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# L3HARRIS CY2020 FOURTH QUARTER RECONCILIATION OF NON-GAAP FINANCIAL MEASURES AND REGULATION G DISCLOSURES

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# L3HARRIS

# Regulation G Disclosures



To supplement our condensed consolidated financial statements presented in accordance with U.S. generally accepted accounting principles (GAAP), we provide additional financial measures that exclude or include amounts, or are subject to adjustments, so as to be different from the most directly comparable financial measures calculated and presented in accordance with GAAP. L3Harris management believes that these non-GAAP financial measures, when considered together with the GAAP financial measures, provide information that is useful to investors in understanding period-over-period operating results separate and apart from items that may, or could, have a disproportionately positive or negative impact on results in any particular period. L3Harris management also believes that these non-GAAP financial measures enhance the ability of investors to analyze L3Harris' business trends and to understand L3Harris' performance. In addition, L3Harris may utilize non-GAAP financial measures as guides in its forecasting, budgeting, and long-term planning processes and to measure operating performance for some management compensation purposes. Any analysis of non-GAAP financial measures should be used only in conjunction with results presented in accordance with GAAP. A reconciliation of these non-GAAP financial measures with the most directly comparable financial measures calculated in accordance with GAAP follows:

# Reconciliation of Non-GAAP Financial Measures – Earnings Release Information



## Total Backlog

(In millions)

Backlog at January 1, 2021	<u>\$ 21,670</u>
Backlog at January 3, 2020	\$ 20,551
Adjustments (A)	<u>(405)</u>
Organic Backlog	<u>\$ 20,146</u>
Organic backlog growth	<u>\$ 1,524</u>
Organic backlog percentage growth	<u>7.6 %</u>

A. Adjustments to exclude backlog attributable to each divested business as of January 3, 2020, including \$380 million of backlog associated with the airport security and automation business, which was divested during the quarter ended July 3, 2020.

# Reconciliation of Non-GAAP Financial Measures – Earnings Release Information



## Core U.S. Revenue

(In millions)	Fiscal Year Ended January 1, 2021	Four Quarters Ended January 3, 2020
Revenue (A)	\$ 18,194	\$ 18,097
Adjustment for divestitures (B)	—	(420)
Organic revenue	18,194	17,677
Commercial Aviation Solutions and Public Safety sectors (C)	(1,001)	(1,399)
Core organic revenue	17,193	16,278
Adjustment to exclude remaining international revenue	(3,406)	(3,367)
Core organic U.S. revenue	<b>\$ 13,787</b>	<b>\$ 12,911</b>

(A) Four quarters ended January 3, 2020 revenue is presented on a pro forma basis. "Pro forma" refers to the applicable result for full-year 2019, which combines the actual GAAP results for the third and fourth quarters of 2019 (which occurred following the L3Harris merger) with the corresponding results for the first two quarters of 2019 (preceding the L3Harris merger) in the pro forma condensed combined income statement information (prepared in a manner consistent with Article 11 of Regulation S-X) included in L3Harris' Current Report on Form 8-K filed on May 4, 2020.

(B) Adjustment to exclude revenue attributable to each divested business for the remaining portion of the prior-year period equivalent to the balance of the current-year period following the date the business was divested.

(C) Excludes revenue from the airport security and automation business for the remaining portion of the prior-year period equivalent to the balance of the current-year period following the date the business was divested.

# Reconciliation of Non-GAAP Financial Measures – Earnings Release Information



## L3 Pre-Merger Adjusted Free Cash Flow

<b>(In millions)</b>	<b>Two Quarters Ended June 28, 2019</b>	
Net cash provided by operating activities	\$	414
Less capital expenditures, net of dispositions		(98)
Free cash flow		316
Net cash provided by operating activities of discontinued operations		(19)
Tax and transaction payments related to divestitures		1
Cash used for deal and integration costs		68
Adjusted free cash flow	\$	366