

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended July 3, 2021

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission File Number: 000-19406

Zebra Technologies Corporation

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

36-2675536

(I.R.S. Employer
Identification No.)

3 Overlook Point, Lincolnshire, IL 60069

(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: **(847) 634-6700**

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of each class</u>	<u>Trading Symbol(s)</u>	<u>Name of exchange on which registered</u>
Class A Common Stock, par value \$.01 per share	ZBRA	The NASDAQ Stock Market, LLC

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒ Accelerated filer	☐
Non-accelerated filer	☐ Smaller reporting company	☐
	Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of July 27, 2021, there were 53,402,967 shares of Class A Common Stock, \$.01 par value, outstanding.

ZEBRA TECHNOLOGIES CORPORATION AND SUBSIDIARIES
QUARTER ENDED JULY 3, 2021
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PART I - FINANCIAL INFORMATION
Item 1. Consolidated Financial Statements

ZEBRA TECHNOLOGIES CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(In millions, except share data)

	July 3, 2021	December 31, 2020
	(Unaudited)	
Assets		
Current assets:		
Cash and cash equivalents	\$ 318	\$ 168
Accounts receivable, net of allowances for doubtful accounts of \$1 million as of July 3, 2021 and December 31, 2020, respectively	567	508
Inventories, net	485	511
Current income taxes	54	16
Prepaid expenses and other current assets	102	70
Total Current assets	1,526	1,273
Property, plant and equipment, net	270	274
Right-of-use lease assets	125	135
Goodwill	2,989	2,988
Other intangibles, net	372	402
Deferred income taxes	131	139
Other long-term assets	180	164
Total Assets	\$ 5,593	\$ 5,375
Liabilities and Stockholders' Equity		
Current liabilities:		
Current portion of long-term debt	\$ 47	\$ 364
Accounts payable	597	601
Accrued liabilities	524	559
Deferred revenue	348	308
Income taxes payable	34	19
Total Current liabilities	1,550	1,851
Long-term debt	944	881
Long-term lease liabilities	118	129
Long-term deferred revenue	299	273
Other long-term liabilities	93	97
Total Liabilities	3,004	3,231
Stockholders' Equity:		
Preferred stock, \$.01 par value; authorized 10,000,000 shares; none issued	—	—
Class A common stock, \$.01 par value; authorized 150,000,000 shares; issued 72,151,857 shares	1	1
Additional paid-in capital	427	395
Treasury stock at cost, 18,748,564 and 18,689,775 shares as of July 3, 2021 and December 31, 2020, respectively	(984)	(919)
Retained earnings	3,183	2,736
Accumulated other comprehensive loss	(38)	(69)
Total Stockholders' Equity	2,589	2,144
Total Liabilities and Stockholders' Equity	\$ 5,593	\$ 5,375

See accompanying Notes to Consolidated Financial Statements.

ZEBRA TECHNOLOGIES CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(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 sales:				
Tangible products	\$ 1,192	\$ 811	\$ 2,345	\$ 1,712
Services and software	185	145	379	296
Total Net sales	1,377	956	2,724	2,008
Cost of sales:				
Tangible products	618	451	1,209	937
Services and software	101	86	202	179
Total Cost of sales	719	537	1,411	1,116
Gross profit	658	419	1,313	892
Operating expenses:				
Selling and marketing	148	109	282	231
Research and development	141	98	281	203
General and administrative	92	74	174	148
Amortization of intangible assets	26	16	52	32
Acquisition and integration costs	4	1	5	2
Exit and restructuring costs	—	2	—	6
Total Operating expenses	411	300	794	622
Operating income	247	119	519	270
Other expenses:				
Foreign exchange (loss) gain	(1)	(9)	1	(12)
Interest expense, net	(7)	(14)	(5)	(59)
Other (expense) income, net	(1)	7	(1)	7
Total Other expenses, net	(9)	(16)	(5)	(64)
Income before income tax	238	103	514	206
Income tax expense	19	3	67	17
Net income	\$ 219	\$ 100	\$ 447	\$ 189
Basic earnings per share	\$ 4.10	\$ 1.87	\$ 8.36	\$ 3.53
Diluted earnings per share	\$ 4.07	\$ 1.85	\$ 8.29	\$ 3.49

See accompanying Notes to Consolidated Financial Statements.

ZEBRA TECHNOLOGIES CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(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
Other comprehensive income (loss), net of tax:				
Changes in unrealized gains (losses) on anticipated sales hedging transactions	2	(8)	34	(6)
Foreign currency translation adjustment	—	1	(3)	(8)
Comprehensive income	<u>\$ 221</u>	<u>\$ 93</u>	<u>\$ 478</u>	<u>\$ 175</u>

See accompanying Notes to Consolidated Financial Statements.

ZEBRA TECHNOLOGIES CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(In millions, except share data)
(Unaudited)

	Class A Common Stock Shares	Class A Common Stock Value	Additional Paid- in Capital	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Loss	Total
Balance at December 31, 2020	53,462,082	\$ 1	\$ 395	\$ (919)	\$ 2,736	\$ (69)	\$ 2,144
Issuances of treasury shares related to share-based compensation plans, net of forfeitures	48,584	—	(6)	—	—	—	(6)
Shares withheld to fund withholding tax obligations related to share-based compensation plans	(400)	—	—	—	—	—	—
Share-based compensation	—	—	16	—	—	—	16
Repurchases of common stock	(100)	—	—	—	—	—	—
Net income	—	—	—	—	228	—	228
Changes in unrealized gains and losses on anticipated sales hedging transactions (net of income taxes)	—	—	—	—	—	32	32
Foreign currency translation adjustment	—	—	—	—	—	(3)	(3)
Balance at April 3, 2021	53,510,166	\$ 1	\$ 405	\$ (919)	\$ 2,964	\$ (40)	\$ 2,411
Issuances of treasury shares related to share-based compensation plans, net of forfeitures	27,226	—	—	—	—	—	—
Shares withheld to fund withholding tax obligations related to share-based compensation plans	(81,810)	—	—	(40)	—	—	(40)
Share-based compensation	—	—	22	—	—	—	22
Repurchases of common stock	(52,289)	—	—	(25)	—	—	(25)
Net income	—	—	—	—	219	—	219
Changes in unrealized gains and losses on anticipated sales hedging transactions (net of income taxes)	—	—	—	—	—	2	2
Balance at July 3, 2021	53,403,293	\$ 1	\$ 427	\$ (984)	\$ 3,183	\$ (38)	\$ 2,589

	Class A Common Stock Shares	Class A Common Stock Value	Additional Paid- in Capital	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Loss	Total
Balance at December 31, 2019	54,002,932	\$ 1	\$ 339	\$ (689)	\$ 2,232	\$ (44)	\$ 1,839
Issuances of treasury shares related to share-based compensation plans, net of forfeitures	15,792	—	—	—	—	—	—
Shares withheld to fund withholding tax obligations related to share-based compensation plans	(4,361)	—	—	(1)	—	—	(1)
Share-based compensation	—	—	7	—	—	—	7
Repurchases of common stock	(948,740)	—	—	(200)	—	—	(200)
Net income	—	—	—	—	89	—	89
Changes in unrealized gains and losses on anticipated sales hedging transactions (net of income taxes)	—	—	—	—	—	2	2
Foreign currency translation adjustment	—	—	—	—	—	(9)	(9)
Balance at March 28, 2020	53,065,623	\$ 1	\$ 346	\$ (890)	\$ 2,321	\$ (51)	\$ 1,727
Issuances of treasury shares related to share-based compensation plans, net of forfeitures	399,634	—	(9)	13	—	—	4
Shares withheld to fund withholding tax obligations related to share-based compensation plans	(142,206)	—	—	(34)	—	—	(34)
Share-based compensation	—	—	13	—	—	—	13
Net income	—	—	—	—	100	—	100
Changes in unrealized gains and losses on anticipated sales hedging transactions (net of income taxes)	—	—	—	—	—	(8)	(8)
Foreign currency translation adjustment	—	—	—	—	—	1	1
Balance at June 27, 2020	53,323,051	\$ 1	\$ 350	\$ (911)	\$ 2,421	\$ (58)	\$ 1,803

See accompanying Notes to Consolidated Financial Statements.

ZEBRA TECHNOLOGIES CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In millions)
(Unaudited)

	Six Months Ended	
	July 3, 2021	June 27, 2020
Cash flows from operating activities:		
Net income	\$ 447	\$ 189
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	88	68
Share-based compensation	38	20
Deferred income taxes	(5)	6
Unrealized (gain) loss on forward interest rate swaps	(13)	37
Other, net	1	(5)
Changes in operating assets and liabilities:		
Accounts receivable, net	(59)	201
Inventories, net	26	(36)
Other assets	(22)	4
Accounts payable	(10)	(46)
Accrued liabilities	2	(76)
Deferred revenue	67	45
Income taxes	(23)	(48)
Other operating activities	2	(4)
Net cash provided by operating activities	539	355
Cash flows from investing activities:		
Purchases of property, plant and equipment	(25)	(33)
Acquisition of businesses, net of cash acquired	(17)	—
Purchases of long-term investments	(17)	(32)
Net cash used in investing activities	(59)	(65)
Cash flows from financing activities:		
Payments of long-term debt	(264)	(84)
Proceeds from issuance of long-term debt	8	24
Payments for repurchases of common stock	(25)	(200)
Net payments related to share-based compensation plans	(46)	(31)
Change in unremitted cash collections from servicing factored receivables	(2)	55
Other financing activities	—	3
Net cash used in financing activities	(329)	(233)
Effect of exchange rate changes on cash and cash equivalents, including restricted cash	(4)	(1)
Net increase in cash and cash equivalents, including restricted cash	147	56
Cash and cash equivalents, including restricted cash, at beginning of period	192	30
Cash and cash equivalents, including restricted cash, at end of period	\$ 339	\$ 86
Less restricted cash, included in Prepaid expenses and other current assets	(21)	(23)
Cash and cash equivalents at end of period	\$ 318	\$ 63
Supplemental disclosures of cash flow information:		
Income taxes paid	\$ 94	\$ 61
Interest paid	\$ 17	\$ 19

See accompanying Notes to Consolidated Financial Statements.

ZEBRA TECHNOLOGIES CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Note 1 Description of Business and Basis of Presentation

Zebra Technologies Corporation and its subsidiaries (“Zebra” or the “Company”) is a global leader providing innovative Enterprise Asset Intelligence (“EAI”) solutions in the automatic identification and data capture solutions industry. We design, manufacture, and sell a broad range of products and solutions, including cloud-based subscriptions, that capture and move data. We also provide a full range of services, including maintenance, technical support, repair, managed and professional services. End-users of our products, solutions and services include those in retail and e-commerce, manufacturing, transportation and logistics, healthcare, public sector, and other industries around the world. We provide our products, solutions and services globally through a direct sales force and an extensive network of channel partners.

Management prepared these unaudited interim consolidated financial statements according to the rules and regulations of the Securities and Exchange Commission for interim financial information and notes. As permitted under Article 10 of Regulation S-X and the instructions of Form 10-Q, these consolidated financial statements do not include all the information and notes required by United States Generally Accepted Accounting Principles (“GAAP”) for complete financial statements, although management believes that the disclosures made are adequate to make the information not misleading. These interim financial statements should be read in conjunction with the audited consolidated financial statements and notes included in the Annual Report on Form 10-K for the fiscal year ended December 31, 2020.

In the opinion of the Company, these interim financial statements include all adjustments (of a normal, recurring nature) necessary to fairly present its Consolidated Balance Sheet as of July 3, 2021, the Consolidated Statements of Operations, Comprehensive Income, and Stockholders’ Equity for the three and six months ended July 3, 2021 and June 27, 2020, and the Consolidated Statements of Cash Flows for the six months ended July 3, 2021 and June 27, 2020. These results, however, are not necessarily indicative of the results expected for the full fiscal year ending December 31, 2021.

Effective January 1, 2021, our retail solutions offering moved from our Asset Intelligence & Tracking (“AIT”) segment into our Enterprise Visibility & Mobility (“EVM”) segment contemporaneous with a change in our organizational structure and management of the business. Prior period results have been reclassified to conform to the current period’s presentation. This change does not have an impact on the Consolidated Financial Statements. See Note 17, *Segment Information & Geographic Data* for additional information related to each segment’s results.

Note 2 Significant Accounting Policies

Recently Issued Accounting Pronouncements Not Yet Adopted

In March 2020, the Financial Accounting Standards Board issued Accounting Standards Update 2020-04, *Reference Rate Reform (Topic 848) - Facilitation of the Effects of Reference Rate Reform on Financial Reporting* (“ASU 2020-04”). Subject to meeting certain criteria, ASU 2020-04 provides optional expedients and exceptions to applying contract modification accounting under existing generally accepted accounting principles for contracts that are modified to address the expected phase out of the London Inter-bank Offered Rate (“LIBOR”). Some of the Company’s contracts with respect to its borrowings and interest rate swap contracts already contain comparable alternative reference rates that would automatically take effect upon the phasing out of LIBOR, while for others, the Company anticipates negotiating comparable replacement rates with its counterparties. At this stage of its contract assessment, the Company does not expect ASU 2020-04 to have a material impact on its financial results.

Note 3 Revenues

The Company recognizes revenue to depict the transfer of goods or services to a customer at an amount that reflects the consideration which it expects to receive for providing those goods or services.

Revenues for products are generally recognized upon shipment, whereas revenues for services and solutions offerings are generally recognized by using an output or time-based method, assuming all other criteria for revenue recognition have been met. Revenues for software are recognized either upon delivery or using a time-based method, depending upon how control is transferred to the customer. In cases where a bundle of products, services, and/or software are delivered to the customer, judgment is required to select the method of progress which best reflects the transfer of control.

Disaggregation of Revenue

The following table presents our Net sales disaggregated by product category for each of our segments, AIT and EVM, for the three and six months ended July 3, 2021 and June 27, 2020 (in millions):

Segment	Three Months Ended					
	July 3, 2021			June 27, 2020		
	Tangible Products	Services and Software	Total	Tangible Products	Services and Software	Total
AIT	\$ 393	\$ 28	\$ 421	\$ 251	\$ 22	\$ 273
EVM	799	160	959	560	123	683
Corporate, eliminations ⁽¹⁾	—	(3)	(3)	—	—	—
Total	\$ 1,192	\$ 185	\$ 1,377	\$ 811	\$ 145	\$ 956

Segment	Six Months Ended					
	July 3, 2021			June 27, 2020		
	Tangible Products	Services and Software	Total	Tangible Products	Services and Software	Total
AIT	\$ 803	\$ 54	\$ 857	\$ 584	\$ 44	\$ 628
EVM	1,542	331	1,873	1,128	252	1,380
Corporate, eliminations ⁽¹⁾	—	(6)	(6)	—	—	—
Total	\$ 2,345	\$ 379	\$ 2,724	\$ 1,712	\$ 296	\$ 2,008

(1) Amounts included in Corporate, eliminations consist of purchase accounting adjustments.

In addition, refer to Note 17, *Segment Information & Geographic Data* for Net sales to customers by geographic region.

Performance Obligations

The Company's remaining performance obligations primarily relate to repair and support services, as well as solutions offerings. The aggregated transaction price allocated to remaining performance obligations for arrangements with an original term exceeding one year was \$1,005 million and \$974 million, inclusive of deferred revenue, as of July 3, 2021 and December 31, 2020, respectively. On average, remaining performance obligations as of July 3, 2021 and December 31, 2020 are expected to be recognized over a period of approximately two years.

Contract Balances

Progress on satisfying performance obligations under contracts with customers related to billed revenues is reflected on the Consolidated Balance Sheets in Accounts receivable, net. Progress on satisfying performance obligations under contracts with customers related to unbilled revenues ("contract assets") is reflected on the Consolidated Balance Sheets as Prepaid expenses and other current assets for revenues expected to be billed within the next twelve months, and Other long-term assets for revenues expected to be billed thereafter. The total contract asset balances were \$10 million each as of July 3, 2021 and December 31, 2020, respectively. These contract assets result from timing differences between the billing and delivery schedules of products, services and software, as well as the impact from the allocation of the transaction price among performance obligations for contracts that include multiple performance obligations. Contract assets are evaluated for

impairment and no impairment losses have been recognized during the three and six months ended July 3, 2021 and June 27, 2020.

Deferred revenue on the Consolidated Balance Sheets consists of payments and billings in advance of our performance. The combined short-term and long-term deferred revenue balances were \$647 million and \$581 million as of July 3, 2021 and December 31, 2020, respectively. During the three and six months ended July 3, 2021, the Company recognized \$75 million and \$185 million in revenue, respectively, which was previously included in the beginning balance of deferred revenue as of December 31, 2020. During the three and six months ended June 27, 2020, the Company recognized \$84 million and \$157 million in revenue, respectively, which was previously included in the beginning balance of deferred revenue as of December 31, 2019.

Note 4 Inventories

The components of Inventories, net are as follows (in millions):

	July 3, 2021	December 31, 2020
Raw materials	\$ 108	\$ 117
Work in process	4	4
Finished goods	373	390
Total Inventories, net	\$ 485	\$ 511

Note 5 Business Acquisitions

Adaptive Vision

On May 17, 2021, the Company acquired Adaptive Vision Sp. z o.o. (“Adaptive Vision”), a provider of graphical machine vision software with applications in the manufacturing industry, as well as a provider of libraries and other offerings for machine vision developers. The Company’s cash purchase consideration of \$18 million, net of cash on-hand, was primarily allocated to technology-related intangible assets of \$13 million and associated deferred tax liabilities, and goodwill of \$7 million. The technology-related intangible assets have an estimated useful life of 8 years. The acquisition was accounted for under the acquisition method of accounting for business combinations. While we believe these estimates provide a reasonable basis to record the net assets acquired, the purchase price allocation is considered preliminary and subject to adjustment during the measurement period, which is up to one year from the acquisition date. The goodwill, which will be non-deductible for tax purposes, has been allocated to the EVM segment and principally relates to the planned expansion of the Adaptive Vision technologies into new product offerings and markets.

Reflexis

During the second quarter of 2021, the Company recorded measurement period adjustments related to its September 1, 2020 acquisition of Reflexis Systems, Inc. (“Reflexis”). The primary measurement period adjustments included a \$9 million increase to the trade name intangible assets and a \$4 million increase to deferred tax liabilities. These adjustments, relating to facts and circumstances existing as of the acquisition date, resulted in a \$5 million reduction of goodwill. The fair value estimates still considered preliminary as of July 3, 2021 primarily relate to income tax items.

Additionally, during the second quarter of 2021, the Company received escrow proceeds of \$1 million related to resolution of contractual items resulting from the Reflexis acquisition. These proceeds were reflected as a reduction in purchase price with a corresponding decrease of goodwill.

Fetch Robotics

On June 30, 2021, the Company entered into a definitive agreement to acquire Fetch Robotics, Inc. (“Fetch”), a provider of autonomous mobile robots for customers in the manufacturing and warehousing markets. The aggregate purchase consideration, inclusive of the fair value of the Company’s existing minority ownership interest in Fetch, is expected to be approximately \$305 million, subject to customary adjustments. Zebra expects to fund the transaction primarily with cash on hand. The transaction is subject to customary closing conditions and is expected to close in the third quarter of 2021. The acquired business will become part of the EVM segment.

Acquisition and integration costs

We incurred approximately \$4 million of acquisition-related costs, primarily related to third-party transaction and advisory fees, in the second quarter of 2021 associated with our business acquisitions. These costs are included within Acquisition and integration costs on the Consolidated Statements of Operations.

Note 6 Goodwill

Changes in the net carrying value of goodwill by segment were as follows (in millions):

	AIT	EVM	Total
Goodwill as of December 31, 2020	\$ 228	\$ 2,760	\$ 2,988
Retail solutions offering move to EVM segment, effective January 1, 2021	(59)	59	—
Adaptive Vision acquisition	—	7	7
Reflexis purchase price allocation adjustments	—	(5)	(5)
Reflexis purchase price reduction	—	(1)	(1)
Goodwill as of July 3, 2021	\$ 169	\$ 2,820	\$ 2,989

See Note 5, *Business Acquisitions* for further details related to the Company's acquisitions and purchase price allocation adjustments.

Note 7 Investments

The carrying value of the Company's venture investments was \$93 million and \$77 million as of July 3, 2021 and December 31, 2020, respectively, which are included in Other long-term assets on the Consolidated Balance Sheets.

During the three and six months ended July 3, 2021, the Company paid \$4 million and \$17 million for the purchases of new long-term investments, respectively. Comparatively, during the first half of 2020, the Company paid \$32 million for the purchases of long term investments, which primarily related to the acquisition of additional shares in an existing investment in the second quarter of 2020. In connection with that additional investment, during the second quarter of 2020 the Company identified an observable price change that resulted in a \$7 million gain.

Net gains and losses related to the Company's investments are included within Other, net on the Consolidated Statements of Operations. During the three months ended July 3, 2021 and June 27, 2020, the Company recognized losses of \$1 million and gains of \$7 million, respectively. During the six months ended July 3, 2021 and June 27, 2020, the Company recognized net gains of \$0 million and \$7 million, respectively.

Note 8 Fair Value Measurements

Financial assets and liabilities are measured using inputs from three levels of the fair value hierarchy in accordance with Accounting Standards Codification ("ASC") Topic 820, *Fair Value Measurements*. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It establishes a fair value hierarchy that prioritizes observable and unobservable inputs used to measure fair value into the following three broad levels:

- Level 1: Quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs (e.g. U.S. Treasuries and money market funds).
- Level 2: Observable prices that are based on inputs not quoted in active markets but corroborated by market data.
- Level 3: Unobservable inputs are used when little or no market data is available. The fair value hierarchy gives the lowest priority to Level 3 inputs.

In determining fair value, the Company utilizes valuation techniques that maximize the use of observable inputs to the extent possible. In addition, the Company considers counterparty credit risk in the assessment of fair value.

The Company's financial assets and liabilities carried at fair value as of July 3, 2021, are classified below (in millions):

	Level 1	Level 2	Level 3	Total
Assets:				
Foreign exchange contracts ⁽¹⁾	\$ 2	\$ 9	\$ —	\$ 11
Money market investments related to deferred compensation plan	35	—	—	35
Total Assets at fair value	\$ 37	\$ 9	\$ —	\$ 46
Liabilities:				
Forward interest rate swap contracts ⁽²⁾	\$ —	\$ 33	\$ —	\$ 33
Liabilities related to the deferred compensation plan	35	—	—	35
Total Liabilities at fair value	\$ 35	\$ 33	\$ —	\$ 68

The Company's financial assets and liabilities carried at fair value as of December 31, 2020, are classified below (in millions):

	Level 1	Level 2	Level 3	Total
Assets:				
Money market investments related to deferred compensation plan	\$ 30	\$ —	\$ —	\$ 30
Total Assets at fair value	\$ 30	\$ —	\$ —	\$ 30
Liabilities:				
Foreign exchange contracts ⁽¹⁾	\$ 3	\$ 34	\$ —	\$ 37
Forward interest rate swap contracts ⁽²⁾	—	46	—	46
Liabilities related to the deferred compensation plan	30	—	—	30
Total Liabilities at fair value	\$ 33	\$ 80	\$ —	\$ 113

(1) The fair value of the foreign exchange contracts is calculated as follows:

- Fair value of regular forward contracts associated with forecasted sales hedges is calculated using the period-end exchange rate adjusted for current forward points.
- Fair value of hedges against net assets is calculated at the period-end exchange rate adjusted for current forward points unless the hedge has been traded but not settled at year end (Level 2). If this is the case, the fair value is calculated at the rate at which the hedge is being settled (Level 1).

(2) The fair value of forward interest rate swaps is based upon a valuation model that uses relevant observable market inputs at the quoted intervals, such as forward yield curves, and is adjusted for the Company's credit risk and the interest rate swap terms.

Note 9 Derivative Instruments

In the normal course of business, the Company is exposed to global market risks, including the effects of changes in foreign currency exchange rates and interest rates. The Company uses derivative instruments to manage its exposure to such risks and may elect to designate certain derivatives as hedging instruments under ASC Topic 815, *Derivatives and Hedging* ("ASC 815"). The Company formally documents all relationships between designated hedging instruments and hedged items as well as its risk management objectives and strategies for undertaking hedge transactions. The Company does not hold or issue derivatives for trading or speculative purposes.

In accordance with ASC 815, the Company recognizes derivative instruments as either assets or liabilities on the Consolidated Balance Sheets and measures them at fair value. The following table presents the fair value of its derivative instruments (in millions):

		Asset (Liability)	
		Fair Values as of	
Balance Sheet Classification		July 3, 2021	December 31, 2020
Derivative instruments designated as hedges:			
Foreign exchange contracts	Prepaid expenses and other current assets	\$ 9	\$ —
Foreign exchange contracts	Accrued liabilities	—	(34)
Total derivative instruments designated as hedges		\$ 9	\$ (34)
Derivative instruments not designated as hedges:			
Foreign exchange contracts	Prepaid expenses and other current assets	\$ 2	\$ —
Foreign exchange contracts	Accrued liabilities	—	(3)
Forward interest rate swaps	Accrued liabilities	(17)	(17)
Forward interest rate swaps	Other long-term liabilities	(16)	(29)
Total derivative instruments not designated as hedges		\$ (31)	\$ (49)
Total net derivative liability		\$ (22)	\$ (83)

The following table presents the net (losses) gains from changes in fair values of derivatives that are not designated as hedges (in millions):

	Statements of Operations Classification	(Losses) Gains Recognized in Income			
		Three Months Ended		Six Months Ended	
		July 3, 2021	June 27, 2020	July 3, 2021	June 27, 2020
Derivative instruments not designated as hedges:					
Foreign exchange contracts	Foreign exchange (loss) gain	\$ (6)	\$ (7)	\$ —	\$ (8)
Forward interest rate swaps	Interest expense, net	(3)	(7)	5	(42)
Total (losses) gains recognized in income		<u>\$ (9)</u>	<u>\$ (14)</u>	<u>\$ 5</u>	<u>\$ (50)</u>

Activities related to derivative instruments are reflected within Net cash provided by operating activities on the Consolidated Statements of Cash Flows.

Credit and Market Risk Management

Financial instruments, including derivatives, expose the Company to counterparty credit risk of nonperformance and to market risk related to currency exchange rate and interest rate fluctuations. The Company manages its exposure to counterparty credit risk by establishing minimum credit standards, diversifying its counterparties, and monitoring its concentrations of credit. The Company's counterparties are commercial banks with expertise in derivative financial instruments. The Company evaluates the impact of market risk on the fair value and cash flows of its derivative and other financial instruments by considering

reasonably possible changes in interest rates and currency exchange rates. The Company continually monitors the creditworthiness of the customers to which it grants credit terms in the normal course of business. The terms and conditions of the Company's credit policies are designed to mitigate concentrations of credit risk.

The Company's master netting and other similar arrangements with the respective counterparties allow for net settlement under certain conditions, which are designed to reduce credit risk by permitting net settlement with the same counterparty. We present the assets and liabilities of our derivative financial instruments, for which we have net settlement agreements in place, on a net basis on the Consolidated Balance Sheets. If the derivative financial instruments had been presented gross on the Consolidated Balance Sheets, the asset and liability positions each would have been increased by \$1 million as of July 3, 2021 and would have been unchanged as of December 31, 2020.

