

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

	Three Months Ended	
	September 30, 2023	October 1, 2022
Net sales from products	\$ 1,490	\$ 1,439
Net sales from services	1,066	934
Net sales	2,556	2,373
Costs of products sales	658	659
Costs of services sales	618	683
Costs of sales	1,276	1,342
Gross margin	1,280	1,031
Selling, general and administrative expenses	380	378
Research and development expenditures	215	197
Other charges	7	20
Intangibles amortization	39	63
Operating earnings	639	373
Other income (expense):		
Interest expense, net	(53)	(60)
Gains (losses) on sales of investments and businesses, net	(1)	1
Other, net	7	19
Total other expense	(47)	(40)
Net earnings before income taxes	592	333
Income tax expense	127	53
Net earnings	465	280
Less: Earnings attributable to non-controlling interests	1	1
Net earnings attributable to Motorola Solutions, Inc.	\$ 464	\$ 279
<u>Earnings per common share:</u>		
Basic	\$ 2.78	\$ 1.67
Diluted	\$ 2.70	\$ 1.63
<u>Weighted average common shares outstanding:</u>		
Basic	166.7	167.2
Diluted	171.7	171.5
	<b>Percentage of Net Sales*</b>	
Net sales from products	58.3 %	60.6 %
Net sales from services	41.7 %	39.4 %
Net sales	100.0 %	100.0 %
Costs of products sales	44.2 %	45.8 %
Costs of services sales	58.0 %	73.1 %
Costs of sales	49.9 %	56.6 %
Gross margin	50.1 %	43.4 %
Selling, general and administrative expenses	14.9 %	15.9 %
Research and development expenditures	8.4 %	8.3 %
Other charges	0.3 %	0.8 %
Intangibles amortization	1.5 %	2.7 %
Operating earnings	25.0 %	15.7 %
Other income (expense):		
Interest expense, net	(2.1)%	(2.5)%
Gains (losses) on sales of investments and businesses, net	— %	— %
Other, net	0.3 %	0.8 %
Total other expense	(1.8)%	(1.7)%
Net earnings before income taxes	23.2 %	14.0 %
Income tax expense	5.0 %	2.2 %
Net earnings	18.2 %	11.8 %
Less: Earnings attributable to non-controlling interests	— %	— %
Net earnings attributable to Motorola Solutions, Inc.	18.2 %	11.8 %

\* Percentages may not add up due to rounding

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

	<b>Nine Months Ended</b>	
	<b>September 30, 2023</b>	<b>October 1, 2022</b>
Net sales from products	\$ 4,063	\$ 3,697
Net sales from services	3,066	2,708
Net sales	7,129	6,405
Costs of products sales	1,867	1,844
Costs of services sales	1,747	1,683
Costs of sales	3,614	3,527
Gross margin	3,515	2,878
Selling, general and administrative expenses	1,138	1,069
Research and development expenditures	640	577
Other charges	44	68
Intangibles amortization	137	194
Operating earnings	1,556	970
Other income (expense):		
Interest expense, net	(164)	(171)
Gains (losses) on sales of investments and businesses, net	—	3
Other, net	46	50
Total other expense	(118)	(118)
Net earnings before income taxes	1,438	852
Income tax expense	321	75
Net earnings	1,117	777
Less: Earnings attributable to non-controlling interests	4	3
Net earnings attributable to Motorola Solutions, Inc.	<u>\$ 1,113</u>	<u>\$ 774</u>
<b>Earnings per common share:</b>		
Basic	\$ 6.66	\$ 4.62
Diluted	\$ 6.46	\$ 4.50
<b>Weighted average common shares outstanding:</b>		
Basic	167.2	167.5
Diluted	172.2	171.9
	<b>Percentage of Net Sales*</b>	
Net sales from products	57.0 %	57.7 %
Net sales from services	43.0 %	42.3 %
Net sales	100.0 %	100.0 %
Costs of products sales	46.0 %	49.9 %
Costs of services sales	57.0 %	62.1 %
Costs of sales	50.7 %	55.1 %
Gross margin	49.3 %	44.9 %
Selling, general and administrative expenses	16.0 %	16.7 %
Research and development expenditures	9.0 %	9.0 %
Other charges	0.6 %	1.1 %
Intangibles amortization	1.9 %	3.0 %
Operating earnings	21.8 %	15.1 %
Other income (expense):		
Interest expense, net	(2.3)%	(2.7)%
Gains (losses) on sales of investments and businesses, net	— %	— %
Other, net	0.6 %	0.8 %
Total other expense	(1.7)%	(1.8)%
Net earnings before income taxes	20.2 %	13.3 %
Income tax expense	4.5 %	1.2 %
Net earnings	15.7 %	12.1 %
Less: Earnings attributable to non-controlling interests	0.1 %	— %
Net earnings attributable to Motorola Solutions, Inc.	<u>15.6 %</u>	<u>12.1 %</u>
* Percentages may not add up due to rounding		

