



# EARNINGS PRESENTATION

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Q4 AND FULL-YEAR 2022 RESULTS | February 9, 2023

# 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”), AI-enabled products and the use of biometrics and other video analytics; (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) the impact, including additional compliance obligations, associated with existing or future telecommunications-related laws and regulations; (vi) the evolving state of environmental regulation relating to climate change, and the physical risks of climate change; (vii) impact of product regulatory and safety, consumer, worker safety and environmental laws; (viii) impact of tax matters; (ix) the continuing and future impact of the COVID-19 pandemic on our business; (x) additional compliance obligations and increased risk, costs and competition associated with the expansion of our technologies within our Products and Systems Integration and Software and Services segments (including, but not limited to, with respect to the United Kingdom’s Competition and Markets Authority’s provisional decision regarding Airwave); (xi) the effectiveness of our investments in new products and technologies; (xii) the effectiveness of our strategic acquisitions, including the integrations of such acquired businesses; (xiii) increased cybersecurity threats, a security breach or other significant disruption of our IT systems or those of our outsource partners, suppliers or customers; (xiv) our inability to protect our intellectual property or potential infringement of intellectual property rights of third parties; (xv) our license of the MOTOROLA, MOTO, MOTOROLA SOLUTIONS and the Stylized M logo and all derivatives and formatives thereof from Motorola Trademark Holdings, LLC; (xvi) the global nature of our employees, customers, suppliers and outsource partners; (xvii) 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; (xviii) the inability of our subcontractors to perform in a timely and compliant manner or adhere to our Human Rights Policy; (xix) 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, and any disruption to our suppliers or significant increase in the price of supplies; (xx) risks related to our large, multi-year system and services contracts (including, but not limited to, with respect to the Emergency Services Network (“ESN”) and Airwave contracts); (xxi) the inability of our products to meet our customers’ expectations or regulatory or industry standards; (xxii) impact of current global economic and political conditions in the markets in which we operate (including, but not limited to, the Russia-Ukraine conflict and inflation); (xxiii) impact of returns on pension and retirement plan assets and interest rate changes; (xxiv) inability to access the capital markets for financing on acceptable terms and conditions; (xxv) inability to attract and retain senior management and key employees; (xxvi) impact of the ARPA on our business; and (xxvii) the return of capital to shareholders through dividends and/or repurchasing shares. Motorola Solutions undertakes no obligation to publicly update any forward-looking statement or risk factor, whether as a result of new information, future events or otherwise. 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, 2023. 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 2022



- **Sales of \$2.7B, up 17% vs. the prior year**
  - Products and Systems Integration up 21%
  - Software and Services up 9%
  - Growth in all technologies
    - Land Mobile Radio (“LMR”) up 16%
    - Video security and access control (“Video”) up 21%
    - Command center up 11%
- **GAAP EPS of \$3.43, up 49% from a year ago**
- **Non-GAAP EPS<sup>1</sup> of \$3.60, up 26% from a year ago**
- **Operating cash flow of \$1.3B, up \$570M from a year ago**
- **Record ending backlog of \$14.3B, up 6% from a year ago, inclusive of record Products and Systems Integration backlog**
- **Acquired Rave Mobile Safety, a leader in mass notification and incident management, for \$553M<sup>2</sup>**

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

<sup>2</sup> Net of cash acquired

# HIGHLIGHTS

FY 2022



- **Sales of \$9.1B, up 12% vs. the prior year**
  - Products and Systems Integration up 14%
  - Software and Services up 8%
  - Growth in all technologies
    - LMR up 9%
    - Video up 24%
    - Command center up 12%
- **GAAP EPS of \$7.93; Non-GAAP EPS<sup>1</sup> of \$10.36, up 13%**
- **Record backlog of \$14.3B, inclusive of record Products and Systems Integration backlog**
- **Operating cash flow of \$1.8B and free cash flow<sup>2</sup> of \$1.6B**
- **Closed seven acquisitions totaling \$1.2B<sup>3</sup>**
- **Repurchased \$836M of shares at an average price of \$225.00**
- **Paid \$530M in dividends and increased quarterly dividend by 11%**
- **Issued \$600M of long-term debt; repaid \$275M of outstanding long-term 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

