

**Motorola Solutions, Inc. and Subsidiaries**  
**Condensed Consolidated Statements of Operations**  
(In millions, except per share amounts)

	Three Months Ended	
	March 30, 2024	April 1, 2023
Net sales from products	\$ 1,405	\$ 1,224
Net sales from services	984	947
Net sales	2,389	2,171
Costs of products sales	600	576
Costs of services sales	597	549
Costs of sales	1,197	1,125
Gross margin	1,192	1,046
Selling, general and administrative expenses	397	368
Research and development expenditures	218	210
Other charges	19	14
Intangibles amortization	39	55
Operating earnings	519	399
Other income (expense):		
Interest expense, net	(44)	(54)
Gain on sales of investments and businesses, net	—	1
Other, net	(565)	12
Total other expense	(609)	(41)
Earnings (loss) before income taxes	(90)	358
Income tax expense (benefit)	(52)	79
Net earnings (loss)	(38)	279
Less: Earnings attributable to non-controlling interests	1	1
Net earnings (loss) attributable to Motorola Solutions, Inc.	\$ (39)	\$ 278
Earnings (loss) per common share:		
Basic	\$ (0.23)	\$ 1.66
Diluted	\$ (0.23)	\$ 1.61
Weighted average common shares outstanding:		
Basic	166.3	167.4
Diluted	166.3	172.6
	<b>Percentage of Net Sales*</b>	
Net sales from products	58.8 %	56.4 %
Net sales from services	41.2 %	43.6 %
Net sales	100.0 %	100.0 %
Costs of products sales	42.7 %	47.1 %
Costs of services sales	60.7 %	58.0 %
Costs of sales	50.1 %	51.8 %
Gross margin	49.9 %	48.2 %
Selling, general and administrative expenses	16.6 %	17.0 %
Research and development expenditures	9.1 %	9.7 %
Other charges	0.8 %	0.6 %
Intangibles amortization	1.6 %	2.5 %
Operating earnings	21.7 %	18.4 %
Other income (expense):		
Interest expense, net	(1.8)%	(2.5)%
Gain on sales of investments and businesses, net	— %	— %
Other, net	(23.7)%	0.6 %
Total other expense	(25.5)%	(1.9)%
Earnings (loss) before income taxes	(3.8)%	16.5 %
Income tax expense (benefit)	(2.2)%	3.6 %
Net earnings (loss)	(1.6)%	12.9 %
Less: Earnings attributable to non-controlling interests	— %	— %
Net earnings (loss) attributable to Motorola Solutions, Inc.	(1.6)%	12.8 %

\* Percentages may not add up due to rounding

**Motorola Solutions, Inc. and Subsidiaries**  
**Condensed Consolidated Balance Sheets**  
(In millions)

	March 30, 2024	December 31, 2023
<b>Assets</b>		
Cash and cash equivalents	\$ 1,512	\$ 1,705
Accounts receivable, net	1,592	1,710
Contract assets	1,127	1,102
Inventories, net	840	827
Other current assets	450	357
Current assets held for disposition	—	24
<b>Total current assets</b>	<b>5,521</b>	<b>5,725</b>
Property, plant and equipment, net	957	964
Operating lease assets	534	495
Investments	141	143
Deferred income taxes	1,244	1,062
Goodwill	3,410	3,401
Intangible assets, net	1,232	1,255
Other assets	287	274
Non-current assets held for disposition	—	17
<b>Total assets</b>	<b>\$ 13,326</b>	<b>\$ 13,336</b>
<b>Liabilities and Stockholders' Equity</b>		
Current portion of long-term debt	\$ 313	\$ 1,313
Accounts payable	822	881
Contract liabilities	1,890	2,037
Accrued liabilities	1,601	1,504
Current liabilities held for disposition	—	1
<b>Total current liabilities</b>	<b>4,626</b>	<b>5,736</b>
Long-term debt	5,994	4,705
Operating lease liabilities	447	407
Other liabilities	1,722	1,741
Non-current liabilities held for disposition	—	8
Total Motorola Solutions, Inc. stockholders' equity	521	724
Non-controlling interests	16	15
<b>Total liabilities and stockholders' equity</b>	<b>\$ 13,326</b>	<b>\$ 13,336</b>