Foreign Currency Exchange Risk Management

The Company conducts business on a multinational basis in a variety of foreign currencies. Exposure to market risk for changes in foreign currency exchange rates arises primarily from Euro-denominated external revenues, cross-border financing activities between subsidiaries, and foreign currency denominated monetary assets and liabilities. The Company manages its objective of preserving the economic value of non-functional currency denominated cash flows by initially hedging transaction exposures with natural offsets to the fullest extent possible and, once these opportunities have been exhausted, through foreign exchange forward and option contracts, as deemed appropriate.

The Company manages the exchange rate risk of anticipated Euro-denominated sales using forward contracts, which typically mature within twelve months of execution. The Company designates these derivative contracts as cash flow hedges. Unrealized gains and losses on these contracts are deferred in Accumulated other comprehensive income (loss) ("AOCI") on the Consolidated Balance Sheets until the contract is settled and the hedged sale is realized. The realized gain or loss is then recorded as an adjustment to Net sales on the Consolidated Statements of Operations. Realized amounts reclassified to Net sales were \$8 million of losses and \$6 million of gains for the three months ended July 3, 2021 and June 27, 2020, respectively. Realized amounts reclassified to Net sales were \$20 million of losses and \$14 million of gains for the six months ended July 3, 2021 and June 27, 2020, respectively. As of July 3, 2021 and December 31, 2020, the notional amounts of the Company's foreign exchange cash flow hedges were €587 million and €585 million, respectively. The Company has reviewed its cash flow hedges for effectiveness and determined that they are highly effective.

The Company uses forward contracts, which are not designated as hedging instruments, to manage its exposures related to net assets denominated in foreign currencies. These forward contracts typically mature within one month after execution. Monetary gains and losses on these forward contracts are recorded in income and are generally offset by the transaction gains and losses related to their net asset positions. The notional values and the net fair value of these outstanding contracts are as follows (in millions):

	July 3, 2021		December 31, 2020	
Notional balance of outstanding contracts:				
British Pound/U.S. Dollar	£	34	£	10
Euro/U.S. Dollar	€	120	€	123
Euro/Czech Koruna	€	16	€	—
Japanese Yen/U.S. Dollar	¥	—	¥	354
Singapore Dollar/U.S. Dollar	S\$	16	S\$	12
Mexican Peso/U.S. Dollar	Mex\$	55	Mex\$	36
Polish Zloty/U.S. Dollar	zł	79	zł	—
Net fair value of assets (liabilities) of outstanding contracts	\$	2	\$	(3)

Interest Rate Risk Management

The Company's debt consists of borrowings under a term loan ("Term Loan A"), Revolving Credit Facility, and Receivables Financing Facilities, which bear interest at variable rates plus applicable margins. As a result, the Company is exposed to market risk associated with the variable interest rate payments on these borrowings. See Note 10, *Long-Term Debt* for further details about these borrowings.

The Company manages its exposure to changes in interest rates by utilizing interest rate swaps to hedge this exposure and to achieve a desired proportion of fixed versus floating-rate debt, based on current and projected market conditions.

In December 2017, the Company entered into a long-term forward interest rate swap agreement with a notional amount of \$800 million to lock into a fixed LIBOR interest rate base for its debt facilities subject to monthly interest payments. Under the terms of the agreement, \$800 million in variable-rate debt will be swapped for a fixed interest rate with net settlement terms starting in December 2018 and ending in December 2022. During the third quarter of 2019, the Company entered into additional long-term forward interest rate swap agreements with a total notional amount of \$800 million, containing net settlement terms, which start in December 2022 and end in August 2024. The additional interest rate swap agreements effectively extend the risk management initiative of the Company to coincide with the maturities of Term Loan A and the Revolving Credit Facility. These interest rate swaps are not designated as hedges and changes in fair value are recognized immediately as Interest expense, net on the Consolidated Statements of Operations.

Note 10 Long-Term Debt

The following table shows the carrying value of the Company's debt (in millions):

	July 3, 2021	December 31, 2020
Term Loan A	\$ 888	\$ 917
2020 Term Loan	—	100
Receivables Financing Facilities	108	235
Total debt	\$ 996	\$ 1,252
Less: Debt issuance costs	(3)	(5)
Less: Unamortized discounts	(2)	(2)
Less: Current portion of debt	(47)	(364)
Total long-term debt	\$ 944	\$ 881

As of July 3, 2021, the future maturities of debt are as follows (in millions):

2021	\$ 22
2022	56
2023	81
2024	837
Total future debt maturities	\$ 996

All borrowings as of July 3, 2021 were denominated in U.S. Dollars.

The estimated fair value of the Company's debt approximated \$1.0 billion and \$1.3 billion as of July 3, 2021 and December 31, 2020, respectively. These fair value amounts, developed based on inputs classified as Level 2 within the fair value hierarchy, represent the estimated value at which the Company's lenders could trade its debt within the financial markets and do not represent the settlement value of these liabilities to the Company. The fair value of the debt may continue to vary each period based on a number of factors, including fluctuations in market interest rates as well as changes to the Company's credit ratings.

Term Loan A

The principal on Term Loan A is due in quarterly installments, with the next quarterly installment due in March 2022 and the majority due upon the August 9, 2024 maturity date. The Company may make prepayments, in whole or in part, without premium or penalty, and would be required to prepay certain outstanding amounts in the event of certain circumstances or transactions. As of July 3, 2021, the Term Loan A interest rate was 1.35%. Interest payments are made monthly and are subject to variable rates plus an applicable margin.

2020 Term Loan

In September 2020, the Company entered into a new \$200 million term loan ("2020 Term Loan"), with the proceeds used to partly fund the acquisition of Reflexis. The Company repaid \$100 million of principal in the fourth quarter of 2020 and repaid the remaining \$100 million of principal in the first quarter of 2021.

Receivables Financing Facilities

The Company has two Receivables Financing Facilities with financial institutions that have a combined total borrowing limit of up to \$280 million. As collateral, the Company pledges perfected first-priority security interests in its U.S. domestically originated accounts receivable. The Company has accounted for transactions under its Receivables Financing Facilities as secured borrowings. The Company's first Receivables Financing Facility allows for borrowings of up to \$180 million and matures on March 19, 2024. The Company's second Receivable Financing Facility allows for borrowings of up to \$100 million and matures on May 16, 2022. During the first half of 2021, the Company amended each of these facilities to extend the respective maturities, but otherwise did not substantially change the terms of the facilities.

As of July 3, 2021, the Company's Consolidated Balance Sheets included \$548 million of receivables that were pledged under the two Receivables Financing Facilities. As of July 3, 2021, \$108 million had been borrowed, of which \$22 million was classified as current. Borrowings under the Receivables Financing Facilities bear interest at a variable rate plus an applicable margin. As of July 3, 2021, the Receivables Financing Facilities had an average interest rate of 0.97%. Interest is paid on these borrowings on a monthly basis.

Revolving Credit Facility

The Company has a Revolving Credit Facility that is available for working capital and other general business purposes, including letters of credit. As of July 3, 2021, the Company had letters of credit totaling \$5 million, which reduced funds available for borrowings under the Revolving Credit Facility from \$1 billion to \$995 million. No borrowings were outstanding under the Revolving Credit Facility as of July 3, 2021. Upon borrowing, interest payments are made monthly and are subject to variable rates plus an applicable margin. The Revolving Credit Facility matures on August 9, 2024.

Uncommitted Short-Term Credit Facility

The Company also entered into an uncommitted short-term credit facility ("Uncommitted Facility") in August 2020. The Uncommitted Facility matures on August 26, 2021 and allows for borrowings of up to \$20 million. Each borrowing must be repaid within 90 days, or earlier if the facility matures beforehand, and bears interest at a variable rate plus an applicable margin. Along with the Company's Revolving Credit Facility, the Uncommitted Facility is available for working capital and other general business purposes. As of July 3, 2021, the Company had no outstanding borrowings under the Uncommitted Facility.

Each of the Company's borrowing arrangements described above include terms and conditions that limit the incurrence of additional borrowings and require that certain financial ratios be maintained at designated levels.

The Company uses interest rate swaps to manage the interest rate risk associated with its debt. See Note 9, *Derivative Instruments* for further information.

As of July 3, 2021, the Company was in compliance with all debt covenants.

Note 11 Commitments and Contingencies

Warranties

The following table is a summary of the Company's accrued warranty obligations, which are included in Accrued liabilities on the Consolidated Balance Sheets (in millions):

	Six Months Ended	
	July 3, 2021	June 27, 2020
Balance at the beginning of the period	\$ 24	\$ 21
Warranty expense	16	15
Warranties fulfilled	(15)	(14)
Balance at the end of the period	<u>\$ 25</u>	<u>\$ 22</u>

Contingencies

The Company is subject to a variety of investigations, claims, suits, and other legal proceedings that arise from time to time in the ordinary course of business, including but not limited to, intellectual property, employment, tort, and breach of contract matters. The Company currently believes that the outcomes of such proceedings, individually and in the aggregate, will not have a material adverse impact on its business, cash flows, financial position, or results of operations. Any legal proceedings are subject to inherent uncertainties, and the Company's view of these matters and their potential effects may change in the future.

In 2020, the Company received approval of its exclusion request of customs duties that had been paid on certain products under Section 301 of the U.S. Trade Act of 1974 from September 1, 2019 through September 1, 2020 and commenced a process to request recovery of previously assessed amounts. Recoveries are recognized when the Company has completed all regulatory filing requirements and determined that receipt of amounts is virtually certain. Recoveries totaling \$12 million were recorded in the fourth quarter of 2020, of which \$4 million related to our AIT segment and \$8 million related to our EVM segment. During the three months ended July 3, 2021, the Company recorded recoveries of \$12 million, of which \$7 million related to our AIT segment and \$5 million related to our EVM segment. During the six months ended July 3, 2021, the Company recorded recoveries of \$15 million, of which \$8 million related to our AIT segment and \$7 million related to our EVM segment. Both the initially incurred costs and related recoveries were included within Cost of sales for Tangible products on the Consolidated Statements of Operations. As of the second quarter, the Company believes that it has recovered substantially all of the import duties that it expects to receive on previously paid amounts. The final amounts and the timings of any additional recoveries remain uncertain and, therefore, the Company has not recorded any amounts related to potential future recoveries in its financial statements as of July 3, 2021.

Note 12 Share-Based Compensation

In May 2018, the Company's stockholders approved the Zebra Technologies 2018 Long-Term Incentive Plan ("2018 Plan"). The 2018 Plan superseded and replaced the Zebra Technologies Corporation 2015 Long-Term Incentive Plan ("2015 Plan") on the approval date, except that the 2015 Plan, as well as the Zebra Technologies Corporation 2011 Long-Term Incentive Plan that was previously superseded by the 2015 Plan, remain in effect with respect to outstanding stock appreciation rights that were granted under those plans until such awards have been exercised, forfeited, cancelled, expired or otherwise terminated in accordance with their terms. Awards available under the 2018 Plan include stock-settled awards, including stock-settled restricted stock units, stock-settled performance stock units, restricted stock awards, performance share awards, stock appreciation rights, incentive stock options, and non-qualified stock options. Awards available under the 2018 Plan also include cash-settled awards, including cash-settled stock appreciation rights, cash-settled restricted stock units, and cash-settled performance stock units. No awards remain available for future grants under the 2015 Plan or previous plans.

The Company uses treasury shares as its source for issuing shares under the share-based compensation programs. As of July 3, 2021, the Company had 3,212,007 shares of Class A Common stock available to be issued under the 2018 Plan.

The compensation expense from the Company's share-based compensation plans and associated income tax benefit, excluding the effects of excess tax benefits or shortfalls, were included in the Consolidated Statements of Operations as follows (in millions):

	Three Months Ended		Six Months Ended	
	July 3, 2021	June 27, 2020	July 3, 2021	June 27, 2020
Compensation costs and related income tax benefit				
Cost of sales	\$ 2	\$ 1	\$ 4	\$ 2
Selling and marketing	7	5	13	6
Research and development	8	4	14	6
General and administration	10	7	17	9
Total compensation expense	\$ 27	\$ 17	\$ 48	\$ 23
Income tax benefit	\$ 4	\$ 2	\$ 7	\$ 4

As of July 3, 2021, total unearned compensation costs related to the Company's share-based compensation plans was \$109 million, which will be recognized over the weighted average remaining service period of approximately 1.6 years.

Stock-Settled Restricted Stock Units ("stock-settled RSUs") and Stock-Settled Performance Share Units ("stock-settled PSUs")

The Company began issuing stock-settled RSUs and stock-settled PSUs in the second quarter of 2021. Stock-settled RSUs and stock-settled PSUs each typically vest over a three-year service period, with stock-settled RSUs vesting ratably in three annual installments and stock-settled PSUs vesting at the end of the three-year period. Vesting for each participant is subject to restrictions, such as continuous employment, except in certain cases as set forth in each stock agreement. Upon vesting, stock-settled RSUs and stock-settled PSUs are converted into shares of Class A Common Stock that are released to participants.

Compensation cost for the Company's stock-settled RSUs and stock-settled PSUs is expensed over each participant's required service period. Compensation cost is calculated as the fair market value of the Company's Class A Common Stock on grant

date multiplied by the number of units granted, net of estimated forfeitures. The fair value of PSUs also includes assumptions around achievement of certain Company-wide financial performance goals.

Restricted Stock Awards (“RSAs”) and Performance Share Awards (“PSAs”)

Previously, the Company’s restricted stock grants consisted of time-vested RSAs and PSAs as part of the Company’s annual share-based compensation award issuances during the second quarter of each year. These awards hold voting rights and therefore are considered participating securities. Accordingly, the outstanding RSAs and PSAs are included as part of the Company’s Class A Common Stock outstanding. The RSAs and PSAs vest at each vesting date, subject to restrictions such as continuous employment, except in certain cases as set forth in each stock agreement. Upon vesting, RSAs and PSAs are released to holders and are no longer subject to restrictions.

Compensation cost for the Company’s RSAs and PSAs is expensed over each participant’s required service period, which is typically three years. Compensation cost is calculated as the fair market value of the Company’s Class A Common Stock on grant date multiplied by the number of units granted, net of estimated forfeitures. The fair value of PSAs also includes assumptions around achievement of certain Company-wide financial performance goals.

The Company also issues Class A Common Stock to non-employee directors. Each director receives such stock award annually in the second quarter. The number of shares granted to each non-employee director is determined by dividing the value of the annual grant by the price of a share of the Company’s Class A Common Stock. New directors in any fiscal year earn a prorated amount. During the first six months of 2021, there were 2,877 shares granted to non-employee directors compared to 6,314 shares during the first six months of 2020. The shares vest immediately on the grant date.

A summary of the Company’s restricted and performance stock-settled awards for the six months ended July 3, 2021 is as follows:

	RSUs		PSUs		RSAs		PSAs	
	Units	Weighted-Average Grant Date Fair Value	Units	Weighted-Average Grant Date Fair Value	Shares	Weighted-Average Grant Date Fair Value	Shares	Weighted-Average Grant Date Fair Value
Outstanding at beginning of period	—	\$ —	—	\$ —	318,565	\$ 228.08	126,022	\$ 199.77
Granted	79,057	482.45	38,393	482.42	5,832	483.17	—	—
Released	(101)	482.42	—	—	(147,135)	202.92	(44,023)	151.72
Forfeited	(541)	482.42	(296)	482.42	(5,088)	228.99	(2,102)	237.03
Outstanding at end of period	78,415	\$ 482.45	38,097	\$ 482.42	172,174	\$ 258.20	79,897	\$ 225.65

Stock Appreciation Rights (“SARs”)

SARs were previously granted primarily as part of the Company’s annual share-based compensation award issuances during the second quarter of each year. Beginning in 2021, the Company no longer included SARs in its annual share-based compensation award issuances; however, may from time-to-time issue additional SARs in the future.

A summary of the Company’s SARs for the six months ended July 3, 2021 is as follows:

SARs	SARs	Weighted-Average Exercise Price
Outstanding at beginning of period	638,124	\$ 113.98
Granted	—	—
Exercised	(94,306)	78.73
Forfeited	(3,826)	211.28
Outstanding at end of period	539,992	\$ 119.46
Exercisable at end of period	446,171	\$ 97.73

The following table summarizes information related to the SARs outstanding as of July 3, 2021:

	Outstanding	Exercisable
Aggregate intrinsic value (in millions)	\$ 227	\$ 197
Weighted-average remaining contractual life	4.0	3.8

The intrinsic value of SARs exercised during the six months ended July 3, 2021 and June 27, 2020 was \$38 million and \$31 million, respectively. The total fair value of SARs vested during the six months ended July 3, 2021 and June 27, 2020 was \$5 million and \$8 million, respectively.

Reflexis Replacement Options

In connection with the Company's September 2020 acquisition of Reflexis, the Company assumed the 2016 Stock Incentive Plan of Reflexis Systems, Inc. (the "Reflexis Plan") and replaced certain unvested options under the Reflexis Plan with Zebra incentive stock options ("Reflexis Replacement Options"). Upon exercise of Reflexis Replacement Options, the Company receives cash proceeds equal to the exercise price and issues whole shares of Class A Common Stock to participants.

A summary of the Reflexis Replacement Options outstanding is as follows:

Reflexis Replacement Options	Options	Weighted-Average Exercise Price
Outstanding at beginning of period	34,424	\$ 58.09
Granted	—	—
Exercised	(4,706)	58.85
Forfeited	(1,529)	63.01
Outstanding at end of period	28,189	\$ 57.78
Exercisable at end of period	14,016	\$ 54.88

The following table summarizes information related to the Reflexis Replacement Options outstanding as of July 3, 2021:

	Outstanding	Exercisable
Aggregate intrinsic value (in millions)	\$ 14	\$ 7
Weighted-average remaining contractual life	6.9	6.6

The intrinsic value for options exercised during the six months ended July 3, 2021 was \$2 million. The total fair value of options vested during the six months ended July 3, 2021 was \$3 million.

Cash-settled awards

The Company also has cash-settled share-based compensation awards, including cash-settled stock appreciation rights, cash-settled restricted stock units and cash-settled performance stock units, which are expensed over the vesting period of the related award, which is up to 4 years. Compensation cost is calculated at the fair value on grant date multiplied by the number of share-equivalents granted. The fair value is remeasured at the end of each reporting period based on the Company's stock price, with remeasurements reflected as an adjustment to compensation expense in the Consolidated Statements of Operations. Cash settlement is based on the fair value of share equivalents at the time of vesting, which was \$9 million and \$5 million for the six months ended July 3, 2021 and June 27, 2020, respectively. Share-equivalents issued under these programs totaled 9,262 and 16,194 during the six months ended July 3, 2021 and June 27, 2020, respectively.

Employee Stock Purchase Plan

In May 2020, the Company's stockholders approved the Zebra Technologies Corporation 2020 Employee Stock Purchase Plan ("2020 ESPP"), which supersedes the 2011 Employee Stock Purchase Plan ("2011 ESPP") and became effective on July 1, 2020. Like the 2011 ESPP, the 2020 ESPP permits eligible employees to purchase Company Class A Common Stock at 95% of the fair market value at the date of purchase. Employees may make purchases by cash or payroll deductions up to certain limits. The aggregate number of shares that may be purchased under the 2020 ESPP is 1,500,000 shares. As of July 3, 2021, 1,461,757 shares remained available for future purchase.

Note 13 Income Taxes

The Company's effective tax rate for the three and six months ended July 3, 2021 was 8.0% and 13.0%, respectively, compared to 2.9% and 8.3%, respectively, for the comparable periods ended June 27, 2020. In both the current and prior year periods, the variance from the 21% federal statutory rate was attributable to the benefits of share-based compensation deductions, lower tax rates on foreign earnings, and U.S. tax credits. The three and six month periods ended July 3, 2021 benefited from the remeasurement of deferred tax assets associated with the enactment of a corporate tax rate increase in the U.K. during the second quarter of 2021.

The Company is continually monitoring the provisions of the American Rescue Plan Act, signed into law on March 11, 2021; the Consolidated Appropriations Act of 2021, signed into law on December 27, 2020; and the Coronavirus Aid, Relief and Economic Security Act, signed into law on March 27, 2020. The provisions of these laws did not have a significant impact to our effective tax rate in either the current or prior year. Management continues to monitor guidance regarding these laws and developments related to other coronavirus tax relief throughout the world for potential impacts.

The Company earns a significant amount of its operating income outside of the U.S. that is taxed at rates different than the U.S. federal statutory rate. The Company's principal foreign jurisdictions that provide sources of operating income are the U.K. and Singapore. During the second quarter of 2021, the U.K. government enacted a change in law that increases the corporate tax rate from 19% to 25%, with such rate change becoming effective in April 2023. Upon enactment, we remeasured our deferred tax assets to reflect the 25% statutory rate to the extent such tax benefits are expected to be realized in the future at the amended statutory rate. In addition, the Company has received an incentivized tax rate from the Singapore Economic Development Board, which reduces the income tax rate in that jurisdiction effective for calendar years 2019 to 2023. The Company has committed to making additional investments in Singapore over the period 2019 to 2022. However, should the Company not make these investments in accordance with the agreement, any incentive benefit would have to be repaid to the Singapore tax authorities.

The Company is not permanently reinvested with respect to its U.S. directly-owned foreign subsidiaries. The Company is subject to U.S. income tax on substantially all foreign earnings under the Global Intangible Low-Taxed Income provisions of the Tax Cuts and Jobs Act (the "Act"), while any remaining foreign earnings are eligible for a dividends received deduction under the Act. As a result, future repatriation of earnings will not be subject to U.S. federal income tax but may be subject to currency translation gains or losses. Where required, the Company has recorded a deferred tax liability for foreign withholding taxes on current earnings. Additionally, gains and losses on any future taxable dispositions of U.S.-owned foreign affiliates continue to be subject to U.S. income tax.

Management evaluates all jurisdictions based on historical pre-tax earnings and taxable income to determine the need for valuation allowances on a quarterly basis. Based on this analysis, a valuation allowance has been recorded for any jurisdictions where, in the Company's judgment, tax benefits are not expected to be realized. There were no changes to our valuation allowance during the three and six months ended July 3, 2021.

Uncertain Tax Positions

The Company is currently undergoing U.S. federal income tax audits for tax years 2017 and 2018. Additionally, fiscal years 2004 through 2018 remain open to examination by multiple foreign and U.S. state taxing jurisdictions. As of July 3, 2021, no significant uncertain tax positions are expected to be settled within the next twelve months. Due to uncertainties in any tax audit or litigation outcome, the Company's estimates of the ultimate settlements of uncertain tax positions may change and the actual tax benefits may differ significantly from estimates.

Note 14 Earnings Per Share

Basic net earnings per share is calculated by dividing net income by the weighted average number of common shares outstanding for the period. Diluted earnings per share is computed by dividing net income by the weighted average number of shares assuming dilution. Dilutive common shares outstanding is computed using the Treasury Stock method and, in periods of income, reflects the additional shares that would be outstanding if dilutive stock options were exercised for common shares during the period.

Earnings per share (in millions, except share data):

	Three Months Ended		Six Months Ended	
	July 3, 2021	June 27, 2020	July 3, 2021	June 27, 2020
Basic:				
Net income	\$ 219	\$ 100	\$ 447	\$ 189
Weighted-average shares outstanding	53,449,143	53,188,486	53,460,495	53,533,116
Basic earnings per share	\$ 4.10	\$ 1.87	\$ 8.36	\$ 3.53
Diluted:				
Net income	\$ 219	\$ 100	\$ 447	\$ 189
Weighted-average shares outstanding	53,449,143	53,188,486	53,460,495	53,533,116
Dilutive shares	459,152	487,244	469,608	522,208
Diluted weighted-average shares outstanding	53,908,295	53,675,730	53,930,103	54,055,324
Diluted earnings per share	\$ 4.07	\$ 1.85	\$ 8.29	\$ 3.49

Anti-dilutive options to purchase common shares are excluded from diluted earnings per share calculations. No shares were anti-dilutive for the three and six months ended July 3, 2021. 108,950 and 89,091 shares were anti-dilutive for the three and six months ended June 27, 2020, respectively.

Note 15 Accumulated Other Comprehensive Income (Loss)

Stockholders' equity includes certain items classified as AOCI, including:

- **Unrealized gain (loss) on anticipated sales hedging transactions** relates to derivative instruments used to hedge the exposure related to currency exchange rates for forecasted Euro sales. These hedges are designated as cash flow hedges, and the Company defers income statement recognition of gains and losses until the hedged transaction occurs. See Note 9, *Derivative Instruments* for more details.
- **Foreign currency translation adjustments** relate to the Company's non-U.S. subsidiary companies that have designated a functional currency other than the U.S. Dollar. The Company is required to translate the subsidiary functional currency financial statements to U.S. Dollars using a combination of historical, period end, and average foreign exchange rates. This combination of rates creates the foreign currency translation adjustment component of AOCI.

The components of AOCI for the six months ended July 3, 2021 and June 27, 2020 are as follows (in millions):

	Unrealized gain (loss) on sales hedging	Foreign currency translation adjustments	Total
Balance at December 31, 2019	\$ 2	\$ (46)	\$ (44)
Other comprehensive income (loss) before reclassifications	7	(8)	(1)
Amounts reclassified from AOCI ⁽¹⁾	(14)	—	(14)
Tax effect	1	—	1
Other comprehensive loss, net of tax	(6)	(8)	(14)
Balance at June 27, 2020	\$ (4)	\$ (54)	\$ (58)
Balance at December 31, 2020	\$ (28)	\$ (41)	\$ (69)
Other comprehensive income (loss) before reclassifications	23	(3)	20
Amounts reclassified from AOCI ⁽¹⁾	20	—	20
Tax effect	(9)	—	(9)
Other comprehensive income (loss), net of tax	34	(3)	31
Balance at July 3, 2021	\$ 6	\$ (44)	\$ (38)

(1) See Note 9, *Derivative Instruments* regarding timing of reclassifications to operating results.

Note 16 Accounts Receivable Factoring

The Company has Receivables Factoring arrangements, pursuant to which certain receivables are sold to banks without recourse in exchange for cash. Transactions under the Receivables Factoring arrangements are accounted for as sales under ASC 860, *Transfers and Servicing of Financial Assets*, with the sold receivables removed from the Company's balance sheet. Under these Receivables Factoring arrangements, the Company does not maintain any beneficial interest in the receivables sold. The banks' purchase of eligible receivables is subject to a maximum amount of uncollected receivables. The Company services the receivables on behalf of the banks, but otherwise maintains no significant continuing involvement with respect to the receivables. Sale proceeds that are representative of the fair value of factored receivables, less a factoring fee, are reflected in Net cash provided by operating activities on the Consolidated Statements of Cash Flows, while sale proceeds in excess of the fair value of factored receivables are reflected in Net cash used in financing activities on the Consolidated Statements of Cash Flows.

In May 2021, one of the Company's Receivables Factoring arrangements that was no longer actively utilized expired. As of July 3, 2021, the Company has two remaining active Receivables Factoring arrangements. One arrangement allows for the factoring of up to \$50 million of uncollected receivables originated from the EMEA region. The second arrangement allows for the factoring of up to €150 million of uncollected receivables originated from the EMEA and Asia-Pacific regions. With respect to the second arrangement, the Company is required to maintain a portion of sales proceeds as deposits in a restricted cash account that is released to the Company as it satisfies its obligations as servicer of sold receivables, which totaled \$21 million and \$24 million as of July 3, 2021 and December 31, 2020, respectively, and is classified within Prepaid expenses and other current assets on the Consolidated Balance Sheets.

