

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

	Three Months Ended	
	October 1, 2022	October 2, 2021
Net sales from products	\$ 1,439	\$ 1,221
Net sales from services	934	886
Net sales	2,373	2,107
Costs of products sales	659	559
Costs of services sales	683	503
Costs of sales	1,342	1,062
Gross margin	1,031	1,045
Selling, general and administrative expenses	378	351
Research and development expenditures	197	183
Other charges	20	4
Intangibles amortization	63	56
Operating earnings	373	451
Other income (expense):		
Interest expense, net	(60)	(56)
Gain on sales of investments and businesses, net	1	—
Other, net	19	10
Total other expense	(40)	(46)
Net earnings before income taxes	333	405
Income tax expense	53	97
Net earnings	280	308
Less: Earnings attributable to non-controlling interests	1	1
Net earnings attributable to Motorola Solutions, Inc.	\$ 279	\$ 307
<b>Earnings per common share:</b>		
Basic	\$ 1.67	\$ 1.81
Diluted	\$ 1.63	\$ 1.76
<b>Weighted average common shares outstanding:</b>		
Basic	167.2	169.2
Diluted	171.5	174.1
	<b>Percentage of Net Sales*</b>	
Net sales from products	60.6 %	57.9 %
Net sales from services	39.4 %	42.1 %
Net sales	100.0 %	100.0 %
Costs of products sales	45.8 %	45.8 %
Costs of services sales	73.1 %	56.8 %
Costs of sales	56.6 %	50.4 %
Gross margin	43.4 %	49.6 %
Selling, general and administrative expenses	15.9 %	16.7 %
Research and development expenditures	8.3 %	8.7 %
Other charges	0.8 %	0.2 %
Intangibles amortization	2.7 %	2.7 %
Operating earnings	15.7 %	21.4 %
Other income (expense):		
Interest expense, net	(2.5)%	(2.7)%
Gain on sales of investments and businesses, net	— %	— %
Other, net	0.8 %	0.5 %
Total other expense	(1.7)%	(2.2)%
Net earnings before income taxes	14.0 %	19.2 %
Income tax expense	2.2 %	4.6 %
Net earnings	11.8 %	14.6 %
Less: Earnings attributable to non-controlling interests	— %	— %
Net earnings attributable to Motorola Solutions, Inc.	11.8 %	14.6 %

\* 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>October 1, 2022</b>	<b>October 2, 2021</b>
Net sales from products	\$ 3,697	\$ 3,250
Net sales from services	2,708	2,601
Net sales	6,405	5,851
Costs of products sales	1,844	1,516
Costs of services sales	1,683	1,478
Costs of sales	3,527	2,994
Gross margin	2,878	2,857
Selling, general and administrative expenses	1,069	985
Research and development expenditures	577	545
Other charges	68	37
Intangibles amortization	194	172
Operating earnings	970	1,118
Other income (expense):		
Interest expense, net	(171)	(154)
Gain on sales of investments and businesses, net	3	—
Other, net	50	70
Total other expense	(118)	(84)
Net earnings before income taxes	852	1,034
Income tax expense	75	186
Net earnings	777	848
Less: Earnings attributable to non-controlling interests	3	4
Net earnings attributable to Motorola Solutions, Inc.	\$ 774	\$ 844
<b>Earnings per common share:</b>		
Basic	\$ 4.62	\$ 4.98
Diluted	\$ 4.50	\$ 4.87
<b>Weighted average common shares outstanding:</b>		
Basic	167.5	169.3
Diluted	171.9	173.4
	<b>Percentage of Net Sales*</b>	
Net sales from products	57.7 %	55.5 %
Net sales from services	42.3 %	44.5 %
Net sales	100.0 %	100.0 %
Costs of products sales	49.9 %	46.6 %
Costs of services sales	62.1 %	56.8 %
Costs of sales	55.1 %	51.2 %
Gross margin	44.9 %	48.8 %
Selling, general and administrative expenses	16.7 %	16.8 %
Research and development expenditures	9.0 %	9.3 %
Other charges	1.1 %	0.6 %
Intangibles amortization	3.0 %	2.9 %
Operating earnings	15.1 %	19.1 %
Other income (expense):		
Interest expense, net	(2.7)%	(2.6)%
Gain on sales of investments and businesses, net	— %	— %
Other, net	0.8 %	1.2 %
Total other expense	(1.8)%	(1.4)%
Net earnings before income taxes	13.3 %	17.7 %
Income tax expense	1.2 %	3.2 %
Net earnings	12.1 %	14.5 %
Less: Earnings attributable to non-controlling interests	— %	0.1 %
Net earnings attributable to Motorola Solutions, Inc.	12.1 %	14.4 %
<i>* Percentages may not add up due to rounding</i>		

