

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

	Three Months Ended	
	September 26, 2020	September 28, 2019
Net sales from products	\$ 1,044	\$ 1,196
Net sales from services	824	798
Net sales	1,868	1,994
Costs of products sales	487	501
Costs of services sales	472	486
Costs of sales	959	987
Gross margin	909	1,007
Selling, general and administrative expenses	313	359
Research and development expenditures	175	172
Other charges	15	11
Intangibles amortization	54	52
Operating earnings	352	413
Other income (expense):		
Interest expense, net	(58)	(54)
Loss on sales of investments and businesses, net	(1)	—
Other, net	(42)	(11)
Total other expense	(101)	(65)
Net earnings before income taxes	251	348
Income tax expense	45	80
Net earnings	206	268
Less: Earnings attributable to non-controlling interests	1	1
Net earnings attributable to Motorola Solutions, Inc.	\$ 205	\$ 267
Earnings per common share:		
Basic	\$ 1.21	\$ 1.60
Diluted	\$ 1.18	\$ 1.51
Weighted average common shares outstanding:		
Basic	169.7	166.7
Diluted	173.5	176.4
	<b>Percentage of Net Sales*</b>	
Net sales from products	55.9 %	60.0 %
Net sales from services	44.1 %	40.0 %
Net sales	100.0 %	100.0 %
Costs of products sales	46.6 %	41.9 %
Costs of services sales	57.3 %	60.9 %
Costs of sales	51.3 %	49.5 %
Gross margin	48.7 %	50.5 %
Selling, general and administrative expenses	16.7 %	18.0 %
Research and development expenditures	9.4 %	8.6 %
Other charges	0.8 %	0.6 %
Intangibles amortization	2.9 %	2.6 %
Operating earnings	18.9 %	20.7 %
Other income (expense):		
Interest expense, net	(3.1)%	(2.7)%
Losses on sales of investments and businesses, net	(0.1)%	— %
Other, net	(2.2)%	(0.6)%
Total other expense	(5.4)%	(3.3)%
Net earnings before income taxes	13.4 %	17.4 %
Income tax expense	2.4 %	4.0 %
Net earnings	11.0 %	13.4 %
Less: Earnings attributable to non-controlling interests	— %	0.1 %
Net earnings attributable to Motorola Solutions, Inc.	11.0 %	13.4 %

\* 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 26, 2020</b>	<b>September 28, 2019</b>
Net sales from products	\$ 2,807	\$ 3,260
Net sales from services	2,334	2,251
Net sales	5,141	5,511
Costs of products sales	1,325	1,435
Costs of services sales	1,354	1,365
Costs of sales	2,679	2,800
Gross margin	2,462	2,711
Selling, general and administrative expenses	951	1,035
Research and development expenditures	505	505
Other charges	20	26
Intangibles amortization	158	154
Operating earnings	828	991
Other income (expense):		
Interest expense, net	(167)	(165)
Gains (losses) on sales of investments and businesses, net	(1)	4
Other, net	(8)	(22)
Total other expense	(176)	(183)
Net earnings before income taxes	652	808
Income tax expense	112	180
Net earnings	540	628
Less: Earnings attributable to non-controlling interests	3	3
Net earnings attributable to Motorola Solutions, Inc.	<u>\$ 537</u>	<u>\$ 625</u>
<b>Earnings per common share:</b>		
Basic	\$ 3.16	\$ 3.78
Diluted	\$ 3.08	\$ 3.56
<b>Weighted average common shares outstanding:</b>		
Basic	170.1	165.3
Diluted	174.3	175.7
	<b>Percentage of Net Sales*</b>	
Net sales from products	54.6 %	59.2 %
Net sales from services	45.4 %	40.8 %
Net sales	100.0 %	100.0 %
Costs of products sales	47.2 %	44.0 %
Costs of services sales	58.0 %	60.6 %
Costs of sales	52.1 %	50.8 %
Gross margin	47.9 %	49.2 %
Selling, general and administrative expenses	18.5 %	18.8 %
Research and development expenditures	9.8 %	9.2 %
Other charges	0.4 %	0.5 %
Intangibles amortization	3.1 %	2.8 %
Operating earnings	16.1 %	18.0 %
Other income (expense):		
Interest expense, net	(3.3)%	(3.0)%
Losses on sales of investments and businesses, net	— %	0.1 %
Other, net	(0.2)%	(0.4)%
Total other expense	(3.4)%	(3.3)%
Net earnings before income taxes	12.7 %	14.7 %
Income tax expense	2.2 %	3.3 %
Net earnings	10.5 %	11.4 %
Less: Earnings attributable to non-controlling interests	0.1 %	0.1 %
Net earnings attributable to Motorola Solutions, Inc.	<u>10.4 %</u>	<u>11.3 %</u>

