarily due to \$100 million from the divestiture of the Genesis business during the fourth quarter of 2023, lower sales volume of \$10

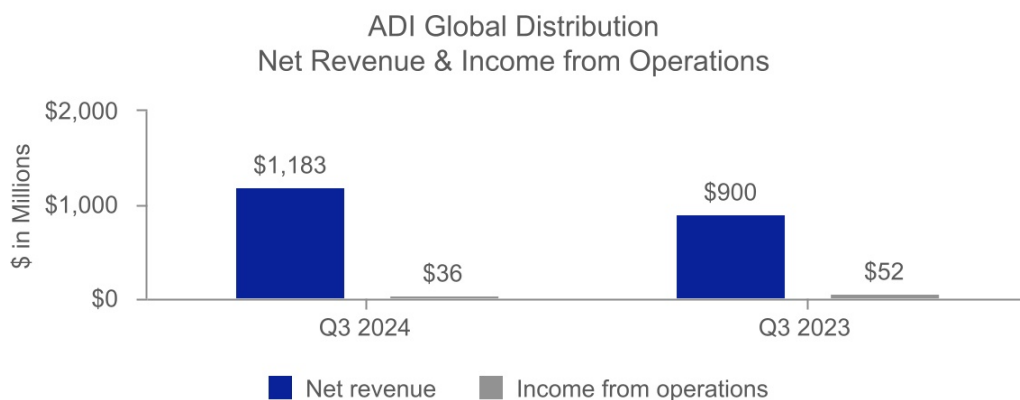
million and unfavorable foreign currency fluctuations of \$7 million. The decrease was partially offset by price increases of \$24 million.

Income from operations increased \$56 million, or 18%, from the same period in 2023, primarily due to lower material, freight and other manufacturing costs of \$64 million, a favorable pricing impact of \$24 million, lower restructuring expenses of \$15 million, lower selling, general and administrative expenses of \$13 million, and lower research and development expenses of \$4 million. Partially offsetting the favorable impacts to income from operations was unfavorable mix of \$41 million from mix shifts to lower priced products, impact from the divestiture of the Genesis business during the fourth quarter of 2023 of \$12 million, and lower volumes of \$11 million.

ADI Global Distribution

Three months ended

The chart below presents net revenue and income from operations for the three months ended September 28, 2024 and September 30, 2023.

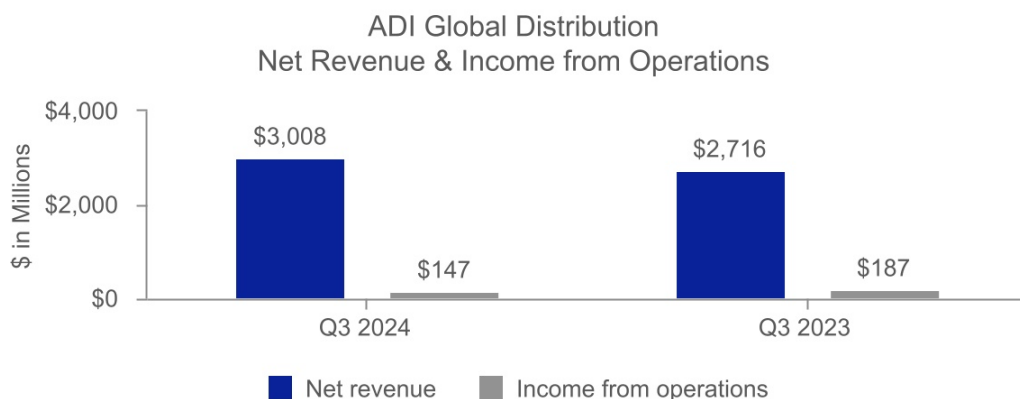


ADI Global Distribution net revenue increased \$283 million, or 31.4%, as compared to the same period in 2023. The increase was driven by \$251 million of revenue from the acquisition of Snap One and \$41 million from higher volumes. The increase was partially offset by unfavorable impacts from the decrease in price of \$9 million.

Income from operations decreased \$16 million, or 31%, as compared to the same period in 2023. The decrease was primarily due to unfavorable sales mix of \$7 million, incremental operating loss of \$8 million from the acquisition of Snap One, higher restructuring costs of \$5 million, higher operational costs of \$2 million, and integration costs of \$2 million. The decrease was partially offset by \$7 million from higher volumes.

Nine months ended

The chart below presents net revenue and income from operations for the nine months ended September 28, 2024 and September 30, 2023.



ADI Global Distribution net revenue increased by \$292 million, or 10.8%, as compared to the same period in 2023, due to \$298 million of revenue from the acquisition of Snap One, \$15 million from higher volumes, and favorable foreign currency fluctuations of \$4 million. The increase was partially offset by a decrease in price of \$23 million.

Income from operations decreased \$40 million, or 21%, due to an unfavorable sales mix of \$23 million, higher operational costs of \$7 million, incremental operating loss of \$6 million from the acquisition of Snap One, integration costs of \$2 million, and higher restructuring costs of \$4 million.