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

	October 1, 2022	December 31, 2021
<b>Assets</b>		
Cash and cash equivalents	\$ 822	\$ 1,874
Accounts receivable, net	1,368	1,386
Contract assets	1,033	1,105
Inventories, net	1,157	788
Other current assets	327	259
<b>Total current assets</b>	<b>4,707</b>	<b>5,412</b>
Property, plant and equipment, net	866	1,042
Operating lease assets	338	382
Investments	146	209
Deferred income taxes	988	916
Goodwill	2,851	2,565
Intangible assets, net	1,177	1,105
Other assets	552	558
<b>Total assets</b>	<b>\$ 11,625</b>	<b>\$ 12,189</b>
<b>Liabilities and Stockholders' Equity (Deficit)</b>		
Current portion of long-term debt	\$ 1	\$ 5
Accounts payable	885	851
Contract liabilities	1,549	1,650
Accrued liabilities	1,333	1,557
<b>Total current liabilities</b>	<b>3,768</b>	<b>4,063</b>
Long-term debt	6,012	5,688
Operating lease liabilities	302	313
Other liabilities	1,937	2,148
Total Motorola Solutions, Inc. stockholders' equity (deficit)	(408)	(40)
Non-controlling interests	14	17
<b>Total liabilities and stockholders' equity (deficit)</b>	<b>\$ 11,625</b>	<b>\$ 12,189</b>

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

	Three Months Ended	
	October 1, 2022	October 2, 2021
<b>Operating</b>		
Net earnings	\$ 280	\$ 308
Adjustments to reconcile Net earnings to Net cash provided by operating activities:		
Depreciation and amortization	108	105
Non-cash other charges	1	18
Loss on ESN fixed asset impairment	147	—
Share-based compensation expenses	45	34
Gain 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	(101)	(32)
Inventories	(83)	(46)
Other current assets and contract assets	(24)	(270)
Accounts payable, accrued liabilities and contract liabilities	116	259
Other assets and liabilities	(9)	(25)
Deferred income taxes	(91)	25
Net cash provided by operating activities	<u>388</u>	<u>376</u>
<b>Investing</b>		
Acquisitions and investments, net	(19)	(351)
Proceeds from sales of investments and businesses, net	27	1
Capital expenditures	(70)	(61)
Net cash used for investing activities	<u>(62)</u>	<u>(411)</u>
<b>Financing</b>		
Repayments of debt	—	(3)
Issuances of common stock	86	39
Purchases of common stock	(94)	(125)
Payments of dividends	(132)	(120)
Net cash used for financing activities	<u>(140)</u>	<u>(209)</u>
Effect of exchange rate changes on total cash and cash equivalents	(81)	(24)
Net increase (decrease) in total cash and cash equivalents	105	(268)
Cash and cash equivalents, beginning of period	717	1,921
Cash and cash equivalents, end of period	<u>\$ 822</u>	<u>\$ 1,653</u>