# FINANCIAL RESULTS

	Q4 21	Q4 22	CHANGE	2021	2022	CHANGE
REVENUE	\$2,320	\$2,706	17%	\$8,171	\$9,112	12%
NON-GAAP OPERATING EARNINGS*	\$670	\$822	23%	\$2,117	\$2,368	12%
NON-GAAP OPERATING MARGIN*	28.9%	30.4%	150 bps	25.9%	26.0%	10 bps
NON-GAAP EARNINGS PER SHARE*	\$2.85	\$3.60	26%	\$9.15	\$10.36	13%

(\$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 21 ACT	FY 22 ACT	CHANGE
OPERATING CASH FLOW	\$1,837	\$1,823	(\$14)
CAPITAL EXPENDITURES	(\$243)	(\$256)	(\$13)
FREE CASH FLOW*	\$1,594	\$1,567	(\$27)

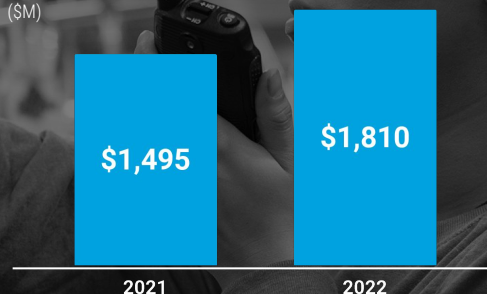
\* Free Cash Flow is a non-GAAP financial measure and is calculated as Net cash provided by operating activities - Capital Expenditures.

# PRODUCTS & SI

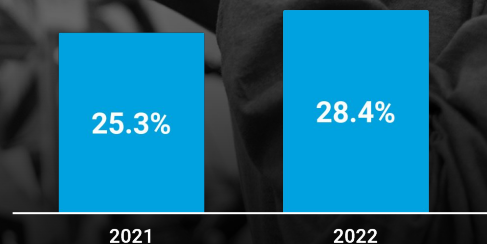
Q4 2022

## Revenue

(\$M)



## Non-GAAP Operating Margin %\*



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

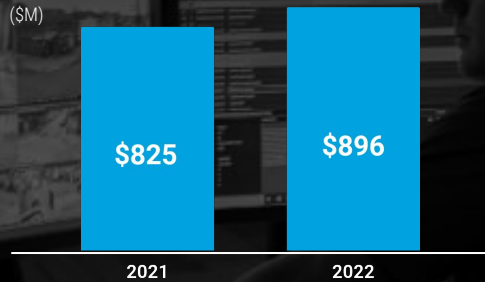
- Revenue up 21%, driven by growth in LMR and Video
- Non-GAAP operating margin\* up 310 bps driven by higher sales and operating leverage, partially offset by higher direct material costs
- Notable wins and achievements:
  - \$45M P25 APX NEXT devices order for the city of Houston, TX
  - \$39M P25 APX NEXT devices order for a large U.S. customer
  - \$30M P25 APX NEXT devices order for the city of Dallas, TX
  - \$21M add-on P25 APX NEXT devices order for a large U.S. customer
  - \$20M P25 APX NEXT devices and command center order for Kansas City, MO
  - \$19M P25 system order for a large international customer
  - \$3M fixed video order for Metra Rail

# SOFTWARE & SERVICES

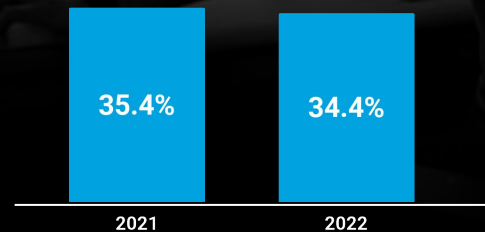
Q4 2022

## Revenue

(\$M)



