

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

FORM 10-K

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

For the fiscal year ended December 31, 2020

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

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. Yes No

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 (Check one):

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

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 has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

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

The aggregate market value of the shares of Class A Common Stock held by non-affiliates of the registrant, computed by reference to the closing price of such stock as of the last business day of the registrant's most recently completed second quarter, June 27, 2020, was \$13.0 billion.

As of February 4, 2021, there were 53,467,406 shares of Class A Common Stock, par value \$.01 per share, outstanding.

Documents Incorporated by Reference

Certain sections of the Registrant's definitive proxy statement for its Annual Meeting of Stockholders to be held on May 14, 2021, are incorporated by reference into Part III of this report, as indicated herein. The definitive proxy statement shall be filed with the Securities and Exchange Commission within 120 days after the end of the fiscal year to which this Report relates.

ZEBRA TECHNOLOGIES CORPORATION AND SUBSIDIARIES
YEAR ENDED DECEMBER 31, 2020
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PART I

References in this document to “the Company,” “we,” “us,” or “our” refer to Zebra Technologies Corporation and its subsidiaries, unless the context specifically indicates otherwise.

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 first quarter and 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; Europe, Middle East, and Africa; 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 United States (“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 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.

Item 1. Business

The Company

We are a global leader providing Enterprise Asset Intelligence (“EAI”) solutions in the Automatic Identification and Data Capture (“AIDC”) industry. The AIDC market consists of mobile computing, data capture, radio frequency identification devices (“RFID”), barcode printing, and other automation products and services. The Company’s solutions are proven to help our customers and end-users achieve their critical business objectives, including improved operational efficiency, optimized workflows, increased asset utilization, improved regulatory compliance, and better customer experiences.

We design, manufacture, and sell a broad range of AIDC products, including: mobile computers, barcode scanners and imagers, RFID readers, specialty printers for barcode labeling and personal identification, real-time location systems (“RTLS”), related accessories and supplies, such as labels and other consumables, and software applications. We also provide a full range of services, including maintenance, technical support, repair, managed and professional services, as well as cloud-based subscriptions. End-users of our products, solutions and services include retail and e-commerce, transportation and logistics, manufacturing, healthcare, hospitality, warehouse and distribution, energy and utilities, government, public safety, education, and banking enterprises around the world. We provide our products, solutions and services globally through a direct sales force

and extensive network of approximately 10,000 channel partners. We provide products, solutions and services in approximately 180 countries, with 128 facilities and approximately 8,800 employees worldwide.

Through innovative application of our technologies, we are leading an evolution of the traditional AIDC market into EAI, which encompasses solutions that sense information from enterprise assets, including packages moving through a supply chain, equipment in a factory, workers in a warehouse, and shoppers in a store. Data from enterprise assets, including status, location, utilization, and preferences, is then analyzed to provide actionable insights. Finally, with the benefits of mobility, these insights can be delivered to the right user at the right time to drive more effective actions. As a result, our solutions and technologies enable enterprises to “sense, analyze, and act” more effectively to improve operational effectiveness and achieve critical business objectives.

The evolution of the AIDC market is being driven by strong underlying secular trends in technology. These trends include the internet of things (“IoT”), cloud-based data analytics, mobility, as well as artificial intelligence and automation. The IoT enables an exchange of information among a proliferation of smart, connected devices. Newer solutions, which include these smart, connected devices, capture a much broader range of information than is possible with traditional AIDC solutions and communicate this information in real-time. Cloud computing and expanded data analytics are allowing enterprises to make better business decisions through improved timeliness and visibility to information and workflows. While traditional AIDC solutions sporadically capture limited amounts of data and populate static enterprise systems, EAI solutions continuously analyze real-time data from many sources to generate actionable insights. The continued rapid growth of mobile devices and application software are also significantly expanding mobile computing use cases in the enterprise. With this expanded mobility, end-users can consume or act upon dynamic enterprise data and information anytime and anywhere. Computer vision solutions, which enable the automatic extraction and understanding of useful information from a digital image or video, are also driving the expansion of intelligent automation, which leverages our sense-analyze-act framework to improve workflows with or without a human operator.

Acquisitions

Reflexis: On September 1, 2020, the Company acquired Reflexis Systems, Inc. (“Reflexis”) for \$548 million in cash, net of cash acquired. Reflexis is a provider of task and workforce management, execution, and communication solutions for customers in the retail, food service, hospitality, and banking industries. Through its acquisition of Reflexis, the Company intends to enhance its solution offerings to customers in those industries by combining Reflexis’ platform with its existing software solutions and EVM products. The operating results of Reflexis are included within the EVM segment beginning September 1, 2020.

Cortexica: On November 5, 2019, the Company acquired Cortexica Vision Systems Limited (“Cortexica”) for \$7 million in cash. Cortexica is a provider of computer vision-based artificial intelligence solutions primarily serving the retail industry, expanding upon the Company’s initiative to advance our solutions offerings. The operating results of Cortexica are included within the EVM segment beginning November 5, 2019.

Profitect: On May 31, 2019, the Company acquired Profitect, Inc. (“Profitect”) for total purchase consideration of \$79 million, which consisted of \$75 million in cash paid, net of cash acquired, and the fair value of the Company’s existing minority ownership interest in Profitect of \$4 million, as remeasured upon acquisition. Profitect is a provider of prescriptive analytics primarily serving the retail industry. In acquiring Profitect, the Company enhanced its existing software solutions within the retail industry, with possible future applications in other industries. The operating results of Profitect are included within the EVM segment beginning May 31, 2019.

Temptime: On February 21, 2019, the Company acquired Temptime Corporation (“Temptime”) for \$180 million in cash, net of cash acquired. Temptime is a developer and manufacturer of temperature-monitoring labels and devices. Through this acquisition, the Company expanded its product offerings within the healthcare industry, with possible future applications in other industries involving temperature-sensitive products. The operating results of Temptime are included within the AIT segment beginning February 21, 2019.

Xplore: On August 14, 2018, the Company acquired Xplore Technologies Corporation (“Xplore”) for \$72 million in cash. Xplore designs, integrates, markets and sells rugged tablets that are primarily used by industrial, government, and field service organizations. The acquisition of Xplore expanded the Company’s portfolio of mobile computing devices to serve a wider range of customers. The operating results of Xplore are included within the EVM segment beginning August 14, 2018.

See Note 5, *Business Acquisitions* in the Notes to Consolidated Financial Statements for additional details.

Operations

Our operations consist of two reportable segments: (1) Asset Intelligence & Tracking (“AIT”), primarily comprised of barcode and card printing, supplies, services, location solutions, and retail solutions; and (2) Enterprise Visibility & Mobility (“EVM”), primarily comprised of mobile computing, data capture, RFID, services and solutions.

Asset Intelligence & Tracking

Barcode and Card Printing: We design, manufacture, and sell printers, which produce high-quality labels, wristbands, tickets, receipts, and plastic cards on demand. Our customers use our printers in a wide range of applications, including routing and tracking, patient safety, transaction processing, personal identification, and product authentication. These applications require high levels of data accuracy, speed, and reliability. They also include specialty printing for receipts and tickets for improved customer service and productivity gains. Plastic cards are used for secure, reliable personal identification (e.g. state identification cards, drivers’ licenses, and healthcare identification cards), access control (e.g. employee or student building access), and financial transactions (e.g. credit, debit and ATM cards). Our RFID printers and encoders are used to print and encode passive RFID labels. We offer a wide range of accessories and options for our printers, including vehicle mounts and battery chargers.

Supplies: We produce and sell stock and customized thermal labels, receipts, ribbons, plastic cards, and RFID tags suitable for use with our printers, and also wristbands which can be imaged in most commercial laser printers. We support our printing products, resellers, and end-users with an extensive line of superior quality, high-performance supplies optimized to a particular end-user’s needs. We promote the use of supplies with our printing equipment. Our supplies business also includes temperature-monitoring labels primarily used in vaccine distribution, as well as self-laminating wristbands for use in laser printers.

Services: We provide a full range of maintenance, technical support, and repair services. We also provide managed and professional services, including those which help customers manage their devices and related software applications. Our offerings include cloud-based subscriptions and multiple service levels. They are typically contracted through multi-year service agreements. We provide our services directly and through our global network of partners.

Location Solutions: The Company offers a range of RTLS and services which incorporate active and passive RFID and other tracking technologies to enable users to locate, track, manage, and optimize the utilization of enterprise assets and personnel. We provide substantially all elements of the location solution, including tags, sensors, excimers, middleware software, and application software. Our location solutions are deployed primarily in manufacturing, aerospace, transportation and logistics, sports, and healthcare industries.

Retail Solutions: The Company provides a range of physical inventory management solutions with application in the retail industry, including solutions for full store physical inventories, cycle counts, and analytics. These solutions include the use of barcode scanners or RFID readers, along with connected software.

Enterprise Visibility & Mobility

Mobile Computing: We design, manufacture, and sell rugged and enterprise-grade mobile computing products and accessories in a variety of specialized form factors and designs to meet a wide array of enterprise applications. Industrial applications include inventory management in warehouses and distribution centers; field mobility applications include field service, post and parcel, and direct store delivery; and retail and customer facing applications include e-commerce, omnichannel, mobile point of sale, inventory look-up, staff collaboration, and analytics. Our products primarily incorporate the Android™ operating system and support local-area and wide-area voice and data communications. Our mobile computing products often incorporate barcode scanning, global position system and RFID features, and other sensory capabilities. We also provide related software tools, utilities, and applications.

Data Capture and RFID: We design, manufacture, and sell barcode scanners, image capture devices, and RFID readers. Our portfolio of barcode scanners includes laser scanning and imager products and form factors, including fixed, handheld, and embedded original equipment manufacturer (“OEM”) modules. The Company’s data capture products capture business-critical information by decoding barcodes and images and transmitting the resulting data to enterprise systems for analysis and timely decision making. Common applications include asset identification and tracking and workflow management in a variety of industries, including retail, transportation and logistics, manufacturing, and healthcare. Our RFID line of data capture products is focused on ultra-high frequency (“UHF”) technology. These RFID devices comply with the electronic product code (“EPC”) global Generation 2 UHF standard and similar standards around the world. We also provide related accessories.

Services: We provide a full range of maintenance, technical support, and repair services. We also provide managed and professional services that, among other things, help customers design, test, and deploy our solutions as well as manage their mobility devices, software applications and workflows. Our offerings include cloud-based subscriptions with multiple service

levels, which are typically contracted through multi-year service agreements. We provide our services directly and through our global network of partners.

Workflow optimization solutions: We provide a portfolio of software-based solutions that help our customers analyze and act on data in real time, improving the agility and productivity of key operational workflows. Our portfolio of offerings includes workforce management solutions, workflow execution and task management solutions; prescriptive analytics solutions; as well as communications and collaboration solutions. Our primary focus is on frontline workers in Zebra's core customer segments, including retail, transportation and logistics, and healthcare. Our offerings include cloud-based subscriptions with multiple service levels, which are typically contracted through multi-period service agreements. We sell and deliver our offerings both directly and through a set of systems integrators and other channel partners.

Our Competitive Strengths

The following are core competitive strengths that we believe enable us to differentiate ourselves from our competitors:

An industry leader focused solely on improving enterprise operations

We are a market leader in the key technologies of EAI, including mobile computing, barcode and card printing, data capture, and RFID. We also provide related software, services, and accessories. Our leadership position enables us to work with and support customers globally, in a variety of industries, who are focused on implementing leading-edge solutions.

High entry and switching barriers

On a global basis, we have long-standing relationships with end-users and with our extensive network of channel partners. We believe these customer relationships and our strong partner network are critical to our success and would be difficult for a new market entrant to replicate. We believe a significant portion of our products and solutions are deployed with specialized product performance and software application requirements, which could result in high switching costs.

Commitment to innovation and deep industry-specific expertise

Over time, we have developed and delivered improved, targeted end-to-end solutions for our customers. We remain committed to leveraging our technology portfolio and expertise in the industries that we service to continue to develop innovative solutions that meet the key needs of our customers.

Highly diversified business mix

We are highly diversified across business segments, end markets, geographies, and customers. Additionally, we have strong recurring business in services and supplies driven by an extensive global installed base of products.

Global reach and brand

We sell to customers directly and through our network of channel partners around the world. This global presence gives us the capability to supply our customers with products, solutions, and services no matter the location of their operations. In addition, we believe we have strong brand recognition with a reputation in the industry as a trusted and strategic partner, known for delivering high quality products that are reliable and durable.

Scale advantages

We believe the size and scope of our operations, including market leadership, product development investment, portfolio breadth, and global distribution, give us advantages over our competitors. We believe we have the largest installed base of products compared to other companies in our industry. These characteristics enable us to compete successfully, achieve economies of scale, and develop industry-leading solutions.

Our Business Strategies

Leverage our market leadership position and innovation to profitably grow our core business

We expect to drive revenue growth by continuing to outpace our competition in our core businesses, including mobile computing, data capture, barcode printing, and services. We expect to achieve this by leveraging our broad portfolio of solutions and product innovation and continuing to be a strategic partner to end customers. We also expect to drive growth by capitalizing on technology transitions occurring in the industry, including the transition to the Android™ operating system in mobile computing and transitions in data capture to newer technologies involving 2D and 3D imaging and RFID. This includes increased focus on market segments and geographies that offer share-gain opportunities. In addition, we plan to leverage our market-leading installed base to accelerate growth in attach-oriented products, including services, supplies, accessories, and software applications. Our global channel partner network is vital to helping us achieve these goals. As such, we will ensure that we provide the necessary value and support for our partners to be successful.

Advance our Enterprise Asset Intelligence vision

Our EAI vision is for every asset and worker to be connected, visible, and optimally utilized. We believe that secular technology trends, particularly in IoT, cloud computing, intelligent automation, and mobility, advance our vision and are transforming our customers' businesses and our industry, providing us with significant new opportunities to create value for our customers and for the Company. We expect to capitalize on these trends, and in particular the proliferation of smart connected sensors and devices in our core market segments, by providing end-to-end solutions that integrate these sensors and devices with cloud-based workflows and analytics applications. We plan to continue investing in the development of computer vision and other technologies that will enable intelligent automation solutions, providing increased visibility into the enterprise, real-time, actionable information, and improved customer experiences. Our solutions will also increasingly include advanced features, functions, and user experiences to drive additional competitive differentiation and elevate our role as a solutions provider.

Increase our opportunity for growth through expansion in adjacent market segments

We plan to drive growth through expansion, organically and inorganically, in adjacent market segments that are synergistic with our core markets. We will focus specifically on segments where our products and solutions, workflow expertise, and customer and industry relationships will enable us to provide significant value to end-users.

Enhance financial strength and flexibility

While maintaining our strong balance sheet, we intend to continue to improve profitability and cash flow generation through operational execution and increased productivity derived from continuous business process improvement, cost management, and focus on working capital efficiency.

Sustainable business model

Our corporate social responsibility priorities include human capital, resource conservation, and climate. These foundational priorities include initiatives that align with our corporate values and strategic focus, and help to ensure that our business is sustainable.

Competition

We operate in a highly competitive environment. The need for companies to improve productivity and implement their strategies, as well as the secular trends around IoT, cloud computing, automation, and mobility, are some of the factors that are creating growth opportunities for established and new competitors.

Key competitive factors include the breadth and quality of products, solutions and services, as well as pricing, design, performance, durability, geographic availability, warranty coverage, brand recognition, relationships with customers and channel partners, and company reputation. We believe we compete effectively with respect to these factors.

Mobile Computing: Competitors in mobile computing and related services include companies that have historically served enterprises with ruggedized devices. For some applications, we compete with companies that provide tablets and smart phones. Competitors include: Datalogic, Honeywell, and Panasonic.

Data Capture and RFID: Competitors that provide a broad portfolio of barcode scanning products and related services that are suitable for most global market applications include Datalogic and Honeywell. We also compete against smaller companies that focus on limited product subsets or specific regions, including Fujian Newland and Impinj.

Barcode and Card Printing: We consider our direct competition in printing to be producers of on-demand thermal transfer and direct thermal label fixed and mobile printing systems and RFID printer/encoders. We also compete with companies engaged in the design, manufacture, and marketing of printing systems that use technologies such as ink-jet, direct marking and laser printing, as well as card printers based on ink-jet, thermal transfer, embossing, film-based systems, encoders, laser engraving, and large-scale dye sublimation printers. In addition, service bureaus, which provide centralized services, compete for end-user business and provide an alternative to our card printing solutions. Competitors include: Fargo Electronics (a unit of HID Global), Honeywell, Sato, and Toshiba TEC.

Supplies: The supplies industry is highly fragmented with competition comprised of numerous companies of various sizes around the world.

Location Solutions: We compete with a diverse group of companies marketing location solutions that are primarily based on active RFID technologies. Competitors include: Cisco, Impinj, and Stanley Healthcare.

Workflow optimization solutions: We compete with a diverse and varied group of companies across our solution offerings. Competitors include: Ceridian, Cisco, Kronos, Teatro, and Workjam.

Customers

End-users of our products, solutions and services are diversified across a wide variety of industries. We have had three customers that each accounted for 10% or more of our Net sales over the past three years. All three of these customers are distributors and not end-users. No end-user has accounted for 10% or more of our Net sales during these years. See Note 20, *Segment Information & Geographic Data* in the Notes to Consolidated Financial Statements for further information.

Our Net sales to significant customers as a percentage of the Company's total Net sales were as follows:

	Year Ended December 31,		
	2020	2019	2018
Customer A	17.7 %	18.3 %	20.3 %
Customer B	13.9 %	13.7 %	15.7 %
Customer C	20.7 %	16.6 %	14.1 %

Sales and Marketing

Sales: We sell our products, solutions, and services primarily through distributors (two-tier distribution), value added resellers ("VARs"), independent software vendors ("ISVs"), direct marketers, and OEMs. We also sell directly to a select number of customers through our direct sales force. Distributors purchase our products and sell to VARs, ISVs and others, thereby increasing the distribution of our products globally. VARs, ISVs, OEMs, and systems integrators provide customers with a variety of hardware, accessories, software applications, and services. VARs and ISVs typically customize solutions for specific end-user applications using their industry, systems, and applications expertise. Some OEMs resell the Zebra-manufactured products under their own brands as part of their own product offering. Because these sales channels provide specific software, configuration, installation, integration, and support services to end-users within various industry segments, these relationships are highly valued by end-users and allow our products to reach customers in a wide array of industries around the world. We believe that the breadth of our distributor and channel partner network is a competitive differentiator and enhances our ability to compete. Finally, we experience some seasonality in sales, depending upon the geographic region and industry served.

Marketing: Our marketing function aligns closely with sales and product management functions to market our products and to deliver and promote solutions that address the needs of our customers and partners. Our marketing organization includes regional and channel marketing teams that interface closely with customers, partners, and sellers. Our marketing organization also includes teams that support global strategies and communications, including portfolio marketing, digital marketing, marketing operations and communications, and strategic marketing functions.

Manufacturing and Outsourcing

Final assembly of our hardware products is performed by third-parties, including electronics manufacturing services companies ("EMSs") and joint design manufacturers ("JDMs"). Our products are currently produced in facilities primarily located in the Asia-Pacific region, including China, Taiwan, Vietnam, and Malaysia, as well as Mexico and Brazil. In 2020, we completed our efforts to diversify our product sourcing footprint by establishing production in Taiwan, Vietnam, and Malaysia and reducing reliance on Chinese-based manufacturing. The EMSs and JDMs produce our products to our design specifications. We maintain control over portions of the supply chain, including supplier selection and price negotiations for key components. The manufacturers purchase the components and subassemblies used in the production of our products. Our products are shipped to regional distribution centers, operated by third party logistics providers or the Company. A portion of products are reconfigured at the distribution centers through firmware downloads, packaging, and customer specific customization before they are shipped to customers. In addition, certain products are manufactured in accordance with procurement regulations and various international trade agreements and remain eligible for sale to the U.S. government.

Production facilities for our supplies products are located in the U.S. and Western Europe. We also supplement our in-house supplies production capabilities with third-party manufacturers, principally located in Asia-Pacific.

Repair services for our products are performed by either our own operations or through third-parties, with repair service hubs located in each of the regions in which we serve our customers.

Research and Development

The Company devotes significant resources to developing innovative solutions for our target markets and ensuring that our products, solutions, and services maintain high levels of reliability and provide value to end-users. Research and development expenditures for the years ended 2020, 2019, and 2018 were \$453 million, \$447 million, and \$444 million, or 10.2%, 10.0% and 10.5% of Net sales, respectively. We have approximately 2,400 engineers and innovation and design experts worldwide focused on strengthening and broadening our extensive portfolio of products and solutions.

