

Earnings Presentation

Q4 and Full-Year 2023 Results | Feb. 8, 2024



MOTOROLA SOLUTIONS

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, information security and cybersecurity; (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 increased costs and 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) increased areas of risk, increased competition and additional compliance obligations associated with the expansion of our technologies within our Products and Systems Integration and Software and Services segments; (x) the effectiveness of our investments in new products and technologies; (xi) impact of catastrophic events on our business or our customers’ or suppliers’ business; (xii) social, ethical and competitive risks relating to the use of AI in our products and services; (xiii) the effectiveness of our strategic acquisitions, including the integrations of such acquired businesses; (xiv) increased cybersecurity threats, a security breach or other significant disruption of our IT systems or those of our outsource partners, suppliers or customers; (xv) our inability to protect our intellectual property or potential infringement of intellectual property rights of third parties; (xvi) risks relating to intellectual property licenses and intellectual property indemnities in our customer and supplier contracts; (xvii) our license of the MOTOROLA, MOTO, MOTOROLA SOLUTIONS and the Stylized M Logo and all derivatives and formatives thereof from Motorola Trademark Holdings, LLC; (xviii) 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; (xix) risks related to our large, multi-year system and services contracts (including, but not limited to, with respect to the ESN and Airwave contracts); (xx) the global nature of our employees, customers, suppliers and outsource partners; (xxi) 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; (xxii) the inability of our subcontractors to perform in a timely and compliant manner or adhere to our Human Rights Policy; (xxiii) the inability of our products to meet our customers’ expectations or regulatory or industry standards; (xxiv) increasing scrutiny and evolving expectations from investors, customers, lawmakers, regulators and other stakeholders regarding environmental, social and governance-related practices and disclosures; (xxv) inability to attract and retain senior management and key employees; (xxvi) impact of current global economic and political conditions in the markets in which we operate (including, but not limited to, inflation); (xxvii) impact of returns on pension and retirement plan assets and interest rate changes; (xxviii) inability to access the capital markets for financing on acceptable terms and conditions; (xxix) exposure to exchange rate fluctuations on cross-border transactions and the translation of local currency results into U.S. dollars; and (xxx) 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, and on Motorola Solutions’ website at www.motorolasolutions.com/investors

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Highlights

Q4 2023

- **Sales of \$2.8B, up 5% Y/Y**
 - Products and Systems Integration up 4%
 - Software and Services up 7%
 - Growth in all technologies
 - Land Mobile Radio Communications (“LMR”) up 3%
 - Video Security and Access Control (“Video”) up 13%
 - Command Center up 14%
- **GAAP EPS of \$3.47, up 1% Y/Y**
- **Non-GAAP EPS¹ of \$3.90, up 8% Y/Y**
- **Operating cash flow and free cash flow² of \$1.2B**
- **Paid \$146M in dividends and repurchased \$117M of shares**
- **Announced \$2.0B increase to the share repurchase authorization**
- **Acquired IPVideo, creator of the HALO Smart Sensor, for \$170M³**

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

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

³ Net of cash acquired



Highlights

FY 2023

- **Sales of \$10.0B, up 10% Y/Y**
 - Products and Systems Integration up 9%
 - Software and Services up 10%
 - Growth in all technologies
 - LMR up 8%
 - Video up 13%
 - Command Center up 21%
- **GAAP EPS of \$9.93, up 25% Y/Y**
- **Non-GAAP EPS¹ of \$11.95, up 15% Y/Y**
- **GAAP operating margin of 23.0%, up 480 bps Y/Y; Non-GAAP operating margin¹ of 27.9%, up 190 bps Y/Y**
- **Operating cash flow of \$2.0B, up 12% Y/Y, and free cash flow² of \$1.8B, up 14% Y/Y**
- **Paid \$589M in dividends and increased quarterly dividend by 11%**
- **Repurchased \$804M of shares at an average price of \$278.56**

