

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

	<b>Three Months Ended</b>	
	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Net sales from products	\$ 1,671	\$ 1,358
Net sales from services	1,035	962
Net sales	2,706	2,320
Costs of products sales	751	589
Costs of services sales	604	548
Costs of sales	1,355	1,137
Gross margin	1,351	1,183
Selling, general and administrative expenses	381	368
Research and development expenditures	201	189
Other charges	14	13
Intangibles amortization	63	64
Operating earnings	692	549
Other income (expense):		
Interest expense, net	(54)	(54)
Gains on sales of investments and businesses, net	—	1
Other, net	25	22
Total other expense	(29)	(31)
Net earnings before income taxes	663	518
Income tax expense	73	116
Net earnings	590	402
Less: Earnings attributable to noncontrolling interests	1	1
Net earnings attributable to Motorola Solutions, Inc.	<u>\$ 589</u>	<u>\$ 401</u>
<b>Earnings per common share:</b>		
Basic:	\$ 3.52	\$ 2.38
Diluted:	\$ 3.43	\$ 2.30
<b>Weighted average common shares outstanding:</b>		
Basic	167.4	168.8
Diluted	171.9	174.2
	<b>Percentage of Net Sales*</b>	
Net sales from products	61.8 %	58.5 %
Net sales from services	38.2 %	41.5 %
Net sales	100.0 %	100.0 %
Costs of products sales	44.9 %	43.4 %
Costs of services sales	58.4 %	57.0 %
Costs of sales	50.1 %	49.0 %
Gross margin	49.9 %	51.0 %
Selling, general and administrative expenses	14.1 %	15.9 %
Research and development expenditures	7.4 %	8.1 %
Other charges	0.5 %	0.6 %
Intangibles amortization	2.3 %	2.8 %
Operating earnings	25.6 %	23.7 %
Other income (expense):		
Interest expense, net	(2.0)%	(2.3)%
Gains on sales of investments and businesses, net	— %	— %
Other, net	0.9 %	0.9 %
Total other expense	(1.1)%	(1.3)%
Net earnings before income taxes	24.5 %	22.3 %
Income tax expense	2.7 %	5.0 %
Net earnings	21.8 %	17.3 %
Less: Earnings attributable to noncontrolling interests	— %	— %
Net earnings attributable to Motorola Solutions, Inc.	<u>21.8 %</u>	<u>17.3 %</u>

\* Percentages may not add up due to rounding

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

	Years Ended		
	December 31, 2022	December 31, 2021	December 31, 2020
Net sales from products	\$ 5,368	\$ 4,606	\$ 4,087
Net sales from services	3,744	3,565	3,327
Net sales	9,112	8,171	7,414
Costs of products sales	2,595	2,104	1,872
Costs of services sales	2,288	2,027	1,934
Costs of sales	4,883	4,131	3,806
Gross margin	4,229	4,040	3,608
Selling, general and administrative expenses	1,450	1,353	1,293
Research and development expenditures	779	734	686
Other charges	82	50	31
Intangibles amortization	257	236	215
Operating earnings	1,661	1,667	1,383
Other income (expense):			
Interest expense, net	(226)	(208)	(220)
Gains (losses) on sales of investments and businesses, net	3	1	(2)
Other, net	77	92	13
Total other expense	(146)	(115)	(209)
Net earnings before income taxes	1,515	1,552	1,174
Income tax expense	148	302	221
Net earnings	1,367	1,250	953
Less: Earnings attributable to noncontrolling interests	4	5	4
Net earnings attributable to Motorola Solutions, Inc.	\$ 1,363	\$ 1,245	\$ 949
<b>Earnings per common share:</b>			
Basic:	\$ 8.14	\$ 7.36	\$ 5.58
Diluted:	\$ 7.93	\$ 7.17	\$ 5.45
<b>Weighted average common shares outstanding:</b>			
Basic	167.5	169.2	170.0
Diluted	171.9	173.6	174.1
<b>Percentage of Net Sales*</b>			
Net sales from products	58.9 %	56.4 %	55.1 %
Net sales from services	41.1 %	43.6 %	44.9 %
Net sales	100.0 %	100.0 %	100.0 %
Costs of products sales	48.3 %	45.7 %	45.8 %
Costs of services sales	61.1 %	56.9 %	58.1 %
Costs of sales	53.6 %	50.6 %	51.3 %
Gross margin	46.4 %	49.4 %	48.7 %
Selling, general and administrative expenses	15.9 %	16.6 %	17.4 %
Research and development expenditures	8.5 %	9.0 %	9.3 %
Other charges	0.9 %	0.6 %	0.4 %
Intangibles amortization	2.8 %	2.9 %	2.9 %
Operating earnings	18.2 %	20.4 %	18.7 %
Other income (expense):			
Interest expense, net	(2.5)%	(2.5)%	(3.0)%
Gains (losses) on sales of investments and businesses, net	— %	— %	— %
Other, net	0.8 %	1.1 %	0.2 %
Total other expense	(1.6)%	(1.4)%	(2.8)%
Net earnings before income taxes	16.6 %	19.0 %	15.8 %
Income tax expense	1.6 %	3.7 %	3.0 %
Net earnings	15.0 %	15.3 %	12.9 %
Less: Earnings attributable to noncontrolling interests	— %	0.1 %	0.1 %
Net earnings attributable to Motorola Solutions, Inc.	15.0 %	15.2 %	12.8 %