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

	<u>September 30, 2023</u>	<u>December 31, 2022</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 910	\$ 1,325
Accounts receivable, net	1,667	1,518
Contract assets	1,092	974
Inventories, net	959	1,055
Other current assets	404	383
<b>Total current assets</b>	<b>5,032</b>	<b>5,255</b>
Property, plant and equipment, net	931	927
Operating lease assets	453	485
Investments	142	147
Deferred income taxes	1,047	1,036
Goodwill	3,278	3,312
Intangible assets, net	1,217	1,342
Other assets	336	310
<b>Total assets</b>	<b>\$ 12,436</b>	<b>\$ 12,814</b>
<b>Liabilities and Stockholders' Equity</b>		
Current portion of long-term debt	\$ 1,313	\$ 1
Accounts payable	722	1,062
Contract liabilities	1,898	1,859
Accrued liabilities	1,355	1,638
<b>Total current liabilities</b>	<b>5,288</b>	<b>4,560</b>
Long-term debt	4,704	6,013
Operating lease liabilities	368	419
Other liabilities	1,700	1,691
Total Motorola Solutions, Inc. stockholders' equity	362	116
Non-controlling interests	14	15
<b>Total liabilities and stockholders' equity</b>	<b>\$ 12,436</b>	<b>\$ 12,814</b>

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

	Three Months Ended	
	September 30, 2023	October 1, 2022
<b>Operating</b>		
Net earnings	\$ 465	\$ 280
Adjustments to reconcile Net earnings to Net cash provided by operating activities:		
Depreciation and amortization	86	108
Non-cash other charges	12	1
Loss on ESN fixed asset impairment	—	147
Share-based compensation expenses	52	45
Losses (gains) on sales of investments and businesses, net	1	(1)
Changes in assets and liabilities, net of effects of acquisitions, dispositions, and foreign currency translation adjustments:		
Accounts receivable	(164)	(101)
Inventories	58	(83)
Other current assets and contract assets	(111)	(24)
Accounts payable, accrued liabilities and contract liabilities	217	116
Other assets and liabilities	(20)	(9)
Deferred income taxes	118	(91)
Net cash provided by operating activities	<u>714</u>	<u>388</u>
<b>Investing</b>		
Acquisitions and investments, net	(2)	(19)
Proceeds from sales of investments and businesses, net	6	27
Capital expenditures	(65)	(70)
Net cash used for investing activities	<u>(61)</u>	<u>(62)</u>
<b>Financing</b>		
Issuances of common stock	40	86
Purchases of common stock	(306)	(94)
Payments of dividends	(147)	(132)
Payments of dividends to non-controlling interests	(1)	—
Net cash used for financing activities	<u>(414)</u>	<u>(140)</u>
Effect of exchange rate changes on total cash and cash equivalents	(39)	(81)
Net increase in total cash and cash equivalents	200	105
Cash and cash equivalents, beginning of period	710	717
Cash and cash equivalents, end of period	<u>\$ 910</u>	<u>\$ 822</u>

