Zebra Technologies
Second Quarter 2021 Results

August 3, 2021

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 hardware and software products and competitors' product offerings, and the potential effects of technological changes. The continued uncertainty over future global economic conditions, the availability of credit and capital markets volatility may have adverse effects on Zebra, its suppliers and its customers. In addition, a disruption in our ability to obtain products from vendors as a result of supply chain constraints, natural disasters, public health issues (including pandemics), or other circumstances could restrict sales and negatively affect customer relationships. Profits and profitability will be affected by Zebra's ability to control manufacturing and operating costs. Foreign exchange rates will have an effect on financial results because of the large percentage of our international sales. The outcome of litigation in which Zebra may be involved is another factor. 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. 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.

Agenda

01 Q2 Highlights
Anders Gustafsson, CEO

02 Q2 Financials and 2021 Outlook
Nathan Winters, CFO

03 Advancing our Enterprise Asset Intelligence Vision
Anders Gustafsson, CEO

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

Second Quarter 2021 Highlights (1)

- Delivered sales, EBITDA margin, and earnings per share results that exceeded our outlook, as customers prioritize investment in our solutions to compete effectively in an increasing on-demand economy

- 40% Organic Net Sales growth
  - Double-digit growth across all regions, product & solutions categories, and vertical end markets
  - Particularly strong growth from small business through the channel, partially driven by pent-up demand

- Adjusted EBITDA margin of 23.6%, 530bp year-over-year increase
  - Gross margin improvement from favorable business mix, $12M recovery of China import tariffs, and higher support service margins; partially offset by $33M of premium freight costs
  - Operating expense scaling

- Non-GAAP diluted EPS $4.57, up 89.6%

(1) Refer to the appendix of this presentation for reconciliations of GAAP to non-GAAP financial results

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Second Quarter P&L Summary[1]

In millions, except per share data	2Q21	2Q20	Change
Adjusted Net Sales	$1,380	$956	+44.4%
Organic Net Sales Growth[2,3]			+39.8%
Adjusted Gross Profit	$663	$422	+57.1%
Adjusted Gross Margin	48.0%	44.1%	+390bps
Adjusted Operating Expenses	$356	$264	+34.8%
Adjusted EBITDA	$325	$175	+85.7%
Adjusted EBITDA Margin	23.6%	18.3%	+530bps
Non-GAAP Diluted EPS	$4.57	$2.41	+89.6%

SEGMENT ORGANIC SALES GROWTH[2,3]

- EVM Segment +35.1%
- AIT Segment +51.2%

REGIONAL ORGANIC SALES GROWTH[2,3]

- North America +39%
- EMEA +44%
- Asia Pacific +20%
- Latin America +79%

STRONG EBITDA & EPS IMPROVEMENT

- Higher gross margin
- Operating expense leverage
- Lower interest costs, partially offset by higher tax