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

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



Financial Results

	Q4 22	Q4 23	Change	2022	2023	Change
Revenue	\$2,706	\$2,848	5%	\$9,112	\$9,978	10%
Non-GAAP Operating Earnings*	\$822	\$870	6%	\$2,368	\$2,784	18%
Non-GAAP Operating Margin*	30.4%	30.5%	10 bps	26.0%	27.9%	190 bps
Non-GAAP Earnings Per Share*	\$3.60	\$3.90	8%	\$10.36	\$11.95	15%

(\$M) excluding per share amounts

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



Cash Flow

(M\$)	Q4 22	Q4 23	Change	2022	2023	Change
Operating Cash Flow	\$1,273	\$1,245	(\$28)	\$1,823	\$2,044	\$221
Capital Expenditures	(\$73)	(\$81)	(\$8)	(\$256)	(\$253)	\$3
Free Cash Flow*	\$1,200	\$1,164	(\$36)	\$1,567	\$1,791	\$224

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



Products & SI

Q4 2023

Revenue
(\$M)



Non-GAAP Operating Margin %*



- Revenue up 4%, driven by growth in LMR and Video
- Non-GAAP operating margin* up 160 bps driven by higher sales and lower direct material costs
- Notable wins and achievements:
 - \$90M P25 system and devices order for a U.S. customer
 - \$67M P25 device order for Emergency Services Telecommunications Authority (ESTA) in Australia
 - \$57M P25 APX NEXT devices order for U.S. customer
 - \$38M P25 system order for the State of Arizona Department of Public Safety
 - \$31M TETRA system order for a European customer
 - \$13M fixed video order for an International customer

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



Software & Services

Q4 2023

Revenue
(\$M)



Non-GAAP Operating Margin %*



- Revenue up 7%, driven by growth in Video, Command Center and LMR
- Non-GAAP operating margin* down 280 bps primarily driven by the Airwave revenue reduction, partially offset by improved operating leverage
- Notable wins and achievements:
 - \$330M+ LMR managed services renewal through 2034 for Denmark's nationwide public safety communications network
 - \$48M command center order for the City of Chicago Office of Public Safety Administration
 - \$20M LMR service agreement for Spokane Regional Emergency Communications, WA
 - \$19M mobile video order for a U.S. customer
 - \$10M command center order for the City and County of San Francisco

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



Regional Revenue

Q4 2023

(M\$)	Q4 22	Q4 23	Change
North America	\$1,898	\$2,016	6%
International	\$808	\$832	3%
Total	\$2,706	\$2,848	5%

- **North America** growth driven by LMR, Video and Command Center
- **International** growth driven by Video and LMR, partially offset by the revenue reduction for Airwave



Regional Revenue

FY 2023

(M\$)	2022	2023	Change
North America	\$6,374	\$6,932	9%
International	\$2,738	\$3,046	11%
Total	\$9,112	\$9,978	10%

- **North America** growth driven by LMR, Video and Command Center
- **International** growth driven by LMR and Video, partially offset by the revenue reduction for Airwave and FX



Backlog Trend

Q4 2023

(\$B)



■ Products and SI
■ Software and Services

Software & Services

- Y/Y down \$181M primarily driven by a ~\$1B* reduction related to Airwave and ESN, partially offset by strong growth in multi-year software and services contracts in both regions
- Q/Q down \$114M primarily driven by the reduction related to Airwave, partially offset by strong growth in multi-year software and services contracts in both regions
- Favorable FX \$113M Y/Y and \$156M Q/Q

Products & Systems Integration

- Y/Y up \$93M driven by continued strong demand in North America
- Q/Q up \$99M driven by continued strong demand in North America

* Inclusive of the Airwave backlog reduction related to the price control and revenue recognition for Airwave and ESN



Outlook

(Non-GAAP)*

Q1 2024

Revenue Growth	Approx. 8%
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Non-GAAP EPS	\$2.50 - \$2.55
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Full-Year 2024

Revenue Growth	Approx. 6%
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Non-GAAP EPS	\$12.62 - \$12.72
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Q1 Details

- Effective tax rate of approx. 23%
- Fully diluted share count of approx. 172M shares

Full-Year Details

- Effective tax rate 23% to 24%
- Fully diluted share count approx. 171M shares

*FY outlook assumes current FX rates as of February 8, 2024



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 later in this presentation and on Motorola Solutions' website at investors.motorolasolutions.com.

