



# EARNINGS PRESENTATION

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Q4 AND FULL-YEAR 2021 RESULTS | February 9, 2022

# 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) impacts of, and associated responses to, COVID-19 and other catastrophic events; (ii) 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; (iii) the impact, including increased costs and potential liabilities, associated with changes in laws and regulations regarding privacy, data protection and information security; (iv) challenges relating to existing or future legislation and regulations pertaining to artificial intelligence (“AI”) and AI-enabled products; (v) the impact of government regulation of radio frequencies; (vi) audits and regulations and laws applicable to our U.S. government customer contracts and grants; (vii) additional compliance obligations and increased risk and competition associated with the expansion of our platforms within our Products and Systems Integration and Software and Services segments; (viii) the effectiveness of our investments in new products and technologies; (ix) the effectiveness of our integrations of acquired businesses; (x) a security breach or other significant disruption of our IT systems; (xi) our inability to protect our intellectual property or potential infringement of intellectual property rights of third parties; (xii) our license of the MOTOROLA, MOTO, MOTOROLA SOLUTIONS and the Stylized M logo and all derivatives and formatives thereof from Motorola Trademark Holdings, LLC; (xiii) the global nature of our employees, customers, suppliers and outsource partners; (xiv) 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; (xv) the inability of our subcontractors to perform in a timely and compliant manner; (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) impact of returns on pension and retirement plan assets and interest rate changes; (xx) inability to attract and retain senior management and key employees; (xxi) impact of product regulatory and safety, consumer, worker safety and environmental laws; (xxii) inability to access the capital markets for financing on acceptable terms and conditions; (xxiii) impact of tax matters; (xxiv) impact of the American Rescue Plan Act of 2021 on our business; and (xxv) 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](http://www.sec.gov), and on Motorola Solutions’ website at [www.motorolasolutions.com/investor](http://www.motorolasolutions.com/investor)

This presentation is being made on the 9<sup>th</sup> day of February, 2022. The content of this presentation contains time-sensitive information that is accurate only as of the time hereof. If any portion of this presentation is rebroadcast, retransmitted or redistributed at a later date, Motorola Solutions will not be reviewing or updating the material that is contained herein.

# HIGHLIGHTS

Q4 2021



- **Sales of \$2.3B, up 2% vs. the prior year**
  - Software and Services up 8% on growth in Land Mobile Radio (“LMR”) services, video security and command center software
  - Products and Systems Integration down 1% due to supply constraints. Growth in video security and public safety LMR was offset by decline in professional and commercial radio (“PCR”).
- **Record North America orders during the quarter, including:**
  - \$98M P25 upgrade order for the Commonwealth of Massachusetts
  - \$69M P25 APX and APX NEXT subscriber upgrade for the Commonwealth of Virginia
  - \$68M P25 subscriber upgrade for the District of Columbia
- **GAAP EPS of \$2.30**
- **Non-GAAP EPS<sup>1</sup> of \$2.85, flat versus a year ago**
- **Operating cash flow of \$703M; Free cash flow<sup>2</sup> of \$635M**
- **Repurchased \$119M of shares and paid \$120M in dividends**

<sup>1</sup> Non-GAAP measures exclude highlighted items, including share-based compensation expenses and intangible assets amortization expense

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

# HIGHLIGHTS

FY 2021



- **Sales of \$8.2B, up 10% vs. the prior year**
  - Products and Systems Integration up 9% on growth in LMR and video security
  - Software and Services up 13% on growth in LMR services, video security and command center software
- **Video security and access control sales up 32%; up 21% organic<sup>4</sup>**
- **GAAP EPS of \$7.17; Non-GAAP EPS<sup>1</sup> of \$9.15, up 19%**
- **Record backlog of \$13.6B, up \$1.3B in Software and Services and up \$886M in Products and Systems Integration from a year ago**
- **Record Operating cash flow of \$1.8B and Free cash flow<sup>2</sup> of \$1.6B**
- **Invested \$457M<sup>3</sup> for acquisitions in video security & access control and command center software**
- **Repurchased \$528M of shares at an average price of \$208.41 and increased share repurchase authorization by \$2B**
- **Paid \$482M in dividends and increased quarterly dividend by 11%**
- **Issued \$850M of new long-term debt and redeemed \$324M of outstanding debt**

<sup>1</sup> Non-GAAP measures exclude highlighted items, including share-based compensation expenses and intangible assets amortization expense

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

<sup>3</sup> Net of cash acquired

<sup>4</sup> Organic revenue is a non-GAAP financial measure and is calculated as net sales - sales from acquired businesses owned for less than four full quarters.



