UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended March 30, 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: 000-19406

Zebra Technologies Corporation

(Exact name of registrant as specified in its charter)

Delaware	**36-2675536**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

3 Overlook Point, Lincolnshire, IL 60069
(Address of principal executive offices) (Zip Code)

Registrant’s telephone number, including area code: **(847) 634-6700**

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

Title of each class	**Trading Symbol(s)**	**Name of exchange on which registered**
Class A Common Stock, par value $.01 per share	ZBRA	The NASDAQ Stock Market, LLC

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

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

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

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

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

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

As of April 23, 2024, there were 51,419,403 shares of Class A Common Stock, $.01 par value, outstanding.

ZEBRA TECHNOLOGIES CORPORATION AND SUBSIDIARIES
QUARTER ENDED MARCH 30, 2024
TABLE OF CONTENTS

		PAGE

Table of Contents

PART I - FINANCIAL INFORMATION

Item 1. Consolidated Financial Statements

ZEBRA TECHNOLOGIES CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(In millions, except share data)

	March 30, 2024	December 31, 2023
	(Unaudited)	
Assets		
Current assets:		
Cash and cash equivalents	$ 127	$ 137
Accounts receivable, net of allowances for doubtful accounts of $1 each as of March 30, 2024 and December 31, 2023	599	521
Inventories, net	705	804
Income tax receivable	36	63
Prepaid expenses and other current assets	160	147
Total Current assets	1,627	1,672
Property, plant and equipment, net	304	309
Right-of-use lease assets	166	169
Goodwill	3,894	3,895
Other intangibles, net	501	527
Deferred income taxes	455	438
Other long-term assets	312	296
Total Assets	$ 7,259	$ 7,306
Liabilities and Stockholders’ Equity		
Current liabilities:		
Current portion of long-term debt	$ 272	$ 173
Accounts payable	467	456
Accrued liabilities	437	504
Deferred revenue	456	458
Income taxes payable	11	7
Total Current liabilities	1,643	1,598
Long-term debt	1,815	2,047
Long-term lease liabilities	151	152
Deferred income taxes	66	67
Long-term deferred revenue	304	312
Other long-term liabilities	111	94
Total Liabilities	4,090	4,270
Stockholders’ Equity:		
Preferred stock, $.01 par value; authorized 10,000,000 shares; none issued	—	—
Class A common stock, $.01 par value; authorized 150,000,000 shares; issued 72,151,857 shares	1	1
Additional paid-in capital	629	615
Treasury stock at cost, 20,751,889 and 20,772,995 shares as of March 30, 2024 and December 31, 2023, respectively	(1,858)	(1,858)
Retained earnings	4,447	4,332
Accumulated other comprehensive loss	(50)	(54)
Total Stockholders’ Equity	3,169	3,036
Total Liabilities and Stockholders’ Equity	$ 7,259	$ 7,306

See accompanying Notes to Consolidated Financial Statements.

ZEBRA TECHNOLOGIES CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(In millions, except share data)
(Unaudited)

	Three Months Ended	
	March 30, 2024	April 1, 2023
Net sales:		
Tangible products	$ 929	$ 1,170
Services and software	246	235
Total Net sales	1,175	1,405
Cost of sales:		
Tangible products	498	618
Services and software	114	120
Total Cost of sales	612	738
Gross profit	563	667
Operating expenses:		
Selling and marketing	148	161
Research and development	138	146
General and administrative	81	99
Amortization of intangible assets	26	26
Acquisition and integration costs	1	—
Exit and restructuring costs	10	10
Total Operating expenses	404	442
Operating income	159	225
Other income (loss), net:		
Foreign exchange gain	3	1
Interest expense, net	(17)	(37)
Other expense, net	(3)	(4)
Total Other expense, net	(17)	(40)
Income before income tax	142	185
Income tax expense	27	35
Net income	$ 115	$ 150
Basic earnings per share	$ 2.24	$ 2.92
Diluted earnings per share	$ 2.23	$ 2.90

See accompanying Notes to Consolidated Financial Statements.

ZEBRA TECHNOLOGIES CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In millions)
(Unaudited)

	Three Months Ended	
	March 30, 2024	April 1, 2023
Net income	$ 115	$ 150
Other comprehensive income (loss), net of tax:		
Changes in unrealized gains (losses) on sales hedging	9	(3)
Foreign currency translation adjustment	(5)	3
Comprehensive income	$ 119	$ 150

See accompanying Notes to Consolidated Financial Statements.

ZEBRA TECHNOLOGIES CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(In millions, except share data)
(Unaudited)

	Class A Common Stock Shares	Class A Common Stock Value	Additional Paid-in Capital	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Loss	Total
Balance at December 31, 2023	51,378,862	$ 1	$ 615	$(1,858)	$ 4,332	$ (54)	$3,036
Issuances of treasury shares related to share-based compensation plans, net of forfeitures	21,312	—	(3)	—	—	—	(3)
Shares withheld to fund withholding tax obligations related to share-based compensation plans	(206)	—	—	—	—	—	—
Share-based compensation	—	—	17	—	—	—	17
Net income	—	—	—	—	115	—	115
Changes in unrealized gains and losses on sales hedging (net of income taxes)	—	—	—	—	—	9	9
Foreign currency translation adjustment	—	—	—	—	—	(5)	(5)
Balance at March 30, 2024	51,399,968	$ 1	$ 629	$(1,858)	$ 4,447	$ (50)	$3,169

	Class A Common Stock Shares	Class A Common Stock Value	Additional Paid-in Capital	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Loss	Total
Balance at December 31, 2022	51,451,500	$ 1	$ 561	$(1,799)	$ 4,036	$ (66)	$2,733
Issuances of treasury shares related to share-based compensation plans, net of forfeitures	29,784	—	5	—	—	—	5
Shares withheld to fund withholding tax obligations related to share-based compensation plans	(504)	—	—	—	—	—	—
Share-based compensation	—	—	18	—	—	—	18
Repurchase of common stock	(55,811)	—	—	(15)	—	—	(15)
Net income	—	—	—	—	150	—	150
Changes in unrealized gains and losses on sales hedging (net of income taxes)	—	—	—	—	—	(3)	(3)
Foreign currency translation adjustment	—	—	—	—	—	3	3
Balance at April 1, 2023	51,424,969	$ 1	$ 584	$(1,814)	$ 4,186	$ (66)	$2,891

See accompanying Notes to Consolidated Financial Statements.

ZEBRA TECHNOLOGIES CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In millions)
(Unaudited)

	Three Months Ended	
	March 30, 2024	April 1, 2023
Cash flows from operating activities:		
Net income	$ 115	$ 150
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	43	44
Share-based compensation	17	18
Deferred income taxes	(21)	(20)
Unrealized (gain) loss on forward interest rate swaps	(13)	13
Other, net	1	2
Changes in operating assets and liabilities:		
Accounts receivable, net	(80)	33
Inventories, net	98	26
Other assets	(9)	(27)
Accounts payable	13	(212)
Accrued liabilities	(28)	(82)
Deferred revenue	(9)	22
Income taxes	43	5
Settlement liability	(45)	(45)
Other operating activities	—	(3)
Net cash provided by (used in) operating activities	125	(76)
Cash flows from investing activities:		
Purchases of property, plant and equipment	(14)	(16)
Proceeds from sale of short-term investments	3	—
Purchases of long-term investments	—	(1)
Net cash used in investing activities	(11)	(17)
Cash flows from financing activities:		
Payments of long-term debt	(284)	(119)
Proceeds from issuance of long-term debt	151	191
Payments for repurchases of common stock	—	(15)
Net (payments) proceeds related to share-based compensation plans	(3)	5
Change in unremitted cash collections from servicing factored receivables	9	8
Other financing activities	3	—
Net cash (used in) provided by financing activities	(124)	70
Effect of exchange rate changes on cash and cash equivalents, including restricted cash	(1)	(1)
Net decrease in cash and cash equivalents, including restricted cash	(11)	(24)
Cash and cash equivalents, including restricted cash, at beginning of period	138	117
Cash and cash equivalents, including restricted cash, at end of period	$ 127	$ 93

See accompanying Notes to Consolidated Financial Statements.