**Motorola Solutions, Inc. and Subsidiaries**  
**Condensed Consolidated Statements of Cash Flows**  
(In millions)

	Three Months Ended	
	March 30, 2024	April 1, 2023
<b>Operating</b>		
Net earnings (loss)	\$ (38)	\$ 279
Adjustments to reconcile Net earnings (loss) to Net cash provided by (used for) operating activities:		
Depreciation and amortization	83	98
Non-cash other charges	3	7
Share-based compensation expenses	56	55
Gain on sales of investments and businesses, net	—	(1)
Loss from the extinguishment of Silver Lake Convertible Debt	585	—
Changes in assets and liabilities, net of effects of acquisitions, dispositions, and foreign currency translation adjustments:		
Accounts receivable	113	179
Inventories	(7)	(26)
Other current assets and contract assets	(123)	(40)
Accounts payable, accrued liabilities and contract liabilities	(90)	(536)
Other assets and liabilities	(19)	(5)
Deferred income taxes	(181)	(18)
Net cash provided by (used for) operating activities	<u>382</u>	<u>(8)</u>
<b>Investing</b>		
Acquisitions and investments, net	(37)	(4)
Proceeds from sales of investments and businesses, net	36	5
Capital expenditures	(46)	(54)
Net cash used for investing activities	<u>(47)</u>	<u>(53)</u>
<b>Financing</b>		
Repayments of debt	(1,593)	—
Net proceeds from issuance of debt	1,288	—
Issuances of common stock	(5)	26
Purchases of common stock	(39)	(140)
Payments of dividends	(163)	(148)
Payments of dividends to non-controlling interests	—	(1)
Net cash used for financing activities	<u>(512)</u>	<u>(263)</u>
Effect of exchange rate changes on total cash and cash equivalents	(16)	21
Net decrease in total cash and cash equivalents	<u>(193)</u>	<u>(303)</u>
Cash and cash equivalents, beginning of period	1,705	1,325
Cash and cash equivalents, end of period	<u>\$ 1,512</u>	<u>\$ 1,022</u>

**Motorola Solutions, Inc. and Subsidiaries**  
**Reconciliation of Net Cash Provided by Operating Activities to Free Cash Flow**  
**(In millions)**

	<u>Three Months Ended</u>	
	<u>March 30, 2024</u>	<u>April 1, 2023</u>
Net cash provided by (used for) operating activities	\$ 382	\$ (8)
Capital expenditures	(46)	(54)
Free cash flow	<u>\$ 336</u>	<u>\$ (62)</u>

**Motorola Solutions, Inc. and Subsidiaries**  
**Reconciliation of Net Earnings Attributable to MSI to Non-GAAP Net Earnings Attributable to MSI**  
(In millions)

Statement Line	Three Months Ended	
	March 30, 2024	April 1, 2023
Net earnings (loss) attributable to MSI	\$ (39)	\$ 278
Non-GAAP adjustments before income taxes:		
Loss from the extinguishment of Silver Lake Convertible Debt	Other (income) expense \$ 585	\$ —
Share-based compensation expenses	Cost of sales, SG&A and R&D 56	55
Intangible assets amortization expense	Intangibles amortization 39	55
Reorganization of business charges	Cost of sales and Other charges (income) 10	13
Legal settlements	Other charges (income) 6	—
Acquisition-related transaction fees	Other charges (income) 4	2
Investment impairments	Other (income) expense 3	6
Operating lease asset impairments	Other charges (income) 3	3
Fair value adjustments to equity investments	Other (income) expense 2	(3)
Hytera-related legal expenses	SG&A 1	3
Adjustments to uncertain tax positions	Interest income, net 1	—
Fixed asset impairments	Other charges (income) —	2
Gain on sales of investments	(Gain) or loss on sales of investments and businesses, net —	(1)
Total Non-GAAP adjustments before income taxes	\$ 710	\$ 135
Income tax expense on Non-GAAP adjustments	189	29
Total Non-GAAP adjustments after income taxes	521	106
Non-GAAP Net earnings attributable to MSI	<u>\$ 482</u>	<u>\$ 384</u>

**Calculation of Non-GAAP Tax Rate**  
(In millions)

	Three Months Ended	
	March 30, 2024	April 1, 2023
Net earnings (loss) before income taxes	\$ (90)	\$ 358
Total Non-GAAP adjustments before income taxes*	710	135
Non-GAAP Net earnings before income taxes	620	493
Income tax expense (benefit)	(52)	79
Income tax expense on Non-GAAP adjustments**	189	29
Total Non-GAAP Income tax expense	\$ 137	\$ 108
Non-GAAP Tax rate	22.1 %	21.9 %

\*See reconciliation on Non-GAAP-2 table above for detail on Non-GAAP adjustments before income taxes

