Zebra Technologies
First Quarter 2023 Results

May 2, 2023

ZEBRA

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Agenda

01 **Q1 Highlights**
Bill Burns, CEO

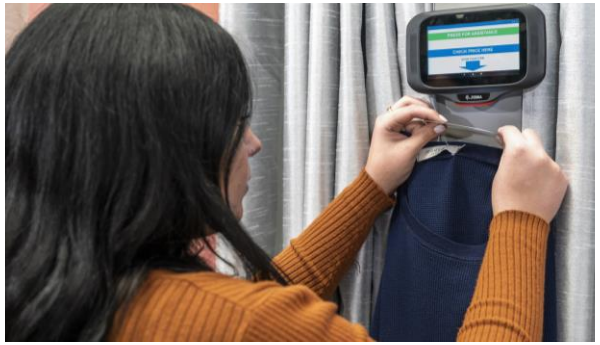
02 **Q1 Financials and 2023 Outlook**
Nathan Winters, CFO

03 **Advancing Our Enterprise Asset Intelligence Vision**
Bill Burns, CEO

04 **Q&A**
Bill Burns, CEO
Nathan Winters, CFO
Joe Heel, Chief Revenue Officer

First Quarter 2023 P&L Highlights [1]

- Solid Q1 results in a challenging macro environment; sales and profitability above the midpoint of our outlook
- Organic Net Sales (0.3)%
  - Regional sales performance mixed; growth in APAC and NA offset declines in EMEA and LA
  - Sales growth to small and medium size customers, moderating late in the quarter
  - Printing, data capture, and RFID were bright spots; mobile computing declined
- Adjusted EBITDA Margin of 21.4%, +150bps year-over-year
  - Adjusted Gross Margin increased 290bps primarily due to lower premium supply chain costs, partially offset by FX
  - Modest operating expense deleveraging on lower sales
- Non-GAAP Diluted EPS $3.94, (1.7)% year-over-year



[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	1Q23	1Q22	Change
Adjusted Net Sales	$1,405	$1,432	-1.9%
Organic Net Sales Growth[2,3]			-0.3%
Adjusted Gross Profit	$668	$638	+4.7%
Adjusted Gross Margin	47.5%	44.6%	290bps
Adjusted Operating Expenses	$384	$372	3.2%
Adjusted EBITDA	$301	$285	+5.6%
Adjusted EBITDA Margin	21.4%	19.9%	+150bps
Non-GAAP Diluted EPS	$3.94	$4.01	-1.7%

SEGMENT ORGANIC SALES GROWTH[2,3]

- EVM Segment (11.2)%
- AIT Segment +28.4%

REGIONAL ORGANIC SALES GROWTH[2,3]

- North America +1%
- EMEA (4)%
- Asia Pacific +6%
- Latin America (1)%

EBITDA MARGIN INCREASE, EPS DECREASE

- Adjusted Gross Margin improved due to lower premium supply chain costs, partially offset by FX and lower Services margin
- Adjusted Operating Expense increased as a percent of sales due to normalized sales & marketing activity and strategic business investment, partially offset by effective cost management
- Higher interest costs and tax rate
- Lower share count

