

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

	Three Months Ended	
	March 29, 2025	March 30, 2024
Net sales from products	\$ 1,448	\$ 1,405
Net sales from services	1,080	984
Net sales	2,528	2,389
Costs of products sales	573	600
Costs of services sales	655	597
Costs of sales	1,228	1,197
Gross margin	1,300	1,192
Selling, general and administrative expenses	436	397
Research and development expenditures	233	218
Other charges	12	19
Intangibles amortization	37	39
Operating earnings	582	519
Other income (expense):		
Interest expense, net	(51)	(44)
Other, net	16	(565)
Total other expense	(35)	(609)
Earnings (loss) before income taxes	547	(90)
Income tax expense (benefit)	115	(52)
Net earnings (loss)	432	(38)
Less: Earnings attributable to non-controlling interests	2	1
Net earnings (loss) attributable to Motorola Solutions, Inc.	\$ 430	\$ (39)
Earnings (loss) per common share:		
Basic	\$ 2.58	\$ (0.23)
Diluted	\$ 2.53	\$ (0.23)
Weighted average common shares outstanding:		
Basic	166.9	166.3
Diluted	169.8	166.3

	Percentage of Net Sales*	
Net sales from products	57.3 %	58.8 %
Net sales from services	42.7 %	41.2 %
Net sales	100.0 %	100.0 %
Costs of products sales	39.6 %	42.7 %
Costs of services sales	60.6 %	60.7 %
Costs of sales	48.6 %	50.1 %
Gross margin	51.4 %	49.9 %
Selling, general and administrative expenses	17.2 %	16.6 %
Research and development expenditures	9.2 %	9.1 %
Other charges	0.5 %	0.8 %
Intangibles amortization	1.5 %	1.6 %
Operating earnings	23.0 %	21.7 %
Other income (expense):		
Interest expense, net	(2.0)%	(1.8)%
Other, net	0.6 %	(23.7)%
Total other expense	(1.4)%	(25.5)%
Earnings (loss) before income taxes	21.6 %	(3.8)%
Income tax expense (benefit)	4.5 %	(2.2)%
Net earnings (loss)	17.1 %	(1.6)%
Less: Earnings attributable to non-controlling interests	0.1 %	— %
Net earnings (loss) attributable to Motorola Solutions, Inc.	17.0 %	(1.6)%

* Percentages may not add up due to rounding

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

	March 29, 2025	December 31, 2024
Assets		
Cash and cash equivalents	\$ 1,564	\$ 2,102
Accounts receivable, net	1,770	1,952
Contract assets	1,288	1,230
Inventories, net	833	766
Other current assets	444	429
Total current assets	5,899	6,479
Property, plant and equipment, net	1,039	1,022
Operating lease assets	521	529
Investments	161	135
Deferred income taxes	1,236	1,280
Goodwill	3,841	3,526
Intangible assets, net	1,353	1,249
Other assets	383	375
Total assets	\$ 14,433	\$ 14,595
Liabilities and Stockholders' Equity		
Current portion of long-term debt	\$ 322	\$ 322
Accounts payable	845	1,018
Contract liabilities	1,983	2,072
Accrued liabilities	1,772	1,643
Total current liabilities	4,922	5,055
Long-term debt	5,677	5,675
Operating lease liabilities	412	427
Other liabilities	1,763	1,719
Total Motorola Solutions, Inc. stockholders' equity	1,641	1,703
Non-controlling interests	18	16
Total liabilities and stockholders' equity	\$ 14,433	\$ 14,595

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

	Three Months Ended	
	March 29, 2025	March 30, 2024
Operating		
Net earnings (loss)	\$ 432	\$ (38)
Adjustments to reconcile Net earnings (loss) to Net cash provided by operating activities:		
Depreciation and amortization	81	83
Non-cash other charges	7	3
Share-based compensation expenses	66	56
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	197	113
Inventories	(62)	(7)
Other current assets and contract assets	(78)	(123)
Accounts payable, accrued liabilities and contract liabilities	(175)	(90)
Other assets and liabilities	25	(19)
Deferred income taxes	17	(181)
Net cash provided by operating activities	510	382
Investing		
Acquisitions and investments, net	(450)	(37)
Proceeds from sales of investments and businesses, net	10	36
Capital expenditures	(37)	(46)
Net cash used for investing activities	(477)	(47)
Financing		
Repayments of debt	—	(1,593)
Net proceeds from issuance of debt	—	1,288
Issuances of common stock, net of tax	(90)	(5)
Purchases of common stock	(325)	(39)
Payments of dividends	(182)	(163)
Net cash used for financing activities	(597)	(512)
Effect of exchange rate changes on total cash and cash equivalents	26	(16)
Net decrease in total cash and cash equivalents	(538)	(193)
Cash and cash equivalents, beginning of period	2,102	1,705
Cash and cash equivalents, end of period	\$ 1,564	\$ 1,512