During the six months ended July 3, 2021 and June 27, 2020, the Company received cash proceeds of \$814 million and \$508 million, respectively, from the sales of accounts receivables under its factoring arrangements. As of July 3, 2021 and December 31, 2020, there were a total of \$45 million and \$70 million, respectively, of uncollected receivables that had been sold and removed from the Company's Consolidated Balance Sheets.

As servicer of sold receivables, the Company had \$140 million and \$142 million of obligations that were not yet remitted to banks as of July 3, 2021 and December 31, 2020, respectively. These obligations are included within Accrued liabilities on the Consolidated Balance Sheets, with changes in such obligations reflected within Net cash used in financing activities on the Consolidated Statements of Cash Flows.

Fees incurred in connection with these arrangements were not significant.

Note 17 Segment Information & Geographic Data

The Company's operations consist of two reportable segments: Asset Intelligence & Tracking ("AIT") and Enterprise Visibility & Mobility ("EVM"). The reportable segments have been identified based on the financial data utilized by the Company's Chief Executive Officer (the chief operating decision maker or "CODM") to assess segment performance and allocate resources among the Company's segments. The CODM reviews adjusted operating income to assess segment profitability. To the extent applicable, segment operating income excludes business acquisition purchase accounting adjustments, amortization of intangible assets, acquisition and integration costs, impairment of goodwill and other intangibles, exit and restructuring costs, and product sourcing diversification costs. Segment assets are not reviewed by the Company's CODM and therefore are not disclosed below.

Effective January 1, 2021, the retail solutions offering moved from our AIT segment into our EVM segment contemporaneous with a change in our organizational structure and management of the business. Prior period results have been revised to conform to the current segment presentation. This change does not have an impact on the Consolidated Financial Statements.

Financial information by segment is presented as follows (in millions):

	Three Months Ended		Six Months Ended	
	July 3, 2021	June 27, 2020	July 3, 2021	June 27, 2020
Net sales:				
AIT	\$ 421	\$ 273	\$ 857	\$ 628
EVM	959	683	1,873	1,380
Total segment Net sales	1,380	956	2,730	2,008
Corporate, eliminations ⁽¹⁾	(3)	—	(6)	—
Total Net sales	<u>\$ 1,377</u>	<u>\$ 956</u>	<u>\$ 2,724</u>	<u>\$ 2,008</u>
Operating income:				
AIT ⁽²⁾	\$ 97	\$ 52	\$ 206	\$ 134
EVM ⁽²⁾	183	89	376	184
Total segment operating income	280	141	582	318
Corporate, eliminations ⁽¹⁾	(33)	(22)	(63)	(48)
Total Operating income	<u>\$ 247</u>	<u>\$ 119</u>	<u>\$ 519</u>	<u>\$ 270</u>

(1) To the extent applicable, amounts included in Corporate, eliminations consist of business acquisition purchase accounting adjustments, amortization of intangible assets, acquisition and integration costs, impairment of goodwill and other intangibles, exit and restructuring costs, and product sourcing diversification costs.

(2) AIT and EVM segment operating income includes depreciation and share-based compensation expense. The amounts of depreciation and share-based compensation expense attributable to AIT and EVM are proportionate to each segment's Net sales.

Information regarding the Company's operations by geographic area is contained in the following table. Net sales amounts are attributed to geographic area based on customer location. We manage our business based on regions rather than by individual countries.

Geographic data for Net sales is as follows (in millions):

	Three Months Ended		Six Months Ended	
	July 3, 2021	June 27, 2020	July 3, 2021	June 27, 2020
North America	\$ 707	\$ 502	\$ 1,380	\$ 1,021
EMEA	464	306	954	694
Asia-Pacific	137	110	257	207
Latin America	69	38	133	86
Total Net sales	<u>\$ 1,377</u>	<u>\$ 956</u>	<u>\$ 2,724</u>	<u>\$ 2,008</u>

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Overview

Zebra Technologies Corporation and its subsidiaries ("Zebra" or the "Company") is a global leader respected for innovative Enterprise Asset Intelligence ("EAI") solutions in the automatic identification and data capture solutions industry. We design, manufacture, and sell a broad range of products and solutions, including cloud-based subscriptions, that capture and move data. These products and solutions include mobile computers; barcode scanners and imagers; radio frequency identification device ("RFID") readers; specialty printers for barcode labeling and personal identification; real-time location systems ("RTLS"); related accessories and supplies, such as self-adhesive labels and other consumables; and software applications. We also provide a full range of services, including maintenance, technical support, and repair, managed and professional services. End-users of our products, solutions and services include those in the retail and e-commerce, manufacturing, transportation and logistics, healthcare, public sector, and other industries around the world.

Our customers have traditionally benefited from proven solutions that increase productivity and improve asset efficiency and utilization. The Company is poised to drive, and capitalize on, the evolution of the data capture industry into the broader EAI industry, supported by technology trends including the Internet of Things (“IoT”), ubiquitous mobility, automation, cloud computing, and the increasingly on-demand global economy. EAI solutions offer additional benefits to our customers including real-time, data-driven insights that improve operational visibility and drive workflow optimization.

The Company’s operations consist of two reportable segments: Asset Intelligence & Tracking (“AIT”) and Enterprise Visibility & Mobility (“EVM”).

- The AIT segment is an industry leader in barcode printing and asset tracking technologies. Its major product lines include barcode and card printers, supplies, services, and location solutions. Industries served include retail and e-commerce, manufacturing, transportation and logistics, healthcare, public sector, and other end markets within the following regions: North America; Europe, Middle East, and Africa (“EMEA”); Asia-Pacific; and Latin America.
- The EVM segment is an industry leader in automatic information and data capture solutions. Its major product lines include mobile computing, data capture, RFID, services, software-based workflow optimization solutions, and retail solutions. Industries served include retail and e-commerce, manufacturing, transportation and logistics, healthcare, public sector, and other end markets within the following regions: North America; EMEA; Asia-Pacific; and Latin America.

In the first quarter of 2021, our retail solutions offering moved from our AIT segment into our EVM segment contemporaneous with a change in our organizational structure and management of the business. We have reported our results reflecting this change, including historical periods, on a comparable basis. This change does not have an impact to the Consolidated Financial Statements.

Recent Developments

COVID-19 Outbreak

The coronavirus (“COVID-19” or the “pandemic”) has spread across the globe, with various measures, such as travel restrictions and cancellations or limitations of in-person gatherings, remaining in effect to certain degrees in several jurisdictions. We serve a diverse mix of customers; some of which, have experienced periodic declines or suspensions of their operations, whereas others have experienced increases in their business volume. While the ultimate duration of the pandemic and timing of recovery in each region remains highly uncertain, the Company’s 2021 sales and profitability have benefited from pent-up demand from customers who we believe had delayed purchases in 2020 due to the pandemic, as well as the resulting acceleration of the underlying trend to digitize and automate workflows. The negative impacts to Net sales from the pandemic, including declines in customer demand and supply chain disruptions, were most pronounced in the first half of 2020 and lessened later in 2020 as the global economic recovery took shape. We have continued to mitigate the impacts of supply chain disruptions by taking exceptional actions, including alternative modes of product delivery and fulfillment, as well as providing protective equipment for our front-line employees.

Thus far in 2021, the level of demand for certain product components has resulted in lengthened lead times and higher input costs, including freight. The Company expects these input cost increases to become more significant in future periods. These impacts may include the potential for product shortages which could negatively impact our ability to meet forecasted customer demand should suppliers of necessary parts no longer be able to provide such parts or sufficiently allocate supply among their customers, including the Company.

The federal, state, and local governments as well as foreign governments, to varying degrees, have imposed, and continue to impose, several protocols and regulations restricting the physical movement or other activities of individuals in an effort to limit the spread of COVID-19. Certain jurisdictions are currently lifting many of these restrictions; while others have become more restricted as a result of the impact of new variants of COVID-19. We implemented a number of measures in an effort to protect our employees’ health and well-being over the course of the pandemic tailored to address the local impacts, including having the majority of office workers work remotely, limiting employee travel, and withdrawing from in-person industry events. As governments continue to ease their restrictions and we continue to allow our employees to come back to work in our offices in a controlled approach, we have modified our business practices, including implementing social distancing protocols, office capacity restrictions, health screening, provision of personal protective equipment, tracking and tracing protocols, and extensively and frequently disinfecting our workspaces. Throughout the pandemic, distribution centers and repair centers have remained open at varying capacity levels to ensure continued support to our customers, many of whom provide essential goods and services to communities.

We have considered the potential impacts of the global pandemic in qualitative impairment assessments of our long-lived assets, including goodwill and intangible assets, property, plant and equipment and right-of-use lease assets. We have concluded that it is not more likely than not that any of our long-lived assets are impaired during the current and prior year period. Our analysis considered, among other factors:

- the nature of our products, solutions, and services as well as our position within our industry;
- our highly variable cost structure;
- the assumption that the negative impacts from COVID-19 will be temporary; and that
- the Company will continue generating strong positive operating cash flows over the long-term.

We have also considered the adequacy of our capital resources, inclusive of available borrowing capacity and other financing facilities; the results of our most recent quantitative goodwill impairment assessment, which was last completed in the fourth quarter of 2020; and our market capitalization, which has continued to far exceed total net assets. Finally, while we may experience a temporary increase in working capital levels, at this time, we do not anticipate a material impact to the realizability of current assets, such as accounts receivable or inventories.

The situation related to the pandemic and recovery from the pandemic continues to be complex and rapidly evolving. Certain vaccines have been authorized by major regulatory bodies to help fight the infection of COVID-19, and certain other vaccines are in the late stages of development to provide such treatment. While authorized vaccines have become more widely available to the public, vaccine availability remains limited in certain regions and the timeline to sufficiently mitigate the effects of the pandemic through vaccines or other measures remains uncertain. If COVID-19 persists or worsens before vaccines or other treatments are available and can keep pace with the variants within the certain regions, there may be further external developments, such as restrictions imposed by government authorities or guidance issued by public health authorities, that are beyond our control and may impact our operating plans. Parts of our business have experienced, and may continue to experience, operational disruption and customer demand impacts. Since the onset of the pandemic, we have taken certain cost reduction actions to mitigate the impact to profitability and cash flow. Currently, we are unable to reasonably estimate the duration of the pandemic or fully ascertain its long-term impact to our business.

Reflexis Acquisition

On September 1, 2020, the Company acquired Reflexis Systems, Inc. (“Reflexis”), a provider of task and workforce management, execution, and communication solutions for customers in the retail, food service, hospitality, and banking industries. Through this acquisition, the Company intends to enhance its solutions offerings to customers in these industries by combining Reflexis’ platform with its existing software solutions and product offerings, further empowering front line workers to execute the next best action using real time data. The operating results of Reflexis are included within the EVM segment.

Adaptive Vision Acquisition

On May 17, 2021, the Company acquired Adaptive Vision Sp. z o.o. (“Adaptive Vision”), a provider of graphical machine vision software with applications in the manufacturing industry, as well as a provider of libraries and other offerings for machine vision developers. The operating results of Adaptive Vision are included within the EVM segment.

Fetch Robotics Acquisition

On June 30, 2021, the Company entered into a definitive agreement to acquire Fetch Robotics, Inc. (“Fetch”), a provider of autonomous mobile robots for customers in the manufacturing and warehousing markets. The transaction is subject to customary closing conditions and is expected to close in the third quarter of 2021. The acquired business will become part of the EVM segment.

Results of Operations

Consolidated Results of Operations

(amounts in millions, except percentages)

	Three Months Ended				Six Months Ended			
	July 3, 2021	June 27, 2020	\$ Change	% Change	July 3, 2021	June 27, 2020	\$ Change	% Change
Net sales:								
Tangible products	\$ 1,192	\$ 811	\$ 381	47.0 %	\$ 2,345	\$ 1,712	\$ 633	37.0 %
Services and software	185	145	40	27.6 %	379	296	83	28.0 %
Total Net sales	1,377	956	421	44.0 %	2,724	2,008	716	35.7 %
Gross profit	658	419	239	57.0 %	1,313	892	421	47.2 %
Gross margin	47.8 %	43.8 %		400 bps	48.2 %	44.4 %		380 bps
Operating expenses	411	300	111	37.0 %	794	622	172	27.7 %
Operating income	\$ 247	\$ 119	\$ 128	107.6 %	\$ 519	\$ 270	\$ 249	92.2 %

Net sales to customers by geographic region were as follows (amounts in millions, except percentages):

	Three Months Ended				Six Months Ended			
	July 3, 2021	June 27, 2020	\$ Change	% Change	July 3, 2021	June 27, 2020	\$ Change	% Change
North America	\$ 707	\$ 502	\$ 205	40.8 %	\$ 1,380	\$ 1,021	\$ 359	35.2 %
EMEA	464	306	158	51.6 %	954	694	260	37.5 %
Asia-Pacific	137	110	27	24.5 %	257	207	50	24.2 %
Latin America	69	38	31	81.6 %	133	86	47	54.7 %
Total net sales	\$ 1,377	\$ 956	\$ 421	44.0 %	\$ 2,724	\$ 2,008	\$ 716	35.7 %

Operating expenses are summarized below (amounts in millions, except percentages):

	Three Months Ended				Six Months Ended			
	July 3, 2021	June 27, 2020	As a % of Net sales		July 3, 2021	June 27, 2020	As a % of Net sales	
			2021	2020			2021	2020
Selling and marketing	\$ 148	\$ 109	10.7 %	11.4 %	\$ 282	\$ 231	10.4 %	11.5 %
Research and development	141	98	10.2 %	10.3 %	281	203	10.3 %	10.1 %
General and administrative	92	74	6.7 %	7.7 %	174	148	6.4 %	7.4 %
Amortization of intangible assets	26	16	NM	NM	52	32	NM	NM
Acquisition and integration costs	4	1	NM	NM	5	2	NM	NM
Exit and restructuring costs	—	2	NM	NM	—	6	NM	NM
Total operating expenses	\$ 411	\$ 300	29.8 %	31.4 %	\$ 794	\$ 622	29.1 %	31.0 %

Consolidated Organic Net sales growth:

	Three Months Ended July 3, 2021	Six Months Ended July 3, 2021
Reported GAAP Consolidated Net sales growth	44.0 %	35.7 %
Adjustments:		
Impact of foreign currency translation ⁽¹⁾	(2.6) %	(2.2) %
Impact of acquisitions ⁽²⁾	(1.6) %	(1.5) %
Consolidated Organic Net sales growth ⁽³⁾	39.8 %	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.

(3) Consolidated Organic Net sales growth is a non-GAAP financial measure. See the *Non-GAAP Measures* section at the end of this item.

Second quarter 2021 compared to second quarter 2020

Total Net sales increased \$421 million or 44.0% compared with the prior year primarily due to broad-based customer demand to digitize and automate their businesses. Net sales growth across both of our segments and all regions included pent-up demand from customers who we believe had delayed purchases in fiscal 2020 due to the COVID-19 pandemic. EVM Net sales growth was 40.4% and AIT Net sales growth was 54.2% compared to the prior year. Excluding the effects of acquisitions and favorable currency changes, the increase in Consolidated Organic Net sales was 39.8%.

Gross margin increased to 47.8% for the current quarter compared to 43.8% for the prior year. Gross margins were higher than the prior year primarily due to favorable business mix and volume leverage, partial recovery of Chinese import tariffs in the current year, higher support service margins, favorable currency changes, the mitigation of Chinese import tariffs as of the fourth quarter of 2020, and contributions from our recent higher margin EVM acquisitions. These benefits were partially offset by higher premium freight costs.

Operating expenses for the quarter ended July 3, 2021 and June 27, 2020, were \$411 million and \$300 million, or 29.8% and 31.4% of Net sales, respectively. The increase in Operating expenses over the prior year was primarily due to higher employee compensation costs associated with higher incentive-based compensation related to improved financial performance in the current year, as well as prior year temporary salary reductions that began late in the second quarter; the inclusion of operating expenses and amortization of intangible assets associated with recently acquired businesses; and increased investment in research and development program projects, principally within our EVM segment. The prior year included costs associated with our 2019 Productivity Plan, the COVID-19 pandemic such as personal protective equipment, and the diversification of the Company's product sourcing footprint.

Operating income increased 107.6% to \$247 million for the current quarter compared to \$119 million for the prior year. The increase was due to higher Net sales and Gross profit, which were partially offset by higher Operating expenses.

Net income increased 119% compared to the prior year due to higher Operating income and favorability in Other expenses, net, partially offset by higher income tax expense detailed as follows:

- Other expenses, net was \$9 million in the current year compared to \$16 million in the prior year primarily due to lower foreign exchange losses and lower interest expense in the current year. The current year interest expense benefited from lower interest rates and average outstanding debt levels, as well as lower interest rate swaps losses compared to the prior year. The prior year included a \$7 million investment gain.
- The Company's effective income tax rate for the three months ended July 3, 2021 and June 27, 2020 was 8.0% and 2.9%, respectively. The Company's effective tax rate was higher in the current year compared to the prior year

primarily due to increased income in jurisdictions with higher tax rates, partially offset by higher share-based compensation deductions and the benefit of the enacted U.K. corporate tax rate increase from 19% to 25% on the Company's deferred tax assets.

Diluted earnings per share increased to \$4.07 as compared to \$1.85 in the prior year primarily due to higher Net income.

Year to date 2021 compared to Year to date 2020

Total Net Sales increased \$716 million or 35.7% compared with the prior year primarily due to broad-based customer demand to digitize and automate their businesses. Net sales growth across both of our segments and all regions included pent-up demand from customers who we believe had delayed purchases in fiscal 2020 due to the COVID-19 pandemic. Net sales for the prior year included the negative impacts of supply chain disruptions within our EVM segment resulting from the temporary closure of a key distribution center supplying the Americas late in the first quarter. EVM Net sales growth was 35.7% and AIT Net sales growth was 36.5% compared to the prior year. Excluding the effects of acquisitions and favorable currency changes, the increase in Consolidated Organic Net sales was 32.0%.

Gross margin increased to 48.2% for the current year compared to 44.4% for the prior year. Gross margins were higher than the prior year primarily due to favorable business mix and volume leverage, partial recovery of Chinese import tariffs in the current year, higher support service margins, favorable currency changes, the mitigation of Chinese import tariffs as of the fourth quarter of 2020, and contributions from our recent higher margin EVM acquisitions. These benefits were partially offset by higher premium freight costs.

Operating expenses for the period ended July 3, 2021 and June 27, 2020, were \$794 million and \$622 million, or 29.1% and 31.0% of Net sales, respectively. The increase in Operating expenses over the prior year was primarily due to higher employee incentive-based compensation associated with improved financial performance in the current year; the inclusion of operating expenses and amortization of intangible assets associated with recently acquired businesses; and increased investment in research and development program projects, principally within our EVM segment. These increases were partially offset by lower travel spending in the current year, as well as the prior year including costs associated with our 2019 Productivity Plan, the diversification of the Company's product sourcing footprint, and the COVID-19 pandemic, such as personal protective equipment.

Operating income increased 92.2% to \$519 million for the current year compared to \$270 million for the prior year. The increase was due to higher Net sales and Gross profit, which were partially offset by higher Operating expenses.

Net income increased 137% compared to the prior year due to higher Operating income and favorability in Other expenses, net, partially offset by higher income tax expense detailed as follows:

- Other expenses, net was \$5 million in the current year compared to \$64 million in the prior year. The current year interest expense benefited from a \$5 million gain on interest rate swaps compared to a \$42 million loss in the prior year, lower interest rates and lower average outstanding debt levels. The prior year included a \$7 million investment gain.
- The Company's effective income tax rate for the six months ended July 3, 2021 and June 27, 2020 was 13.0% and 8.3%, respectively. The increase in the effective tax rate compared to the prior year was primarily due to an increase in income in jurisdictions with higher tax rates, partly offset by higher share-based compensation deductions, the benefit of the enacted U.K. corporate tax rate increase from 19% to 25% on the Company's deferred tax assets, and other discrete items.

Diluted earnings per share increased to \$8.29 as compared to \$3.49 in the prior year primarily due to higher Net income.

Results of Operations by Segment

The following commentary should be read in conjunction with the financial results of each operating business segment as detailed in Note 17, *Segment Information & Geographic Data* in the Notes to Consolidated Financial Statements. To the extent applicable, segment results exclude purchase accounting adjustments, amortization of intangible assets, acquisition and integration costs, impairment of goodwill and other intangibles, exit and restructuring costs, and product sourcing diversification costs.

Asset Intelligence & Tracking Segment ("AIT")

(in millions, except percentages)

	Three Months Ended				Six Months Ended			
	July 3, 2021	June 27, 2020	\$ Change	% Change	July 3, 2021	June 27, 2020	\$ Change	% Change
Net sales:								
Tangible products	\$ 393	\$ 251	\$ 142	56.6 %	\$ 803	\$ 584	\$ 219	37.5 %
Services and software	28	22	6	27.3 %	54	44	10	22.7 %
Total Net sales	421	273	148	54.2 %	857	628	229	36.5 %
Gross profit	201	125	76	60.8 %	411	296	115	38.9 %
Gross margin	47.7 %	45.8 %		190 bps	48.0 %	47.1 %		90 bps
Operating expenses	104	73	31	42.5 %	205	162	43	26.5 %
Operating income	\$ 97	\$ 52	\$ 45	86.5 %	\$ 206	\$ 134	\$ 72	53.7 %

AIT Organic Net sales growth:

	Three Months Ended July 3, 2021	Six Months Ended July 3, 2021
AIT Reported GAAP Net sales growth	54.2 %	36.5 %
Adjustments:		
Impact of foreign currency translation ⁽¹⁾	(3.0) %	(2.1) %
AIT Organic Net sales growth ⁽²⁾	51.2 %	34.4 %

(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) AIT Organic Net sales growth is a non-GAAP financial measure. See the *Non-GAAP Measures* section at the end of this item.

Second quarter 2021 compared to second quarter 2020

Total Net sales for AIT increased \$148 million or 54.2% compared to the prior year primarily due to higher sales of printing products and supplies reflecting broad-based customer demand across all regions, inclusive of pent-up demand from customers who we believe had delayed purchases in fiscal 2020 due to the COVID-19 pandemic, as well as favorable currency changes. Excluding the impact of foreign currency changes, AIT Organic Net sales growth was 51.2%.

Gross margin increased to 47.7% for the current quarter compared to 45.8% for the prior year, primarily due to favorable business mix and volume leverage, partial recovery of Chinese import tariffs in the current year, favorable currency changes, and the mitigation of Chinese import tariffs as of the fourth quarter of 2020. These benefits were partially offset by higher premium freight costs.

Operating income increased 86.5% in the current quarter compared to the prior year period. The increase was due to higher Net sales and Gross profit, which were partially offset by higher Operating expenses.

Year to date 2021 compared to Year to date 2020

Total Net sales for AIT increased \$229 million or 36.5% compared to the prior year primarily due to higher sales of printing products and supplies reflecting broad-based customer demand across all regions, inclusive of pent-up demand from customers who we believe had delayed purchases in fiscal 2020 due to the COVID-19 pandemic, as well as favorable currency changes. Excluding the impact of foreign currency changes, AIT Organic Net sales growth was 34.4%.

Gross margin increased to 48.0% for the current year compared to 47.1% for the prior year, primarily due to favorable business mix and volume leverage, partial recovery of Chinese import tariffs in the current year, favorable currency changes, and the mitigation of Chinese import tariffs as of the fourth quarter of 2020. These benefits were partially offset by higher premium freight costs.

Operating income increased 53.7% in the current year compared to the prior year. The increase was due to higher Net sales and Gross profit, which were partially offset by higher Operating expenses.

Enterprise Visibility & Mobility Segment ("EVM")

(in millions, except percentages)

	Three Months Ended				Six Months Ended			
	July 3, 2021	June 27, 2020	\$ Change	% Change	July 3, 2021	June 27, 2020	\$ Change	% Change
Net sales:								
Tangible products	\$ 799	\$ 560	\$ 239	42.7 %	\$ 1,542	\$ 1,128	\$ 414	36.7 %
Services and software	160	123	37	30.1 %	331	252	79	31.3 %
Total Net sales	959	683	276	40.4 %	1,873	1,380	493	35.7 %
Gross profit	460	296	164	55.4 %	908	599	309	51.6 %
Gross margin	48.0 %	43.3 %		470 bps	48.5 %	43.4 %		510 bps
Operating expenses	277	207	70	33.8 %	532	415	117	28.2 %
Operating income	\$ 183	\$ 89	\$ 94	105.6 %	\$ 376	\$ 184	\$ 192	104.3 %

EVM Organic Net sales growth:

	Three Months Ended July 3, 2021	Six Months Ended July 3, 2021
EVM Reported GAAP Net sales growth	40.4 %	35.7 %
Adjustments:		
Impact of foreign currency translation ⁽¹⁾	(2.7) %	(2.2) %
Impact of acquisitions ⁽²⁾	(2.6) %	(2.6) %
EVM Organic Net sales growth ⁽³⁾	35.1 %	30.9 %

(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 EVM Organic Net sales growth, amounts directly attributable to the acquisitions of Reflexis and Adaptive Vision are excluded for twelve months following their respective acquisitions.

(3) EVM Organic Net sales growth is a non-GAAP financial measure. See the *Non-GAAP Measures* section at the end of this item.

Second quarter 2021 compared to second quarter 2020

Total Net sales for EVM increased \$276 million or 40.4% compared to the prior year primarily due to higher sales of mobile computing and data capture products, as well as support services reflecting broad-based customer demand across all regions, inclusive of pent-up demand from customers who we believe had delayed purchases in fiscal 2020 due to the COVID-19 pandemic. In addition, our recent acquisitions contributed to the growth of Services and software Net sales in the current year. Excluding the impacts of acquisitions and favorable foreign currency changes, EVM Organic Net sales growth was 35.1%.

Gross margin increased to 48.0% in the current quarter compared to 43.3% in the prior year, primarily due to favorable business mix and volume leverage, partial recovery of Chinese import tariffs in the current year, higher support service margins, favorable currency changes, contributions from our higher margin acquisitions, and the mitigation of Chinese import tariffs as of the fourth quarter of 2020. These benefits were partially offset by higher premium freight costs.

Operating income for the current quarter increased 105.6% compared to the prior year period. The increase was due to higher Net sales and Gross profit, which were partially offset by higher Operating expenses.

Year to date 2021 compared to Year to date 2020

Total Net sales for EVM increased \$493 million or 35.7% compared to the prior year primarily due to higher sales of mobile computing and data capture products, as well as support services reflecting broad-based customer demand across all regions, inclusive of pent-up demand from customers who we believe had delayed purchases in fiscal 2020 due to the COVID-19 pandemic. In addition, our recent acquisitions contributed to the growth of Services and software Net sales in the current year. Net Sales for the prior year included the negative impacts of supply chain disruptions that primarily impacted our North America mobile computing business late in the first quarter. Excluding the impacts of acquisitions and favorable foreign currency changes, EVM Organic Net Sales growth was 30.9%.

Gross margin increased to 48.5% in the current year compared to 43.4% in the prior year, primarily due to favorable business mix and volume leverage, partial recovery of Chinese import tariffs in the current year, higher support service margins, favorable currency changes, contributions from our higher margin acquisitions, and the mitigation of Chinese import tariffs as of the fourth quarter of 2020. These benefits were partially offset by higher premium freight costs.

Operating income for the current year increased 104.3% compared to the prior year period. The increase was due to higher Net sales and Gross profit, which were partially offset by higher Operating expenses.

