



EARNINGS PRESENTATION

Q2 2021 RESULTS | August 5, 2021

SAFE HARBOR

A number of forward-looking statements will be made during this presentation. Forward-looking statements are any statements that are not historical facts. These forward-looking statements are based on the current expectations of Motorola Solutions, and we can give no assurance that any future results or events discussed in these statements will be achieved. Any forward-looking statements represent our views only as of today and should not be relied upon as representing our views as of any subsequent date. Forward-looking statements are subject to a variety of risks and uncertainties that could cause our actual results to differ materially from the statements contained in this presentation.

Risks, uncertainties and other factors that may cause actual results to differ materially from those expressed or implied in the forward-looking statements include, without limitation: (i) the impact, including increased costs and potential liabilities, associated with changes in laws and regulations regarding privacy, data protection and information security; (ii) challenges relating to existing or future legislation and regulations pertaining to artificial intelligence (“AI”) and AI-enabled products; (iii) the impact of government regulation of radio frequencies; (iv) audits and regulations and laws applicable to our U.S. government customer contracts and grants; (v) impacts of, and associated responses to, COVID-19 and other catastrophic events; (vi) increased risk and competition associated with the expansion of our platforms within our Products and Systems Integration and Software and Services segments; (vii) the effectiveness of our investments in new products and technologies; (viii) the effectiveness of our integrations of acquired businesses; (ix) a security breach or other significant disruption of our IT systems; (x) our inability to protect our intellectual property or potential infringement of intellectual property rights of third parties; (xi) our license of the MOTOROLA, MOTO, MOTOROLA SOLUTIONS and the Stylized M logo and all derivatives and formatives thereof from Motorola Trademark Holdings, LLC; (xii) the global nature of our employees, customers, suppliers and outsource partners; (xiii) our use of third-parties to develop, design and/or manufacture many of our components and some of our products, and to perform portions of our business operations; (xiv) the inability of our subcontractors to perform in a timely and compliant manner; (xv) our inability to purchase at acceptable prices a sufficient amount of materials, parts, and components, as well as software and services, to meet the demands of our customers; (xvi) risks related to our large, multi-year system and services contracts; (xvii) the inability of our products to meet our customers’ expectations or regulatory or industry standards; (xviii) impact of current global economic and political conditions in the markets in which we operate; (xix) the inability to settle for cash our 1.75% senior convertible notes; (xx) impact of returns on pension and retirement plan assets and interest rate changes; (xxi) inability to attract and retain senior management and key employees; (xxii) impact of product regulatory and safety, consumer, worker safety and environmental laws; (xxiii) inability to access the capital markets for financing on acceptable terms and conditions; (xxiv) impact of tax matters; (xxv) impact of the American Rescue Plan Act of 2021 on our business; and (xxvi) the return of capital to shareholders through dividends and/or repurchasing shares. For additional information on identifying factors that may cause actual results to vary materially from those stated in forward-looking statements, see our reports on Forms 10-K, 10-Q and 8-K filed with or furnished to the SEC from time to time available for free on the SEC’s website at www.sec.gov, and on Motorola Solutions’ website at www.motorolasolutions.com/investor

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HIGHLIGHTS

Q2 2021



- **Sales of \$2.0B, up 22% vs. the prior year**
 - Products and Systems Integration up 24% on growth in Land Mobile Radio (“LMR”) and video security
 - Software and Services up 19% on growth in LMR services, video security, and command center software
- **Ending backlog of \$11.2B, up 7% year over year**
- **GAAP EPS of \$1.69**
- **Non-GAAP EPS¹ of \$2.07, up 49% versus a year ago**
- **Operating cash flow of \$388M; Free cash flow² of \$326M**
- **Issued \$850M of new long-term debt and redeemed \$324M of outstanding debt**
- **Repurchased \$102M of shares and paid \$121M in dividends**
- **Subsequent to quarter end, acquired Openpath, a leading provider of cloud-based access control solutions for \$297M³**

¹ Non-GAAP measures exclude highlighted items, including share-based compensation expenses and intangible assets amortization expense.

² Free Cash Flow is a non-GAAP financial measure and is calculated as Net cash provided by operating activities - Capital Expenditures.