Corporate**Three months ended**

Corporate costs for the three months ended September 28, 2024 of \$38 million and \$36 million for the comparable period. The increase in Corporate costs was primarily driven by \$1 million of debt extinguishment costs incurred during the three months ended September 30, 2024.

Nine months ended

Corporate costs for the nine months ended September 28, 2024 were \$141 million and \$101 million for the comparable period. The increase in Corporate costs was driven by \$32 million of Snap One acquisition costs, \$7 million of debt extinguishment costs, and a \$5 million impairment of an equity security. These increases are partially offset by lower personnel expenses of \$4 million.

Capital Resources and Liquidity

As of September 28, 2024, total cash and cash equivalents were \$531 million, of which 44% were held by foreign subsidiaries. Our liquidity is primarily dependent on our ability to continue to generate positive cash flows from operations, supplemented by external sources of capital, as needed. Additional liquidity may also be provided through access to the capital markets and our \$500 million A&R Revolving Credit Facility.

In June 2024, we completed the acquisition of Snap One. This was partially financed with \$600 million in incremental term loans under our A&R Term B Facility, with a maturity date of May 14, 2031. Additionally, we issued Preferred Stock on

June 14, 2024 for \$500 million to partially finance the Snap One acquisition. The remainder of the cash purchase price was financed with our existing cash.

In July 2024, we issued \$600 million in aggregate principal of 6.500% Notes due 2032. The Senior Notes due 2032 were used to repay \$596 million principal amount outstanding indebtedness under the Company's A&R Term B Facility.

Liquidity

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 may enter into acquisitions or strategic arrangements in the future, which also could require us to seek additional equity or debt financing. While we may elect to seek additional funding at any time, we believe our existing cash, cash equivalents and availability under our credit facilities are sufficient to meet our capital requirements through at least the next 12 months and the longer term.

We may from time to time take steps to reduce our debt or otherwise improve our financial position. These actions could include prepayments, open market debt repurchases, negotiated repurchases, other redemptions or retirements of outstanding debt, opportunistic refinancing of debt, raising additional capital or divesting certain assets. The amount of prepayments or the amount of debt that may be refinanced, repurchased or otherwise retired, if any, will depend on market conditions, trading levels of our debt, our cash position, compliance with debt covenants and other considerations.

Credit Agreement

As of September 28, 2024, we had \$1,989 million of net long-term debt outstanding under our A&R Credit Agreement, Senior Notes due 2029, and Senior Notes due 2032, of which \$6 million is due in the next 12 months. We have entered into certain interest rate swap agreements to effectively convert a portion of our variable-rate debt to fixed-rate debt. Additionally, as part of our acquisition of Snap One, we acquired an interest rate cap with a notional of \$345 million and a strike rate of 4.79%, which effectively caps SOFR on the notional amount at that rate.

In June 2024, we obtained \$600 million in incremental term loans under our A&R Term B Facility to partially finance our acquisition of Snap One. We also extended the term of our A&R Revolving Credit Facility for a new five-year term.

In July 2024, we issued \$600 million in aggregate principal of 6.500% Senior Notes due 2032. The Senior Notes due 2032 were used to repay \$596 million principal amount outstanding indebtedness under the Company's A&R Term B Facility.

Refer to *Note 12. Long-Term Debt* and *Note 13. Derivative Financial Instruments* to the Unaudited Consolidated Financial Statements for a description of our debt obligations and the timing of future principal and interest payments, including impacts from our Swap Agreements.

Common Share Repurchase Program

On August 3, 2023, we announced that our Board of Directors authorized a share repurchase program for the repurchase of up to \$150 million of our common stock over an unlimited time period. During the three months ended September 28, 2024, we did not make any common share repurchases. As of September 28, 2024, we had \$108 million of authorized repurchases remaining under the Share Repurchase Program.

Cash Flow Summary for the Nine Months Ended September 28, 2024 and September 30, 2023

Our cash flows from operating, investing and financing activities for the nine months ended September 28, 2024 and September 30, 2023, as reflected in the Unaudited Consolidated Financial Statements, are summarized as follows:

(in millions)	Nine Months Ended		
	September 28, 2024	September 30, 2023	\$ change
Cash provided by (used for):			
Operating activities	\$ 241	\$ 177	\$ 64
Investing activities	(1,386)	(90)	(1,296)
Financing activities	1,043	(47)	1,090
Effect of exchange rate changes on cash	(3)	1	(4)
Net (decrease) increase in cash, cash equivalents and restricted cash	\$ (105)	\$ 41	\$ (146)

Net cash provided by operating activities for the nine months ended September 28, 2024 was \$241 million. Compared to the nine months ended September 30, 2023, net cash provided by operating activities increased \$64 million. The increase was primarily driven by improved working capital dynamics and cash earnings.