\* Percentages may not add up due to rounding

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

	September 26, 2020	December 31, 2019
<b>Assets</b>		
Cash and cash equivalents	\$ 1,007	\$ 1,001
Accounts receivable, net	1,155	1,412
Contract assets	1,069	1,046
Inventories, net	489	447
Other current assets	251	272
<b>Total current assets</b>	<b>3,971</b>	<b>4,178</b>
Property, plant and equipment, net	976	992
Operating lease assets	472	554
Investments	154	159
Deferred income taxes	876	943
Goodwill	2,207	2,067
Intangible assets, net	1,268	1,327
Other assets	437	422
<b>Total assets</b>	<b>\$ 10,361</b>	<b>\$ 10,642</b>
<b>Liabilities and Stockholders' Equity (Deficit)</b>		
Current portion of long-term debt	\$ 212	\$ 16
Accounts payable	536	618
Contract liabilities	1,359	1,449
Accrued liabilities	1,205	1,356
<b>Total current liabilities</b>	<b>3,312</b>	<b>3,439</b>
Long-term debt	5,162	5,113
Operating lease liabilities	401	497
Other liabilities	2,226	2,276
Total Motorola Solutions, Inc. stockholders' equity (deficit)	(756)	(700)
Non-controlling interests	16	17
<b>Total liabilities and stockholders' equity (deficit)</b>	<b>\$ 10,361</b>	<b>\$ 10,642</b>

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

	Three Months Ended	
	September 26, 2020	September 28, 2019
<b>Operating</b>		
Net earnings attributable to Motorola Solutions, Inc.	\$ 205	\$ 267
Earnings attributable to non-controlling interests	1	1
Net earnings	206	268
Adjustments to reconcile Net earnings to Net cash provided by operating activities:		
Depreciation and amortization	103	99
Non-cash other charges (income)	12	22
Share-based compensation expenses	31	30
Losses on sales of investments and businesses, net	1	—
Losses from the extinguishment of long term debt	56	7
Gain from the extinguishment of 2.00% senior convertible notes	—	(4)
Changes in assets and liabilities, net of effects of acquisitions, dispositions, and foreign currency translation adjustments:		
Accounts receivable	26	(80)
Inventories	(1)	(27)
Other current assets and contract assets	(137)	(24)
Accounts payable, accrued liabilities, and contract liabilities	75	202
Other assets and liabilities	(3)	8
Deferred income taxes	23	24
Net cash provided by operating activities	392	525
<b>Investing</b>		
Acquisitions and investments, net	(181)	(252)
Proceeds from sales of investments and businesses, net	2	—
Capital expenditures	(49)	(60)
Net cash used for investing activities	(228)	(312)
<b>Financing</b>		
Repayments of debt	(903)	(770)
Repayment of unsecured revolving credit facility draw	(300)	—
Net proceeds from issuance of debt	892	1,159
Issuances of common stock	10	12
Purchases of common stock	(105)	—
Payments of dividends	(109)	(94)
Settlement of conversion premium on 2.00% senior convertible notes	—	(326)
Net cash used for financing activities	(515)	(19)
Effect of exchange rate changes on total cash and cash equivalents	17	(18)
Net increase (decrease) in total cash and cash equivalents	(334)	176
Cash and cash equivalents, beginning of period	1,341	964
Cash and cash equivalents, end of period	\$ 1,007	\$ 1,140
<b>Financial Ratios:</b>		
Free cash flow*	\$ 343	\$ 465

\*Free cash flow = Net cash provided by operating activities - Capital expenditures

