Zebra Technologies
First Quarter 2022 Results

May 3, 2022

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Safe Harbor Statement

Statements made in this presentation which are not statements of historical fact are forward-looking statements and are subject to the safe harbor provisions created by the Private Securities Litigation Reform Act of 1995. Actual results may differ from those expressed or implied in the company's forward-looking statements. Zebra may elect to update forward-looking statements but expressly disclaims any obligation to do so, even if the company's estimates change. These forward-looking statements are based on current expectations, forecasts and assumptions and are subject to the risks and uncertainties inherent in Zebra's industry, market conditions, general domestic and international economic conditions, and other factors. These factors include customer acceptance of Zebra's offerings and competitors' offerings, and the potential effects of emerging technologies and changes in customer requirements. The effect of global market conditions and the availability of credit and capital markets volatility may have adverse effects on Zebra, its suppliers and its customers. In addition, natural disasters, man-made disasters, public health issues (including pandemics), and cybersecurity incidents may have negative effects on our business and results of operations. Our ability to purchase sufficient materials, parts, and components as well as our ability to provide services and software to meet customer demand could negatively impact our results of operations and customer relationships. Profits and profitability will be affected by Zebra's ability to control manufacturing and operating costs. Because of its debt, interest rates and financial market conditions may also have an impact on results. Foreign exchange rates, customs duties and trade policies may have an effect on financial results because of the large percentage of our international sales. The impacts of changes in foreign and domestic governmental policies, regulations, or laws, as well as the outcome of litigation or tax matters in which Zebra may be involved are other factors. The success of integrating acquisitions could also affect profitability, reported results and the company's competitive position in its industry. These and other factors could have an adverse effect on Zebra's sales, gross profit margins and results of operations and increase the volatility of our financial results. Descriptions of the risks, uncertainties and other factors that could affect the company's future operations and results can be found in Zebra's filings with the Securities and Exchange Commission. In particular, please refer to Zebra's latest filing of its Form 10-K and Form 10-Q. This presentation includes certain non-GAAP financial measures and we refer to the reconciliations to the comparable GAAP financial measures and related information.

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01 Q1 Highlights
Anders Gustafsson, CEO

02 Q1 Financials and 2022 Outlook
Nathan Winters, CFO

03 Advancing Our Enterprise Asset Intelligence Vision, Served Market Update
Anders Gustafsson, CEO

04 Q&A
Anders Gustafsson, CEO
Nathan Winters, CFO
Joe Heel, Chief Revenue Officer

First Quarter 2022 P&L Highlights [1]

- Delivered sales and earnings results that exceeded our outlook in an exceptionally challenging macro environment
- Organic Net Sales increased 5%
  - Broad-based demand for our solutions that help our customers automate & digitize their operations in the increasingly on-demand global economy
  - Growth across all regions, particularly Asia Pacific and Latin America
  - Particularly strong growth in enterprise mobile computing
- Adjusted EBITDA margin of 19.9%, 540 bps year-over-year decrease
  - Lower gross margin attributable to incremental premium supply chain costs and unfavorable product mix; partially offset by higher service and software margins
  - Increased operating expenses associated with recently acquired businesses and increased marketing program activities & travel expense
- Non-GAAP diluted EPS $4.01, down 16% vs. 1Q21

[1] Refer to the appendix of this presentation for reconciliations of GAAP to non-GAAP financial results

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First Quarter P&L Summary[1]

In millions, except per share data	1Q22	1Q21	Change
Adjusted Net Sales	$1,432	$1,350	+6.1%
Organic Net Sales Growth[2,3]			+5.4%
Adjusted Gross Profit	$638	$660	(3.3%)
Adjusted Gross Margin	44.6%	48.9%	(430)bps
Adjusted Operating Expenses	$372	$337	+10.4%
Adjusted EBITDA	$285	$341	(16.4%)
Adjusted EBITDA Margin	19.9%	25.3%	(540)bps
Non-GAAP Diluted EPS	$4.01	$4.79	(16.3%)