ZEBRA TECHNOLOGIES CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Note 1 Description of Business and Basis of Presentation

Zebra Technologies Corporation and its subsidiaries (“Zebra” or the “Company”) is a global leader providing innovative Enterprise Asset Intelligence (“EAI”) solutions in the automatic identification and data capture solutions industry. We design, manufacture, and sell a broad range of products and solutions, including cloud-based software subscriptions, that capture and move data. We also provide a full range of services, including maintenance, technical support, repair, managed and professional services. End-users of our products, solutions and services include those in retail and e-commerce, manufacturing, transportation and logistics, healthcare, public sector, and other industries. We provide our products, solutions and services globally through a direct sales force and an extensive network of channel partners.

Management prepared these unaudited interim consolidated financial statements according to the rules and regulations of the Securities and Exchange Commission for interim financial information and notes. As permitted under Article 10 of Regulation S-X and the instructions of Form 10-Q, these consolidated financial statements do not include all the information and notes required by United States Generally Accepted Accounting Principles (“GAAP”) for complete financial statements, although management believes that the disclosures made are adequate to make the information not misleading. These interim financial statements should be read in conjunction with the audited consolidated financial statements and notes included in the Annual Report on Form 10-K for the fiscal year ended December 31, 2023.

In the opinion of the Company, these interim financial statements include all adjustments (of a normal, recurring nature) necessary to fairly present its Consolidated Balance Sheet as of March 30, 2024, the Consolidated Statements of Operations, Comprehensive Income, Stockholders’ Equity, and Cash Flows for the three months ended March 30, 2024 and April 1, 2023. These results, however, are not necessarily indicative of the results expected for the full fiscal year ending December 31, 2024.

Note 2 Significant Accounting Policies

For a discussion of our significant accounting policies, see Note 2, Significant Accounting Policies within Part II, Item 8. “Financial Statements and Supplementary Data” in the Annual Report on Form 10-K for the year ended December 31, 2023. There have been no changes to our significant accounting policies since our Annual Report on Form 10-K for the year ended December 31, 2023.

Note 3 Revenues

The Company recognizes revenue to depict the transfer of goods, solutions or services to a customer at an amount that reflects the consideration which it expects to receive for providing those goods, solutions or services.

Revenues for tangible products are generally recognized upon shipment, whereas revenues for services and solution offerings are generally recognized over time by using an output or time-based method, assuming all other criteria for revenue recognition have been met. Revenues for software are recognized either upon delivery or over time using a time-based method, depending on how control is transferred to the customer. In cases where a bundle of products, services, solutions and/or software are delivered to the customer, judgment is required to select the method of progress which best reflects the transfer of control.

Disaggregation of Revenue

The following table presents our Net sales disaggregated by product category for each of our segments (in millions):

	Three Months Ended					
	March 30, 2024			April 1, 2023		
Segment	**Tangible Products**	**Services and Software**	**Total**	**Tangible Products**	**Services and Software**	**Total**
AIT	$ 365	$ 27	$ 392	$ 495	$ 27	$ 522
EVM	564	219	783	675	208	883
Total	$ 929	$ 246	$ 1,175	$ 1,170	$ 235	$ 1,405

In addition, refer to Note 16, Segment Information & Geographic Data for Net sales to customers by geographic region.

Performance Obligations
The Company’s remaining performance obligations relate to repair and support services, as well as software solutions. The aggregated transaction price allocated to remaining performance obligations for arrangements with an original term exceeding one year was $1,126 million and $1,127 million, inclusive of deferred revenue, as of March 30, 2024 and December 31, 2023, respectively. On average, remaining performance obligations as of March 30, 2024 and December 31, 2023 are expected to be recognized over a period of approximately two years.

Contract Balances
Progress on satisfying performance obligations under contracts with customers related to billed revenues is reflected on the Consolidated Balance Sheets in Accounts receivable, net. Progress on satisfying performance obligations under contracts with customers related to unbilled revenues (“contract assets”) is reflected on the Consolidated Balance Sheets as Prepaid expenses and other current assets for revenues expected to be billed within the next twelve months, and Other long-term assets for revenues expected to be billed thereafter. The total contract asset balances were $17 million and $16 million as of March 30, 2024 and December 31, 2023. These contract assets result from timing differences between billing and satisfying performance obligations, as well as the impact from the allocation of the transaction price among performance obligations for contracts that include multiple performance obligations. Contract assets are evaluated for impairment and no impairment losses have been recognized during the three months ended March 30, 2024 and April 1, 2023, respectively.

Deferred revenue on the Consolidated Balance Sheets consists of payments and billings in advance of our performance. The combined short-term and long-term deferred revenue balances were $760 million and $770 million as of March 30, 2024 and December 31, 2023, respectively. During the three months ended March 30, 2024, the Company recognized $146 million in revenue, which was previously included in the beginning balance of deferred revenue as of December 31, 2023. During the three months ended April 1, 2023, the Company recognized $135 million in revenue, which was previously included in the beginning balance of deferred revenue as of December 31, 2022.

Note 4 Inventories

The categories of Inventories, net are as follows (in millions):

	March 30, 2024	**December 31, 2023**
Raw materials [(1)]	$ 370	$ 403
Work in process	5	4
Finished goods	330	397
Total Inventories, net	$ 705	$ 804

(1) Raw material inventories primarily consist of product components as well as supplies used in repair operations.

Note 5 Investments

The carrying value of the Company’s long-term investments, which are included in Other long-term assets on the Consolidated Balance Sheets, was $113 million as of both March 30, 2024 and December 31, 2023.

The Company did not make any payments for the purchase of long-term investments during the three months ended March 30, 2024. During the three months ended April 1, 2023, the Company paid $1 million for the purchase of long-term investments. Net gains and losses related to the Company’s long-term investments are included within Other expense, net on the Consolidated Statements of Operations and were not significant for the three months ended March 30, 2024 or April 1, 2023.

Note 6 Exit and Restructuring Costs

Total charges associated with the 2022 Productivity Plan and the U.S. voluntary retirement plan, which was completed in 2023, were $120 million incurred to date, including $10 million recorded during the three months ended March 30, 2024. The Company expects to incur an additional $10 million in the current year associated with its 2022 Productivity Plan. The costs of these plans are classified within Exit and restructuring on the Consolidated Statements of Operations. The Company’s remaining payment obligations of $12 million, are reflected within Accrued liabilities on the Consolidated Balance Sheets.

The Company’s liability associated with Exit and restructuring was:

Balance as of December 31, 2023	$	22
Exit and restructuring charges		10
Non-cash utilization		(1)
Cash payments		(19)
Balance as of March 30, 2024	$	12

Note 7 Fair Value Measurements

Financial assets and liabilities are measured using inputs from three levels of the fair value hierarchy in accordance with Accounting Standards Codification ("ASC") Topic 820, Fair Value Measurements. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. ASC Topic 820 established a fair value hierarchy that prioritizes observable and unobservable inputs used to measure fair value into the following three broad levels:

- Level 1: Quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs (e.g. U.S. Treasuries and money market funds).
- Level 2: Observable prices that are based on inputs not quoted in active markets but corroborated by market data.
- Level 3: Unobservable inputs are used when little or no market data is available. The fair value hierarchy gives the lowest priority to Level 3 inputs.

In determining fair value, the Company utilizes valuation techniques that maximize the use of observable inputs. In addition, the Company considers counterparty credit risk in the assessment of fair value.