The Company has not quantitatively reconciled its guidance for forward-looking non-GAAP metrics to their most comparable GAAP 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

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, 2022 and 2023 to provide a more comprehensive view of the Company's technologies within our reporting segments, Products & Systems Integration and Software & Services:

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 - Includes revenues from cameras (fixed, body-worn, in-vehicle), access control, infrastructure, video management, software and artificial intelligence ("AI")-powered analytics that help enable visibility and bring attention to what's important.

Command Center - Includes revenues from command center solutions and software applications that unify voice, video, data and analytics from public safety agencies, enterprises and the community to create a broad informational view to help simplify workflows and improve the accuracy and speed of decisions.

	Three Months Ended						Growth % by Total Technology
	December 31, 2022			December 31, 2023			
	Products and Systems Integration	Software and Services	Total	Products and Systems Integration	Software and Services	Total	
<i>(in millions)</i>							
LMR Communications	\$1,523	\$590	\$2,113	\$1,585	\$592	\$2,177	3 %
Video	287	139	426	305	175	480	13 %
Command Center	—	167	167	—	191	191	14 %
	<u>\$1,810</u>	<u>\$896</u>	<u>\$2,706</u>	<u>\$1,890</u>	<u>\$958</u>	<u>\$2,848</u>	<u>5 %</u>
	Twelve Months Ended						
LMR Communications	\$4,713	\$2,274	\$6,987	\$5,127	\$2,399	\$7,526	8 %
Video	1,015	508	1,523	1,115	611	1,726	13 %
Command Center	—	602	602	—	726	726	21 %
	<u>\$5,728</u>	<u>\$3,384</u>	<u>\$9,112</u>	<u>\$6,242</u>	<u>\$3,736</u>	<u>\$9,978</u>	<u>10 %</u>