Our Technology

Mobile Computing: Our mobile computing products incorporate a wide array of advanced technologies in rugged, ergonomic enclosures to meet the needs of specific use cases. Purpose-built rugged devices ensure reliable operations for targeted use cases, surviving years of rough handling and harsh environments. A broad portfolio of enterprise accessories further tailors mobile computers to meet a wide variety of enterprise use cases. Our mobile computers include hardened industry-standard operating systems with software features to facilitate customers' mission-critical applications and ensure secure data transmission. Our mobile computers are also offered with software tools and services that support application development, device configuration, and field support to facilitate smooth and rapid deployment and ensure maximum customer return on investment. Additionally, specialized features such as advanced data capture technologies, data analytics technologies, voice and video collaboration tools, and advanced battery technologies enable our customers to work more efficiently and better serve their customers.

Data Capture and RFID: Our data capture products allow businesses to track business critical information quickly and accurately by providing real-time visibility into business processes and performance. These products include barcode scanners in a variety of form factors, including fixed and handheld scanners and standalone modules designed for integration into third-party OEM devices. Our scanners incorporate a variety of technologies including area imagers, linear imagers, lasers, and read linear, and two-dimensional barcodes. They are used in a broad range of applications, ranging from supermarket checkout to industrial warehouse optimization to patient management in hospitals. The design of these products reflects the diverse needs of these markets, with different ergonomics, multiple communication protocols, and varying levels of ruggedness.

Our RFID products include fixed readers, RFID enabled mobile computers, and RFID sleds. These utilize passive UHF to provide high speed, non-line of sight data capture from hundreds or thousands of RFID tags in near real-time. Using the EPC standard, end-users across multiple industries take advantage of RFID technology to track high-value assets, monitor shipments, and drive increased retail sales through improved inventory accuracy. We also offer mobile computers that support high frequency ("HF") near-field communications ("NFC") and low frequency ("LF") radio technologies.

Barcode and Card Printing: The Company's printers and print engines incorporate thermal printing technology. This technology creates an image by heating certain pixels of an electrical printhead to selectively image a ribbon or heat-sensitive substrate. Thermal printing benefits applications requiring simple and reliable operations, yet it is flexible enough to support a wide range of specialty label materials and associated inks. Our dye-sublimation thermal card printers produce full-color, photographic quality images that are well-suited for driver's licenses, access and identification cards, transaction cards, and on-demand photographs. Many of our printers also incorporate RFID technology that can encode data into passive RFID transponders embedded in a label or card.

The Company's printers integrate company-designed mechanisms, electrical systems, and firmware. Enclosures of metal or high-impact plastic ensure the durability of our printers. Special mechanisms optimize handling of labels, ribbons, and plastic cards. Fast, high-current electrical systems provide consistent image quality. Firmware supports serial, parallel, Ethernet, USB, Bluetooth, or 802.11 wireless communications with appropriate security protocols. Printing instructions can be received as a proprietary language such as Zebra Programming Language II ("ZPL II[®]"), as a print driver-provided image, or as user-defined Extensible Markup Language ("XML"). These features make our printers easy to integrate into virtually all common computer systems.

Location Solutions: We offer a range of scalable RTLS technologies that generate precise, on-demand information about the physical location and status of high-valued assets. These solutions use active and passive RFID technologies, beacons, and other tracking technologies to locate, track, manage, and optimize high-value assets, equipment, and people. In addition, we offer a selection of RTLS infrastructure products that receive tag transmissions and provide location and motion calculations, database and system management functions, and asset visibility. The flexible infrastructure supports large tag populations and a range of coverage areas.

Supplies: Our supplies business includes thermal labels, receipts, ribbons, plastic cards and wristbands suitable for use with our printers, and wristbands which can be imaged in most commercial laser printers. Our wristbands incorporate multi-layer form technology to ensure trouble-free printing, wearer comfort, and reliable barcode reading, even when exposed to harsh chemical environments. We offer many thermal and RFID labels, card, and receipt materials, and matching ribbons for diverse applications that may require meeting unique or precise specifications, including chemical or abrasion resistance, extreme temperatures, exceptional image quality, or long life. Also included within our supplies business are temperature monitoring labels, which incorporate chemical indicators that are designed to change color upon exceeding predefined time and/or temperature thresholds.

Workflow optimization solutions: Our workflow optimization solutions are delivered via a hybrid cloud platform and leverage big data, artificial intelligence and mobile/web applications to provide customers with real-time visibility and actionable insights about their business. By analyzing labor, inventory, transactional and real-time situational data, our solutions are able to forecast demand, prescribe actions, schedule workers, and enhance collaboration.

Intellectual Property

We rely on a combination of trade secrets, patents, trademarks, copyrights, and contractual rights to establish and protect our innovations, and hold a large portfolio of intellectual property rights in the U.S. and other countries. As of December 31, 2020, the Company owned approximately 2,100 trademark registrations and trademark applications, and approximately 5,300 patents and patent applications, worldwide.

We believe that our intellectual property will continue to provide us with a competitive advantage in our core product areas as well as provide leverage for future technologies. Our success depends more upon our extensive know-how, deep understanding of end-user processes and work-flows, innovative culture, technical leadership and marketing and sales abilities. Although we do not rely only on patents or other intellectual property rights to protect or establish our market position, we will enforce our intellectual property rights when and where appropriate.

Human Capital

The Company is committed to attracting, developing, and retaining talent to enable our strategic vision. This commitment directly shapes our approach to fostering a culture of inclusion and diversity and ensuring each employee can reach their potential.

We believe that our strong Company culture is a key enabler of our success. The values of accountability, integrity, teamwork, agility, and innovation are central to our culture and how we operate and work together. We take proactive steps to ensure that this culture continues to permeate throughout our organization. Employee engagement within the Company is consistently high with the most recent measures scoring above relevant benchmarks for technology companies. We consider our relations with our employees to be very good. In addition, we believe our compensation structure aligns with our stockholders' long-term interests by balancing profitability and growth, as well as current market practices, and reflects the Company's commitment to pay for performance.

As of December 31, 2020, the Company had approximately 8,800 employees globally, with a majority in sales and technical roles. Our employees reside in 54 countries with a majority of our employees located outside of the U.S. Some portions of our business, primarily in Europe, China, and India, are subject to labor laws that differ significantly from those in the U.S. In Europe, for example, it is common for a works council to represent employees when discussing matters such as compensation, benefits, restructurings and layoffs.

Talent Development

We are a Company built on great minds, with unique points of view that come together to build something remarkable. We believe that empowered team members enable us to advance our strategic priorities.

As a result, we provide ample employee development opportunities, starting with our robust onboarding process. Our Zebra Education Network online learning platform offers a wide variety of learning and development resources such as formal learning courses, cross-functional development experiences, as well as tools for mentoring and career shadowing. We also offer annual training and certification programs. Additionally, we conduct a robust talent review to assess our leadership pipeline and align on the skills we need to proactively develop for the future. This annual exercise is complemented by quarterly sessions with management to ensure we make progress on our critical talent development efforts throughout the year.

Inclusion and Diversity

We are fostering a diverse workforce where employees are encouraged to bring their best selves to work, and where all are seen, heard, valued, and respected. We believe a diverse workforce and inclusive culture fosters innovation at the Company. We expanded our Inclusion & Diversity program in 2020, after formalizing the program in 2018. In 2020 we also launched our Inclusion & Diversity Advisory Council, comprised of Executive Leadership Team members and others from across the organization to oversee our strategy and champion our efforts.

Our Chief Executive Officer has expressed support for diversity efforts by personally signing a commitment with the CEO Action for Diversity & Inclusion, the Business Roundtable, and The Valuable 500. The Company is also fostering inclusion and diversity through the following mechanisms:

- Inclusion Networks: We have a number of employee-led inclusion groups including the Women's Inclusion Network (WIN), the LGBTQ+ group called ZEAL (Zebra Equality Alliance), the Veterans group called VETZ, the Hispanic

Inclusion Network called UNIDOZ, Zebras of African Descent (ZAD), and EDGE (Empowering Dynamic Generational Employees), which is geared towards our Millennial and Gen Z early career professionals. Each group is sponsored by one or more members of our Executive Leadership Team.

- **Imbedding Inclusive Behaviors**: We provide a variety of training including unconscious bias awareness for all employees, interviewing bias awareness training for hiring managers, and a mandatory Inclusive Leadership workshop for all people leaders. Additionally, our Inclusion Networks host a wide variety of events focused on increasing cultural competency.
- **External Outreach**: We leverage technology to remove gendered language from job postings to attract a diverse pool of applicants. We also strive to create a diverse slate of candidates wherever possible, with additional emphasis on our director level roles and above. We have established partnerships with Catalyst, Society of Women Engineers (SWE), National Society of Black Engineers (NSBE), Disability IN, as well as Historically Black Colleges and Universities to enhance our recruitment efforts and deepen our partnerships with diverse talent.

Regulatory Matters

Wireless Regulatory Matters

Our business is subject to certain wireless regulatory matters.

The use of wireless voice, data, and video communications systems requires radio spectrum, which is regulated by government agencies throughout the world. In the U.S., the Federal Communications Commission (“FCC”) and the National Telecommunications and Information Administration (“NTIA”) regulate spectrum use by non-federal entities and federal entities, respectively. Similarly, countries around the world have one or more regulatory bodies that define and implement the rules for use of the radio spectrum, pursuant to their respective national laws and international coordination under the International Telecommunications Union. We manufacture and market products in spectrum bands already made available by regulatory bodies, these include voice and data infrastructure, mobile radios, and portable or hand-held devices. Consequently, our results of operations could be positively or negatively affected by the rules and regulations adopted from time-to-time by the FCC, NTIA, or regulatory agencies in other countries. Our products operate both on licensed and unlicensed spectrum. The availability of additional radio spectrum may provide new business opportunities, and consequently, the loss of available radio spectrum may result in the loss of business opportunities. Regulatory changes in current spectrum bands may also provide opportunities or may require modifications to some products so they can continue to be manufactured and marketed.

Other Regulatory Matters

Some of our operations use substances regulated under various federal, state, local, and international laws governing the environment and worker health and safety, including those governing the discharge of pollutants into the ground, air and water, the management and disposal of hazardous substances and wastes and the cleanup of contaminated sites. Certain products are subject to various federal, state, local, and international laws governing chemical substances in electronic products. During 2020, compliance with U.S. federal, state and local, and foreign laws regulating the discharge of materials into the environment, or otherwise relating to the protection of the environment did not have a material effect on our business or results of operations.

Available Information

Our website address is www.zebra.com. The information on our website is not, and shall not be deemed to be, a part of this Annual Report on Form 10-K or incorporated into any other filings we make with the Securities and Exchange Commission (“SEC”). Our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and any amendments to those reports, are made available free of charge on the Investor Relations page of our website as soon as reasonably practicable after we electronically file them with or furnish them to the SEC.

Item 1A. Risk Factors

Investors should carefully consider the risks, uncertainties, and other factors described below, as well as other disclosures in this report, including Management's Discussion and Analysis of Financial Condition and Results of Operations, because they could have a material adverse effect on our business, financial condition, operating results, cash flows, and growth prospects. These risks are not the only risks we face. Our business operations could also be affected by additional factors that are not presently known to us or that we currently consider to be immaterial. No priority or significance is intended by, nor should be attached to, the order in which the risk factors appear.

General Business and Industry Risks

The Company is vulnerable to the potential difficulties associated with the increase in the complexity of our business. We have grown rapidly over the last several years through acquisition and worldwide growth. This growth has caused increased complexities in the business. We believe our future success depends in part on our ability to manage our growth and increased complexities of our business. The following factors could present difficulties to us:

- Managing our distribution channel partners;
- Managing our contract manufacturing and supply chain;
- Manufacturing an increased number of products;
- Developing and managing custom solutions offerings;
- Managing parties to whom we have outsourced portions of our business operations;
- Managing administrative and operational burdens;
- Managing stakeholder interests including customer, investor and employee social responsibility matters;
- Maintaining and improving information technology infrastructure to support growth;
- Managing the integration of acquisitions;
- Managing logistical problems common to complex, expansive operations;
- Managing our international operations; and
- Attracting, developing and retaining individuals with the requisite technical expertise to develop new technologies and introduce new products and solutions.

Inability to consummate future acquisitions at appropriate prices could negatively impact our growth rate and stock price. Our ability to expand revenues, earnings, and cash flow depends in part upon our ability to identify and successfully acquire and integrate businesses at appropriate prices and to realize anticipated synergies. Acquisitions can be difficult to identify and consummate due to competition among prospective buyers and the need to satisfy applicable closing conditions and obtain antitrust and other regulatory approval on acceptable terms.

The Company could encounter difficulties in any acquisition it undertakes, including unanticipated integration problems and business disruption. Acquisitions could also dilute stockholder value and adversely affect operating results. We may acquire or make investments in other businesses, technologies, services, products, or solutions. An acquisition may present business issues which are new to us. The process of integrating any acquired business, technology, service, or product into our operations may result in unforeseen operating difficulties and expenditures. Integration of an acquired company also may consume considerable management time and attention, which could otherwise be available for ongoing operations and the further development of our existing business. These and other factors may result in benefits of an acquisition not being fully realized.

Acquisitions also may involve a number of risks, including:

- Difficulties and uncertainties in retaining the customers or other business relationships from the acquired entities;
- The loss of key employees of acquired entities;
- The ability of acquired entities to fulfill their customers' obligations;
- The inheritance of known, and the discovery of unknown, issues or liabilities;
- Pre-closing and post-closing acquisition-related earnings charges could adversely impact operating results and cash flows in any given period, and the impact may be substantially different from period to period;
- The failure of acquired entities to meet or exceed expected operating results or cash flows could result in impairment of goodwill or intangible assets acquired;
- The ability to implement internal controls and accounting systems necessary to be compliant with requirements applicable to public companies subject to SEC reporting, which could result in misstated financial reports; and
- Future acquisitions could result in changes such as potentially dilutive issuances of equity securities, the incurrence of debt and contingent liabilities, and goodwill impairment charges.

The Company may not be able to continue to develop products or solutions to address user needs effectively in an industry characterized by ongoing change. To be successful, we must adapt to rapidly changing technological and application needs by continually improving our products and solutions, as well as introducing new products, solutions, and services, to address user demands.

The Company's industry is characterized by:

- Evolving industry standards;
- Frequent new product, solution, and service introductions;
- Evolving distribution channels;
- Increasing demand for customized product and software solutions;
- Changing customer demands; and
- Changing security protocols.

Future success will depend on our ability to effectively and economically adapt in this evolving environment. We could incur substantial costs if we must modify our business to adapt to these changes, and may even be unable to adapt to these changes.

The Company participates in a competitive industry, which may become more competitive. Competitors may be able to respond more quickly to new or emerging technology and changes in customer requirements. We face significant competition in developing and selling our products and solutions. To remain competitive, we believe we must continue to effectively and economically provide:

- Technologically advanced systems that satisfy user demands;
- Superior customer service;
- High levels of quality and reliability; and
- Dependable and efficient distribution networks.

We cannot assure we will be able to compete successfully against current or future competitors or technologies. Increased competition in mobile computing products, data capture products, radio frequency identification devices ("RFID"), printers, supplies, or software-based solutions may result in price reductions, lower gross profit margins, and loss of market share, and could require increased spending on research and development, sales and marketing, and customer support. Some competitors may make strategic acquisitions or establish cooperative relationships with suppliers or companies that produce complementary products and solutions, which may create additional pressures on our competitive position in the marketplace.

Operational Risks

The Company has substantial operations and sells a significant portion of our products, solutions and services outside of the U.S. and purchases important components, including final products, from suppliers located outside the U.S. Shipments to non-U.S. customers are expected to continue to account for a material portion of Net sales. We also expect to continue the use of third-party contract manufacturing services with non-U.S. production and assembly operations for our products.

Risks associated with operations, sales, and purchases outside the United States include:

- Fluctuating foreign currency rates could restrict sales, increase costs of purchasing, and affect collection of receivables outside of the U.S.;
- Volatility in foreign credit markets may affect the financial well-being of our customers and suppliers;
- Violations of anti-corruption laws, including the Foreign Corrupt Practices Act and the U.K. Bribery Act, could result in large fines and penalties;
- Adverse changes in, or uncertainty of, local business laws or practices, including the following:
 - Imposition of burdensome tariffs, quotas, taxes, trade barriers, or capital flow restrictions;
 - Restrictions on the export or import of technology may reduce or eliminate the ability to sell in, or purchase from, certain markets;
 - Political and economic instability may reduce demand for our products or put our non-U.S. assets at risk;
 - Limited intellectual property protection in certain countries may limit recourse against infringement on our products or may cause us to refrain from selling in certain geographic territories;
 - Staffing may be difficult including higher than anticipated turnover;
 - A government-controlled exchange rate and limitations on the convertibility of currencies, including the Chinese Yuan;
 - Transportation delays and customs related delays may affect production and distribution of our products;
 - Geopolitical uncertainty or turmoil could negatively affect our operations or those of our customers or suppliers;

- Effectively managing and overseeing operations that are distant and remote from corporate headquarters; and
- Integration and enforcement of laws varies significantly among jurisdictions and may change over time

Third parties may allege that the Company or our suppliers infringe upon their intellectual property rights. Periodically, third parties claim that we or our suppliers infringe upon their intellectual property rights. As we continue to expand our business and incorporate new technologies into our products and solutions, these types of claims may increase. Any of these claims, with or without merit, could result in costly litigation and divert the attention of key personnel. To the extent a violation of a third party's patent or other intellectual property right is established, we may be prevented from operating our business as planned and we may be required to pay costly judgments or settlements, enter into costly licensing arrangements or use a non-infringing method to accomplish our business objectives, any of which could have a negative impact on our operating margins.

The inability to protect intellectual property could harm our reputation, and our competitive position may be materially damaged. Our intellectual property is valuable and provides us with certain competitive advantages. We use copyrights, patents, trademarks, trade secrets, and contracts to protect these proprietary rights. Despite these precautions, third parties may be able to copy or reproduce aspects of our intellectual property and our products or, without authorization, to misappropriate and use information we regard as trade secrets. Additionally, the intellectual property rights we obtain may not be sufficient to provide us with a competitive advantage and may be successfully challenged, invalidated, circumvented, or infringed. In any infringement litigation that the Company may undertake to protect our intellectual property, any award of monetary damages may be unlikely or very difficult to obtain, and any such award we may receive may not be commercially valuable. Furthermore, efforts to enforce or protect our proprietary rights may be ineffective and could result in the invalidation or narrowing of the scope of our intellectual property and may cause us to incur substantial litigation costs. Because of the substantial amount of discovery required in connection with intellectual property litigation, there is a risk that some of the Company's confidential information could be compromised by disclosure during this type of litigation. Some aspects of our business and services also rely on technologies, software, and content developed by or licensed from third parties, and we may not be able to maintain our relationships with such third parties or enter into similar relationships in the future on reasonable terms or at all.

We currently use third-party and/or open source operating systems and associated application ecosystems in certain of our products and solutions. Such parties ceasing continued development of the operating systems or restricting our access to such operating systems could adversely impact our business and financial results. We are dependent on third-parties' continued development of operating systems, software application ecosystem infrastructures, and such third-parties' approval of our implementations of their operating systems and associated applications. If such parties cease to continue development or support of such operating systems or restrict our access to such operating systems, we would be required to change our strategy for such devices. Our financial results could be negatively impacted by a resulting shift away from the operating systems we currently use and the associated applications ecosystem could be costly and difficult. A strategy shift could increase the burden of development on the Company and potentially create a gap in our portfolio for a period of time, which could competitively disadvantage us.

Cybersecurity incidents could disrupt business operations. We rely on information technology systems throughout the Company to keep financial records, process orders, manage inventory, coordinate shipments to distributors and customers, maintain confidential and proprietary information, and operate other critical functions such as internet connectivity, network communications, and email. Like many companies, we continually strive to meet industry information security standards relevant to our business. We periodically perform vulnerability assessments, remediate vulnerabilities, review log/access, perform system maintenance, manage network perimeter protection, implement and manage disaster recovery testing, and provide periodic educational sessions to our employees to foster awareness of schemes to access sensitive information. Despite our implementation of a variety of security measures, there is no assurance that such actions will be sufficient to prevent a cybersecurity incident. A cybersecurity incident could include an attempt to gain unauthorized access to digital systems for purposes of misappropriating assets or sensitive information, corrupting data, or causing operational disruption. Phishing and other types of attempts to obtain unauthorized information or access are often sophisticated and difficult to detect or defeat.