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

	Nine Months Ended	
	September 30, 2023	October 1, 2022
<b>Operating</b>		
Net earnings	\$ 1,117	\$ 777
Adjustments to reconcile Net earnings to Net cash provided by operating activities:		
Depreciation and amortization	271	331
Non-cash other charges	8	20
Loss on ESN fixed asset impairment	—	147
Share-based compensation expenses	160	126
Gain on sales of investments and businesses, net	—	(3)
Loss from the extinguishment of long-term debt	—	6
Changes in assets and liabilities, net of effects of acquisitions, dispositions, and foreign currency translation adjustments:		
Accounts receivable	(154)	5
Inventories	94	(360)
Other current assets and contract assets	(140)	(38)
Accounts payable, accrued liabilities and contract liabilities	(534)	(183)
Other assets and liabilities	(21)	(66)
Deferred income taxes	(2)	(212)
Net cash provided by operating activities	<u>799</u>	<u>550</u>
<b>Investing</b>		
Acquisitions and investments, net	(12)	(590)
Proceeds from sales of investments and businesses, net	12	38
Capital expenditures	(172)	(183)
Net cash used for investing activities	<u>(172)</u>	<u>(735)</u>
<b>Financing</b>		
Net proceeds from issuance of debt	—	595
Repayments of debt	(1)	(283)
Issuances of common stock	76	137
Purchases of common stock	(670)	(749)
Payments of dividends	(443)	(398)
Payments of dividends to non-controlling interests	(5)	(6)
Net cash used for financing activities	<u>(1,043)</u>	<u>(704)</u>
Effect of exchange rate changes on total cash and cash equivalents	<u>1</u>	<u>(163)</u>
Net decrease in total cash and cash equivalents	(415)	(1,052)
Cash and cash equivalents, beginning of period	1,325	1,874
Cash and cash equivalents, end of period	<u>\$ 910</u>	<u>\$ 822</u>

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

	Three Months Ended		Nine Months Ended	
	September 30, 2023	October 1, 2022	September 30, 2023	October 1, 2022
Net cash provided by operating activities	\$ 714	\$ 388	\$ 799	\$ 550
Capital expenditures	(65)	(70)	(172)	(183)
Free cash flow	<b>\$ 649</b>	<b>\$ 318</b>	<b>\$ 627</b>	<b>\$ 367</b>

**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		Nine Months Ended	
	September 30, 2023	October 1, 2022	September 30, 2023	October 1, 2022
Net earnings attributable to MSI	\$ 464	\$ 279	\$ 1,113	\$ 774
Non-GAAP adjustments before income taxes:				
Share-based compensation expenses	\$ 52	\$ 45	\$ 160	\$ 126
Intangible assets amortization expense	39	63	137	194
Investment impairments	7	—	16	1
Fair value adjustments to equity investments	7	5	(12)	35
Reorganization of business charges	6	14	22	31
Hytera-related legal expenses	3	15	13	25
Acquisition-related transaction fees	1	2	3	16
Legal settlements	1	12	1	23
Gains (losses) on sales of investments	1	(1)	—	(3)
Environmental reserve expense	—	—	15	—
Operating lease asset impairments	—	4	4	16
Fixed asset impairments	—	1	3	12
Adjustments to uncertain tax positions	—	1	—	(1)
Loss on ESN fixed asset impairment	—	147	—	147
Loss from extinguishment of long-term debt	—	—	—	6
Gain on Hytera legal settlement	—	—	—	(13)
Gain on TETRA Ireland equity method investment	—	—	—	(21)
Total Non-GAAP adjustments before income taxes	\$ 117	\$ 308	\$ 362	\$ 594
Income tax expense on Non-GAAP adjustments	34	73	86	206
Total Non-GAAP adjustments after income taxes	83	235	276	388
Non-GAAP Net earnings attributable to MSI	<u>\$ 547</u>	<u>\$ 514</u>	<u>\$ 1,389</u>	<u>\$ 1,162</u>