\*\*Income tax impact of highlighted items

## Reconciliation of Earnings Per Share to Non-GAAP Earnings Per Share\*

Statement Line	Three Months Ended	
	March 30, 2024	April 1, 2023
Net earnings (loss) attributable to MSI	\$ (0.23)	\$ 1.61
Adjust for dilution**	—	—
Diluted gains (loss) attributable to MSI	\$ (0.23)	\$ 1.61
Non-GAAP adjustments before income taxes:		
Loss from the extinguishment of Silver Lake Convertible Debt	Other (income) expense \$ 3.42	\$ —
Share-based compensation expenses	Cost of sales, SG&A and R&D 0.32	0.32
Intangible assets amortization expense	Intangibles amortization 0.23	0.32
Reorganization of business charges	Cost of sales and Other charges (income) 0.05	0.08
Legal settlements	Other charges (income) 0.03	—
Acquisition-related transaction fees	Other charges (income) 0.02	0.01
Investment impairments	Other (income) expense 0.02	0.03
Operating lease asset impairments	Other charges (income) 0.02	0.02
Fair value adjustments to equity investments	Other (income) expense 0.01	(0.02)
Hytera-related legal expenses	SG&A 0.01	0.02
Adjustments to uncertain tax positions	Interest income, net 0.01	—
Fixed asset impairments	Other charges (income) —	0.01
Gain on sales of investments	(Gain) or loss on sales of investments and businesses, net —	(0.01)
Total Non-GAAP adjustments before income taxes	\$ 4.14	\$ 0.78
Income tax expense on Non-GAAP adjustments	1.10	0.17
Total Non-GAAP adjustments after income taxes	3.04	0.61
Non-GAAP Net earnings attributable to MSI	\$ 2.81	\$ 2.22
GAAP Diluted Weighted Average Common Shares	166.3	172.6
Adjusted for dilutive shares outstanding**	5.0	—
Non-GAAP Diluted Weighted Average Common Shares	171.3	172.6

\*Indicates Non-GAAP Diluted EPS

\*\* Under U.S. GAAP, the accounting for a net loss from continuing operations results in the presentation of diluted earnings per share equal to basic earnings per share, as any increase in basic shares would be anti-dilutive to earnings per share. As a result of the highlighted items identified during Q1 2024, the Company reported a net loss from continuing operations for the three months ended March 30, 2024 within our GAAP Condensed Consolidated Statement of Operations, while reporting earnings on a non-GAAP basis over the same periods. An adjustment is reflected to correct for the dilution of 5 million dilutive shares outstanding in Q1 2024.

**Motorola Solutions, Inc. and Subsidiaries**  
**Reconciliations of Operating Earnings to Non-GAAP Operating Earnings and Operating Margin to Non-GAAP Operating Margin**  
(In millions)

	Three Months Ended					
	March 30, 2024			April 1, 2023		
	Products and Systems Integration	Software and Services	Total	Products and Systems Integration	Software and Services	Total
Net sales	\$ 1,490	\$ 899	\$ 2,389	\$ 1,303	\$ 868	\$ 2,171
Operating earnings ("OE")	\$ 310	\$ 209	\$ 519	\$ 176	\$ 223	\$ 399
Above OE non-GAAP adjustments:						
Share-based compensation expenses	39	17	56	40	15	55
Intangible assets amortization expense	9	30	39	13	42	55
Reorganization of business charges	8	2	10	11	2	13
Legal settlements	1	5	6	—	—	—
Acquisition-related transaction fees	—	4	4	—	2	2
Operating lease asset impairments	2	1	3	2	1	3
Hytera-related legal expenses	1	—	1	3	—	3
Fixed asset impairments	—	—	—	1	1	2
Total above-OE non-GAAP adjustments	60	59	119	70	63	133
Operating earnings after non-GAAP adjustments	<b>\$ 370</b>	<b>\$ 268</b>	<b>\$ 638</b>	<b>\$ 246</b>	<b>\$ 286</b>	<b>\$ 532</b>
Operating earnings as a percentage of net sales - GAAP	20.8 %	23.2 %	21.7 %	13.5 %	25.7 %	18.4 %
Operating earnings as a percentage of net sales - after non-GAAP adjustments	24.8 %	29.8 %	26.7 %	18.9 %	32.9 %	24.5 %

**Motorola Solutions, Inc. and Subsidiaries**  
**Reconciliation of Revenue to Non-GAAP Organic Revenue**  
(In millions)

	Three Months Ended		% Change
	March 30, 2024	April 1, 2023	
Net sales	\$ 2,389	\$ 2,171	10 %
Non-GAAP adjustments:			
Sales from acquisitions	10	—	
Organic revenue	\$ 2,379	\$ 2,171	10 %



**Motorola Solutions, Inc. and Subsidiaries**  
**Reconciliation of Net Sales to Net Sales Adjusted for the U.K. Home Office**  
(In millions)

	Three Months Ended		% Change
	March 30, 2024	April 1, 2023	
Software and Services net sales	\$ 899	\$ 868	4 %
U.K. Home Office net sales	(101)	(156)	
<b>Software and Services net sales adjusted for the U.K. Home Office</b>	<b>\$ 798</b>	<b>\$ 712</b>	<b>12 %</b>
Net sales	\$ 2,389	\$ 2,171	10 %
U.K. Home Office net sales	(101)	(156)	
<b>Net sales adjusted for the U.K. Home Office</b>	<b>\$ 2,288</b>	<b>\$ 2,015</b>	<b>14 %</b>