Liquidity and Capital Resources

The primary factors that influence our liquidity include the amount and timing of our revenues, cash collections from our customers, cash payments to our suppliers, capital expenditures, repatriation of foreign cash, acquisitions, and share repurchases. Management believes that our existing capital resources, inclusive of available borrowing capacity on debt and other financing facilities and funds generated from operations, are sufficient to meet anticipated capital requirements and service our indebtedness. The following table summarizes our cash flow activities for the periods indicated (in millions):

	Six Months Ended		
	July 3, 2021	June 27, 2020	\$ Change
Cash flows provided by (used in):			
Operating activities	\$ 539	\$ 355	\$ 184
Investing activities	(59)	(65)	6
Financing activities	(329)	(233)	(96)
Effect of exchange rates on cash balances	(4)	(1)	(3)
Net increase in cash and cash equivalents, including restricted cash	\$ 147	\$ 56	\$ 91

The change in our cash and cash equivalents balance during the six months ended July 3, 2021 compared to the prior year period is reflective of the following:

- The increase in cash provided by operating activities compared to the prior year was primarily attributed to higher operating profitability, lower inventory levels, favorable timing of vendor payments compared to the prior year and lower employee incentive compensation payments. These benefits were partially offset by less favorable accounts receivable collection timing, due in part to reduced benefits from our accounts receivable factoring programs, as well as higher payments of income taxes.
- The decrease in cash used in investing activities was primarily due to lower purchases of long-term investments and property, plant and equipment compared to the prior year, partly offset by cash paid for the acquisition of Adaptive

Vision.

- The increase in cash used in financing activities compared to the prior year was primarily due to higher net debt repayments in the current year, as well as favorable timing of unremitted cash collections from the servicing of factored receivables in the prior year, partially offset by lower share repurchases in the current year.

Company Debt

The following table shows the carrying value of the Company's debt (in millions):

	July 3, 2021	December 31, 2020
Term Loan A	\$ 888	\$ 917
2020 Term Loan	—	100
Receivables Financing Facilities	108	235
Total debt	\$ 996	\$ 1,252
Less: Debt issuance costs	(3)	(5)
Less: Unamortized discounts	(2)	(2)
Less: Current portion of debt	(47)	(364)
Total long-term debt	\$ 944	\$ 881

Term Loan A

The principal on Term Loan A is due in quarterly installments, with the next quarterly installment due in March 2022 and the majority due upon the August 9, 2024 maturity date. The Company may make prepayments, in whole or in part, without premium or penalty, and would be required to prepay certain outstanding amounts in the event of certain circumstances or transactions. As of July 3, 2021, the Term Loan A interest rate was 1.35%. Interest payments are made monthly and are subject to variable rates plus an applicable margin.

2020 Term Loan

In September 2020, the Company entered into a new \$200 million term loan ("2020 Term Loan"), with the proceeds used to partly fund the acquisition of Reflexis. The Company repaid \$100 million of principal in the fourth quarter of 2020 and repaid the remaining \$100 million of principal in the first quarter of 2021.

Receivables Financing Facilities

The Company has two Receivables Financing Facilities with financial institutions that have a combined total borrowing limit of up to \$280 million. As collateral, the Company pledges perfected first-priority security interests in its U.S. domestically originated accounts receivable. The Company has accounted for transactions under its Receivables Financing Facilities as secured borrowings. The Company's first Receivables Financing Facility allows for borrowings of up to \$180 million and matures on March 19, 2024. The Company's second Receivable Financing Facility allows for borrowings of up to \$100 million and matures on May 16, 2022. During the first half of 2021, the Company amended each of these facilities to extend the respective maturities, but otherwise did not substantially change the terms of the facilities.

As of July 3, 2021, the Company's Consolidated Balance Sheets included \$548 million of receivables that were pledged under the two Receivables Financing Facilities. As of July 3, 2021, \$108 million had been borrowed, of which \$22 million was classified as current. Borrowings under the Receivables Financing Facilities bear interest at a variable rate plus an applicable margin. As of July 3, 2021, the Receivables Financing Facilities had an average interest rate of 0.97%. Interest is paid on these borrowings on a monthly basis.

Revolving Credit Facility

The Company has a Revolving Credit Facility that is available for working capital and other general business purposes, including letters of credit. As of July 3, 2021, the Company had letters of credit totaling \$5 million, which reduced funds available for borrowings under the Revolving Credit Facility from \$1 billion to \$995 million. No borrowings were outstanding under the Revolving Credit Facility as of July 3, 2021. Upon borrowing, interest payments are made monthly and are subject to variable rates plus an applicable margin. The Revolving Credit Facility matures on August 9, 2024.

Uncommitted Short-Term Credit Facility

The Company also entered into an uncommitted short-term credit facility (“Uncommitted Facility”) in August 2020. The Uncommitted Facility matures on August 26, 2021 and allows for borrowings of up to \$20 million. Each borrowing must be repaid within 90 days, or earlier if the facility matures beforehand, and bears interest at a variable rate plus an applicable margin. Along with the Company’s Revolving Credit Facility, the Uncommitted Facility is available for working capital and other general business purposes. As of July 3, 2021, the Company had no outstanding borrowings under the Uncommitted Facility.

See Note 10, *Long-Term Debt* in the Notes to Consolidated Financial Statements for further details related to the Company’s debt instruments.

Receivables Factoring

The Company has Receivables Factoring arrangements, pursuant to which certain receivables are sold to banks without recourse in exchange for cash. Transactions under the Receivables Factoring arrangements are accounted for as sales under Accounting Standards Codifications 860, *Transfers and Servicing of Financial Assets*, with the sold receivables removed from the Company’s balance sheet. Under these Receivables Factoring arrangements, the Company does not maintain any beneficial interest in the receivables sold. The banks’ purchase of eligible receivables is subject to a maximum amount of uncollected receivables. The Company services the receivables on behalf of the banks, but otherwise maintains no significant continuing involvement with respect to the receivables. Sale proceeds that are representative of the fair value of factored receivables, less a factoring fee, are reflected in Net cash provided by operating activities on the Consolidated Statements of Cash Flows, while sale proceeds in excess of the fair value of factored receivables are reflected in Net cash used in financing activities on the Consolidated Statements of Cash Flows.

In May 2021, one of the Company’s Receivables Factoring arrangements that was no longer actively utilized expired. As of July 3, 2021, the Company has two remaining active Receivables Factoring arrangements. One arrangement allows for the factoring of up to \$50 million of uncollected receivables originated from the EMEA region. The second arrangement allows for the factoring of up to €150 million of uncollected receivables originated from the EMEA and Asia-Pacific regions.

As of July 3, 2021 and December 31, 2020 there were a total of \$45 million and \$70 million, respectively, of uncollected receivables that had been sold and removed from the Company’s Consolidated Balance Sheets.

As servicer of sold receivables, the Company had \$140 million and \$142 million of obligations that were not yet remitted to banks as of July 3, 2021 and December 31, 2020, respectively. These obligations are included within Accrued liabilities on the Consolidated Balance Sheets, with changes in such obligations reflected within Net cash used in financing activities on the Consolidated Statements of Cash Flows.

See Note 16, *Accounts Receivable Factoring* in the Notes to Consolidated Financial Statements for further details.

Share Repurchases

On July 30, 2019, the Company announced that its Board of Directors authorized a share repurchase program for up to an aggregate amount of \$1 billion of its outstanding shares of common stock. The share repurchase program does not have a stated expiration date. The level of the Company’s repurchases depends on a number of factors, including its financial condition, capital requirements, cash flows, results of operations, future business prospects and other factors its management may deem relevant. The timing, volume, and nature of repurchases are subject to market conditions, applicable securities laws and other factors and may be amended, suspended or discontinued at any time. Repurchases may be effected from time to time through open market purchases, including pursuant to a pre-set trading plan meeting the requirements of Rule 10b5-1(c) of the Securities Exchange Act of 1934. During the second quarter of 2021, the Company repurchased 52,289 shares of common stock for \$25 million. The Company’s share repurchases during the first quarter of 2021 were not significant. Comparatively, the Company repurchased 948,740 shares of common stock for \$200 million during the first six months of 2020. As of July 3, 2021, the Company has cumulatively repurchased 1,239,015 shares of common stock for \$272 million under the plan, resulting in a remaining amount of share repurchases authorized under the plan of \$728 million.

Significant Customers

The Company has three customers, who are distributors of the Company’s products and solutions, that individually accounted for more than 10% of total Company Net sales for the periods presented. In the aggregate, the approximate percentage of our segment and Company total Net sales was as follows:

	Six Months Ended					
	July 3, 2021			June 27, 2020		
	AIT	EVM	Total	AIT	EVM	Total
Significant customers as a % of sales	17.5 %	34.2 %	51.7 %	15.7 %	36.5 %	52.2 %

These customers accounted for 54.8% of accounts receivable as of July 3, 2021. No other customer accounted for more than 10% of total Net sales during the periods ended July 3, 2021 and June 27, 2020, or more than 10% of total outstanding accounts receivables as of July 3, 2021.

Safe Harbor

Forward-looking statements contained in this filing are subject to the safe harbor created by the Private Securities Litigation Reform Act of 1995 and are highly dependent upon a variety of important factors, which could cause actual results to differ materially from those expressed or implied in such forward-looking statements. When used in this document and documents referenced, the words “anticipate,” “believe,” “intend,” “estimate,” “will,” and “expect” and similar expressions as they relate to the Company or its management are intended to identify such forward-looking statements but are not the exclusive means of identifying these statements. The forward-looking statements include, but are not limited to, the Company’s financial outlook for the full year of 2021. These forward-looking statements are based on current expectations, forecasts and assumptions, and are subject to the risks and uncertainties inherent in the Company’s industry, market conditions, general domestic and international economic conditions, and other factors. These factors include:

- Market acceptance of the Company’s products and solution offerings and competitors’ offerings and the potential effects of technological changes,
- The effect of global market conditions, including the North America; EMEA; Latin America; and Asia-Pacific regions in which we do business,
- The impact of foreign exchange rates due to the large percentage of our sales and operations being outside the U.S.,
- Our ability to control manufacturing and operating costs,
- Risks related to the manufacturing of the Company’s products and conducting business operations in non-U.S. countries, including the risk of depending on key suppliers who are also in non-U.S. countries,
- The Company’s ability to purchase sufficient materials, parts, and components to meet customer demand, particularly in light of global economic conditions,
- The availability of credit and the volatility of capital markets, which may affect our suppliers, customers, and ourselves,
- Success of integrating acquisitions,
- Interest rate and financial market conditions,
- Access to cash and cash equivalents held outside the U.S.,
- The effect of natural disasters, man-made disasters, public health issues (including pandemics), and cybersecurity incidents on our business,
- The impact of changes in foreign and domestic governmental policies, laws, or regulations,
- The outcome of litigation in which the Company may be involved, particularly litigation or claims related to infringement of third-party intellectual property rights, and
- The outcome of any future tax matters or tax law changes.

We encourage readers of this report to review Part II, Item 1A, “Risk Factors” in this report for further discussion of issues that could affect the Company’s future results. We undertake no obligation, other than as may be required by law, to publicly update or revise any forward-looking statements, whether as a result of new information, future events, changed circumstances, or any other reason after the date of this report.

New Accounting Pronouncements

We do not expect any recently issued accounting pronouncements to have a material impact to our consolidated financial statements.

Non-GAAP Measures

The Company has provided reconciliations of the supplemental non-GAAP financial measures, as defined under the rules of the Securities and Exchange Commission, presented herein to the most directly comparable financial measures calculated and presented in accordance with GAAP.

These supplemental non-GAAP financial measures – Consolidated Organic Net sales growth, AIT Organic Net sales growth, and EVM Organic Net sales growth – are presented because our management evaluates our financial results both including and excluding the effects of business acquisitions and foreign currency translation, as applicable. Management believes that the supplemental non-GAAP financial measures presented provide additional perspective and insights when analyzing the core operating performance of our business from period to period and trends in our historical operating results. These supplemental non-GAAP financial measures should not be considered superior to, as a substitute for, or as an alternative to, and should be considered in conjunction with the GAAP financial measures presented.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

There were no material changes in the Company’s market risk during the quarter ended July 3, 2021. For additional information on market risk, refer to Item 7A, “Quantitative and Qualitative Disclosures About Market Risk” in the Annual Report on Form 10-K for the year ended December 31, 2020.

Item 4. Controls and Procedures

Management’s Report on Disclosure Controls

Our management is responsible for establishing and maintaining adequate disclosure controls as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act to ensure that information required to be disclosed by the Company in reports that it files or submits under the Exchange Act is (i) recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission rules and forms and (ii) accumulated and communicated to the Company’s management, including its principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure. Our management assessed the effectiveness of our disclosure controls as of July 3, 2021. Based on this assessment and those criteria, our management believes that, as of July 3, 2021, our disclosure controls were effective.

Changes in Internal Controls over Financial Reporting

During the quarter ended July 3, 2021, there have been no changes in our internal controls that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

Inherent Limitations on the Effectiveness of Controls

The Company’s management, including the Chief Executive Officer and Chief Financial Officer, does not expect that the disclosure controls and procedures or the internal controls over financial reporting will prevent all errors and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple error or mistake. Controls can also be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the controls. The design of any system of controls is based in part on certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Projections of any evaluation of controls effectiveness to future periods are subject to risks. Over time, controls may become inadequate because of changes in conditions or deterioration in the degree of compliance with policies or procedures.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

See Note 11, *Commitments and Contingencies* in the Notes to Consolidated Financial Statements included in this report.

Item 1A. Risk Factors

In addition to the other information included in this report, you should carefully consider the factors discussed in Part I, Item 1A. “Risk Factors” in the Annual Report on Form 10-K for the year ended December 31, 2020, and the factors identified under “Safe Harbor” in Part I, Item 2 of this Quarterly Report on Form 10-Q, which could materially affect our business, financial condition, cash flows, or results of operations. The risks described in the Annual Report are not the only risks facing the Company. Additional risks and uncertainties not currently known to the Company or that the Company currently considers immaterial also may materially adversely affect its business, financial condition, and/or operating results. There have been no material changes to the risk factors included in our Annual Report for the year ended December 31, 2020, other than as described below.

Our future operating results depend on our ability to purchase a sufficient amount of materials, parts, and components, as well as services and software to meet the demands of customers. We source some of our components from sole source suppliers. Any disruption to our suppliers or significant increase in the price of supplies, inclusive of costs to transport, could have a negative impact on our results of operations. Our ability to meet customers’ demands depends, in part, on our ability to obtain in a timely manner an adequate delivery of quality materials, parts, and components, as well as services and software from our suppliers. In addition, certain supplies are available only from a single source or limited sources and we may not be able to diversify sources in a timely manner. If demand for our products, solutions or services increases from our current expectations or if suppliers are unable or unwilling to meet our demand for other reasons, including as a result of natural disasters, public health issues, severe weather conditions, or financial issues, we could experience an interruption in supplies or a significant increase in the price of supplies that could have a negative impact on our business. We have experienced shortages in the past that have negatively impacted our results of operations and may experience such shortages in the future. In addition, such volatility in customer demand, product availability, and costs to transport products, may result in increased operating input costs. Credit constraints at our suppliers could cause us to accelerate payment of accounts payable by us, impacting our cash flow.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

The following table sets forth information with respect to repurchases of the Company’s common stock for the three months ended July 3, 2021:

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs ⁽¹⁾	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs (in millions) ⁽¹⁾
April 4, 2021 - May 1, 2021	—	\$ —	—	\$ 753
May 2, 2021 - May 29, 2021	52,289	478.11	52,289	728
May 30, 2021 - July 3, 2021	—	—	—	728
Total	52,289	\$ 478.11	52,289	\$ 728

- (1) On July 30, 2019, the Company announced that its Board of Directors authorized a share repurchase program for up to an aggregate amount of \$1 billion of its outstanding shares of common stock. Repurchases may be effected from time to time through open market purchases, including pursuant to a pre-set trading plan meeting the requirements of Rule 10b5-1(c) of the Securities Exchange Act of 1934. The program does not have a stated expiration date.

Item 6. Exhibits

10.1	Form of 2021 performance-vested restricted stock unit agreement for employees other than the CEO
10.2	Form of 2021 time-restricted stock unit agreement for employees other than the CEO
10.3	Form of 2021 stock settled stock appreciate rights agreement for employees other than the CEO
10.4	Form of 2021 performance-vested restricted stock unit agreement for CEO
10.5	Form of 2021 time-vested restricted stock unit agreement for CEO
31.1	Rule 13a-14(a)/15d-14(a) Certification of Principal Executive Officer
31.2	Rule 13a-14(a)/15d-14(a) Certification of Principal Financial Officer
32.1	Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2	Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101	The following financial information from Zebra Technologies Corporation Quarterly Report on Form 10-Q, for the quarter ended July 3, 2021, formatted in Inline XBRL: (i) the Consolidated Balance Sheets; (ii) the Consolidated Statements of Operations; (iii) the Consolidated Statements of Comprehensive Income; (iv) the Consolidated Statements of Stockholders' Equity; (v) the Consolidated Statements of Cash Flows; and (vi) Notes to Consolidated Financial Statements. The instance document does not appear in the interactive data file because Inline XBRL tags are embedded in the iXBRL document.
104	The cover page from the Company's Quarterly Report on Form 10-Q for the quarter ended July 3, 2021, formatted in Inline XBRL (included in Exhibit 101).

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date: August 3, 2021

ZEBRA TECHNOLOGIES CORPORATION

By: /s/ Anders Gustafsson
Anders Gustafsson
Chief Executive Officer

Date: August 3, 2021

By: /s/ Nathan Winters
Nathan Winters
Chief Financial Officer

Exhibit 10.1

PERFORMANCE SHARE AGREEMENT

This PERFORMANCE SHARE AGREEMENT (this “Agreement”), dated as of %%GRANT_DATE, 'MM/DD/YYYY'%% (the “Grant Date”), is between ZEBRA TECHNOLOGIES CORPORATION, a Delaware corporation (the “Company”), and %%FIRST_NAME%%-%%LAST_NAME%% (the “Participant”). This Agreement evidences an Award being granted to the Participant under the Zebra Technologies Corporation 2018 Long-Term Incentive Plan, as amended (the “Plan”) in the form of Performance Shares (as defined in Section 2.29 of the Plan). Capitalized terms used in this Agreement without definitions shall have the meanings ascribed to such terms in the Plan.

1. Grant of Performance Shares.

(a) Grant. Subject to the provisions of this Agreement and pursuant to the provisions of the Plan, the Company hereby grants to the Participant as of the Grant Date %%TOTAL_UNITS_GRANTED, '999,999,999'%% Performance Shares (the “Target Number of Performance Shares”). Zero percent (0%) to two hundred percent (200%) of the Target Number of Performance Shares may be earned based on the Company’s results in accordance with Exhibit A. This Agreement shall be null and void unless the Participant accepts this Agreement by either (i) electronically accepting this Agreement through the Company’s electronic delivery and acceptance process operated by Merrill Lynch or (ii) executing this Agreement in the space provided below and returning it to the Company, in each case not later than June 25, 2021.

(b) Non-transferability. Except as otherwise permitted under the Plan or this Agreement, the Performance Shares granted hereunder shall be non-transferable by the Participant during the Vesting Period set forth under Section 2 of this Agreement.

2. Vesting.

(a) Vesting Period. Subject to Section 2(b) below, the percentage of Target Number of Performance Shares that have been earned in accordance with Exhibit A shall become vested and non-forfeitable on the third anniversary of the Grant Date (the “Vesting Period”), provided that the Participant is then employed by the Company or one of its Subsidiaries.

(b) Additional Rules for Early Employment Termination. Notwithstanding Section 2(a), the Performance Shares shall be subject to the following additional rules in the following circumstances:

(i) Death or Disability. If the Participant terminates employment with the Company and/or any Subsidiary due to death or Disability prior to the last day of the Vesting Period, the number of Performance Shares that becomes payable under Section 3 is determined as follows:

A. If the Participant terminates employment with the Company due to death or a Disability that also qualifies as a “disability” within the meaning of Treas. Reg. Section 1.409A-3(i)(4) (a “Section 409A Disability”), and such employment

termination occurs prior to December 31, 2023, then the number of earned and vested Performance Shares equals the greater of (x) the product of (1) the Target Number of Performance Shares multiplied by (2) the earned percentage as reported by the Company (determined in accordance with Exhibit A) on its financial statements when determining compensation expense under Generally Accepted Accounting Principles with respect to the Company's performance over the Three-Year Performance Period (as defined in Exhibit A) as of the most recent quarter end prior to the effective date of the Participant's termination of employment, or (y) the sum of the number of Performance Shares banked pursuant to Exhibit A as of the effective date of the Participant's termination of employment. However, if the Participant terminates employment with the Company and its Subsidiaries due to death or a Section 409A Disability, and such employment termination occurs on or after December 31, 2023 and on or prior to the third anniversary of the Grant Date, then the number of earned and vested Performance Shares shall be as determined in accordance with Exhibit A, but in no event will be less than the sum of the number of Performance Shares banked as of December 31, 2023 with respect to any then completed Annual Performance Years pursuant to Exhibit A.

B. If the Participant terminates employment with the Company or one of its Subsidiaries due to a Disability that is not a Section 409A Disability, then the number of earned and vested Performance Shares shall be as determined after the end of the Vesting Period in accordance with Exhibit A, but in no event will be less than the sum of the number of Performance Shares banked with respect to any then completed Annual Performance Years pursuant to Exhibit A.

For purposes of this Agreement, "Disability" has the meaning set forth in the employment agreement, if any, between the Company and/or any Subsidiary and the Participant or, if the Participant is not a party to such an agreement, "Disability" has the meaning ascribed to such term in the Plan.

(ii) Retirement. In the event of the Participant's Retirement prior to last day of the Vesting Period, a pro rata share of the Performance Shares shall become immediately vested. The pro rata share equals the product of (x) a fraction, the numerator of which is the number of days from but excluding the Grant Date and to and including the effective date of the Participant's Retirement, and the denominator of which is 1,096 (but in no event can the fraction exceed 1.0), multiplied by the greater of (y) the Target Number of Performance Shares that is earned based on the Company's results during the Three-Year Performance Period as determined under Exhibit A and (z) the number of Performance Shares banked based on the Company's results during each completed Annual Performance Year pursuant to Exhibit A.

For purposes of this Agreement, "Retire" and "Retirement" means the Participant's termination of employment with the Company and/or any Subsidiary that meets or exceeds the Rule of 65; provided, however that continued vesting under this Section 2(b)(ii) shall not apply if grounds to terminate Participant's employment for Cause existed at the time of termination (as determined by the Company in its sole discretion) either at the time of or following Participant's termination of employment. The "Rule of 65" means the sum

of the Participant's age and years of continuous service with the Company (including its predecessors) equals or exceeds sixty-five (65), provided that the Participant must meet both a minimum age of fifty-five (55) and a minimum of five (5) years of continuous service. Only full years of age and completed months of service shall be counted towards meeting the Rule of 65.

(iii) Termination by the Company or any Subsidiary other than for Cause.

In the event the Participant's employment with the Company and/or any Subsidiary is terminated by the Company and/or any Subsidiary other than for Cause prior to meeting the Rule of 65 set forth in Section 2(b)(ii) above and prior to the last day of the Vesting Period the number of Performance Shares that becomes payable under Section 3 shall be as determined under Section 2(b)(ii) above. For purposes of this Agreement, "Cause" has the meaning set forth in the employment agreement, if any, between the Company and/or any Subsidiary and the Participant or, if the Participant is not a party to such an agreement, "Cause" has the meaning, as determined by the Company in its sole discretion, set forth in the Plan.

(iv) Termination for Cause; Other Termination of Employment.

In the event the Participant's employment with the Company and/or any Subsidiary is terminated for any reason other than as provided in Section 2(b)(i), (ii) or (iii), including for Cause, any unvested Performance Shares as of the effective date of the Participant's termination of employment shall immediately be forfeited without the requirement of any action by the Company.

(v) Breach of Restrictive Covenants.

Notwithstanding anything to the contrary in this Section 2(b), if the Participant at any time breaches any of the Restrictive Covenants (as defined in Section 6), including after employment termination, then the Performance Shares, whether previously vested or not, shall immediately be forfeited.

3. Settlement; Issuance of Shares.

(a) No Share shall be issued to the Participant with respect to a Performance Share under this Agreement until it has become earned and vested under Section 2 above. For purposes of this Agreement, "Share" means a share of the Company's Class A Common Stock, \$0.01 par value per share.

(i) If Performance Shares become earned and vested under Section 2(a), the Company shall issue a Share with respect to each such Performance Share within ninety (90) days after the end of the Vesting Period.

(ii) If a Participant terminates employment before the end of the Vesting Period and becomes entitled to accelerated vesting of Performance Shares under Section 2(b)(i)(A) due to death or a Disability that also qualifies as a Section 409A Disability, then the Company shall issue a Share with respect to each such Performance Share within ninety (90) days after such termination of employment. If Performance Shares vest under Section 2(a)(i)(B) due to a Disability that is not a

Section 409A Disability, then the Company shall issue Shares with respect to each such Performance Share as provided Section 2(a)(i) above.

(iii) If a Participant terminates employment under the circumstances described under either Section 2(b)(ii) or Section 2(b)(iii) other than during the twelve (12)-month period beginning on a Section 409A CIC as described in Section 3(a)(iv) below, then the Company shall issue a Share with respect to each such Performance Share on or within ninety (90) days after the end of the Vesting Period.

(iv) Notwithstanding anything to the contrary in this Section 3(a), in the event that there is a Change in Control described in Section 9.8(a) of the Plan that is also a “change in the ownership or effective control of a corporation, or a change in the ownership of a substantial portion of the assets of a corporation” within the meaning of Treas. Reg. Section 1.409A-3(i)(5) (a “Section 409A CIC”), and the Participant terminates employment with vested Performance Shares on or during the twelve (12) months after a Section 409A CIC, then the Company shall issue a Share with respect to each vested Performance Share then held by such Participant on or within ninety (90) days after such termination of employment.

Issuance of Shares under vested Performance Shares shall in all events be subject to accelerated payment under Section 5(b) below and the requirements under Section 8 below. All earned and vested Performance Shares shall be settled solely with Shares, and not cash, notwithstanding anything to the contrary in the Plan; provided however, that fractional Shares shall be delivered solely in cash.

(b) When Shares are delivered, the Company shall make a cash payment equal to the aggregate amount of cash dividends and other cash distributions that the Company would have paid to the Participant during the Vesting Period in respect of the Shares that are being delivered under this Section 3 had such Shares been issued to the Participant on the Grant Date, without interest. To the extent that the Performance Shares are forfeited prior to vesting, the right to receive such cash payments under this Section 3 shall also be forfeited.

4. Payment of Taxes. If the Company is obligated to withhold any tax due to a taxable event with respect to the Performance Shares, the Participant shall be required to promptly pay, or make arrangements satisfactory to the Company to pay, minimum required amounts for tax withholding to the Company consistent with Section 9.10 of the Plan. Alternatively, subject to approval by the Company in its sole discretion, the Participant may elect to withhold a portion of the Shares that become taxable equal to the minimum required withholding amount consistent with Section 9.10 of the Plan. If the Participant fails to timely comply with these requirements, the Company shall have the power and the right to deduct or withhold an amount from the Participant’s compensation, including Shares under vested Performance Shares, sufficient to satisfy all minimum required tax withholdings with respect to any taxable event arising with respect to the Performance Shares consistent with the requirements under Section 409A of the Code. The Participant acknowledges and agrees that the Participant is solely responsible for all taxes payment with respect to the Performance Shares and Shares and other amounts paid under them.