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

	Nine Months Ended	
	September 26, 2020	September 28, 2019
<b>Operating</b>		
Net earnings attributable to Motorola Solutions, Inc.	\$ 537	\$ 625
Earnings attributable to non-controlling interests	3	3
Net earnings	540	628
Adjustments to reconcile Net earnings to Net cash provided by operating activities:		
Depreciation and amortization	300	290
Non-cash other charges (income)	(28)	27
Share-based compensation expenses	100	87
Losses (gains) on sales of investments and businesses, net	1	(4)
Losses from the extinguishment of long term debt	56	50
Gain from the extinguishment of 2.00% senior convertible notes	—	(4)
Changes in assets and liabilities, net of effects of acquisitions, dispositions, and foreign currency translation adjustments:		
Accounts receivable	312	30
Inventories	2	(88)
Other current assets and contract assets	(1)	104
Accounts payable, accrued liabilities, and contract liabilities	(379)	(143)
Other assets and liabilities	(18)	10
Deferred income taxes	24	41
Net cash provided by operating activities	909	1,028
<b>Investing</b>		
Acquisitions and investments, net	(282)	(623)
Proceeds from sales of investments and businesses, net	8	10
Capital expenditures	(151)	(189)
Proceeds from sales of property, plant and equipment	56	—
Net cash used for investing activities	(369)	(802)
<b>Financing</b>		
Net proceeds from issuance of debt	892	1,804
Repayments of debt	(911)	(1,435)
Proceeds from unsecured revolving credit facility draw	800	—
Repayment of unsecured revolving credit facility draw	(600)	—
Issuances of common stock	59	82
Purchases of common stock	(441)	(170)
Payments of dividends	(327)	(281)
Payments of dividends to non-controlling interests	(4)	(3)
Settlement of conversion premium on 2.00% senior convertible notes	—	(326)
Net cash used for financing activities	(532)	(329)
Effect of exchange rate changes on total cash and cash equivalents	(2)	(14)
Net increase (decrease) in total cash and cash equivalents	6	(117)
Cash and cash equivalents, beginning of period	1,001	1,257
Cash and cash equivalents, end of period	\$ 1,007	\$ 1,140
<b>Financial Ratios:</b>		
Free cash flow*	\$ 758	\$ 839

\*Free cash flow = Net cash provided by operating activities - Capital expenditures

**Motorola Solutions, Inc. and Subsidiaries**  
**Segment Information**  
(In millions)

**Net Sales**

	<b>Three Months Ended</b>		<b>% Change</b>
	<b>September 26, 2020</b>	<b>September 28, 2019</b>	
Products and Systems Integration	\$ 1,163	\$ 1,349	(14)%
Software and Services	705	645	9 %
<b>Total Motorola Solutions</b>	<b>\$ 1,868</b>	<b>\$ 1,994</b>	<b>(6)%</b>

**Nine Months Ended**

	<b>September 26, 2020</b>		<b>% Change</b>
	<b>September 26, 2020</b>	<b>September 28, 2019</b>	
Products and Systems Integration	\$ 3,124	\$ 3,656	(15)%
Software and Services	2,017	1,855	9 %
<b>Total Motorola Solutions</b>	<b>\$ 5,141</b>	<b>\$ 5,511</b>	<b>(7)%</b>

**Operating Earnings**

**Three Months Ended**

	<b>September 26, 2020</b>		<b>% Change</b>
	<b>September 26, 2020</b>	<b>September 28, 2019</b>	
Products and Systems Integration	\$ 164	\$ 258	(36)%
Software and Services	188	155	21 %
<b>Total Motorola Solutions</b>	<b>\$ 352</b>	<b>\$ 413</b>	<b>(15)%</b>

**Nine Months Ended**

	<b>September 26, 2020</b>		<b>% Change</b>
	<b>September 26, 2020</b>	<b>September 28, 2019</b>	
Products and Systems Integration	\$ 305	\$ 568	(46)%
Software and Services	523	423	24 %
<b>Total Motorola Solutions</b>	<b>\$ 828</b>	<b>\$ 991</b>	<b>(16)%</b>

**Operating Earnings %**

**Three Months Ended**

	<b>September 26, 2020</b>	
	<b>September 26, 2020</b>	<b>September 28, 2019</b>
Products and Systems Integration	14.1 %	19.1 %
Software and Services	26.7 %	24.0 %
<b>Total Motorola Solutions</b>	<b>18.9 %</b>	<b>20.7 %</b>

**Nine Months Ended**

	<b>September 26, 2020</b>	
	<b>September 26, 2020</b>	<b>September 28, 2019</b>
Products and Systems Integration	9.8 %	15.5 %
Software and Services	25.9 %	22.8 %
<b>Total Motorola Solutions</b>	<b>16.1 %</b>	<b>18.0 %</b>

**Motorola Solutions, Inc. and Subsidiaries**  
**Non-GAAP Adjustments (Intangibles Amortization Expenses, Share-Based Compensation Expenses,**  
**and Highlighted Items)**  
(In millions)