Net cash used for investing activities for the nine months ended September 28, 2024 was \$1,386 million. Compared to the nine months ended September 30, 2023, net cash used for investing activities increased \$1,296 million, primarily due to an increase in cash used for acquisitions of \$1,318 million mainly related to the Snap One acquisition offset by favorable changes in capital expenditures of \$16 million and \$6 million of favorable changes in other investing activities, including proceeds from sales of assets.

Net cash provided by financing activities for the nine months ended September 28, 2024 was \$1,043 million. Compared to the nine months ended September 30, 2023, net cash used for financing activities increased \$1,090 million, primarily due to an increase of \$1,176 million incremental term loan borrowings under our A&R Term B Facility, and the issuance of Preferred Stock in the amount of \$482 million, each related to the Snap One acquisition. This increase was partially offset by an increase in debt repayments of \$593 million as well as a decrease in common stock repurchases of \$27 million.

Contractual Obligations and Probable Liability Payments

In addition to our long-term debt discussed above, our material cash requirements include the following contractual obligations.

Reimbursement Agreement Payments

In connection with the Spin-Off, we entered into the Reimbursement Agreement with Honeywell. As of September 28, 2024, a liability of \$682 million was deemed probable and reasonably estimable; however, it is possible we could pay \$140 million per year (exclusive of any late payment fees up to 5% per annum) 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. During the nine months ended September 28, 2024, we paid Honeywell \$105 million under the Reimbursement Agreement. For further discussion on the Reimbursement Agreement, refer to *Note 16. Commitments and Contingencies* to the Unaudited Consolidated Financial Statements.

Environmental Liability Payments

We make environmental liability payments for sites which we own and are directly responsible. As of September 28, 2024, a liability of \$22 million was deemed probable and reasonably estimable.

Operating Leases

We have operating lease arrangements for the majority of our manufacturing sites, offices, engineering and lab sites, stocking locations, warehouses, automobiles, and certain equipment. As of September 28, 2024, we had operating lease payment obligations of \$238 million, with \$50 million payable within 12 months.

Other Matters

Litigation, Environmental Matters and the Reimbursement Agreement

Refer to *Note 16. Commitments and Contingencies* to the Unaudited Consolidated Financial Statements for further discussion.

Recent Accounting Pronouncements

Refer to *Note 2. Summary of Significant Accounting Policies* to the Unaudited Consolidated Financial Statements for further discussion.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

We are exposed to market risk from foreign currency exchange rates, commodity price risk 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 September 28, 2024, the Swap Agreements, with a notional value of \$560 million, effectively convert a portion of our \$1,118 million long-term variable rate A&R Term B Facility to fixed rate debt. The Swap Agreements effectively convert a portion of our variable interest rate obligations to a rate based on Term SOFR with a minimum rate of 0.39% per annum to a base fixed weighted average rate of 1.13% over the remaining terms.

As part of our acquisition of Snap One in the second quarter of 2024, we assumed an interest rate cap agreement with a notional of \$345 million and a strike rate of 4.79%.

As of September 28, 2024, an increase in interest rates by 100 bps would have an approximately \$2 million impact on our annual interest expense.

For more information on the Swap Agreements and acquired interest rate cap, refer to *Note 13. Derivative Financial Instruments* and *Note 14. Fair Value* to the Unaudited Consolidated Financial Statements.

Foreign Currency Exchange Rate Risk

We are exposed to market risks from changes in currency exchange rates. While we primarily transact with customers and suppliers in the U.S. dollar, we also transact in foreign currencies, primarily including the British Pound, Canadian Dollar, Mexican Peso, Indian Rupee, Euro, and the Polish Zloty. 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 results from transactions arising out of 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 September 28, 2024, we have no outstanding foreign currency 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 our 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 Chief Financial Officer, with the assistance of other members of our management, conducted an evaluation of the effectiveness of our disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act) as of the end of the period covered by this Quarterly Report. Based upon such evaluation, our Chief Executive Officer and 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.

Changes in Internal Control Over Financial Reporting

On June 14, 2024 we acquired 100% of the issued and outstanding equity of Snap One. We are currently integrating Snap One into our internal controls over financial reporting. Except for the inclusion of Snap One, there has been no change in our internal control over financial reporting that occurred during the quarter ended September 28, 2024 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II. Other Information

Item 1. Legal Proceedings.

Refer to *Note 16. Commitments and Contingencies* to Unaudited Consolidated Financial Statements of this Quarterly Report for a discussion on legal proceedings.

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 2023 Annual Report on Form 10-K, except as reflected in the first three revised risk factors below and the three additional risk factors that follow.

Revised Risk Factors:

We may from time to time pursue acquisitions. Our business may be adversely affected if we cannot consummate acquisitions on satisfactory terms, or if we cannot effectively integrate acquired companies or assets.

We have in the past and may from time to time in the future continue to pursue and consummate acquisitions of companies or assets. Our ability to consummate any future acquisitions will be partially dependent upon the availability of suitable acquisition candidates at favorable prices and upon advantageous terms and conditions. We may not be able to find suitable acquisition candidates to purchase or may be unable to acquire on economically acceptable terms or to receive necessary regulatory approvals or support.