The Company's financial assets and liabilities carried at fair value as of March 30, 2024, are classified below (in millions):

	Level 1	Level 2	Level 3	Total
Assets:				
Foreign exchange contracts (1)	$ —	$ 6	$ —	$ 6
Forward interest rate swap contracts (2)	—	100	—	100
Investments related to the deferred compensation plan	43	—	—	43
Total Assets at fair value	$ 43	$ 106	$ —	$ 149
Liabilities:				
Forward interest rate swap contracts (2)	$ —	$ 33	$ —	$ 33
Liabilities related to the deferred compensation plan	43	—	—	43
Total Liabilities at fair value	$ 43	$ 33	$ —	$ 76

The Company's financial assets and liabilities carried at fair value as of December 31, 2023, are classified below (in millions):

	Level 1	Level 2	Level 3	Total
Assets:				
Forward interest rate swap contracts (2)	$ —	$ 83	$ —	$ 83
Investments related to the deferred compensation plan	41	—	—	41
Total Assets at fair value	$ 41	$ 83	$ —	$ 124
Liabilities:				
Foreign exchange contracts (1)	$ 1	$ 6	$ —	$ 7
Forward interest rate swap contracts (2)	—	28	—	28
Liabilities related to the deferred compensation plan	41	—	—	41
Total Liabilities at fair value	$ 42	$ 34	$ —	$ 76

(1) The fair value of the foreign exchange contracts is calculated as follows:

- Fair value of forward contracts associated with forecasted sales hedges is calculated using the period-end exchange rate adjusted for current forward points.

- Fair value of hedges against net assets denominated in foreign currencies is calculated at the period-end exchange rate adjusted for current forward points unless the hedge has been traded but not settled at period-end (Level 2). If this is the case, the fair value is calculated at the rate at which the hedge is being settled (Level 1).

(2) The fair value of forward interest rate swaps is based upon a valuation model that uses relevant observable market inputs at the quoted intervals, such as forward yield curves, and is adjusted for the Company’s credit risk and the interest rate swap terms.

Note 8 Derivative Instruments

In the normal course of business, the Company is exposed to global market risks, including the effects of changes in foreign currency exchange rates and interest rates. The Company uses derivative instruments to manage its exposure to such risks and may elect to designate certain derivatives as hedging instruments under ASC Topic 815, Derivatives and Hedging (“ASC 815”). The Company formally documents all relationships between designated hedging instruments and hedged items as well as its risk management objectives and strategies for undertaking hedge transactions. The Company does not hold or issue derivatives for trading or speculative purposes.

In accordance with ASC 815, the Company recognizes derivative instruments as either assets or liabilities on the Consolidated Balance Sheets and measures them at fair value. The following table presents the fair value of its derivative instruments (in millions):

	Asset (Liability)		
		Fair Values as of	
	Balance Sheets Classification	March 30, 2024	December 31, 2023
Derivative instruments designated as hedges:			
Foreign exchange contracts	Prepaid expenses and other current assets	$ 6	$ —
Foreign exchange contracts	Accrued liabilities	—	(6)
Total derivative instruments designated as hedges		$ 6	$ (6)
Derivative instruments not designated as hedges:			
Forward interest rate swaps	Prepaid expenses and other current assets	$ 36	$ 34
Forward interest rate swaps	Other long-term assets	64	49
Foreign exchange contracts	Accrued liabilities	—	(1)
Forward interest rate swaps	Accrued liabilities	(13)	(12)
Forward interest rate swaps	Other long-term liabilities	(20)	(16)
Total derivative instruments not designated as hedges		$ 67	$ 54
Total net derivative asset		$ 73	$ 48

The following table presents the net gains (losses) from changes in fair values of derivatives that are not designated as hedges (in millions):

	Gains (Losses) Recognized in Income		
		Three Months Ended	
	Statements of Operations Classification	March 30, 2024	April 1, 2023
Derivative instruments not designated as hedges:			
Foreign exchange contracts	Foreign exchange gain	$ 1	$ (5)
Forward interest rate swaps	Interest expense, net	20	(7)
Total net gain (loss) recognized in income		$ 21	$ (12)

Activities related to derivative instruments are reflected within Net cash provided by (used in) operating activities on the Consolidated Statements of Cash Flows.

Credit and Market Risk Management

Financial instruments, including derivatives, expose the Company to counterparty credit risk of nonperformance and to market risk related to currency exchange rate and interest rate fluctuations. The Company manages its exposure to counterparty credit risk by establishing minimum credit standards, diversifying its counterparties, and monitoring its concentrations of credit. The Company’s counterparties are commercial banks with expertise in derivative financial instruments. The Company evaluates the impact of market risk on the fair value and cash flows of its derivative and other financial instruments by considering reasonably possible changes in interest rates and currency exchange rates. The Company continually monitors the creditworthiness of the customers to which it grants credit terms in the normal course of business. The terms and conditions of the Company’s credit policies are designed to mitigate concentrations of credit risk.

The Company’s master netting and other similar arrangements with the respective counterparties allow for net settlement under certain conditions, which are designed to reduce credit risk by permitting net settlement with the same counterparty. We present the assets and liabilities of our derivative financial instruments, for which we have net settlement agreements in place, on a net basis on the Consolidated Balance Sheets. If the derivative financial instruments had been presented gross on the Consolidated Balance Sheets, the asset and liability positions would have been increased by $1 million as of both March 30, 2024 and December 31, 2023, respectively.

Foreign Currency Exchange Risk Management

The Company conducts business on a multinational basis in a variety of foreign currencies. Exposure to market risk for changes in foreign currency exchange rates arises primarily from Euro-denominated external revenues, cross-border financing activities between subsidiaries, and foreign currency denominated monetary assets and liabilities. The Company manages its objective of preserving the economic value of non-functional currency denominated cash flows by initially hedging transaction exposures with natural offsets and, once these opportunities have been exhausted, through foreign exchange forward and option contracts, as deemed appropriate.

The Company manages the exchange rate risk of anticipated Euro-denominated sales using forward contracts, which typically mature within twelve months of execution. The Company designates these derivative contracts as cash flow hedges. Unrealized gains and losses on these contracts are deferred in Accumulated other comprehensive income (loss) (“AOCI”) on the Consolidated Balance Sheets until the contract is settled and the hedged sale is realized. The realized gain or loss is then recorded as an adjustment to Net sales on the Consolidated Statements of Operations. Realized amounts reclassified to Net sales were $1 million of gains and $3 million of losses for the three months ended March 30, 2024 and April 1, 2023, respectively. As of March 30, 2024 and December 31, 2023, the notional amounts of the Company’s foreign exchange cash flow hedges were €551 million and €485 million, respectively. The Company has reviewed its cash flow hedges for effectiveness and determined that they are highly effective.

The Company uses forward contracts, which are not designated as hedging instruments, to manage its exposures related to net assets denominated in foreign currencies. These forward contracts typically mature within one month after execution. Monetary gains and losses on these forward contracts are recorded in income and are generally offset by the transaction gains and losses related to their net asset positions. The notional values and the net fair values of these outstanding contracts were as follows (in millions):

	March 30, 2024		December 31, 2023	
Notional balance of outstanding contracts:				
British Pound/U.S. Dollar	£	6	£	11
Euro/U.S. Dollar	€	96	€	80
Euro/Czech Koruna	€	16	€	17
Japanese Yen/U.S. Dollar	¥	120	¥	685
Singapore Dollar/U.S. Dollar	S$	19	S$	14
Mexican Peso/U.S. Dollar	Mex$	174	Mex$	144
Polish Zloty/U.S. Dollar	zł	19	zł	116
Net fair value of assets (liabilities) of outstanding contracts	$	—	$	(1)

Interest Rate Risk Management
The Company’s debt consists of borrowings under a term loan (“Term Loan A”), Revolving Credit Facility, and Receivables Financing Facilities, which bear interest at variable rates plus applicable margins. As a result, the Company is exposed to market risk associated with the variable interest rate payments on these borrowings. See Note 9, Long-Term Debt for further details related to these borrowings.

The Company manages its exposure to changes in interest rates by utilizing long-term forward interest rate swaps to hedge this exposure and to achieve a desired proportion of fixed versus variable-rate debt, based on current and projected market conditions. The Company has interest rate swap agreements with a total notional amount of $800 million and $400 million, through October 2027 and June 2030, respectively, that are intended to result in a fixed interest rate on a portion of its variable rate debt. These agreements are subject to monthly net cash settlements.