SEGMENT ORGANIC SALES GROWTH[2,3]

- EVM Segment +11.6%
- AIT Segment (8.1%)

REGIONAL ORGANIC SALES GROWTH[2,3]

- North America +2%
- EMEA +2%
- Asia Pacific +28%
- Latin America +31%

EBITDA & EPS DECREASE

- Lower Adjusted Gross Profit due to premium supply chain costs and unfavorable product mix
- Higher Adjusted Operating Expenses

(1) Refer to the appendix of this presentation for reconciliations of GAAP to non-GAAP financial results
(2) Assumes constant FX to prior-year period
(3) Excludes revenue from acquisitions for the 12 months following each respective acquisition date

Cash Flow & Balance Sheet Highlights

Cash Flow: Q1 2022

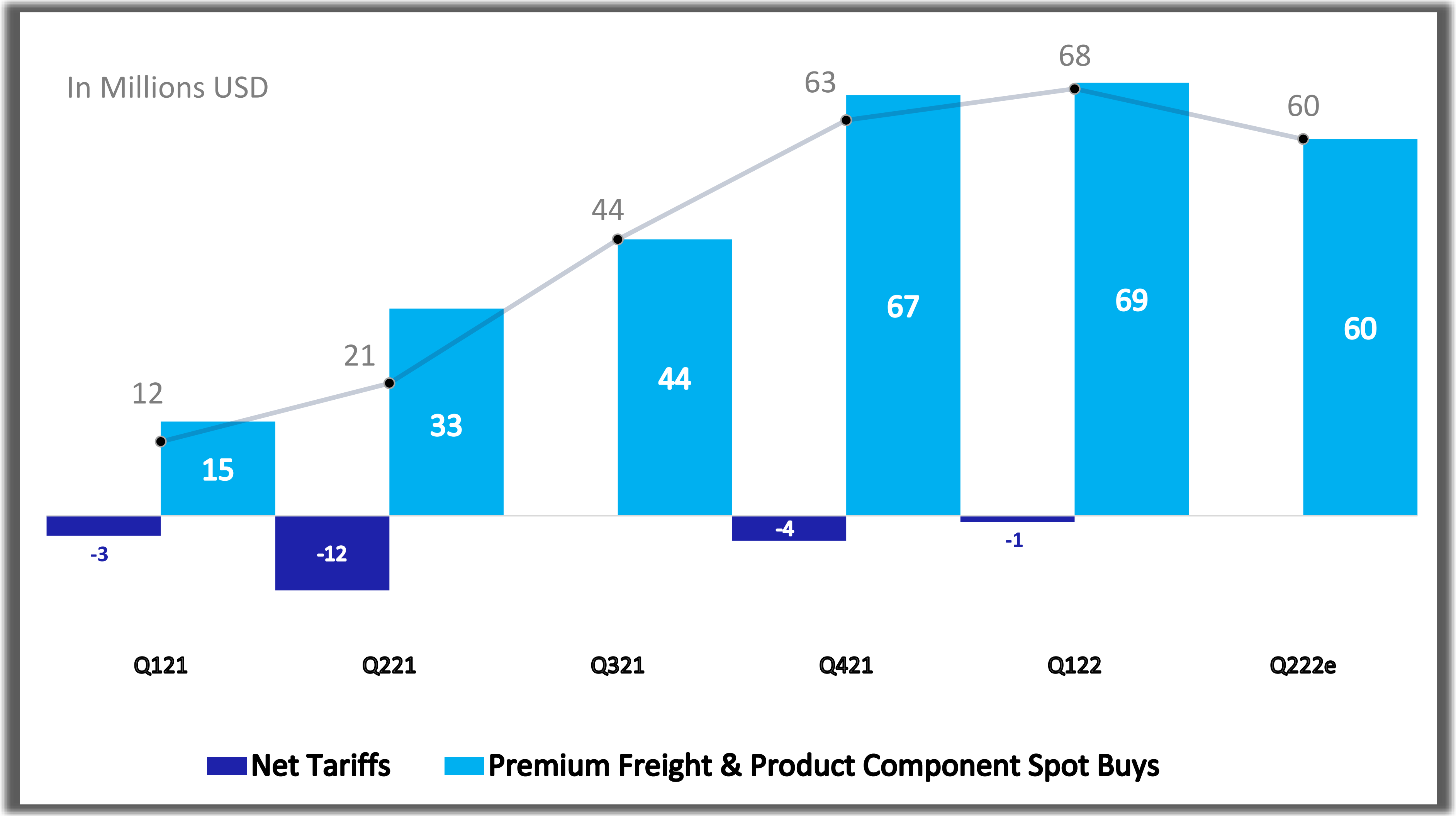
- $40M free cash flow
  - $174 lower YoY primarily due to higher incentive compensation payment due to exceptional 2021 performance and increased use of working capital due to the timing of sales
- $305M share repurchases
- $105M net debt borrowings
- $5M venture investments