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

	Nine Months Ended	
	October 1, 2022	October 2, 2021
<b>Operating</b>		
Net earnings	\$ 777	\$ 848
Adjustments to reconcile Net earnings to Net cash provided by operating activities:		
Depreciation and amortization	331	325
Non-cash other charges (income)	20	(6)
Loss on ESN fixed asset impairment	147	—
Share-based compensation expenses	126	94
Gain on sales of investments and businesses, net	(3)	—
Loss from the extinguishment of long-term debt	6	18
Changes in assets and liabilities, net of effects of acquisitions, dispositions, and foreign currency translation adjustments:		
Accounts receivable	5	189
Inventories	(360)	(99)
Other current assets and contract assets	(38)	(136)
Accounts payable, accrued liabilities and contract liabilities	(183)	(39)
Other assets and liabilities	(66)	(62)
Deferred income taxes	(212)	2
Net cash provided by operating activities	<u>550</u>	<u>1,134</u>
<b>Investing</b>		
Acquisitions and investments, net	(590)	(360)
Proceeds from sales of investments and businesses, net	38	4
Capital expenditures	(183)	(175)
Proceeds from sales of property, plant and equipment	—	6
Net cash used for investing activities	<u>(735)</u>	<u>(525)</u>
<b>Financing</b>		
Net proceeds from issuance of debt	595	844
Repayments of debt	(283)	(351)
Revolving credit facility renewal fees	—	(7)
Issuances of common stock	137	99
Purchases of common stock	(749)	(397)
Payments of dividends	(398)	(362)
Payments of dividends to non-controlling interests	(6)	(5)
Net cash used for financing activities	<u>(704)</u>	<u>(179)</u>
Effect of exchange rate changes on total cash and cash equivalents	<u>(163)</u>	<u>(31)</u>
Net increase (decrease) in total cash and cash equivalents	(1,052)	399
Cash and cash equivalents, beginning of period	1,874	1,254
Cash and cash equivalents, end of period	<u>\$ 822</u>	<u>\$ 1,653</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	
	October 1, 2022	October 2, 2021	October 1, 2022	October 2, 2021
Net cash provided by operating activities	\$ 388	\$ 376	\$ 550	\$ 1,134
Capital expenditures	(70)	(61)	(183)	(175)
Free cash flow	<u>\$ 318</u>	<u>\$ 315</u>	<u>\$ 367</u>	<u>\$ 959</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		Nine Months Ended		
	October 1, 2022	October 2, 2021	October 1, 2022	October 2, 2021	
Net earnings attributable to MSI	\$ 279	\$ 307	\$ 774	\$ 844	
Non-GAAP adjustments before income taxes:					
Loss on ESN fixed asset impairment	Cost of sales	\$ 147	\$ —	\$ 147	\$ —
Intangible assets amortization expense	Intangibles amortization	63	56	194	172
Share-based compensation expenses	Cost of sales, SG&A and R&D	45	34	126	94
Hytera-related legal expenses	SG&A	15	8	25	18
Reorganization of business charges	Cost of sales and Other charges (income)	14	4	31	29
Legal settlements	Other charges (Income)	12	—	23	3
Fair value adjustments to equity investments	Other (income) expense	5	18	35	5
Operating lease asset impairments	Other charges (income)	4	—	16	7
Acquisition-related transaction fees	Other charges (income)	2	2	16	6
Fixed asset impairments	Other charges (income)	1	—	12	—
Adjustments to uncertain tax positions	Interest income, net	1	1	(1)	(9)
Loss from extinguishment of long-term debt	Other (income) expense	—	—	6	18
Investment impairments	Other (income) expense	—	—	1	—
Gain on Hytera legal settlement	Other charges (income)	—	—	(13)	—
Gain on TETRA Ireland equity method investment	Other (income) expense	—	—	(21)	—
Gain on sales of investments	(Gain) or loss on sales of investments and businesses, net	(1)	—	(3)	—
Total Non-GAAP adjustments before income taxes		\$ 308	\$ 123	\$ 594	\$ 343
Income tax expense on Non-GAAP adjustments		73	21	206	95
Total Non-GAAP adjustments after income taxes		235	102	388	248
Non-GAAP Net earnings attributable to MSI		<u>\$ 514</u>	<u>\$ 408</u>	<u>\$ 1,162</u>	<u>\$ 1,092</u>

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

	Three Months Ended		Nine Months Ended	
	October 1, 2022	October 2, 2021	October 1, 2022	October 2, 2021
Net earnings before income taxes	\$ 333	\$ 405	\$ 852	\$ 1,034
Total Non-GAAP adjustments before income taxes*	308	123	594	343
Non-GAAP Net earnings before income taxes	641	528	1,446	1,377
Income tax expense	53	97	75	186
Income tax expense on Non-GAAP adjustments**	73	21	206	95
Total Non-GAAP Income tax expense	126	118	281	281
Non-GAAP Tax rate	19.7 %	22.4 %	19.4 %	20.4 %