Note 9 Long-Term Debt

The following table shows the carrying value of the Company’s debt (in millions):

	March 30, 2024	**December 31, 2023**
Term Loan A	$ 1,641	$ 1,684
Revolving Credit Facility	172	413
Receivables Financing Facilities	280	129
Total debt	$ 2,093	$ 2,226
Less: Debt issuance costs	(2)	(2)
Less: Unamortized discounts	(4)	(4)
Less: Current portion of debt	(272)	(173)
Total long-term debt	$ 1,815	$ 2,047

As of March 30, 2024, the future maturities of debt are as follows (in millions):

2024 (9 months remaining)	$ 261
2025	66
2026	88
2027	1,678
Total future maturities of debt	$ 2,093

All borrowings as of March 30, 2024 were denominated in U.S. Dollars.

The estimated fair value of the Company’s debt approximated $2.1 billion and $2.2 billion as of March 30, 2024 and December 31, 2023, respectively. These fair value amounts, developed based on inputs classified as Level 2 within the fair value hierarchy, represent the estimated value at which the Company’s lenders could trade its debt within the financial markets and do not represent the settlement value of these liabilities to the Company. The fair value of debt will continue to vary each period based on a number of factors, including fluctuations in market interest rates as well as changes to the Company’s credit ratings.

Term Loan A

The principal on Term Loan A is due in quarterly installments, with the next quarterly installment due in the second quarter of 2025 and the majority due upon maturity in 2027. The Company may make prepayments in whole or in part, without premium or penalty, and would be required to prepay certain outstanding amounts in the event of certain circumstances or transactions. As of March 30, 2024, the Term Loan A interest rate was 6.68%. Interest payments are made monthly and are subject to variable rates plus an applicable margin.

Revolving Credit Facility

The Company has a Revolving Credit Facility that is available for working capital and other general business purposes, including letters of credit. As of March 30, 2024, the Company had letters of credit totaling $11 million, which reduced funds available for borrowings under the Revolving Credit Facility from $1,500 million to $1,489 million. As of March 30, 2024, the Revolving Credit Facility had an average interest rate of 6.68%. Upon borrowing, interest payments are made monthly and are subject to variable rates plus an applicable margin. The Revolving Credit Facility matures on May 25, 2027.

Receivables Financing Facilities
The Company has two Receivables Financing Facilities with financial institutions that have a combined total borrowing limit of up to $280 million. As collateral, the Company pledges perfected first-priority security interests in its U.S. domestically originated accounts receivable. The Company has accounted for transactions under its facilities as secured borrowings. During the first quarter of 2024, the Company amended its first facility, which allows for borrowings up to $180 million, to extend the maturity to March 19, 2027, but otherwise did not substantially change the terms of the facility. The Company's second facility allows for borrowings of up to $100 million, matures on May 13, 2024 and is not expected to be renewed.

As of March 30, 2024, the Company's Consolidated Balance Sheets included $504 million of gross receivables that were pledged under the facilities. As of March 30, 2024, $280 million had been borrowed, of which $261 million was classified as current. Borrowings under the facilities bear interest at a variable rate plus an applicable margin. As of March 30, 2024, the facilities had an average interest rate of 6.56%. Interest is paid monthly on these borrowings.

Each of the Company's borrowings described above include terms and conditions that limit the incurrence of additional borrowings and require that certain financial ratios be maintained at designated levels.

The Company uses interest rate swaps to manage the interest rate risk associated with its debt. See Note 8**,** Derivative Instruments for further information.

As of March 30, 2024, the Company was in compliance with all debt covenants.

Note 10 Leases

During the three months ended March 30, 2024, the Company recorded an additional $10 million of right-of-use ("ROU") assets obtained in exchange for lease obligations primarily related to the commencement of a new office facility lease as well as contract modifications that extended existing lease terms.

Future minimum lease payments under non-cancellable leases as of March 30, 2024 were as follows (in millions):

2024 (9 months remaining)	$	40
2025		42
2026		36
2027		28
2028		24
Thereafter		64
Total future minimum lease payments	$	234
Less: Interest		(42)
Present value of lease liabilities	$	192
Reported as of March 30, 2024:		
Current portion of lease liabilities	$	41
Long-term lease liabilities		151
Present value of lease liabilities	$	192

The current portion of lease liabilities is included within Accrued liabilities on the Consolidated Balance Sheets.

Table of Contents

Note 11 Accrued Liabilities, Commitments and Contingencies

Accrued Liabilities

The components of Accrued liabilities are as follows (in millions):

	March 30, 2024	December 31, 2023
Unremitted cash collections due to banks on factored accounts receivable	$ 121	$ 112
Payroll and benefits	61	83
Incentive compensation	61	47
Current portion of lease liabilities	41	42
Customer rebates	37	40
Warranty	27	27
Short-term interest rate swaps	13	12
Freight and duty	12	10
Exit and restructuring	12	22
Settlement	—	45
Other	52	64
Accrued liabilities	$ 437	$ 504

Warranties

The following table is a summary of the Company’s accrued warranty obligations (in millions):

	Three Months Ended	
	March 30, 2024	April 1, 2023
Balance at the beginning of the period	$ 27	$ 26
Warranty expense	7	7
Warranties fulfilled	(7)	(7)
Balance at the end of the period	$ 27	$ 26

Contingencies

The Company is subject to a variety of investigations, claims, suits, and other legal proceedings that arise from time to time in the ordinary course of business, including but not limited to, intellectual property, employment, tort, and breach of contract matters. The Company currently believes that the outcomes of such proceedings, individually and in the aggregate, will not have a material adverse impact on its business, cash flows, financial position, or results of operations. Any legal proceedings are subject to inherent uncertainties, and the Company’s view of these matters and their potential effects may change in the future. The Company records a liability for contingencies when a loss is deemed to be probable and the loss can be reasonably estimated.

Note 12 Income Taxes

The Company’s effective tax rate for the three months ended March 30, 2024 and April 1, 2023 was 19.0% and 18.9%, respectively. In the current and prior period, the variance from the 21% federal statutory rate was primarily due to the generation of tax credits and the favorable impacts of foreign earnings subject to U.S. taxation.

Note 13 Earnings Per Share

Basic net earnings per share is calculated by dividing net income by the weighted average number of common shares outstanding for the period. Diluted earnings per share is computed by dividing net income by the weighted average number of diluted common shares outstanding. Diluted common shares outstanding is computed using the Treasury Stock method and, in periods of income, reflects the additional shares that would be outstanding if dilutive share-based compensation awards were converted into common shares during the period.

Earnings per share (in millions, except share data):

	Three Months Ended	
	March 30, 2024	**April 1, 2023**
Basic:		
Net income	$ 115	$ 150
Weighted-average shares outstanding	51,387,570	51,420,536
Basic earnings per share	$ 2.24	$ 2.92
Diluted:		
Net income	$ 115	$ 150
Weighted-average shares outstanding	51,387,570	51,420,536
Dilutive shares	402,931	327,533
Diluted weighted-average shares outstanding	51,790,501	51,748,069
Diluted earnings per share	$ 2.23	$ 2.90

Anti-dilutive share-based compensation awards are excluded from diluted earnings per share calculations. There were 18,095 and 56,291 shares that were anti-dilutive for the three months ended March 30, 2024 and April 1, 2023, respectively.

Note 14 Accumulated Other Comprehensive (Loss) Income

Stockholders’ equity includes certain items classified as AOCI, including:

- **Unrealized gain (loss) on sales hedging** which relates to derivative instruments used to hedge the exposure related to currency exchange rates for forecasted Euro sales. These hedges are designated as cash flow hedges, and the Company defers income statement recognition of gains and losses until the hedged transaction occurs. See Note 8, Derivative Instruments for more details.

- **Foreign currency translation adjustments** which relates to the Company’s non-U.S. subsidiary companies that have designated a functional currency other than the U.S. Dollar. The Company translates the subsidiary functional currency financial statements to U.S. Dollars using a combination of historical, period-end, and average foreign exchange rates. This combination of rates creates the foreign currency translation adjustment component of AOCI.