(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: YTD 2Q21

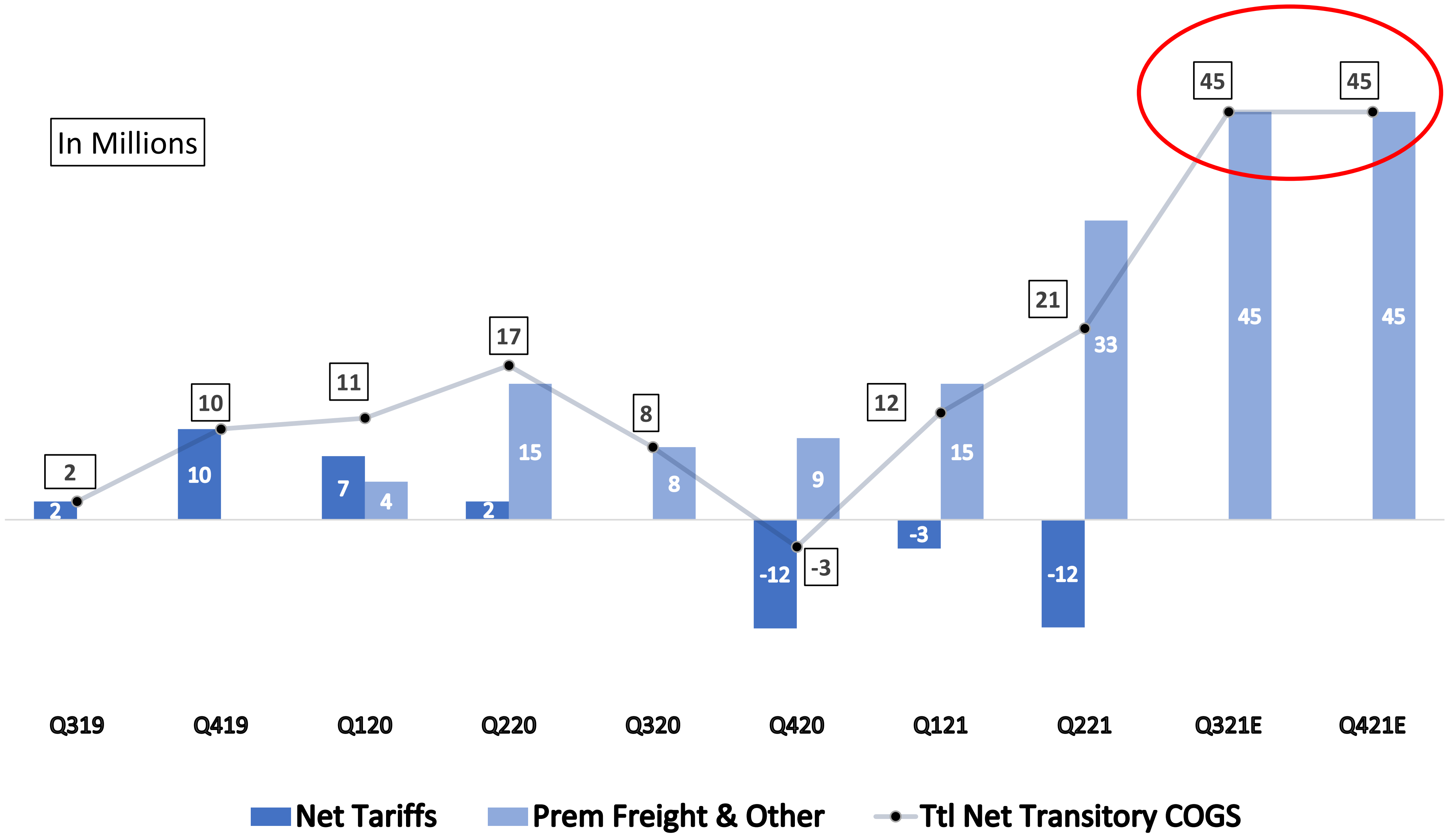
- $514M free cash flow
  - $192M higher free cash flow YoY primarily due to higher net income
- $18M cash for acquisition of Adaptive Vision and $17M of venture investments
- Net debt repayments of $256M
- $25M of share repurchases; $728M remaining under the authorization

Strong Liquidity Position: 2Q21

- $318M in cash & cash equivalents
- $1.0B total debt on balance sheet
- Nearly $1.0B capacity under revolving credit facility
- Net-debt-to-adjusted-EBITDA ratio of 0.6x

Global Premium Freight Costs Continue to Escalate Through Pandemic

Expected to Abate as Component Supply and Freight Capacity Improves



Estimate YoY 2H21 increase in Transitory COGS items of ~ $85M and negative impact on GM of ~ 3 points

Outlook & Assumptions[1]

3Q21

- Adjusted net sales growth ~ 21-25% YoY
  - ~ 3 percentage point additive impact from recently acquired business [2] and FX
- Adj. EBITDA margin ~ 20-21%
- Non-GAAP diluted EPS ~ \$3.90 to \$4.10
- ~ \$45M negative gross profit impact from premium freight (~ \$37M YoY increase)