Strong Liquidity Position: Q1 2022

- $141M cash & cash equivalents
- $1,101M total debt on balance sheet
- Net-debt-to-adjusted-EBITDA ratio of 0.8x
- Nearly $1B capacity under revolving credit facility

Global Premium Supply Chain Costs Have Escalated Through Pandemic

Expected to Abate as Component Supply and Freight Capacity Improves



Estimate ~$200M FY22 Impact, Net of Pending Price Increase

Note: Premium supply chain costs calculation compared to pre-pandemic rates

Outlook & Assumptions[1]

2Q22

- Adjusted net sales growth 3-7% YoY
  - Neutral net impact from recently acquired business and FX[2]
- Adjusted EBITDA margin ~ 20-21%
- Non-GAAP diluted EPS ~ $4.05 to $4.35
- *~ $60M negative gross profit impact from premium supply chain costs based on pre-pandemic rates*

FY22

- Adjusted net sales growth ~ 3-7% YoY
  - ~50 basis point negative net impact from FX and recently acquired businesses[2]
- Adjusted EBITDA margin ~ 22-23%
- Free cash flow ≥ $800M
- Capital expenditures ~ $60-$70M
- Depreciation ~ $70-$75M and Amortization ~ $115-$125M
- Stock-based compensation expense ~ $75-$85M
- Cost of debt (pre-tax) ~ 3-4%
- Non-GAAP tax rate ~ 18%
- *~ $200M negative gross profit net impact from premium supply chain costs based on pre-pandemic rates*

(1) These outlook statements do not include any projected results from the pending acquisition of Matrox Imaging which is expected to close mid-2022
(2) Refers to impact to growth rate for the 12 months following acquisition date; antuit.ai was acquired on Oct. 7, 2021, Fetch Robotics on Aug. 9, 2021, and Adaptive Vision on May 17, 2021