# FINANCIAL RESULTS

	Q4 20	Q4 21	CHANGE	2020	2021	CHANGE
REVENUE	\$2,273	\$2,320	2%	\$7,414	\$8,171	10%
NON-GAAP OPERATING EARNINGS*	\$667	\$670	–	\$1,835	\$2,117	15%
NON-GAAP OPERATING MARGIN*	29.3%	28.9%	(40 bps)	24.8%	25.9%	110 bps
NON-GAAP EARNINGS PER SHARE*	\$2.86	\$2.85	–	\$7.69	\$9.15	19%

(\$M) excluding per share amounts

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



# CASH FLOW

(\$M)	FY 20 ACT	FY 21 ACT	CHANGE
OPERATING CASH FLOW	\$1,613	\$1,837	\$224
CAPITAL EXPENDITURES	(\$217)	(\$243)	(\$26)
FREE CASH FLOW*	\$1,396	\$1,594	\$198

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

# PRODUCTS & SI

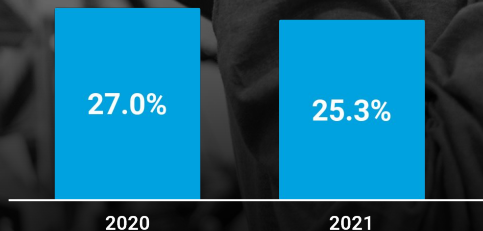
## Q4 2021

### Revenue

(\$M)



### Non-GAAP Operating Margin %\*



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

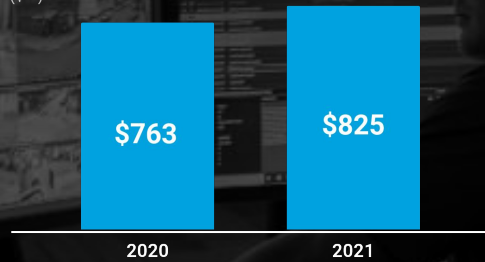
- Revenue down 1% driven by supply constraints. Growth in video security and public safety LMR was offset by a decline in PCR.
- Non-GAAP Operating margin\* down 170 bps driven by higher operating expenses, inclusive of incentive compensation and acquisitions, as well as lower sales
- Notable wins and achievements:
  - \$98M P25 upgrade order for the Commonwealth of Massachusetts
  - \$94M of APX NEXT device orders in North America
  - \$68M P25 device upgrade for the District of Columbia
  - \$28M P25 upgrade order for a large U.S. customer
  - \$21M fixed video security order for a large North America utility customer
  - \$19M additional TETRA order from the German MOD
  - \$17M TETRA device upgrade for a customer in Asia Pacific

# SOFTWARE & SERVICES

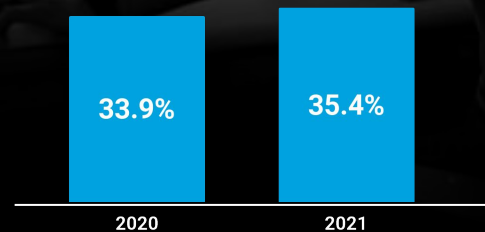
Q4 2021

## Revenue

(\$M)



## Non-GAAP Operating Margin %\*



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

- Revenue up 8%, driven by growth in LMR services, video security and command center software
- Non-GAAP operating margin\* up 150 bps driven by higher sales, higher gross margins and improved operating leverage, inclusive of higher incentive compensation and acquisitions
- Notable multi-year wins and achievements:
  - \$25M multi-year services contract with Cook County, IL
  - \$17M P25 multi-year software upgrade agreement for ICI Systems Authority in California
  - \$17M body-worn camera as-a-service order for the City of Houston, TX police department
  - \$15M P25 multi-year software upgrade agreement for Orange County, CA
  - \$14M additional body-worn camera order for the French MOI
  - \$11M command center software hybrid cloud order for North Carolina Department of Public Safety
  - 27% growth in video security and access control software