A cybersecurity incident, including deliberate attacks and unintentional events, may lead to a material disruption of our core business systems, the loss or corruption of confidential business information, and/or the disclosure of personal data that in each case could result in an adverse business impact as well as possible damage to our brand. This could also lead to a public disclosure or theft of private intellectual property and a possible loss of customer confidence.

While we have experienced and expect to continue to experience these types of threats and incidents, there have been no material incidents incurred to-date at the Company. If our core business operations, or that of one of our third-party service providers, were to be breached, this could affect the confidentiality, integrity, and availability of our systems and data. Any failure on the part of us or our third-party service providers to maintain the security of data we are required to protect, including

via the penetration of our network security and the misappropriation of confidential and proprietary information, could result in business disruption, damage to our reputation, financial obligations to third parties, fines, penalties, regulatory proceedings, and private litigation with potentially large costs, and also result in deterioration in our suppliers', distributors', and customers' confidence in us and other competitive disadvantages, and therefore could have a material adverse effect on our business, financial condition, and results of operations. While we continue to perform security due diligence, there is always the possibility of a significant breach.

Our products and solutions that are deployed in customer environments also have the possibility of being breached, which could result in damage to a customer's confidentiality, integrity, and availability of the customer's data and systems. It is possible that such a breach could result in delays in, or loss of market acceptance of, our products, solutions or services; diversion of our resources; injury to our reputation; increased service and warranty expenses; and payment of damages. To date, we have had no material incidents related to the security on our products or solutions. Although we maintain insurance related to cybersecurity risks, there can be no assurance that our insurance coverage will cover the particular cyber incident at issue or that such coverage will be sufficient.

We may incur liabilities as a result of product failures due to actual or apparent design or manufacturing defects. We may be subject to product liability claims, which could include claims for property or economic damages or personal injury, in the event damages arise from our products as a result of actual or apparent design or manufacturing defects. Such design or manufacturing defects may occur not only in our own designed products, but also in components provided by third-party suppliers. We generally have insurance protection against property damage and personal injury liabilities and seek to limit such risk through product design, manufacturing quality control processes, product testing and contractual indemnification from suppliers. However, due to the growing size of the Company's installed product base and growing number of applications in which our products can be used, an actual or alleged design or manufacturing defect could result in product recalls, customer service costs or legal costs that could have material adverse effects on our financial results.

Defects or errors in the Company's software products could harm our reputation, result in significant cost to us, and impair our ability to market such products. Our software may contain undetected errors, defects, or bugs. Although we have not suffered significant harm from any errors, defects, or bugs to date, we may discover significant errors, defects, or bugs in the future that we may not be able to correct or correct in a timely manner. Any future errors, defects, or bugs found in our software products and related services may result in delays in, or loss of market acceptance of, our products, solutions or services; diversion of resources; injury to reputation; increased service and warranty expenses; and payment of damages.

We depend on the ongoing services of our senior management and the ability to attract and retain key personnel. The future success of the Company is substantially dependent on the continued services and contributions of senior management and other key personnel. The ability to attract, retain, and motivate highly skilled employees is important to our long-term success. Competition for skill sets in certain functions within our industry is intense and we may be unable to retain key employees or attract, assimilate, or retain other highly qualified employees in the future. Any disruption in the services of senior management or our ability to attract and retain key personnel may have a material adverse effect on our business and results of operations.

A natural disaster, widespread public health issue, civil unrest, or man-made disaster may cause supply disruptions that could adversely affect our business and results of operations. Natural disasters or widespread public health issues, including pandemics, may occur in the future and the Company is not able to predict to what extent or duration any such disruptions will have on our ability to maintain ordinary business operations. The Company's operations and facilities are subject to catastrophic loss due to fire, flood, terrorism, or other natural or man-made disasters. If any of our facilities were to experience a catastrophic loss, it could disrupt our operations, delay production, shipments and revenue, and result in large expenses to repair or replace the facility. Following an interruption to our business, the Company could require substantial recovery time, experience significant expenditures to resume operations, and lose significant sales. If such a disruption were to occur, we could breach agreements, our reputation could be harmed, and our business and operating results could be adversely affected. The consequences of a natural disaster or widespread public health issue may have a material adverse effect on our business and results of operations.

The effects of the COVID-19 pandemic have and may continue to adversely affect our business, financial results, and results of operations. The coronavirus ("COVID-19") has spread rapidly worldwide, resulting in a broad number of governmental and commercial efforts to contain the spread of COVID-19 globally, such as travel bans and restrictions, quarantines, shelter in place orders, and shutdowns. The COVID-19 pandemic has been, and continues to be, complex and rapidly evolving, and has adversely impacted our business, primarily related to lower customer demand and higher fulfillment costs. The duration and extent of the impact of the COVID-19 pandemic on our business, operations and financial results depends on factors that cannot be accurately predicted at this time, such as the severity and transmission rate of COVID-19, the extent and effectiveness of containment actions, the extent to which vaccines and/or other medical treatments are developed and made available to the

public, and the impact of these and other factors on our employees, customers, industry partners, suppliers and third party dealers, distributors, and resellers.

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. We have implemented a number of measures in an effort to protect the health and well-being of our employees, customers and suppliers, including having the majority of office workers work remotely, limiting employee travel, and withdrawing from industry events. The transition to working remotely for most of our office employees may impact our business operations, customer relationships, pose additional data security risks as well as impact our ability to attract and retain talent. The extent and duration of ongoing workplace restrictions and limitations, particularly in sites with significant headcount, could adversely impact our operations and our ability to execute on strategic imperatives for our business. As governments ease their restrictions and we 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. However, there is no guarantee that such protocols will be successful in preventing the spread of COVID-19 amongst our employees. In late 2020, certain vaccines were 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. At this time, the availability of authorized vaccines is highly limited, and the time required to make these vaccines available to all members of the public remains uncertain. Further, we have experienced higher than normal employee absentee rates for employees who are unable to work from home, and even as employees return to our offices, we may be prevented from conducting business activities at full capacity for an indefinite period of time. The potential negative effects to our operations, including reductions in production levels, research and development activities, and increased costs resulting from our efforts to mitigate the impact of COVID-19, may adversely affect our ability to deliver our products, solutions and services.

In addition, the continued spread of COVID-19 has led to disruption and volatility in the worldwide credit and financial markets, which could limit our ability to obtain external financing and result in a higher rate of losses on our accounts receivables due to credit defaults, adversely affecting our liquidity. While the COVID-19 pandemic has not materially impacted our liquidity and capital resources to date, the duration and severity of any further economic or market impact of the pandemic remains uncertain and there can be no assurance that it will not have an adverse effect on our liquidity and capital resources, including our ability to access capital markets, in the future.

If COVID-19 becomes more prevalent in the locations where our customers, suppliers, or we conduct business, we may experience more pronounced disruptions in our operations. If we are not able to respond to and manage the impact of such events effectively, our business and results of operations in future periods may be adversely affected. Moreover, the impacts of the COVID-19 pandemic may exacerbate other pre-existing risks, such as global economic conditions, political, regulatory, social, financial, operational and cybersecurity as well as similar risks relating to our suppliers and customers, any of which could have a material adverse effect on our business.

Zebra could be adversely impacted by the United Kingdom's withdrawal from the European Union. Zebra maintains its European regional headquarters and a label converting facility in the U.K. and has significant operations and sales throughout Europe, including its regional distribution center located in Heerenveen, Netherlands. Following the U.K. formally withdrawing from the E.U. on January 31, 2020, the U.K. and E.U. entered into a transition period that ended on December 31, 2020. The E.U.-U.K. Trade and Cooperation Agreement was entered into on December 24, 2020 and details the future relationship between the U.K. and E.U., and has resolved much uncertainty. Nevertheless, effective January 1, 2021, customs borders are in place between Great Britain and Northern Ireland and Great Britain and the E.U., which could adversely impact Zebra's operations and financial performance due to the increase in importation requirements that may lead to disrupted or delayed shipments in the region. Such disrupted or delayed shipments may also result in shortages of products and components or loss of customer confidence, which could affect Zebra's financial performance.

We are exposed to risks under large, multi-year system and solutions and services contracts that may negatively impact our business. We enter into large, multi-year system and solutions and services contracts with our customers that expose us to risks, including among others: (i) technological risks, especially when contracts involve new technology; (ii) financial risks, including the accuracy of estimates inherent in projecting costs associated with large, long-term contracts and the related impact on operating results; and (iii) cybersecurity risks, especially in solutions or managed services contracts with customers that process personal data. Recovery of front-loaded costs incurred on long-term managed services and software-based solutions contracts with customers is dependent on the continued viability of such customers. The insolvency of customers could result in a loss of anticipated future revenue attributable to that program or product, which could have an adverse impact on our profitability.

We enter into fixed-price contracts that could subject us to losses in the event we fail to properly estimate our costs. If our initial cost estimates are incorrect, we can lose money on these contracts. Because many of these contracts involve new

technologies and applications and require the Company to engage subcontractors and can last multiple years, unforeseen events, such as technological difficulties, fluctuations in the price of raw materials, problems with our subcontractors or suppliers, and other cost overruns, can result in the contract pricing becoming less favorable or even unprofitable to us and have an adverse impact on our financial results. In addition, a significant increase in inflation rates could have an adverse impact on the profitability of longer-term contracts.

We utilize the services of subcontractors to perform under many of our contracts, and the inability of our subcontractors to perform in a timely and compliant manner could negatively impact our performance obligations as the prime contractor. We engage subcontractors on many of our contracts and our use of subcontractors has and may continue to increase as we expand our global solutions and services business. Our subcontractors may further subcontract performance and may supply third-party products and software. We may have disputes with our subcontractors, including disputes regarding the quality and timeliness of work performed by a subcontractor and the functionality, warranty and indemnities of products, software, and services supplied by a subcontractor. We are not always successful in passing along customer requirements to our subcontractors, and thus in some cases may be required to absorb contractual risks from our customers without corresponding back-to-back coverage from our subcontractors. Our subcontractors may not be able to acquire or maintain the quality of the materials, components, subsystems, and services they supply, or secure preferred warranty and indemnity coverage from their suppliers, which might result in greater product returns, service problems, warranty claims and costs, and regulatory compliance issues and could harm our business, financial condition, and results of operations.

We have outsourced portions of certain business operations such as repair, distribution, engineering services, and information technology services and may outsource additional business operations, which limits our control over these business operations and exposes us to additional risk as a result of the actions of our outsource partners. We are not able to directly control certain business operations that we outsource. Our outsource partners may not prioritize our business over that of their other customers and they may not meet our desired level of service, cost reductions, or other metrics. In some cases, our outsource partners' actions may result in our being found to be in violation of laws or regulations, such as import or export regulations. As many of our outsource partners operate outside of the U.S., our outsourcing activity exposes us to information security vulnerabilities and increases our global risks. In addition, we are exposed to the financial viability of our outsource partners. Once a business activity is outsourced, we may be contractually prohibited from, or may not practically be able to, bring such activity back within the Company or move it to another outsource partner. The actions of our outsource partners could result in reputational damage to us and could negatively impact our financial results. Additionally, transitioning activities between new or existing outsource partners or across different geographies as well as insourcing activities could result in additional cost, time and management attention in order to effectively manage the transition, which could negatively impact our financial results.

Failure of our suppliers, subcontractors, distributors, resellers, and representatives to use acceptable legal or ethical business practices could negatively impact our business. It is our policy to require suppliers, subcontractors, distributors, resellers, and third-party sales representatives ("TPSRs") to operate in compliance with applicable laws, rules, and regulations, including those regarding working conditions, employment practices, environmental compliance, anti-corruption, and trademark and copyright licensing. However, we do not control their labor and other business practices. If one of our suppliers, subcontractors, distributors, resellers, or TPSRs violates labor or other laws or implements labor or other business practices that are regarded as unethical, the shipment of finished products to us could be interrupted, orders could be canceled, relationships could be terminated, and our reputation could be damaged. If one of our suppliers or subcontractors fails to procure necessary license rights to trademarks, copyrights, or patents, legal action could be taken against us that could impact the salability of the Company's products and solutions, and expose us to financial obligations to a third-party. Any of these events could have a negative impact on our sales and results of operations.

We rely on third-party dealers, distributors, and resellers to sell many of our products and solutions, and their failure to effectively bring our products and solutions to market may negatively affect our results of operation and financial results. In addition to our own sales force, we offer our products and solutions through a variety of third-party dealers, distributors, and resellers who may also market other products and solutions that compete with ours. Failure of one or more of our third-party dealers, distributors, or resellers to effectively promote our products and solutions could affect our ability to bring products and solutions to market and have a negative impact on our results of operations. Any changes to our channel program may cause some of our third-party dealers, distributors, or resellers to exit the program due to modifications to the program structure, which may reduce our ability to bring products and solutions to market and could have a negative impact on our results of operations.

Some of these third-parties are smaller and more likely to be impacted by a significant decrease in available credit that could result from a weakness in the financial markets. If credit pressures or other financial difficulties result in insolvency for third-party dealers, distributors, or resellers and we are unable to successfully transition end-customers to purchase our products and solutions from other third-parties or from us directly, it may cause, and in some cases, has caused, a negative impact on our financial results.

Final assembly of certain of our products is performed by third-party electronics manufacturers. We may be dependent on these third-party electronics manufacturers as a sole-source of supply for the manufacture of such products. A failure by such manufacturers to provide manufacturing services to us as we require, or any disruption in such manufacturing services up to and including a catastrophic shut-down, may adversely affect our business results. Because we rely on these third-party electronics manufacturers to manufacture our products, we may incur increased business continuity risks. We are not able to exercise direct control over the assembly or related operations of certain of our products. If these third-party manufacturers experience business difficulties or fail to meet our manufacturing needs, then we may be unable to satisfy customer product demands, lose sales, and be unable to maintain customer relationships. Longer production lead times may result in shortages of certain products and inadequate inventories during periods of unanticipated higher demand. Without such third parties continuing to manufacture our products, we may have no other means of final assembly of certain of our products until we are able to secure the manufacturing capability at another facility or develop an alternative manufacturing facility. This transition could be costly and time consuming. From time to time we may diversify our product sourcing footprint, similar to the actions we took with our efforts to reduce our reliance on Chinese-based manufacturing, which may result in additional costs.

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 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. Credit constraints at our suppliers could cause us to accelerate payment of accounts payable by us, impacting our cash flow.

In addition, our current contracts with certain suppliers may be canceled or not extended by such suppliers and, therefore, not afford us with sufficient protection against a reduction or interruption in supplies. Moreover, in the event any of these suppliers breach their contracts with us, our legal remedies associated with such a breach may be insufficient to compensate us for any damages it may suffer.

Financial and Market Risks

The impact of changes in customs duties and trade policies in the United States and corresponding actions by other countries in which the Company does business could adversely affect our financial performance. The Company currently imports a significant percentage of our products into the U.S., and an increase in customs duties with respect to these imports could negatively impact the Company's financial performance. During 2020, the Company successfully completed efforts to diversify its product sourcing footprint in order to reduce its reliance on Chinese-based manufacturing and mitigate the impacts of related customs duties.

Taxing authority challenges may lead to tax payments exceeding current reserves. We are subject to, and may become subject to, ongoing tax examinations in various jurisdictions. As a result, we may record incremental tax expense based on expected outcomes of such matters. In addition, we may adjust previously reported tax reserves based on expected results of these examinations. Such adjustments could result in an increase or decrease to the Company's effective tax rate and cash flows. Future changes in tax law in various jurisdictions around the world and income tax holidays could have a material impact on our effective tax rate, foreign rate differential, future income tax expense, and cash flows.

Forecasting our estimated annual effective tax rate is complex and subject to uncertainty, and there may be material differences between our forecasted and actual tax rates. Forecasts of our income tax position and effective tax rate are complex, subject to uncertainty and periodic updates because our income tax position for each year combines the effects of a mix of profits earned and losses incurred by us in various tax jurisdictions with a broad range of income tax rates, as well as changes in the valuation of deferred tax assets and liabilities, the impact of various accounting rules and changes to these rules, the results of examinations by various tax authorities, and the impact of any acquisition, business combination, disposition or other reorganization, or financing transaction.

As a multinational corporation, we conduct our business in many countries and are subject to taxation in many jurisdictions. The taxation of our business is subject to the application of multiple, and sometimes conflicting, tax laws and regulations, as well as multinational tax conventions. Many countries have recently adopted, or are considering the adoption of, revisions to their respective tax laws based on the on-going reports issued by the Organization for Economic Co-operation and

Development (“OECD”)/G20 Base Erosion and Profit Shifting (“BEPS”) Project, which could materially impact our tax liability due to our organizational structure and significant operations outside of the U.S. Our effective tax rate is highly dependent upon the geographic distribution of our worldwide earnings or losses resulting from our structure and operating model, the tax regulations and tax holidays in each geographic region, and the availability of tax credits and carry-forwards. The application of tax laws and regulations is subject to legal and factual interpretation, judgment, and uncertainty. Tax laws themselves are subject to change as a result of changes in fiscal policy, changes in legislation, and the evolution of regulations and court rulings. Consequently, taxing authorities may impose tax assessments or judgments against us that could materially impact our tax liability and/or our effective income tax rate.

Economic conditions and financial market disruptions may adversely affect our business and results of operations. Adverse economic conditions or reduced information technology spending may negatively impact our business. General disruption of financial markets and a related general economic downturn could adversely affect our business and financial condition through a reduction in demand for our products, solutions or services by our customers. If a slowdown were severe enough, it could require further impairment testing and write-downs of goodwill and other intangible assets. Cost reduction actions may be necessary and might lead to restructuring charges. A tightening of financial credit could adversely affect our customers, suppliers, outsourced manufacturers, and channel partners (e.g., distributors and resellers) from obtaining adequate credit for the financing of significant purchases. An economic downturn could also result in a decrease in or cancellation of orders for our products, solutions and services; negatively impacting the ability to collect accounts receivable on a timely basis; result in additional reserves for uncollectible accounts receivable; and require additional reserves for inventory obsolescence. Higher volatility and fluctuations in foreign exchange rates for the U.S. Dollar against currencies such as the Euro, British Pound Sterling, Czech Koruna, Brazilian Real, and Chinese Yuan could negatively impact product sales, margins, and cash flows.

It is important that we are able to obtain many different types of insurance, and if we are not able to obtain insurance or exhaust our coverage, we may be forced to retain the risk. We have many types of insurance coverage and are also self-insured for some risks and obligations. Our third-party insurance coverage varies from time to time in both type and amount depending on availability, cost and our decisions with respect to risk retention. Economic conditions and uncertainties in global markets may adversely affect the cost and other terms upon which we are able to obtain third-party insurance. In addition, our third-party insurance policies are subject to deductibles, policy limits, and exclusions that result in our retention of a level of risk on a self-insurance basis. Further, certain types of coverages may be difficult or expensive to obtain. We self-insure against certain business risks and expenses where we believe we can adequately self-insure against the anticipated exposure and risk or where insurance is either not deemed cost-effective or is not available. If the amount of our third-party insurance coverage is not available or adequate to cover all claims or liabilities, or to the extent we have elected to self-insure, we may be forced to bear substantial costs from an accident, incident, or claim. Losses not covered by insurance could be substantial and unpredictable and could adversely affect our financial condition and results of operations.

Our indebtedness could adversely affect our business. As of December 31, 2020, we had \$1.3 billion of outstanding debt, gross of unamortized discounts and debt issuance costs. Our indebtedness could have important consequences, including the following:

- We may experience difficulty in satisfying our obligations with respect to our existing indebtedness or future indebtedness;
- Our ability to obtain additional financing for working capital, capital expenditures, acquisitions, or general corporate purposes may be impaired;
- We may be at a competitive disadvantage with reduced flexibility in planning for, or responding to, changing conditions in the industry, including increased competition; and
- We may be more vulnerable to economic downturns and adverse developments in the business.

We expect to fund our expenses and to pay the principal and interest on our indebtedness from cash flow from operations. Our ability to meet our expenses and to pay principal and interest on our indebtedness when due depends on our future performance and ability to collect cash from our customers, which will be affected by financial, business, economic, and other factors. We will not be able to control many of these factors, such as economic conditions in the markets where we operate and pressure from competitors.