The changes in each component of AOCI during the three months ended March 30, 2024 and April 1, 2023 were as follows (in millions):

	Unrealized gain (loss) on sales hedging	Foreign currency translation adjustments	Total
Balance at December 31, 2022	$ (11)	$ (55)	$ (66)
Other comprehensive (loss) income before reclassifications	(7)	3	(4)
Amounts reclassified from AOCI(1)	3	—	3
Tax effect	1	—	1
Other comprehensive (loss) income, net of tax	(3)	3	—
Balance at April 1, 2023	$ (14)	$ (52)	$ (66)
Balance at December 31, 2023	$ (5)	$ (49)	$ (54)
Other comprehensive income (loss) before reclassifications	13	(5)	8
Amounts reclassified from AOCI(1)	(1)	—	(1)
Tax effect	(3)	—	(3)
Other comprehensive income (loss), net of tax	9	(5)	4
Balance at March 30, 2024	$ 4	$ (54)	$ (50)

(1) See Note 8, Derivative Instruments regarding the timing of reclassifications to operating results.

Note 15 Accounts Receivable Factoring

The Company transfers certain receivables to banks without recourse as part of its credit and cash management activities. Such transfers are accounted for as sales and the related receivables are removed from the Company’s balance sheet. The Company does not maintain any beneficial interest in the receivables sold. The Company services the receivables on behalf of the banks, but otherwise maintains no significant continuing involvement with respect to the receivables. Sale proceeds that are representative of the fair value of factored receivables, less a factoring fee, are reflected in Cash flows from operating activities on the Consolidated Statements of Cash Flows, while sale proceeds in excess of the fair value of factored receivables are reflected in Cash flows from financing activities on the Consolidated Statements of Cash Flows.

The Company may be required to maintain a portion of sales proceeds as deposits in a restricted cash account that is released to the Company as it satisfies its obligations as servicer of sold receivables, which totaled $0 million and $1 million as of March 30, 2024 and December 31, 2023, respectively, and is classified within Prepaid expenses and other current assets on the Consolidated Balance Sheets.

During the three months ended March 30, 2024 and April 1, 2023, the Company received cash proceeds of $346 million and $373 million, respectively, from the sales of accounts receivables under its factoring arrangements. As of March 30, 2024 and December 31, 2023, there were a total of $43 million and $56 million, respectively, of uncollected receivables that had been sold and removed from the Company’s Consolidated Balance Sheets.

As servicer of sold receivables, the Company had $121 million and $112 million of obligations that were not yet remitted to banks as of March 30, 2024 and December 31, 2023, respectively. These obligations are included within Accrued liabilities on the Consolidated Balance Sheets, with changes in such obligations reflected within Cash flows from financing activities on the Consolidated Statements of Cash Flows.

Note 16 Segment Information & Geographic Data

The Company’s operations consist of two reportable segments: Asset Intelligence & Tracking (“AIT”) and Enterprise Visibility & Mobility (“EVM”). The reportable segments have been identified based on the financial data utilized by the Company’s Chief Executive Officer (the chief operating decision maker or “CODM”) to assess segment performance and allocate resources among the Company’s segments. The CODM reviews adjusted operating income to assess segment profitability. To the extent applicable, segment operating income excludes business acquisition purchase accounting adjustments, amortization of intangible assets, acquisition and integration costs, impairment of goodwill and other intangibles, exit and restructuring costs, as well as certain other non-recurring costs. Segment assets are not reviewed by the Company’s CODM and therefore are not disclosed below.

Financial information by segment is presented as follows (in millions):

	Three Months Ended	
	March 30, 2024	April 1, 2023
Net sales:		
AIT	$ 392	$ 522
EVM	783	883
Total Net sales	$ 1,175	$ 1,405
Operating income:		
AIT[2]	$ 76	$ 129
EVM[2]	120	133
Total segment operating income	196	262
Corporate [1]	(37)	(37)
Total Operating income	$ 159	$ 225

(1) To the extent applicable, amounts included in Corporate consist of business acquisition purchase accounting adjustments, amortization of intangible assets, acquisition and integration costs, impairment of goodwill and other intangibles, and exit and restructuring costs.

(2) AIT and EVM segment operating income includes depreciation and share-based compensation expense. The amounts of depreciation and share-based compensation expense are proportionate to each segment's Net sales.

Information regarding the Company's operations by geographic area is contained in the following tables. Net sales amounts are attributed to geographic area based on customer location.

Net sales by region were as follows (in millions):

	Three Months Ended	
	March 30, 2024	April 1, 2023
North America	$ 612	$ 725
EMEA	380	443
Asia-Pacific	112	154
Latin America	71	83
Total Net sales	$ 1,175	$ 1,405

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

Overview

We are a global leader in the Automatic Identification and Data Capture (“AIDC”) industry. The AIDC market consists of mobile computing, data capture, radio frequency identification devices (“RFID”), barcode printing, and other workflow automation products and services. The Company’s solutions are proven to help our customers and end-users digitize and automate their workflows to achieve their critical business objectives, including improved productivity and operational efficiency, optimized regulatory compliance, and better customer experiences.

We design, manufacture, and sell a broad range of AIDC products, including: mobile computers, barcode scanners and imagers, RFID readers, specialty printers for barcode labeling and personal identification, real-time location systems (“RTLS”), related accessories and supplies, such as labels and other consumables, and related software applications. We also provide machine vision and robotics automation solutions; a full range of services, including maintenance, technical support, repair, managed and professional services; as well as cloud-based software subscriptions. End-users of our products, solutions and services include those in the retail and e-commerce, manufacturing, transportation and logistics, healthcare, public sector, and other industries within North America; Europe, Middle East, and Africa (“EMEA”); Asia Pacific; and Latin America.

We continue to advance our Enterprise Asset Intelligence ("EAI") vision: every asset and front-line worker visible, connected, and fully optimized. Through continual innovation, we have expanded beyond the traditional AIDC market to transform activities such as factory production, packages moving through a supply chain, retail shopping, and the hospital patient journey. Data from enterprise assets, including status, condition, location, utilization, and preferences, is analyzed in the cloud to provide prioritized actionable insights. As a result, our solutions enable enterprises to "sense, analyze, and act" more effectively to optimize their activities.

The Company's operations consist of two reportable segments that provide complementary offerings to our customers: Asset Intelligence & Tracking ("AIT") and Enterprise Visibility & Mobility ("EVM").

- The AIT segment is an industry leader in barcode printing and asset tracking technologies. Its major product lines include barcode and card printers, RFID and RTLS offerings, and supplies, including temperature-monitoring labels, and services.

- The EVM segment is an industry leader in automatic information and data capture solutions. Its major product lines include mobile computing, data capture, fixed industrial scanning and machine vision, services, and workflow optimization solutions. Our workflow optimization solutions include cloud-based software subscriptions, retail solutions, and robotic automation solutions.

We are a market leader in our core businesses, which are generally considered to be comprised of our mobile computing and data capture products, printing products and supplies, as well as support and repair services. We continue to focus on growth opportunities within adjacent and expansion markets by scaling and integrating our recent business acquisitions.

First Quarter 2024 Financial Summary and Other Recent Developments

- Net sales were $1,175 million in the current quarter compared to $1,405 million in the prior year.
- Operating income was $159 million in the current quarter compared to $225 million in the prior year.
- Net income was $115 million, or $2.23 per diluted share in the current quarter, compared to net income of $150 million, or $2.90 per diluted share in the prior year.
- Net cash provided by operating activities was $125 million in the current quarter compared to net cash used in operating activities of $76 million in the prior year.

Our first quarter of 2024 results continued to be impacted by broad-based softness across our end markets in all regions. While our current quarter results are below the first quarter of 2023, they have improved from the fourth quarter of 2023. As we entered the year, we saw a stabilization of distributor inventory levels and a modest recovery in the demand trends for our products resulting in a 16.5% increase in revenues from the fourth quarter of 2023. As discussed below, our first quarter results benefited from the actions taken under our 2022 Productivity Plan and the U.S. voluntary retirement plan. We expect revenues and profitability to improve sequentially from the first half to the second half of the current year, and on a year-over-year basis in the second half of the year.