\* Percentages may not add up due to rounding

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

	December 31, 2022	December 31, 2021
<b>Assets</b>		
Cash and cash equivalents	\$ 1,325	\$ 1,874
Accounts receivable, net	1,518	1,386
Contract assets	974	1,105
Inventories, net	1,055	788
Other current assets	383	259
<b>Total current assets</b>	<b>5,255</b>	<b>5,412</b>
Property, plant and equipment, net	927	1,042
Operating lease assets	485	382
Investments	147	209
Deferred income taxes	1,036	916
Goodwill	3,312	2,565
Intangible assets, net	1,342	1,105
Other assets	310	558
<b>Total assets</b>	<b>\$ 12,814</b>	<b>\$ 12,189</b>
<b>Liabilities and Stockholders' Equity (Deficit)</b>		
Current portion of long-term debt	\$ 1	\$ 5
Accounts payable	1,062	851
Contract liabilities	1,859	1,650
Accrued liabilities	1,638	1,557
<b>Total current liabilities</b>	<b>4,560</b>	<b>4,063</b>
Long-term debt	6,013	5,688
Operating lease liabilities	419	313
Other liabilities	1,691	2,148
Total Motorola Solutions, Inc. stockholders' equity (deficit)	116	(40)
Noncontrolling interests	15	17
<b>Total liabilities and stockholders' equity (deficit)</b>	<b>\$ 12,814</b>	<b>\$ 12,189</b>

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

	Three Months Ended	
	December 31, 2022	December 31, 2021
<b>Operating</b>		
Net earnings	\$ 590	\$ 402
Adjustments to reconcile Net earnings to Net cash provided by operating activities:		
Depreciation and amortization	109	113
Non-cash other charges (income)	4	9
Share-based compensation expense	46	35
Gains on sales of investments and businesses, net	—	(1)
Changes in assets and liabilities, net of effects of acquisitions, dispositions, and foreign currency translation adjustments:		
Accounts receivable	(117)	(186)
Inventories	118	(185)
Other current assets and contract assets	37	(69)
Accounts payable, accrued liabilities, and contract liabilities	634	617
Other assets and liabilities	(26)	(64)
Deferred income taxes	(122)	32
Net cash provided by operating activities	<u>1,273</u>	<u>703</u>
<b>Investing</b>		
Acquisitions and investments, net	(587)	(161)
Proceeds from sales of investments	8	12
Capital expenditures	(73)	(68)
Net cash used for investing activities	<u>(652)</u>	<u>(217)</u>
<b>Financing</b>		
Repayment of debt	(2)	(2)
Issuances of common stock	19	3
Purchases of common stock	(87)	(131)
Payment of dividends	(132)	(120)
Net cash used for financing activities	<u>(202)</u>	<u>(250)</u>
Effect of exchange rate changes on cash and cash equivalents	84	(15)
Net increase in cash and cash equivalents	503	221
Cash and cash equivalents, beginning of period	822	1,653
Cash and cash equivalents, end of period	<u>\$ 1,325</u>	<u>\$ 1,874</u>