# REGIONAL REVENUE

Q4 2021

(\$M)	Q4 20	Q4 21	CHANGE
NORTH AMERICA	\$1,548	\$1,615	4%
INTERNATIONAL	\$725	\$705	(3%)
<b>TOTAL</b>	<b>\$2,273</b>	<b>\$2,320</b>	<b>2%</b>

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

# REGIONAL REVENUE

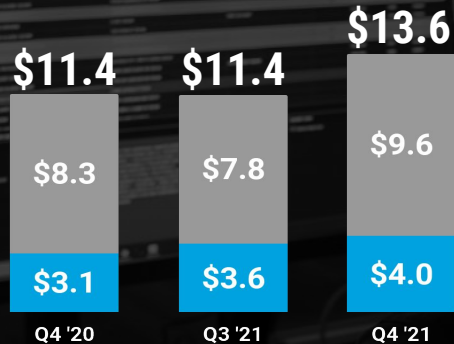
FY 2021

(\$M)	2020	2021	CHANGE
NORTH AMERICA	\$5,024	\$5,561	11%
INTERNATIONAL	\$2,390	\$2,610	9%
<b>TOTAL</b>	<b>\$7,414</b>	<b>\$8,171</b>	<b>10%</b>

- **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 \$1.3B primarily driven by an extension of the Airwave contract and growth in software and services contracts in North America
- Q/Q up \$1.8B primarily driven by an extension of the Airwave contract and growth in services and software contracts in North America

## Products and Systems Integration

- Y/Y up \$886M driven primarily by strong LMR demand in both regions
- Q/Q up \$417M driven primarily by strong LMR demand in both regions

# OUTLOOK

(NON-GAAP)\*



## Q1 2022

Revenue Growth	Approx. 3%
Non-GAAP EPS	\$1.53 - \$1.59

## Q1 Details

- Effective tax rate approx. 17%
- Fully diluted share count between 173M and 174M shares

## FULL-YEAR 2022

Revenue Growth	Approx. 7%
Non-GAAP EPS	\$9.80 - \$9.95

## Full-Year Details

- Effective tax rate 21% to 22%
- Fully diluted share count approx. 174M shares

\*FY outlook assumes current FX rates as of February 9<sup>th</sup>, 2022

# 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 and COO

## **MAHESH SAPTHARISHI**

Executive Vice President and CTO



# USE OF NON-GAAP MEASURES

In addition to the results presented in accordance with accounting principles generally accepted in the U.S. ("GAAP") included in this presentation, Motorola Solutions, Inc. (the "Company") also has included non-GAAP measurements of results, including free cash flow, non-GAAP operating earnings, non-GAAP EPS, non-GAAP operating margin and organic revenue. The Company has provided these non-GAAP measurements to help investors better understand its core operating performance, enhance comparisons of core operating performance from period-to-period and allow better comparisons of its operating performance to that of its competitors. Among other things, management uses these operating results, excluding the identified items, to evaluate the performance of its businesses and to evaluate results relative to certain incentive compensation targets. Management uses operating results excluding these items because it believes these measurements enable it to make better period-to-period evaluations of the financial performance of its core business operations. The non-GAAP measurements are intended only as a supplement to the comparable GAAP measurements and the Company compensates for the limitations inherent in the use of non-GAAP measurements by using GAAP measures in conjunction with the non-GAAP measurements. As a result, investors should consider these non-GAAP measurements in addition to, and not in substitution for or as superior to, GAAP measurements.

Details of these items and reconciliations of the non-GAAP measurements provided during this presentation to GAAP measurements can be found in this appendix to this presentation and on Motorola Solutions' website at [investors.motorolasolutions.com](https://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** - Represents net cash provided by operating activities ("operating cash flow") less capital expenditures. The Company believes that free cash flow is 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.

**Organic Revenue** - Organic revenue reflects net sales calculated under GAAP excluding net sales from acquired business owned for less than four full quarters. The company believes organic revenue provides useful information for evaluating the periodic growth of the business on a consistent basis and provides for a meaningful period-to-period comparison and analysis of trends in the business.

**EBITDA** - Represents net income before interest expense, interest income, income taxes, depreciation, and amortization.