FY21

- Adjusted net sales growth ~ 23-25% YoY
  - ~ 3 percentage point additive impact from recently acquired business[2] and FX
- Adjusted EBITDA margin ~ 22-23%
- Free cash flow ≥ \$900M
- Capital expenditures ~ \$65-75M
- Depreciation ~ \$65-75M and Amortization ~ \$100-105M
- Stock-based compensation expense ~ \$75-85M
- Cost of debt (pre-tax) ~ 3%
- Non-GAAP tax rate ~ 18-19%
- ~ \$135-140M negative gross profit impact from premium freight (~ \$100M YoY increase)

(1) These outlook statements exclude any projected results from the pending acquisition of Fetch Robotics which is expected to close in 3Q21
(2) Refers to impact to growth rate for the 12 months following acquisition date; Adaptive Vision was acquired May 17, 2021 and Reflexis Systems was acquired September 1, 2020

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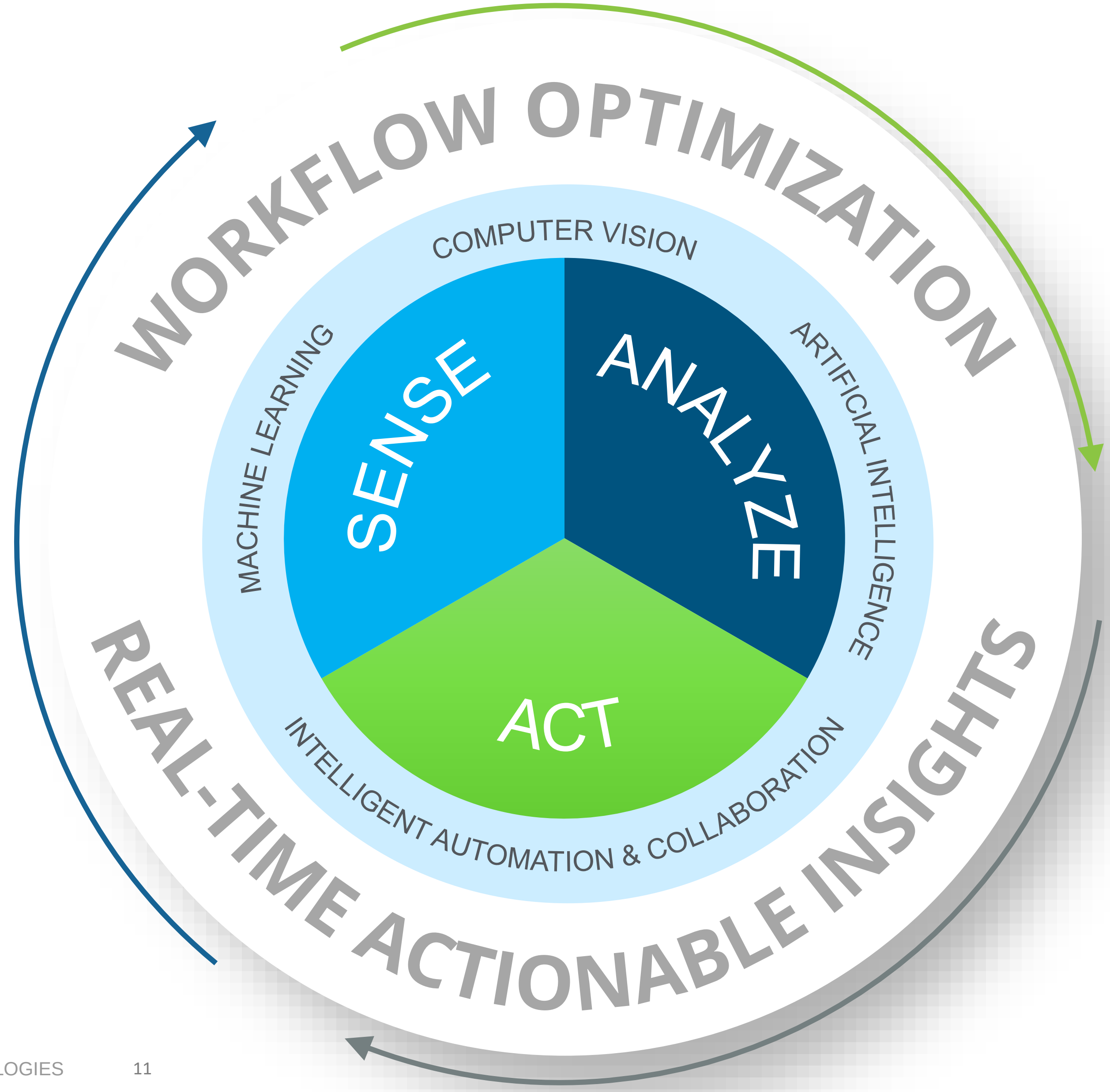
Zebra Digitizes & Automates the Front Line of Business