³ Net of cash acquired



FINANCIAL RESULTS

	Q2 20	Q2 21	CHANGE
REVENUE	\$1,618	\$1,971	22%
NON-GAAP OPERATING EARNINGS*	\$359	\$482	34%
NON-GAAP OPERATING MARGIN*	22.2%	24.4%	220 bps
NON-GAAP EARNINGS PER SHARE*	\$1.39	\$2.07	49%

(\$M) excluding per share amounts

* Non-GAAP measures exclude highlighted items, including share-based compensation expenses and intangible assets amortization expense.

CASH FLOW

(M\$)	Q2 20 YTD	Q2 21 YTD	CHANGE	FY 20 ACT	FY 21 EST	CHANGE
OPERATING CASH FLOW	\$517	\$758	\$241	\$1,613	\$1,800	\$187
CAPITAL EXPENDITURES	(\$102)	(\$114)	(\$12)	(\$217)	(\$250)	(\$33)
FREE CASH FLOW*	\$415	\$644	\$229	\$1,396	\$1,550	\$154

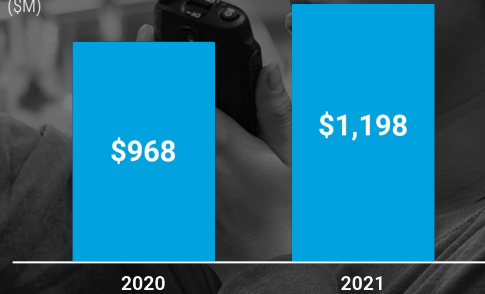
* Free Cash Flow is a non-GAAP financial measure and is calculated as Net cash provided by operating activities - Capital Expenditures.

PRODUCTS & SI

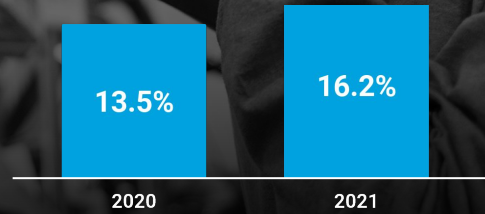
Q2 2021

Revenue

(\$M)



Non-GAAP Operating Margin %*



* Non-GAAP measures exclude highlighted items, including share-based compensation expenses and intangible assets amortization expense.

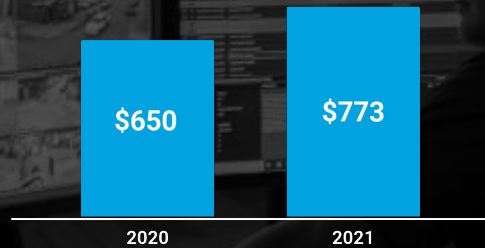
- Revenue up 24% driven by growth in LMR and video security
- Non-GAAP Operating margin* up 270 bps driven by higher sales and improved operating leverage, including higher costs related to incentive compensation
- Notable wins and achievements:
 - \$37M P25 expansion order for the Kentucky State Police
 - \$36M P25 upgrade for a state in the U.S.
 - \$30M P25 upgrade for Metro Atlanta Rapid Transit Authority
 - \$29M P25 devices order for a large U.S. state and local customer
 - \$5M video security order, the largest single fixed video order for a U.S. federal government customer

SOFTWARE & SERVICES

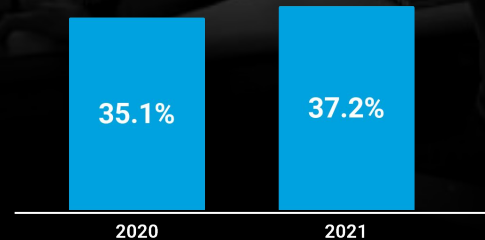
Q2 2021

Revenue

(\$M)



Non-GAAP Operating Margin %*



* Non-GAAP measures exclude highlighted items, including share-based compensation expenses and intangible assets amortization expense.