## Q1 2020

Non-GAAP Adjustments	Statement Line	PBT (Inc)/Exp	Tax Inc/(Exp)	PAT (Inc)/Exp	EPS impact
Intangibles amortization expense	Intangibles amortization	\$ 53	\$ 13	\$ 40	\$ 0.23
Share-based compensation expenses	Cost of sales, SG&A and R&D	38	9	29	0.17
Hytera-related legal expenses	SG&A	25	6	19	0.11
Reorganization of business charges	Cost of sales and Other charges (income)	18	4	14	0.08
Acquisition-related transaction fees	Other charges (income)	2	—	2	0.01
Legal settlements	Other charges (income)	2	—	2	0.01
Fair value adjustments to equity investments	Other income	(1)	—	(1)	(0.01)
Release of uncertain tax positions	Income tax expense	—	1	(1)	(0.01)
Gain on sale of property, plant, and equipment	Other charges (income)	(50)	(12)	(38)	(0.22)
Total impact on Net earnings		\$ 87	\$ 21	\$ 66	\$ 0.37

## Q2 2020

Non-GAAP Adjustments	Statement Line	PBT (Inc)/Exp	Tax Inc/(Exp)	PAT (Inc)/Exp	EPS impact
Intangibles amortization expense	Intangibles amortization	\$ 51	\$ 12	\$ 39	\$ 0.22
Reorganization of business charges	Cost of sales and Other charges (income)	41	10	31	0.18
Share-based compensation expenses	Cost of sales, SG&A and R&D	31	7	24	0.14
Legal settlements	Other charges (income)	7	2	5	0.03
Hytera-related legal expenses	SG&A	5	1	4	0.02
Fixed asset impairment	Other charges (income)	5	1	4	0.02
Acquisition-related transaction fees	Other charges (income)	1	—	1	0.01
Release of uncertain tax positions	Income tax expense	—	(1)	1	0.01
Fair value adjustments to equity investments	Other income	(4)	(1)	(3)	(0.02)
Total impact on Net earnings		\$ 137	\$ 31	\$ 106	\$ 0.61

## Q3 2020

Non-GAAP Adjustments	Statement Line	PBT (Inc)/Exp	Tax Inc/ (Exp)	PAT (Inc)/Exp	EPS impact
Loss from extinguishment of long-term debt	Other expense	\$56	\$13	\$43	\$0.25
Intangibles amortization expense	Intangibles amortization	54	12	42	0.24
Share-based compensation expenses	Cost of sales, SG&A and R&D	31	7	24	0.14
Reorganization of business charges	Cost of sales and Other charges (income)	13	3	10	0.06
Hytera-related legal expenses	SG&A	5	1	4	0.02
Acquisition-related transaction fees	Other charges (income)	5	—	5	0.03
Fair value adjustments to equity investments	Other expense	4	1	3	0.02
Pelco purchase accounting adjustment	Cost of sales	3	1	2	0.01
Sale of investments	(Gain) or loss on sales of investments and businesses, net	1	—	1	—
Total impact on Net earnings		\$ 172	\$ 38	\$ 134	\$ 0.77

**Motorola Solutions, Inc. and Subsidiaries**  
**Non-GAAP Segment Information**  
(In millions)

**Net Sales**

	<b>Three Months Ended</b>		<b>% Change</b>
	<b>September 26, 2020</b>	<b>September 28, 2019</b>	
Products and Systems Integration	\$ 1,163	\$ 1,349	(14)%
Software and Services	705	645	9 %
Total Motorola Solutions	\$ 1,868	\$ 1,994	(6)%

**Nine Months Ended**

	<b>September 26, 2020</b>		<b>% Change</b>
	<b>September 26, 2020</b>	<b>September 28, 2019</b>	
Products and Systems Integration	\$ 3,124	\$ 3,656	(15)%
Software and Services	2,017	1,855	9 %
Total Motorola Solutions	\$ 5,141	\$ 5,511	(7)%

**Non-GAAP Operating Earnings**

	<b>Three Months Ended</b>		<b>% Change</b>
	<b>September 26, 2020</b>	<b>September 28, 2019</b>	
Products and Systems Integration	\$ 219	\$ 300	(27)%
Software and Services	244	209	17 %
Total Motorola Solutions	\$ 463	\$ 509	(9)%