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



Zebra Optimizes Workflows for the On-Demand Economy

Retail & Ecommerce

IoT / Cloud Computing

Intelligent Automation

Enterprise Mobility

Other Markets

Transportation & Logistics

Healthcare

Manufacturing

Investing To Advance Our Enterprise Asset Intelligence Vision

Entering Expansion Markets: Intelligent Automation in Manufacturing and the Warehouse

Fixed Industrial Scanning & Machine Vision

Adaptive Vision

Now Part of ZEBRA

Autonomous Mobile Robots (AMRs)

Orchestrated Workflow Execution

fetch robotics

(Pending Acquisition)

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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 July 3, 2021		
	AIT	EVM	Consolidated
Reported GAAP Consolidated Net sales growth	54.2 %	40.4 %	44.0 %
Adjustments:			
Impact of foreign currency translation [1]	(3.0)%	(2.7)%	(2.6)%
Impact of acquisitions [2]	— %	(2.6)%	(1.6)%
Consolidated Organic Net sales growth	51.2 %	35.1 %	39.8 %

	Six Months Ended July 3, 2021		
	AIT	EVM	Consolidated
Reported GAAP Consolidated Net sales growth	36.5 %	35.7 %	35.7 %
Adjustments:			
Impact of foreign currency translation [1]	(2.1)%	(2.2)%	(2.2)%
Impact of acquisitions [2]	— %	(2.6)%	(1.5)%
Consolidated Organic Net sales growth	34.4 %	30.9 %	32.0 %

(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 Reflexis and Adaptive Vision are excluded for twelve months following their respective acquisitions.

GAAP to Non-GAAP Gross Margin Reconciliation

(In millions)
(Unaudited)

	Three Months Ended					
	July 3, 2021			June 27, 2020		
	AIT	EVM	Consolidated	AIT	EVM	Consolidated
GAAP						
Reported Net sales [1]	$ 421	$ 959	$ 1,377	$ 273	$ 683	$ 956
Reported Gross profit [1]	201	460	658	125	296	419
Gross Margin	47.7 %	48.0 %	47.8 %	45.8 %	43.3 %	43.8 %
Non-GAAP						
Adjusted Net sales	$ 421	$ 959	$ 1,380	$ 273	$ 683	$ 956
Adjusted Gross profit [2]	202	461	663	126	296	422
Adjusted Gross Margin	48.0 %	48.1 %	48.0 %	46.2 %	43.3 %	44.1 %

	Six Months Ended					
	July 3, 2021			June 27, 2020		
	AIT	EVM	Consolidated	AIT	EVM	Consolidated
GAAP						
Reported Net sales [1]	$ 857	$ 1,873	$ 2,724	$ 628	$ 1,380	$ 2,008
Reported Gross profit [1]	411	908	1,313	296	599	892
Gross Margin	48.0 %	48.5 %	48.2 %	47.1 %	43.4 %	44.4 %
Non-GAAP						
Adjusted Net sales	$ 857	$ 1,873	$ 2,730	$ 628	$ 1,380	$ 2,008
Adjusted Gross profit [2]	412	911	1,323	297	600	897
Adjusted Gross Margin	48.1 %	48.6 %	48.5 %	47.3 %	43.5 %	44.7 %

(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, share-based compensation expense, and product sourcing diversification costs.