- Revenue up 19%, driven by growth in LMR services, video security, and command center software
- Non-GAAP operating margin* up 210 bps driven by higher sales, higher gross margins and improved operating leverage, including higher costs related to incentive compensation
- Notable multi-year wins and achievements:
 - \$18M French MOI body-worn camera frame agreement
 - \$15M license plate recognition software contract extension with a U.S. customer
 - \$10M P25 multi-year services extension for the state of Ohio
 - \$10M P25 maintenance renewal with a U.S. federal customer
 - Launched CommandCentral suite, public safety's first cloud-native 911 call to case closure solution

REGIONAL REVENUE

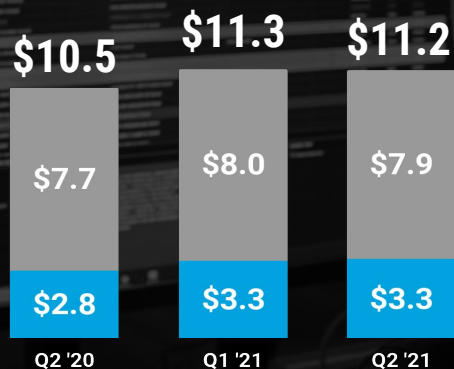
Q2 2021

(\$M)	Q2 20	Q2 21	CHANGE
NORTH AMERICA	\$1,093	\$1,312	20%
INTERNATIONAL	\$525	\$659	25%
TOTAL	\$1,618	\$1,971	22%

- **North America** growth driven by LMR, video security, and command center software
- **International** growth driven by LMR, video security, and command center software

BACKLOG TREND

(\$B)



■ Products and SI ■ Software and Services

Software and Services

- Y/Y up \$257M driven primarily by multi-year services and software contracts in North America
- Q/Q down \$130M primarily driven by revenue recognition for Airwave and ESN

Products and Systems Integration

- Y/Y up \$484M driven primarily by LMR growth in both regions
- Q/Q up \$73M driven primarily by LMR growth in both regions

OUTLOOK

(NON-GAAP)*



Q3 2021

Revenue Growth	Approx. 10%
Non-GAAP EPS	\$2.09 - \$2.14

- Effective tax rate 23% to 24%
- Fully diluted share count approx. 174M

PRIOR FULL-YEAR 2021

Revenue Growth	8% - 9%
Non-GAAP EPS	\$8.70 - \$8.80

UPDATED FULL-YEAR 2021

Revenue Growth	9.5% - 10%
Non-GAAP EPS	\$8.88 - \$8.98

- Effective tax rate approx. 22%
- Fully diluted share count approx. 173M

*Q3 and FY outlook assumes current FX rates as of August 5th, 2021

Q&A PARTICIPANTS

GREG BROWN

Chairman and CEO

JASON WINKLER

Executive Vice President and CFO

TIM YOCUM

Vice President, Investor Relations

JACK MOLLOY

Executive Vice President,
Worldwide Products, Sales & Services

MAHESH SAPTHARISHI

Senior Vice President and CTO,
Software Enterprise & Mobile Video

USE OF NON-GAAP MEASURES

In addition to the results in accordance with accounting principles generally accepted in the U.S. (“GAAP”) in this presentation, Motorola Solutions, Inc. (“Motorola Solutions” or the “Company”) has provided certain non-GAAP measurements, including: “Free Cash Flow,” “Non-GAAP EPS,” “Non-GAAP Operating Earnings,” and “Non-GAAP Operating Margin.” Motorola Solutions has provided these non-GAAP measurements to help investors better understand its core operating performance, enhance comparisons of Motorola Solutions’ core operating performance from period-to-period and to allow better comparisons of Motorola Solutions’ operating performance to that of its competitors. Among other things, the Company’s management uses these operating results, excluding the identified items, to evaluate the performance of its businesses and to evaluate results relative to incentive compensation targets. Management uses operating results excluding these items because it believes these measures enable it to make better period-to-period evaluations of the financial performance of its core business operations. There are inherent limitations in the use of operating results excluding these items because the Company’s GAAP results include the impact of these items. The non-GAAP measures are intended only as a supplement to the comparable GAAP measures and the Company compensates for the limitations inherent in the use of non-GAAP measures by using GAAP measures in conjunction with the non-GAAP measures. As a result, investors should consider these non-GAAP measures in addition to, and not in substitution for, or as superior to, measures of financial performance prepared in accordance with GAAP.

Details of these items and reconciliations of the non-GAAP measurements provided during this presentation to GAAP measurements can be found in the Appendix to this presentation and on Motorola Solutions’ website at investors.motorolasolutions.com.