5. Change in Control. The following provisions shall apply in the event of a Change in Control notwithstanding any provision to the contrary in Section 2 or Section 3 of this Agreement, and in all events subject to the restrictions in Section 8 below.

(a) If the Company or its successor terminates the Participant's employment other than for Cause or the Participant resigns for Good Reason on or within twelve (12) months after certain Change in Control transactions under the circumstances set forth in Section 9.8(a) of the Plan, as in effect on the date hereof, then a pro rata share of the Performance Shares shall become fully and immediately vested on the effective date of the Participant's termination of employment. The pro rata share equals the greater of 100% of the Target Number of Performance Shares or the percentage of the Target Number of Performance Shares earned based on actual performance under Exhibit A as of the time of the Change in Control as determined by the Committee. For purposes of this Agreement, "Good Reason" has the meaning set forth in the employment agreement, if any, between the Company and/or any Subsidiary and the Participant or, if the Participant is not a party to such an agreement, "Good Reason" has the meaning set forth in the Plan. The vesting rules under this Section 5(a), and not Section 2(b)(ii) or Section 2(b)(iii), shall apply in the event that a Participant has met the Rule of 65 at the time of any such termination of employment.

(b) The Target Number of Performance Shares or, if greater, the percentage of the Target Number of Performance Shares earned based on actual performance under Exhibit A as of the time of the Change in Control, as determined by the Committee, shall become immediately vested if this Award is terminated on or after certain Change in Control transactions under the circumstances set forth in Section 9.8(b) of the Plan, as in effect on the date hereof. In the event that any Change in Control described in Section 9.8(b) is also a Section 409A CIC, payment with respect to any vested Performance Shares under this Section 5(b) shall be made within ten (10) days after any such Change in Control. A Change in Control described under this Section 5(b) that does not qualify for accelerated payment under the immediately preceding sentence shall be payable at the same time as is applicable to employees who continue employment with the Company or its Subsidiaries as described in Section 2(a) above.

6. Confidentiality, Non-Solicitation and Non-Compete. The Participant agrees, understands, and acknowledges that by executing this Agreement, the Participant shall be bound by, and shall abide by the restrictive covenants set forth in Appendix A of this Agreement (the "Restrictive Covenants"). The Participant further agrees, understands and acknowledges that the scope and duration of the Restrictive Covenants contained in this Agreement are reasonable and necessary to protect a legitimate, protectable interest of the Company and its Subsidiaries, and that the Committee, in its sole discretion, may require the Participant, as a condition to lapsing any restrictions on the Performance Shares, to acknowledge in writing that the Participant has not engaged, and is not in the process of engaging, in any of the activities described in this Section 6.

7. Right of Setoff; Recoupment.

(a) Right of Setoff. The Company or any Subsidiary may, to the extent permitted by applicable law and which would not trigger tax under Section 409A of the Code, deduct from and set off against any amounts the Company or Subsidiary may owe to the Participant from time to time, including amounts payable in connection with this Agreement, owed as wages, fringe benefits, or other compensation owed to the Participant, such amounts as may be owed by the

Participant to the Company or a Subsidiary, although the Participant shall remain liable for any part of the Participant's payment obligation not satisfied through such deduction and setoff. By accepting any Performance Shares granted hereunder, the Participant agrees to any deduction or setoff under this Section 7(a).

(b) Termination of this Agreement; Recoupment. The Agreement shall terminate automatically and be subject to clawback and recoupment on the date the Participant violates a Restrictive Covenant or commits an act of theft, embezzlement of funds or fraud involving money or property of the Company or any Subsidiary. Any outstanding Performance Shares, whether vested or unvested, shall terminate automatically as of the date of such violation of a Restrictive Covenant or commission of an act of theft, embezzlement or fraud and the Participant shall forfeit such Performance Shares. With respect to any Performance Shares that vested within the one-year period prior to the date of such violation of any Restrictive Covenant or commission of an act of theft, embezzlement or fraud, the Participant shall pay the Company, within forty-five (45) calendar days of receipt by the Participant of a written demand therefor, or pursuant to such other time frame as the Company, in its sole discretion, agrees to in writing with the Participant, an amount in cash determined by multiplying the number of such Performance Shares by the Fair Market Value of a Share on the date of such vesting.

(c) Injunctive Action. The Participant acknowledges that if he or she violates the terms of Sections 6 or 7, the injury that would be suffered by the Company and/or a Subsidiary as a result of a breach of the provisions of this Agreement (including any Restrictive Covenant described in Section 6 or provision of Section 7(b)) would be irreparable and that an award of monetary damages to the Company and/or a Subsidiary for such a breach would be an inadequate remedy. Consequently, the Company and/or a Subsidiary will have the right, in addition to any other rights it may have, including the right to forfeiture and clawback under this Agreement, to obtain injunctive relief to restrain any breach or threatened breach or otherwise to specifically enforce any provision of this Agreement, and the Company and/or a Subsidiary will not be obligated to post bond or other security in seeking such relief. Without limiting the Company's or Subsidiary's rights under this Section 7 or any other remedies of the Company or a Subsidiary, if the Participant breaches any Restrictive Covenant described in Section 6 or the provisions of Section 7(b), the Company will have the right to cancel this Agreement.

(d) Attorneys' Fees. In addition to the rights available to the Company and its Subsidiaries under Sections 7(b) and (c), if the Participant violates the terms of Sections 6 or 7 at any time, the Company shall be entitled to reimbursement from the Participant of any fees and expenses (including attorneys' fees) incurred by or on behalf of the Company or any Subsidiary in enforcing the Company's or a Subsidiary's rights under this Section 7. In addition to any injunctive relief sought under Section 7(c) and whether or not the Company or any Subsidiary elects to make any set-off in whole or in part, if the Company or any Subsidiary does not recover by means of set-off the full amount the Participant owes to the Company or any Subsidiary, calculated as set forth in this Section 7(d), the Participant agrees to immediately pay the unpaid balance to the Company or any Subsidiary.

(e) Clawback Policy; Recoupment. Notwithstanding any other provision of this Agreement to the contrary, any Performance Shares granted under this Agreement (including any amounts or benefits arising or from or Shares issued with respect to such Performance Shares)

shall be subject to potential cancellation, recoupment, rescission, payback or other action in accordance with the terms of the Company's clawback policy, as it may be amended from time to time (the "Policy"). The Participant agrees and consents to the Company's application, implementation and enforcement of (i) the Policy or any similar policy established by the Company that may apply to the Participant and (ii) any provision of applicable law relating to cancellation, rescission, payback or recoupment of compensation, and expressly agrees that the Company may take such actions as are necessary to effectuate the Policy, any similar policy (as applicable to the Participant) or applicable law without further consent or action being required by the Participant. The Company's rights under the Policy shall be in addition to, and not in substitution of, the Company's rights under this Agreement or otherwise and, in all events, the terms of the Policy shall prevail to the extent that the terms of the Policy conflict with this Agreement or any other plan, program, agreement or arrangement.

8. Section 409A of the Code.

(a) It is intended that this Agreement shall comply with Section 409A of the Code and any regulations and guidelines issued thereunder (collectively, "Section 409A") to the extent this Agreement is subject thereto. This Agreement shall be interpreted on a basis consistent with such intent.

(b) If any payments or benefits provided to the Participant under this Agreement are non-qualified deferred compensation subject to, and not exempt from, Section 409A, the following provisions shall apply to such payments and/or benefits:

(i) For payments and benefits triggered by termination of employment, reference to the Participant's "termination of employment" (and corollary terms) shall be construed to refer to the Participant's "separation from service" (with such phrase determined under Treas. Reg. Section 1.409A-1(h), as uniformly applied by the Company) in tandem with the termination of employment.

(ii) If a Participant has a "separation from service" (within the meaning of Treas. Reg. Section 1.409A-1(h)) and is deemed at that time to be a "specified employee" (within the meaning of Treas. Reg. Section 1.409A-1(i)), any payment in settlement of a Performance Share that is triggered by such separation from service shall not be made prior to the earlier of (i) the expiration of the six (6)-month period measured from the date of "separation from service" and (ii) the date of the Participant's death as required to comply with Section 409A(a)(2)(B) of the Code. Any other payments shall be paid in accordance with the normal payment dates specified herein. Any settlement that is not triggered by a separation from service shall be unaffected by the six (6)-month delay rule.

(iii) Each Performance Share shall be treated as a separate payment for purposes of Section 409A of the Code. Whenever a payment under this Agreement specifies a payment period with reference to a number of days, the actual date of payment within the specified period shall be within the sole discretion of the Company.

(i) Except as specifically permitted in this Agreement, no acceleration of the time or schedule of any payment may be made hereunder. Notwithstanding the foregoing,

payments may be accelerated hereunder (without any direct or indirect election on the part of the Participant), in accordance with the provisions of Treas. Reg. Section 1.409A-3(j)(4), including to pay employment-related taxes under Section 4 due to the vesting of Performance Shares.

(iv) Notwithstanding any other provision of this Agreement to the contrary, in no event shall any payment of deferred compensation be subject to offset by any other amount unless otherwise permitted by Section 409A.

(c) If an amendment of this Agreement is necessary in order for it to comply with Section 409A, the Participant and the Company agree to negotiate in good faith to amend this Agreement in a manner that preserves the original intent of the parties to the extent reasonably possible. No action or failure by the Company in good faith to act, pursuant to this Section 8, shall subject the Company to any claim, liability, or expense, and the Company shall not have any obligation to indemnify or otherwise protect the Participant from the obligation to pay any taxes pursuant to Section 409A. The Company does not make any representations as to the personal income tax treatment of any payments or other benefits provided to the Participant.

9. Miscellaneous Provisions.

(a) No Service or Employment Rights. No provision of this Agreement or of the Performance Shares granted hereunder shall give the Participant any right to continue in the service or employ of the Company or any Subsidiary, create any inference as to the length of employment or service of the Participant, affect the right of the Company or any Subsidiary to terminate the employment or service of the Participant, with or without Cause, or give the Participant any right to participate in any employee welfare or benefit plan or other program (other than the Plan) of the Company or any Subsidiary.

(b) Plan Document Governs. The Performance Shares are granted pursuant to the Plan, and the Performance Shares and this Agreement are in all respects governed by the Plan and subject to all of the terms and provisions thereof, whether such terms and provisions are incorporated in this Agreement by reference or are expressly cited. Any inconsistency between this Agreement and the Plan shall be resolved in favor of the Plan. The Participant hereby acknowledges receipt of a copy of the Plan.

(c) Administration. This Agreement and the rights of the Participant hereunder are subject to all the terms and conditions of the Plan, as the same may be amended from time to time, as well as to such rules and regulations as the Committee may adopt for administration of the Plan. It is expressly understood that the Committee is authorized to administer, construe, and make all determinations necessary or appropriate to the administration of the Plan and this Agreement, all of which shall be binding upon the Participant.

(d) No Vested Right in Future Awards. The Participant acknowledges and agrees (by accepting or executing this Agreement) that the granting of Performance Shares under this Agreement is made on a fully discretionary basis by the Company and that this Agreement does not lead to a vested right to further Performance Shares or other awards in the future.

(e) Use of Personal Data. By accepting or executing this Agreement, the Participant acknowledges and agrees to the collection, use, processing and transfer of certain personal data, including his or her name, salary, nationality, job title, position and details of all past Awards and current Awards outstanding under the Plan (“Data”), for the purpose of managing and administering the Plan. The Participant is not obliged to consent to such collection, use, processing and transfer of personal data, but a refusal to provide such consent may affect his or her ability to participate in the Plan. The Company, or its Subsidiaries, may transfer Data among themselves or to third parties as necessary for the purpose of implementation, administration and management of the Plan. These various recipients of Data may be located elsewhere throughout the world. The Participant authorizes these various recipients of Data to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purposes of implementing, administering and managing the Plan. The Participant may, at any time, review Data with respect to the Participant and require any necessary amendments to such Data. The Participant may withdraw his or her consent to use Data herein by notifying the Company in writing; however, the Participant understands that by withdrawing his or her consent to use Data, the Participant may affect his or her ability to participate in the Plan.

(f) Severability. If a provision of this Agreement is or becomes illegal, invalid or unenforceable in any jurisdiction then that provision is to be construed either by modifying it to the minimum extent necessary to make it enforceable (if permitted by law) or disregarding it (if not), and that shall not affect the validity or enforceability in that jurisdiction of any other provision of this Agreement; or the validity or enforceability in other jurisdictions of that or any other provision of this Agreement.

(g) Waiver; Cumulative Rights. The failure or delay of either party to require performance by the other party of any provision hereof shall not affect its right to require performance of such provision unless and until such performance has been waived in writing. Each and every right hereunder is cumulative and may be exercised in part or in whole from time to time.

(h) Notices. Any notice which either party hereto may be required or permitted to give the other shall be in writing and may be delivered personally or by mail, postage prepaid, addressed to the Corporate Secretary of the Company, at its then corporate headquarters, and the Participant at the Participant’s address (including any electronic mail address) as shown on the Company’s records, or to such other address as the Participant, by notice to the Company, may designate in writing from time to time. The Participant hereby consents to electronic delivery of any notices that may be made hereunder.

(i) Counterparts. This Agreement may be signed in counterparts, each of which shall be an original, but both of which shall constitute but one and the same instrument.

(j) Successors and Assigns. This Agreement shall inure to the benefit of and be binding upon each successor and assign of the Company. All obligations imposed upon the Participant, and all rights granted to the Company hereunder, shall be binding upon the Participant’s heirs, legal representatives and successors and no consent is required from the Participant for such assignment.

(k) Securities Matters. Subject to Section 409A, the Company shall not be required to deliver any Shares until the requirements of any federal or state securities or other laws, rules or regulations (including the rules of any securities exchange) as may be determined by the Company to be applicable are satisfied.

(l) Change in Position. If the Company and/or its Subsidiaries changes the Participant's position or title with the Company and its Subsidiaries, or transfers the Participant from one affiliate to another, this Agreement and my obligations hereunder will remain in force.

(m) Governing Law. This Agreement and the Performance Shares granted hereunder shall be governed by, and construed and enforced in accordance with, the laws of the State of Delaware, without giving effect to provisions thereof regarding conflict of laws.

(n) Entire Agreement. This Agreement, together with the Plan, constitutes the entire obligation of the parties hereto with respect to the subject matter hereof and shall supersede any prior expressions of intent or understanding with respect to this transaction.

(o) Amendment. Any amendment to this Agreement shall be in writing and signed by an executive officer of the Company or the Director of Compensation and Benefits.

(p) Headings and Construction. The headings contained in this Agreement are for reference purposes only and shall not affect the meaning or interpretation of this Agreement.

IN WITNESS WHEREOF, the Company has caused this Agreement to be duly executed by an officer thereunto duly authorized, and the Participant has electronically accepted this Agreement through the Company's electronic delivery and acceptance process operated by Merrill Lynch or hereunto set his or her hand, all as of the day and year first above written.

ZEBRA TECHNOLOGIES CORPORATION

By:



Name: Anders Gustafsson

Title: Chief Executive Officer

RESTRICTED STOCK UNIT AGREEMENT

This RESTRICTED STOCK UNIT AGREEMENT (this “Agreement”), dated as of %%GRANT_DATE, 'MM/DD/YYYY'%% (the “Grant Date”), is between ZEBRA TECHNOLOGIES CORPORATION, a Delaware corporation (the “Company”), and %%FIRST_NAME%% %%LAST_NAME%% (the “Participant”), relating to restricted stock units granted under the Zebra Technologies Corporation 2018 Long-Term Incentive Plan, as amended (the “Plan”). Capitalized terms used in this Agreement without definitions shall have the meanings ascribed to such terms in the Plan.

1. Grant of Restricted Stock Units.

(a) Grant. Subject to the provisions of this Agreement and pursuant to the provisions of the Plan, the Company hereby grants to the Participant as of the Grant Date %%TOTAL_UNITS_GRANTED% units, each of which represents the right to receive, subject to the vesting provisions below, one Share (a “Restricted Stock Unit”). This Agreement shall be null and void unless the Participant accepts this Agreement by either (i) electronically accepting this Agreement through the Company’s electronic delivery and acceptance process operated by Merrill Lynch or (ii) executing this Agreement in the space provided below and returning it to the Company, in each case not later than June 25, 2021. For purposes of this Agreement, “Share” means a share of the Company’s Class A Common Stock, \$0.01 par value per share.

(b) Non-transferability. Except as otherwise permitted under the Plan or this Agreement, the Restricted Stock Units granted hereunder shall be non-transferable by the Participant during the Vesting Period set forth under Section 2 of this Agreement.

2. Vesting of Restricted Stock Units.

(a) General Vesting Rule. Subject to Section 2(b) below, the Restricted Stock Units shall become vested and non-forfeitable over the three year period following the Grant Date (the “Vesting Period”), at a rate of one-third (1/3) of the Restricted Stock Units on first, second and third anniversary of the Grant Date, provided that the Participant is then employed by the Company or one of its Subsidiaries. Restricted Stock Units vesting on the first two (2) anniversaries of the Grant Date shall be settled in whole shares of the Company’s Common Stock rounded down to the nearest whole share, and any Restricted Stock Units vesting on the third anniversary of the Grant Date shall be settled in whole shares of the Company’s Common Stock rounded down to the nearest whole share and cash for the value of any fractional share of Common Stock (rounded to the nearest hundredth).

(b) Additional Vesting Rules. Notwithstanding Section 2(a), the Restricted Stock Units shall be subject to the following additional vesting rules in the following circumstances:

(i) Death or Disability. If the Participant terminates employment with the Company and/or any Subsidiary due to death or Disability, any unvested portion of the Restricted Stock Units as of the effective date of the Participant’s termination of employment shall immediately become fully vested. For purposes of this Agreement,

“Disability” has the meaning set forth in the employment agreement, if any, between the Company and/or any Subsidiary and the Participant or, if the Participant is not a party to such an agreement, “Disability” has the meaning ascribed to such term in the Plan.

(ii) Retirement. In the event of the Participant’s Retirement, any unvested portion of the Restricted Stock Units shall continue to vest for twelve (12) months under the same schedule as set forth under Section 2(a) above or, if earlier, the next anniversary of the Grant Date. No additional Restricted Stock Units will be treated as having vested under this Section 2(b)(ii) for purposes of this Agreement until the immediately following anniversary of the Grant Date. While continuing to vest under this Section 2(b)(ii), a Participant shall not be treated as continuing covered employment and there shall be no additional accelerated vesting under this Section 2(b) on account of another event described herein, such as the Participant’s death or Disability or a Change in Control under Section 5(b) following Retirement. For purposes of this Agreement, “Retire” and “Retirement” mean the Participant’s termination of employment with the Company and/or any Subsidiary that meets or exceeds the Rule of 65; provided, however that continued vesting under this Section 2(b)(ii) shall not apply if grounds to terminate Participant’s employment for Cause existed at the time of termination (as determined by the Company in its sole discretion) either at the time of or following Participant’s termination of employment. The “Rule of 65” means the sum of the Participant’s age and years of continuous service with the Company (including its predecessors) equals or exceeds sixty-five (65), provided that the Participant must meet both a minimum age of fifty-five (55) and a minimum of five (5) years of continuous service. Only full years of age and completed months of service shall be counted towards meeting the Rule of 65.

(iii) Termination by the Company or any Subsidiary other than for Cause. In the event the Participant’s employment with the Company and/or any Subsidiary is terminated by the Company and/or any Subsidiary other than for Cause prior to meeting the Rule of 65 set forth in Section 2(b)(ii) above, a pro rata share of the Restricted Stock Units shall become immediately vested and non-forfeitable. The pro-rata share equals (A) the total number of Restricted Stock Units multiplied by a fraction, the numerator of which is the number of days from but excluding the Grant Date and to and including the effective date of the Participant’s termination of employment, and the denominator of which is 1,096, less (B) the Restricted Stock Units that previously vested under Section 2(a) before employment termination. For purposes of this Agreement, “Cause” has the meaning set forth in the employment agreement, if any, between the Company and/or any Subsidiary and the Participant or, if the Participant is not a party to such an agreement, “Cause” has the meaning, as determined by the Company in its sole discretion, set forth in the Plan.

(iv) Termination for Cause; Other Termination of Employment. In the event the Participant’s employment with the Company and/or any Subsidiary is terminated for any reason other than as provided in Section 2(b)(i), (ii) or (iii), including for Cause, any unvested Restricted Stock Units as of the effective date of the Participant’s termination of employment shall immediately be forfeited without the requirement of any action by the Company.

(v) Breach of Restrictive Covenants. Notwithstanding anything to the contrary in this Section 2(b), if the Participant at any time breaches any of the Restrictive Covenants (as defined in Section 6), including after employment termination, then the Restricted Stock Units, whether previously vested or not, shall immediately be forfeited.

3. Settlement of Restricted Stock Units; Issuance of Shares.

(a) No Shares shall be issued to the Participant with respect to a Restricted Stock Unit under this Agreement until it has become vested under Section 2 above.

(i) The Company shall issue a Share within ninety (90) days after a Restricted Stock Unit becomes vested on a Participant's regularly scheduled vesting date under Section 2(a).

(ii) If a Participant terminates employment before the Participant's regularly scheduled vesting date and becomes entitled to accelerated vesting of Restricted Stock Units under either Section 2(b)(i), Section 2(b)(iii) or Section 5(a), then the Company shall issue a Share with respect to each such Restricted Stock Unit within ninety (90) days after such termination of employment.

(iii) If a Participant terminates employment before a Participant's regularly scheduled vesting date and becomes entitled to accelerated vesting of Restricted Stock Units as described in Section 2(b)(ii), then the Company shall issue a Share with respect to each such Restricted Stock Unit at the same time (on the immediately following, regularly scheduled vesting date under Section 2(a)) as if the Participant had continued employment with the Company and its Subsidiaries; provided, however, that the Company shall issue any such Shares as provided for in Section 3(a)(ii) above if any such employment termination as described in Section 2(b)(ii) occurs on or within the two (2)-year period following a Change in Control that is also a "change in the ownership or effective control of a corporation, or a change in the ownership of a substantial portion of the assets of a corporation" within the meaning of Treas. Reg. Section 1.409A-3(i)(5).

Issuance of Shares under vested Restricted Stock Units shall in all events be subject to accelerated payment under Section 5(b) below and the requirements under Section 8 below. The Company will not deliver any fractional Share but will pay, in lieu thereof, cash equal to the Fair Market Value of any fractional Share.

(b) When Shares are delivered under Section 3(a) above, The Company shall make a cash payment equal to the aggregate amount of cash dividends and other cash distributions that the Company would have paid to the Participant during the period commencing on the Grant Date and ending on the applicable vesting date in respect of the Shares that are being delivered under Section 3(a) had such Shares been issued to the Participant on the Grant Date, without interest. To the extent that the Restricted Stock Units are forfeited prior to vesting, the right to receive such cash payments under this Section 3(b) shall also be forfeited.

4. Payment of Taxes. If the Company is obligated to withhold any tax due to a taxable event with respect to the Restricted Stock Units, the Participant shall be required to promptly pay, or make arrangements satisfactory to the Company to pay, minimum required amounts for tax

withholding to the Company consistent with Section 9.10 of the Plan. Alternatively, subject to Company approval in its sole discretion, the Participant may elect to withhold a portion of the Shares that become taxable equal to the minimum required withholding amount consistent with Section 9.10 of the Plan. If the Participant fails to timely comply with these requirements, the Company shall have the power and the right to deduct or withhold an amount from the Participant's compensation, including Shares under vested Restricted Stock Units, sufficient to satisfy all minimum required tax withholdings with respect to any taxable event arising with respect to the Restricted Stock Units consistent with the requirements under Section 409A of the Code. The Participant acknowledges and agrees that the Participant is solely responsible for all taxes payment with respect to the Restricted Stock Units and Shares and other amounts paid under them.

5. Change in Control. The following provisions shall apply in the event of a Change in Control notwithstanding any provision to the contrary in Section 2 or Section 3 of this Agreement, and in all events subject to the restrictions in Section 8 below.

(a) All Restricted Stock Units shall be become immediately vested if the Participant's employment is terminated by the Participant for Good Reason or by the Company or any Subsidiary without Cause on or within one (1) year after certain Change in Control transactions under the circumstances set forth in Section 9.8(a) of the Plan, as in effect on the date hereof. The vesting rules under this Section 5(a), and not Section 2(b)(ii) or Section 2(b)(iii), shall apply in the event that a Participant has met the Rule of 65 at the time of any such termination of employment.

(b) All Restricted Stock Units shall be become immediately vested if this Award is terminated on or after certain Change in Control transactions under the circumstances set forth in Section 9.8(b) of the Plan, as in effect on the date hereof. In the event that any Change in Control described in Section 9.8(b) is also a "change in the ownership or effective control of a corporation, or a change in the ownership of a substantial portion of the assets of a corporation" within the meaning of Treas. Reg. Section 1.409A-3(i)(5), payment with respect to any vested Restricted Stock Units under this Section 5(b) shall be made within ten (10) days after any such Change in Control. A Change in Control described under this Section 5(b) that does not qualify for accelerated payment under the immediately preceding sentence shall be payable at the same time as is applicable to employees who continue employment with the Company or its Subsidiaries as described in Section 2(a) above.

6. Confidentiality, Non-Solicitation and Non-Compete. The Participant agrees, understands, and acknowledges that by executing this Agreement, the Participant shall be bound by, and shall abide by the restrictive covenants set forth in Appendix A of this Agreement (the "Restrictive Covenants"). The Participant further agrees, understands and acknowledges that the scope and duration of the Restrictive Covenants contained in this Agreement are reasonable and necessary to protect a legitimate, protectable interest of the Company and its Subsidiaries, and that the Committee, in its sole discretion, may require the Participant, as a condition to lapsing any restrictions on the Restricted Stock Units, to acknowledge in writing that the Participant has not engaged, and is not in the process of engaging, in any of the activities described in this Section 6.

7. Right of Setoff; Recoupment.

(a) Right of Setoff. The Company or any Subsidiary may, to the extent permitted by applicable law and which would not trigger tax under Section 409A of the Code, deduct from and set off against any amounts the Company or Subsidiary may owe to the Participant from time to time, including amounts payable in connection with this Agreement, owed as wages, fringe benefits, or other compensation owed to the Participant, such amounts as may be owed by the Participant to the Company or a Subsidiary, although the Participant shall remain liable for any part of the Participant's payment obligation not satisfied through such deduction and setoff. By accepting any Restricted Stock Units granted hereunder, the Participant agrees to any deduction or setoff under this Section 7(a).

(b) Termination of this Agreement; Recoupment. The Agreement shall terminate automatically and be subject to clawback and recoupment on the date the Participant violates a Restrictive Covenant or commits an act of theft, embezzlement of funds or fraud involving money or property of the Company or any Subsidiary. Any outstanding Restricted Stock Units, whether vested or unvested, shall terminate automatically as of the date of such violation of a Restrictive Covenant or commission of an act of theft, embezzlement or fraud and the Participant shall forfeit such Restricted Stock Units. With respect to any Restricted Stock Units that vested within the one-year period prior to the date of such violation of any Restrictive Covenant or commission of an act of theft, embezzlement or fraud, the Participant shall pay the Company, within forty-five (45) calendar days of receipt by the Participant of a written demand therefor, or pursuant to such other time frame as the Company, in its sole discretion, agrees to in writing with the Participant, an amount in cash determined by multiplying the number of such Restricted Stock Units by the Fair Market Value of a Share on the date of such vesting.