The consummation of any particular acquisition may depend, in part, on our ability to raise the capital necessary to fund such acquisition which may not be available to us at all or on economically advantageous terms. In addition, if we consummate an acquisition, our capitalization and results of operations may change significantly. Future acquisitions could result in gross and/or operating income dilution, the incurring of additional debt or equity issuances and contingent liabilities and an increase in interest and amortization expenses or periodic impairment expenses related to goodwill and other intangible assets and significant charges relating to integration costs.

For example, we acquired the Snap One business in June 2024 and we are in the early stages of integrating this business into our ADI Global Distribution segment. The acquisition is highly complementary to our prior ADI Global Distribution business and, therefore, is subject to many of the same risks that impact our ADI Global Distribution business, in addition to a few risks specific to Snap One. The Snap One business relies on independent integrators who are certified and trained in the Control4 proprietary smart living solutions to sell and install its solutions for end users and, therefore, is more reliant on these integrators to market, sell, install and support Snap One solutions. In addition, because many of the Snap One solutions are designed to interoperate with a wide range of third-party products that we do not own or control, it is important that we support the continued integration of these solutions with third-party products and applications. The Snap One business also relies heavily on suppliers and manufacturing facilities located in China, Taiwan, and Southeast Asia, increasing our exposure to potential political and trade instability and tension. The success of the acquisition will depend on our ability to integrate the business and also manage these additional risks.

We may not be successful in effectively identifying all risks of an acquired business, integrating the acquired business or technology into our existing business or realizing the benefits expected at acquisition. Our due diligence may fail to identify all of the liabilities or challenges of an acquired business, product, software, service or technology, including issues related to intellectual property, product quality or product or software architecture, regulatory compliance practices, revenue recognition or other accounting practices or employee, customer or supplier issues. We may not be able to achieve the expected operational synergies or savings nor, or any growth targets identified in acquisition diligence. The successful integration of future acquisitions may also require substantial attention from our senior management and the management of the acquired business, which could decrease the time that they have to manage our existing portfolio, attract customers and develop new products and services or attend to other acquisition opportunities.

We rely on a dependable IT infrastructure and network operations that have adequate cybersecurity functionality.

The efficient operation of our business requires substantial investment in technology infrastructure systems, including enterprise resource planning systems, information systems, supply chain management systems, digital commerce systems and connected solutions platforms and network operations and systems. The failure to acquire, implement, maintain and upgrade as required these systems may impact our ability to respond effectively to changing customer expectations, manage our business, scale our solutions effectively or impact our customer service levels, which may put us at a competitive disadvantage and negatively impact our business, results of operations, financial condition and cash flows. In connection with our recent acquisition of the Snap One business, we are in the process of consolidating and integrating our ADI and Snap One enterprise applications. We may not be able to successfully implement or consolidate all systems without delays related to resource constraints or challenges with the critical implementation process. Repeated or prolonged interruptions of service, due to cyber threats or problems with our systems or third-party technologies, whether or not in our control, could have a significant negative impact on our reputation and our ability to sell products and services. Furthermore, we may incur higher than anticipated costs in connection with our system implementation, which could adversely impact our results of operations and financial condition. Our business, results of operations, financial condition and cash flows may be adversely affected if our information systems fail, become unavailable for prolonged periods of time, are corrupted or do not allow us to transmit accurate information. Failure to properly or adequately address these issues, including the failure to fund backups, upgrades and improvements to our systems, could impact our ability to perform necessary business operations, which could adversely affect our reputation, competitive position, business, results of operations, financial condition and cash flows. Our ability to keep our business operating is highly dependent on the proper and efficient operation of our data centers, networks, and data backup systems. In addition, a significant portion of our employees are engaged in remote or hybrid work from their homes, which further exposes our information technology (“IT”) systems to potential cyber interference and disruption of work activities based on availability and performance of internet access in the regions in which our employees reside.

Risks Relating to Our Common Stock and the Securities Market

Our stock price has been volatile; stockholder's percentage ownership in our Company may be diluted in the future.

The market price of our common stock has been volatile in the past and may be volatile in the future. The market price of our common stock may be significantly affected by the following factors: actual or anticipated fluctuations in our operating results; changes in financial estimates by securities analysts or our failure to perform in line with such estimates; announcements by us or our competitors of significant technical innovations, acquisitions, divestitures, strategic partnerships, joint ventures or capital commitments; the loss of, or decrease in sales to, one or more key customers; global macroeconomic conditions; and departures of key personnel.

A stockholder's percentage ownership in our Company may be diluted in the future because of common stock-based equity awards that we have granted and expect to grant in the future in accordance with our 2018 Stock Incentive Plan for the benefit of certain employees and other service providers, as well as our equity plan for our non-employee directors. In addition, we may issue additional equity as necessary to finance our ongoing operations and future acquisitions.