Total charges associated with the 2022 Productivity Plan and the U.S. voluntary retirement plan, which was completed in 2023, are expected to be approximately $130 million, with $120 million incurred to date, including $10 million recorded in the current quarter. The remaining actions under the 2022 Productivity Plan are expected to be substantially completed in the second quarter of this year. The costs of these actions are classified within Exit and restructuring on the Consolidated Statements of Operations. The programs are expected to impact over 9% of our global employee base and are estimated to result in annualized net cost savings of approximately $120 million, primarily within Operating expenses. The Company has realized approximately $75 million of net savings to date, including $25 million in the current quarter.

Results of Operations

Consolidated Results of Operations
(amounts in millions, except percentages)

	Three Months Ended			
	March 30, 2024	April 1, 2023	$ Change	% Change
Net sales:				
Tangible products	$ 929	$ 1,170	$ (241)	(20.6)%
Services and software	246	235	11	4.7 %
Total Net sales	1,175	1,405	(230)	(16.4)%
Gross profit	563	667	(104)	(15.6)%
Gross margin	47.9 %	47.5 %		40 bps
Operating expenses	404	442	(38)	(8.6)%
Operating income	$ 159	$ 225	$ (66)	(29.3)%

Net sales to customers by geographic region were as follows (amounts in millions, except percentages):

	Three Months Ended			
	March 30, 2024	April 1, 2023	$ Change	% Change
North America	$ 612	$ 725	$ (113)	(15.6)%
EMEA	380	443	(63)	(14.2)%
Asia-Pacific	112	154	(42)	(27.3)%
Latin America	71	83	(12)	(14.5)%
Total Net sales	$ 1,175	$ 1,405	$ (230)	(16.4)%

Operating expenses are summarized below (amounts in millions, except percentages):

	Three Months Ended			
			As a % of Net sales	
	March 30, 2024	April 1, 2023	2024	2023
Selling and marketing	$ 148	$ 161	12.6 %	11.5 %
Research and development	138	146	11.7 %	10.4 %
General and administrative	81	99	6.9 %	7.0 %
Amortization of intangible assets	26	26	NM	NM
Acquisition and integration costs	1	—	NM	NM
Exit and restructuring costs	10	10	NM	NM
Total Operating expenses	$ 404	$ 442	34.4 %	31.5 %

Consolidated Organic Net sales decline:

	Three Months Ended
	March 30, 2024
Reported GAAP Consolidated Net sales decline	(16.4)%
Adjustments:	
Impact of foreign currency translations [(1)]	(0.4)%
Consolidated Organic Net sales decline [(2)]	(16.8)%

(1) Operating results reported in U.S. Dollars are affected by foreign currency exchange rate fluctuations. Foreign currency translation impact represents the difference in results that are attributable to fluctuations in the currency exchange rates used to convert the results for businesses where the functional currency is not the U.S. Dollar. This impact is calculated by translating the current period results at the currency exchange rates used in the comparable prior year period, inclusive of the Company's foreign currency hedging program.

(2) Consolidated Organic Net sales decline is a non-GAAP financial measure. See the Non-GAAP Measures section at the end of this item.

First quarter 2024 compared to first quarter 2023

Total Net sales decreased $230 million or 16.4% compared to the prior year reflecting declines in both of our segments primarily due to continued softness across our end markets in all regions. Excluding the effects of currency changes, Consolidated Organic Net sales decreased by 16.8%.

Gross margin increased to 47.9% for the current year compared to 47.5% for the prior year. As compared to the prior year, Gross margin was higher in our EVM segment and lower in our AIT segment. Gross margins of both segments benefited from lower freight rates compared to the prior year and were negatively impacted by volume deleveraging.

Operating expenses for the quarters ended March 30, 2024 and April 1, 2023 were $404 million and $442 million, or 34.4% and 31.5% of Net sales, respectively. Current year Operating expenses were lower than the prior year primarily due to cost savings largely attributed to our Exit and restructuring actions. The increase as a percentage of Net sales over the prior year reflects the impact of expense deleveraging.

Operating income was $159 million for the current year compared to $225 million in the prior year. The decrease was due to lower Gross profit, partially offset by lower Operating expenses.

Net income decreased compared to the prior year primarily due to lower Operating income, as described above, partially offset by lower Other expense, net. The decrease in Other expense, net was primarily due to interest rate swap gains in the current year compared to losses in the prior year, partially offset by higher interest expense associated with higher interest rates and average outstanding debt levels in the current year.

The Company's effective tax rates for the three months ended March 30, 2024 and April 1, 2023 were 19.0% and 18.9%, respectively.

Diluted earnings per share decreased to $2.23 as compared to $2.90 in the prior year due to lower Net income.

Table of Contents

Results of Operations by Segment

The following commentary should be read in conjunction with the financial results of each reportable business segment as detailed in Note 16, Segment Information & Geographic Data in the Notes to Consolidated Financial Statements. To the extent applicable, segment operating income excludes business acquisition purchase accounting adjustments, amortization of intangible assets, acquisition and integration costs, impairment of goodwill and other intangibles, exit and restructuring costs, as well as certain other non-recurring costs.

Asset Intelligence & Tracking Segment ("AIT")
(amounts in millions, except percentages)

	Three Months Ended			
	March 30, 2024	**April 1, 2023**	**$ Change**	**% Change**
Net sales:				
Tangible products	$ 365	$ 495	$ (130)	(26.3)%
Services and software	27	27	—	— %
Total Net sales	392	522	(130)	(24.9)%
Gross profit	184	258	(74)	(28.7)%
Gross margin	46.9 %	49.4 %		(250) bps
Operating expenses	108	129	(21)	(16.3)%
Operating income	$ 76	$ 129	$ (53)	(41.1)%

AIT Organic Net sales decline:

	Three Months Ended
	March 30, 2024
AIT Reported GAAP Net sales decline	(24.9)%
Adjustments:	
Impact of foreign currency translations [1]	(0.4)%
AIT Organic Net sales decline [2]	(25.3)%

(1) Operating results reported in U.S. Dollars are affected by foreign currency exchange rate fluctuations. Foreign currency translation impact represents the difference in results that are attributable to fluctuations in the currency exchange rates used to convert the results for businesses where the functional currency is not the U.S. Dollar. This impact is calculated by translating the current period results at the currency exchange rates used in the comparable prior year period, inclusive of the Company's foreign currency hedging program.

(2) AIT Organic Net sales decline is a non-GAAP financial measure. See the Non-GAAP Measures section at the end of this item.

First quarter 2024 compared to first quarter 2023

Total Net sales for AIT decreased $130 million or 24.9% compared to the prior year primarily due to lower sales of printing products. Excluding the impact of foreign currency changes, AIT Organic Net sales decreased by 25.3%.

Gross margin decreased to 46.9% in the current year compared to 49.4% for the prior year primarily due to unfavorable product mix and volume deleveraging, partially offset by lower freight rates.

Operating income decreased 41.1% in the current year compared to the prior year due to lower Gross profit, partially offset by lower Operating expenses.

Enterprise Visibility & Mobility Segment ("EVM")
(amounts in millions, except percentages)

	Three Months Ended			
	March 30, 2024	April 1, 2023	$ Change	% Change
Net sales:				
Tangible products	$ 564	$ 675	$ (111)	(16.4)%
Services and software	219	208	11	5.3 %
Total Net sales	783	883	(100)	(11.3)%
Gross profit	379	409	(30)	(7.3)%
Gross margin	48.4 %	46.3 %		210 bps
Operating expenses	259	276	(17)	(6.2)%
Operating income	$ 120	$ 133	$ (13)	(9.8)%

EVM Organic Net sales decline:

	Three Months Ended
	March 30, 2024
EVM Reported GAAP Net sales decline	(11.3)%
Adjustments:	
Impact of foreign currency translations [1]	(0.5)%
EVM Organic Net sales decline [2]	(11.8)%

(1) Operating results reported in U.S. Dollars are affected by foreign currency exchange rate fluctuations. Foreign currency translation impact represents the difference in results that are attributable to fluctuations in the currency exchange rates used to convert the results for businesses where the functional currency is not the U.S. Dollar. This impact is calculated by translating the current period results at the currency exchange rates used in the comparable prior year period, inclusive of the Company's foreign currency hedging program.