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

	Years Ended		
	December 31, 2022	December 31, 2021	December 31, 2020
<b>Operating</b>			
Net earnings	\$ 1,367	\$ 1,250	\$ 953
Adjustments to reconcile Net earnings to Net cash provided by operating activities:			
Depreciation and amortization	440	438	409
Non-cash other charges (income)	23	3	(13)
Loss on ESN fixed asset impairment	147	—	—
Share-based compensation expense	172	129	129
Losses (gains) on sales of investments and businesses, net	(3)	(1)	2
Losses from the extinguishment of long-term debt	6	18	56
Changes in assets and liabilities, net of effects of acquisitions, dispositions, and foreign currency translation adjustments:			
Accounts receivable	(112)	3	90
Inventories	(242)	(284)	(14)
Other current assets and contract assets	(1)	(205)	167
Accounts payable, accrued liabilities, and contract liabilities	451	578	(116)
Other assets and liabilities	(91)	(126)	(25)
Deferred income taxes	(334)	34	(25)
Net cash provided by operating activities	<u>1,823</u>	<u>1,837</u>	<u>1,613</u>
<b>Investing</b>			
Acquisitions and investments, net	(1,177)	(521)	(287)
Proceeds from sales of investments	46	16	11
Capital expenditures	(256)	(243)	(217)
Proceeds from sales of property, plant and equipment	—	6	56
Net cash used for investing activities	<u>(1,387)</u>	<u>(742)</u>	<u>(437)</u>
<b>Financing</b>			
Net proceeds from issuance of debt	595	844	892
Repayment of debt	(285)	(353)	(914)
Proceeds from unsecured revolving credit facility draw	—	—	800
Repayment of unsecured revolving credit facility draw	—	—	(800)
Revolving credit facility renewal fees	—	(7)	—
Issuances of common stock	156	102	108
Purchases of common stock	(836)	(528)	(612)
Payment of dividends	(530)	(482)	(436)
Payment of dividends to noncontrolling interest	(6)	(5)	(4)
Net cash used for financing activities	<u>(906)</u>	<u>(429)</u>	<u>(966)</u>
Effect of exchange rate changes on cash and cash equivalents	(79)	(46)	43
Net increase (decrease) in cash and cash equivalents	(549)	620	253
Cash and cash equivalents, beginning of period	1,874	1,254	1,001
Cash and cash equivalents, end of period	<u>\$ 1,325</u>	<u>\$ 1,874</u>	<u>\$ 1,254</u>

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

	Three Months Ended		Years Ended	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Net cash provided by operating activities	\$ 1,273	\$ 703	\$ 1,823	\$ 1,837
Capital expenditures	(73)	(68)	(256)	(243)
Free cash flow	<u>\$ 1,200</u>	<u>\$ 635</u>	<u>\$ 1,567</u>	<u>\$ 1,594</u>

**Motorola Solutions, Inc. and Subsidiaries**  
**Reconciliation of Net Earnings Attributable to MSI to Non-GAAP Net Earnings Attributable to MSI**  
(In millions)

Statement Line	Three Months Ended		Years Ended		
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021	
Net earnings attributable to MSI	\$ 589	\$ 401	\$ 1,363	\$ 1,245	
Non-GAAP adjustments before income taxes:					
Intangible assets amortization expense	Intangibles amortization	\$ 63	\$ 64	\$ 257	\$ 236
Share-based compensation expenses	Cost of sales, SG&A and R&D	46	35	172	129
Loss on ESN fixed asset impairment	Cost of sales	—	—	147	—
Reorganization of business charges	Cost of sales and Other charges (income)	5	3	36	32
Fair value adjustments to equity investments	Other (income) expense	(5)	3	30	8
Hytera-related legal expenses	SG&A	3	8	28	26
Operating lease asset impairments	Other charges (income)	8	3	24	10
Legal settlements	Other charges (Income)	—	—	23	3
Acquisition-related transaction fees	Other charges (income)	7	9	23	15
Fixed asset impairments	Other charges (income)	—	—	12	—
Loss from extinguishment of long-term debt	Other (income) expense	—	—	6	18
Investment impairments	Other (income) expense	—	—	1	—
Adjustments to uncertain tax positions	Interest income, net	(2)	(1)	(3)	(10)
Gain on sales of investments	(Gain) or loss on sales of investments and businesses, net	—	(1)	(3)	(1)
Gain on Hytera legal settlement	Other charges (income)	(2)	—	(15)	—
Gain on TETRA Ireland equity method investment	Other (income) expense	—	—	(21)	—
Total Non-GAAP adjustments before income taxes		\$ 123	\$ 123	\$ 717	\$ 466
Income tax expense on Non-GAAP adjustments		94	27	300	122
Total Non-GAAP adjustments after income taxes		29	96	417	344
Non-GAAP Net earnings attributable to MSI		<u>\$ 618</u>	<u>\$ 497</u>	<u>\$ 1,780</u>	<u>\$ 1,589</u>