(c) Injunctive Action. The Participant acknowledges that if he or she violates the terms of Sections 6 or 7, the injury that would be suffered by the Company and/or a Subsidiary as a result of a breach of the provisions of this Agreement (including any Restrictive Covenant described in Section 6 or provision of Section 7(b)) would be irreparable and that an award of monetary damages to the Company and/or a Subsidiary for such a breach would be an inadequate remedy. Consequently, the Company and/or a Subsidiary will have the right, in addition to any other rights it may have, including the right to forfeiture and clawback under this Agreement, to obtain injunctive relief to restrain any breach or threatened breach or otherwise to specifically enforce any provision of this Agreement, and the Company and/or a Subsidiary will not be obligated to post bond or other security in seeking such relief. Without limiting the Company's or Subsidiary's rights under this Section 7 or any other remedies of the Company or a Subsidiary, if the Participant breaches any Restrictive Covenant described in Section 6 or the provisions of Section 7(b), the Company will have the right to cancel this Agreement.

(d) Attorneys' Fees. In addition to the rights available to the Company and its Subsidiaries under Sections 7(b) and (c), if the Participant violates the terms of Sections 6 or 7 at any time, the Company shall be entitled to reimbursement from the Participant of any fees and expenses (including attorneys' fees) incurred by or on behalf of the Company or any Subsidiary in enforcing the Company's or a Subsidiary's rights under this Section 7. In addition to any injunctive relief sought under Section 7(c) and whether or not the Company or any Subsidiary elects to make any set-off in whole or in part, if the Company or any Subsidiary does not recover by means of set-off the full amount the Participant owes to the Company or any Subsidiary,

calculated as set forth in this Section 7(d), the Participant agrees to immediately pay the unpaid balance to the Company or any Subsidiary.

(e) Clawback Policy; Recoupment. Notwithstanding any other provision of this Agreement to the contrary, any Restricted Stock Units granted under this Agreement (including any amounts or benefits arising or from or Shares issued with respect to such Restricted Stock Units) shall be subject to potential cancellation, recoupment, rescission, payback or other action in accordance with the terms of the Company's clawback policy, as it may be amended from time to time (the "Policy"). The Participant agrees and consents to the Company's application, implementation and enforcement of (i) the Policy or any similar policy established by the Company that may apply to the Participant and (ii) any provision of applicable law relating to cancellation, rescission, payback or recoupment of compensation, and expressly agrees that the Company may take such actions as are necessary to effectuate the Policy, any similar policy (as applicable to the Participant) or applicable law without further consent or action being required by the Participant. The Company's rights under the Policy shall be in addition to, and not in substitution of, the Company's rights under this Agreement or otherwise and, in all events, the terms of the Policy shall prevail to the extent that the terms of the Policy conflict with this Agreement or any other plan, program, agreement or arrangement.

8. Section 409A of the Code.

(a) It is intended that this Agreement shall comply with Section 409A of the Code and any regulations and guidelines issued thereunder (collectively, "Section 409A") to the extent this Agreement is subject thereto. This Agreement shall be interpreted on a basis consistent with such intent.

(b) If any payments or benefits provided to the Participant under this Agreement are non-qualified deferred compensation subject to, and not exempt from, Section 409A, the following provisions shall apply to such payments and/or benefits:

(i) For payments and benefits triggered by termination of employment, reference to the Participant's "termination of employment" (and corollary terms) shall be construed to refer to the Participant's "separation from service" (with such phrase determined under Treas. Reg. Section 1.409A-1(h), as uniformly applied by the Company) in tandem with the termination of employment.

(ii) If a Participant has a "separation from service" (within the meaning of Treas. Reg. Section 1.409A-1(h)) and is deemed at that time to be a "specified employee" (within the meaning of Treas. Reg. Section 1.409A-1(i)), any payment in settlement of a Restricted Stock Unit that is triggered by such separation from service shall not be made prior to the earlier of (i) the expiration of the six (6)-month period measured from the date of "separation from service" and (ii) the date of the Participant's death as required to comply with Section 409A(a)(2)(B) of the Code. Any other payments shall be paid in accordance with the normal payment dates specified herein. Any settlement that is not triggered by a separation from service shall be unaffected by the six (6)-month delay rule.

(iii) Each Restricted Stock Unit shall be treated as a separate “payment” for purposes of Section 409A of the Code. Whenever a payment under this Agreement specifies a payment period with reference to a number of days, the actual date of payment within the specified period shall be within the sole discretion of the Company.

(iv) Except as specifically permitted in this Agreement, no acceleration of the time or schedule of any payment may be made hereunder. Notwithstanding the foregoing, payments may be accelerated hereunder (without any direct or indirect election on the part of the Participant), in accordance with the provisions of Treas. Reg. Section 1.409A-3(j)(4), including to pay employment-related taxes under Section 4 due to the vesting of Restricted Stock Units.

(v) Notwithstanding any other provision of this Agreement to the contrary, in no event shall any payment of deferred compensation be subject to offset by any other amount unless otherwise permitted by Section 409A.

(c) If an amendment of this Agreement is necessary in order for it to comply with Section 409A, the Participant and the Company agree to negotiate in good faith to amend this Agreement in a manner that preserves the original intent of the parties to the extent reasonably possible. No action or failure by the Company in good faith to act, pursuant to this Section 8, shall subject the Company to any claim, liability, or expense, and the Company shall not have any obligation to indemnify or otherwise protect the Participant from the obligation to pay any taxes pursuant to Section 409A. The Company does not make any representations as to the personal income tax treatment of any payments or other benefits provided to the Participant.

9. Miscellaneous Provisions.

(a) No Service or Employment Rights. No provision of this Agreement or of the Restricted Stock Units granted hereunder shall give the Participant any right to continue in the service or employ of the Company or any Subsidiary, create any inference as to the length of employment or service of the Participant, affect the right of the Company or any Subsidiary to terminate the employment or service of the Participant, with or without Cause, or give the Participant any right to participate in any employee welfare or benefit plan or other program (other than the Plan) of the Company or any Subsidiary.

(b) Plan Document Governs. The Restricted Stock Units are granted pursuant to the Plan, and the Restricted Stock Units and this Agreement are in all respects governed by the Plan and subject to all of the terms and provisions thereof, whether such terms and provisions are incorporated in this Agreement by reference or are expressly cited. Any inconsistency between this Agreement and the Plan shall be resolved in favor of the Plan. The Participant hereby acknowledges receipt of a copy of the Plan.

(c) Administration. This Agreement and the rights of the Participant hereunder are subject to all the terms and conditions of the Plan, as the same may be amended from time to time, as well as to such rules and regulations as the Committee may adopt for administration of the Plan. It is expressly understood that the Committee is authorized to administer, construe, and make all

determinations necessary or appropriate to the administration of the Plan and this Agreement, all of which shall be binding upon the Participant.

(d) No Vested Right in Future Awards. The Participant acknowledges and agrees (by accepting or executing this Agreement) that the granting of Restricted Stock Units under this Agreement is made on a fully discretionary basis by the Company and that this Agreement does not lead to a vested right to further restricted stock units or other awards in the future.

(e) Use of Personal Data. By accepting or executing this Agreement, the Participant acknowledges and agrees to the collection, use, processing and transfer of certain personal data, including his or her name, salary, nationality, job title, position and details of all past Awards and current Awards outstanding under the Plan ("Data"), for the purpose of managing and administering the Plan. The Participant is not obliged to consent to such collection, use, processing and transfer of personal data, but a refusal to provide such consent may affect his or her ability to participate in the Plan. The Company, or its Subsidiaries, may transfer Data among themselves or to third parties as necessary for the purpose of implementation, administration and management of the Plan. These various recipients of Data may be located elsewhere throughout the world. The Participant authorizes these various recipients of Data to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purposes of implementing, administering and managing the Plan. The Participant may, at any time, review Data with respect to the Participant and require any necessary amendments to such Data. The Participant may withdraw his or her consent to use Data herein by notifying the Company in writing; however, the Participant understands that by withdrawing his or her consent to use Data, the Participant may affect his or her ability to participate in the Plan.

(f) Severability. If a provision of this Agreement is or becomes illegal, invalid or unenforceable in any jurisdiction then that provision is to be construed either by modifying it to the minimum extent necessary to make it enforceable (if permitted by law) or disregarding it (if not), and that shall not affect the validity or enforceability in that jurisdiction of any other provision of this Agreement; or the validity or enforceability in other jurisdictions of that or any other provision of this Agreement.

(g) Waiver; Cumulative Rights. The failure or delay of either party to require performance by the other party of any provision hereof shall not affect its right to require performance of such provision unless and until such performance has been waived in writing. Each and every right hereunder is cumulative and may be exercised in part or in whole from time to time.

(h) Notices. Any notice which either party hereto may be required or permitted to give the other shall be in writing and may be delivered personally or by mail, postage prepaid, addressed to the Corporate Secretary of the Company, at its then corporate headquarters, and the Participant at the Participant's address (including any electronic mail address) as shown on the Company's records, or to such other address as the Participant, by notice to the Company, may designate in writing from time to time. The Participant hereby consents to electronic delivery of any notices that may be made hereunder.

(i) Counterparts. This Agreement may be signed in counterparts, each of which shall be an original, but both of which shall constitute but one and the same instrument.

(j) Successors and Assigns. This Agreement shall inure to the benefit of and be binding upon each successor and assign of the Company. All obligations imposed upon the Participant, and all rights granted to the Company hereunder, shall be binding upon the Participant's heirs, legal representatives and successors and no consent is required from the Participant for such assignment.

(k) Securities Matters. Subject to Section 409A, the Company shall not be required to deliver any Shares until the requirements of any federal or state securities or other laws, rules or regulations (including the rules of any securities exchange) as may be determined by the Company to be applicable are satisfied.

(l) Change in Position. If the Company and/or its Subsidiaries changes the Participant's position or title with the Company and its Subsidiaries, or transfers the Participant from one affiliate to another, this Agreement and my obligations hereunder will remain in force.

(m) Governing Law. This Agreement and the Restricted Stock Units granted hereunder shall be governed by, and construed and enforced in accordance with, the laws of the State of Delaware, without giving effect to provisions thereof regarding conflict of laws.

(n) Entire Agreement. This Agreement, together with the Plan, constitutes the entire obligation of the parties hereto with respect to the subject matter hereof and shall supersede any prior expressions of intent or understanding with respect to this transaction.

(o) Amendment. Any amendment to this Agreement shall be in writing and signed by an executive officer of the Company or the Director of Compensation and Benefits.

(p) Headings and Construction. The headings contained in this Agreement are for reference purposes only and shall not affect the meaning or interpretation of this Agreement.

IN WITNESS WHEREOF, the Company has caused this Agreement to be duly executed by an officer thereunto duly authorized, and the Participant has electronically accepted this Agreement through the Company's electronic delivery and acceptance process operated by Merrill Lynch or hereunto set his or her hand, all as of the day and year first above written.

ZEBRA TECHNOLOGIES CORPORATION

By:



Name: Anders Gustafsson

Title: Chief Executive Officer

Exhibit 10.3

STOCK APPRECIATION RIGHTS AGREEMENT (STOCK SETTLED)

This STOCK APPRECIATION RIGHTS AGREEMENT (this “SAR Agreement”), dated as of %%OPTION_DATE,'MM/DD/YYYY'%% (the “Grant Date”), is between ZEBRA TECHNOLOGIES CORPORATION, a Delaware corporation (the “Company”), and %%FIRST_NAME%% %%LAST_NAME%% (the “Participant”), relating to a stock appreciation right granted under the Zebra Technologies Corporation 2018 Long-Term Incentive Plan, as amended (the “Plan”). Capitalized terms used in this SAR Agreement without definitions shall have the meanings ascribed to such terms in the Plan.

1. Grant of Stock Appreciation Right.

- (a) Grant. Subject to the provisions of this SAR Agreement and pursuant to the provisions of the Plan, the Company hereby grants to the Participant as of the Grant Date a stock appreciation right (the “SAR”) covering %%TOTAL_SHARES_GRANTED,'999,999,999'%% shares (the “SAR Shares”) of the Company’s Class A Common Stock, \$0.01 par value per share (the “Stock”), at a price of %%OPTION_PRICE,'\$999,999,999.99'%% per share (the “SAR Price”). The SAR is not issued in tandem with an Option. This SAR Agreement shall be null and void unless the Participant accepts this SAR Agreement by either (i) electronically accepting this SAR Agreement through the Company’s electronic delivery and acceptance process operated by E*TRADE or (ii) executing this SAR Agreement in the space provided below and returning it to the Company, in each case not later than 50 days from the Grant Date.
- (b) Term of the SAR. Unless the SAR terminates earlier pursuant to other provisions of the SAR Agreement, the SAR shall expire at 5:00 p.m., Central Time, on the seventh (7th) anniversary of the Grant Date (the “Expiration Date”).
- (c) Non-transferability. The SAR shall be nontransferable, except by will or the laws of descent and distribution, or as otherwise permitted under the Plan.

2. Vesting of the SAR.

- (a) General Vesting Rule. Prior to the Expiration Date, the SAR shall become and be exercisable as follows:

<u>Vesting Date Anniversary</u>	<u>Percentage of SAR Exercisable</u>
Prior to the first anniversary of the Grant Date	0%
On and after the first anniversary of the Grant Date	25%
On and after the second anniversary of the Grant Date, an additional	25%
On and after the third anniversary of the Grant Date, an additional	25%

On and after the fourth anniversary of the
Grant Date, an additional

25%

provided, however, except as otherwise provided for under this SAR Agreement, the Participant must remain employed by the Company or any Subsidiary continuously through the applicable vesting dates.

(b) Additional Vesting Rules. Notwithstanding Section 2(a), the SAR shall be subject to the following additional vesting rules in the following circumstances:

(i) Death or Disability. In the event the Participant's employment with the Company and/or any Subsidiary is terminated due to Participant's death or Disability, any unvested portion of the SAR as of the effective date of the Participant's termination of employment shall immediately become fully vested and exercisable as of 5:00 p.m., Central Time, on the effective date of the Participant's termination of employment and, together with any unexercised vested portion of the SAR, shall remain exercisable until the earlier of:

(A) 5:00 p.m., Central Time, on the Expiration Date; or

(B) 5:00 p.m., Central Time, on the date that is one (1) year after the effective date of the Participant's termination of employment due to the Participant's death or Disability.

In the event of the Participant's death, the Participant's beneficiary or estate may exercise all or any portion of the vested SAR. For purposes of this Stock Agreement, "Disability" has the meaning set forth in the employment agreement, if any, between the Company and/or any Subsidiary and the Participant or, if the Participant is not a party to such an agreement, "Disability" has the meaning ascribed to such term in the Plan.

(ii) Retirement or Termination by the Company or any Subsidiary other than for Cause. In the event the Participant's employment with the Company and/or any Subsidiary is terminated due to Participant's Retirement, or by the Company and/or any Subsidiary other than for Cause, the number of SAR Shares that shall be vested and exercisable as of 5:00 p.m., Central Time, on the effective date of the Participant's termination of employment shall equal the number obtained by (A) multiplying the total number of SAR Shares granted as of the Grant Date under Section 1(a) by a fraction, the numerator of which is the number of days from but excluding the Grant Date and to and including the effective date of the Participant's termination of employment, and the denominator of which is 1,461 and (B) subtracting from such product the number, if any, of SAR Shares that vested in accordance with Section 2(a) and became exercisable prior to the effective date of the Participant's termination of employment. Any unexercised vested portion of the SAR shall remain exercisable until the earlier of:

(A) 5:00 p.m., Central Time, on the Expiration Date; or

(B) 5:00 p.m., Central Time, on the date that is one (1) year after the effective date of the Participant's termination of employment due to Retirement; or

(C) 5:00 p.m., Central Time, on the date that is ninety (90) days after the effective

date of the Participant's termination of employment by the Company and/or any Subsidiary other than for Cause.

For purposes of this SAR Agreement, "Retirement" means the Participant's voluntary termination of employment with the Company and/or any Subsidiary which meets or exceeds the Rule of 65. The "Rule of 65" means the sum of the Participant's age (in years) and years of continuous service with the Company (including its predecessors) equals or exceeds sixty-five (65), provided that the Participant must meet both a minimum age of 55 and a minimum of five years of continuous service. For purposes of determining Rule of 65, years of age and service equal full years and full completed months; and "Cause" has the meaning set forth in the employment agreement, if any, between the Company and/or any Subsidiary and the Participant or, if the Participant is not a party to such an agreement, "Cause" has the meaning, as determined by the Company in its sole discretion, set forth in the Plan.

(iii) Termination for Cause; Breach of Restrictive Covenant. In the event the Participant's employment with the Company and/or any Subsidiary is terminated for Cause or the Participant breaches any of the Restrictive Covenants (as defined in Section 6), any unexercised SAR, whether vested or not, shall expire as of the date of the event giving rise to the termination for Cause, be forfeited, and be considered null and void.

(iv) Other Termination of Employment. In the event the Participant's employment with the Company and/or any Subsidiary is terminated for any reason other than as provided in Section 2(b)(i), (ii) or (iii), any unexercised vested portion of the SAR as of the effective date of the Participant's termination of employment shall remain exercisable until the earliest of:

(A) 5:00 p.m., Central Time, on the Expiration Date; or

(B) 5:00 p.m., Central Time, on the date that is thirty (30) days after the effective date of the Participant's termination of employment.

3. Exercise of SAR.

(a) Notice of Exercise. Prior to the Expiration Date, the vested portion of the SAR may be exercised, in whole or in part, by delivering written notice to the Company in accordance with Section 8(i) and in such form as the Company may require from time to time. Such notice of exercise shall specify the number of SAR Shares to be exercised.

(b) Payment. As of the date of exercise of the SAR, the Company shall settle the exercised portion of the SAR as provided in Section 6.6 of the Plan. The amount of the payment for each SAR Share exercised shall equal (i) the Fair Market Value of a share of Stock on the date of exercise, less (ii) the SAR Price for each such exercised SAR Share. The exercised SAR shall be settled in whole shares of Stock, and cash for the value of a fractional share of Stock.

(c) Payment of Taxes. If the Company is obligated to withhold an amount on account of any tax imposed as a result of the exercise of the SAR, the Participant shall be required to pay such amount to the Company, as provided in Section 9.10 of the Plan. Alternatively, subject to Company approval, the Participant may elect to withhold a portion of the SAR exercise payment equal to the statutory tax that would be imposed on the exercise, as provided under Section 9.10

of the Plan. The Participant acknowledges and agrees that the Participant is responsible for the tax consequences associated with the grant of the SAR and its exercise.

(d) Death Prior to Exercise. In the event of the Participant's death prior to the exercise of any vested portion of the SAR, the Participant's beneficiary or estate may exercise the vested SAR.

4. Compliance with Federal and State Law. The Company reserves the right to delay the Participant's exercise of any portion of the SAR if the Company's issuance of Stock upon such exercise would violate any applicable federal or state securities laws or any other applicable laws or regulations. The Participant may not sell or otherwise dispose of any portion of the SAR or any Stock in violation of any applicable law. The Company may postpone issuing and delivering any Stock in payment for the exercise of any portion of the SAR for so long as the Company reasonably determines to be necessary to satisfy the following:

- (i) its completing or amending any securities registration or qualification of the Stock or it or the Participant satisfying any exemption from registration under any federal, state or other law, rule or regulation;
- (ii) its receiving proof it considers satisfactory that a person seeking to exercise the SAR after the Participant's death is entitled to do so; and
- (iii) the Participant complying with any federal, state or other tax withholding obligations.

5. Change in Control. Subject to Section 9.8 of the Plan:

(a) Notwithstanding any provision in this Agreement, in the event of a Change in Control pursuant to Section 2.5(c) or (d) of the Plan in connection with which (i) holders of Shares receive consideration consisting solely of shares of common stock that are registered under Section 12 of the Exchange Act (and disregarding the payment of cash in lieu of fractional shares) and (ii) this SAR Agreement is assumed or provision is made for the continuation of this SAR Agreement, then subject to Section 4.3 of the Plan, this SAR Agreement shall continue in accordance with its terms, and there shall be substituted for each SAR Share then subject to this SAR Agreement, the number and class of shares into which each outstanding Share shall be converted pursuant to such Change in Control. In the event of any such substitution, the SAR Price shall be appropriately adjusted by the Board or Committee (whose determination shall be final, binding and conclusive), such adjustments to be made without an increase in the aggregate SAR Price. In the event the Participant's employment with the Company and/or any Subsidiary is terminated by the Participant for Good Reason or by Zebra or any Subsidiary other than for Cause on or after the date of such Change in Control, then any unvested portion of the SAR as of the effective date of the Participant's termination of employment shall immediately become fully vested and exercisable and, together with any unexercised vested portion of the SAR, shall remain exercisable until the earlier of:

- (i) 5:00 p.m., Central Time, on the Expiration Date; or
- (ii) 5:00 p.m., Central Time, on the date that is ninety (90) days after the effective date of the Participant's termination of employment.

For purposes of this SAR Agreement, “Good Reason” has the meaning set forth in the employment agreement, if any, between the Company and/or any Subsidiary and the Participant or, if the Participant is not a party to such an agreement, “Good Reason” has the meaning set forth in the Plan.

(b) Notwithstanding any provision in this Agreement to the contrary, in the event of a Change in Control pursuant to Section 2.5(a) or (b) of the Plan, or in the event of a Change in Control pursuant to Section 2.5(c) or (d) of the Plan as to which Section 5(a) above does not apply, this SAR Agreement shall be surrendered to the Company by the Participant, and this SAR Agreement shall immediately be canceled by the Company, and the Participant shall receive, within ten (10) days following the effective date of the Change in Control, a cash payment from the Company in an amount equal to the number of SAR Shares then subject to this SAR, multiplied by the excess, if any, of the greater of (i) the highest per Share price offered to stockholders of the Company in any transaction whereby the Change in Control takes place or (ii) the Fair Market Value of a Share on the effective date of the Change in Control, over the SAR Price.

6. Confidentiality, Non-Solicitation and Non-Compete.

The Participant agrees, understands, and acknowledges that by executing this SAR Agreement, the Participant shall be bound by, and shall abide by the restrictive covenants set forth in Appendix A of this SAR Agreement (the “Restrictive Covenants”). The Participant further agrees, understands and acknowledges that the scope and duration of the Restrictive Covenants contained in this SAR Agreement are reasonable and necessary to protect a legitimate, protectable interest of the Company and its Subsidiaries, and that the Committee, in its sole discretion, may require the Participant, as a condition to the exercise of this SAR, to acknowledge in writing that the Participant has not engaged, and is not in the process of engaging, in any of the activities described in this Section 6.

7. Right of Setoff; Recoupment.

(a) Right of Setoff. The Company or any Subsidiary may, to the extent permitted by applicable law and which would not trigger tax under Code Section 409A, deduct from and set off against any amounts the Company or Subsidiary may owe to the Participant from time to time, including amounts payable in connection with this SAR Agreement, owed as wages, fringe benefits, or other compensation owed to the Participant, such amounts as may be owed by the Participant to the Company or a Subsidiary, although the Participant shall remain liable for any part of the Participant’s payment obligation not satisfied through such deduction and setoff. By accepting any SAR granted hereunder, the Participant agrees to any deduction or setoff under this Section 7(a).

(b) Termination of the SAR; Recoupment. Any SAR granted under this SAR Agreement (including any amounts or benefits arising from such SARs), regardless of whether such SARs are otherwise vested, shall terminate automatically and be subject to clawback and recoupment on the date the Participant violates a Restrictive Covenant or commits an act of theft, embezzlement of funds or fraud involving money or property of the Company or any Subsidiary. Any outstanding, unexercised SARs, whether vested or unvested, shall terminate automatically as of the date of such violation of a Restrictive Covenant or commission of an act of theft, embezzlement or fraud and the Participant shall forfeit such SARs. With respect to any SARs that were exercised within the one-year period prior to the date of such violation of any Restrictive

Covenant or commission of an act of theft, embezzlement or fraud, the Participant shall pay the Company, within forty five (45) calendar days of receipt by the Participant of a written demand therefor, or pursuant to such other time frame as the Company, in its sole discretion, agrees to in writing with the Participant, an amount in cash determined by multiplying the number of Shares as to which the SAR was exercised by the difference between (i) the Fair Market Value of a Share on the date of such exercise and (ii) the SAR Price per SAR (without reduction for any Shares withheld by the Company pursuant to Section 3(a)).

(c) **Injunctive Action.** The Participant acknowledges that if he or she violates the terms of Sections 6 or 7, the injury that would be suffered by the Company and/or a Subsidiary as a result of a breach of the provisions of this SAR Agreement (including any Restrictive Covenant described in Section 6 or provision of Section 7(b)) would be irreparable and that an award of monetary damages to the Company and/or a Subsidiary for such a breach would be an inadequate remedy. Consequently, the Company and/or a Subsidiary will have the right, in addition to any other rights it may have, including the right to forfeiture and clawback under this SAR Agreement, to obtain injunctive relief to restrain any breach or threatened breach or otherwise to specifically enforce any provision of this SAR Agreement, and the Company and/or Subsidiary will not be obligated to post bond or other security in seeking such relief. Without limiting the Company's or Subsidiary's rights under this Section 7 or any other remedies of the Company or a Subsidiary, if the Participant breaches any Restrictive Covenant described in Section 6 or the provisions of Section 7(b), the Company will have the right to cancel this SAR Agreement.

(d) **Attorneys' Fees.** In addition to the rights available to the Company and its Subsidiaries under Sections 7(b) and 7(c), if the Participant violates the terms of Sections 6 or 7 at any time, the Company shall be entitled to reimbursement from the Participant of any fees and expenses (including attorneys' fees) incurred by or on behalf of the Company or any Subsidiary in enforcing the Company's or a Subsidiary's rights under this Section 7. In addition to any injunctive relief sought under Section 7(c) and whether or not the Company or any Subsidiary elects to make any set-off in whole or in part, if the Company or any Subsidiary does not recover by means of set-off the full amount the Participant owes to the Company or any Subsidiary, calculated as set forth in this Section 7(d), the Participant agrees to immediately pay the unpaid balance to the Company or any Subsidiary.

(e) **Clawback Policy; Recoupment.** Notwithstanding any other provision of this SAR Agreement to the contrary, any SAR granted under this SAR Agreement (including any amounts or benefits arising from such SARs) shall be subject to potential cancellation, recoupment, rescission, payback or other action in accordance with the terms of the Company's clawback policy, as it may be amended from time to time (the "Policy"). The Participant agrees and consents to the Company's application, implementation and enforcement of (i) the Policy or any similar policy established by the Company that may apply to the Participant and (ii) any provision of applicable law relating to cancellation, rescission, payback or recoupment of compensation, and expressly agrees that the Company may take such actions as are necessary to effectuate the Policy, any similar policy (as applicable to the Participant) or applicable law without further consent or action being required by the Participant. The Company's rights under the Policy shall be in addition to, and not in substitution of, the Company's rights under this SAR Agreement or otherwise and, in all events, the terms of the Policy shall prevail to the extent that the terms of the

Policy conflict with this SAR Agreement or any other plan, program, agreement or arrangement.

8. Miscellaneous Provisions.

(a) No Service or Employment Rights. No provision of this SAR Agreement or of the SAR granted hereunder shall give the Participant any right to continue in the service or employ of the Company or any Subsidiary, create any inference as to the length of employment or service of the Participant, affect the right of the Company or any Subsidiary to terminate the employment or service of the Participant, with or without Cause, or give the Participant any right to participate in any employee welfare or benefit plan or other program (other than the Plan) of the Company or any Subsidiary.