## Non-GAAP Operating Margin %\*



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

- Revenue up 9%, driven by growth in LMR services, Video and Command center
- Non-GAAP operating margin\* down 100 bps driven by mix and higher expenses from acquisitions
- Notable multi-year wins and achievements:
  - \$56M P25 multi-year managed service extension of the Interexport contract for the Chilean National Law Enforcement Police
  - \$25M P25 software upgrade agreement renewal for a large U.S. customer
  - \$22M NG911 expansion and renewal for Greater Harris County, TX
  - \$21M system upgrade and multi-year services renewal for Lane County, OR
  - \$15M P25 and command center upgrade agreement extension order for Columbus, GA
  - \$15M license plate recognition camera system expansion order for the Illinois State Police



# REGIONAL REVENUE

Q4 2022

(\$M)	Q4 21	Q4 22	CHANGE
NORTH AMERICA	\$1,615	\$1,898	18%
INTERNATIONAL	\$705	\$808	15%
<b>TOTAL</b>	<b>\$2,320</b>	<b>\$2,706</b>	<b>17%</b>

- **North America** growth driven by LMR, Video and Command center
- **International** growth driven by LMR, Command center and Video, partially offset by FX

# REGIONAL REVENUE

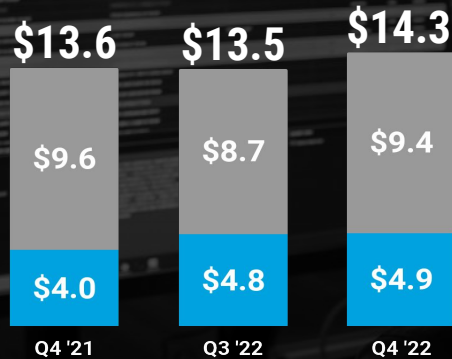
FY 2022

(\$M)	2021	2022	CHANGE
NORTH AMERICA	\$5,561	\$6,374	15%
INTERNATIONAL	\$2,610	\$2,738	5%
<b>TOTAL</b>	<b>\$8,171</b>	<b>\$9,112</b>	<b>12%</b>

- **North America** growth driven by LMR, Video and Command center
- **International** growth driven by LMR, Video and Command center, partially offset by FX

# BACKLOG TREND

(\$B)



■ Products and SI ■ Software and Services

## Software and Services

- Y/Y down \$106M primarily driven by revenue recognition for Airwave and ESN, unfavorable FX and the reduction related to the exit of ESN, partially offset by growth in multi-year contracts in North America
- Q/Q up \$769M primarily driven by FX and growth in multi-year contracts in North America, partially offset by revenue recognition for Airwave and ESN
- Unfavorable FX \$367M Y/Y and favorable FX \$337M Q/Q

## Products and Systems Integration

- Y/Y up \$894M driven by strong LMR and Video demand
- Q/Q up \$68M driven by strong LMR demand

# OUTLOOK

(NON-GAAP)\*



## Q1 2023

Revenue Growth	12% - 13%
Non-GAAP EPS	\$2.02 - \$2.07

## FULL-YEAR 2023

Revenue (\$M)	\$9,650 - \$9,700
Non-GAAP EPS	\$11.10 - \$11.22

## Q1 Details

- Effective tax rate of approx. 23%
- Fully diluted share count of approx. 172M shares
- Approx. \$40M FX headwind

## Full-Year Details

- Effective tax rate 23% to 24%
- Fully diluted share count approx. 172M shares
- Approx. \$40M FX headwind

\*FY outlook assumes current FX rates

# 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, EBITDA, adjusted EBITDA, Net Debt and Net Debt to adjusted EBITDA ratio. 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 measures 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.