The Company has not quantitatively reconciled its guidance for forward-looking non-GAAP metrics to their most comparable GAAP measure because the Company does not provide specific guidance for the various reconciling items as certain items that impact these measures have not occurred, are out of the Company’s control, or cannot be reasonably predicted. Accordingly, a reconciliation to the most comparable GAAP financial metric is not available without unreasonable effort. Please note that the unavailable reconciling items could significantly impact the Company’s results.

“Free Cash Flow” is a non-GAAP measure and should not be considered a replacement for GAAP results. This non-GAAP measure may not be comparable to similarly-titled measures reported by other companies. The primary limitation of this measure is that it excludes the financial impact of items that would otherwise either increase or decrease our reported results. This limitation is best addressed by using this non-GAAP measure in combination with the most directly comparable GAAP measure in order to better understand the amounts, character and impact of any increase or decrease in reported amounts. The following provides additional information regarding this non-GAAP measure:

Free Cash Flow - Represents net cash provided by operating activities (“operating cash flow”) less capital expenditures. The company believes that free cash flow is also useful to investors as the basis for comparing its performance and coverage ratios with other companies in the company’s industries, although the company’s measure of free cash flow may not be directly comparable to similar measures used by other companies. This measure is also used as a component of incentive compensation.

SUPPLEMENTAL DISAGGREGATION OF REVENUE

Motorola Solutions, Inc. Disaggregation of Revenues

Below is an updated presentation of the disaggregation of revenues for the Company's major products and services for the three months ended June 27, 2020 and July 3, 2021 to provide a more comprehensive view of the Company's technologies within our reporting segments, Products & Systems Integration and Software & Services:

Land Mobile Radio Mission Critical Communications ("LMR") - Includes revenues from infrastructure, devices (two-way radio and broadband, including both for public safety and Professional Commercial Radio) and software that enable communications, inclusive of installation and integration, backed by services, to assure availability, security and resiliency.

Video Security and Access Control - Includes revenues from cameras (fixed, body-worn, in-vehicle), access control, infrastructure, video management, software and artificial intelligence-enabled analytics that enable visibility "on scene" and bring attention to what's important.

Command Center Software - Includes revenues from our Software suite that enables collaboration and seamless information sharing through the public safety workflow from 911 call to case closure.

(In millions)	Three Months Ended						Growth % by Total Technology
	June 27, 2020			July 3, 2021			
	Products and Systems Integration	Software and Services	Total	Products and Systems Integration	Software and Services	Total	
LMR	\$ 836	\$ 481	\$ 1,317	\$ 986	\$ 545	\$ 1,531	16 %
Video Security and Access Control	132	52	184	212	94	306	66 %
Command Center Software	—	117	117	—	134	134	15 %
Total	\$ 968	\$ 650	\$ 1,618	\$ 1,198	\$ 773	\$ 1,971	22 %

SUPPLEMENTAL NON-GAAP MEASURES

Motorola Solutions, Inc. and Subsidiaries Non-GAAP Trend
(In millions, except for per share amounts)

Motorola Solutions, Inc. and Subsidiaries Non-GAAP Trends (In millions, except for per share amounts)