If our business does not generate sufficient cash flows from operations or if future borrowings are not available to us in an amount sufficient to enable us to pay our indebtedness or to fund our other liquidity needs, we may need to refinance all or a portion of our indebtedness on or before the maturity thereof, sell assets, reduce or delay capital investments, or seek to raise additional capital, any of which could have a material adverse effect on our operations. In addition, we may not be able to effect any of these actions, if necessary, on commercially reasonable terms or at all. Our ability to restructure or refinance our indebtedness will depend on the condition of the capital and debt markets and our financial condition at such time. Any refinancing of our indebtedness could be at higher interest rates and may require us to comply with more onerous covenants,

which could further restrict business operations. The terms of anticipated or future debt instruments may limit or prevent us from taking any of these actions. In addition, any failure to make scheduled payments of interest and/or principal on outstanding indebtedness would likely result in a reduction of our credit rating, which could harm our ability to access additional capital on commercially reasonable terms or at all. Our inability to generate sufficient cash flow to satisfy our debt service obligations, or to refinance or restructure our obligations on commercially reasonable terms or at all, would have an adverse effect, which could be material, on our business, financial condition and results of operations, as well as on our ability to satisfy the obligations in respect of our indebtedness.

Our use of derivative financial instruments to reduce interest rate risk may result in added volatility in our operating results. We do not hold or issue derivative financial instruments for trading purposes. However, we do utilize derivative financial instruments to reduce interest rate risk associated with our indebtedness. To manage variable interest rate risk, we entered into forward interest rate swap agreements, which will effectively convert a portion of our indebtedness into a fixed rate loan. Under generally accepted accounting principles, changes in the fair values of the swap contracts are reflected in our Consolidated Statements of Operations as a component of “Other, net” if not hedged. The associated impact on our quarterly operating results is directly related to changes in prevailing interest rates. If interest rates increase, we would have a non-cash gain on the swaps, and vice versa in the event of a decrease in interest rates. Consequently, these swaps introduce additional volatility to our operating results.

Legal and Regulatory Risks

We could be adversely impacted by changes in accounting standards and subjective assumptions, estimates, and judgments by management related to complex accounting matters. Generally accepted accounting principles and related accounting pronouncements, implementation guidelines, and interpretations with regard to a wide range of matters that are relevant to our businesses, including, but not limited to, revenue recognition, asset impairment, business acquisition purchase price allocations, impairment of goodwill and other intangible assets, inventories, tax matters, and litigation and other contingent liabilities are highly complex and involve many subjective assumptions, estimates, and judgments. Changes in these rules or their interpretation or changes in underlying assumptions, estimates, or judgments could significantly change our reported or expected financial performance or financial condition. New accounting guidance may also require systems and other changes that could increase our operating costs and/or change our financial statements.

Laws and regulations relating to the handling of personal data may result in increased costs, legal claims, or fines against the Company. As part of our operations, the Company collects, uses, stores, and transfers personal data of third parties, employees and limited customer data in and across various jurisdictions. Laws and regulations relating to the handling of such personal data may result in increased costs, legal claims, or fines against the Company. Existing laws and emerging regulations may be inconsistent across jurisdictions and are subject to evolving and differing (sometimes conflicting) interpretations. Government officials, regulators and privacy advocates are increasingly scrutinizing how companies collect, process, use, store, share and transmit personal data, which may result in new interpretations of existing laws that impact our business. Compliance with these laws may require us to, among other things, make changes in services, business practices, or internal systems that may result in increased costs, lower revenue, reduced efficiency, or greater difficulty in competing with foreign-based firms. Further, there is no assurance that we will be able to meet additional requirements that may be imposed on the transfer of personal data without incurring expenses. We may experience reluctance or refusal by customers to purchase or continue to use our services due to concerns regarding their data protection obligations. Our actual or perceived failure to comply with applicable laws and regulations or other obligations to which we may be subject, or to protect personal data from unauthorized access, use, or other processing, may subject the Company to enforcement actions and regulatory investigations, claims, legal proceedings or other actions, reputational harm and loss of goodwill, any of which could have a material adverse effect on our operations, financial performance, and business.

The unfavorable outcome of any pending or future litigation, arbitration, or administrative action could have a material adverse effect on our financial condition or results of operations. From time to time we are a party to litigation, arbitration, or administrative actions. Our financial results and reputation could be negatively impacted by unfavorable outcomes to any pending or future litigation or administrative actions, including those related to the Foreign Corrupt Practices Act, the U.K. Bribery Act, or other anti-corruption laws. There can be no assurances as to the favorable outcome of any litigation or administrative proceedings. In addition, it can be very costly to defend litigation or administrative proceedings and these costs could negatively impact our financial results.

We are subject to a wide range of product regulatory and safety, consumer, worker safety, and environmental laws. Our operations and the products we manufacture and/or sell are subject to a wide range of product regulatory and safety, consumer, worker safety, and environmental laws and regulations. Compliance with such existing or future laws and regulations could subject us to future costs or liabilities, impact our production capabilities, constrict our ability to sell, expand or acquire facilities, restrict what products, solutions and services we can offer, and generally impact our financial performance. Some of

these laws are environmental and relate to the use, disposal, remediation, emission and discharge of, and exposure to hazardous substances. These laws often impose liability and can require parties to fund remedial studies or actions regardless of fault. We continue to incur disposal costs and have ongoing remediation obligations. Environmental laws have tended to become more stringent over time and any new obligations under these laws could have a negative impact on our operations or financial performance.

Laws focused on the energy efficiency of electronic products and accessories; recycling of both electronic products and packaging; reducing or eliminating certain hazardous substances in electronic products; and the transportation of batteries continue to expand significantly. Laws pertaining to accessibility features of electronic products, standardization of connectors and power supplies, the transportation of lithium-ion batteries, and other aspects are also proliferating. There are also demanding and rapidly changing laws around the globe related to issues such as product safety, radio interference, radio frequency radiation exposure, medical related functionality, and consumer and social mandates pertaining to use of wireless or electronic equipment. These laws, and changes to these laws, could have a substantial impact on whether we can offer certain products, solutions, and services, and on what capabilities and characteristics our products, solutions or services can or must include.

These laws impact our products and negatively affect our ability to manufacture and sell products competitively. We expect these trends to continue. In addition, we anticipate that we will see increased demand to meet voluntary criteria related to reduction or elimination of certain constituents from products, increasing energy efficiency, and providing additional accessibility.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

Our corporate headquarters are located in Lincolnshire, Illinois; a northern suburb of Chicago. We also operate manufacturing, production and warehousing, administrative, research, and sales facilities in other U.S. and international locations.

As of December 31, 2020, the Company owned three laboratory and warehouse facilities located in the U.S., U.K., and Canada.

As of December 31, 2020, the Company had a total of 125 leased facilities with locations spread globally; 35 of which are located in the U.S. and 90 of which are located in other countries. See Note 13, *Leases* in the Notes to Consolidated Financial Statements for further details related to the Company's lease arrangements.

We generally consider the productive capacity of our facilities to be adequate and sufficient for our requirements. The extent of utilization of each manufacturing facility varies throughout the year.

Item 3. Legal Proceedings

See Note 14, *Commitments and Contingencies* in the Notes to Consolidated Financial Statements.

Item 4. Mine Safety Disclosures

Not applicable.

PART II**Item 5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities****Stock Information**

Our Class A Common Stock is traded on the NASDAQ Stock Market, LLC under the symbol “ZBRA”.

As of February 4, 2021, the last reported price for the Company’s Class A Common Stock was \$407.34 per share, and there were 103 registered stockholders of record for Zebra’s Class A Common Stock. The number of beneficial owners is substantially greater than the number of stockholders of record, because a large portion of our Class A common stock is transacted through banks and brokers.

Dividend Policy

Since our initial public offering in 1991, we have not declared any cash dividends or distributions on our capital stock. We currently do not anticipate paying any cash dividends in the foreseeable future.

Treasury Shares

The following table sets forth information with respect to repurchases of the Company’s common stock for the three months ended December 31, 2020.

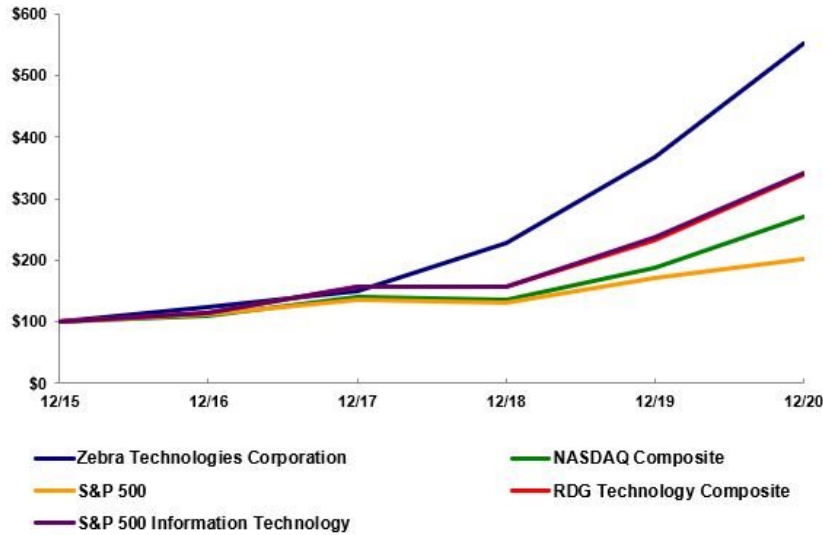
Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs ⁽¹⁾	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs (in millions) ⁽¹⁾
September 27, 2020 - October 24, 2020	—	\$ —	—	\$ 753
October 25, 2020 - November 21, 2020	—	—	—	753
November 22, 2020 - December 31, 2020	—	—	—	753
Total	—	\$ —	—	\$ 753

- (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. During the fourth quarter of 2020, the Company did not make any share repurchases under the program, which does not have a stated expiration date.

Stock Performance Graph

The following graph compares the cumulative total stockholder return, calculated on a dividend-reinvested basis, in Zebra Technologies Corporation Class A Common Stock, the S&P 500 Index, S&P 500 Information Technology Index, RDG Technology Composite, and the NASDAQ Composite Market Index for the five years ended December 31, 2020. As a result of our joining the S&P 500, we have added the S&P 500 Index and S&P 500 Information Technology Index for 2020 in accordance with Regulation S-K and because we believe these are more relevant indexes. In future years, we will not use the RDG Technology Composite or the NASDAQ Composite Market Index. The comparison assumes that \$100 was invested in each of the Company's Class A Common Stock, the S&P 500 Index, S&P 500 Information Technology Index, RDG Technology Composite and the NASDAQ Composite Market Index as of the market close on December 31, 2015. Note that historic stock price performance is not necessarily indicative of future stock price performance.

COMPARISON OF 5 YEAR CUMULATIVE TOTAL RETURN*
Among Zebra Technologies Corporation, the NASDAQ Composite Index, the S&P 500 Index, the RDG Technology Composite Index and the S&P 500 Information Technology Index



*\$100 invested on 12/31/15 in stock or index, including reinvestment of dividends. Fiscal year ending December 31.

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Value at each year-end of \$100 initial investment made on December 31, 2015							
	12/15	12/16	12/17	12/18	12/19	12/20	
Zebra Technologies Corporation	\$ 100.00	\$ 123.13	\$ 149.03	\$ 228.61	\$ 366.75	\$ 551.80	
NASDAQ Composite	\$ 100.00	\$ 108.87	\$ 141.13	\$ 137.12	\$ 187.44	\$ 271.64	
S&P 500	\$ 100.00	\$ 111.96	\$ 136.40	\$ 130.42	\$ 171.49	\$ 203.04	
RDG Technology Composite	\$ 100.00	\$ 114.21	\$ 156.95	\$ 157.68	\$ 231.96	\$ 340.33	
S&P 500 Information Technology	\$ 100.00	\$ 113.85	\$ 158.06	\$ 157.60	\$ 236.86	\$ 340.83	

Item 6. Selected Financial Data

FIVE YEAR SUMMARY OF SELECTED CONSOLIDATED FINANCIAL DATA
(In millions, except shares and per share amounts)

Consolidated Statements of Operations ⁽¹⁾	Year Ended December 31,				
	2020	2019	2018	2017	2016
Net sales	\$ 4,448	\$ 4,485	\$ 4,218	\$ 3,722	\$ 3,574
Gross profit	2,003	2,100	1,981	1,710	1,642
Net income (loss)	\$ 504	\$ 544	\$ 421	\$ 17	\$ (137)
Basic earnings (loss) per share	\$ 9.43	\$ 10.08	\$ 7.86	\$ 0.33	\$ (2.65)
Diluted earnings (loss) per share	\$ 9.35	\$ 9.97	\$ 7.76	\$ 0.32	\$ (2.65)
Weighted average shares outstanding:					
Basic	53,441,375	53,991,249	53,591,655	53,021,761	51,579,112
Diluted	53,913,245	54,594,417	54,299,812	53,688,832	51,579,112

Consolidated Balance Sheets ⁽¹⁾⁽²⁾	December 31,				
	2020	2019	2018	2017	2016
Cash and cash equivalents	\$ 168	\$ 30	\$ 44	\$ 62	\$ 156
Total Assets	5,375	4,711	4,339	4,275	4,632
Long-term liabilities	1,380	1,468	1,703	2,441	2,891
Total Stockholders' Equity	2,144	1,839	1,335	834	792

(1) Includes the Reflexis, Cortexica, Profitect, Temptime and Xplore businesses, effective upon their respective dates of acquisition, which were as follows: Reflexis on September 1, 2020, Cortexica on November 5, 2019, Profitect on May 31, 2019, Temptime on February 21, 2019 and Xplore on August 14, 2018. See Note 5, *Business Acquisitions* in the Notes to Consolidated Financial Statements for further details related to these acquisitions.

(2) Effective January 1, 2019, the Company adopted Accounting Standards Codification ("ASC") Topic 842, *Leases* ("ASC 842"), which resulted in the recognition of right-of-use lease assets and lease liabilities for operating leases with terms greater than one year. The Company adopted ASC 842 under the modified retrospective approach, and therefore financial statements prior to 2019 were not affected by this standard. See Note 13, *Leases* in the Notes to Consolidated Financial Statements for additional information related to the Company's leasing activities.

Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations

This section generally discusses fiscal 2020 and 2019 items and year-over-year comparisons between 2020 and 2019. Discussions of 2018 items and year-to-year comparisons between 2019 and 2018 are not included herein. Refer to “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in Part II, Item 7 of the Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2019 for this discussion.

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, including: 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, transportation and logistics, manufacturing, healthcare, hospitality, warehouse and distribution, energy and utilities, government, education, and banking enterprises around the world. We provide products, solutions, and services in approximately 180 countries, with 128 facilities and approximately 8,800 employees worldwide.

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, based on important technology trends like the Internet of Things (“IoT”), ubiquitous mobility, automation and cloud computing. 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, location solutions, and retail solutions. Industries served include retail and e-commerce, transportation and logistics, manufacturing, healthcare, 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, and workflow optimization solutions. Industries served include retail and e-commerce, transportation and logistics, manufacturing, healthcare, and other end markets within the following regions: North America; EMEA; Asia-Pacific; and Latin America.

Beginning in the first quarter of 2021, we will move the retail solutions product line from our AIT segment into our EVM segment contemporaneous with a change in our organizational structure and management of the business. We will begin reporting our results reflecting this change in the first quarter of 2021 and will present historical periods on a comparable basis. The impact of this change does not have an impact to the Consolidated Financial Statements and is immaterial to our current and historical reportable segment results.

Recent Developments

COVID-19 Outbreak

In 2020, the coronavirus (“COVID-19”) spread rapidly worldwide, resulting in a broad number of governmental and commercial efforts to contain it, such as travel bans and restrictions, quarantines, shelter in place orders, and shutdowns. These events have resulted in significant declines in global economic activity and significant volatility in financial market valuations, the duration and extent of which continues to be highly uncertain. The Company’s 2020 Net sales and profitability were negatively impacted by the direct and indirect effects of the pandemic which were most pronounced in the second quarter.

We serve a diverse mix of customers. Some of our customers have experienced significant declines or suspensions to their operations, whereas others have experienced increases in their business volume. While many of our supply chain partners in China temporarily suspended or modified their business operations in early 2020 as a consequence of COVID-19, we have

substantially mitigated the impact of these disruptions by taking exceptional actions, including alternative modes of product delivery and fulfillment, as well as providing protective equipment and hazard pay premiums for our front-line employees.

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. We have implemented a number of measures in an effort to protect our employees' health and well-being, including having the majority of office workers work remotely, limiting employee travel, and withdrawing from in-person industry events. In addition, 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.

During the past year, we 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 concluded that it is not more likely than not that any of our long-lived assets are impaired. 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 further discussed in Note 6, *Goodwill and Other Intangibles* in the Notes to Consolidated Financial Statements; and that our market capitalization has continued to far exceed total net assets. Finally, while we may experience a temporary increase in working capital levels, we do not anticipate a material impact to the realizability of current assets, such as accounts receivable or inventories, at this time.

The situation related to the pandemic continues to be complex and rapidly evolving. In late 2020, certain vaccines were 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. At this time, however, the availability of authorized vaccines is highly limited, and the time required to make these vaccines available to all members of the public remains uncertain. If COVID-19 persists or worsens before a safe and effective vaccine or other treatment is made widely available, 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. We cannot reasonably estimate the duration of the pandemic or fully ascertain its long-term impact to our business.

Acquisitions

Reflexis

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 solution 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.

The Company's total purchase consideration was \$548 million, net of cash acquired. The Company incurred approximately \$21 million of acquisition-related costs, which primarily consisted of payments to settle certain existing Reflexis share-based compensation awards, as well as third-party transaction and advisory fees, that are included within Acquisition and integration costs on the Consolidated Statements of Operations.

Additionally, in exchange for the cancellation of unvested Reflexis stock options, the Company granted replacement share-based compensation awards to certain Reflexis employees in the form of Zebra incentive stock options with a fair value of approximately \$9 million. The stock options will be expensed over the weighted average future service period, which was 1.7

years as of the acquisition date. See Note 15, *Share-Based Compensation* in the Notes to Consolidated Financial Statements for further details of these replacement awards.

The acquisition of Reflexis was funded, in part, by the issuance of a new term loan (the “2020 Term Loan”) in the amount of \$200 million. The acquisition of Reflexis was otherwise funded using the Company’s cash on hand and borrowing under the Company’s existing Revolving Credit Facility. See additional details related to the Company’s debt arrangements in Note 10, *Long-Term Debt* in the Notes to Consolidated Financial Statements.

Cortexica

On November 5, 2019, the Company acquired Cortexica Vision Systems Limited (“Cortexica”), for \$7 million in cash. Cortexica is a provider of computer vision based artificial intelligence solutions primarily serving the retail industry. Additionally, we incurred approximately \$2 million of acquisition-related costs in 2019, which primarily included third-party transaction and advisory fees, that are reflected within Acquisition and integration costs on the Consolidated Statements of Operations. The operating results of Cortexica are included within the EVM segment.

Profitect

On May 31, 2019, the Company acquired Profitect, Inc. (“Profitect”), a provider of prescriptive analytics primarily serving the retail industry. The Company’s total purchase consideration was \$79 million, which consisted of \$75 million in cash, net of cash acquired, and the fair value of the Company’s existing minority ownership interest in Profitect of \$4 million, as remeasured upon acquisition. Included within Other, net on the Consolidated Statements of Operations in 2019 is a \$4 million gain resulting from the remeasurement of the Company’s previously held ownership interest in Profitect. Additionally, we incurred \$13 million of acquisition-related costs in 2019, which primarily consisted of payments to settle certain Profitect employee stock option awards, as well as, third-party transaction and advisory fees, that are included within Acquisition and integration costs on the Consolidated Statements of Operations. The operating results of Profitect are included within the EVM segment.

Temptime

On February 21, 2019, the Company acquired Temptime Corporation (“Temptime”), a developer and manufacturer of temperature-monitoring labels and devices. In connection with this acquisition, the Company paid \$180 million in cash, net of cash acquired. Additionally, we incurred \$3 million of acquisition-related costs in 2019, which primarily included third-party transaction and advisory fees, that are included within Acquisition and integration costs on the Consolidated Statements of Operations. The operating results of Temptime are included within the AIT segment.