**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. The Company believes Adjusted EBITDA provides improved period-to-period comparability for decision making because it better measures the ongoing earnings results of the Company's 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.

**Constant Currency or Revenue Normalized for Foreign Exchange** - We evaluate our results of operations on both an as reported and a constant currency basis. The revenue normalized for foreign exchange or constant currency presentation, which is a non-GAAP measure, excludes the impact of fluctuations in foreign currency exchange rates. We calculate constant currency percentages by converting our current period local currency results using prior-period exchange rates, and then comparing these adjusted values to prior period reported results.



# SUPPLEMENTAL DISAGGREGATION OF REVENUE

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, 2021 and 2022 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 ("PCR")) and software that enable communications, inclusive of installation and integration, backed by services, to assure availability, security and resiliency.

**Video Security and Access Control ("Video")** - 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 \*** - Includes revenues from our Software suite that enables collaboration and ability to share information throughout the public safety workflow from "911 call to case closure."

(in millions)	Three Months Ended						Growth % by Total Technology
	December 31, 2021			December 31, 2022			
	Products & Systems Integration	Software & Services	Total	Products & Systems Integration	Software & Services	Total	
LMR Communications	\$1,256	\$563	\$1,819	\$1,523	\$590	\$2,113	16 %
Video Security and Access Control	239	112	351	287	139	426	21 %
Command Center	—	150	150	—	167	167	11 %
	<u>\$1,495</u>	<u>\$825</u>	<u>\$2,320</u>	<u>\$1,810</u>	<u>\$896</u>	<u>\$2,706</u>	<u>17 %</u>
(in millions)	Twelve Months Ended						Growth % by Total Technology
	December 31, 2021			December 31, 2022			
	Products & Systems Integration	Software & Services	Total	Products & Systems Integration	Software & Services	Total	
LMR Communications	\$4,203	\$2,205	\$6,408	\$4,713	\$2,274	\$6,987	9 %
Video Security and Access Control	830	396	1,226	1,015	508	1,523	24 %
Command Center	—	537	537	—	602	602	12 %
	<u>\$5,033</u>	<u>\$3,138</u>	<u>\$8,171</u>	<u>\$5,728</u>	<u>\$3,384</u>	<u>\$9,112</u>	<u>12 %</u>

\* In January 2023, we began using Command Center as a naming convention, eliminating the "Software" descriptor from Command Center Software in order to inform investors that the company has software components more broadly across all technologies; this name change does not require any financial information to be reclassified from previous periods.