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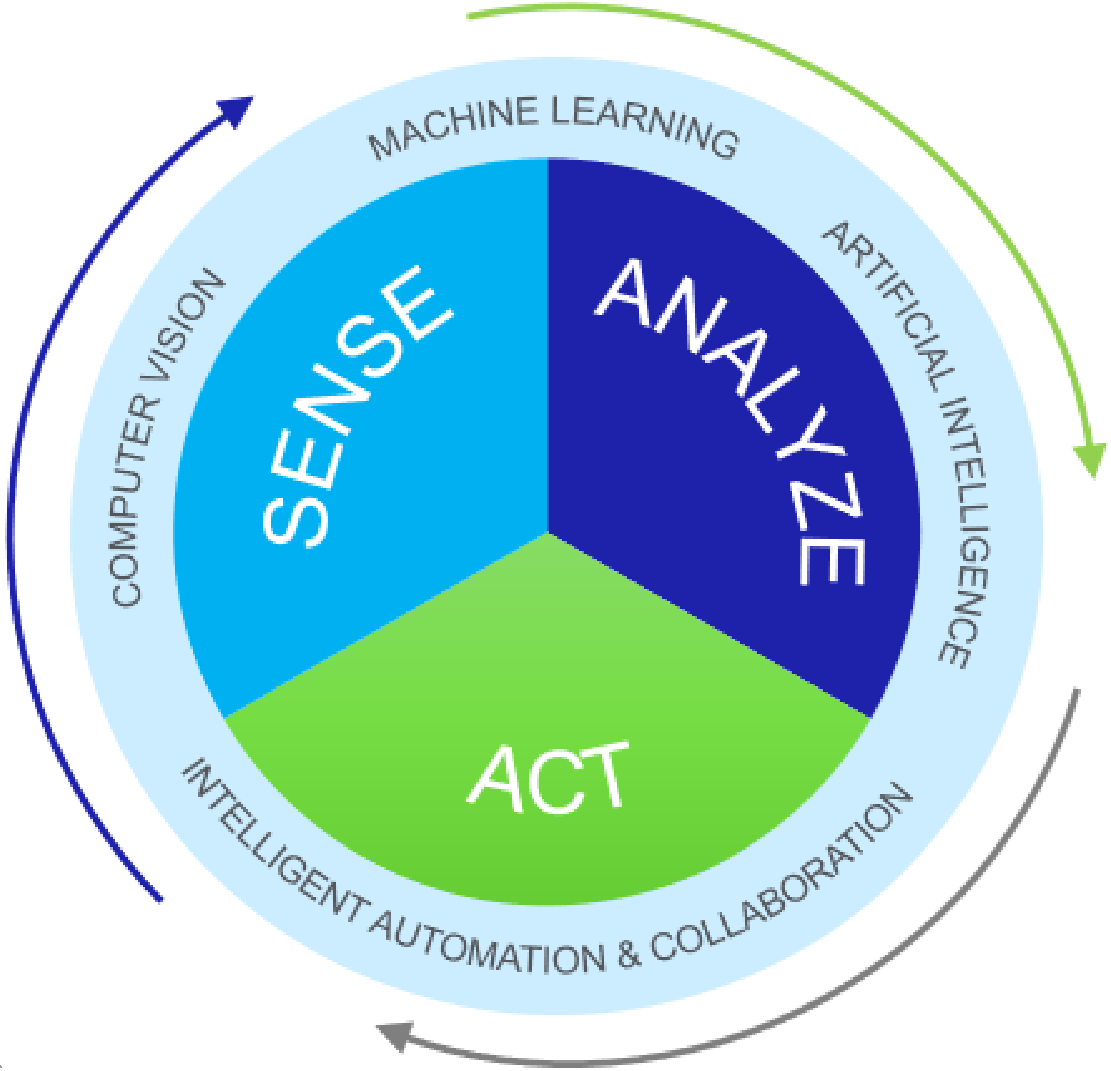
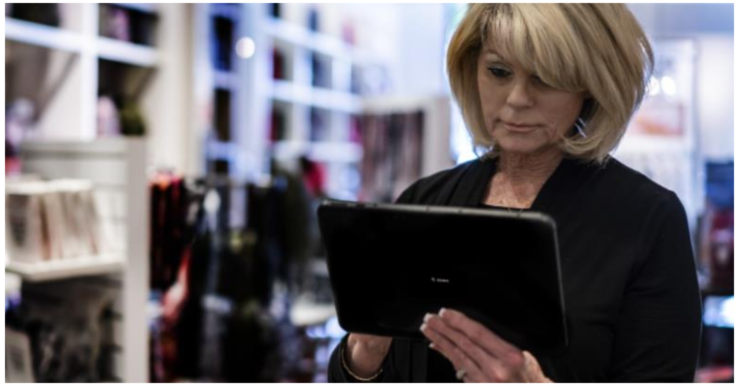
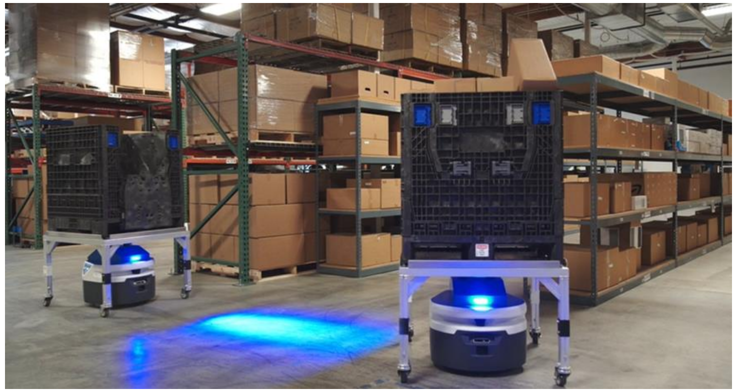
Zebra Digitizes & Automates the Front Line of Business