In addition, our Amended and Restated Certificate of Incorporation ("our Certificate") authorizes us to issue, without the approval of our stockholders, one or more classes or series of preferred stock, which may have preferences over our common stock with respect to dividends and distributions, as our Board may determine. The terms of one or more classes or series of preferred stock could dilute the voting power or reduce the value of our common stock. **See "—The preferred stock issued in connection with the Snap One transaction has rights, preferences and privileges that are not held by, and are preferential to, the rights of our common stock and has reduced the relative voting power of the holders of our common stock."** Similarly, the repurchase or redemption rights or liquidation preferences that we could assign to holders of preferred stock could affect the residual value of our common stock.

New Risk Factors:

The preferred stock issued in connection with the Snap One transaction has rights, preferences and privileges that are not held by, and are preferential to, the rights of our common stock and has reduced the relative voting power of the holders of our common stock.

In June 2024, we issued 500,000 shares of Series A Cumulative Convertible Participating Preferred Stock, par value \$0.01 per share (the "Preferred Stock"), to CD&R Channel Holdings, L.P. (the "CD&R Stockholder"), an entity affiliated with the investment firm Clayton, Dubilier & Rice LLC, pursuant to an Investment Agreement dated April 14, 2024 (the "Investment Agreement"). The proceeds of the issuance were used to partially finance the Snap One transaction. The Preferred Stock is convertible perpetual participating preferred stock of Resideo, with an initial conversion price of \$26.92 per share, and accrues dividends at a rate of 7.0% per annum (payable in cash or in-kind, at the option of Resideo), with the potential for the dividend rate to increase to 10% under specified circumstances. Moreover, if we declare or pay a cash dividend on our common stock, we will be required to declare and pay a dividend on the outstanding Preferred Stock on a pro rata basis with the common shares determined on an as-converted basis at the time the dividend is declared.

The Preferred Stock may initially be converted at any time at the option of the holder into 18,573,551 shares of our common stock. In addition, under the terms of the Preferred Stock, we may, at our option, force the conversion of all (but not less than all) of the outstanding shares of Preferred Stock to common stock if at any time the market price of our common stock exceeds 200% of the then-effective conversion price per share for at least 20 days out of any trailing 30-trading day period. Any conversion of the Preferred Stock may significantly dilute the holders of our common stock. Unless we obtain shareholder approval, the maximum number of shares of common stock into which the Preferred Stock may be converted will be limited such that, upon any conversion of Preferred Stock, the number of shares of our common stock being issued upon conversion will not cause the holder thereof, when taken together with all other shares of our common stock beneficially owned by such holder at the time of conversion, to beneficially own shares of our common stock exceeding 19.9% of the total voting power of our common stock (on an as-converted basis), subject to the maximum number of shares of our common stock that may then be issued in such conversion being in accordance with the listing requirements of the NYSE absent the receipt of stockholder approval.

The conversion price of the Preferred Stock is subject to customary anti-dilution adjustments, including in the event of any stock split, stock dividend, recapitalization or similar event. In addition, holders of Preferred Stock have the right to receive a liquidation preference entitling them to be paid out of our assets available for distribution to shareholders, before any

payment may be made to the holders of shares of common stock, an amount equal to the greater of (a) 100% of the liquidation preference thereof plus all accrued and unpaid dividends or (b) the amount that such holder would have been entitled to receive upon our liquidation, dissolution and winding up if all outstanding shares of Preferred Stock had been converted into common stock immediately prior to such liquidation, dissolution or winding up, without regard to any of the limitations on conversion or convertibility. Furthermore, upon the consummation of a “change of control” transaction, Resideo has the right to redeem the shares of Preferred Stock at a redemption price equal to 150% of the original purchase price of the Preferred Stock plus all accrued and unpaid dividends thereon.

The CD&R Stockholder holds a significant equity interest in our business and may exercise influence over us, including through their ability to designate up to two directors to our board of directors, and its interests as a preferred equity holder may diverge from, or even conflict with, the interests of our other holders of our common stock.

As of June 29, 2024, the CD&R Stockholder beneficially owns shares of our common stock and Preferred Stock, which, taken together on an as-converted basis, represent approximately 11% of our total voting power. As a result, the CD&R Stockholder may have the indirect ability to influence our policies and operations. In addition, under the Investment Agreement, the CD&R Stockholder is entitled to appoint up to two directors to our board of directors, subject to specified minimum ownership requirements. Both Nathan K. Sleeper and John Stroup, partners at CD&R, currently serve as directors. With such representation on our board of directors, the CD&R Stockholder has influence over the appointment of management and any action requiring the vote of our board of directors, including significant corporate action such as mergers and sales of substantially all of our assets. Additionally, for so long as the CD&R Stockholder owns Preferred Stock, certain matters will require the approval of the CD&R Stockholder, including: (1) amendments to our certificate of incorporation, the certificate of designations for the Preferred Stock or our bylaws that would alter or change the terms or the powers, preferences, rights or privileges of the Preferred Stock as to affect them adversely; (2) authorizing, creating, increasing the authorized amount of, or issuing any class or series of equity securities that rank senior to or on par with the Preferred Stock; (3) increasing or decreasing the authorized number of shares of Preferred Stock; (4) amending certain debt financing documents to include limitations on our ability to accrue dividends on the Preferred Stock that are more restrictive in any material respect than those set forth in our existing debt financing documents; or (5) adopting any plan of liquidation or filing any voluntary petition for bankruptcy, receivership or any similar proceeding. The CD&R Stockholder and its affiliates are in the business of making or advising on investments in companies, including businesses that may directly or indirectly compete with certain portions of our business. In addition, the CD&R Stockholder may have an interest in pursuing acquisitions, divestitures, financings or other transactions that, in their judgment, could enhance their overall equity investment and have a negative impact to holders of our common stock as a whole.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