# 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 '20	Q2 '20	Q3 '20	Q4 '20	Q1 '21	Q2 '21	Q3 '21	Q4 '21	Q1 '22	Q2 '22	Q3 '22	Q4 '22
Net sales	\$ 1,655	\$ 1,618	\$ 1,868	\$ 2,273	\$ 1,773	\$ 1,971	\$ 2,107	\$ 2,320	\$1,892	\$2,140	\$2,373	\$2,706
GAAP gross margin	787	766	909	1,146	860	952	1,045	1,183	857	990	1,031	1,351
Non-GAAP gross margin adjustments:												
Pelco purchase accounting adjustment	—	—	3	4	—	—	—	—	—	—	—	—
Loss on ESN fixed asset impairment	—	—	—	—	—	—	—	—	—	—	147	—
Share-based compensation expenses	5	4	3	4	4	4	4	4	6	7	8	7
Reorganization of business charges	6	15	3	5	2	3	2	1	3	2	12	1
Non-GAAP gross margin	798	785	918	1,159	866	959	1,051	1,188	866	999	1,198	1,359
GAAP Operating earnings ("OE")	259	218	352	555	298	370	451	549	239	358	373	692
Non-GAAP OE Adjustments:												
Share-based compensation expenses	33	27	28	25	25	27	30	31	31	37	37	39
Reorganization of business charges	12	26	10	9	14	6	2	2	7	5	2	4
Intangible assets amortization expense	53	51	54	57	58	58	56	64	66	65	63	63
Other highlighted items*	(21)	18	10	8	10	14	10	19	22	23	34	16
Non-GAAP OE	\$ 347	\$ 359	\$ 463	\$ 667	\$ 411	\$ 482	\$ 555	\$ 670	\$ 374	\$ 497	\$ 676	\$ 822
GAAP OE%	15.6 %	13.5 %	18.9 %	24.4 %	16.8 %	18.8 %	21.4 %	23.7 %	12.6 %	16.7 %	15.7 %	25.6 %
Non-GAAP Adj %	5.4 %	8.7 %	5.9 %	4.9 %	6.4 %	5.6 %	4.9 %	5.2 %	7.2 %	6.5 %	12.8 %	4.8 %
Non-GAAP OE %	21.0 %	22.2 %	24.8 %	29.3 %	23.2 %	24.4 %	26.3 %	28.9 %	19.8 %	23.2 %	28.5 %	30.4 %
GAAP Other income (expense)	(35)	(42)	(101)	(33)	(9)	(30)	(46)	(31)	(20)	(58)	(40)	(29)
Non-GAAP below OE highlighted items*	1	4	(61)	3	6	(1)	(19)	(2)	6	(18)	(5)	7
Non-GAAP Other income (expense)	(36)	(46)	(40)	(36)	(15)	(29)	(27)	(29)	(26)	(40)	(35)	(36)
GAAP Net earnings attributable to Motorola Solutions, Inc.	197	135	205	412	244	293	307	401	267	228	279	589
Non-GAAP above OE highlighted items*	88	141	111	112	113	112	104	121	135	139	303	130
Non-GAAP below OE highlighted items*	(1)	(4)	61	(3)	(6)	1	19	2	(6)	18	5	(7)
Non-GAAP tax adjustments and effect	(21)	(31)	(38)	(24)	(27)	(47)	(21)	(27)	(102)	(31)	(73)	(94)
TOTAL Non-GAAP Earnings attributable to Motorola Solutions, Inc.	\$ 263	\$ 241	\$ 339	\$ 497	\$ 324	\$ 359	\$ 409	\$ 497	\$ 294	\$ 354	\$ 514	\$ 618
GAAP attributable to Motorola Solutions, Inc. earnings per share ("EPS")	\$ 1.12	\$ 0.78	\$ 1.18	\$ 2.37	\$ 1.41	\$ 1.69	\$ 1.76	\$ 2.30	\$ 1.54	\$ 1.33	\$ 1.63	\$ 3.43
Non-GAAP attributable to Motorola Solutions, Inc. EPS adjustments*	0.37	0.61	0.77	0.49	0.46	0.38	0.59	0.55	0.16	0.74	1.37	0.17
Non-GAAP attributable to Motorola Solutions, Inc. EPS	\$ 1.49	\$ 1.39	\$ 1.95	\$ 2.86	\$ 1.87	\$ 2.07	\$ 2.35	\$ 2.85	\$ 1.70	\$ 2.07	\$ 3.00	\$ 3.60
Diluted weighted average shares outstanding	175.9	173.6	173.5	173.5	173.2	173.1	174.1	174.2	173.1	170.9	171.5	171.9

\*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, reorganization of business charges, certain non-cash pension adjustments, legal settlements and other contingencies, gains and losses on investments and businesses, Hytera-related legal expenses, gains and losses on the extinguishment of debt 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