**Adjusted EBITDA** - Represents EBITDA adjusted for net other income, income from discontinued operations, share based compensation expense, U.S. Pension settlement loss, and special items including charges or income related to reorganization and other charges, acquisition related charges, impairment charges, and other income or charges, if any. We believe Adjusted EBITDA provides improved period-to-period comparability for decision making and because it better measures the ongoing earnings results of our strategic and operating decisions by excluding the earnings effects of reorganization activities.

**Net Debt and Net Debt to Adj. EBITDA Ratio** - Net Debt is calculated as Long-term Debt, including the Current Portion of Long-term Debt, less Cash and Cash Equivalents. Net Debt to Adj. EBITDA Ratio is calculated by dividing Net Debt by Trailing 12 month Adjusted EBITDA.

# 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 and twelve months ended December 31, 2020 and 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 Communications ("LMR Communications")** - 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.

	Three Months Ended						Growth % by Total Technology
	December 31, 2020			December 31, 2021			
	Products & Systems Integration	Software & Services	Total	Products & Systems Integration	Software & Services	Total	
<i>(in millions)</i>							
LMR Communications	\$1,307	\$528	\$1,835	\$1,256	\$563	\$1,819	(1)%
Video Security and Access Control	203	88	291	239	112	351	21 %
Command Center Software	—	147	147	—	150	150	2 %
	<u>\$1,510</u>	<u>\$763</u>	<u>\$2,273</u>	<u>\$1,495</u>	<u>\$825</u>	<u>\$2,320</u>	<u>2 %</u>
	Twelve Months Ended						
LMR Communications	\$3,992	\$2,008	\$6,000	\$4,203	\$2,205	\$6,408	7 %
Video Security and Access Control	642	285	927	830	396	1,226	32 %
Command Center Software	—	487	487	—	537	537	10 %
	<u>\$4,634</u>	<u>\$2,780</u>	<u>\$7,414</u>	<u>\$5,033</u>	<u>\$3,138</u>	<u>\$8,171</u>	<u>10 %</u>

# 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	Q3 '21	Q4 '21
Net sales	\$1,657	\$1,860	\$1,994	\$2,377	\$1,655	\$1,618	\$1,868	\$2,273	\$1,773	\$1,971	\$2,107	\$2,320
GAAP gross margin	773	931	1,007	1,220	787	766	909	1,146	860	952	1,045	1,183
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	4	4
Reorganization of business charges	4	4	3	6	6	15	3	5	2	3	2	1
Non-GAAP gross margin	781	938	1,013	1,230	798	785	918	1,159	866	959	1,051	1,188
GAAP Operating earnings ("OE")	229	349	413	590	259	218	352	555	298	370	451	549
Non-GAAP OE Adjustments:												
Share-based compensation expenses	23	27	27	27	33	27	28	25	25	27	30	31
Reorganization of business charges	4	8	15	13	12	26	10	9	14	6	2	2
Intangible assets amortization expense	50	52	52	54	53	51	54	57	58	58	56	64
Other highlighted items*	1	1	(4)	13	(21)	18	10	8	10	14	10	19
Non-GAAP OE	\$ 315	\$ 444	\$ 509	\$ 707	\$ 347	\$ 359	\$ 463	\$ 667	\$ 411	\$ 482	\$ 555	\$ 670
GAAP OE%	13.8 %	18.8 %	20.7 %	24.8 %	15.6 %	13.5 %	18.9 %	24.4 %	16.8 %	18.8 %	21.4 %	23.7 %
Non-GAAP Adj %	5.2 %	5.1 %	4.8 %	4.9 %	5.4 %	8.7 %	5.9 %	4.9 %	6.4 %	5.6 %	4.9 %	5.2 %
Non-GAAP OE %	19.0 %	23.9 %	25.5 %	29.7 %	21.0 %	22.2 %	24.8 %	29.3 %	23.2 %	24.4 %	26.3 %	28.9 %
GAAP Other income (expense)	(44)	(74)	(65)	(397)	(35)	(42)	(101)	(33)	(9)	(30)	(46)	(31)
Non-GAAP below OE highlighted items*	(8)	(23)	(26)	(353)	1	4	(61)	3	6	(1)	(19)	(2)
Non-GAAP Other income (expense)	(36)	(51)	(39)	(44)	(36)	(46)	(40)	(36)	(15)	(29)	(27)	(29)
GAAP Net earnings attributable to Motorola Solutions, Inc.	151	207	267	244	197	135	205	412	244	293	307	401
Non-GAAP above OE highlighted items*	86	95	96	117	88	141	111	112	113	112	104	121
Non-GAAP below OE highlighted items*	8	23	26	353	(1)	(4)	61	(3)	(6)	1	19	2
Non-GAAP tax adjustments and effect	(22)	(27)	(28)	(197)	(21)	(31)	(38)	(24)	(27)	(47)	(21)	(27)
TOTAL Non-GAAP Earnings attributable to Motorola Solutions, Inc.	\$ 223	\$ 298	\$ 361	\$ 517	\$ 263	\$ 241	\$ 339	\$ 497	\$ 324	\$ 359	\$ 409	\$ 497
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	\$1.76	\$2.30
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	0.59	0.55
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	\$2.35	\$2.85
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	174.1	174.2