(b) Stockholder Rights. Until the SAR shall have been duly exercised and Stock has been officially recorded as issued on the Company's official stockholder records, no person or entity shall be entitled to vote, receive dividends or be deemed for any purpose the holder of such Stock, and adjustments for dividends or otherwise shall be made only if the record date thereof is subsequent to the date such shares are recorded and after the date of exercise and without duplication of any adjustment.

(c) Plan Document Governs. The SAR is granted pursuant to the Plan, and the SAR and this SAR Agreement are in all respects governed by the Plan and subject to all of the terms and provisions thereof, whether such terms and provisions are incorporated in this SAR Agreement by reference or are expressly cited. Any inconsistency between the SAR Agreement and the Plan shall be resolved in favor of the Plan. The Participant hereby acknowledges receipt of a copy of the Plan.

(d) Administration. This SAR Agreement and the rights of the Participant hereunder are subject to all the terms and conditions of the Plan, as the same may be amended from time to time, as well as to such rules and regulations as the Committee may adopt for administration of the Plan. It is expressly understood that the Committee is authorized to administer, construe, and make all determinations necessary or appropriate to the administration of the Plan and this SAR Agreement, all of which shall be binding upon the Participant.

(e) No Vested Right in Future Awards. The Participant acknowledges and agrees (by accepting or executing this SAR Agreement) that the granting of the SAR under this SAR Agreement is made on a fully discretionary basis by the Company and that this SAR Agreement does not lead to a vested right to further SAR or other awards in the future.

(f) Use of Personal Data. By accepting or executing this SAR Agreement, the Participant acknowledges and agrees to the collection, use, processing and transfer of certain personal data, including his or her name, salary, nationality, job title, position, and details of all past Awards and current Awards outstanding under the Plan ("Data"), for the purpose of managing and administering the Plan. The Participant is not obliged to consent to such collection, use, processing and transfer of personal data, but a refusal to provide such consent may affect his or her ability to participate in the Plan. The Company or its Subsidiaries may transfer Data among themselves or to third parties as necessary for the purpose of implementation, administration and management of the Plan. These various recipients of Data may be located elsewhere throughout the world. The Participant authorizes these various recipients of Data to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purposes of implementing, administering and managing the Plan. The Participant may, at any time, review Data with respect

to the Participant and require any necessary amendments to such Data. The Participant may withdraw his or her consent to use Data herein by notifying the Company in writing; however, the Participant understands that by withdrawing his or her consent to use Data, the Participant may affect his or her ability to participate in the Plan.

(g) Severability. If a provision of this SAR Agreement is or becomes illegal, invalid or unenforceable in any jurisdiction then that provision is to be construed either by modifying it to the minimum extent necessary to make it enforceable (if permitted by law) or disregarding it (if not), and that shall not affect the validity or enforceability in that jurisdiction of any other provision of this SAR Agreement; or the validity or enforceability in other jurisdictions of that or any other provision of this SAR Agreement.

(h) Waiver; Cumulative Rights. The failure or delay of either party to require performance by the other party of any provision hereof shall not affect its right to require performance of such provision unless and until such performance has been waived in writing. Each and every right hereunder is cumulative and may be exercised in part or in whole from time to time.

(i) Notices. Any notice which either party hereto may be required or permitted to give the other shall be in writing and may be delivered personally or by mail, postage prepaid, addressed to the Corporate Secretary of the Company, at its then corporate headquarters, and the Participant at the Participant's address (including any electronic mail address) as shown on the Company's records, or to such other address as the Participant, by notice to the Company, may designate in writing from time to time. The Participant hereby consents to electronic delivery of any notices that may be made hereunder.

(j) Counterparts. This SAR Agreement may be signed in counterparts, each of which shall be an original, but both of which shall constitute but one and the same instrument.

(k) Successors and Assigns. This SAR Agreement shall inure to the benefit of and be binding upon each successor and assign of the Company. All obligations imposed upon the Participant, and all rights granted to the Company hereunder, shall be binding upon the Participant's heirs, legal representatives and successors and no consent is required from the Participant for such assignment.

(l) Change in Position. If the Company and/or its Subsidiaries changes the Participant's position or title with the Company and its Subsidiaries, or transfers the Participant from one affiliate to another, this SAR Agreement and my obligations hereunder will remain in force.

(m) Governing Law. This SAR Agreement and the SAR granted hereunder shall be governed by, and construed and enforced in accordance with, the laws of the State of Delaware, without giving effect to provisions thereof regarding conflict of laws.

(n) Entire Agreement. This SAR Agreement, together with the Plan, constitutes the entire obligation of the parties hereto with respect to the subject matter hereof and shall supersede any prior expressions of intent or understanding with respect to this transaction.

(o) Amendment. Any amendment to this SAR Agreement shall be in writing and signed by an executive officer of the Company or the Director of Compensation and Benefits.

(p) Headings and Construction. The headings contained in this SAR Agreement are

for reference purposes only and shall not affect the meaning or interpretation of this SAR Agreement. This SAR Agreement is intended to be a stock right excluded from the requirements of Code Section 409A. The terms of this SAR Agreement shall be administered and construed in a manner consistent with the intent that it be a stock right excluded from the requirements of Code Section 409A.

IN WITNESS WHEREOF, the Company has caused this SAR Agreement to be duly executed by an officer thereunto duly authorized, and the Participant has electronically accepted this SAR Agreement through the Company's electronic delivery and acceptance process operated by E*TRADE or hereunto set his or her hand, all as of the day and year first above written.

ZEBRA TECHNOLOGIES CORPORATION

By: 

Name: Anders Gustafsson

Title: Chief Executive Officer

PERFORMANCE SHARE AGREEMENT

This PERFORMANCE SHARE AGREEMENT (this “Agreement”), dated as of May 6, 2021 (the “Grant Date”), is between ZEBRA TECHNOLOGIES CORPORATION, a Delaware corporation (the “Company”), and Anders Gustafsson (the “Participant”). This Agreement evidences an Award being granted to the Participant under the Zebra Technologies Corporation 2018 Long-Term Incentive Plan, as amended (the “Plan”) in the form of Performance Shares (as defined in Section 2.29 of the Plan). Capitalized terms used in this Agreement without definitions shall have the meanings ascribed to such terms in the Plan.

1. Grant of Performance Shares.

(a) Grant. Subject to the provisions of this Agreement and pursuant to the provisions of the Plan, the Company hereby grants to the Participant as of the Grant Date [] Performance Shares (the “Target Number of Performance Shares”). Zero percent (0%) to two hundred percent (200%) of the Target Number of Performance Shares may be earned based on the Company’s results in accordance with Exhibit A. This Agreement shall be null and void unless the Participant accepts this Agreement by either (i) electronically accepting this Agreement through the Company’s electronic delivery and acceptance process operated by Merrill Lynch or (ii) executing this Agreement in the space provided below and returning it to the Company, in each case not later than June 25, 2021.

(b) Non-transferability. Except as otherwise permitted under the Plan or this Agreement, the Performance Shares granted hereunder shall be non-transferable by the Participant during the Vesting Period set forth under Section 2 of this Agreement.

2. Vesting.

(a) Vesting Period. Subject to Section 2(b) below, the percentage of Target Number of Performance Shares that have been earned in accordance with Exhibit A shall become vested and non-forfeitable on the third anniversary of the Grant Date (the “Vesting Period”), provided that the Participant is then employed by the Company or one of its Subsidiaries.

(b) Additional Rules for Early Employment Termination. Notwithstanding Section 2(a) or the Employment Agreement between the Company and the Participant effective as of September 4, 2007, as amended (the “Employment Agreement”), and unless otherwise determined by the Board of Directors of the Company or the Compensation Committee of the Board of Directors, the Performance Shares shall be subject to the following additional rules in the following circumstances:

(i) Death or Disability. If the Participant terminates employment with the Company and/or any Subsidiary due to death or Disability prior to the last day of the Vesting Period, the number of Performance Shares that becomes payable under Section 3 is determined as follows:

A. If the Participant terminates employment with the Company due to death or a Disability that also qualifies as a “disability” within the meaning of Treas. Reg. Section 1.409A-3(i)(4) (a “Section 409A Disability”), and such employment termination occurs prior to December 31, 2023, then the number of earned and vested Performance Shares equals the greater of (x) the product of (1) the Target Number of Performance Shares multiplied by (2) the earned percentage as reported by the Company (determined in accordance with Exhibit A) on its financial statements when determining compensation expense under Generally Accepted Accounting Principles with respect to the Company’s performance over the Three-Year Performance Period (as defined in Exhibit A) as of the most recent quarter end prior to the effective date of the Participant’s termination of employment, or (y) the sum of the number of Performance Shares banked pursuant to Exhibit A as of the effective date of the Participant’s termination of employment. However, if the Participant terminates employment with the Company and its Subsidiaries due to death or a Section 409A Disability, and such employment termination occurs on or after December 31, 2023 and on or prior to the third anniversary of the Grant Date, then the number of earned and vested Performance Shares shall be as determined in accordance with Exhibit A, but in no event will be less than the sum of the number of Performance Shares banked as of December 31, 2023 with respect to any then completed Annual Performance Years pursuant to Exhibit A.

B. If the Participant terminates employment with the Company or one of its Subsidiaries due to a Disability that is not a Section 409A Disability, then the number of earned and vested Performance Shares shall be as determined after the end of the Vesting Period in accordance with Exhibit A, but in no event will be less than the sum of the number of Performance Shares banked with respect to any then completed Annual Performance Years pursuant to Exhibit A.

For purposes of this Agreement, “Disability” shall occur if the Participant is deemed disabled under the terms of the Employment Agreement.

(ii) Retirement. In the event of the Participant’s Retirement prior to last day of the Vesting Period, a pro rata share of the Performance Shares shall become immediately vested. The pro rata share equals the product of (x) a fraction, the numerator of which is the number of days from but excluding the Grant Date and to and including the effective date of the Participant’s Retirement, and the denominator of which is 1,096 (but in no event can the fraction exceed 1.0), multiplied by the greater of (y) the Target Number of Performance Shares that is earned based on the Company’s results during the Three-Year Performance Period as determined under Exhibit A and (z) the number of Performance Shares banked based on the Company’s results during each completed Annual Performance Year pursuant to Exhibit A.

For purposes of this Agreement, “Retire” and “Retirement” means the Participant’s termination of employment with the Company and/or any Subsidiary that meets or exceeds the Rule of 65; provided, however that continued vesting under this Section 2(b)(ii) shall not apply if grounds to terminate Participant’s employment for Cause existed at the time of termination (as determined by the Company in its sole discretion) either at the time of

or following Participant's termination of employment. The "Rule of 65" means the sum of the Participant's age and years of continuous service with the Company (including its predecessors) equals or exceeds sixty-five (65), provided that the Participant must meet both a minimum age of fifty-five (55) and a minimum of five (5) years of continuous service. Only full years of age and completed months of service shall be counted towards meeting the Rule of 65.

(iii) Good Reason or Termination by the Company or any Subsidiary other than for Cause. In the event the Participant's employment with the Company and/or any Subsidiary is terminated by reason of the Participant's resignation for Good Reason or by the Company and/or any Subsidiary other than for Cause prior to meeting the Rule of 65 set forth in Section 2(b)(ii) above and prior to the last day of the Vesting Period the number of Performance Shares that becomes payable under Section 3 shall be as determined under Section 2(b)(ii) above. For purposes of this Agreement, "Cause" and "Good Reason" have the meanings assigned to them in the Employment Agreement.

(iv) Termination for Cause; Other Termination of Employment. In the event the Participant's employment with the Company and/or any Subsidiary is terminated for any reason other than as provided in Section 2(b)(i), (ii) or (iii), including for Cause, any unvested Performance Shares as of the effective date of the Participant's termination of employment shall immediately be forfeited without the requirement of any action by the Company.

(v) Breach of Restrictive Covenants. Notwithstanding anything to the contrary in this Section 2(b), if the Participant at any time breaches any of the Restrictive Covenants (as defined in Section 6), including after employment termination, then the Performance Shares, whether previously vested or not, shall immediately be forfeited.

3. Settlement; Issuance of Shares.

(a) No Share shall be issued to the Participant with respect to a Performance Share under this Agreement until it has become earned and vested under Section 2 above. For purposes of this Agreement, "Share" means a share of the Company's Class A Common Stock, \$0.01 par value per share.

(i) If Performance Shares become earned and vested under Section 2(a), the Company shall issue a Share with respect to each such Performance Share within ninety (90) days after the end of the Vesting Period.

(ii) If a Participant terminates employment before the end of the Vesting Period and becomes entitled to accelerated vesting of Performance Shares under Section 2(b)(i)(A) due to death or a Disability that also qualifies as a Section 409A Disability, then the Company shall issue a Share with respect to each such Performance Share within ninety (90) days after such termination of employment. If Performance Shares vest under Section 2(a)(i)(B) due to a Disability that is not a Section 409A Disability, then the Company shall issue Shares with respect to each such Performance Share as provided Section 2(a)(i) above.

(iii) If a Participant terminates employment under the circumstances described under either Section 2(b)(ii) or Section 2(b)(iii) other than during the twelve (12)-month period beginning on a Section 409A CIC as described in Section 3(a)(iv) below, then the Company shall issue a Share with respect to each such Performance Share on or within ninety (90) days after the end of the Vesting Period.

(iv) Notwithstanding anything to the contrary in this Section 3(a), in the event that there is a Change in Control described in Section 9.8(a) of the Plan that is also a “change in the ownership or effective control of a corporation, or a change in the ownership of a substantial portion of the assets of a corporation” within the meaning of Treas. Reg. Section 1.409A-3(i)(5) (a “Section 409A CIC”), and the Participant terminates employment with vested Performance Shares on or during the twelve (12) months after a Section 409A CIC, then the Company shall issue a Share with respect to each vested Performance Share then held by such Participant on or within ninety (90) days after such termination of employment.

Issuance of Shares under vested Performance Shares shall in all events be subject to accelerated payment under Section 5(b) below and the requirements under Section 8 below. All earned and vested Performance Shares shall be settled solely with Shares, and not cash, notwithstanding anything to the contrary in the Plan; provided however, that fractional Shares shall be delivered solely in cash.

(b) When Shares are delivered, the Company shall make a cash payment equal to the aggregate amount of cash dividends and other cash distributions that the Company would have paid to the Participant during the Vesting Period in respect of the Shares that are being delivered under this Section 3 had such Shares been issued to the Participant on the Grant Date, without interest. To the extent that the Performance Shares are forfeited prior to vesting, the right to receive such cash payments under this Section 3 shall also be forfeited.

4. Payment of Taxes. If the Company is obligated to withhold any tax due to a taxable event with respect to the Performance Shares, the Participant shall be required to promptly pay, or make arrangements satisfactory to the Company to pay, minimum required amounts for tax withholding to the Company consistent with Section 9.10 of the Plan. Alternatively, subject to approval by the Company in its sole discretion, the Participant may elect to withhold a portion of the Shares that become taxable equal to the minimum required withholding amount consistent with Section 9.10 of the Plan. If the Participant fails to timely comply with these requirements, the Company shall have the power and the right to deduct or withhold an amount from the Participant’s compensation, including Shares under vested Performance Shares, sufficient to satisfy all minimum required tax withholdings with respect to any taxable event arising with respect to the Performance Shares consistent with the requirements under Section 409A of the Code. The Participant acknowledges and agrees that the Participant is solely responsible for all taxes payment with respect to the Performance Shares and Shares and other amounts paid under them.

5. Change in Control. The following provisions shall apply in the event of a Change in Control notwithstanding any provision to the contrary in Section 2 or Section 3 of this Agreement or the Employment Agreement, and unless otherwise determined by the Board of Directors of the Company or the Compensation Committee of the Board of Directors, and in all events subject to the restrictions in Section 8 below.

(a) If the Company or its successor terminates the Participant's employment other than for Cause or the Participant resigns for Good Reason on or within twelve (12) months after certain Change in Control transactions under the circumstances set forth in Section 9.8(a) of the Plan, as in effect on the date hereof, then a pro rata share of the Performance Shares shall become fully and immediately vested on the effective date of the Participant's termination of employment. The pro rata share equals the greater of 100% of the Target Number of Performance Shares or the percentage of the Target Number of Performance Shares earned based on actual performance under Exhibit A as of the time of the Change in Control as determined by the Committee. The vesting rules under this Section 5(a), and not Section 2(b)(ii) or Section 2(b)(iii), shall apply in the event that a Participant has met the Rule of 65 at the time of any such termination of employment.

(b) The Target Number of Performance Shares or, if greater, the percentage of the Target Number of Performance Shares earned based on actual performance under Exhibit A as of the time of the Change in Control, as determined by the Committee, shall become immediately vested if this Award is terminated on or after certain Change in Control transactions under the circumstances set forth in Section 9.8(b) of the Plan, as in effect on the date hereof. In the event that any Change in Control described in Section 9.8(b) is also a Section 409A CIC, payment with respect to any vested Performance Shares under this Section 5(b) shall be made within ten (10) days after any such Change in Control. A Change in Control described under this Section 5(b) that does not qualify for accelerated payment under the immediately preceding sentence shall be payable at the same time as is applicable to employees who continue employment with the Company or its Subsidiaries as described in Section 2(a) above.

6. Confidentiality, Non-Solicitation and Non-Compete. The Participant agrees, understands, and acknowledges that by executing this Agreement, the Participant shall be bound by, and shall abide by the restrictive covenants set forth in Appendix A of this Agreement (the "Restrictive Covenants"). The Participant further agrees, understands and acknowledges that the scope and duration of the Restrictive Covenants contained in this Agreement are reasonable and necessary to protect a legitimate, protectable interest of the Company and its Subsidiaries, and that the Committee, in its sole discretion, may require the Participant, as a condition to lapsing any restrictions on the Performance Shares, to acknowledge in writing that the Participant has not engaged, and is not in the process of engaging, in any of the activities described in this Section 6.

7. Right of Setoff; Recoupment.

(a) Right of Setoff. The Company or any Subsidiary may, to the extent permitted by applicable law and which would not trigger tax under Section 409A of the Code, deduct from and set off against any amounts the Company or Subsidiary may owe to the Participant from time to time, including amounts payable in connection with this Agreement, owed as wages, fringe benefits, or other compensation owed to the Participant, such amounts as may be owed by the Participant to the Company or a Subsidiary, although the Participant shall remain liable for any

part of the Participant's payment obligation not satisfied through such deduction and setoff. By accepting any Performance Shares granted hereunder, the Participant agrees to any deduction or setoff under this Section 7(a).

(b) Termination of this Agreement; Recoupment. The Agreement shall terminate automatically and be subject to clawback and recoupment on the date the Participant violates a Restrictive Covenant or commits an act of theft, embezzlement of funds or fraud involving money or property of the Company or any Subsidiary. Any outstanding Performance Shares, whether vested or unvested, shall terminate automatically as of the date of such violation of a Restrictive Covenant or commission of an act of theft, embezzlement or fraud and the Participant shall forfeit such Performance Shares. With respect to any Performance Shares that vested within the one-year period prior to the date of such violation of any Restrictive Covenant or commission of an act of theft, embezzlement or fraud, the Participant shall pay the Company, within forty-five (45) calendar days of receipt by the Participant of a written demand therefor, or pursuant to such other time frame as the Company, in its sole discretion, agrees to in writing with the Participant, an amount in cash determined by multiplying the number of such Performance Shares by the Fair Market Value of a Share on the date of such vesting.

(c) Injunctive Action. The Participant acknowledges that if he or she violates the terms of Sections 6 or 7, the injury that would be suffered by the Company and/or a Subsidiary as a result of a breach of the provisions of this Agreement (including any Restrictive Covenant described in Section 6 or provision of Section 7(b)) would be irreparable and that an award of monetary damages to the Company and/or a Subsidiary for such a breach would be an inadequate remedy. Consequently, the Company and/or a Subsidiary will have the right, in addition to any other rights it may have, including the right to forfeiture and clawback under this Agreement, to obtain injunctive relief to restrain any breach or threatened breach or otherwise to specifically enforce any provision of this Agreement, and the Company and/or a Subsidiary will not be obligated to post bond or other security in seeking such relief. Without limiting the Company's or Subsidiary's rights under this Section 7 or any other remedies of the Company or a Subsidiary, if the Participant breaches any Restrictive Covenant described in Section 6 or the provisions of Section 7(b), the Company will have the right to cancel this Agreement.

(d) Attorneys' Fees. In addition to the rights available to the Company and its Subsidiaries under Sections 7(b) and (c), if the Participant violates the terms of Sections 6 or 7 at any time, the Company shall be entitled to reimbursement from the Participant of any fees and expenses (including attorneys' fees) incurred by or on behalf of the Company or any Subsidiary in enforcing the Company's or a Subsidiary's rights under this Section 7. In addition to any injunctive relief sought under Section 7(c) and whether or not the Company or any Subsidiary elects to make any set-off in whole or in part, if the Company or any Subsidiary does not recover by means of set-off the full amount the Participant owes to the Company or any Subsidiary, calculated as set forth in this Section 7(d), the Participant agrees to immediately pay the unpaid balance to the Company or any Subsidiary.

(e) Clawback Policy; Recoupment. Notwithstanding any other provision of this Agreement to the contrary, any Performance Shares granted under this Agreement (including any amounts or benefits arising or from or Shares issued with respect to such Performance Shares) shall be subject to potential cancellation, recoupment, rescission, payback or other action in

accordance with the terms of the Company's clawback policy, as it may be amended from time to time (the "Policy"). The Participant agrees and consents to the Company's application, implementation and enforcement of (i) the Policy or any similar policy established by the Company that may apply to the Participant and (ii) any provision of applicable law relating to cancellation, rescission, payback or recoupment of compensation, and expressly agrees that the Company may take such actions as are necessary to effectuate the Policy, any similar policy (as applicable to the Participant) or applicable law without further consent or action being required by the Participant. The Company's rights under the Policy shall be in addition to, and not in substitution of, the Company's rights under this Agreement or otherwise and, in all events, the terms of the Policy shall prevail to the extent that the terms of the Policy conflict with this Agreement or any other plan, program, agreement or arrangement.

8. Section 409A of the Code.

(a) It is intended that this Agreement shall comply with Section 409A of the Code and any regulations and guidelines issued thereunder (collectively, "Section 409A") to the extent this Agreement is subject thereto. This Agreement shall be interpreted on a basis consistent with such intent.

(b) If any payments or benefits provided to the Participant under this Agreement are non-qualified deferred compensation subject to, and not exempt from, Section 409A, the following provisions shall apply to such payments and/or benefits:

(i) For payments and benefits triggered by termination of employment, reference to the Participant's "termination of employment" (and corollary terms) shall be construed to refer to the Participant's "separation from service" (with such phrase determined under Treas. Reg. Section 1.409A-1(h), as uniformly applied by the Company) in tandem with the termination of employment.

(ii) If a Participant has a "separation from service" (within the meaning of Treas. Reg. Section 1.409A-1(h)) and is deemed at that time to be a "specified employee" (within the meaning of Treas. Reg. Section 1.409A-1(i)), any payment in settlement of a Performance Share that is triggered by such separation from service shall not be made prior to the earlier of (i) the expiration of the six (6)-month period measured from the date of "separation from service" and (ii) the date of the Participant's death as required to comply with Section 409A(a)(2)(B) of the Code. Any other payments shall be paid in accordance with the normal payment dates specified herein. Any settlement that is not triggered by a separation from service shall be unaffected by the six (6)-month delay rule.

(iii) Each Performance Share shall be treated as a separate payment for purposes of Section 409A of the Code. Whenever a payment under this Agreement specifies a payment period with reference to a number of days, the actual date of payment within the specified period shall be within the sole discretion of the Company.

(i) Except as specifically permitted in this Agreement, no acceleration of the time or schedule of any payment may be made hereunder. Notwithstanding the foregoing, payments may be accelerated hereunder (without any direct or indirect election on the part

of the Participant), in accordance with the provisions of Treas. Reg. Section 1.409A-3(j)(4), including to pay employment-related taxes under Section 4 due to the vesting of Performance Shares.

(iv) Notwithstanding any other provision of this Agreement to the contrary, in no event shall any payment of deferred compensation be subject to offset by any other amount unless otherwise permitted by Section 409A.

(c) If an amendment of this Agreement is necessary in order for it to comply with Section 409A, the Participant and the Company agree to negotiate in good faith to amend this Agreement in a manner that preserves the original intent of the parties to the extent reasonably possible. No action or failure by the Company in good faith to act, pursuant to this Section 8, shall subject the Company to any claim, liability, or expense, and the Company shall not have any obligation to indemnify or otherwise protect the Participant from the obligation to pay any taxes pursuant to Section 409A. The Company does not make any representations as to the personal income tax treatment of any payments or other benefits provided to the Participant.

9. Miscellaneous Provisions.

(a) No Service or Employment Rights. No provision of this Agreement or of the Performance Shares granted hereunder shall give the Participant any right to continue in the service or employ of the Company or any Subsidiary, create any inference as to the length of employment or service of the Participant, affect the right of the Company or any Subsidiary to terminate the employment or service of the Participant, with or without Cause, or give the Participant any right to participate in any employee welfare or benefit plan or other program (other than the Plan) of the Company or any Subsidiary.

(b) Plan Document Governs. The Performance Shares are granted pursuant to the Plan, and the Performance Shares and this Agreement are in all respects governed by the Plan and subject to all of the terms and provisions thereof, whether such terms and provisions are incorporated in this Agreement by reference or are expressly cited. Any inconsistency between this Agreement and the Plan shall be resolved in favor of the Plan. The Participant hereby acknowledges receipt of a copy of the Plan.

(c) Administration. This Agreement and the rights of the Participant hereunder are subject to all the terms and conditions of the Plan, as the same may be amended from time to time, as well as to such rules and regulations as the Committee may adopt for administration of the Plan. It is expressly understood that the Committee is authorized to administer, construe, and make all determinations necessary or appropriate to the administration of the Plan and this Agreement, all of which shall be binding upon the Participant.

(d) No Vested Right in Future Awards. The Participant acknowledges and agrees (by accepting or executing this Agreement) that the granting of Performance Shares under this Agreement is made on a fully discretionary basis by the Company and that this Agreement does not lead to a vested right to further Performance Shares or other awards in the future.

(e) Use of Personal Data. By accepting or executing this Agreement, the Participant acknowledges and agrees to the collection, use, processing and transfer of certain personal data,

including his or her name, salary, nationality, job title, position and details of all past Awards and current Awards outstanding under the Plan (“Data”), for the purpose of managing and administering the Plan. The Participant is not obliged to consent to such collection, use, processing and transfer of personal data, but a refusal to provide such consent may affect his or her ability to participate in the Plan. The Company, or its Subsidiaries, may transfer Data among themselves or to third parties as necessary for the purpose of implementation, administration and management of the Plan. These various recipients of Data may be located elsewhere throughout the world. The Participant authorizes these various recipients of Data to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purposes of implementing, administering and managing the Plan. The Participant may, at any time, review Data with respect to the Participant and require any necessary amendments to such Data. The Participant may withdraw his or her consent to use Data herein by notifying the Company in writing; however, the Participant understands that by withdrawing his or her consent to use Data, the Participant may affect his or her ability to participate in the Plan.

(f) Severability. If a provision of this Agreement is or becomes illegal, invalid or unenforceable in any jurisdiction then that provision is to be construed either by modifying it to the minimum extent necessary to make it enforceable (if permitted by law) or disregarding it (if not), and that shall not affect the validity or enforceability in that jurisdiction of any other provision of this Agreement; or the validity or enforceability in other jurisdictions of that or any other provision of this Agreement.