Supplemental Non-GAAP Measures

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

	Q1 '21	Q2 '21	Q3 '21	Q4 '21	Q1 '22	Q2 '22	Q3 '22	Q4 '22	Q1 '23	Q2 '23	Q3 '23	Q4 '23
Net sales	\$ 1,773	\$ 1,971	\$ 2,107	\$ 2,320	\$ 1,892	\$ 2,140	\$ 2,373	\$ 2,706	\$ 2,171	\$ 2,403	\$ 2,556	\$ 2,848
GAAP gross margin	860	952	1,045	1,183	857	990	1,031	1,351	1,046	1,189	1,280	1,455
Non-GAAP gross margin adjustments:												
Loss on ESN fixed asset impairment	—	—	—	—	—	—	147	—	—	—	—	—
Share-based compensation expenses	4	4	4	4	6	7	8	7	10	10	10	10
Reorganization of business charges	2	3	2	1	3	2	12	1	6	(3)	2	2
Non-GAAP gross margin	866	959	1,051	1,188	866	999	1,198	1,359	1,062	1,196	1,292	1,467
GAAP Operating earnings ("OE")	298	370	451	549	239	358	373	692	399	518	639	738
Non-GAAP OE Adjustments:												
Share-based compensation expenses	25	27	30	31	31	37	37	39	45	43	42	42
Reorganization of business charges	14	6	2	2	7	5	2	4	7	6	4	5
Intangible assets amortization expense	58	58	56	64	66	65	63	63	55	43	39	40
Other highlighted items*	10	14	10	19	22	23	34	16	10	24	5	33
Non-GAAP OE	\$ 411	\$ 482	\$ 555	\$ 670	\$ 374	\$ 497	\$ 676	\$ 822	\$ 532	\$ 641	\$ 741	\$ 870
GAAP OE%	16.8 %	18.8 %	21.4 %	23.7 %	12.6 %	16.7 %	15.7 %	25.6 %	18.4 %	21.6 %	25.0 %	25.9 %
Non-GAAP Adj %	6.4 %	5.6 %	4.9 %	5.2 %	7.2 %	6.5 %	12.8 %	4.8 %	6.1 %	5.1 %	4.0 %	4.6 %
Non-GAAP OE %	23.2 %	24.4 %	26.3 %	28.9 %	19.8 %	23.2 %	28.5 %	30.4 %	24.5 %	26.7 %	29.0 %	30.5 %
GAAP Other income (expense)	(9)	(30)	(46)	(31)	(20)	(58)	(40)	(29)	(41)	(31)	(47)	(31)
Non-GAAP below OE highlighted items*	6	(1)	(19)	(2)	6	(18)	(5)	7	(2)	13	(15)	—
Non-GAAP Other income (expense)	(15)	(29)	(27)	(29)	(26)	(40)	(35)	(36)	(39)	(44)	(32)	(31)
GAAP Net earnings attributable to Motorola Solutions, Inc.	244	293	307	401	267	228	279	589	278	371	464	595
Non-GAAP above OE highlighted items*	113	112	104	121	135	139	303	130	133	123	102	132
Non-GAAP below OE highlighted items*	(6)	1	19	2	(6)	18	5	(7)	2	(13)	15	—
Non-GAAP tax adjustments and effect	(27)	(47)	(21)	(27)	(102)	(31)	(73)	(94)	(29)	(23)	(34)	(59)
TOTAL Non-GAAP Earnings attributable to Motorola Solutions, Inc.	\$ 324	\$ 359	\$ 409	\$ 497	\$ 294	\$ 354	\$ 514	\$ 618	\$ 384	\$ 458	\$ 547	\$ 668
GAAP attributable to Motorola Solutions, Inc. earnings per share ("EPS")	\$ 1.41	\$ 1.69	\$ 1.76	\$ 2.30	\$ 1.54	\$ 1.33	\$ 1.63	\$ 3.43	\$ 1.61	\$ 2.15	\$ 2.70	\$ 3.47
Non-GAAP attributable to Motorola Solutions, Inc. EPS adjustments*	0.46	0.38	0.59	0.55	0.16	0.74	1.37	0.17	0.61	0.50	0.49	0.43
Non-GAAP attributable to Motorola Solutions, Inc. EPS	\$ 1.87	\$ 2.07	\$ 2.35	\$ 2.85	\$ 1.70	\$ 2.07	\$ 3.00	\$ 3.60	\$ 2.22	\$ 2.65	\$ 3.19	\$ 3.90
Diluted weighted average shares outstanding	173.2	173.1	174.1	174.2	173.1	170.9	171.5	171.9	172.6	172.6	171.7	171.5

*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 EPS to Non-GAAP EPS

<i>(per diluted common share)</i>	Q4 2022		Q4 2023	
GAAP EPS	\$	3.43	\$	3.47
Highlighted Items:				
Share-based compensation expenses	\$	0.27	\$	0.30
Intangible assets amortization expense		0.36		0.24
Exit of video manufacturing operations		—		0.14
Reorganization of business charges		0.03		0.04
Acquisition-related transaction fees		0.04		0.02
Legal settlements		—		0.02
Operating lease asset impairments		0.05		0.01
Hytera-related legal expenses		0.02		—
Environmental reserve expense		—		—
Gain on sales of investments		—		—
Adjustments to uncertain tax positions		(0.01)		—
Gain on Hytera legal settlement		(0.01)		—
Fair value adjustments to equity investments		(0.03)		—
Income tax expense on Non-GAAP adjustments		(0.55)		(0.34)
Non-GAAP EPS	\$	3.60	\$	3.90