## Motorola Solutions, Inc. and Subsidiaries Reconciliation of GAAP EPS to Non-GAAP EPS

<i>(per diluted common share)</i>	Q4 2021		Q4 2022	
<b>GAAP EPS</b>	<b>\$</b>	<b>2.30</b>	<b>\$</b>	<b>3.43</b>
<b>Highlighted Items:</b>				
Intangible assets amortization expense	\$	0.36	\$	0.36
Share-based compensation expenses		0.20		0.27
Operating lease asset impairments		0.02		0.05
Acquisition-related transaction fees		0.05		0.04
Reorganization of business charges		0.02		0.03
Hytera-related legal expenses		0.05		0.02
Gain on sales of investments		(0.01)		—
Adjustments to uncertain tax positions		(0.01)		(0.01)
Gain on Hytera legal settlement		—		(0.01)
Fair value adjustments to equity investments		0.02		(0.03)
Income tax expense on Non-GAAP adjustments		(0.15)		(0.55)
<b>Non-GAAP EPS</b>	<b>\$</b>	<b>2.85</b>	<b>\$</b>	<b>3.60</b>

# SUPPLEMENTAL NON-GAAP MEASURES

## Motorola Solutions, Inc. and Subsidiaries Reconciliation of GAAP EPS to Non-GAAP EPS

<i>(per diluted common share)</i>	FY21		FY22	
<b>GAAP EPS</b>	<b>\$</b>	<b>7.17</b>	<b>\$</b>	<b>7.93</b>
<b>Highlighted Items:</b>				
Intangible assets amortization expense	\$	1.36	\$	1.50
Share-based compensation expenses		0.74		1.00
Loss on ESN fixed asset impairment		—		0.86
Reorganization of business charges		0.18		0.21
Fair value adjustments to equity investments		0.05		0.18
Hytera-related legal expenses		0.15		0.16
Operating lease asset impairments		0.06		0.14
Legal settlements		0.02		0.14
Acquisition-related transaction fees		0.09		0.13
Fixed asset impairments		—		0.07
Loss from extinguishment of long-term debt		0.10		0.03
Investment impairments		—		0.01
Adjustments to uncertain tax positions		(0.06)		(0.02)
Gain on sales of investments		(0.01)		(0.02)
Gain on Hytera legal settlement		—		(0.09)
Gain on TETRA Ireland equity method investment		—		(0.12)
Income tax expense on Non-GAAP adjustments		(0.70)		(1.75)
<b>Non-GAAP EPS</b>	<b>\$</b>	<b>9.15</b>	<b>\$</b>	<b>10.36</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)

	Three Months Ended					
	December 31, 2022			December 31, 2021		
	Products and Systems Integration	Software and Services	Total	Products and Systems Integration	Software and Services	Total
Net sales	\$ 1,810	\$ 896	\$ 2,706	\$ 1,495	\$ 825	\$ 2,320
Operating earnings	\$ 454	\$ 238	\$ 692	\$ 320	\$ 229	\$ 549
Above OE non-GAAP adjustments:						
Intangible assets amortization expense	15	48	63	15	49	64
Share-based compensation expenses	34	12	46	28	7	35
Operating lease asset impairments	5	3	8	2	1	3
Acquisition-related transaction fees	1	6	7	3	6	9
Reorganization of business charges	4	1	5	3	—	3
Hytera-related legal expenses	3	—	3	8	—	8
Gain on sales of investments	—	—	—	(1)	—	(1)
Gain on Hytera legal settlement	(2)	—	(2)	—	—	—
Total above-OE non-GAAP adjustments	60	70	130	58	63	121
Operating earnings after non-GAAP adjustments	<b>\$ 514</b>	<b>\$ 308</b>	<b>\$ 822</b>	<b>\$ 378</b>	<b>\$ 292</b>	<b>\$ 670</b>
Operating earnings as a percentage of net sales - GAAP	25.1 %	26.6 %	25.6 %	21.4 %	27.8 %	23.7 %
Operating earnings as a percentage of net sales - after non-GAAP adjustments	28.4 %	34.4 %	30.4 %	25.3 %	35.4 %	28.9 %