(2) EVM Organic Net sales decline is a non-GAAP financial measure. See the Non-GAAP Measures section at the end of this item.

First quarter 2024 compared to first quarter 2023

Total Net sales for EVM decreased $100 million or 11.3% compared to the prior year primarily due to lower sales of data capture products (contributing the majority of the total decrease) and mobile computing products, which were partially offset by higher sales of services and software. Excluding the impacts of foreign currency changes, EVM Organic Net sales decreased by 11.8%.

Gross margin increased to 48.4% in the current year compared to 46.3% for the prior year primarily due to higher service and software margins and lower freight rates, partially offset by product volume deleveraging.

Operating income for the current year decreased by 9.8% compared to the prior year due to lower Gross profit, partially offset by lower Operating expenses.

Liquidity and Capital Resources

The primary factors that influence our liquidity include the amount and timing of cash collections from our customers, cash payments to our suppliers, capital expenditures, acquisitions, and share repurchases. Management believes that our existing capital resources, inclusive of available borrowing capacity on debt and other financing facilities and funds generated from operations, are sufficient to meet anticipated capital requirements and service our indebtedness. The following table summarizes our cash flow activities for the periods indicated (in millions):

Cash flow provided by (used in):	Three Months Ended March 30, 2024	Three Months Ended April 1, 2023	$ Change
Operating activities	$ 125	$ (76)	$ 201
Investing activities	(11)	(17)	6
Financing activities	(124)	70	(194)
Effect of exchange rates on cash balances	(1)	(1)	—
Net change in cash and cash equivalents, including restricted cash	$ (11)	$ (24)	$ 13

The change in our cash and cash equivalents balance during the three months ended March 30, 2024 compared to the prior year is primarily due to the following:

- $201 million change in operating activities primarily due to lower cash payments for inventory purchases and the reduction of overall inventory levels, as well as lower employee incentive compensation and income tax payments, partially offset by unfavorable timing of customer collections and higher payments associated with Exit and restructuring actions.

- $194 million change in financing activities primarily due to net debt repayments in the current year compared to net debt borrowings in the prior year.

Company Debt

The following table shows the carrying value of the Company’s debt (in millions):

	March 30, 2024	December 31, 2023
Term Loan A	$ 1,641	$ 1,684
Revolving Credit Facility	172	413
Receivables Financing Facilities	280	129
Total debt	$ 2,093	$ 2,226
Less: Debt issuance costs	(2)	(2)
Less: Unamortized discounts	(4)	(4)
Less: Current portion of debt	(272)	(173)
Total long-term debt	$ 1,815	$ 2,047

Term Loan A

The principal on Term Loan A is due in quarterly installments, with the next quarterly installment due in the second quarter of 2025 and the majority due upon maturity in 2027. The Company may make prepayments in whole or in part, without premium or penalty, and would be required to prepay certain outstanding amounts in the event of certain circumstances or transactions. As of March 30, 2024, the Term Loan A interest rate was

6.68%. Interest payments are made monthly and are subject to variable rates plus an applicable margin.

Revolving Credit Facility

The Company has a Revolving Credit Facility that is available for working capital and other general business purposes, including letters of credit. As of March 30, 2024, the Company had letters of credit totaling $11 million, which reduced funds available for borrowings under the Revolving Credit Facility from $1,500 million to $1,489 million. As of March 30, 2024, the Revolving Credit Facility had an average interest rate of 6.68%. Upon borrowing, interest payments are made monthly and are subject to variable rates plus an applicable margin. The Revolving Credit Facility matures on May 25, 2027.

Receivables Financing Facilities

The Company has two Receivables Financing Facilities with financial institutions that have a combined total borrowing limit of up to $280 million. As collateral, the Company pledges perfected first-priority security interests in its U.S. domestically originated accounts receivable. The Company has accounted for transactions under its facilities as secured borrowings. During the first quarter of 2024, the Company amended its first facility, which allows for borrowings up to $180 million, to extend the maturity to March 19, 2027, but otherwise did not substantially change the terms of the facility. The Company’s second facility allows for borrowings of up to $100 million, matures on May 13, 2024 and is not expected to be renewed.

As of March 30, 2024, the Company's Consolidated Balance Sheets included $504 million of gross receivables that were pledged under the facilities. As of March 30, 2024, $280 million had been borrowed, of which $261 million was classified as current. Borrowings under the facilities bear interest at a variable rate plus an applicable margin. As of March 30, 2024, the facilities had an average interest rate of 6.56%. Interest is paid monthly on these borrowings.

See Note 9, Long-Term Debt in the Notes to Consolidated Financial Statements for further details related to the Company's debt instruments.

Receivables Factoring

The Company transfers certain receivables to banks without recourse as part of its credit and cash management activities. Such transfers are accounted for as sales and the related receivables are removed from the Company's balance sheet. The Company does not maintain any beneficial interest in the receivables sold. The Company services the receivables on behalf of the banks, but otherwise maintains no significant continuing involvement with respect to the receivables. Sale proceeds that are representative of the fair value of factored receivables, less a factoring fee, are reflected in Cash flows from operating activities on the Consolidated Statements of Cash Flows, while sale proceeds in excess of the fair value of factored receivables are reflected in Cash flows from financing activities on the Consolidated Statements of Cash Flows.

As of March 30, 2024 and December 31, 2023, there were a total of $43 million and $56 million, respectively, of uncollected receivables that had been sold and removed from the Company's Consolidated Balance Sheets.

As servicer of sold receivables, the Company had $121 million and $112 million of obligations that were not yet remitted to banks as of March 30, 2024 and December 31, 2023, respectively. These obligations are included within Accrued liabilities on the Consolidated Balance Sheets, with changes in such obligations reflected within Cash flows from financing activities on the Consolidated Statements of Cash Flows.

See Note 15, Accounts Receivable Factoring in the Notes to Consolidated Financial Statements for further details.

Share Repurchases

On May 17, 2022, the Company announced that its Board of Directors authorized a share repurchase program for up to an incremental $1 billion of its outstanding shares of common stock. This authorization augments the previous $1 billion share repurchase authorization which was announced on July 30, 2019. The May 2022 share repurchase program does not have a stated expiration date. The level of the Company's repurchases depends on a number of factors, including its financial condition, capital requirements, cash flows, results of operations, future business prospects and other factors its management may deem relevant. The timing, volume, and nature of repurchases are subject to market conditions, applicable securities laws and other factors and may be amended, suspended or discontinued at any time. Repurchases may be affected from time to time through open market purchases, including pursuant to a pre-set trading plan meeting the requirements of Rule 10b5-1(c) of the Securities Exchange Act of 1934. In the fourth quarter of 2022, the Company completed its original authorization of $1 billion in share repurchases. During the first three months of 2024, the Company did not repurchase shares of common stock. As of March 30, 2024, the

Company has cumulatively repurchased 409,014 shares of common stock for approximately $107 million, resulting in a remaining amount of share repurchases authorized under the May 2022 program of $893 million.

Significant Customers

End-users of our products, solutions and services are diversified across a wide variety of industries. We have three customers, who are distributors of the Company's products and solutions, that individually accounted for more than 10% of our Net sales for the periods presented. In the aggregate, the approximate percentage of our segment and Company total Net sales was as follows:

	Three Months Ended					
	March 30, 2024			April 1, 2023		
	AIT	EVM	Total	AIT	EVM	Total
Significant customers as a % of Net sales	16 %	36 %	52 %	17 %	33 %	50 %

These customers accounted for 51% of accounts receivable as of March 30, 2024. No other customer accounted for more than 10% of total Net sales during the period ended March 30, 2024.