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

	Three Months Ended		Nine Months Ended	
	September 30, 2023	October 1, 2022	September 30, 2023	October 1, 2022
Net earnings before income taxes	\$ 592	\$ 333	\$ 1,438	\$ 852
Total Non-GAAP adjustments before income taxes*	117	308	362	594
Non-GAAP Net earnings before income taxes	709	641	1,800	1,446
Income tax expense	127	53	321	75
Income tax expense on Non-GAAP adjustments**	34	73	86	206
Total Non-GAAP Income tax expense	161	126	407	281
Non-GAAP Tax rate	<b>22.7 %</b>	<b>19.7 %</b>	<b>22.6 %</b>	<b>19.4 %</b>

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

\*\*Income tax impact of highlighted items

Non-GAAP-2

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

Statement Line	Three Months Ended		Nine Months Ended		
	September 30, 2023	October 1, 2022	September 30, 2023	October 1, 2022	
Net earnings attributable to MSI	\$ 2.70	\$ 1.63	\$ 6.46	\$ 4.50	
Non-GAAP adjustments before income taxes:					
Share-based compensation expenses	Cost of sales, SG&A and R&D	\$ 0.30	\$ 0.26	\$ 0.92	\$ 0.73
Intangible assets amortization expense	Intangibles amortization	0.22	0.37	0.79	1.13
Investment impairments	Other (income) expense	0.04	—	0.09	0.01
Fair value adjustments to equity investments	Other (income) expense	0.04	0.03	(0.07)	0.21
Reorganization of business charges	Cost of sales and Other charges (income)	0.03	0.08	0.13	0.18
Hytera-related legal expenses	SG&A	0.02	0.09	0.08	0.15
Acquisition-related transaction fees	Other charges (income)	0.01	0.01	0.02	0.09
Legal settlements	Other charges (income)	0.01	0.07	0.01	0.14
Gains (losses) on sales of investments	(Gain) or loss on sales of investments and businesses, net	0.01	(0.01)	—	(0.02)
Environmental reserve expense	Other charges (income)	—	—	0.09	—
Operating lease asset impairments	Other charges (income)	—	0.02	0.02	0.09
Fixed asset impairments	Other charges (income)	—	0.01	0.02	0.07
Adjustments to uncertain tax positions	Interest income, net	—	0.01	—	(0.01)
Loss on ESN fixed asset impairment	Cost of sales	—	0.86	—	0.86
Loss from extinguishment of long-term debt	Other (income) expense	—	—	—	0.03
Gain on Hytera legal settlement	Other charges (income)	—	—	—	(0.08)
Gain on TETRA Ireland equity method investment	Other (income) expense	—	—	—	(0.12)
Total Non-GAAP adjustments before income taxes		\$ 0.68	\$ 1.80	\$ 2.10	\$ 3.46
Income tax expense on Non-GAAP adjustments		0.19	0.43	0.50	1.20
Total Non-GAAP adjustments after income taxes		0.49	1.37	1.60	2.26
Non-GAAP Net earnings attributable to MSI		<u>\$ 3.19</u>	<u>\$ 3.00</u>	<u>\$ 8.06</u>	<u>\$ 6.76</u>
Diluted Weighted Average Common Shares		171.7	171.5	172.2	171.9