(g) Waiver; Cumulative Rights. The failure or delay of either party to require performance by the other party of any provision hereof shall not affect its right to require performance of such provision unless and until such performance has been waived in writing. Each and every right hereunder is cumulative and may be exercised in part or in whole from time to time.

(h) Notices. Any notice which either party hereto may be required or permitted to give the other shall be in writing and may be delivered personally or by mail, postage prepaid, addressed to the Corporate Secretary of the Company, at its then corporate headquarters, and the Participant at the Participant’s address (including any electronic mail address) as shown on the Company’s records, or to such other address as the Participant, by notice to the Company, may designate in writing from time to time. The Participant hereby consents to electronic delivery of any notices that may be made hereunder.

(i) Counterparts. This Agreement may be signed in counterparts, each of which shall be an original, but both of which shall constitute but one and the same instrument.

(j) Successors and Assigns. This Agreement shall inure to the benefit of and be binding upon each successor and assign of the Company. All obligations imposed upon the Participant, and all rights granted to the Company hereunder, shall be binding upon the Participant’s heirs, legal representatives and successors and no consent is required from the Participant for such assignment.

(k) Securities Matters. Subject to Section 409A, the Company shall not be required to deliver any Shares until the requirements of any federal or state securities or other laws, rules

or regulations (including the rules of any securities exchange) as may be determined by the Company to be applicable are satisfied.

(l) Change in Position. If the Company and/or its Subsidiaries changes the Participant's position or title with the Company and its Subsidiaries, or transfers the Participant from one affiliate to another, this Agreement and my obligations hereunder will remain in force.

(m) Governing Law. This Agreement and the Performance Shares granted hereunder shall be governed by, and construed and enforced in accordance with, the laws of the State of Delaware, without giving effect to provisions thereof regarding conflict of laws.

(n) Entire Agreement. This Agreement, together with the Plan, constitutes the entire obligation of the parties hereto with respect to the subject matter hereof and shall supersede any prior expressions of intent or understanding with respect to this transaction.

(o) Amendment. Any amendment to this Agreement shall be in writing and signed by an executive officer of the Company or the Director of Compensation and Benefits.

(p) Headings and Construction. The headings contained in this Agreement are for reference purposes only and shall not affect the meaning or interpretation of this Agreement.

IN WITNESS WHEREOF, the Company has caused this Agreement to be duly executed by an officer thereunto duly authorized, and the Participant has electronically accepted this Agreement through the Company's electronic delivery and acceptance process operated by Merrill Lynch or hereunto set his or her hand, all as of the day and year first above written.

ZEBRA TECHNOLOGIES CORPORATION

By:

A handwritten signature in cursive script, appearing to read "Jeffrey Schmitz".

Name: Jeffrey Schmitz

Title: Chief Human Resources Officer and Chief
Marketing Officer

RESTRICTED STOCK UNIT AGREEMENT

This RESTRICTED STOCK UNIT AGREEMENT (this “Agreement”), dated as of May 6, 2021 (the “Grant Date”), is between ZEBRA TECHNOLOGIES CORPORATION, a Delaware corporation (the “Company”), and Anders Gustafsson (the “Participant”), relating to restricted stock units granted under the Zebra Technologies Corporation 2018 Long-Term Incentive Plan, as amended (the “Plan”). Capitalized terms used in this Agreement without definitions shall have the meanings ascribed to such terms in the Plan.

1. Grant of Restricted Stock Units.

(a) Grant. Subject to the provisions of this Agreement and pursuant to the provisions of the Plan, the Company hereby grants to the Participant as of the Grant Date [] units, each of which represents the right to receive, subject to the vesting provisions below, one Share (a “Restricted Stock Unit”). This Agreement shall be null and void unless the Participant accepts this Agreement by either (i) electronically accepting this Agreement through the Company’s electronic delivery and acceptance process operated by Merrill Lynch or (ii) executing this Agreement in the space provided below and returning it to the Company, in each case not later than June 25, 2021. For purposes of this Agreement, “Share” means a share of the Company’s Class A Common Stock, \$0.01 par value per share.

(b) Non-transferability. Except as otherwise permitted under the Plan or this Agreement, the Restricted Stock Units granted hereunder shall be non-transferable by the Participant during the Vesting Period set forth under Section 2 of this Agreement.

2. Vesting of Restricted Stock Units.

(a) General Vesting Rule. Subject to Section 2(b) below, the Restricted Stock Units shall become vested and non-forfeitable over the three year period following the Grant Date (the “Vesting Period”), at a rate of one-third (1/3) of the Restricted Stock Units on first, second and third anniversary of the Grant Date, provided that the Participant is then employed by the Company or one of its Subsidiaries. Restricted Stock Units vesting on the first two (2) anniversaries of the Grant Date shall be settled in whole shares of the Company’s Common Stock rounded down to the nearest whole share, and any Restricted Stock Units vesting on the third anniversary of the Grant Date shall be settled in whole shares of the Company’s Common Stock rounded down to the nearest whole share and cash for the value of any fractional share of Common Stock (rounded to the nearest hundredth).

(b) Additional Vesting Rules. Notwithstanding Section 2(a) or the Employment Agreement between the Company and the Participant effective as of September 4, 2007, as amended (the “Employment Agreement”), and unless otherwise determined by the Board of Directors of the Company or the Compensation Committee of the Board of Directors, the Restricted Stock Units shall be subject to the following additional vesting rules in the following circumstances:

(i) Death or Disability. If the Participant terminates employment with the Company and/or any Subsidiary due to death or Disability, any unvested portion of the Restricted Stock Units as of the effective date of the Participant’s termination of

employment shall immediately become fully vested. For purposes of this Agreement, "Disability" shall occur if the Participant is deemed disabled under the terms of the Employment Agreement.

(ii) Retirement. In the event of the Participant's Retirement, any unvested portion of the Restricted Stock Units shall continue to vest for twelve (12) months under the same schedule as set forth under Section 2(a) above or, if earlier, the next anniversary of the Grant Date. No additional Restricted Stock Units will be treated as having vested under this Section 2(b)(ii) for purposes of this Agreement until the immediately following anniversary of the Grant Date. While continuing to vest under this Section 2(b)(ii), a Participant shall not be treated as continuing covered employment and there shall be no additional accelerated vesting under this Section 2(b) on account of another event described herein, such as the Participant's death or Disability or a Change in Control under Section 5(b) following Retirement. For purposes of this Agreement, "Retire" and "Retirement" mean the Participant's termination of employment with the Company and/or any Subsidiary that meets or exceeds the Rule of 65; provided, however that continued vesting under this Section 2(b)(ii) shall not apply if grounds to terminate Participant's employment for Cause existed at the time of termination (as determined by the Company in its sole discretion) either at the time of or following Participant's termination of employment. The "Rule of 65" means the sum of the Participant's age and years of continuous service with the Company (including its predecessors) equals or exceeds sixty-five (65), provided that the Participant must meet both a minimum age of fifty-five (55) and a minimum of five (5) years of continuous service. Only full years of age and completed months of service shall be counted towards meeting the Rule of 65.

(iii) Good Reason or Termination by the Company or any Subsidiary other than for Cause. In the event the Participant's employment with the Company and/or any Subsidiary is terminated due to the Participant's resignation for Good Reason, or by the Company and/or any Subsidiary other than for Cause prior to meeting the Rule of 65 set forth in Section 2(b)(ii) above, a pro rata share of the Restricted Stock Units shall become immediately vested and non-forfeitable. The pro-rata share equals (A) the total number of Restricted Stock Units multiplied by a fraction, the numerator of which is the number of days from but excluding the Grant Date and to and including the effective date of the Participant's termination of employment, and the denominator of which is 1,096, less (B) the Restricted Stock Units that previously vested under Section 2(a) before employment termination. For purposes of this Agreement, "Good Reason" and "Cause" have the meanings assigned to them in the Employment Agreement.

(iv) Termination for Cause; Other Termination of Employment. In the event the Participant's employment with the Company and/or any Subsidiary is terminated for any reason other than as provided in Section 2(b)(i), (ii) or (iii), including for Cause, any unvested Restricted Stock Units as of the effective date of the Participant's termination of employment shall immediately be forfeited without the requirement of any action by the Company.

(v) Breach of Restrictive Covenants. Notwithstanding anything to the contrary in this Section 2(b), if the Participant at any time breaches any of the Restrictive

Covenants (as defined in Section 6), including after employment termination, then the Restricted Stock Units, whether previously vested or not, shall immediately be forfeited.

3. Settlement of Restricted Stock Units; Issuance of Shares.

(a) No Shares shall be issued to the Participant with respect to a Restricted Stock Unit under this Agreement until it has become vested under Section 2 above.

(i) The Company shall issue a Share within ninety (90) days after a Restricted Stock Unit becomes vested on a Participant's regularly scheduled vesting date under Section 2(a).

(ii) If a Participant terminates employment before the Participant's regularly scheduled vesting date and becomes entitled to accelerated vesting of Restricted Stock Units under either Section 2(b)(i), Section 2(b)(iii) or Section 5(a), then the Company shall issue a Share with respect to each such Restricted Stock Unit within ninety (90) days after such termination of employment.

(iii) If a Participant terminates employment before a Participant's regularly scheduled vesting date and becomes entitled to accelerated vesting of Restricted Stock Units as described in Section 2(b)(ii), then the Company shall issue a Share with respect to each such Restricted Stock Unit at the same time (on the immediately following, regularly scheduled vesting date under Section 2(a)) as if the Participant had continued employment with the Company and its Subsidiaries; provided, however, that the Company shall issue any such Shares as provided for in Section 3(a)(ii) above if any such employment termination as described in Section 2(b)(ii) occurs on or within the two (2)-year period following a Change in Control that is also a "change in the ownership or effective control of a corporation, or a change in the ownership of a substantial portion of the assets of a corporation" within the meaning of Treas. Reg. Section 1.409A-3(i)(5).

Issuance of Shares under vested Restricted Stock Units shall in all events be subject to accelerated payment under Section 5(b) below and the requirements under Section 8 below. The Company will not deliver any fractional Share but will pay, in lieu thereof, cash equal to the Fair Market Value of any fractional Share.

(b) When Shares are delivered under Section 3(a) above, The Company shall make a cash payment equal to the aggregate amount of cash dividends and other cash distributions that the Company would have paid to the Participant during the period commencing on the Grant Date and ending on the applicable vesting date in respect of the Shares that are being delivered under Section 3(a) had such Shares been issued to the Participant on the Grant Date, without interest. To the extent that the Restricted Stock Units are forfeited prior to vesting, the right to receive such cash payments under this Section 3(b) shall also be forfeited.

4. Payment of Taxes. If the Company is obligated to withhold any tax due to a taxable event with respect to the Restricted Stock Units, the Participant shall be required to promptly pay, or make arrangements satisfactory to the Company to pay, minimum required amounts for tax withholding to the Company consistent with Section 9.10 of the Plan. Alternatively, subject to Company approval in its sole discretion, the Participant may elect to withhold a portion of the

Shares that become taxable equal to the minimum required withholding amount consistent with Section 9.10 of the Plan. If the Participant fails to timely comply with these requirements, the Company shall have the power and the right to deduct or withhold an amount from the Participant's compensation, including Shares under vested Restricted Stock Units, sufficient to satisfy all minimum required tax withholdings with respect to any taxable event arising with respect to the Restricted Stock Units consistent with the requirements under Section 409A of the Code. The Participant acknowledges and agrees that the Participant is solely responsible for all taxes payment with respect to the Restricted Stock Units and Shares and other amounts paid under them.

5. Change in Control. Notwithstanding the Employment Agreement, and unless otherwise determined by the Board of Directors of the Company or the Compensation Committee of the Board of Directors, the following provisions shall apply in the event of a Change in Control notwithstanding any provision to the contrary in Section 2 or Section 3 of this Agreement, and in all events subject to the restrictions in Section 8 below.

(a) All Restricted Stock Units shall be become immediately vested if the Participant's employment is terminated by the Participant for Good Reason or by the Company or any Subsidiary without Cause on or within one (1) year after certain Change in Control transactions under the circumstances set forth in Section 9.8(a) of the Plan, as in effect on the date hereof. The vesting rules under this Section 5(a), and not Section 2(b)(ii) or Section 2(b)(iii), shall apply in the event that a Participant has met the Rule of 65 at the time of any such termination of employment.

(b) All Restricted Stock Units shall be become immediately vested if this Award is terminated on or after certain Change in Control transactions under the circumstances set forth in Section 9.8(b) of the Plan, as in effect on the date hereof. In the event that any Change in Control described in Section 9.8(b) is also a "change in the ownership or effective control of a corporation, or a change in the ownership of a substantial portion of the assets of a corporation" within the meaning of Treas. Reg. Section 1.409A-3(i)(5), payment with respect to any vested Restricted Stock Units under this Section 5(b) shall be made within ten (10) days after any such Change in Control. A Change in Control described under this Section 5(b) that does not qualify for accelerated payment under the immediately preceding sentence shall be payable at the same time as is applicable to employees who continue employment with the Company or its Subsidiaries as described in Section 2(a) above.

6. Confidentiality, Non-Solicitation and Non-Compete. The Participant agrees, understands, and acknowledges that by executing this Agreement, the Participant shall be bound by, and shall abide by the restrictive covenants set forth in Appendix A of this Agreement (the "Restrictive Covenants"). The Participant further agrees, understands and acknowledges that the scope and duration of the Restrictive Covenants contained in this Agreement are reasonable and necessary to protect a legitimate, protectable interest of the Company and its Subsidiaries, and that the Committee, in its sole discretion, may require the Participant, as a condition to lapsing any restrictions on the Restricted Stock Units, to acknowledge in writing that the Participant has not engaged, and is not in the process of engaging, in any of the activities described in this Section 6.

7. Right of Setoff; Recoupment.

(a) Right of Setoff. The Company or any Subsidiary may, to the extent permitted by applicable law and which would not trigger tax under Section 409A of the Code, deduct from and set off against any amounts the Company or Subsidiary may owe to the Participant from time to time, including amounts payable in connection with this Agreement, owed as wages, fringe benefits, or other compensation owed to the Participant, such amounts as may be owed by the Participant to the Company or a Subsidiary, although the Participant shall remain liable for any part of the Participant's payment obligation not satisfied through such deduction and setoff. By accepting any Restricted Stock Units granted hereunder, the Participant agrees to any deduction or setoff under this Section 7(a).

(b) Termination of this Agreement; Recoupment. The Agreement shall terminate automatically and be subject to clawback and recoupment on the date the Participant violates a Restrictive Covenant or commits an act of theft, embezzlement of funds or fraud involving money or property of the Company or any Subsidiary. Any outstanding Restricted Stock Units, whether vested or unvested, shall terminate automatically as of the date of such violation of a Restrictive Covenant or commission of an act of theft, embezzlement or fraud and the Participant shall forfeit such Restricted Stock Units. With respect to any Restricted Stock Units that vested within the one-year period prior to the date of such violation of any Restrictive Covenant or commission of an act of theft, embezzlement or fraud, the Participant shall pay the Company, within forty-five (45) calendar days of receipt by the Participant of a written demand therefor, or pursuant to such other time frame as the Company, in its sole discretion, agrees to in writing with the Participant, an amount in cash determined by multiplying the number of such Restricted Stock Units by the Fair Market Value of a Share on the date of such vesting.

(c) Injunctive Action. The Participant acknowledges that if he or she violates the terms of Sections 6 or 7, the injury that would be suffered by the Company and/or a Subsidiary as a result of a breach of the provisions of this Agreement (including any Restrictive Covenant described in Section 6 or provision of Section 7(b)) would be irreparable and that an award of monetary damages to the Company and/or a Subsidiary for such a breach would be an inadequate remedy. Consequently, the Company and/or a Subsidiary will have the right, in addition to any other rights it may have, including the right to forfeiture and clawback under this Agreement, to obtain injunctive relief to restrain any breach or threatened breach or otherwise to specifically enforce any provision of this Agreement, and the Company and/or a Subsidiary will not be obligated to post bond or other security in seeking such relief. Without limiting the Company's or Subsidiary's rights under this Section 7 or any other remedies of the Company or a Subsidiary, if the Participant breaches any Restrictive Covenant described in Section 6 or the provisions of Section 7(b), the Company will have the right to cancel this Agreement.

(d) Attorneys' Fees. In addition to the rights available to the Company and its Subsidiaries under Sections 7(b) and (c), if the Participant violates the terms of Sections 6 or 7 at any time, the Company shall be entitled to reimbursement from the Participant of any fees and expenses (including attorneys' fees) incurred by or on behalf of the Company or any Subsidiary in enforcing the Company's or a Subsidiary's rights under this Section 7. In addition to any injunctive relief sought under Section 7(c) and whether or not the Company or any Subsidiary elects to make any set-off in whole or in part, if the Company or any Subsidiary does not recover

by means of set-off the full amount the Participant owes to the Company or any Subsidiary, calculated as set forth in this Section 7(d), the Participant agrees to immediately pay the unpaid balance to the Company or any Subsidiary.

(e) Clawback Policy; Recoupment. Notwithstanding any other provision of this Agreement to the contrary, any Restricted Stock Units granted under this Agreement (including any amounts or benefits arising or from or Shares issued with respect to such Restricted Stock Units) shall be subject to potential cancellation, recoupment, rescission, payback or other action in accordance with the terms of the Company's clawback policy, as it may be amended from time to time (the "Policy"). The Participant agrees and consents to the Company's application, implementation and enforcement of (i) the Policy or any similar policy established by the Company that may apply to the Participant and (ii) any provision of applicable law relating to cancellation, rescission, payback or recoupment of compensation, and expressly agrees that the Company may take such actions as are necessary to effectuate the Policy, any similar policy (as applicable to the Participant) or applicable law without further consent or action being required by the Participant. The Company's rights under the Policy shall be in addition to, and not in substitution of, the Company's rights under this Agreement or otherwise and, in all events, the terms of the Policy shall prevail to the extent that the terms of the Policy conflict with this Agreement or any other plan, program, agreement or arrangement.

8. Section 409A of the Code.

(a) It is intended that this Agreement shall comply with Section 409A of the Code and any regulations and guidelines issued thereunder (collectively, "Section 409A") to the extent this Agreement is subject thereto. This Agreement shall be interpreted on a basis consistent with such intent.

(b) If any payments or benefits provided to the Participant under this Agreement are non-qualified deferred compensation subject to, and not exempt from, Section 409A, the following provisions shall apply to such payments and/or benefits:

(i) For payments and benefits triggered by termination of employment, reference to the Participant's "termination of employment" (and corollary terms) shall be construed to refer to the Participant's "separation from service" (with such phrase determined under Treas. Reg. Section 1.409A-1(h), as uniformly applied by the Company) in tandem with the termination of employment.

(ii) If a Participant has a "separation from service" (within the meaning of Treas. Reg. Section 1.409A-1(h)) and is deemed at that time to be a "specified employee" (within the meaning of Treas. Reg. Section 1.409A-1(i)), any payment in settlement of a Restricted Stock Unit that is triggered by such separation from service shall not be made prior to the earlier of (i) the expiration of the six (6)-month period measured from the date of "separation from service" and (ii) the date of the Participant's death as required to comply with Section 409A(a)(2)(B) of the Code. Any other payments shall be paid in accordance with the normal payment dates specified herein. Any settlement that is not triggered by a separation from service shall be unaffected by the six (6)-month delay rule.

(iii) Each Restricted Stock Unit shall be treated as a separate “payment” for purposes of Section 409A of the Code. Whenever a payment under this Agreement specifies a payment period with reference to a number of days, the actual date of payment within the specified period shall be within the sole discretion of the Company.

(iv) Except as specifically permitted in this Agreement, no acceleration of the time or schedule of any payment may be made hereunder. Notwithstanding the foregoing, payments may be accelerated hereunder (without any direct or indirect election on the part of the Participant), in accordance with the provisions of Treas. Reg. Section 1.409A-3(j)(4), including to pay employment-related taxes under Section 4 due to the vesting of Restricted Stock Units.

(v) Notwithstanding any other provision of this Agreement to the contrary, in no event shall any payment of deferred compensation be subject to offset by any other amount unless otherwise permitted by Section 409A.

(c) If an amendment of this Agreement is necessary in order for it to comply with Section 409A, the Participant and the Company agree to negotiate in good faith to amend this Agreement in a manner that preserves the original intent of the parties to the extent reasonably possible. No action or failure by the Company in good faith to act, pursuant to this Section 8, shall subject the Company to any claim, liability, or expense, and the Company shall not have any obligation to indemnify or otherwise protect the Participant from the obligation to pay any taxes pursuant to Section 409A. The Company does not make any representations as to the personal income tax treatment of any payments or other benefits provided to the Participant.

9. Miscellaneous Provisions.

(a) No Service or Employment Rights. No provision of this Agreement or of the Restricted Stock Units granted hereunder shall give the Participant any right to continue in the service or employ of the Company or any Subsidiary, create any inference as to the length of employment or service of the Participant, affect the right of the Company or any Subsidiary to terminate the employment or service of the Participant, with or without Cause, or give the Participant any right to participate in any employee welfare or benefit plan or other program (other than the Plan) of the Company or any Subsidiary.

(b) Plan Document Governs. The Restricted Stock Units are granted pursuant to the Plan, and the Restricted Stock Units and this Agreement are in all respects governed by the Plan and subject to all of the terms and provisions thereof, whether such terms and provisions are incorporated in this Agreement by reference or are expressly cited. Any inconsistency between this Agreement and the Plan shall be resolved in favor of the Plan. The Participant hereby acknowledges receipt of a copy of the Plan.

(c) Administration. This Agreement and the rights of the Participant hereunder are subject to all the terms and conditions of the Plan, as the same may be amended from time to time, as well as to such rules and regulations as the Committee may adopt for administration of the Plan. It is expressly understood that the Committee is authorized to administer, construe, and make all

determinations necessary or appropriate to the administration of the Plan and this Agreement, all of which shall be binding upon the Participant.

(d) No Vested Right in Future Awards. The Participant acknowledges and agrees (by accepting or executing this Agreement) that the granting of Restricted Stock Units under this Agreement is made on a fully discretionary basis by the Company and that this Agreement does not lead to a vested right to further restricted stock units or other awards in the future.

(e) Use of Personal Data. By accepting or executing this Agreement, the Participant acknowledges and agrees to the collection, use, processing and transfer of certain personal data, including his or her name, salary, nationality, job title, position and details of all past Awards and current Awards outstanding under the Plan ("Data"), for the purpose of managing and administering the Plan. The Participant is not obliged to consent to such collection, use, processing and transfer of personal data, but a refusal to provide such consent may affect his or her ability to participate in the Plan. The Company, or its Subsidiaries, may transfer Data among themselves or to third parties as necessary for the purpose of implementation, administration and management of the Plan. These various recipients of Data may be located elsewhere throughout the world. The Participant authorizes these various recipients of Data to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purposes of implementing, administering and managing the Plan. The Participant may, at any time, review Data with respect to the Participant and require any necessary amendments to such Data. The Participant may withdraw his or her consent to use Data herein by notifying the Company in writing; however, the Participant understands that by withdrawing his or her consent to use Data, the Participant may affect his or her ability to participate in the Plan.

(f) Severability. If a provision of this Agreement is or becomes illegal, invalid or unenforceable in any jurisdiction then that provision is to be construed either by modifying it to the minimum extent necessary to make it enforceable (if permitted by law) or disregarding it (if not), and that shall not affect the validity or enforceability in that jurisdiction of any other provision of this Agreement; or the validity or enforceability in other jurisdictions of that or any other provision of this Agreement.

(g) Waiver; Cumulative Rights. The failure or delay of either party to require performance by the other party of any provision hereof shall not affect its right to require performance of such provision unless and until such performance has been waived in writing. Each and every right hereunder is cumulative and may be exercised in part or in whole from time to time.

(h) Notices. Any notice which either party hereto may be required or permitted to give the other shall be in writing and may be delivered personally or by mail, postage prepaid, addressed to the Corporate Secretary of the Company, at its then corporate headquarters, and the Participant at the Participant's address (including any electronic mail address) as shown on the Company's records, or to such other address as the Participant, by notice to the Company, may designate in writing from time to time. The Participant hereby consents to electronic delivery of any notices that may be made hereunder.

(i) Counterparts. This Agreement may be signed in counterparts, each of which shall be an original, but both of which shall constitute but one and the same instrument.

(j) Successors and Assigns. This Agreement shall inure to the benefit of and be binding upon each successor and assign of the Company. All obligations imposed upon the Participant, and all rights granted to the Company hereunder, shall be binding upon the Participant's heirs, legal representatives and successors and no consent is required from the Participant for such assignment.

(k) Securities Matters. Subject to Section 409A, the Company shall not be required to deliver any Shares until the requirements of any federal or state securities or other laws, rules or regulations (including the rules of any securities exchange) as may be determined by the Company to be applicable are satisfied.

(l) Change in Position. If the Company and/or its Subsidiaries changes the Participant's position or title with the Company and its Subsidiaries, or transfers the Participant from one affiliate to another, this Agreement and my obligations hereunder will remain in force.

(m) Governing Law. This Agreement and the Restricted Stock Units granted hereunder shall be governed by, and construed and enforced in accordance with, the laws of the State of Delaware, without giving effect to provisions thereof regarding conflict of laws.

(n) Entire Agreement. This Agreement, together with the Plan, constitutes the entire obligation of the parties hereto with respect to the subject matter hereof and shall supersede any prior expressions of intent or understanding with respect to this transaction.

(o) Amendment. Any amendment to this Agreement shall be in writing and signed by an executive officer of the Company or the Director of Compensation and Benefits.

(p) Headings and Construction. The headings contained in this Agreement are for reference purposes only and shall not affect the meaning or interpretation of this Agreement.

IN WITNESS WHEREOF, the Company has caused this Agreement to be duly executed by an officer thereunto duly authorized, and the Participant has electronically accepted this Agreement through the Company's electronic delivery and acceptance process operated by Merrill Lynch or hereunto set his or her hand, all as of the day and year first above written.

ZEBRA TECHNOLOGIES CORPORATION

By:

A handwritten signature in cursive script, appearing to read "Jeffrey Schmitz".

Name: Jeffrey Schmitz

Title: Chief Human Resources Officer and Chief
Marketing Officer

CERTIFICATION

I, Anders Gustafsson, certify that:

1. I have reviewed this report on Form 10-Q of Zebra Technologies Corporation (the “Company”);
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and the internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and we have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 3, 2021 By: /s/ Anders Gustafsson
Anders Gustafsson
Chief Executive Officer

CERTIFICATION

I, Nathan Winters, certify that:

1. I have reviewed this report on Form 10-Q of Zebra Technologies Corporation (the “Company”);
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and the internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and we have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 3, 2021 By: /s/ Nathan Winters
Nathan Winters
Chief Financial Officer

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Zebra Technologies Corporation (the “Company”) on Form 10-Q for the period that ended July 3, 2021, as filed with the Securities and Exchange Commission on the date hereof, I, Anders Gustafsson, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 3, 2021 By: /s/ Anders Gustafsson
Anders Gustafsson
Chief Executive Officer

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Zebra Technologies Corporation (the “Company”) on Form 10-Q for the period that ended July 3, 2021, as filed with the Securities and Exchange Commission on the date hereof, I, Nathan Winters, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 3, 2021 By: /s/ Nathan Winters
Nathan Winters
Chief Financial Officer