	Q1 '19	Q2 '19	Q3 '19	Q4 '19	Q1 '20	Q2 '20	Q3 '20	Q4 '20	Q1 '21	Q2 '21
Net sales	\$ 1,657	\$ 1,860	\$ 1,994	\$ 2,377	\$ 1,655	\$ 1,618	\$ 1,868	\$ 2,273	\$ 1,773	\$ 1,971
GAAP gross margin	773	931	1,007	1,220	787	766	909	1,146	860	952
Non-GAAP gross margin adjustments:										
Pelco purchase accounting adjustment	—	—	—	—	—	—	3	4	—	—
Share-based compensation expenses	4	3	3	4	5	4	3	4	4	4
Reorganization of business charges	4	4	3	6	6	15	3	5	2	3
Non-GAAP gross margin	781	938	1,013	1,230	798	785	918	1,159	866	959
GAAP Operating earnings ("OE")	229	349	413	590	259	218	352	555	298	370
Non-GAAP OE Adjustments:										
Share-based compensation expenses	23	27	27	27	33	27	28	25	25	27
Reorganization of business charges	4	8	15	13	12	26	10	9	14	6
Intangible assets amortization expense	50	52	52	54	53	51	54	57	58	58
Other highlighted items*	1	1	(4)	13	(21)	18	10	8	10	14
Non-GAAP OE	\$ 315	\$ 444	\$ 509	\$ 707	\$ 347	\$ 359	\$ 463	\$ 667	\$ 411	\$ 482
GAAP OE %	13.8 %	18.8 %	20.7 %	24.8 %	15.6 %	13.5 %	18.9 %	24.4 %	16.8 %	18.8 %
Non-GAAP Adj %	5.2 %	5.1 %	4.8 %	4.9 %	5.4 %	8.7 %	5.9 %	4.9 %	6.4 %	5.6 %
Non-GAAP OE %	19.0 %	23.9 %	25.5 %	29.7 %	21.0 %	22.2 %	24.8 %	29.3 %	23.2 %	24.4 %
GAAP Other income (expense)	(44)	(74)	(65)	(397)	(35)	(42)	(101)	(33)	(9)	(30)
Non-GAAP below OE highlighted items*	(8)	(23)	(26)	(353)	1	4	(61)	3	6	(1)
Non-GAAP Other income (expense)	(36)	(51)	(39)	(44)	(36)	(46)	(40)	(36)	(15)	(29)
GAAP Net earnings attributable to Motorola Solutions, Inc.	151	207	267	244	197	135	205	412	244	293
Non-GAAP above OE highlighted items*	86	95	96	117	88	141	111	112	113	112
Non-GAAP below OE highlighted items*	8	23	26	353	(1)	(4)	61	(3)	(6)	1
Non-GAAP tax adjustments and effect	(22)	(27)	(28)	(197)	(21)	(31)	(38)	(24)	(27)	(47)
TOTAL Non-GAAP Earnings attributable to Motorola Solutions, Inc.	\$ 223	\$ 298	\$ 361	\$ 517	\$ 263	\$ 241	\$ 339	\$ 497	\$ 324	\$ 359
GAAP attributable to Motorola Solutions, Inc. earnings per share ("EPS")	\$ 0.86	\$ 1.18	\$ 1.51	\$ 1.39	\$ 1.12	\$ 0.78	\$ 1.18	\$ 2.37	\$ 1.41	\$ 1.69
Non-GAAP attributable to Motorola Solutions, Inc. EPS adjustments	0.42	0.51	0.53	1.55	0.37	0.61	0.77	0.49	0.46	0.38
Non-GAAP attributable to Motorola Solutions, Inc. EPS	\$ 1.28	\$ 1.69	\$ 2.04	\$ 2.94	\$ 1.49	\$ 1.39	\$ 1.95	\$ 2.86	\$ 1.87	\$ 2.07
Diluted weighted average shares outstanding	174.6	176.1	176.4	175.6	175.9	173.6	173.5	173.5	173.2	173.1

*Highlighted items: The company has excluded the effects of highlighted items including, but not limited to, acquisition-related transaction fees, tangible and intangible asset impairments, certain non-cash pension adjustments, legal settlements and other contingencies, gains and losses on investments and businesses, Hytera-related legal expenses, and the income tax effects of significant tax matters, from its non-GAAP operating expenses and net income measurements because the company believes that these historical items do not reflect expected future operating earnings or expenses and do not contribute to a meaningful evaluation of the company's current operating performance or comparisons to the company's past operating performance. For the purposes of management's internal analysis over operating performance, the company uses financial statements that exclude highlighted items, as these charges do not contribute to a meaningful evaluation of the company's current operating performance or comparisons to the company's past operating performance.

SUPPLEMENTAL NON-GAAP MEASURES

Reconciliation of Net cash provided by operating activities to Free cash flow

	Three Months Ended	
	July 3, 2021	June 27, 2020
Net cash provided by operating activities	\$ 388	\$ 209
Capital expenditures	(62)	(54)
Free cash flow*	\$ 326	\$ 155

**Free cash flow is a non-GAAP financial measure and is calculated as Net cash provided by operating activities - Capital expenditures*

SUPPLEMENTAL NON-GAAP MEASURES

Motorola Solutions, Inc. and Subsidiaries
Reconciliations of Operating Earnings to Non-GAAP Operating Earnings and Operating Margin to Non-GAAP Operating Margin