\*Indicates Non-GAAP Diluted EPS

**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					
	September 30, 2023			October 1, 2022		
	Products and Systems Integration	Software and Services	Total	Products and Systems Integration	Software and Services	Total
Net sales	\$ 1,612	\$ 944	\$ 2,556	\$ 1,529	\$ 844	\$ 2,373
Operating earnings ("OE")	\$ 364	\$ 275	\$ 639	\$ 303	\$ 70	\$ 373
Above OE non-GAAP adjustments:						
Share-based compensation expenses	38	14	52	33	12	45
Intangible assets amortization expense	9	30	39	15	48	63
Reorganization of business charges	5	1	6	3	11	14
Hytera-related legal expenses	3	—	3	15	—	15
Legal settlements	1	—	1	3	9	12
Acquisition-related transaction fees	—	1	1	1	1	2
Operating lease asset impairments	—	—	—	2	2	4
Fixed asset impairments	—	—	—	—	1	1
Loss on ESN fixed asset impairment	—	—	—	—	147	147
Total above-OE non-GAAP adjustments	56	46	102	72	231	303
Operating earnings after non-GAAP adjustments	<b>\$ 420</b>	<b>\$ 321</b>	<b>\$ 741</b>	<b>\$ 375</b>	<b>\$ 301</b>	<b>\$ 676</b>
Operating earnings as a percentage of net sales - GAAP	22.6 %	29.1 %	25.0 %	19.8 %	8.3 %	15.7 %
Operating earnings as a percentage of net sales - after non-GAAP adjustments	26.1 %	34.0 %	29.0 %	24.5 %	35.7 %	28.5 %

**Motorola Solutions, Inc. and Subsidiaries**  
**Reconciliations of Operating Earnings to Non-GAAP Operating Earnings and Operating Margin to Non-GAAP Operating Margin**  
(In millions)

	Nine Months Ended					
	September 30, 2023			October 1, 2022		
	Products and Systems Integration	Software and Services	Total	Products and Systems Integration	Software and Services	Total
Net sales	\$ 4,352	\$ 2,777	\$ 7,129	\$ 3,918	\$ 2,487	\$ 6,405
Operating earnings ("OE")	\$ 752	\$ 804	\$ 1,556	\$ 460	\$ 510	\$ 970
Above-OE non-GAAP adjustments:						
Share-based compensation expenses	116	44	160	92	34	126
Intangible assets amortization expense	32	105	137	45	149	194
Reorganization of business charges	22	—	22	17	14	31
Environmental reserve expense	10	5	15	—	—	—
Hytera-related legal expenses	13	—	13	25	—	25
Operating lease asset impairments	3	1	4	13	3	16
Acquisition-related transaction fees	—	3	3	8	8	16
Fixed asset impairments	2	1	3	9	3	12
Legal settlements	1	—	1	3	20	23
Loss on ESN fixed asset impairment	—	—	—	—	147	147
Gain on Hytera legal settlement	—	—	—	(13)	—	(13)
Total above-OE non-GAAP adjustments	199	159	358	199	378	577
Operating earnings after non-GAAP adjustments	<b>\$ 951</b>	<b>\$ 963</b>	<b>\$ 1,914</b>	<b>\$ 659</b>	<b>\$ 888</b>	<b>\$ 1,547</b>
Operating earnings as a percentage of net sales - GAAP	17.3 %	29.0 %	21.8 %	11.7 %	20.5 %	15.1 %
Operating earnings as a percentage of net sales - after non-GAAP adjustments	21.9 %	34.7 %	26.8 %	16.8 %	35.7 %	24.2 %

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

	<b>Three Months Ended</b>		<b>% Change</b>
	<b>September 30, 2023</b>	<b>October 1, 2022</b>	
Net sales	\$ 2,556	\$ 2,373	8 %
Non-GAAP adjustments:			
Sales from acquisitions	20	1	
Organic revenue	\$ 2,536	\$ 2,372	7 %

	<b>Nine Months Ended</b>		<b>% Change</b>
	<b>September 30, 2023</b>	<b>October 1, 2022</b>	
Net sales	\$ 7,129	\$ 6,405	11 %
Non-GAAP adjustments:			
Sales from acquisitions	87	6	
Organic revenue	\$ 7,042	\$ 6,399	10 %