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

	Three Months Ended	
	March 29, 2025	March 30, 2024
Net cash provided by operating activities	\$ 510	\$ 382
Capital expenditures	(37)	(46)
Free cash flow	<u>\$ 473</u>	<u>\$ 336</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 29, 2025	March 30, 2024
Net earnings attributable to MSI	\$ 430	\$ (39)
Non-GAAP adjustments before income taxes:		
Share-based compensation expenses	Cost of sales, SG&A and R&D \$ 66	\$ 56
Intangible assets amortization expense	Intangibles amortization 37	39
Reorganization of business charges	Cost of sales and Other charges (income) 17	10
Hytera-related legal expenses	SG&A 14	1
Acquisition-related transaction fees	Other charges (income) 6	4
Fair value adjustments to equity investments	Other (income) expense 5	2
Legal settlements	Other charges (income) 4	6
Assessments of uncertain tax positions	Interest income, net, Other (income) expense 1	1
Loss from the extinguishment of Silver Lake Convertible Debt	Other (income) expense —	585
Operating lease asset impairments	Other charges (income) —	3
Investment impairments	Other (income) expense —	3
Gain on Hytera legal settlement	Other charges (income) (10)	—
Total Non-GAAP adjustments before income taxes	\$ 140	\$ 710
Income tax expense on Non-GAAP adjustments	30	189
Total Non-GAAP adjustments after income taxes	110	521
Non-GAAP Net earnings attributable to MSI	<u>\$ 540</u>	<u>\$ 482</u>

Calculation of Non-GAAP Tax Rate
(In millions)

	Three Months Ended	
	March 29, 2025	March 30, 2024
Net earnings before income taxes	\$ 547	\$ (90)
Total Non-GAAP adjustments before income taxes*	140	710
Non-GAAP Net earnings before income taxes	687	620
Income tax expense (benefit)	115	(52)
Income tax expense on Non-GAAP adjustments**	30	189
Total Non-GAAP Income tax expense	\$ 145	\$ 137
Non-GAAP Tax rate	21.1 %	22.1 %

*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 29, 2025	March 30, 2024
Net earnings attributable to MSI		\$ 2.53	\$ (0.23)
Non-GAAP adjustments before income taxes:			
Share-based compensation expenses	Cost of sales, SG&A and R&D	\$ 0.39	\$ 0.32
Intangible assets amortization expense	Intangibles amortization	0.22	0.23
Reorganization of business charges	Cost of sales and Other charges (income)	0.10	0.05
Hytera-related legal expenses	SG&A	0.08	0.01
Acquisition-related transaction fees	Other charges (income)	0.03	0.02
Fair value adjustments to equity investments	Other (income) expense	0.03	0.01
Legal settlements	Other charges (income)	0.02	0.03
Assessments of uncertain tax positions	Interest income, net, Other (income) expense	0.01	0.01
Loss from the extinguishment of Silver Lake Convertible Debt	Other (income) expense	—	3.42
Operating lease asset impairments	Other charges (income)	—	0.02
Investment impairments	Other (income) expense	—	0.02
Gain on Hytera legal settlement	Other charges (income)	(0.06)	—
Total Non-GAAP adjustments before income taxes		\$ 0.82	\$ 4.14
Income tax expense on Non-GAAP adjustments		0.17	1.10
Total Non-GAAP adjustments after income taxes		0.65	3.04
Non-GAAP Net earnings attributable to MSI		<u>\$ 3.18</u>	<u>\$ 2.81</u>
GAAP Diluted Weighted Average Common Shares		169.8	166.3
Adjusted for dilutive shares outstanding**		—	5.0
Non-GAAP Diluted Weighted Average Common Shares		<u>169.8</u>	<u>171.3</u>

*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 29, 2025			March 30, 2024		
	Products and Systems Integration	Software and Services	Total	Products and Systems Integration	Software and Services	Total
Net sales	\$ 1,546	\$ 982	\$ 2,528	\$ 1,490	\$ 899	\$ 2,389
Operating earnings ("OE")	\$ 352	\$ 230	\$ 582	\$ 310	\$ 209	\$ 519
Above OE non-GAAP adjustments:						
Share-based compensation expenses	48	18	66	39	17	56
Intangible assets amortization expense	16	21	37	9	30	39
Reorganization of business charges	12	5	17	8	2	10
Hytera-related legal expenses	14	—	14	1	—	1
Acquisition-related transaction fees	—	6	6	—	4	4
Legal settlements	2	2	4	1	5	6
Operating lease asset impairments	—	—	—	2	1	3
Gain on Hytera legal settlement	(10)	—	(10)	—	—	—
Total above-OE non-GAAP adjustments	82	52	134	60	59	119
Operating earnings after non-GAAP adjustments	\$ 434	\$ 282	\$ 716	\$ 370	\$ 268	\$ 638
Operating earnings as a percentage of net sales - GAAP	22.8 %	23.4 %	23.0 %	20.8 %	23.2 %	21.7 %
Operating earnings as a percentage of net sales - after non-GAAP adjustments	28.1 %	28.7 %	28.3 %	24.8 %	29.8 %	26.7 %

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

	Three Months Ended		% Change
	March 29, 2025	March 30, 2024	
Net sales	\$ 2,528	\$ 2,389	6 %
Non-GAAP adjustments:			
Sales from acquisitions	32	—	
Organic revenue	\$ 2,496	\$ 2,389	4 %