Product Sourcing Diversification Initiative

The Company commenced efforts in 2019 to diversify its product sourcing footprint to include sourcing products from Taiwan, Vietnam, and Malaysia, thereby reducing its reliance on Chinese-based manufacturing and the impacts of related customs duties (“tariffs”) on U.S imports from China. In conjunction with this initiative, the Company incurred total one-time costs of \$23 million, including \$18 million and \$5 million during the years ended December 31, 2020 and December 31, 2019, respectively, which are primarily reflected within Operating expenses on the Consolidated Statements of Operations. The Company also made \$8 million of incremental equipment purchases during the year ended December 31, 2020. The Company has completed this initiative and has begun sourcing products from these alternative locations. As of the end of 2020, these actions, along with certain U.S. pricing actions, have substantially mitigated the ongoing financial impacts of Chinese import tariffs.

Restructuring Programs

In the fourth quarter of 2019, the Company committed to certain organizational changes designed to generate operational efficiencies (collectively referred to as the “2019 Productivity Plan”). The organizational design changes under the 2019 Productivity Plan, which principally occurred within the North America and EMEA regions. The 2019 Productivity Plan was completed in the fourth quarter of 2020. Exit and restructuring charges, primarily related to employee severance and benefits, for the 2019 Productivity Plan were \$11 million and \$8 million during the years ended December 31, 2020 and 2019, respectively. See Note 9, *Exit and Restructuring Costs* in the Notes to Consolidated Financial Statements for further information related to the 2019 Productivity Plan.

Results of Operations: Year Ended 2020 versus 2019 and Year Ended 2019 versus 2018
Consolidated Results of Operations

(amounts in millions, except percentages)

	Year Ended December 31,			Percent Change 2020 vs 2019	Percent Change 2019 vs 2018
	2020	2019	2018		
Net sales:					
Tangible products	\$ 3,813	\$ 3,907	\$ 3,685	(2.4) %	6.0 %
Services and software	635	578	533	9.9 %	8.4 %
Total Net sales	<u>4,448</u>	<u>4,485</u>	<u>4,218</u>	(0.8) %	6.3 %
Gross profit	2,003	2,100	1,981	(4.6) %	6.0 %
<i>Gross margin</i>	<i>45.0 %</i>	<i>46.8 %</i>	<i>47.0 %</i>	<i>(180) bps</i>	<i>(20) bps</i>
Operating expenses	1,352	1,408	1,371	(4.0) %	2.7 %
Operating income	<u>\$ 651</u>	<u>\$ 692</u>	<u>\$ 610</u>	(5.9) %	13.4 %

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

	Year Ended December 31,			Percent Change 2020 vs 2019	Percent Change 2019 vs 2018
	2020	2019	2018		
North America	\$ 2,319	\$ 2,261	\$ 2,041	2.6 %	10.8 %
EMEA	1,495	1,462	1,409	2.3 %	3.8 %
Asia-Pacific	439	518	520	(15.3)%	(0.4) %
Latin America	195	244	248	(20.1)%	(1.6) %
Total Net sales	<u>\$ 4,448</u>	<u>\$ 4,485</u>	<u>\$ 4,218</u>	(0.8)%	6.3 %

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

	Year Ended December 31,			As a Percentage of Net sales		
	2020	2019	2018	2020	2019	2018
Selling and marketing	\$ 483	\$ 503	\$ 483	10.9 %	11.2 %	11.5 %
Research and development	453	447	444	10.2 %	10.0 %	10.5 %
General and administrative	304	323	328	6.8 %	7.2 %	7.8 %
Amortization of intangible assets	78	103	97	NM	NM	NM
Acquisition and integration costs	23	22	8	NM	NM	NM
Exit and restructuring costs	11	10	11	NM	NM	NM
Total Operating expenses	<u>\$ 1,352</u>	<u>\$ 1,408</u>	<u>\$ 1,371</u>	30.4 %	31.4 %	32.5 %

Consolidated Organic Net sales growth:

	Year Ended December 31,	
	2020	2019
Reported GAAP Consolidated Net sales growth	(0.8)%	6.3 %
Adjustments:		
Impact of foreign currency translations ⁽¹⁾	0.6 %	1.1 %
Impact of acquisitions ⁽²⁾	(0.7)%	(1.9)%
Consolidated Organic Net sales growth ⁽³⁾	<u>(0.9)%</u>	<u>5.5 %</u>

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

(2) For purposes of computing Organic Net sales growth, amounts directly attributable to business acquisitions are excluded for twelve months following their respective acquisition dates.

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

2020 compared to 2019

Total Net sales decreased \$37 million or 0.8% compared with the prior year primarily due to customer demand declines resulting from the COVID-19 pandemic which had an overall negative effect on both of our segments and broadly across all regions. The negative effect of the pandemic was most pronounced within our AIT segment, particularly in the second quarter of 2020. AIT sales declines were partially offset by growth in our EVM segment, reflecting higher Services and software revenues, due in part from recent business acquisitions, as well as increased product purchases, particularly in the transportation and logistics and retail end markets, in response to the need to digitize and automate workflows in an increasingly on-demand economy. Excluding the effects of acquisitions and unfavorable currency changes, the decrease in Consolidated Organic Net sales was 0.9%.

Gross margin decreased to 45.0% for the current year compared to 46.8% in the prior year. Gross margins were lower in both the AIT and EVM segments, reflecting unfavorable business mix, including larger deal size, and premium freight costs. These declines were partially offset by productivity gains within our services offerings and a partial recovery of 2019 Chinese import tariffs in the fourth quarter of 2020.

Operating expenses for the years ended December 31, 2020 and 2019 were \$1,352 million and \$1,408 million, or 30.4% and 31.4% of Net sales, respectively. As a percentage of Net sales, operating costs continue to trend favorably. The decrease in Operating expenses over the prior year was primarily due to lower discretionary spending, employee incentive-based compensation, and intangible asset amortization expense. These reductions were partially offset by the inclusion of operating expenses associated with acquired businesses and costs associated with the diversification of the Company's product sourcing footprint.

Operating income was \$651 million for the current year compared to \$692 million for the prior year. The decrease was primarily due to lower Net sales and Gross profit, partially offset by the benefit of lower Operating expenses.

Net income decreased 7.4% compared to the prior year due to lower operating income and higher income tax expense, which were partially offset by a decrease in Other expenses, net, detailed as follows:

- The Company's effective tax rates for the years ended December 31, 2020 and December 31, 2019 were 10.0% and 9.0%, respectively. The Company's effective tax rate was higher in the current year as compared to the prior year, primarily due to higher benefits of uncertain tax positions in the prior year, partially offset by higher income in foreign jurisdictions with lower tax rates in the current year.
- Other expenses, net was \$91 million for the current year, compared to \$94 million for the prior year. The increase in interest rate swap and foreign exchange losses in the current year were more than offset by the favorable impacts of lower interest rates and average outstanding debt levels. Additionally, the prior year included \$7 million of debt refinancing costs.

Diluted earnings per share decreased to \$9.35 as compared to \$9.97 in the prior year primarily due to lower operating income and a higher effective income tax rate, which were partially offset by the benefit of lower weighted average shares outstanding.

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 20, *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”)

(amounts in millions, except percentages)

	Year Ended December 31,			Percent Change 2020 vs 2019	Percent Change 2019 vs 2018
	2020	2019	2018		
Net sales:					
Tangible products	\$ 1,298	\$ 1,347	\$ 1,298	(3.6) %	3.8 %
Services and software	128	132	125	(3.0) %	5.6 %
Total Net sales	1,426	1,479	1,423	(3.6) %	3.9 %
Gross profit	674	736	710	(8.4) %	3.7 %
Gross margin	47.3 %	49.8 %	49.9 %	(250) bps	(10) bps
Operating expenses	352	381	385	(7.6) %	(1.0) %
Operating income	\$ 322	\$ 355	\$ 325	(9.3) %	9.2 %

AIT Organic Net sales growth:

	December 31,	
	2020	2019
AIT Reported GAAP Net sales growth	(3.6)%	3.9 %
Adjustments:		
Impact of foreign currency translations ⁽¹⁾	0.4 %	1.0 %
Impact of acquisition ⁽²⁾	(0.5)%	(2.7)%
AIT Organic Net sales growth ⁽³⁾	(3.7)%	2.2 %

(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 AIT Organic Net sales growth, amounts directly attributable to the Temptime acquisition are excluded for twelve months following its acquisition date.

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

2020 compared to 2019

Total Net sales for AIT decreased \$53 million or 3.6% compared to the prior year primarily due to lower sales of printing products and supplies across most regions associated with COVID-19 induced customer demand declines, the impact of which was most pronounced in the second quarter of 2020, and unfavorable foreign currency changes. These declines were partially offset by growth associated with our Temptime acquisition. Excluding the impacts of the Temptime acquisition and foreign currency changes, AIT Organic Net Sales decline was 3.7%.

Gross margin decreased to 47.3% in the current year compared to 49.8% for the prior year primarily due to unfavorable product mix, lower sales volumes, and premium freight costs, which were partially offset by recoveries of certain 2019 Chinese import tariffs in the fourth quarter of 2020.

Operating income decreased 9.3% in the current year compared to the prior year. The decrease was due to lower Net sales and Gross profit, partially offset by the benefit of lower Operating expenses.

Enterprise Visibility & Mobility Segment (“EVM”)

(amounts in millions, except percentages)

	Year Ended December 31,			Percent Change 2020 vs 2019	Percent Change 2019 vs 2018
	2020	2019	2018		
Net sales:					
Tangible products	\$ 2,515	\$ 2,560	\$ 2,387	(1.8) %	7.2 %
Services and software	514	446	408	15.2 %	9.3 %
Total Net sales	3,029	3,006	2,795	0.8 %	7.5 %
Gross profit	1,342	1,371	1,274	(2.1) %	7.6 %
Gross margin	44.3 %	45.6 %	45.6 %	(130) bps	0 bps
Operating expenses	876	888	870	(1.4) %	2.1 %
Operating income	\$ 466	\$ 483	\$ 404	(3.5) %	19.6 %

EVM Organic Net sales growth:

	December 31,	
	2020	2019
EVM Reported GAAP Net sales growth	0.8 %	7.5 %
Adjustments:		
Impact of foreign currency translations ⁽¹⁾	0.7 %	1.1 %
Impact of acquisitions ⁽²⁾	(1.0)%	(1.4)%
EVM Organic Net sales growth ⁽³⁾	0.5 %	7.2 %

(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 Xplore Technologies Corporation (“Xplore”), Profitect, Cortexica and Reflexis acquisitions are excluded for twelve months following their respective acquisition dates.

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

2020 compared to 2019

Total Net sales for EVM increased \$23 million or 0.8% compared to the prior year primarily due to higher sales of support services, mobile computing products, and our recent acquisitions. These increases were partially offset by lower sales of data capture products in most regions associated with continued COVID-19 induced customer demand declines, the impact of which was most pronounced in the second quarter of 2020, and unfavorable currency changes. Excluding the impacts of acquisitions and foreign currency changes, EVM Organic Net Sales growth was 0.5%.

Gross margin decreased to 44.3% in the current year compared to 45.6% in the prior year, primarily due to unfavorable business mix, including larger deal size, and premium freight costs. These declines were partially offset by productivity gains within our support service offerings, recoveries of certain 2019 Chinese import tariffs in the fourth quarter of 2020, and the contributions from our higher margin acquisitions.

Operating income for the current year decreased 3.5% due to lower Gross profit despite higher Net sales, partially offset by the benefit of lower 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 years indicated (in millions):

	Year Ended December 31,			\$ Change 2020 vs 2019	\$ Change 2019 vs 2018
	2020	2019	2018		
Cash flow provided by (used in):					
Operating activities	\$ 962	\$ 685	\$ 785	\$ 277	\$ (100)
Investing activities	(641)	(335)	(137)	(306)	(198)
Financing activities	(157)	(365)	(661)	208	296
Effect of exchange rates on cash balances	(2)	1	(5)	(3)	6
Net increase (decrease) in cash and cash equivalents, including restricted cash	\$ 162	\$ (14)	\$ (18)	\$ 176	\$ 4

2020 vs. 2019

The change in our cash and cash equivalents balance during the current year is reflective of the following:

- The increase in cash provided by operating activities was primarily due to the favorable timing of collections from customers, favorable timing of vendor payments, as well as lower cash payments for employee incentive compensation, income taxes and interest. These benefits were partially offset by higher inventory levels.
- Net cash used in investing activities included the Company's acquisition of Reflexis in the current year, which consisted of \$548 million cash paid, net of cash acquired, as well as \$32 million in cash paid for additional long-term investments. The prior year's cash used in investing activities included cash paid for the acquisitions of Temptime, Profitect and Cortexcia totaling \$262 million, as well as \$22 million in cash paid for long-term investments.
- Net cash used in financing activities during the current year included common stock repurchases of \$200 million, net debt repayments of \$40 million and net payments related to share-based compensation plans of \$25 million, partially offset by the favorable timing of unremitted cash collections from the servicing of factored receivables of \$109 million. Net cash used in financing activities during the prior year included to net debt repayments of \$312 million, net payments related to share-based compensation plans of \$32 million and common stock repurchases of \$47 million.

Company Debt

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

	December 31,	
	2020	2019
Term Loan A	\$ 917	\$ 917
2020 Term Loan	100	—
Revolving Credit Facility	—	103
Receivables Financing Facilities	235	266
Total debt	\$ 1,252	\$ 1,286
Less: Debt issuance costs	(5)	(6)
Less: Unamortized discounts	(2)	(3)
Less: Current portion of debt	(364)	(197)
Total long-term debt	\$ 881	\$ 1,080

Term Loan A

The principal on Term Loan A is due in quarterly installments, with the next quarterly installment due in June 2021 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 December 31, 2020, the Term Loan A interest rate was 1.41%. 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 during the fourth quarter of 2020, with the remaining principal due upon the August 31, 2021 maturity date. The Company may make additional 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 December 31, 2020, the 2020 Term Loan interest rate was 2.25%. Interest payments are made monthly and are subject to a variable rate plus an applicable margin. Costs associated with issuing the 2020 Term Loan were approximately \$1 million, which were capitalized and are being amortized over the term of the loan.

Revolving Credit Facility

The Revolving Credit Facility is available for working capital and other general business purposes, including letters of credit. As of December 31, 2020, 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 December 31, 2020. 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.

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, which was originally entered into in December 2017 and was amended in May 2019, allows for borrowings of up to \$180 million and will mature on March 29, 2021. The Company’s second Receivable Financing Facility, which was entered into in May 2019 and was amended in May 2020, allows for borrowings of up to \$100 million and will mature on May 17, 2021.

As of December 31, 2020, the Company’s Consolidated Balance Sheets included \$441 million of receivables that were pledged under the two Receivables Financing Facilities. As of December 31, 2020, \$235 million had been borrowed, all of which was classified as current. Borrowings under the Receivables Financing Facilities bear interest at a variable rate plus an applicable margin. As of December 31, 2020, the Receivables Financing Facilities had an average interest rate of 1.04%. Interest is paid on these borrowings on a monthly basis.

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 December 31, 2020, the Company had no outstanding borrowings under the Uncommitted Facility.

See Note 12, *Long-Term Debt* in the Notes to Consolidated Financial Statements for further details.

Receivables Factoring

The Company has multiple 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 2020, the Company entered into a new Receivables Factoring arrangement with a bank, which allows for the factoring of up to €150 million of uncollected receivables originated from the EMEA and Asia-Pacific regions. This arrangement expands upon the Company’s existing Receivables Factoring arrangements, which allow for the factoring of up to \$125 million of uncollected receivables originated from the EMEA region.

As of December 31, 2020 and 2019 there were a total of \$70 million and \$60 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 \$142 million and \$33 million of obligations that were not yet remitted to banks as of December 31, 2020 and 2019, 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 19, *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 year ended December 31, 2020 the Company repurchased 948,740 shares of common stock for \$200 million. During the year ended December 31, 2019, the Company repurchased 237,886 shares of common stock for \$47 million. As of December 31, 2020, approximately \$753 million of common stock remained authorized for repurchase under the program.

Cash and Cash Equivalents

Included in the Company's Cash and cash equivalents are amounts held by foreign subsidiaries. The Company had \$37 million and \$26 million of foreign cash and cash equivalents included in the Company's total cash positions of \$168 million and \$30 million as of December 31, 2020 and 2019, respectively.

Contractual Obligations

Zebra's contractual obligations as of December 31, 2020 were as follows (in millions):

	Payments due by period				
	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
Operating lease obligations ⁽¹⁾	\$ 186	\$ 38	\$ 62	\$ 42	\$ 44
Deferred compensation liability ⁽²⁾	30	1	2	2	25
Debt principal payments	1,252	364	138	750	—
Interest payments ⁽³⁾	105	34	54	17	—
Purchase obligations ⁽⁴⁾	416	416	—	—	—
Total	\$ 1,989	\$ 853	\$ 256	\$ 811	\$ 69

- (1) Includes leases of manufacturing facilities, distribution centers, sales and administrative offices, equipment and vehicles that are classified as operating leases. The contractual obligations above include future minimum payments, including payments for those periods where renewal options are reasonably certain to be exercised.
- (2) Includes payments related to obligations under our deferred compensation plan. The deferred compensation plan allows certain members of management and other highly-compensated employees to defer receipt of a portion of their compensation. The amount in "More than 5 Years" includes the obligations under the deferred compensation plan to be paid to participants who have not terminated employment, since we cannot estimate the timings of those terminations and withdrawals.
- (3) Includes payments related to interest on the Company's debt, as well as related settlements of interest rate swap agreements. These payments are estimated based on applicable interest rates and margins along with the balance of outstanding debt as of December 31, 2020. Future interest payments may increase or decrease based upon fluctuations in market rates and/or the Company's borrowing levels.
- (4) Purchase obligations are for purchases made in the normal course of business to meet operational requirements, primarily raw materials and finished goods. Purchase obligations included in the table above are based on quarterly forecasted component and manufacturing requirements and typically provide for fulfillment within agreed upon lead-times and/or commercially standard lead-times for products. The Company does not have contractual obligations related to take-or-pay arrangements.

Uncertain tax positions of \$8 million have been excluded from the table above because we cannot reliably estimate the period of cash settlement, if any, with the respective taxing authorities. See Note 16, *Income Taxes* in the Notes to Consolidated Financial Statements for further information.

Critical Accounting Policies and Estimates

Management prepared the consolidated financial statements of the Company under accounting principles generally accepted in the U.S. The application of these principles requires the use of estimates, judgments, and assumptions which affect the amounts reported in our consolidated financial statements. We believe that our estimates, judgments, and assumptions are reasonable based upon available information. Our more significant estimates and assumptions include those related to the recognition and measurement of income tax assets and liabilities, development of fair value estimates when measuring the identifiable intangible assets acquired and liabilities assumed in business combinations, development of reporting unit fair values as part of our annual goodwill impairment testing, and measurement of variable consideration and allocation of transaction price to performance obligations in revenue transactions. See Note 2, *Significant Accounting Policies* in the Notes to Consolidated Financial Statements for additional discussion of these items as well as other accounting policies.

New Accounting Pronouncements

On January 1, 2020, the Company adopted Accounting Standards Update 2016-13, *Financial Instruments—Credit Losses (Topic 326) - Measurement of Credit Losses on Financial Instruments*, which did not have a significant impact to the Company's consolidated financial statements. See Note 2, *Significant Accounting Policies* in the Notes to Consolidated Financial Statements for further information related to the Company's adoption of this new accounting pronouncement.

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 7A. Quantitative and Qualitative Disclosures About Market Risk

Market risk is the sensitivity of income to changes in interest rates, commodity prices, and foreign currency changes. Zebra is primarily exposed to the following types of market risk: interest rate and foreign currency.

Interest Rate Risk

We are exposed to interest rate volatility with regard to existing debt issuances. Primary exposures include the London Inter-bank Offered Rate (“LIBOR”). We use interest rate derivative contracts, including interest rate swaps, to mitigate the majority of the Company’s exposure from interest rate changes on existing debt and future debt issuances, thereby reducing the volatility of our financing costs and, based on current and projected market conditions, achieve a desired proportion of fixed versus floating-rate debt. Generally, under these swaps, we agree with a counterparty to exchange floating-rate for fixed-rate interest amounts with an agreed upon notional amount.

The United Kingdom’s Financial Conduct Authority, which regulates LIBOR, announced in 2017 that it intends to phase out LIBOR. We continue to closely monitor the possible phase out of LIBOR to assess any impacts to our debt and interest rate swap contracts, including the necessity to amend any of those contracts in order to incorporate alternative reference rates.