Transforming Workflows: Purpose-Built Hardware + Software + Cloud Analytics

Real-Time Actionable Insights

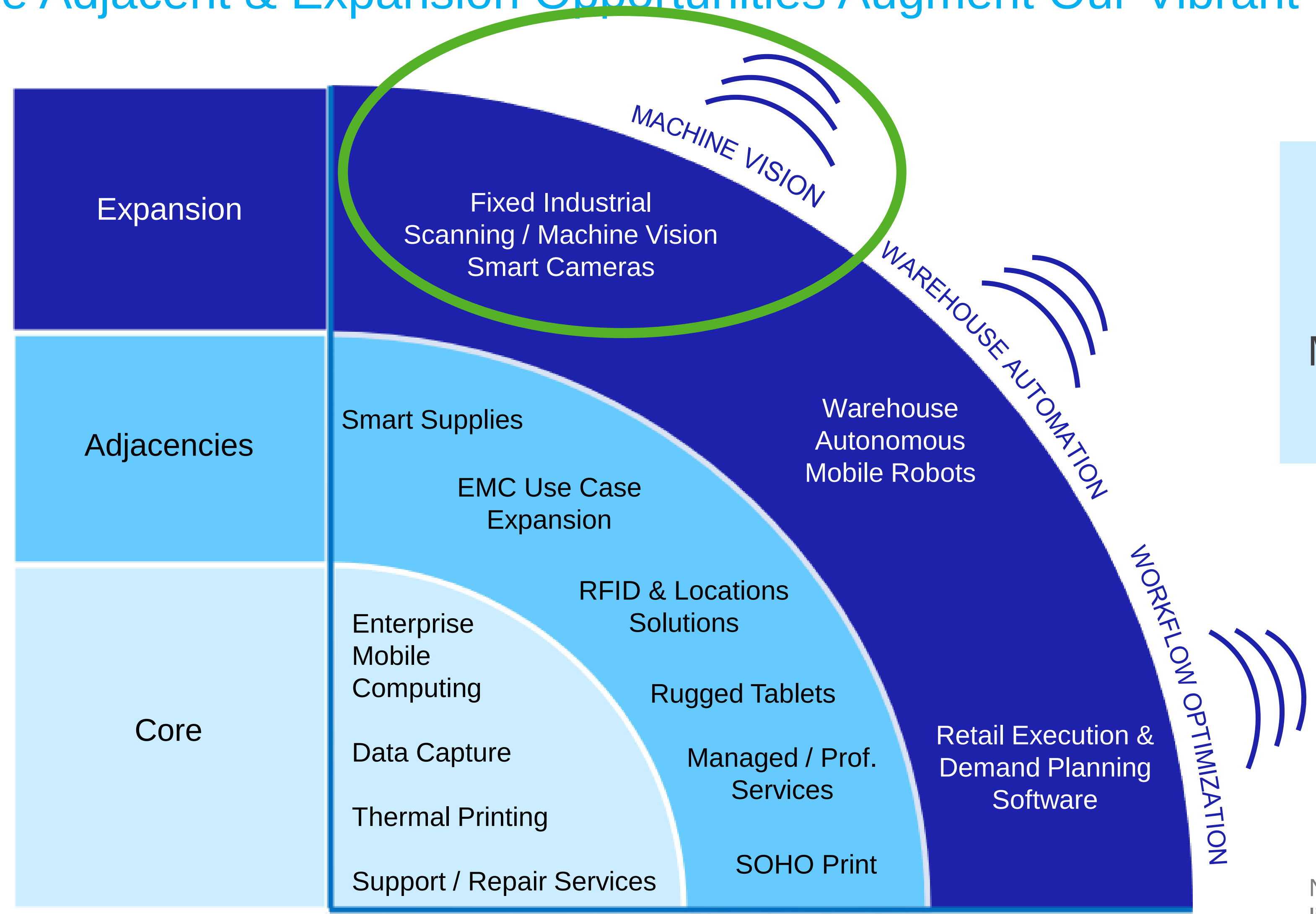






Zebra Well Positioned for 5-7% L-T Organic Sales Growth in $30B Served Market

Attractive Adjacent & Expansion Opportunities Augment Our Vibrant Core



Served Market	~$10-12B	~$12-14B	$6B+
Estimated L-T Market Growth CAGR	4-5%	High-Single Digit	Double Digit

Megatrends

On-Demand Economy
IoT & Asset Visibility
Mobility & Cloud Computing
Intelligent Automation

Note: Not a comprehensive listing of all market opportunities

Source: Third-party research including VDC, internal estimates

Matrox Imaging Acquisition To Significantly Expand Machine Vision Portfolio

Enhanced Software Capabilities Accelerate Our Growth Opportunity

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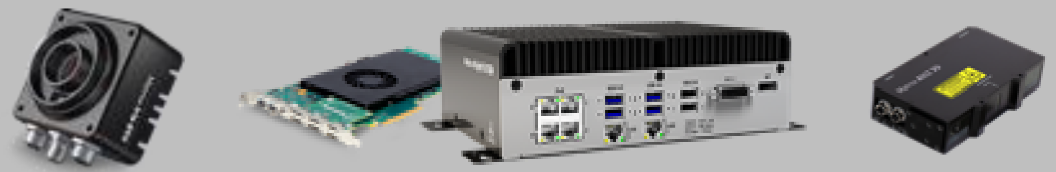
MATROX IMAGING (pending acquisition)

INDUSTRIAL SCANNING
FOUNDATIONAL MACHINE VISION

ADVANCED MACHINE VISION

PRODUCT PLATFORMS



Smart Cameras

Matrox Smart Cameras, Vision Controllers and 3D Sensors

SOFTWARE PLATFORM

Zebra Aurora™

Adaptive Vision (acquired 2021)

Matrox Imaging Library (MIL)
Matrox Design Assistant

Turnkey solutions and systems can leverage MV software

TURNKEY SOLUTIONS

3rd Party Cameras & Frame Grabbers

Robotic Systems

Inspection Systems

Medical Imaging

Zebra Optimizes Workflows for the On-Demand Economy

Trusted Strategic Partner to Industry Leaders

Retail & Ecommerce

Transportation & Logistics

Manufacturing

Healthcare

Other Markets

Includes Government, Education, Hospitality

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Q&A

Appendix

Use of Non-GAAP Financial Information

This earnings release contains certain Non-GAAP financial measures, consisting of “adjusted net sales,” “adjusted gross profit,” “EBITDA,” “Adjusted EBITDA,” “Non-GAAP net income,” “Non-GAAP earnings per share,” “free cash flow,” “organic net sales growth,” and “adjusted operating expenses.” Management presents these measures to focus on the on-going operations and believes it is useful to investors because they enable them to perform meaningful comparisons of past and present operating results. The company believes it is useful to present Non-GAAP financial measures, which exclude certain significant items, as a means to understand the performance of its ongoing operations and how management views the business. Please see the “Reconciliation of GAAP to Non-GAAP Financial Measures” tables and accompanying disclosures at the end of this press release for more detailed information regarding non-GAAP financial measures herein, including the items reflected in adjusted net earnings calculations. These measures, however, should not be construed as an alternative to any other measure of performance determined in accordance with GAAP.