**Calculation of Non-GAAP Tax Rate**  
(In millions)

	Three Months Ended		Years Ended	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Net earnings before income taxes	\$ 663	\$ 518	\$ 1,515	\$ 1,552
Total Non-GAAP adjustments before income taxes*	123	123	717	466
Non-GAAP Net earnings before income taxes	786	641	2,232	2,018
Income tax expense	73	116	148	302
Income tax expense on Non-GAAP adjustments**	94	27	300	122
Total Non-GAAP Income tax expense	167	143	448	424
Non-GAAP Tax rate	<b>21.2 %</b>	<b>22.3 %</b>	<b>20.1 %</b>	<b>21.0 %</b>

\*See reconciliation on Non-GAAP-2 table above for detail on Non-GAAP adjustments before income taxes

\*\*Income tax impact of highlighted items

## Reconciliation of Earnings Per Share to Non-GAAP Earnings Per Share\*

Statement Line	Three Months Ended		Years Ended		
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021	
Net earnings attributable to MSI	\$ 3.43	\$ 2.30	\$ 7.93	\$ 7.17	
Non-GAAP adjustments before income taxes:					
Intangible assets amortization expense	Intangibles amortization	\$ 0.36	\$ 0.36	\$ 1.50	\$ 1.36
Share-based compensation expenses	Cost of sales, SG&A and R&D	0.27	0.20	1.00	0.74
Loss on ESN fixed asset impairment	Cost of sales	—	—	0.86	—
Reorganization of business charges	Cost of sales and Other charges (income)	0.03	0.02	0.21	0.18
Fair value adjustments to equity investments	Other (income) expense	(0.03)	0.02	0.18	0.05
Hytera-related legal expenses	SG&A	0.02	0.05	0.16	0.15
Operating lease asset impairments	Other charges (income)	0.05	0.02	0.14	0.06
Legal settlements	Other charges (Income)	—	—	0.14	0.02
Acquisition-related transaction fees	Other charges (income)	0.04	0.05	0.13	0.09
Fixed asset impairments	Other charges (income)	—	—	0.07	—
Loss from extinguishment of long-term debt	Other (income) expense	—	—	0.03	0.10
Investment impairments	Other (income) expense	—	—	0.01	—
Adjustments to uncertain tax positions	Interest income, net	(0.01)	(0.01)	(0.02)	(0.06)
Gain on sales of investments	(Gain) or loss on sales of investments and businesses, net	—	(0.01)	(0.02)	(0.01)
Gain on Hytera legal settlement	Other charges (income)	(0.01)	—	(0.09)	—
Gain on TETRA Ireland equity method investment	Other (income) expense	—	—	(0.12)	—
Total Non-GAAP adjustments before income taxes		\$ 0.72	\$ 0.70	\$ 4.18	\$ 2.68
Income tax expense on Non-GAAP adjustments		0.55	0.15	1.75	0.70
Total Non-GAAP adjustments after income taxes		0.17	0.55	2.43	1.98
Non-GAAP Net earnings attributable to MSI		<u>\$ 3.60</u>	<u>\$ 2.85</u>	<u>\$ 10.36</u>	<u>\$ 9.15</u>
Diluted Weighted Average Common Shares		171.9	174.2	171.9	173.6
<i>*Indicates Non-GAAP Diluted EPS</i>					



**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 %

**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 %

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

	<b>Three Months Ended</b>		<b>% Change</b>
	<b>December 31, 2022</b>	<b>December 31, 2021</b>	
Net sales	\$ 2,706	\$ 2,320	17 %
Non-GAAP adjustments:			
Sales from acquisitions	44	5	
Organic revenue	\$ 2,662	\$ 2,315	15 %

	<b>Years Ended</b>		<b>% Change</b>
	<b>December 31, 2022</b>	<b>December 31, 2021</b>	
Net sales	\$ 9,112	\$ 8,171	12 %
Non-GAAP adjustments:			
Sales from acquisitions	127	6	
Organic revenue	\$ 8,985	\$ 8,165	10 %