(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

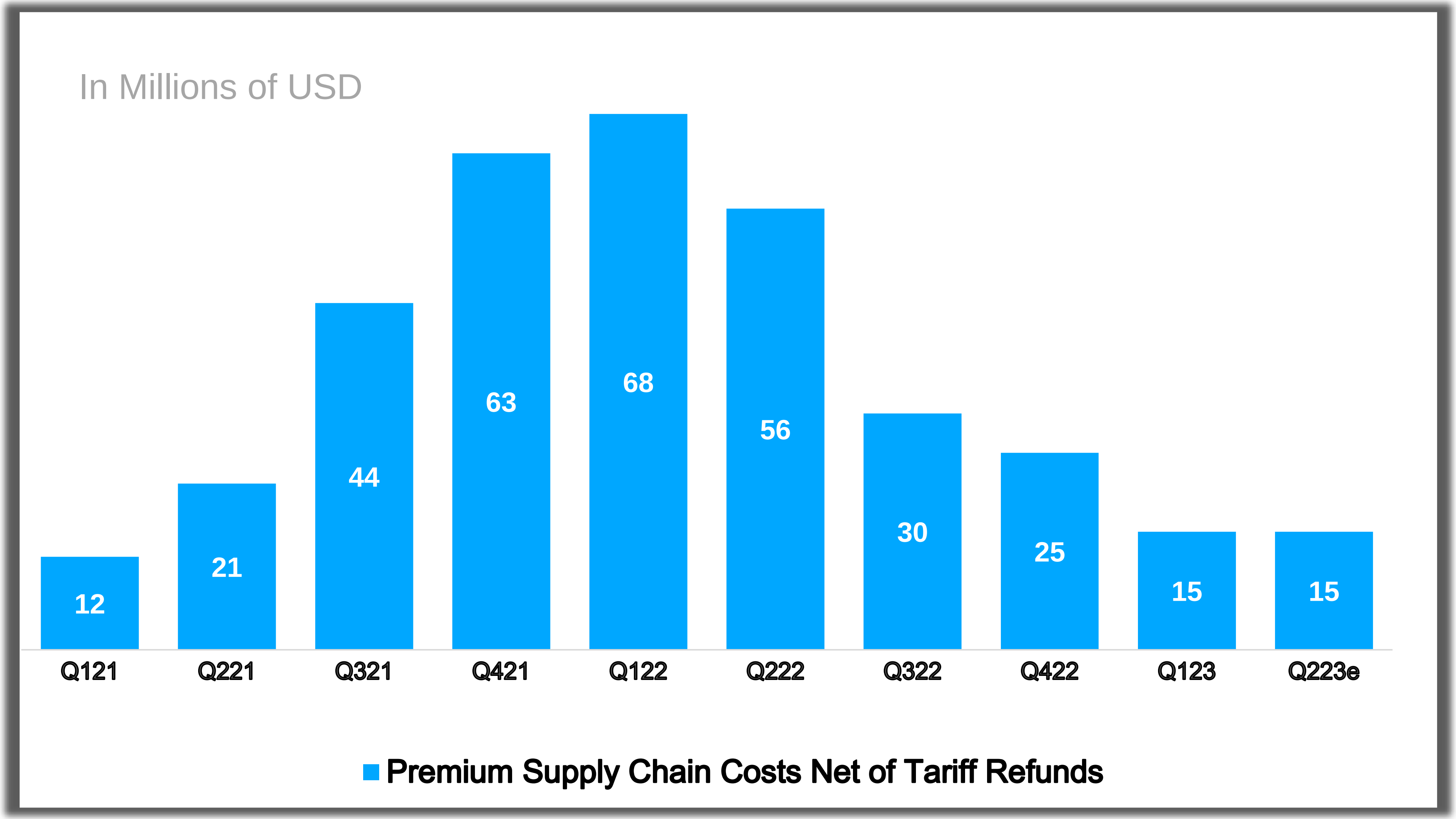
Cash Flow: 1Q23

- Free cash flow of $(92)M, $132M lower YoY
  - Higher use of working capital due to higher payments for inventory
  - Higher cash taxes and interest payments
  - $45M previously-announced settlement payments
  - Partially offset by favorability in timing of customer collections and lower employee incentive compensation payments
- $72M net borrowings
- $15M share repurchases

Strong Balance Sheet: 1Q23

- $85M cash & cash equivalents
- $2.1B total debt on balance sheet
- Net-debt-to-adjusted-EBITDA ratio of 1.6x
- $1.3B capacity under revolving credit facility

Global Premium Supply Chain Costs



Note: Premium supply chain costs calculation compared to pre-pandemic 2019 baseline

Outlook & Assumptions

2Q23

- Net sales decline between 9% and 11% YoY
  - ~ 2 percentage point negative impact from foreign currency changes
  - ~ 1 percentage point additive impact from recently acquired businesses(1)
- $15M negative gross profit impact from premium supply chain costs from pre-pandemic baseline
- Adjusted EBITDA margin ~ 20%
- Non-GAAP diluted EPS ~ $3.20 to $3.40

FY23

- Net sales decline between 2% and 6% YoY
  - ~ 1 percentage point negative impact from foreign currency changes
  - ~ 50 basis point additive impact from recently acquired businesses(1)
- ~ $40M gross profit impact from premium supply chain costs from pre-pandemic baseline
- Adjusted EBITDA margin ~ 22%
- Free cash flow ~ $450-$550M including $180M settlement payments
- Capital expenditures ~ $75-$85M
- Depreciation ~ $65-$75M and Amortization ~ $100-$110M
- Stock-based compensation expense ~ $95-$105M
- Cost of borrowing (pre-tax) ~ 6% (excludes benefit of floating-to-fixed rate swap)
- Non-GAAP tax rate ~ 19%