The company does not provide a reconciliation for non-GAAP estimates on a forward-looking basis (including the information under “Outlook” above) where it is unable to provide a meaningful or accurate calculation or estimation of reconciling items and the information is not available without unreasonable effort. This is due to the inherent difficulty of forecasting the timing or amount of various items that have not yet occurred, are out of the company’s control and/or cannot be reasonably predicted, and that would impact diluted net earnings per share, the most directly comparable forward-looking GAAP financial measure. For the same reasons, the company is unable to address the probable significance of the unavailable information. Forward-looking non-GAAP financial measures provided without the most directly comparable GAAP financial measures may vary materially from the corresponding GAAP financial measures.

As a global company, Zebra's operating results reported in U.S. dollars are affected by foreign currency exchange rate fluctuations because the underlying foreign currencies in which the company transacts change in value over time compared to the U.S. dollar; accordingly, the company presents certain organic growth financial information, which includes impacts of foreign currency translation, to provide a framework to assess how the company’s businesses performed excluding the impact of foreign currency exchange rate fluctuations. Foreign currency impact represents the difference in results that are attributable to fluctuations in the currency exchange rates used to convert the results for businesses where the functional currency is not the U.S. dollar. This impact is calculated by translating, for certain currencies, current period results at the currency exchange rates used in the comparable period in the prior year, rather than the exchange rates in effect during the current period. In addition, the company excludes the impact of its foreign currency hedging program in the prior year period. The company believes these measures should be considered a supplement to and not in lieu of the company’s performance measures calculated in accordance with GAAP.

GAAP to Non-GAAP Organic Net Sales Growth Reconciliation (Unaudited)

	Three Months Ended		
	April 2, 2022		
	AIT	EVM	Consolidated
Reported GAAP Consolidated Net sales growth	(8.2)%	12.7 %	6.3 %
Adjustments:			
Impact of foreign currency translation [1]	0.1 %	0.1 %	0.1 %
Impact of acquisitions [2]	— %	(1.2)%	(1.0)%
Consolidated Organic Net sales growth	(8.1)%	11.6 %	5.4 %

(1) Operating results reported in U.S. Dollars are affected by foreign currency exchange rate fluctuations. Foreign currency translation impact represents the difference in results that are attributable to fluctuations in the currency exchange rates used to convert the results for businesses where the functional currency is not the U.S. Dollar. This impact is calculated by translating the current period results at the currency exchange rates used in the comparable prior year period, inclusive of the Company's foreign currency hedging program.

(2) For purposes of computing Organic Net sales growth, amounts directly attributable to the acquisitions of Adaptive Vision, Fetch and Antuit are excluded for twelve months following their respective acquisitions.

GAAP to Non-GAAP Gross Margin Reconciliation

(In millions)
(Unaudited)

	Three Months Ended					
	April 2, 2022			April 3, 2021		
	AIT	EVM	Consolidated	AIT	EVM	Consolidated
GAAP						
Reported Net sales [1]	$ 394	$ 1,038	$ 1,432	$ 429	$ 921	$ 1,347
Reported Gross profit [1]	154	483	637	207	451	655
Gross Margin	39.1 %	46.5 %	44.5 %	48.3 %	49.0 %	48.6 %
Non-GAAP						
Adjusted Net sales	$ 394	$ 1,038	$ 1,432	$ 429	$ 921	$ 1,350
Adjusted Gross profit [2]	154	484	638	207	453	660
Adjusted Gross Margin	39.1 %	46.6 %	44.6 %	48.3 %	49.2 %	48.9 %

(1) Consolidated results include corporate eliminations related to business acquisition purchase accounting adjustments that are not reported in segment results.

(2) Adjusted Gross profit excludes business acquisition purchase accounting adjustments and share-based compensation expense.