Issuer Purchases of Equity Securities

During the three months ended September 28, 2024, we did not make any common share repurchases. As of September 28, 2024, we had approximately \$108 million of authorized repurchases remaining under the Share Repurchase Program.

Item 5. Other Information.

During the three months ended September 28, 2024, no director or officer of the Company adopted, modified or terminated a Rule 10b5-1 trading arrangement or non-Rule 10b5-1 trading arrangement, as each term is defined in Item 408(a) of Regulation S-K.

Item 6. Exhibits.

The Exhibits listed below on the Exhibit Index are filed or incorporated by reference as part of this Quarterly Report.

EXHIBIT INDEX

Exhibit Number	Exhibit Description
4.1	Indenture, dated as of July 17, 2024, among Resideo Funding Inc., as issuer, Resideo Technologies, Inc., the other guarantors named therein, and U.S. Bank Trust Company, National Association, as trustee (incorporated by reference to Exhibit 4.1 to Resideo's Form 8-K filed on July 17, 2024, File No. 001-38635)
4.2	Fifth Supplemental Indenture dated July 17, 2024, (incorporated by reference to Exhibit 4.2 to Resideo's Form 10-Q filed on August 9, 2024, File No. 001-38635)
10.1	Employment Agreement Letter with Michael Carlet, dated August 8, 2024 (filed herewith)
10.2	Employment Agreement Letter with Anthony Trunzo, dated August 8, 2024 (filed herewith)
10.3	Employment Agreement Letter with Dana Huth, dated August 8, 2024 (filed herewith)
31.1	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)
31.2	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)
32.1	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)
32.2	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)
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)
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

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: November 7, 2024

By: /s/ Michael Carlet

Michael Carlet
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

Date: November 7, 2024

By: /s/ Tina Beskid

Tina Beskid
Vice President, Controller, and Chief Accounting Officer
(Principal Accounting Officer)

August 8, 2024

Michael Carlet

Re: Offer

Dear Mike:

I am pleased to extend to you this offer to become Executive Vice President, Chief Financial Officer for Resideo Technologies, Inc. ("Resideo" or "Company") based in Charlotte, North Carolina. This offer letter ("Offer Letter") contains the terms of your offer of employment as of August 9, 2024 (the "Effective Date"). This offer is contingent upon your appointment as an officer by the Board of Directors (the "Board") and approval by the Compensation and Human Capital Management Committee of the Board (the "CHCMC").

Entire Agreement

As you know, on June 14, 2024, Resideo Technologies, Inc. ("Resideo") through its affiliate and Snap One Holdings Corp. ("Snap One") closed on a transaction pursuant to which Snap One became a wholly owned subsidiary of Resideo.

This Offer Letter represents the entire agreement between you and Resideo regarding your continued employment following the Effective Date. For the avoidance of doubt, this Offer Letter supersedes and replaces the Employment Agreement between you and Snap One (or its applicable affiliate) dated July 18, 2023, with the exception of any non-disclosure, non-competition, non-solicitation, or assignment of inventions provisions which shall remain in effect following the Effective Date.

Your continued employment under this Offer Letter will begin on the Effective Date and will continue until terminated by you or Resideo, as the case may be.

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 be \$575,000, less applicable withholdings.

Base salary reviews occur annually, and any adjustments are subject to approval of the CHCMC and are generally effective at the end of the first quarter of the calendar year.

Merit Eligibility

You will next be eligible for a merit increase in 2025, subject to approval of the CHCMC.

Bonus Plan (Resideo Bonus Plan)

Following the Effective Date, you will be eligible for an annual bonus with a target bonus of 100% of your annual cash base salary earnings during each year. Your 2024 annual bonus will be pro-rated as follows: (1) for the period January 1, 2024 through August 8, 2024, your target bonus percentage will be 85% and payout for this period will be based on the Snap One bonus plan metrics and Snap One financial results; and (2) for the period from the Effective Date through December 31, 2024, your target bonus percentage will be 100% and payout for this period will be based on the Resideo Bonus Plan metrics and Resideo financial results. Incentive compensation awards are paid in the first quarter of the following year (e.g., in the first quarter of 2025 for 2024 services).