(1) Refers to impact to growth rate for the 12 months following the acquisition date of Matrox Imaging on June 3, 2022

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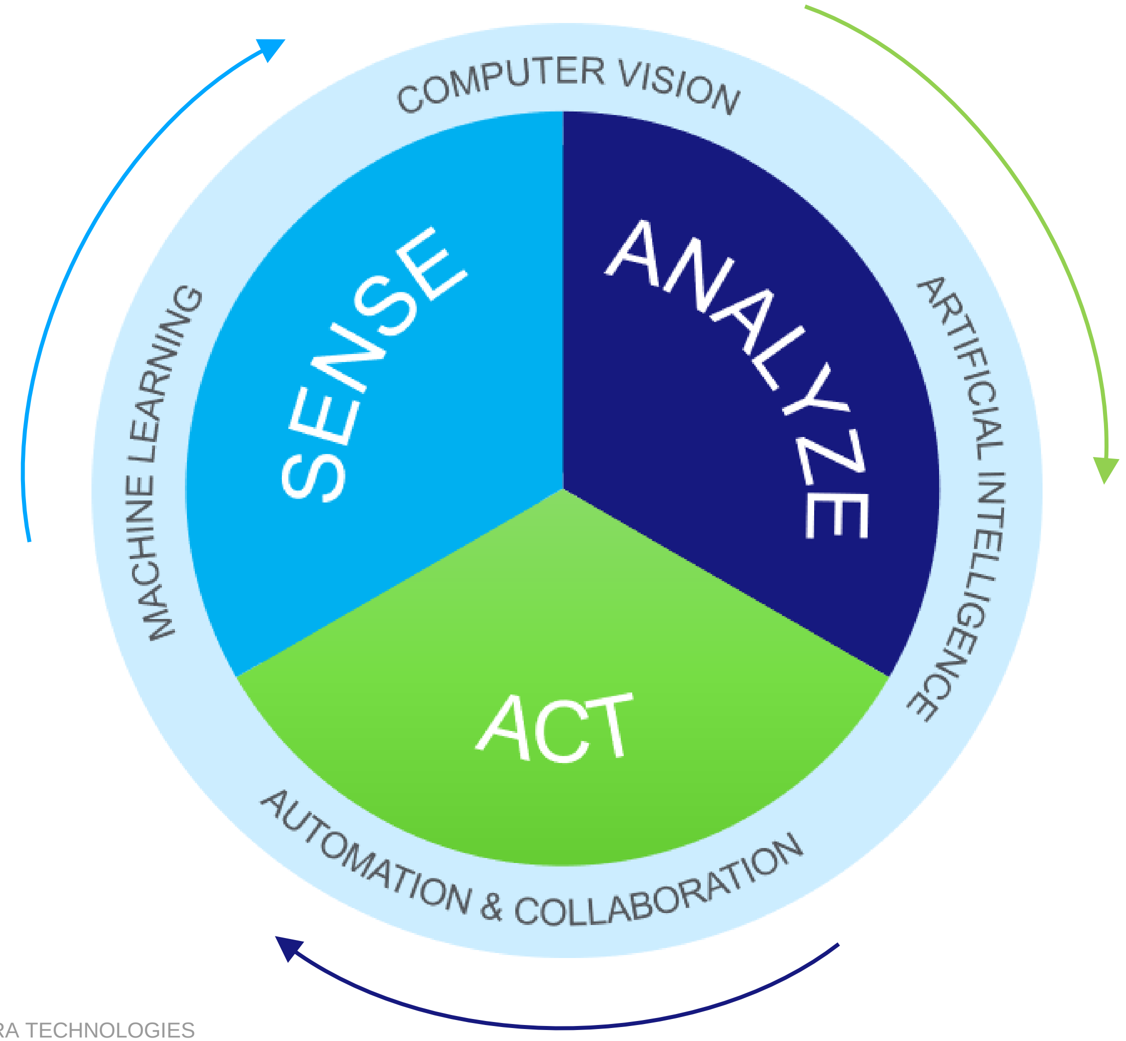
Zebra Digitizes & Automates the Front Line of Business

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

Real-Time Actionable Insights



Zebra Enables the “Smart Warehouse” and Manufacturing Automation

Drive Increased Labor Productivity & Efficiency Through Industrial Automation Solutions