# 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)

	Years Ended					
	December 31, 2022			December 31, 2021		
	Products and Systems Integration	Software and Services	Total	Products and Systems Integration	Software and Services	Total
Net sales	\$ 5,728	\$ 3,384	\$ 9,112	\$ 5,033	\$ 3,138	\$ 8,171
Operating earnings ("OE")	\$ 913	\$ 748	\$ 1,661	\$ 760	\$ 907	\$ 1,667
Above OE non-GAAP adjustments:						
Intangible assets amortization expense	60	197	257	54	182	236
Share-based compensation expenses	126	46	172	99	30	129
Loss on ESN fixed asset impairment	—	147	147	—	—	—
Reorganization of business charges	21	15	36	25	7	32
Hytera-related legal expenses	28	—	28	26	—	26
Operating lease asset impairments	18	6	24	7	3	10
Acquisition-related transaction fees	9	14	23	4	11	15
Legal settlements	3	20	23	2	1	3
Fixed asset impairments	9	3	12	—	—	—
Gain on Hytera legal settlement	(15)	—	(15)	—	—	—
Gain on sales of investments	—	—	—	(1)	—	(1)
Total above-OE non-GAAP adjustments	259	448	707	216	234	450
Operating earnings after non-GAAP adjustments	<b>\$ 1,172</b>	<b>\$ 1,196</b>	<b>\$ 2,368</b>	<b>\$ 976</b>	<b>\$ 1,141</b>	<b>\$ 2,117</b>
Operating earnings as a percentage of net sales - GAAP	15.9 %	22.1 %	18.2 %	15.1 %	28.9 %	20.4 %
Operating earnings as a percentage of net sales - after non-GAAP adjustments	20.5 %	35.3 %	26.0 %	19.4 %	36.4 %	25.9 %



# SUPPLEMENTAL NON-GAAP MEASURES

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

	Three Months Ended	
	December 31, 2022	December 31, 2021
Net cash provided by operating activities	\$ 1,273	\$ 703
Capital expenditures	(73)	(68)
Free cash flow	<u>\$ 1,200</u>	<u>\$ 635</u>

\* 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

## RECONCILIATION OF GAAP NET EARNINGS TO EBITDA AND ADJUSTED EBITDA

(\$ in millions)	Q1 2022	Q2 2022	Q3 2022	Q4 2022	TTM
GAAP Net earnings attributable to Motorola Solutions, Inc.	\$ 267	\$ 228	\$ 279	\$ 589	\$ 1,363
Interest Expense, Net	56	56	60	54	226
Income Tax Expense	(49)	71	53	73	148
Depreciation Expense	45	47	45	46	183
Intangible Amortization Expense	66	65	63	63	257
<b>EBITDA</b>	<b>\$ 385</b>	<b>\$ 467</b>	<b>\$ 500</b>	<b>\$ 825</b>	<b>\$ 2,177</b>
Share-based Compensation Expense	37	44	45	46	172
Reorganization of Business Charges	10	7	14	5	36
Loss from the Extinguishment of Debt	—	6	—	—	6
Other Above OE Highlighted Items***	22	23	181	16	242
Below OE Highlighted Items***	(6)	12	5	(7)	4
<b>Adjusted EBITDA</b>	<b>\$ 448</b>	<b>\$ 559</b>	<b>\$ 745</b>	<b>\$ 885</b>	<b>\$ 2,637</b>

### NET DEBT CALCULATION

	Q4 2022
Long-term Debt	\$ 6,013
Current Portion of Long-term Debt	1
Less Cash and Cash Equivalents	1,325
<b>Net Debt</b>	<b>\$ 4,689</b>

### NET DEBT TO ADJUSTED EBITDA CALCULATION

	Q4 2022
<b>Net Debt</b>	<b>\$ 4,689</b>
Trailing Twelve Months ("TTM") Adjusted EBITDA	2,637
<b>Net Debt to TTM Adjusted EBITDA</b>	<b>1.8</b>