(In millions)

Q2 2021

	TOTAL	Products and Systems Integration	Software and Services
Net sales	\$ 1,971	\$ 1,198	\$ 773
Operating earnings ("OE")	\$ 370	\$ 139	\$ 231
Above-OE non-GAAP adjustments:			
Intangible assets amortization expense	58	13	45
Share-based compensation expenses	31	24	7
Reorganization of business charges	9	7	2
Hytera-related legal expenses	8	8	—
Legal settlements	3	2	1
Acquisition-related transaction fees	3	1	2
Total above-OE non-GAAP adjustments	112	55	57
Operating earnings after non-GAAP adjustments	\$ 482	\$ 194	\$ 288
Operating earnings as a percentage of net sales - GAAP	18.8 %	11.6 %	29.9 %
Operating earnings as a percentage of net sales - after non-GAAP adjustments	24.4 %	16.2 %	37.2 %

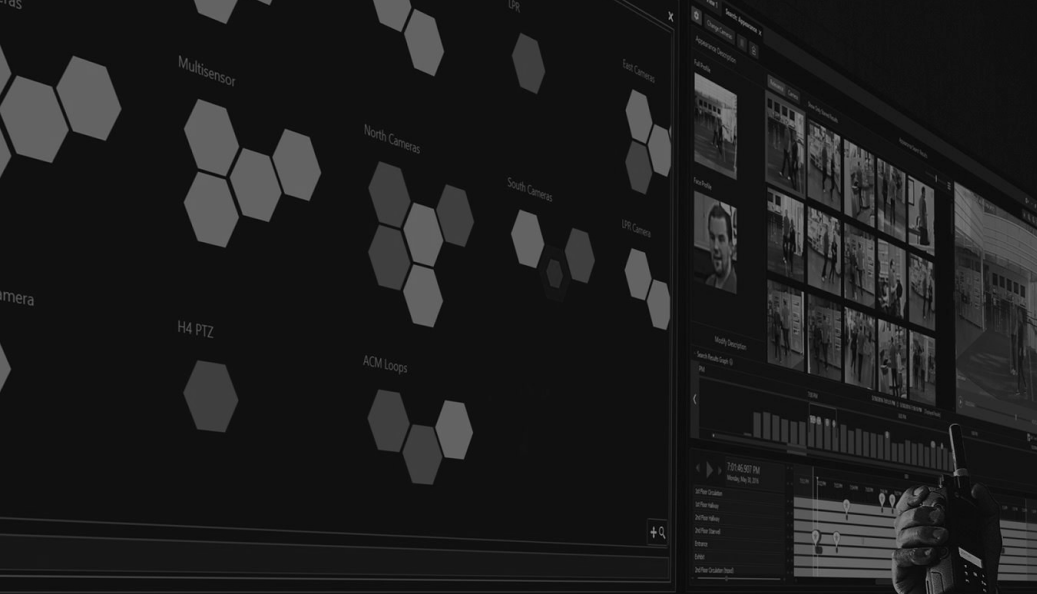
SUPPLEMENTAL NON-GAAP MEASURES

Motorola Solutions, Inc. and Subsidiaries
Reconciliations of Operating Earnings to Non-GAAP Operating Earnings and Operating Margin to Non-GAAP Operating Margin

(In millions)

Q2 2020

	TOTAL	Products and Systems Integration	Software and Services
Net sales	\$ 1,618	\$ 968	\$ 650
Operating earnings ("OE")	\$ 218	\$ 49	\$ 169
Above-OE non-GAAP adjustments:			
Intangibles amortization expense	51	12	39
Reorganization of business charges	41	33	8
Share-based compensation expenses	31	22	9
Legal settlements	7	7	—
Hytera-related legal expenses	5	5	—
Fixed asset impairment	5	3	2
Acquisition-related transaction fees	1	—	1
Total above-OE non-GAAP adjustments	141	82	59
Operating earnings after non-GAAP adjustments	\$ 359	\$ 131	\$ 228
Operating earnings as a percentage of net sales - GAAP	13.5 %	5.1 %	26.0 %
Operating earnings as a percentage of net sales - after non-GAAP adjustments	22.2 %	13.5 %	35.1 %



THANK YOU