Technology-Equipped Workers

Machine Vision & Imaging

Robotics Automation

Enhance Supply Chain Agility

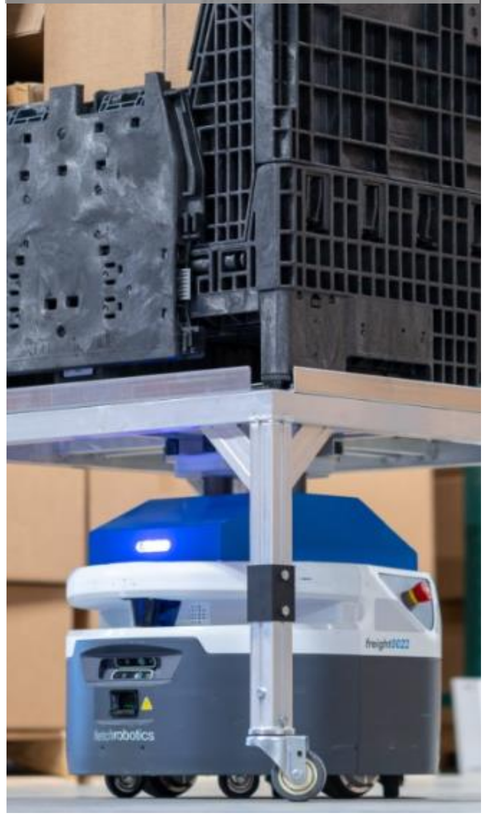
Improve Production Quality & Yield

Maximize Utilization & Productivity

Zebra Optimizes Workflows for the On-Demand Economy

Trusted Strategic Partner to Industry Leaders

Retail & Ecommerce



- Smarter Omni-Channel
- Optimized Inventory
- Customer Experience

Transportation & Logistics

- Warehouse Automation
- Real-Time Visibility
- Last Mile Delivery

Manufacturing

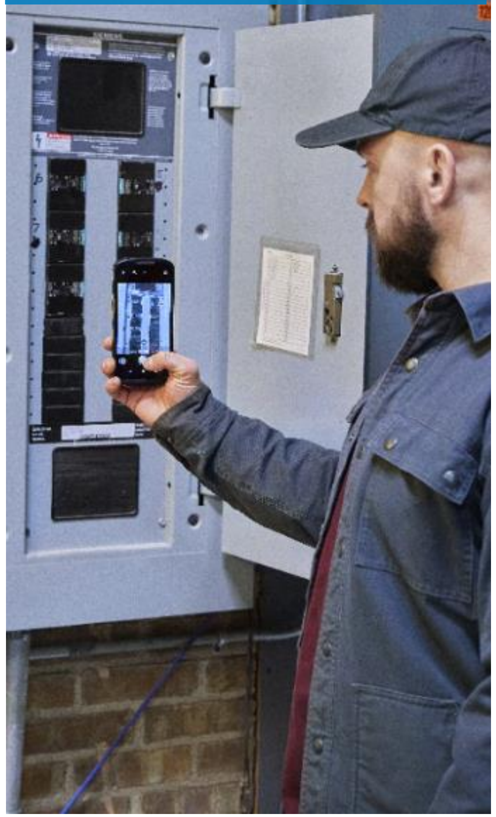
- Quality Assurance
- Track & Trace
- Autonomous Materials Movement

Healthcare

- Clinical Mobility
- Positive Patient ID
- Real-Time Locationing

Other Markets

Includes Government, Education, Hospitality



- Connect Who & What Matters
- Public Safety

Mitigating Actions for Current Challenges

CHALLENGES	ACTIONS
Demand and Macroeconomic Uncertainty o Tighter capex budgets o Elongated sales cycles and deployments o Lower sales into distribution as product lead times improve and cost of capital increases o Lower demand, particularly for mobile computing in EMEA and N.A. o Inflationary cost increases and currency dynamics	• Work closely with customers in deployment of solutions to drive efficiency • Accelerating growth in under-penetrated markets (e.g., Japan, government, machine vision) • Targeted price increases • Restructuring initiatives driving operational efficiencies, along with discretionary expense management
Elevated Component Inventory on Zebra Balance Sheet (Impacting FCF) o Result of recent supply chain challenges o Lead times peaked in 2022	• Renegotiating long-term supply commitments • Working with manufacturers to draw down component inventories to normalized levels • FCF conversion performance metric added to long-term executive compensation plan