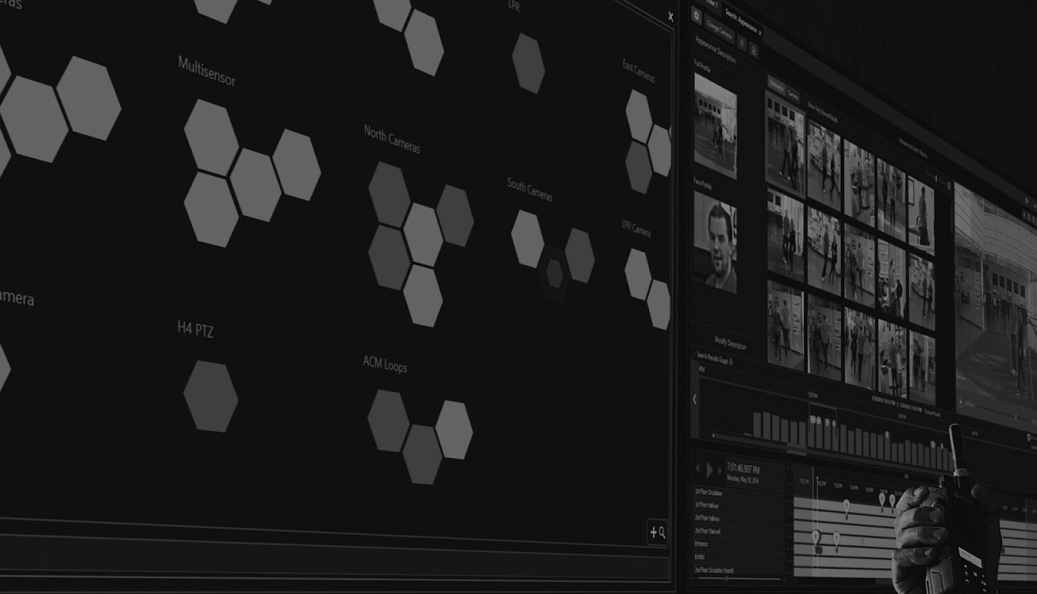
\*\*\* Refer to slide 16 for details of highlighted items

# SUPPLEMENTAL NON-GAAP MEASURES

## RECONCILIATION OF GAAP NET EARNINGS TO EBITDA AND ADJUSTED EBITDA

(\$ in millions)	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
<b>GAAP Net Earnings (Loss) from Continuing Operations</b>	\$ 640	\$ 560	\$ (155)	\$ 966	\$ 868	\$ 949	\$ 1,245	\$ 1,363
Interest Expense, Net	173	205	201	222	220	220	208	226
Income Tax Expense	274	282	1,227	133	130	221	302	148
Depreciation Expense	142	182	192	172	186	194	202	183
Intangible Amortization Expense	8	113	151	188	208	215	236	257
<b>EBITDA</b>	<b>\$ 1,237</b>	<b>\$ 1,342</b>	<b>\$ 1,616</b>	<b>\$ 1,681</b>	<b>\$ 1,612</b>	<b>\$ 1,799</b>	<b>\$ 2,193</b>	<b>\$ 2,177</b>
US Pension Settlement Loss	—	—	—	—	359	—	—	—
Share-based Compensation Expenses	78	68	66	73	118	129	129	172
Reorganization of Business Charges	87	138	42	120	57	86	32	36
Loss from the Extinguishment of Debt	—	—	—	—	50	57	18	6
Other Above OE Highlighted Items***	31	15	(37)	104	11	15	53	242
Below OE Highlighted Items***	(117)	62	46	(12)	1	3	8	4
<b>Adjusted EBITDA</b>	<b>\$ 1,316</b>	<b>\$ 1,625</b>	<b>\$ 1,733</b>	<b>\$ 1,966</b>	<b>\$ 2,210</b>	<b>\$ 2,091</b>	<b>\$ 2,433</b>	<b>\$ 2,637</b>

\*\*\* Refer to slide 16 for details of highlighted items



**THANK YOU**

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