\*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		Nine Months Ended		
	October 1, 2022	October 2, 2021	October 1, 2022	October 2, 2021	
Net earnings attributable to MSI	\$ 1.63	\$ 1.76	\$ 4.50	\$ 4.87	
Non-GAAP adjustments before income taxes:					
Loss on ESN fixed asset impairment	Cost of sales	\$ 0.86	\$ —	\$ 0.86	\$ —
Intangible assets amortization expense	Intangibles amortization	0.37	0.32	1.13	0.99
Share-based compensation expenses	Cost of sales, SG&A and R&D	0.26	0.20	0.73	0.54
Hytera-related legal expenses	SG&A	0.09	0.05	0.15	0.10
Reorganization of business charges	Cost of sales and Other charges (income)	0.08	0.02	0.18	0.17
Legal settlements	Other charges (Income)	0.07	—	0.14	0.02
Fair value adjustments to equity investments	Other (income) expense	0.03	0.10	0.21	0.03
Operating lease asset impairments	Other charges (income)	0.02	—	0.09	0.04
Acquisition-related transaction fees	Other charges (income)	0.01	0.01	0.09	0.03
Fixed asset impairments	Other charges (income)	0.01	—	0.07	—
Adjustments to uncertain tax positions	Interest income, net	0.01	0.01	(0.01)	(0.05)
Loss from extinguishment of long-term debt	Other (income) expense	—	—	0.03	0.10
Investment impairments	Other (income) expense	—	—	0.01	—
Gain on Hytera legal settlement	Other charges (income)	—	—	(0.08)	—
Gain on TETRA Ireland equity method investment	Other (income) expense	—	—	(0.12)	—
Gain on sales of investments	(Gain) or loss on sales of investments and businesses, net	(0.01)	—	(0.02)	—
Total Non-GAAP adjustments before income taxes		\$ 1.80	\$ 0.71	\$ 3.46	\$ 1.97
Income tax expense on Non-GAAP adjustments		0.43	0.12	1.20	0.55
Total Non-GAAP adjustments after income taxes		1.37	0.59	2.26	1.42
Non-GAAP Net earnings attributable to MSI		<u>\$ 3.00</u>	<u>\$ 2.35</u>	<u>\$ 6.76</u>	<u>\$ 6.29</u>
Diluted Weighted Average Common Shares		171.5	174.1	171.9	173.4
<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					
	October 1, 2022			October 2, 2021		
	Products and Systems Integration	Software and Services	Total	Products and Systems Integration	Software and Services	Total
Net sales	\$ 1,529	\$ 844	\$ 2,373	\$ 1,325	\$ 782	\$ 2,107
Operating earnings ("OE")	\$ 303	\$ 70	\$ 373	\$ 224	\$ 227	\$ 451
Above-OE non-GAAP adjustments:						
Loss on ESN fixed asset impairment	—	147	147	—	—	—
Intangible assets amortization expense	15	48	63	13	43	56
Share-based compensation expenses	33	12	45	25	9	34
Hytera-related legal expenses	15	—	15	8	—	8
Reorganization of business charges	3	11	14	3	1	4
Legal settlements	3	9	12	—	—	—
Operating lease asset impairments	2	2	4	—	—	—
Acquisition-related transaction fees	1	1	2	—	2	2
Fixed asset impairments	—	1	1	—	—	—
Total above-OE non-GAAP adjustments	72	231	303	49	55	104
Operating earnings after non-GAAP adjustments	<b>\$ 375</b>	<b>\$ 301</b>	<b>\$ 676</b>	<b>\$ 273</b>	<b>\$ 282</b>	<b>\$ 555</b>
Operating earnings as a percentage of net sales - GAAP	19.8 %	8.3 %	15.7 %	16.9 %	29.1 %	21.4 %
Operating earnings as a percentage of net sales - after non-GAAP adjustments	24.5 %	35.7 %	28.5 %	20.6 %	36.0 %	26.3 %

**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					
	October 1, 2022			October 2, 2021		
	Products and Systems Integration	Software and Services	Total	Products and Systems Integration	Software and Services	Total
Net sales	\$ 3,918	\$ 2,487	\$ 6,405	\$ 3,538	\$ 2,313	\$ 5,851
Operating earnings ("OE")	\$ 460	\$ 510	\$ 970	\$ 440	\$ 678	\$ 1,118
Above-OE non-GAAP adjustments:						
Intangible assets amortization expense	45	149	194	39	133	172
Loss on ESN fixed asset impairment	—	147	147	—	—	—
Share-based compensation expenses	92	34	126	71	23	94
Reorganization of business charges	17	14	31	23	6	29
Hytera-related legal expenses	25	—	25	18	—	18
Legal settlements	3	20	23	2	1	3
Operating lease asset impairments	13	3	16	5	2	7
Acquisition-related transaction fees	8	8	16	1	5	6
Fixed asset impairments	9	3	12	—	—	—
Gain on Hytera legal settlement	(13)	—	(13)	—	—	—
Total above-OE non-GAAP adjustments	199	378	577	159	170	329
Operating earnings after non-GAAP adjustments	<b>\$ 659</b>	<b>\$ 888</b>	<b>\$ 1,547</b>	<b>\$ 599</b>	<b>\$ 848</b>	<b>\$ 1,447</b>
Operating earnings as a percentage of net sales - GAAP	11.7 %	20.5 %	15.1 %	12.4 %	29.3 %	19.1 %
Operating earnings as a percentage of net sales - after non-GAAP adjustments	16.8 %	35.7 %	24.2 %	16.9 %	36.7 %	24.7 %

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

	<b>Three Months Ended</b>		<b>% Change</b>
	<b>October 1, 2022</b>	<b>October 2, 2021</b>	
Net sales	\$ 2,373	\$ 2,107	13 %
Non-GAAP adjustments:			
Sales from acquisitions	32	—	
Organic revenue	\$ 2,341	\$ 2,107	11 %

	<b>Nine Months Ended</b>		<b>% Change</b>
	<b>October 1, 2022</b>	<b>October 2, 2021</b>	
Net sales	\$ 6,405	\$ 5,851	9 %
Non-GAAP adjustments:			
Sales from acquisitions	82	—	
Organic revenue	\$ 6,323	\$ 5,851	8 %