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Q&A

Appendix

Use of Non-GAAP Financial Information

This presentation contains certain Non-GAAP financial measures, consisting of "adjusted net sales," "adjusted gross profit," "adjusted gross margin," "EBITDA," "Adjusted EBITDA," "Adjusted EBITDA margin," "Adjusted EBITDA % of adjusted net sales," "non-GAAP net income," "non-GAAP diluted earnings per share," "free cash flow," "organic net sales," "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 presentation 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 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 periods. 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 1, 2023		
	AIT	EVM	Consolidated
Reported GAAP Consolidated Net sales growth	24.6 %	(11.9)%	(1.9)%
Adjustments:			
Impact of foreign currency translations [1]	3.8 %	2.7 %	3.1 %
Impact of acquisitions [2]	— %	(2.0)%	(1.5)%
Consolidated Organic Net sales growth	28.4 %	(11.2)%	(0.3)%

(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 business acquisitions are excluded for twelve months following their respective acquisitions.

GAAP to Non-GAAP Gross Margin Reconciliation

(In millions)
(Unaudited)

	Three Months Ended					
	April 1, 2023			April 2, 2022		
	AIT	EVM	Consolidated	AIT	EVM	Consolidated
GAAP						
Reported Net sales	$ 491	$ 914	$ 1,405	$ 394	$ 1,038	$ 1,432
Reported Gross profit	242	425	667	154	483	637
Gross Margin	49.3 %	46.5 %	47.5 %	39.1 %	46.5 %	44.5 %
Non-GAAP						
Adjusted Net sales	$ 491	$ 914	$ 1,405	$ 394	$ 1,038	$ 1,432
Adjusted Gross profit (1)	242	426	668	154	484	638
Adjusted Gross Margin	49.3 %	46.6 %	47.5 %	39.1 %	46.6 %	44.6 %

(1) Adjusted Gross profit excludes share-based compensation expense.

GAAP to Non-GAAP Net Income Reconciliation

(In millions, except share data)
(Unaudited)

	Three Months Ended	
	April 1, 2023	April 2, 2022
GAAP Net income	$ 150	$ 205
Adjustments to Cost of sales[1]		
Share-based compensation	1	1
Total adjustments to Cost of sales	1	1
Adjustments to Operating expenses[1]		
Amortization of intangible assets	26	33
Acquisition and integration costs	—	4
Settlement and related costs	—	—
Share-based compensation	22	16
Exit and restructuring costs	10	—
Total adjustments to Operating expenses	58	53
Adjustments to Other income (expense), net[1]		
Amortization of debt issuance costs and discounts	1	—
Investment loss	1	—
Foreign exchange (gain)	(1)	(8)
Forward interest rate swap loss / (gain)	7	(34)
Total adjustments to Other income (expense), net	8	(42)
Income tax effect of adjustments[2]		
Reported income tax expense	35	45
Adjusted income tax expense	(48)	(48)
Total adjustments to income tax	(13)	(3)
Total adjustments	54	9
Non-GAAP Net income	$ 204	$ 214
GAAP earnings per share		
Basic	$ 2.92	$ 3.86
Diluted	$ 2.90	$ 3.83
Non-GAAP earnings per share		
Basic	$ 3.97	$ 4.04
Diluted	$ 3.94	$ 4.01
Basic weighted average shares outstanding	51,420,536	53,021,423
Diluted weighted average and equivalent shares outstanding	51,748,069	53,446,740

(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 1, 2023	April 2, 2022
GAAP Net income	$ 150	$ 205
Add back:		
Depreciation (excluding exit and restructuring)	17	19
Amortization of intangible assets	26	33
Total Other expense (income), net	40	(38)
Income tax expense	35	45
EBITDA (Non-GAAP)	268	264
Adjustments to Cost of sales		
Share-based compensation	1	1
Total adjustments to Cost of sales	1	1
Adjustments to Operating expenses		
Acquisition and integration costs	—	4
Litigation settlement	—	—
Share-based compensation	22	16
Exit and restructuring costs	10	—
Total adjustments to Operating expenses	32	20
Total adjustments to EBITDA	33	21
Adjusted EBITDA (Non-GAAP)	$ 301	$ 285
Adjusted EBITDA % of Adjusted Net Sales (Non-GAAP)	21.4 %	19.9 %

GAAP to Non-GAAP Free Cash Flow Reconciliation

(In millions)
(Unaudited)

	Three Months Ended	
	April 1, 2023	April 2, 2022
Net cash (used in) provided by operating activities	$ (76)	$ 54
Less: Purchases of property, plant and equipment	(16)	(14)
Free cash flow (Non-GAAP)[1]	$ (92)	$ 40

(1) Free cash flow, a non-GAAP measure, is defined as Net cash provided by (used in) 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.

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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