Annual Long-Term Incentive Awards

Beginning in 2025, you will be eligible for annual long-term incentive ("LTI") awards targeted at \$2,000,000, which may consist of time-based restricted stock units ("RSUs") and performance-based restricted stock units ("PSUs"), or some combination thereof. The actual size and mix of your annual LTI awards will be determined by CHCMC. The terms of all LTI awards are governed by the terms of the applicable stock plan and the relevant award agreements. Moreover, Resideo reserves the right to modify the design or mix of the LTI award program in the future.

Sign-On Equity Award

You will receive an initial equity award with a grant date value of \$400,000 on the Effective Date, 50% of which will be issued as RSUs and 50% of which will be issued as PSUs with measurements and goals as implemented for the Resideo executive team. The RSUs will vest at a rate of one third (1/3) of the shares on each of the first, second, and third anniversaries of the grant date, provided in all cases you continue to be employed by Resideo on such vesting date. The terms of such sign-on equity awards will be governed by the applicable stock plan and the relevant award agreements.

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.
- *Executive Physical:* You will be eligible for an annual executive physical and related health concierge program under the company's program for officers.
- *Officer Severance Benefits:* You will be covered under the Resideo Technologies, Inc. Severance Plan for Designated Officers (the "Officer Severance Plan") as in effect at the time of your separation. 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. The Officer Severance Plan currently provides that in the event of a covered termination, you shall receive eighteen (18) months of base salary continuation or, in the event of a covered termination following a change in control, twenty-four (24) months of base salary plus two times your annual incentive compensation plus a pro-rata portion of your annual incentive compensation for the year in which the covered termination occurs.
- *Benefits and Perquisites.* You will be entitled to participate in executive-level benefit and perquisite plans.

Except as noted above, through 2024, you will remain on your Snap-One benefit programs.

Non-Compete and Intellectual Property Agreements

Your offer of employment with Resideo as described herein is contingent upon your signing and returning a copy of Resideo's "Noncompete Agreement for Senior Executives" (the "Noncompete Agreement") and the "Employee Agreement Relating to Trade Secrets, Proprietary and Confidential Information" (the "IP Agreement"). The Noncompete Agreement is attached as Exhibit A and the IP Agreement is attached as Exhibit B.

Income Taxes

You are liable for any federal and state income taxes applicable to this Offer Letter, and you acknowledge that you should consult with your own tax advisor regarding the applicable tax consequences.

It is intended that any payments or benefits provided to you pursuant to this Offer Letter will be interpreted and construed in favor of complying with any applicable requirements of the Internal Revenue Code, Section 409A, including as necessary to avoid the imposition of additional tax



August 8, 2024

Tony Trunzo

Re: *Terms and Conditions of Employment*

Dear Tony:

I am pleased to confirm your role as Senior Vice President, Executive Advisor, effective August 9, 2024 (the "Effective Date"), reporting directly to Jay Geldmacher, President & CEO.

This letter represents the agreement between you and Resideo regarding your continued employment following the Effective Date. For the avoidance of doubt, this Letter supersedes and replaces the offer letter dated May 22, 2020 ("2020 Offer Letter"), with the exception of any non-disclosure, non-competition, non-solicitation, or assignment of inventions provisions which shall remain in effect following the Effective Date.

COMPENSATION

Base Salary: Your annual base salary remains unchanged at \$669,900.

Annual Incentive Compensation: Your target incentive compensation opportunity remains 100% of your base salary earnings during the year.

Annual Long-term Incentive Compensation: You will no longer be eligible for annual long-term incentive compensation grants.

OTHER EXECUTIVE BENEFITS

- *Excess Liability Insurance:* Resideo will continue to pay the annual premium for an Excess Liability Insurance policy that provides \$5,000,000 of personal liability umbrella coverage per occurrence.
- *Executive Physical:* You will remain eligible for the annual executive physical program.

NON-COMPETITION AND IP AGREEMENTS

As a condition of the additional severance benefits described below, you are required to execute, in the form attached hereto, Resideo's Technologies, Inc. Noncompete Agreement for Senior Executives ("Noncompete Agreement") and the Employee Agreement Relating to Trade Secrets, Proprietary and Confidential Information (the "IP Agreement"). The Noncompete Agreement is attached as Exhibit A and the IP Agreement is attached as Exhibit B.

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ADDITIONAL SEVERANCE BENEFITS

Executive Severance: You will be eligible for severance under the Severance Pay Plan for Designated Executive Employees of Resideo Technologies, Inc. (the “Executive Severance Plan”). In the event you are involuntarily terminated other than for “cause” (as that term is defined in the Executive Severance Plan) within 12 months of the Effective Date, and so long as you remain in compliance with the terms of the IP Agreement and the Noncompete Agreement, you shall be eligible for eighteen (18) months of salary continuation (instead of, and not in addition to, the 9 months of salary continuation provided for in the Executive Severance Plan). Thereafter, you will be subject to the standard terms of the Executive Severance Plan.

ACCEPTANCE OF TERMS

Please indicate your acceptance of these terms by electronically signing this letter, the IP Agreement and the Noncompete Agreement via Docusign. By accepting these terms, you specifically agree that this role change does not constitute "good reason" as defined in your 2020 Offer Letter, and you acknowledge that such "good reason" trigger is no longer applicable as of the Effective Date.