GAAP to Non-GAAP Net Income Reconciliation

(In millions, except share data)
(Unaudited)

	Three Months Ended		Six Months Ended	
	July 3, 2021	June 27, 2020	July 3, 2021	June 27, 2020
Net income	$ 219	$ 100	$ 447	$ 189
Adjustments to Net sales[1]				
Purchase accounting adjustments	3	—	6	—
Total adjustments to Net sales	3	—	6	—
Adjustments to Cost of sales[1]				
Share-based compensation	2	1	4	2
Product sourcing diversification initiative	—	2	—	3
Total adjustments to Cost of sales	2	3	4	5
Adjustments to Operating expenses[1]				
Amortization of intangible assets	26	16	52	32
Acquisition and integration costs	4	1	5	2
Share-based compensation	25	16	44	21
Exit and restructuring costs	—	2	—	6
Product sourcing diversification initiative	—	1	—	5
Total adjustments to Operating expenses	55	36	101	66
Adjustments to Other income (expense), net[1]				
Amortization of debt issuance costs and discounts	1	—	2	1
Investment gain	1	(7)	—	(7)
Foreign exchange (gain) loss	1	9	(1)	12
Forward interest rate swap (gain) loss	3	7	(5)	42
Total adjustments to Other income (expense), net	6	9	(4)	48
Income tax effect of adjustments[2]				
Reported income tax expense	19	3	67	17
Less: Adjusted income tax expense	(57)	(21)	(116)	(50)
Total adjustments to income tax	(38)	(18)	(49)	(33)
Total adjustments	28	30	58	86
Non-GAAP Net income	$ 247	$ 130	$ 505	$ 275
GAAP earnings per share				
Basic	$ 4.10	$ 1.87	$ 8.36	$ 3.53
Diluted	$ 4.07	$ 1.85	$ 8.29	$ 3.49
Non-GAAP earnings per share				
Basic	$ 4.61	$ 2.44	$ 9.44	$ 5.13
Diluted	$ 4.57	$ 2.41	$ 9.36	$ 5.08
Basic weighted average shares outstanding	53,449,143	53,188,486	53,460,495	53,533,116
Diluted weighted average and equivalent shares outstanding	53,908,295	53,675,730	53,930,103	54,055,324

(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		Six Months Ended	
	July 3, 2021	**June 27, 2020**	**July 3, 2021**	**June 27, 2020**
Net income	$ 219	$ 100	$ 447	$ 189
Add back:				
Depreciation (excluding exit and restructuring costs)	18	17	36	35
Amortization of intangible assets	26	16	52	32
Total Other expenses, net	9	16	5	64
Income tax expense	19	3	67	17
EBITDA (Non-GAAP)	291	152	607	337
Adjustments to Net sales				
Purchase accounting adjustments	3	—	6	—
Total adjustments to Net sales	3	—	6	—
Adjustments to Cost of sales				
Share-based compensation	2	1	4	2
Product sourcing diversification initiative	—	2	—	3
Total adjustments to Cost of sales	2	3	4	5
Adjustments to Operating expenses				
Acquisition and integration costs	4	1	5	2
Share-based compensation	25	16	44	21
Exit and restructuring costs	—	2	—	6
Product sourcing diversification initiative	—	1	—	5
Total adjustments to Operating expenses	29	20	49	34
Total adjustments to EBITDA	34	23	59	39
Adjusted EBITDA (Non-GAAP)	$ 325	$ 175	$ 666	$ 376
Adjusted EBITDA % of Adjusted Net Sales	23.6 %	18.3 %	24.4 %	18.7 %

GAAP to Non-GAAP Free Cash Flow Reconciliation

(In millions)
(Unaudited)

	Six Months Ended	
	July 3, 2021	June 27, 2020
Net cash provided by operating activities	$ 539	$ 355
Less: Purchases of property, plant and equipment	(25)	(33)
Free cash flow (Non-GAAP)[1]	$ 514	$ 322

(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.