Safe Harbor
Forward-looking statements contained in this filing are subject to the safe harbor created by the Private Securities Litigation Reform Act of 1995 and are highly dependent upon a variety of important factors, which could cause actual results to differ materially from those expressed or implied in such forward-looking statements. When used in this document and documents referenced, the words “anticipate,” “believe,” “intend,” “estimate,” “will,” and “expect” and similar expressions as they relate to the Company or its management are intended to identify such forward-looking statements but are not the exclusive means of identifying these statements. The forward-looking statements include, but are not limited to, the Company’s financial outlook for full year of 2024. These forward-looking statements are based on current expectations, forecasts and assumptions, and are subject to the risks and uncertainties inherent in the Company’s industry, market conditions, general domestic and international economic conditions, and other factors. These factors include:

- Market acceptance of the Company’s products, services and solution offerings and competitors’ offerings and the potential effects of emerging technologies and changes in customer requirements,
- The effect of global market conditions, including the North America; EMEA; Latin America; and Asia-Pacific regions in which we do business,
- The impact of changes in foreign exchange rates, customs duties and trade policies due to the large percentage of our sales and operations being outside the U.S.,
- Our ability to control manufacturing and operating costs,
- Risks related to the manufacturing of the Company’s products and conducting business operations in non-U.S. countries, including the risk of depending on key suppliers who are also in non-U.S. countries,
- The Company’s ability to purchase sufficient materials, parts, and components, our ability to provide services, software, and products to meet customer demand, particularly in light of global economic conditions,
- The availability of credit and the volatility of capital markets, which may affect our suppliers, customers, and ourselves,
- Success of integrating acquisitions,
- Our ability to attract, retain, develop, and motivate key personnel,
- Interest rate and financial market conditions,
- Access to cash and cash equivalents held outside the U.S.,
- The effect of natural disasters, man-made disasters, public health issues (including pandemics), and cybersecurity incidents on our business,
- The impact of changes in foreign and domestic governmental policies, laws, or regulations,
- The outcome of litigation in which the Company may be involved, particularly litigation or claims related to infringement of third-party intellectual property rights, and
- The outcome of any future tax matters or tax law changes.

We encourage readers of this report to review Part II, Item 1A, “Risk Factors” in this report for further discussion of issues that could affect the Company’s future results. We undertake no obligation, other than as may be required by law, to publicly update or revise any forward-looking statements, whether as a result of new information, future events, changed circumstances, or any other reason after the date of this report.

New Accounting Pronouncements

We do not expect any recently issued accounting pronouncements to have a material impact on our consolidated financial statements.

Non-GAAP Measures

The Company has provided reconciliations of the supplemental non-GAAP financial measures, as defined under the rules of the Securities and Exchange Commission, presented herein to the most directly comparable financial measures calculated and presented in accordance with GAAP.

These supplemental non-GAAP financial measures – Consolidated Organic Net sales decline, AIT Organic Net sales decline, and EVM Organic Net sales decline – are presented because our management evaluates our financial results both including and excluding the effects of business acquisitions and foreign currency translation, as applicable. Management believes that the supplemental non-GAAP financial measures presented provide additional perspective and insights when analyzing the core operating performance of our business from period to period and trends in our historical operating results. These supplemental non-GAAP financial measures should not be considered superior to, as a substitute for, or as an alternative to, and should be considered in conjunction with the GAAP financial measures presented.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

There were no material changes in the Company’s market risk during the quarter ended March 30, 2024. For additional information on market risk, refer to Item 7A, “Quantitative and Qualitative Disclosures About Market Risk” in the Annual Report on Form 10-K for the year ended December 31, 2023.

Item 4. Controls and Procedures

Management’s Report on Disclosure Controls

Our management is responsible for establishing and maintaining adequate disclosure controls as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act to ensure that information required to be disclosed by the Company in reports that it files or submits under the Exchange Act is (i) recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission rules and forms and (ii) accumulated and communicated to the Company’s management, including its principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure. Our management assessed the effectiveness of our disclosure controls as of March 30, 2024. Based on this assessment and those criteria, our management believes that, as of March 30, 2024, our disclosure controls were effective.

Changes in Internal Control over Financial Reporting

During the quarter ended March 30, 2024, there have been no changes in our internal controls that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Inherent Limitations on the Effectiveness of Controls

Our management, including our Chief Executive Officer and Chief Financial Officer, does not expect that our disclosure controls and procedures or our internal controls will prevent or detect all errors and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud, if any, within Zebra have been prevented or detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple error or mistake. Controls can also be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the controls. The design of any system of controls is based in part on certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Projections of any evaluation of controls effectiveness to future periods are subject to risks. Over time, controls may become inadequate because of changes in conditions or deterioration in the degree of compliance with policies or procedures.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

See Note 11, Accrued Liabilities, Commitments and Contingencies in the Notes to Consolidated Financial Statements included in this report.

Item 1A. Risk Factors

In addition to the other information included in this report, you should carefully consider the factors discussed in Part I, Item 1A. “Risk Factors” in the Annual Report on Form 10-K for the year ended December 31, 2023, and the factors identified under “Safe Harbor” in Part I, Item 2 of this Quarterly Report on Form 10-Q, which could materially affect our business, financial condition, cash flows, or results of operations. The risks described in the Annual Report are not the only risks facing the Company. Additional risks and uncertainties not currently known to the Company or that the Company currently considers immaterial also may materially adversely affect its business, financial condition, and/or operating results. There have been no material changes to the risk factors included in our Annual Report for the year ended December 31, 2023.

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

The following table sets forth information with respect to repurchases of the Company’s common stock for the three months ended March 30, 2024:

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (1)	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs (in millions) (1)
January 1, 2024 - January 27, 2024	—	$ —	—	$ 893
January 28, 2024 - February 24, 2024	—	—	—	893
February 25, 2024 - March 30, 2024	—	—	—	893
Total	—	$ —	—	$ 893

(1) On May 17, 2022, the Company announced that its Board of Directors authorized a share repurchase program for up to $1 billion of its outstanding shares of common stock. This authorization augments the previous $1 billion share repurchase authorization which was announced on July 30, 2019. Repurchases may be affected from time to time through open market purchases, including pursuant to a pre-set trading plan meeting the requirements of Rule 10b5-1(c) of the Securities Exchange Act of 1934. In the fourth quarter of 2022, the Company completed its original authorization of $1 billion in share

repurchases. As of March 30, 2024, the Company has cumulatively repurchased 409,014 shares of common stock for approximately $107 million, resulting in a remaining amount of share repurchases authorized under the May 2022 program of $893 million.

Item 5. Other Information

None of our directors or executive officers had in effect, adopted or terminated a Rule 10b5-1 trading arrangement or non-Rule 10b5-1 trading arrangement (as defined in Item 408(c) of Regulation S-K) during the first quarter of 2024.

Item 6. Exhibits

10	Third Amendment to Receivables Financing Agreement, dated as of March 19, 2024 by and among Zebra Technologies RSC, LLC, the lenders from time to time as a party thereto, PNC Bank, National Association, Zebra Technologies International, LLC, and PNC Capital Markets, LLC
31.1	Rule 13a-14(a)/15d-14(a) Certification of Principal Executive Officer
31.2	Rule 13a-14(a)/15d-14(a) Certification of Principal Financial Officer
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
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
101	The following financial information from Zebra Technologies Corporation Quarterly Report on Form 10-Q, for the quarter ended March 30, 2024, formatted in Inline XBRL: (i) the Consolidated Balance Sheets; (ii) the Consolidated Statements of Operations; (iii) the Consolidated Statements of Comprehensive Income; (iv) the Consolidated Statements of Stockholders’ Equity; (v) the Consolidated Statements of Cash Flows; and (vi) Notes to Consolidated Financial Statements. The instance document does not appear in the interactive data file because Inline XBRL tags are embedded in the iXBRL document.
104	The cover page from the Company’s Quarterly Report on Form 10-Q for the quarter ended March 30, 2024 formatted in Inline XBRL (included 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.

ZEBRA TECHNOLOGIES CORPORATION

Date: April 30, 2024	By: /s/ William J. Burns William J. Burns Chief Executive Officer
Date: April 30, 2024	By: /s/ Nathan Winters Nathan Winters Chief Financial Officer