If you have any questions or need further information, please contact Steve Kelly.

Steve Kelly
EVP, Chief Human Resources Officer

Read and Accepted:

/s/ Tony Trunzo 8/8/2024

_____ _____
TONY TRUNZO Date

All businesses experience changing conditions. Accordingly, we reserve the right to change work assignments, reporting relationships and staffing levels to meet business needs, and your employment with Resideo will be on an "at will" basis. This means that there is no guarantee of employment for any specific period, and either you or Resideo may terminate your employment at any time.

The descriptions of benefits and perquisites described in this offer letter are for general information purposes only and are not intended to modify any plan document, summary plan description ("SPD") or prospectus. For a complete description of any benefit or perquisite, you may request a copy of the applicable plan document, SPD or prospectus. The Company reserves the right to modify, amend or terminate any benefit plan or perquisite in its sole and absolute discretion.

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August 8, 2024

Dana Huth

Re: *Terms and Conditions of Employment*

Dear Dana:

Per our discussion, below is a summary of the terms and conditions of your employment related to your new role as Senior Vice President, Chief Revenue Officer, P&S, effective August 9, 2024, reporting directly to Tom Surran, President P&S.

COMPENSATION

Base Salary: Your annual base salary remains unchanged at \$540,800.

Annual Incentive Compensation: Your target incentive compensation opportunity remains 80% of your base salary earnings during the year.

Annual Long-term Incentive Compensation: Your LTI compensation target remains \$1,500,000, intended to be awarded as 50% time based restricted stock units and 50% performance stock units. The actual amount may vary based on individual and Company performance and the discretion of the Compensation and Human Capital Management Committee of the Board of Directors (the "CHCM Committee").

OTHER EXECUTIVE BENEFITS

- *Excess Liability Insurance:* Resideo will continue to pay the annual premium for an Excess Liability Insurance policy that provides \$5,000,000 of personal liability umbrella coverage per occurrence.
- *Executive Physical:* You will remain eligible for the annual executive physical program.

NON-COMPETITION AND INTELLECTUAL PROPERTY AGREEMENTS

As a condition of the additional severance benefits described below, you are required to execute Resideo's Technologies, Inc. Noncompete Agreement for Senior Executives ("Noncompete Agreement") and the Employee Agreement Relating to Trade Secrets, Proprietary and Confidential Information ("IP Agreement"). The Noncompete Agreement is attached as Exhibit A and the IP Agreement is attached as Exhibit B.

ADDITIONAL SEVERANCE BENEFITS

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Executive Severance: You will be eligible for severance under the Severance Pay Plan for Designated Executive Employees of Resideo Technologies, Inc. (the “Executive Severance Plan”). In the event you are involuntarily terminated other than for “cause” (as that term is defined in the Executive Severance Plan) within 12 months of the date of this letter, and so long as you remain in compliance with the terms of the IP Agreement and the Noncompete Agreement, you shall be eligible for eighteen (18) months of salary continuation (instead of, and not in addition to, the 9 months of salary continuation currently provided for in the Executive Severance Plan). Thereafter, you will be subject to the standard terms of the Executive Severance Plan.

ACCEPTANCE OF TERMS

Please indicate your acceptance of these terms by electronically signing this letter, the IP Agreement and the Noncompete Agreement via Docusign.

If you have any questions or need further information, please contact Steve Kelly.

Steve Kelly

EVP, Chief Human Resources Officer

Read and Accepted:

/s/ Dana Huth

8/8/2024

DANA HUTH

Date

All businesses experience changing conditions. Accordingly, we reserve the right to change work assignments, reporting relationships and staffing levels to meet business needs, and your employment with Resideo will be on an "at will" basis. This means that there is no guarantee of employment for any specific period, and either you or Resideo may terminate your employment at any time.

The descriptions of benefits and perquisites described in this offer letter are for general information purposes only and are not intended to modify any plan document, summary plan description (“SPD”) or prospectus. For a complete description of any benefit or perquisite, you may request a copy of the applicable plan document, SPD or prospectus. The Company reserves the right to modify, amend or terminate any benefit plan or perquisite in its sole and absolute discretion.

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

I, Jay Geldmacher, 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; and
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: November 7, 2024

By: /s/ Jay Geldmacher
Jay Geldmacher
President and Chief Executive Officer

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

I, Michael Carlet, 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; and
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: November 7, 2024

By: /s/ Michael Carlet

Michael Carlet

Executive Vice President and 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 ended September 28, 2024 as filed with the Securities and Exchange Commission on the date hereof (the Report), I, Jay Geldmacher, 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: November 7, 2024

By: /s/ Jay Geldmacher

Jay Geldmacher

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 ended September 28, 2024 as filed with the Securities and Exchange Commission on the date hereof (the Report), I, Michael Carlet, Executive Vice President and 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: November 7, 2024

By: /s/ Michael Carlet

Michael Carlet

Executive Vice President and Chief Financial Officer