As of December 31, 2020, we had approximately \$1.3 billion of debt outstanding under our debt facilities, which bears interest determined by reference to a variable rate index. A one percentage point increase or decrease in interest rates would increase or decrease annual interest expense by approximately \$5 million. This exposure includes the impact of associated forward interest rate swaps outstanding as of December 31, 2020. Refer to Note 11, *Derivative Instruments* in the Notes to Consolidated Financial Statements for further discussion of these risk mitigation activities. Exposure to variable interest may increase or decrease, to the extent that the Company’s borrowings under its Revolving Credit Facility or Receivables Financing Facilities increase or decrease, respectively.

Foreign Exchange Risk

We provide products, solutions and services in approximately 180 countries throughout the world and, therefore, at times are exposed to risk based on movements in foreign exchange rates. In some instances, we invoice customers in their local currency and have a resulting foreign currency denominated revenue transaction and accounts receivable. We also purchase certain raw materials and other items in foreign currencies. We manage these risks using derivative financial instruments, including foreign currency exchange contracts. See Note 11, *Derivative Instruments* in the Notes to Consolidated Financial Statements for further discussions of hedging activities.

The currencies that we are primarily exposed to fluctuations in foreign currency exchange rates are the Euro, British Pound Sterling, Czech Koruna, Brazilian Real and Chinese Yuan. A one percentage point increase or decrease in exchange rates relative to the U.S. Dollar would increase or decrease our pre-tax income by approximately \$2 million. This amount is inclusive of the impact of associated derivative contracts.

Item 8. Financial Statements and Supplementary Data

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Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of Zebra Technologies Corporation

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Zebra Technologies Corporation and subsidiaries (the “Company”) as of December 31, 2020 and 2019, the related consolidated statements of operations, comprehensive income, stockholders’ equity, and cash flows for each of the three years in the period ended December 31, 2020, and the related notes and financial statement schedule listed in the Index at Item 15 (collectively referred to as the “consolidated financial statements”). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2020 and 2019, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2020, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company’s internal control over financial reporting as of December 31, 2020, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated February 11, 2021 expressed an unqualified opinion thereon.

Basis for Opinion

These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of the critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Accounting for Income Taxes

Description of the Matter

As discussed in Note 16 to the consolidated financial statements, the Company earns a significant amount of its operating income across multiple jurisdictions and the Company’s organizational structure and transactional flows are designed to reflect strategic and operational business imperatives that change over time. As the Company operates in a multinational tax environment and incurs income tax obligations in a number of jurisdictions, complexities and uncertainties can arise in the application of complex tax regulations to the Company’s multinational operations.

Auditing the application of taxation legislation to the Company’s affairs is inherently complex, highly specialized and requires judgment. These factors impact the Company’s estimation of tax exposures, valuation allowances and income tax provisions.

How We Addressed the Matter in Our Audit

We obtained an understanding, evaluated the design and tested the operating effectiveness of controls over the Company's identification of and accounting for the tax impact of changes in the business or significant changes in tax laws. This included controls over the Company's evaluation of tax law changes, the evaluation of cross-jurisdictional transactions and the Company's tax technical assessment over those changes and/or transactions.

We involved our tax professionals in the Company's major operating jurisdictions to assist in the evaluation of the Company's tax obligations. We evaluated the Company's transactional flows to assess whether they aligned with the Company's strategic and operational shifts. We made inquiries of management and inspected internally and externally prepared documentation to understand current disputes and uncertain tax positions. We assessed the completeness of the tax matters identified and evaluated the Company's assessment regarding the related status, potential exposure and risk of loss. We assessed the consistency of assumptions used in estimating provisions for key tax exposures and evaluated the adequacy of the Company's disclosures of tax and ongoing tax matters.

Acquisition of Reflexis Systems, Inc. - Valuation of intangible assets

Description of the Matter

During 2020, the Company completed its acquisition of Reflexis Systems, Inc. ("Reflexis") for net consideration of \$548 million, as disclosed in Note 5 to the consolidated financial statements. The Company's accounting for the acquisition required determining the fair value of the intangible assets acquired, including technology assets and customer relationships.

Auditing the Company's accounting for the acquired intangible assets was complex and subjective due to the estimation required in management's determination of the fair values of these assets. The estimation was significant due to the sensitivity of the respective fair values to the underlying assumptions, including projected revenue growth rates and the selected discount rate. These assumptions relate to the future performance of the acquired business, are forward-looking and could be affected by future economic and market conditions.

How We Addressed the Matter in Our Audit

We obtained an understanding, evaluated the design and tested the operating effectiveness of controls over the Company's valuation of acquired intangible assets. For example, we tested controls over management's review of the valuation of the acquired intangibles assets, including the review of the valuation model and significant assumptions used in the valuation.

To test the fair value of the acquired intangible assets, our audit procedures included, among others, evaluating the appropriateness of the valuation methodologies used by management, evaluating the projected revenue growth rates and discount rate, and testing the completeness and accuracy of underlying data. Evaluating the reasonableness of the projected revenue growth rates involved comparing the projections to historical results of the acquired business and current industry and market trends. We involved our valuation specialists to assist in the evaluation of the Company's discount rate by comparing it against a discount range that was independently developed using publicly available market data for comparable entities.

/s/ Ernst & Young LLP

We have served as the Company's auditor since 2005.

Chicago, Illinois
February 11, 2021

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

	December 31,	
	2020	2019
Assets		
Current assets:		
Cash and cash equivalents	\$ 168	\$ 30
Accounts receivable, net of allowances for doubtful accounts of \$1 million and \$2 million as of December 31, 2020 and 2019	508	613
Inventories, net	511	474
Income tax receivable	16	32
Prepaid expenses and other current assets	70	46
Total Current assets	1,273	1,195
Property, plant and equipment, net	274	259
Right-of-use lease asset	135	107
Goodwill	2,988	2,622
Other intangibles, net	402	275
Deferred income taxes	139	127
Other long-term assets	164	126
Total Assets	\$ 5,375	\$ 4,711
Liabilities and Stockholders' Equity		
Current liabilities:		
Current portion of long-term debt	\$ 364	\$ 197
Accounts payable	601	552
Accrued liabilities	559	379
Deferred revenue	308	238
Income taxes payable	19	38
Total Current liabilities	1,851	1,404
Long-term debt	881	1,080
Long-term lease liabilities	129	100
Long-term deferred revenue	273	221
Other long-term liabilities	97	67
Total Liabilities	3,231	2,872
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	395	339
Treasury stock at cost, 18,689,775 and 18,148,925 shares as of December 31, 2020 and 2019, respectively	(919)	(689)
Retained earnings	2,736	2,232
Accumulated other comprehensive loss	(69)	(44)
Total Stockholders' Equity	2,144	1,839
Total Liabilities and Stockholders' Equity	\$ 5,375	\$ 4,711

See accompanying Notes to Consolidated Financial Statements.

ZEBRA TECHNOLOGIES CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS

(In millions, except per share data)

	Year Ended December 31,		
	2020	2019	2018
Net sales			
Tangible products	\$ 3,813	\$ 3,907	\$ 3,685
Services and software	635	578	533
Total Net sales	4,448	4,485	4,218
Cost of sales:			
Tangible products	2,065	2,006	1,871
Services and software	380	379	366
Total Cost of sales	2,445	2,385	2,237
Gross profit	2,003	2,100	1,981
Operating expenses:			
Selling and marketing	483	503	483
Research and development	453	447	444
General and administrative	304	323	328
Amortization of intangible assets	78	103	97
Acquisition and integration costs	23	22	8
Exit and restructuring costs	11	10	11
Total Operating expenses	1,352	1,408	1,371
Operating income	651	692	610
Other expenses:			
Foreign exchange loss	(18)	(6)	(5)
Interest expense, net	(76)	(89)	(91)
Other, net	3	1	10
Total Other expenses, net	(91)	(94)	(86)
Income before income tax	560	598	524
Income tax expense	56	54	103
Net income	\$ 504	\$ 544	\$ 421
Basic earnings per share	\$ 9.43	\$ 10.08	\$ 7.86
Diluted earnings per share	\$ 9.35	\$ 9.97	\$ 7.76

See accompanying Notes to Consolidated Financial Statements.

ZEBRA TECHNOLOGIES CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In millions)

	Year Ended December 31,		
	2020	2019	2018
Net income	\$ 504	\$ 544	\$ 421
Other comprehensive income (loss), net of tax:			
Changes in unrealized gains and losses on anticipated sales hedging transactions	(30)	(10)	21
Changes in unrealized gains and losses on forward interest rate swap hedging transactions	—	—	9
Foreign currency translation adjustment	5	1	(13)
Comprehensive income	<u>\$ 479</u>	<u>\$ 535</u>	<u>\$ 438</u>

See accompanying Notes to Consolidated Financial Statements.

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

	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, 2017	53,236,095	\$ 1	\$ 257	\$ (620)	\$ 1,248	\$ (52)	\$ 834
Cumulative effect of change in accounting principle	—	—	—	—	19	—	19
Issuances of treasury shares related to share-based compensation plans, net of forfeitures	704,137	—	(8)	18	—	—	10
Shares withheld to fund withholding tax obligations related to share-based compensation plans	(69,048)	—	—	(11)	—	—	(11)
Share-based compensation	—	—	45	—	—	—	45
Net income	—	—	—	—	421	—	421
Changes in unrealized gains and losses on anticipated sales hedging transactions (net of income taxes)	—	—	—	—	—	21	21
Changes in unrealized gains and losses on forward interest rate swap hedging transactions (net of income taxes)	—	—	—	—	—	9	9
Foreign currency translation adjustment	—	—	—	—	—	(13)	(13)
Balance at December 31, 2018	53,871,184	\$ 1	\$ 294	\$ (613)	\$ 1,688	\$ (35)	\$ 1,335
Issuances of treasury shares related to share-based compensation plans, net of forfeitures	594,399	—	(3)	14	—	—	11
Shares withheld to fund withholding tax obligations related to share-based compensation plans	(224,765)	—	—	(43)	—	—	(43)
Share-based compensation	—	—	48	—	—	—	48
Repurchase of common stock	(237,886)	—	—	(47)	—	—	(47)
Net income	—	—	—	—	544	—	544
Changes in unrealized gains and losses on anticipated sales hedging transactions (net of income taxes)	—	—	—	—	—	(10)	(10)
Foreign currency translation adjustment	—	—	—	—	—	1	1
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	557,599	—	5	7	—	—	12
Shares withheld to fund withholding tax obligations related to share-based compensation plans	(149,709)	—	—	(37)	—	—	(37)
Share-based compensation	—	—	51	—	—	—	51
Repurchase of common stock	(948,740)	—	—	(200)	—	—	(200)
Net income	—	—	—	—	504	—	504
Changes in unrealized gains and losses on anticipated sales hedging transactions (net of income taxes)	—	—	—	—	—	(30)	(30)
Foreign currency translation adjustment	—	—	—	—	—	5	5
Balance at December 31, 2020	53,462,082	\$ 1	\$ 395	\$ (919)	\$ 2,736	\$ (69)	\$ 2,144

See accompanying Notes to Consolidated Financial Statements.

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

	Year Ended December 31,		
	2020	2019	2018
Cash flows from operating activities:			
Net income	\$ 504	\$ 544	\$ 421
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	146	175	175
Amortization of debt issuance costs and discounts	3	6	15
Share-based compensation	51	48	45
Deferred income taxes	(40)	(42)	2
Unrealized loss (gain) on forward interest rate swaps	33	19	(8)
Other, net	1	(2)	(5)
Changes in operating assets and liabilities:			
Accounts receivable, net	130	(96)	(31)
Inventories, net	(42)	51	(43)
Other assets	11	(20)	(12)
Accounts payable	47	(5)	122
Accrued liabilities	16	(18)	35
Deferred revenue	103	71	51
Income taxes	(5)	(31)	24
Other operating activities	4	(15)	(6)
Net cash provided by operating activities	<u>962</u>	<u>685</u>	<u>785</u>
Cash flows from investing activities:			
Acquisition of businesses, net of cash acquired	(548)	(262)	(72)
Purchases of property, plant and equipment	(67)	(61)	(64)
Proceeds from the sale of long-term investments	6	10	2
Purchases of long-term investments	(32)	(22)	(3)
Net cash used in investing activities	<u>(641)</u>	<u>(335)</u>	<u>(137)</u>
Cash flows from financing activities:			
Proceeds from issuance of long-term debt	302	637	909
Payments of long term-debt	(342)	(949)	(1,566)
Payments of debt extinguishment costs	—	(1)	(1)
Payments of debt issuance costs and discounts	(1)	(6)	(2)
Payments for repurchases of common stock	(200)	(47)	—
Net payments related to share-based compensation plans	(25)	(32)	(1)
Change in unremitted cash collections from servicing factored receivables	109	33	—
Net cash used in financing activities	<u>(157)</u>	<u>(365)</u>	<u>(661)</u>
Effect of exchange rate changes on cash and cash equivalents, including restricted cash	(2)	1	(5)
Net increase (decrease) in cash and cash equivalents, including restricted cash	162	(14)	(18)
Cash and cash equivalents, including restricted cash, at beginning of period	30	44	62
Cash and cash equivalents, including restricted cash, at end of period	\$ 192	\$ 30	\$ 44
Less restricted cash, included in Prepaid expenses and other current assets	(24)	—	—
Cash and cash equivalents at end of period	<u>\$ 168</u>	<u>\$ 30</u>	<u>\$ 44</u>
Supplemental disclosures of cash flow information:			
Income taxes paid	\$ 107	\$ 140	\$ 76
Interest paid	\$ 38	\$ 63	\$ 90

See accompanying Notes to Consolidated Financial Statements.

ZEBRA TECHNOLOGIES CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 Description of Business

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, and managed and professional services. End-users of our products, solutions and services include those in retail and e-commerce, transportation and logistics, manufacturing, healthcare, hospitality, warehouse and distribution, energy and utilities, education, and banking industries around the world. We provide our products, solutions and services globally through a direct sales force and an extensive network of channel partners.

Note 2 Significant Accounting Policies

Principles of Consolidation

These accompanying consolidated financial statements were prepared in accordance with accounting principles generally accepted in the United States and include the accounts of Zebra and its wholly owned subsidiaries. All significant intercompany accounts and transactions have been eliminated in consolidation.

Fiscal Calendar

The Company’s fiscal year is a 52-week period ending on December 31. Interim fiscal quarters end on a Saturday and generally include 13 weeks of operating activity. During the 2020 fiscal year, the Company’s quarter end dates were March 28, June 27, September 26 and December 31.

Use of Estimates

These consolidated financial statements were prepared using estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Examples of accounting estimates include: cash flow projections and other valuation assumptions included in business acquisition purchase price allocations as well as annual goodwill impairment testing; the measurement of variable consideration and allocation of transaction price to performance obligations in revenue transactions; inventory valuation; useful lives of our tangible and intangible assets; and the recognition and measurement of income tax assets and liabilities. The Company bases its estimates on historical experience and on various other assumptions that the Company believes to be reasonable under the circumstances. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash consists primarily of deposits with banks. In addition, the Company considers highly liquid short-term investments with original maturities of less than three months to be cash equivalents. These highly liquid short-term investments are readily convertible to known amounts of cash and are so near their maturity that they present insignificant risk of a change in value because of changes in interest rates.

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable consist primarily of amounts due to us from our customers in the normal course of business. Collateral on trade accounts receivable is generally not required. The Company maintains an allowance for doubtful accounts for estimated uncollectible accounts receivable that is based on expected credit losses. Expected credit losses are estimated based on a number of factors, including historical loss experience, the durations of outstanding trade receivables, and expectations of the future economic environment. Accounts are written off against the allowance account when they are determined to be no longer collectible.

Inventories

Inventories are stated at the lower of a moving-average cost (which approximates cost on a first-in, first-out basis) and net realizable value. Manufactured inventory cost includes materials, labor, and manufacturing overhead. Purchased inventory cost also includes internal purchasing overhead costs. Raw material inventories largely consist of supplies used in repair operations.

Provisions are made to reduce excess and obsolete inventories to their estimated net realizable values. Inventory provisions are based on forecasted demand, experience with specific customers, the age and nature of the inventory, and the ability to redistribute inventory to other programs or to rework into other consumable inventory.

Property, Plant and Equipment

Property, plant and equipment is stated at cost. Depreciation is computed primarily using the straight-line method over the estimated useful lives of the various classes of property, plant and equipment, which are 30 years for buildings and range from 3 to 10 years for all other asset categories. Leasehold improvements are amortized using the straight-line method over the shorter of the lease term or 10 years.

Leases

The Company recognizes right-of-use (“ROU”) assets and lease liabilities for its lease commitments with terms greater than one year. Contractual options to extend or terminate lease agreements are reflected in the lease term when they are reasonably certain to be exercised.

The initial measurements of new ROU assets and lease liabilities are based on the present value of future lease payments over the lease term as of the commencement date. In determining future lease payments, the Company has elected not to separate lease and non-lease components. As the Company’s lease arrangements do not provide an implicit interest rate, we apply the Company’s incremental borrowing rate based on the information available at the commencement date in determining the present value of future lease payments. Relevant information used in determining the Company’s incremental borrowing rate includes the duration of the lease, transaction currency of the lease, and the Company’s credit risk relative to risk-free market rates.

The Company’s ROU assets also include any initial direct costs incurred and exclude lease incentives. The Company’s lease agreements do not contain any significant residual value guarantees or restrictive covenants.

All leases of the Company are classified as operating leases, with lease expense being recognized on a straight-line basis.

Income Taxes

The Company accounts for income taxes under the liability method in accordance with Accounting Standards Codification (“ASC”) 740 Topic, *Income Taxes*. Accordingly, deferred income taxes are provided for the future tax consequences attributable to differences between the carrying amounts of assets and liabilities for financial reporting and income tax purposes. Deferred tax assets and liabilities are measured using tax rates in effect for the year in which those temporary differences are expected to be recovered or settled. A valuation allowance is established when necessary to reduce deferred tax assets to the amount that is more likely than not to be realized. The Company recognizes the benefit of tax positions when it is more likely than not to be sustained on its technical merits. The Company recognizes interest and penalties related to income tax matters as part of income tax expense. The Company has elected consolidated tax filings in certain of its jurisdictions which may allow the group to offset one member’s income with losses of other members in the current period and on a carryover basis. The income tax effects of non-inventory intra-entity asset transfers are recognized in the period in which the transfer occurs. The Company classifies its balance sheet accounts by applying jurisdictional netting principles for locations where consolidated tax filing elections are in place.

The Tax Cut and Jobs Act (“the Act”, or “U.S. Tax Reform”), enacted on December 22, 2017, contains the Global Intangible Low-Taxed Income (“GILTI”), Base Erosion Anti-Avoidance Tax (“BEAT”), and Deduction for Foreign-Derived Intangible Income (“FDII”) provisions, which relate to the taxation of certain foreign income and are effective for tax years beginning on or after January 1, 2018. The Company recognizes its GILTI, BEAT, and FDII inclusions, when applicable, within income tax expense in the year included in its U.S. tax return.

Goodwill

Goodwill is not amortized, rather it is tested annually for impairment, or more frequently if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying value. Our annual impairment testing consists of comparing the estimated fair value of each reporting unit to its carrying value. If the carrying value of a reporting unit exceeds its estimated fair value, goodwill would be considered to be impaired and reduced to its implied fair value. We estimate the fair value of reporting units with valuation techniques, including both the income and market approaches. The income approach requires management to estimate a number of factors for each reporting unit, including projected future operating results, economic projections, anticipated future cash flows and discount rates. The market approach estimates fair value using comparable marketplace fair value data from within a comparable industry group.

Fair value determinations require judgment and are sensitive to changes in underlying assumptions, estimates, as well as market factors. Estimating the fair value of reporting units requires that we make a number of assumptions and estimates regarding our long-term growth and cash flow expectations as well as overall industry and economic conditions. These estimates and assumptions include, but are not limited to, projections of revenue and income growth rates, capital investments, competitive and customer trends, appropriate peer group selection, market-based discount rates and other market factors.

We most recently performed our annual goodwill impairment testing in the fourth quarter of 2020 using a quantitative approach which did not result in any impairments. See Note 6, *Goodwill and Other Intangibles* for additional information. We believe our fair value estimates are reasonable. If actual financial results differ materially from current estimates or there are significant negative changes in market factors beyond our control, there could be an impairment of goodwill in the future.