**Nine Months Ended**

	<b>September 26, 2020</b>		<b>% Change</b>
	<b>September 26, 2020</b>	<b>September 28, 2019</b>	
Products and Systems Integration	\$ 473	\$ 689	(31)%
Software and Services	696	580	20 %
Total Motorola Solutions	\$ 1,169	\$ 1,269	(8)%

**Non-GAAP Operating Earnings %**

	<b>Three Months Ended</b>	
	<b>September 26, 2020</b>	<b>September 28, 2019</b>
Products and Systems Integration	18.9 %	22.2 %
Software and Services	34.6 %	32.4 %
Total Motorola Solutions	24.8 %	25.5 %

**Nine Months Ended**

	<b>September 26, 2020</b>	
	<b>September 26, 2020</b>	<b>September 28, 2019</b>
Products and Systems Integration	15.1 %	18.8 %
Software and Services	34.5 %	31.3 %
Total Motorola Solutions	22.7 %	23.0 %



**Motorola Solutions, Inc. and Subsidiaries**  
**Operating Earnings after Non-GAAP Adjustments**  
(In millions)

**Q1 2020**

	<b>TOTAL</b>	<b>Products and Systems Integration</b>	<b>Software and Services</b>
Net sales	\$ 1,655	\$ 993	\$ 662
Operating earnings ("OE")	\$ 259	\$ 92	\$ 167
Above-OE non-GAAP adjustments:			
Intangibles amortization expense	53	12	41
Share-based compensation expenses	38	27	11
Hytera-related legal expenses	25	25	—
Reorganization of business charges	18	14	4
Acquisition-related transaction fees	2	1	1
Legal settlements	2	2	—
Gain on sale of property, plant, and equipment	(50)	(50)	—
Total above-OE non-GAAP adjustments	88	31	57
Operating earnings after non-GAAP adjustments	\$ 347	\$ 123	\$ 224
Operating earnings as a percentage of net sales - GAAP	15.6 %	9.3 %	25.2 %
Operating earnings as a percentage of net sales - after non-GAAP adjustments	21.0 %	12.4 %	33.8 %

**Q2 2020**

	<b>TOTAL</b>	<b>Products and Systems Integration</b>	<b>Software and Services</b>
Net sales	\$ 1,618	\$ 968	\$ 650
Operating earnings ("OE")	\$ 218	\$ 49	\$ 169
Above-OE non-GAAP adjustments:			
Intangibles amortization expense	51	12	39
Reorganization of business charges	41	33	8
Share-based compensation expenses	31	22	9
Legal settlements	7	7	—
Hytera-related legal expenses	5	5	—
Fixed asset impairment	5	3	2
Acquisition-related transaction fees	1	—	1
Total above-OE non-GAAP adjustments	141	82	59
Operating earnings after non-GAAP adjustments	\$ 359	\$ 131	\$ 228
Operating earnings as a percentage of net sales - GAAP	13.5 %	5.1 %	26.0 %
Operating earnings as a percentage of net sales - after non-GAAP adjustments	22.2 %	13.5 %	35.1 %

**Q3 2020**

	<b>TOTAL</b>	<b>Products and Systems Integration</b>	<b>Software and Services</b>
Net sales	\$ 1,868	\$ 1,163	\$ 705
Operating earnings ("OE")	\$ 352	\$ 164	\$ 188
Above-OE non-GAAP adjustments:			
Intangibles amortization expense	54	12	42
Share-based compensation expenses	31	22	9
Reorganization of business charges	13	10	3
Acquisition-related transaction fees	5	3	2
Hytera-related legal expenses	5	5	—
Pelco purchase accounting adjustment	3	3	—
Total above-OE non-GAAP adjustments	111	55	56
Operating earnings after non-GAAP adjustments	\$ 463	\$ 219	\$ 244
Operating earnings as a percentage of net sales - GAAP	18.9 %	14.1 %	26.7 %
Operating earnings as a percentage of net sales - after non-GAAP adjustments	24.8 %	18.9 %	34.6 %

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

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	Three Months Ended		% Change
	September 26, 2020	September 28, 2019	
Net sales	\$ 1,868	\$ 1,994	(6)%
Non-GAAP adjustments:			
Sales from acquisitions	55	—	
Organic revenue	\$ 1,813	\$ 1,994	(9)%

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	Nine Months Ended		% Change
	September 26, 2020	September 28, 2019	
Net sales	\$ 5,141	\$ 5,511	(7)%
Non-GAAP adjustments:			
Sales from acquisitions	146	3	
Organic revenue	\$ 4,995	\$ 5,508	(9)%