Supplemental Non-GAAP Measures

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

<i>(per diluted common share)</i>	FY22		FY23	
GAAP EPS	\$	7.93	\$	9.93
Highlighted Items:				
Share-based compensation expenses	\$	1.00	\$	1.23
Intangible assets amortization expense		1.50		1.03
Reorganization of business charges		0.21		0.17
Exit of video manufacturing operations		—		0.14
Investment impairments		0.01		0.09
Environmental reserve expense		—		0.09
Hytera-related legal expenses		0.16		0.08
Acquisition-related transaction fees		0.13		0.04
Operating lease asset impairments		0.14		0.03
Legal settlements		0.14		0.02
Fixed asset impairments		0.07		0.02
Loss on ESN fixed asset impairment		0.86		—
Loss from extinguishment of long-term debt		0.03		—
Adjustments to uncertain tax positions		(0.02)		—
Gain on sales of investments		(0.02)		—
Gain on Hytera legal settlement		(0.09)		—
Gain on TETRA Ireland equity method investment		(0.12)		—
Fair value adjustments to equity investments		0.18		(0.08)
Income tax expense on Non-GAAP adjustments		(1.75)		(0.84)
Non-GAAP EPS	\$	10.36	\$	11.95



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, 2023			December 31, 2022		
	Products and Systems Integration	Software and Services	Total	Products and Systems Integration	Software and Services	Total
Net sales	\$ 1,890	\$ 958	\$ 2,848	\$ 1,810	\$ 896	\$ 2,706
Operating earnings	\$ 492	\$ 246	\$ 738	\$ 454	\$ 238	\$ 692
Above OE non-GAAP adjustments:						
Share-based compensation expenses	38	14	52	34	12	46
Intangible assets amortization expense	9	31	40	15	48	63
Exit of video manufacturing operations	17	7	24	—	—	—
Reorganization of business charges	6	1	7	4	1	5
Acquisition-related transaction fees	2	2	4	1	6	7
Legal settlements	2	1	3	—	—	—
Operating lease asset impairments	1	1	2	5	3	8
Hytera-related legal expenses	—	—	—	3	—	3
Gain on Hytera legal settlement	—	—	—	(2)	—	(2)
Total above-OE non-GAAP adjustments	75	57	132	60	70	130
Operating earnings after non-GAAP adjustments	\$ 567	\$ 303	\$ 870	\$ 514	\$ 308	\$ 822
Operating earnings as a percentage of net sales - GAAP	26.0 %	25.7 %	25.9 %	25.1 %	26.6 %	25.6 %
Operating earnings as a percentage of net sales - after non-GAAP adjustments	30.0 %	31.6 %	30.5 %	28.4 %	34.4 %	30.4 %



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)

	Years Ended					
	December 31, 2023			December 31, 2022		
	Products and Systems Integration	Software and Services	Total	Products and Systems Integration	Software and Services	Total
Net sales	\$ 6,242	\$ 3,736	\$ 9,978	\$ 5,728	\$ 3,384	\$ 9,112
Operating earnings ("OE")	\$ 1,244	\$ 1,050	\$ 2,294	\$ 913	\$ 748	\$ 1,661
Above OE non-GAAP adjustments:						
Share-based compensation expenses	154	58	212	126	46	172
Intangible assets amortization expense	41	136	177	60	197	257
Reorganization of business charges	28	1	29	21	15	36
Exit of video manufacturing operations	17	7	24	—	—	—
Environmental reserve expense	10	5	15	—	—	—
Hytera-related legal expenses	13	—	13	28	—	28
Acquisition-related transaction fees	2	5	7	9	14	23
Operating lease asset impairments	4	2	6	18	6	24
Legal settlements	3	1	4	3	20	23
Fixed asset impairments	2	1	3	9	3	12
Loss on ESN fixed asset impairment	—	—	—	—	147	147
Gain on Hytera legal settlement	—	—	—	(15)	—	(15)
Total above-OE non-GAAP adjustments	274	216	490	259	448	707
Operating earnings after non-GAAP adjustments	\$ 1,518	\$ 1,266	\$ 2,784	\$ 1,172	\$ 1,196	\$ 2,368
Operating earnings as a percentage of net sales - GAAP	19.9 %	28.1 %	23.0 %	15.9 %	22.1 %	18.2 %
Operating earnings as a percentage of net sales - after non-GAAP adjustments	24.3 %	33.9 %	27.9 %	20.5 %	35.3 %	26.0 %