\*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	
	December 31, 2021	December 31, 2020
Net cash provided by operating activities	\$ 703	\$ 703
Capital expenditures	(68)	(66)
Free cash flow*	\$ 635	\$ 637

*\*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 Reconciliation of GAAP EPS to Non-GAAP EPS

<i>(per diluted common share)</i>	FY20	FY21
<b>GAAP EPS</b>	<b>\$5.45</b>	<b>\$7.17</b>
<b>Highlighted Items:</b>		
Intangible assets amortization expense	0.95	1.08
Share-based compensation expenses	0.57	0.66
Reorganization of business charges	0.37	0.14
Hytera-related legal expenses	0.18	0.11
Acquisition-related transaction fees	0.05	0.09
Loss from extinguishment of long-term debt	0.25	0.08
Operating lease asset impairments	—	0.05
Fair value adjustments to equity investments	(0.03)	0.03
Legal settlements	0.04	0.01
Sale of investments	0.01	(0.01)
Adjustments to uncertain tax positions	—	(0.10)
Release of valuation allowance on deferred tax assets	—	(0.20)
Impact of tax rate changes on deferred tax balances	—	0.02
Undistributed foreign earnings from prior periods	—	0.02
Pelco purchase accounting adjustment	0.03	—
Fixed Asset Impairment	0.02	—
Investment Impairments	0.02	—
Gain on sale of property, plant, and equipment	(0.22)	—
<b>Non-GAAP EPS</b>	<b>\$7.69</b>	<b>\$9.15</b>



# 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)

Q4 2021

	TOTAL	Products and Systems Integration	Software and Services
Net sales	\$ 2,320	\$ 1,495	\$ 825
Operating earnings ("OE")	\$ 549	\$ 320	\$ 229
Above-OE non-GAAP adjustments:			
Intangible assets amortization expense	64	15	49
Share-based compensation expenses	35	28	7
Acquisition-related transaction fees	9	3	6
Hytera-related legal expenses	8	8	—
Reorganization of business charges	3	3	—
Operating lease asset impairment	3	2	1
Sale of investments	(1)	(1)	—
Total above-OE non-GAAP adjustments	121	58	63
Operating earnings after non-GAAP adjustments	\$ 670	\$ 378	\$ 292
Operating earnings as a percentage of net sales - GAAP	23.7 %	21.4 %	27.8 %
Operating earnings as a percentage of net sales - after non-GAAP adjustments	28.9 %	25.3 %	35.4 %

# 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)

Q4 2020

	TOTAL	Products and Systems Integration	Software and Services
Net sales	\$ 2,273	\$ 1,510	\$ 763
Operating earnings ("OE")	\$ 555	\$ 351	\$ 204
Above-OE non-GAAP adjustments:			
Intangibles amortization expense	57	13	44
Share-based compensation expenses	29	21	8
Reorganization of business charges	14	11	3
Hytera-related legal expenses	7	7	—
Pelco purchase accounting adjustment	4	4	—
Acquisition-related transaction fees	1	1	—
Total above-OE non-GAAP adjustments	112	57	55
Operating earnings after non-GAAP adjustments	\$ 667	\$ 408	\$ 259
Operating earnings as a percentage of net sales - GAAP	24.4 %	23.2 %	26.7 %
Operating earnings as a percentage of net sales - after non-GAAP adjustments	29.3 %	27.0 %	33.9 %