GAAP to Non-GAAP Net Income Reconciliation

(In millions, except share data)
(Unaudited)

	Three Months Ended	
	April 2, 2022	**April 3, 2021**
Net income	$ 205	$ 228
Adjustments to Net sales[1]		
Purchase accounting adjustments	—	3
Total adjustments to Net sales	—	3
Adjustments to Cost of sales[1]		
Share-based compensation	1	2
Total adjustments to Cost of sales	1	2
Adjustments to Operating expenses[1]		
Amortization of intangible assets	33	26
Acquisition and integration costs	4	1
Share-based compensation	16	19
Total adjustments to Operating expenses	53	46
Adjustments to Other income (expense), net[1]		
Amortization of debt issuance costs and discounts	—	1
Investment gain	—	(1)
Foreign exchange gain	(8)	(2)
Forward interest rate swap gain	(34)	(8)
Total adjustments to Other income (expense), net	(42)	(10)
Income tax effect of adjustments[2]		
Reported income tax expense	45	48
Less: Adjusted income tax expense	(48)	(59)
Total adjustments to income tax	(3)	(11)
Total adjustments	9	30
Non-GAAP Net income	$ 214	$ 258
GAAP earnings per share		
Basic	$ 3.86	$ 4.26
Diluted	$ 3.83	$ 4.22
Non-GAAP earnings per share		
Basic	$ 4.04	$ 4.83
Diluted	$ 4.01	$ 4.79
Basic weighted average shares outstanding	53,021,423	53,484,265
Diluted weighted average and equivalent shares outstanding	53,446,740	53,964,330

(1) Presented on a pre-tax basis.
(2) Represents adjustments to GAAP income tax expense commensurate with pre-tax non-GAAP adjustments (including the resulting impacts to U.S. BEAT/GILTI provisions), as well as adjustments to exclude the impacts of certain discrete income tax items and incorporate the anticipated annualized effects of current year tax planning.

GAAP to Non-GAAP EBITDA Reconciliation

(In millions)
(Unaudited)

	Three Months Ended	
	April 2, 2022	April 3, 2021
Net income	$ 205	$ 228
Add back:		
Depreciation	19	18
Amortization of intangible assets	33	26
Total Other expenses, net	(38)	(4)
Income tax expense	45	48
EBITDA (Non-GAAP)	264	316
Adjustments to Net sales		
Purchase accounting adjustments	—	3
Total adjustments to Net sales	—	3
Adjustments to Cost of sales		
Share-based compensation	1	2
Total adjustments to Cost of sales	1	2
Adjustments to Operating expenses		
Acquisition and integration costs	4	1
Share-based compensation	16	19
Total adjustments to Operating expenses	20	20
Total adjustments to EBITDA	21	25
Adjusted EBITDA (Non-GAAP)	$ 285	$ 341
Adjusted EBITDA % of Adjusted Net Sales	19.9 %	25.3 %

GAAP to Non-GAAP Free Cash Flow Reconciliation

(In millions)
(Unaudited)

	Three Months Ended	
	April 2, 2022	April 3, 2021
Net cash provided by operating activities	$ 54	$ 224
Less: Purchases of property, plant and equipment	(14)	(10)
Free cash flow (Non-GAAP)[1]	$ 40	$ 214

(1) Free cash flow is defined as Net cash provided by operating activities in a period minus purchases of property, plant and equipment (capital expenditures) made in that period. This measure does not represent residual cash flows available for discretionary expenditures as the measure does not deduct the payments required for debt service and other contractual obligations or payments for future business acquisitions. Therefore, we believe it is important to view free cash flow as a measure that provides supplemental information to our entire statements of cash flows.

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About Zebra

Zebra (NASDAQ: ZBRA) empowers the front line of business in retail, manufacturing, transportation and logistics, healthcare, and other industries to achieve a performance edge. We deliver industry-tailored, end-to-end solutions that intelligently connect people, assets and data to help our customers make business-critical decisions.

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