Other Intangible Assets

Other intangible assets consist primarily of technology and patent rights, customer and other relationships, and trade names. These assets are recorded at cost and amortized on a straight-line basis over the asset's useful life which typically range from 2 years to 10 years.

Impairment of Long-Lived Assets and Long-Lived Assets to be Disposed of

The Company accounts for long-lived assets in accordance with the provisions of ASC Topic 360, *Property, Plant and Equipment*, which requires that long-lived assets and certain identifiable intangibles be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to the sum of the undiscounted cash flows expected to result from the use and the eventual disposition of the asset. If such assets are impaired, the impairment to be recognized is the excess of the carrying amount over the fair value. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell.

Investments in Securities

The Company's investments primarily include equity securities that are accounted for at cost, adjusted for impairment losses or changes resulting from observable price changes in orderly transactions for the identical or similar investment of the same issuer. These investments are primarily in venture capital backed technology companies where the Company's ownership interest is less than 20% of each investee and the Company does not have the ability to exercise significant influence. See Note 8, *Investments* for additional information.

Revenue Recognition

Revenues are primarily comprised of sales of hardware, supplies, services, solutions and software offerings. We recognize revenues when we transfer control of promised goods or services to our customers in an amount that reflects the consideration to which we expect to receive, which includes estimates of variable consideration, in exchange for those goods or services. We are typically the principal in all elements of our transactions and record Net sales and Cost of sales on a gross basis. Substantially all revenues for tangible products, supplies and perpetual or term software licenses are recognized at a point in time, which is generally upon shipment, transfer of control and risks of ownership to the customer, for which the Company has contractual right to payment. Our service offerings include repair and maintenance service contracts, which typically occur over time, and professional services such as installation, integration and provisioning, which typically occur in the early stages of a project. The average life of repair and maintenance service contracts is approximately three years. Professional service arrangements range in duration from a day to several weeks or months. Revenues for solutions, including Company-hosted software license and maintenance agreements, are typically recognized over time.

The Company elects to exclude from the transaction price sales and other taxes assessed by a governmental authority and collected by the Company from a customer. The Company also considers shipping and handling activities as part of its fulfillment costs and not as a separate performance obligation. See Note 3, *Revenues* for additional information.

Research and Development Costs

Research and development ("R&D") costs are expensed as incurred, and include:

- Salaries, benefits, and other R&D personnel related costs;
- Consulting and other outside services used in the R&D process;
- Engineering supplies;
- Engineering related information systems costs; and
- Allocation of building and related costs.

Advertising

Advertising is expensed as incurred. Advertising costs totaled \$25 million, \$19 million, and \$18 million for the years ended 2020, 2019 and 2018, respectively.

Warranties

In general, the Company provides warranty coverage of one year on mobile computers, printers and batteries. Advanced data capture products are warranted from one to five years, depending on the product. Thermal printheads are warranted for six months and battery-based products, such as location tags, are covered by a 90-day warranty. A provision for warranty expense is adjusted quarterly based on historical and expected warranty performance.

Contingencies

The Company establishes a liability for loss contingencies when the loss is both probable and estimable. In addition, for some matters for which a loss is probable or reasonably possible, an estimate of the amount of loss or range of loss is not possible, and we may be unable to estimate the possible loss or range of losses that could potentially result from the application of non-monetary remedies.

Fair Value of Financial Instruments

Fair value is 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. Our financial assets and liabilities that are accounted for at fair value generally include our employee deferred compensation plan investments, foreign currency forwards, and interest rate swaps. In accordance with ASC Topic 815, *Derivatives and Hedging* (“ASC 815”), we recognize derivative instruments and hedging activities as either assets or liabilities on the Consolidated Balance Sheets and measure them at fair value. Accounting for the gains and losses on our derivatives resulting from changes in fair value is dependent on the use of the derivative and whether it is designated and qualifies for hedge accounting.

The Company utilizes foreign currency forwards to hedge certain foreign currency exposures. We use broker quotations or market transactions, in either the listed or over-the-counter markets, to value our foreign currency exchange contracts. The Company also has interest rate swaps to hedge a portion of the variability in future cash flows on debt. We use relevant observable market inputs at quoted intervals, such as forward yield curves and the Company’s own credit risk, to value our interest rate swaps. See Note 11, *Derivative Instruments* for additional information on the Company’s derivatives and hedging activities.

The Company’s securities held for its deferred compensation plans are measured at fair value using quoted prices in active markets for identical assets. If active markets for identical assets are not available to determine fair value, then we use quoted prices for similar assets or inputs that are observable either directly or indirectly.

The carrying amounts of cash and cash equivalents, receivables and accounts payable approximate fair value due to the short-term nature of those financial instruments. See Note 10, *Fair Value Measurements* for information related to financial assets and liabilities carried at fair value.

Share-Based Compensation

The Company has share-based compensation plans and an employee stock purchase plan under which shares of Class A Common Stock are available for future grant and purchase. The Company recognizes compensation costs over the vesting period of up to 4 years, net of estimated forfeitures. Compensation costs associated with awards with graded vesting terms are recognized on a straight-line basis. See Note 15, *Share-Based Compensation* for additional information.

Foreign Currency Translation

The balance sheet accounts of the Company’s subsidiaries that have not designated the U.S. Dollar as its functional currency are translated into U.S. Dollars using the period-end exchange rate, and statement of earnings items are translated using the average exchange rate for the period. The resulting translation gains or losses are recorded in Stockholders’ equity as a cumulative translation adjustment, which is a component of AOCI within the Consolidated Balance Sheets.

Acquisitions

We account for acquired businesses using the acquisition method of accounting. This method requires that the purchase price be allocated to the identifiable assets acquired and liabilities assumed at their estimated fair values. The excess of the purchase price over the identifiable assets acquired and liabilities assumed is recorded as goodwill.

The estimates used to determine the fair values of long-lived assets, such as intangible assets, can be complex and require judgment. While we use our best estimates and assumptions as a part of the purchase price allocation process, our estimates are inherently uncertain and subject to refinement during the measurement period, which is up to one year after the acquisition date. Critical estimates in valuing certain intangible assets include, but are not limited to, future expected cash flows from revenues and operating activities and the determination of discount rates. Management’s estimates of fair value are based upon assumptions believed to be reasonable, but due to the inherent uncertainty during the measurement period, we may record adjustments to the fair value of assets acquired and liabilities assumed with a corresponding adjustment to goodwill.

Recently Adopted Accounting Pronouncements

On January 1, 2020, the Company adopted Accounting Standards Update (“ASU”) 2016-13, *Financial Instruments-Credit Losses (Topic 326) - Measurement of Credit Losses on Financial Instruments* (“ASU 2016-13”). ASU 2016-13 requires the measurement and recognition of expected credit losses for financial assets held at amortized cost. It replaced the historical

incurred loss impairment model with an expected loss methodology, which will result in more timely recognition of credit losses. With respect to the Company's financial assets, including trade receivables and contract assets, a cumulative effect transition approach was applied. In order to determine the transition impact of ASU 2016-13, the Company considered historical loss experience, the short duration of its trade receivables and durations of other financial assets, and expectations of the future economic environment. The adoption of ASU 2016-13 did not have a significant impact to the Company's financial statements upon transition or for the year ended December 31, 2020.

Recently Issued Accounting Pronouncements Not Yet Adopted

In March 2020, the Financial Accounting Standards Board issued ASU 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. To determine total expected consideration, the Company estimates elements of variable consideration, which primarily include product rights of return, rebates, price protection and other incentives. These estimates are developed using the expected value or the most likely amount method and are reviewed and updated, as necessary, at each reporting period. Revenues, inclusive of variable consideration, are recognized to the extent it is probable that a significant reversal in cumulative revenues recognized will not occur in future periods.

We enter into contract arrangements that may include various combinations of tangible products, services, solution and software offerings, which are generally capable of being distinct and accounted for as separate performance obligations. We evaluate whether two or more contracts should be combined and accounted for as a single contract and whether the combined or single contract has more than one performance obligation. This evaluation requires judgment, and the decision to combine a group of contracts or separate the combined or single contract into multiple distinct performance obligations may impact the amount of revenue recorded in a reporting period. We deem performance obligations to be distinct if the customer can benefit from the product or service on its own or together with readily available resources ("capable of being distinct") and if the transfer of products, solutions or services is separately identifiable from other promises in the contract ("distinct within the context of the contract").

For contract arrangements that include multiple performance obligations, we allocate the total transaction price to each performance obligation in an amount based on the estimated relative standalone selling prices for each performance obligation. In general, standalone selling prices are observable for tangible products and software licenses, while standalone selling prices for professional services, repair and maintenance services, and solutions are developed primarily with an expected cost-plus margin approach. Regional pricing, marketing strategies and business practices are evaluated to derive the estimated standalone selling price using a cost-plus margin methodology.

The Company recognizes revenue for each performance obligation upon transfer of control of the promised goods or services. Control is deemed to have been transferred when the customer has the ability to direct the use of and has obtained substantially all of the remaining benefits from the goods and services. The determination of whether control transfers at a point in time or over time requires judgment and includes consideration of the following: 1) the customer simultaneously receives and consumes the benefits provided as the Company performs its promises; 2) the Company's performance creates or enhances an asset that is under control of the customer; 3) the Company's performance does not create an asset with an alternative use to the Company; and 4) the Company has an enforceable right to payment for its performance completed to date.

Revenues for products are generally recognized upon shipment, whereas revenues for services and solutions offerings are generally recognized by using an output method 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 software and solutions offerings are delivered to the customer, judgment is required to select the method of progress which best reflects the transfer of control.

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 \$974 million and \$724 million, inclusive of deferred revenue, as of December 31, 2020 and 2019,

respectively. On average, remaining performance obligations as of December 31, 2020 and 2019 are expected to be recognized over a period of approximately 2 years.

Disaggregation of Revenue

The following table presents our Net sales disaggregated by product category for each of our segments, Asset Intelligence & Tracking (“AIT”) and Enterprise Visibility & Mobility (“EVM”), for the years ended December 31, 2020, 2019 and 2018 (in millions):

Segment	Year Ended December 31, 2020		
	Tangible Products	Services and Software	Total
AIT	\$ 1,298	\$ 128	\$ 1,426
EVM	2,515	514	3,029
Corporate, eliminations ⁽¹⁾	—	(7)	(7)
Total	\$ 3,813	\$ 635	\$ 4,448

Segment	Year Ended December 31, 2019		
	Tangible Products	Services and Software	Total
AIT	\$ 1,347	\$ 132	\$ 1,479
EVM	2,560	446	3,006
Total	\$ 3,907	\$ 578	\$ 4,485

Segment	Year Ended December 31, 2018		
	Tangible Products	Services and Software	Total
AIT	\$ 1,298	\$ 125	\$ 1,423
EVM	2,387	408	2,795
Total	\$ 3,685	\$ 533	\$ 4,218

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

In addition, refer to Note 20, *Segment Information & Geographic Data* for Net sales to customers by geographic region.

Contract Balances

Progress on satisfying performance obligations under contracts with customers is reflected on the Consolidated Balance Sheets in Accounts receivable, net for billed revenues. 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 12-months, and Other long-term assets for revenues expected to be billed thereafter. The total contract asset balances were \$10 million and \$8 million as of December 31, 2020 and 2019, 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 years ended December 31, 2020, 2019 and 2018.

Deferred revenue on the Consolidated Balance Sheets consist of payments and billings in advance of our performance. The combined short-term and long-term deferred revenue balances were \$581 million and \$459 million as of December 31, 2020 and 2019, respectively. The Company recognized \$256 million, \$219 million and \$181 million in revenue that was previously included in the beginning balance of deferred revenue during the years ended December 31, 2020, 2019 and 2018, respectively.

Our payment terms vary by the type and location of our customer and the products, solutions or services offered. The time between invoicing and when payment is due is not significant. In instances where the timing of revenue recognition differs from the timing of invoicing, we have determined that our contracts do not include a significant financing component.

Costs to Obtain a Contract

Our incremental direct costs of obtaining a contract, which consist of sales commissions and incremental fringe benefits, are deferred and amortized over the weighted-average contract term. The incremental costs to obtain a contract are derived at a

portfolio level and amortized on a straight-line basis. The ending balance of deferred commission costs, which are recorded in Other long-term assets on the Consolidated Balance Sheets, was \$23 million and \$21 million as of December 31, 2020 and 2019, respectively. Amortization of deferred commission costs, which is recorded in Selling and Marketing expense on the Consolidated Statements of Operations, was \$14 million, \$11 million and \$10 million during the years ended December 31, 2020, 2019 and 2018, respectively. Incremental costs of obtaining a contract are expensed as incurred if the amortization period would otherwise be one year or less.

Note 4 Inventories

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

	December 31, 2020	December 31, 2019
Raw materials	\$ 117	\$ 128
Work in process	4	4
Finished goods	390	342
Total	<u>\$ 511</u>	<u>\$ 474</u>

Note 5 Business Acquisitions

Reflexis

On September 1, 2020, the Company acquired all of the equity interests in 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 its acquisition of Reflexis, the Company intends to enhance its solution offerings to customers in these industries by combining Reflexis’ platform with its existing software solutions and its EVM product offerings.

The Reflexis acquisition was accounted for under the acquisition method of accounting for business combinations. The Company’s cash purchase consideration was \$548 million, net of Reflexis’ cash on-hand.

In connection with its acquisition of Reflexis, and in exchange for the cancellation of unvested Reflexis stock options, the Company granted replacement share-based compensation awards to certain Reflexis employees in the form of Zebra incentive stock options. A total of 38,228 replacement stock options were granted, with a weighted average acquisition-date fair value per option of \$230. The total fair value of approximately \$9 million is primarily attributable to service to be rendered subsequent to acquisition and will be expensed over the remaining service period. As of the acquisition date, the weighted average future service period associated with the replacement options was 1.7 years, and the weighted average remaining contractual life was 7.7 years. See Note 15, *Share-Based Compensation* for additional details related to these options.

The Company incurred approximately \$21 million of acquisition-related costs during 2020, which primarily consisted of payments to settle certain existing Reflexis share-based compensation awards whose vesting was accelerated at the discretion of Reflexis contemporaneously with the acquisition. Those payments, as well as \$7 million of other acquisition-related costs primarily related to third-party transaction and advisory fees, are included within Acquisition and integration costs on the Consolidated Statements of Operations.

The acquisition of Reflexis was funded, in part, by the issuance of a new term loan (the “2020 Term Loan”) in the amount of \$200 million. The acquisition of Reflexis was otherwise funded using the Company’s cash on hand and borrowing under the Company’s existing Revolving Credit Facility. See additional details related to the Company’s debt arrangements in Note 12, *Long-Term Debt*.

The Company utilized estimated fair values as of September 1, 2020 to allocate the total purchase consideration to the identifiable assets acquired and liabilities assumed. The fair value of the net assets acquired was based on several estimates and assumptions, as well as customary valuation techniques, primarily the excess earnings method for technology and patent intangible assets, as well as exit cost methodologies for liabilities such as deferred revenues. 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.

During the fourth quarter of 2020, the Company recorded measurement period adjustments relating to facts and circumstances existing as of the acquisition date. The primary measurement period adjustment was related to the realizability of income tax net operating losses, resulting in a \$12 million decrease in deferred tax liabilities and a \$12 million decrease in goodwill. The

primary fair value estimates still considered preliminary as of December 31, 2020 include intangible assets and income tax-related items.

The preliminary purchase price allocation to assets acquired and liabilities assumed was as follows (in millions):

Identifiable intangible assets	\$	204
Accounts receivable		20
Property, plant and equipment		10
Other assets acquired		17
Deferred revenue		(16)
Deferred tax liabilities		(37)
Other liabilities assumed		(14)
Net assets acquired	\$	184
Goodwill on acquisition		364
Total purchase consideration	\$	548

The \$364 million of goodwill, which is non-deductible for tax purposes, has been allocated to the EVM segment and principally relates to the planned integration of Reflexis' solution offerings with the Company's existing solution offerings as well as expansion in current and new markets, industries and product offerings.

The preliminary purchase price allocation to identifiable intangible assets acquired was:

	<u>Fair Value (in millions)</u>	<u>Useful Life (in years)</u>
Technology and patents	\$ 160	8
Customer and other relationships	43	2
Trade names	1	2
Total identifiable intangible assets	\$ 204	

The Company has not included unaudited proforma results, as if Reflexis had been acquired as of January 1, 2019, as doing so would not yield materially different results.

Cortexica

On November 5, 2019, the Company acquired 100% of the equity interests in Cortexica Vision Systems Limited ("Cortexica"), a provider of computer vision-based artificial intelligence solutions primarily for the retail industry. The purchase consideration of \$7 million was primarily allocated to technology-related intangible assets of \$4 million and goodwill of \$4 million based on the fair values of identifiable assets acquired and liabilities assumed. Additionally, we incurred approximately \$2 million of acquisition-related costs in 2019, which are included within Acquisition and integration costs on the Consolidated Statements of Operations. The goodwill, which will be non-deductible for tax purposes, has been allocated to the EVM segment and principally relates to the Company's expansion of the Cortexica technologies into new markets, industries, and product offerings.

Profitect

On May 31, 2019, the Company acquired 100% of the equity interests of Profitect, Inc. ("Profitect"), a provider of prescriptive analytics primarily for the retail industry. In acquiring Profitect, the Company seeks to enhance its existing software solutions within the retail industry, with possible future applications in other industries, markets and product offerings.

The Profitect acquisition was accounted for under the acquisition method of accounting for business combinations. The total purchase consideration was \$79 million, which consisted of \$75 million in cash paid, net of cash on-hand, and the fair value of the Company's existing ownership interest in Profitect of \$4 million, as remeasured upon acquisition. This remeasurement resulted in a \$4 million gain reflected within Other, net on the Consolidated Statements of Operations in 2019. Additionally, we incurred \$13 million of acquisition-related costs in 2019, which primarily consisted of payments to settle Profitect employee stock option awards, whose vesting was accelerated at the discretion of Profitect contemporaneously with the acquisition, as well as third party transaction and advisory fees. Those acquisition-related costs are included within Acquisition and integration costs on the Consolidated Statements of Operations.

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The purchase consideration was allocated to the assets acquired and liabilities assumed based on their fair values as of the acquisition date. The fair value of intangible assets was derived utilizing a number of estimates and assumptions as well as customary valuation procedures and techniques, principally the excess earnings methodology.

The final purchase price allocation to assets acquired and liabilities assumed was as follows (in millions):

Identifiable intangible assets	\$	35
Other assets acquired		4
Deferred tax liabilities		(4)
Other liabilities assumed		(10)
Net Assets Acquired	\$	25
Goodwill on acquisition		54
Total purchase consideration	\$	79

The \$54 million of goodwill, which is non-deductible for tax purposes, has been allocated to the EVM segment and principally relates to the Company's expansion of the Profitect software offerings and technologies into current and new markets, industries and product offerings.

The final purchase price allocation to identifiable intangible assets acquired was:

	Fair Value (in millions)	Useful Life (in years)
Technology and patents	\$ 33	8
Customer and other relationships	2	1
Total identifiable intangible assets	\$ 35	

Temptime

On February 21, 2019, the Company acquired 100% of the equity interests of Temptime Corporation ("Temptime"), a developer and manufacturer of temperature-monitoring labels and devices. The Company intends to expand Temptime's product offerings within the healthcare industry, with possible future applications in other industries involving temperature-sensitive products.

The Temptime acquisition was accounted for under the acquisition method of accounting for business combinations. The Company paid \$180 million in cash, net of cash on-hand, to acquire Temptime. Additionally, we incurred \$3 million of acquisition-related costs in 2019, which primarily included third-party transaction and advisory fees that are included within Acquisition and integration costs on the Consolidated Statements of Operations.

The purchase consideration was allocated to the assets acquired and liabilities assumed based on their fair values as of the acquisition date. The fair value of intangible assets was derived utilizing a number of estimates and assumptions as well as customary valuation procedures and techniques, including the relief from royalty and excess earnings methodologies.

The final purchase price allocation to assets acquired and liabilities assumed was as follows (in millions):

Inventory	\$	14
Property, plant and equipment		10
Identifiable intangible assets		106
Other assets acquired		11
Deferred tax liabilities		(23)
Other liabilities assumed		(12)
Net Assets Acquired	\$	106
Goodwill on acquisition		74
Total purchase consideration	\$	180

The \$74 million of goodwill, which is non-deductible for tax purposes, has been allocated to the AIT segment and principally relates to the Company's expansion of its product offerings and technologies into current and new markets and industries.