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		Years Ended	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
Net cash provided by operating activities	\$ 1,245	\$ 1,273	\$ 2,044	\$ 1,823
Capital expenditures	(81)	(73)	(253)	(256)
Free cash flow*	<u>\$ 1,164</u>	<u>\$ 1,200</u>	<u>\$ 1,791</u>	<u>\$ 1,567</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 2023	Q2 2023	Q3 2023	Q4 2023	TTM
GAAP Net earnings attributable to Motorola Solutions, Inc.	\$ 278	\$ 371	\$ 464	\$ 595	\$ 1,709
Interest Expense, Net	54	57	53	52	216
Income Tax Expense	79	114	127	111	432
Depreciation Expense	43	44	47	45	179
Intangible Amortization Expense	55	43	39	40	177
EBITDA	\$ 509	\$ 629	\$ 730	\$ 843	\$ 2,713
Share-based Compensation Expense	55	53	52	52	212
Reorganization of Business Charges	13	3	6	7	29
Other Above OE Highlighted Items***	10	24	5	33	72
Below OE Highlighted Items***	2	(13)	15	—	3
Adjusted EBITDA	\$ 589	\$ 696	\$ 808	\$ 935	\$ 3,029

Net Debt Calculation

	Q4 2023
Long-term Debt	\$ 4,705
Current Portion of Long-term Debt	1,313
Less Cash and Cash Equivalents	1,705
Net Debt	\$ 4,313

Net Debt to Adjusted EBITDA Calculation

	Q4 2023
Net Debt	\$ 4,313
Trailing Twelve Months ("TTM") Adjusted EBITDA	3,029
Net Debt to TTM Adjusted EBITDA	1.4

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



Supplemental Non-GAAP Measures

Reconciliation Of GAAP Net Earnings To EBITDA and Adjusted EBITDA

<i>(\$ in millions)</i>	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
GAAP Net Earnings (Loss) from Continuing Operations	\$ 640	\$ 560	\$ (155)	\$ 966	\$ 868	\$ 949	\$ 1,245	\$ 1,363	\$ 1,709
Interest Expense, Net	173	205	201	222	220	220	208	226	216
Income Tax Expense	274	282	1,227	133	130	221	302	148	432
Depreciation Expense	142	182	192	172	186	194	202	183	179
Intangible Amortization Expense	8	113	151	188	208	215	236	257	177
EBITDA	\$ 1,237	\$ 1,342	\$ 1,616	\$ 1,681	\$ 1,612	\$ 1,799	\$ 2,193	\$ 2,177	\$ 2,713
US Pension Settlement Loss	\$ —	\$ —	\$ —	\$ —	\$ 359	\$ —	\$ —	\$ —	\$ —
Share-based Compensation Expenses	78	68	66	73	118	129	129	172	212
Reorganization of Business Charges	87	138	42	120	57	86	32	36	29
Loss from the Extinguishment of Debt	—	—	—	—	50	57	18	6	—
Other Above OE Highlighted Items***	31	15	(37)	104	11	15	53	242	72
Below OE Highlighted Items***	(117)	62	46	(12)	1	3	8	4	3
Adjusted EBITDA	\$ 1,316	\$ 1,625	\$ 1,733	\$ 1,966	\$ 2,210	\$ 2,091	\$ 2,433	\$ 2,637	\$ 3,029

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





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