# 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)

FY 2021

	TOTAL	Products and Systems Integration	Software and Services
Net sales	\$ 8,171	\$ 5,033	\$ 3,138
Operating earnings ("OE")	\$ 1,667	\$ 760	\$ 907
Above-OE non-GAAP adjustments:			
Intangible assets amortization expense	236	54	182
Share-based compensation expenses	129	99	30
Reorganization of business charges	32	25	7
Hytera-related legal expenses	26	26	—
Acquisition-related transaction fees	15	4	11
Operating lease asset impairment	10	7	3
Legal settlements	3	2	1
Sale of investments	(1)	(1)	—
Total above-OE non-GAAP adjustments	450	216	234
Operating earnings after non-GAAP adjustments	\$ 2,117	\$ 976	\$ 1,141
Operating earnings as a percentage of net sales - GAAP	20.4 %	15.1 %	28.9 %
Operating earnings as a percentage of net sales - after non-GAAP adjustments	25.9 %	19.4 %	36.4 %

# 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)

FY 2020

	TOTAL	Products and Systems Integration	Software and Services
Net sales	\$ 7,414	\$ 4,634	\$ 2,780
Operating earnings ("OE")	\$ 1,383	\$ 656	\$ 727
Above-OE non-GAAP adjustments:			
Intangibles amortization expense	215	49	166
Share-based compensation expenses	129	92	37
Reorganization of business charges	86	68	18
Hytera-related legal expenses	42	42	—
Legal settlements	9	9	—
Acquisition-related transaction fees	9	4	5
Fixed asset impairment	5	3	2
Peico purchase accounting adjustment	7	7	—
Gain on sale of property, plant, and equipment	(50)	(50)	—
Total above-OE non-GAAP adjustments	452	224	228
Operating earnings after non-GAAP adjustments	\$ 1,835	\$ 880	\$ 955
Operating earnings as a percentage of net sales - GAAP	18.7 %	14.2 %	26.2 %
Operating earnings as a percentage of net sales - after non-GAAP adjustments	24.8 %	19.0 %	34.3 %

# SUPPLEMENTAL NON-GAAP MEASURES

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

Total Video Security & Access Control

Year Ended

	December 31, 2021	December 31, 2020	% Change
Net sales	\$ 1,226	\$ 927	32 %
Non-GAAP adjustments:			
Sales from video acquisitions	138	30	
Organic revenue	\$ 1,088	\$ 897	21 %



# SUPPLEMENTAL NON-GAAP MEASURES

## Reconciliation of GAAP Net Earnings to EBITDA and Adjusted EBITDA

(\$ in millions)	Q1 2021	Q2 2021	Q3 2021	Q4 2021	TTM
GAAP Net earnings attributable to Motorola Solutions, Inc.	\$ 244	\$ 293	\$ 307	\$ 401	\$ 1,245
Interest Expense, Net	54	44	56	54	208
Income Tax Expense	44	46	97	116	302
Depreciation Expense	52	52	49	49	202
Intangible Amortization Expense	58	58	56	64	236
<b>EBITDA</b>	<b>\$ 452</b>	<b>\$ 493</b>	<b>\$ 565</b>	<b>\$ 684</b>	<b>\$ 2,193</b>
Share-based Compensation Expense	29	31	34	35	129
Reorganization of Business Charges	16	9	4	3	32
Loss from the Extinguishment of Debt	—	18	—	—	18
Other Above OE Highlighted Items***	10	14	10	19	53
Below OE Highlighted Items***	(6)	(7)	19	2	8
<b>Adjusted EBITDA</b>	<b>\$ 501</b>	<b>\$ 558</b>	<b>\$ 632</b>	<b>\$ 725</b>	<b>\$ 2,433</b>

### Net Debt Calculation

	Q4 2021
Long-term Debt	\$ 5,688
Current Portion of Long-term Debt	5
Less Cash and Cash Equivalents	1,874
<b>Net Debt</b>	<b>\$ 3,819</b>

### Net Debt to Adjusted EBITDA Calculation

	Q4 2021
<b>Net Debt</b>	<b>\$ 3,819</b>
Trailing Twelve Months ("TTM") Adjusted EBITDA	2,433
<b>Net Debt to TTM Adjusted EBITDA</b>	<b>1.6</b>



**THANK YOU**

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