The final purchase price allocation to identifiable intangible assets acquired was:

	Fair Value (in millions)	Useful Life (in years)
Customer and other relationships	\$ 79	8
Technology and patents	25	8
Trade Names	2	3
Total identifiable intangible assets	<u>\$ 106</u>	

Xplore

On August 14, 2018, the Company acquired Xplore Technologies Corporation (“Xplore”). Xplore designs, integrates, markets and sells rugged tablets that are primarily used by industrial, government, and field service organizations. The acquisition of Xplore expanded the Company’s portfolio of mobile computing devices to serve a wider range of customers.

The Xplore acquisition was accounted for under the acquisition method of accounting for business combinations. The Company paid \$72 million in cash, net of cash on-hand, to acquire Xplore.

The final purchase price allocation to assets acquired and liabilities assumed was as follows (in millions):

Accounts receivable	\$ 10
Inventory	22
Identifiable intangible assets	32
Other assets acquired	10
Debt	(9)
Accounts payable	(8)
Deferred revenues	(7)
Other liabilities assumed	(7)
Net Assets Acquired	<u>\$ 43</u>
Goodwill on acquisition	29
Total purchase consideration	<u>\$ 72</u>

At closing, in connection with the acquisition, the Company also made a \$9 million payment of Xplore debt and \$6 million in payments of other Xplore transaction-related obligations. Additionally, we incurred \$8 million of acquisition-related costs in 2018, which primarily included third-party transaction and advisory fees, and we incurred \$2 million of system integration costs in 2019. These costs are reflected within Acquisition and integration costs on the Consolidated Statements of Operations.

The \$29 million of goodwill, which is non-deductible for tax purposes, has been allocated to the EVM segment and principally relates to the Company’s expansion of the Xplore product offerings into current and new markets.

The final purchase price allocation to identifiable intangible assets acquired was:

	Fair Value (in millions)	Useful Life (in years)
Customer and other relationships	\$ 16	9
Technology and patents	15	7
Trade Names	1	3
Total identifiable intangible assets	<u>\$ 32</u>	

The operating results of each acquired company have been included in the Company’s Consolidated Balance Sheets and Statements of Operations beginning on their respective acquisition dates.

Note 6 Goodwill and Other Intangibles

Goodwill

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

	AIT	EVM	Total
Goodwill as of December 31, 2018	\$ 154	\$ 2,341	\$ 2,495
Xplore purchase price allocation adjustments	—	(6)	(6)
Temptime acquisition	73	—	73
Profitect acquisition	—	54	54
Cortexica acquisition	—	4	4
Foreign exchange impact	—	2	2
Goodwill as of December 31, 2019	\$ 227	\$ 2,395	\$ 2,622
Temptime purchase price allocation adjustments	1	—	1
Reflexis acquisition	—	364	364
Foreign exchange impact	—	1	1
Goodwill as of December 31, 2020	\$ 228	\$ 2,760	\$ 2,988

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

The Company's goodwill balance consists of five reporting units. The Company completed its annual goodwill impairment testing during the fourth quarter of 2020 utilizing a quantitative approach. The estimated fair value of each reporting unit exceeded its carrying value by at least 80%. There is risk of future impairment to the extent that an individual reporting unit's performance does not meet projections. Additionally, if our current assumptions and estimates, including projected revenues and income growth rates, terminal growth rates, competitive and consumer trends, market-based discount rates, and other market factors are not met, or if other valuation factors outside of our control change unfavorably, the estimated fair value of our reporting units could be adversely affected, leading to a potential impairment in the future.

No events occurred during the fiscal years ended 2020, 2019, or 2018 that indicated it was more likely than not that our goodwill was impaired.

Other Intangibles, net

The balances in Other Intangibles, net consisted of the following (in millions):

	As of December 31, 2020			As of December 31, 2019		
	Gross Carrying Amount	Accumulated Amortization	Net	Gross Carrying Amount	Accumulated Amortization	Net
Amortized intangible assets						
Technology and patents	\$ 739	\$ (527)	\$ 212	\$ 578	\$ (508)	\$ 70
Customer and other relationships	620	(431)	189	575	(371)	204
Trade Names	44	(43)	1	43	(42)	1
Total	\$ 1,403	\$ (1,001)	\$ 402	\$ 1,196	\$ (921)	\$ 275

Amortization expense was \$78 million, \$103 million, and \$97 million for fiscal years ended 2020, 2019 and 2018, respectively.

Estimated future intangible asset amortization expense is as follows (in millions):

Year Ended December 31,	
2021	\$ 102
2022	89
2023	43
2024	43
2025	43
Thereafter	82
Total	\$ 402

Note 7 Property, Plant and Equipment

Property, plant and equipment, net is comprised of the following (in millions):

	December 31,	
	2020	2019
Buildings	\$ 68	\$ 63
Land	7	7
Machinery and equipment	248	232
Furniture and office equipment	25	20
Software and computer equipment	162	168
Leasehold improvements	92	84
Projects in progress	41	36
	643	610
Less accumulated depreciation	(369)	(351)
Property, plant and equipment, net	\$ 274	\$ 259

Depreciation expense was \$68 million, \$72 million and \$78 million for the years ended December 31, 2020, 2019 and 2018, respectively.

Note 8 Investments

The carrying value of the Company's investments was \$77 million and \$45 million as of December 31, 2020 and 2019, respectively, which are included in Other long-term assets on the Consolidated Balances Sheets. During the year ended December 31, 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 connection with this additional investment, the Company identified an observable price change that resulted in a \$7 million gain on its existing investment. During the year ended December 31, 2020, the Company also received cash proceeds of \$6 million related to the sale of a long-term investment.

Net gains related to the Company's investments, which are included within Other, net on the Consolidated Statements of Operations, were \$5 million, \$3 million, and \$10 million during the years ended December 31, 2020, 2019, and 2018, respectively.

Note 9 Exit and Restructuring Costs

In the fourth quarter of 2019, the Company committed to certain organizational changes designed to generate operational efficiencies (collectively referred to as the "2019 Productivity Plan"), which were incremental to the Company's 2017 exit and restructuring program (the "2017 Productivity Plan"). The organizational design changes under the 2019 Productivity Plan, which principally occurred within the North America and Europe, Middle East, and Africa ("EMEA") regions. The 2019 Productivity Plan was completed in the fourth quarter of 2020. Exit and restructuring charges, primarily related to employee severance and benefits, for the 2019 Productivity Plan were \$11 million and \$8 million during the years ended December 31, 2020 and 2019, respectively.

The 2017 Productivity Plan, focused on organizational design changes, process improvements, and automation, built upon the exit and restructuring initiatives specific to the October 2014 acquisition of the Enterprise business of Motorola Solutions, Inc. (the "Acquisition Plan"). Exit and restructuring charges relating to the 2017 Productivity Plan, which were completed in 2019, were \$2 million and \$11 million for the years ended December 31, 2019 and 2018, respectively.

As of December 31, 2020, the Company's total remaining obligations under its exit and restructuring programs were \$5 million, which are expected to be mostly settled within the next year and are reflected within Accrued liabilities on the Consolidated Balance Sheets.

Note 10 Fair Value Measurements

Financial assets and liabilities are measured using inputs from three levels of the fair value hierarchy in accordance with 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 December 31, 2020, are classified below (in millions):

	Level 1	Level 2	Level 3	Total
Assets:				
Money market investments related to the deferred compensation plan	\$ 30	\$ —	\$ —	\$ 30
Total Assets at fair value	<u>\$ 30</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 30</u>
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	<u>\$ 33</u>	<u>\$ 80</u>	<u>\$ —</u>	<u>\$ 113</u>

The Company's financial assets and liabilities carried at fair value as of December 31, 2019, are classified below (in millions):

	Level 1	Level 2	Level 3	Total
Assets:				
Foreign exchange contracts ⁽¹⁾	\$ —	\$ 3	\$ —	\$ 3
Money market investments related to the deferred compensation plan	24	—	—	24
Total Assets at fair value	<u>\$ 24</u>	<u>\$ 3</u>	<u>\$ —</u>	<u>\$ 27</u>
Liabilities:				
Forward interest rate swap contracts ⁽²⁾	\$ —	\$ 13	\$ —	\$ 13
Liabilities related to the deferred compensation plan	24	—	—	24
Total Liabilities at fair value	<u>\$ 24</u>	<u>\$ 13</u>	<u>\$ —</u>	<u>\$ 37</u>

(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 year-end exchange rate adjusted for current forward points.
- Fair value of hedges against net assets is calculated at the year-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 11 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 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):

	Balance Sheets Classification	Asset (Liability)	
		Fair Values as of December 31,	
		2020	2019
Derivative instruments designated as hedges:			
Foreign exchange contracts	Prepaid expenses and other current assets	\$ —	\$ 3
Foreign exchange contracts	Accrued liabilities	(34)	—
Total derivative instruments designated as hedges		\$ (34)	\$ 3
Derivative instruments not designated as hedges:			
Foreign exchange contracts	Accrued liabilities	(3)	—
Forward interest rate swaps	Accrued liabilities	(17)	(5)
Forward interest rate swaps	Other long-term liabilities	(29)	(8)
Total derivative instruments not designated as hedges		\$ (49)	\$ (13)
Total net derivative liability		\$ (83)	\$ (10)

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	(Loss) Gain Recognized in Income		
		Year Ended December 31,		
		2020	2019	2018
Derivative instruments not designated as hedges:				
Foreign exchange contracts	Foreign exchange loss	\$ (12)	\$ (3)	\$ 1
Forward interest rate swaps	Interest expense, net	(46)	(19)	8
Total (loss) gain recognized in income		\$ (58)	\$ (22)	\$ 9

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 unchanged as of December 31, 2020 and increased by \$3 million as of December 31, 2019.

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 \$6 million of losses for the year ending December 31, 2020, and \$42 million and \$13 million of gains for the years ending December 31, 2019 and 2018, respectively. As of December 31, 2020 and 2019, the notional amounts of the Company’s foreign exchange cash flow hedges were €585 million and €564 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):

	December 31,			
	2020		2019	
Notional balance of outstanding contracts:				
British Pound/U.S. Dollar	£	10	£	14
Euro/U.S. Dollar	€	123	€	36
Canadian Dollar/U.S. Dollar	\$	—	\$	1
Australian Dollar/U.S. Dollar	A\$	—	A\$	42
Japanese Yen/U.S. Dollar	¥	354	¥	264
Singapore Dollar/U.S. Dollar	S\$	12	S\$	19
Mexican Peso/U.S. Dollar	Mex\$	36	Mex\$	115
South African Rand/U.S. Dollar	R	—	R	42
Net fair value of liabilities of outstanding contracts	\$	3	\$	—

Interest Rate Risk Management

The Company’s debt consists of borrowings under term loans (“Term Loan A” and the “2020 Term Loan”), 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 12, *Long-Term Debt* for further details related to 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 started in December 2022 and ending 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.

During the fourth quarter of 2018, the Company terminated certain interest rate swaps. As part of the termination, the Company settled all of the swaps resulting in a \$7 million cash payment to counterparties that was classified within Net cash provided by operating activities. Hedge accounting treatment was discontinued on the swap that was designated as a cash flow hedge, which had less than \$1 million of pretax losses remaining in AOCI at the time of termination.

Note 12 Long-Term Debt

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

	December 31,	
	2020	2019
Term Loan A	\$ 917	\$ 917
2020 Term Loan	100	—
Revolving Credit Facility	—	103
Receivables Financing Facilities	235	266
Total debt	\$ 1,252	\$ 1,286
Less: Debt issuance costs	(5)	(6)
Less: Unamortized discounts	(2)	(3)
Less: Current portion of debt	(364)	(197)
Total long-term debt	\$ 881	\$ 1,080

As of December 31, 2020, the future maturities of debt, excluding debt discounts and issuance costs, are as follows (in millions):

2021	\$ 364
2022	56
2023	82
2024	750
Total future maturities of debt	\$ 1,252

All borrowings as of December 31, 2020 were denominated in U.S. Dollars.

The estimated fair value of the Company's debt approximated \$1.3 billion as of December 31, 2020 and 2019, 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 will 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 June 2021 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 December 31, 2020, the Term Loan A interest rate was 1.41%. 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 during the fourth quarter of 2020, with the remaining principal due upon the August 31, 2021 maturity date. The Company may make additional 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 December 31, 2020, the 2020 Term Loan interest rate was 2.25%. Interest payments are made monthly and are subject to a variable rate plus an applicable margin. Costs associated with issuing the 2020 Term Loan were approximately \$1 million, which were capitalized and are being amortized over the term of the loan.

Revolving Credit Facility

The Revolving Credit Facility is available for working capital and other general business purposes, including letters of credit. As of December 31, 2020, 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 December 31, 2020. 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.

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, which was originally entered into in December 2017 and was amended in May 2019, allows for borrowings of up to \$180 million and will mature on March 29, 2021. The Company's second Receivable Financing Facility, which was entered into in May 2019 and was amended in May 2020, allows for borrowings of up to \$100 million and will mature on May 17, 2021.

As of December 31, 2020, the Company's Consolidated Balance Sheets included \$441 million of receivables that were pledged under the two Receivables Financing Facilities. As of December 31, 2020, \$235 million had been borrowed, all of which was classified as current. Borrowings under the Receivables Financing Facilities bear interest at a variable rate plus an applicable margin. As of December 31, 2020, the Receivables Financing Facilities had an average interest rate of 1.04%. Interest is paid on these borrowings on a monthly basis.

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 December 31, 2020, the Company had no outstanding borrowings under the Uncommitted Facility.

In 2018, the Company entered into Amendment No. 1 to the Amended and Restated Credit Agreement ("Amendment No. 1"). Amendment No. 1 resulted in a new Term Loan A with principal of \$670 million and increased the Revolving Credit Facility from \$500 million to \$800 million. Also, as part of Amendment No. 1, the Company had a partial early debt extinguishment of \$300 million and repricing of its Term Loan B. Amendment No. 1 resulted in \$6 million of non-cash accelerated amortization of debt issuance costs and \$1 million of one-time charges related to third party fees, both of which were reflected in Interest Expense, net on the Consolidated Statements of Operations. Amendment No. 1 also resulted in \$2 million of third party fees for arranger, legal, and other services that were capitalized.

In 2019, the Company entered into its second amendment to the Amended and Restated Credit Agreement ("Amendment No. 2"). Amendment No. 2 increased the Company's borrowing under Term Loan A from \$608 million to \$1 billion and increased the Company's borrowing capacity under the Revolving Credit Facility from \$800 million to \$1 billion. Amendment No. 2 also extended the maturities of Term Loan A and the Revolving Credit Facility to August 9, 2024. Additionally, in conjunction with entering into Amendment No. 2, a payment of \$445 million was made to fully pay off the Company's Term Loan B.

The refinancing of the Company's long-term credit facilities during 2019 resulted in non-cash accelerated amortization of debt discount and debt issuance costs of \$4 million and one-time charges of \$3 million, which included certain third party fees and the accelerated amortization of losses on terminated interest rate swaps released from AOCI. These items are included in Interest Expense, net on the Consolidated Statements of Operations. Additionally, issuance costs of \$6 million incurred related to this debt refinancing were capitalized and will be amortized over the remaining term of Term Loan A and the Revolving Credit 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 11, *Derivative Instruments* for further information.

As of December 31, 2020, the Company was in compliance with all debt covenants.

Note 13 Leases

The Company leases certain manufacturing facilities, distribution centers, sales and administrative offices, equipment, and vehicles, which are accounted for as operating leases. Remaining lease terms are up to 12 years, with certain leases containing renewal options and termination options.

On January 1, 2019, the Company adopted ASC 842, *Leases* ("ASC 842"), which resulted in the recognition of ROU assets and lease liabilities on the Consolidated Balance Sheets for operating leases with terms greater than one year. Prior to the adoption

of ASC 842, the Company accounted for its lease arrangements under ASC Topic 840, *Leases* (“ASC 840”), with no ROU assets or lease liabilities being reflected on the Consolidated Balance Sheets. The Company adopted ASC 842 under a modified retrospective approach. Thus, results for reporting periods beginning after January 1, 2019 are prepared under ASC 842, whereas results prior to that have not been adjusted and continue to be reported in accordance with our historic accounting under ASC 840.

The following table presents activities associated with our operating leases (in millions):

	December 31,	
	2020	2019
Fixed lease expenses	\$ 35	\$ 37
Variable lease expenses	34	29
Total lease expenses	<u>\$ 69</u>	<u>\$ 66</u>
Cash paid for leases	\$ 69	\$ 67
ROU assets obtained in exchange for lease obligations	\$ 55	\$ 42
Reductions of ROU assets and lease liabilities	(3)	(16)
Net non-cash increases to ROU assets and lease liabilities	<u>\$ 52</u>	<u>\$ 26</u>

Variable lease expenses incurred were not included in the measurement of the Company’s ROU assets and lease liabilities. These expenses consisted primarily of distribution center service costs that were based on product distribution volumes, as well as non-fixed common area maintenance, real estate taxes, and other operating costs associated with various facility leases. Expenses related to short term leases were not significant.

Cash payments for operating leases are included within Net cash provided by operating activities on the Consolidated Statements of Cash Flows.

ROU assets obtained in exchange for lease obligations primarily include new lease arrangements entered into by the Company. ROU assets obtained in exchange for lease obligations also include contract modifications that extend lease terms and/or provide us additional rights, changes in assessments that render it reasonably certain that lease renewal options will be exercised based on facts and circumstances that arose during the period, as well as lease arrangements obtained through acquisitions.

Reductions of the Company’s ROU assets and lease liabilities generally relate to modifications to lease agreements that result in a reduction to future minimum lease payments, as well as changes in assessments that render it no longer reasonably certain that lease renewal options will be exercised based on facts and circumstances that arose during the period. The Company’s reduction of ROU assets and lease liabilities during 2019 primarily related to a modification to a distribution center lease agreement that resulted in a reduction to fixed future minimum lease payments.

The weighted average remaining term of the Company’s operating leases was approximately 6 years as of December 31, 2020 and 2019. The weighted average discount rate used to measure the ROU assets and lease liabilities was approximately 5% and 6% as of December 31, 2020 and 2019, respectively.

Future minimum lease payments under non-cancellable operating leases as of December 31, 2020 were as follows (in millions):

2021	\$	38
2022		33
2023		29
2024		23
2025		19
Thereafter		44
Total future minimum lease payments	\$	186
Less: Interest		(27)
Present value of lease liabilities	\$	159
Reported as of December 31, 2020:		
Current portion of lease liabilities	\$	30
Long-term lease liabilities		129
Present value of lease liabilities	\$	159

The current portion of lease liabilities is included within Accrued liabilities on the Consolidated Balance Sheets.

Rent expense under the Company's operating leases during the year ended December 31, 2018, prior to the Company's adoption of ASC 842, was \$33 million.

Revenues earned from lease arrangements under which the Company is a lessor were not significant.

Note 14 Commitments and Contingencies

Warranties

The following table is a summary of the Company's accrued warranty obligations (in millions):

Warranty Reserve	Year Ended December 31,		
	2020	2019	2018
Balance at the beginning of the year	\$ 21	\$ 22	\$ 18
Acquisitions	—	—	1
Warranty expense	30	25	34
Warranties fulfilled	(27)	(26)	(31)
Balance at the end of the year	<u>\$ 24</u>	<u>\$ 21</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.

During 2018, the Company settled in its entirety a commercial lawsuit resulting in a \$13 million pre-tax charge reflected within General and administrative expenses on the Consolidated Statements of Operations.

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. During the fourth quarter of 2020, the Company recorded recoveries of \$12 million, of which \$2 million and \$10 million were initially incurred during the years ended December 31, 2020 and 2019, respectively. Recoveries are recognized when the Company has completed all regulatory filing requirements and determined that receipt of amounts is virtually certain. From a segment perspective, \$4 million of the recovery related to AIT and \$8 million related to EVM. Both the initially incurred costs and related recoveries were included within Cost of sales for Tangible products on the Consolidated Statements of Operations. The Company believes that additional import duties that were

previously paid are potentially recoverable; however, the final amounts and the timings of any such additional recoveries remains uncertain and, therefore, the Company has not recorded any amounts related to potential future recoveries in its financial statements as of December 31, 2020.

Note 15 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. The awards available under the 2018 Plan include stock appreciation rights, restricted stock awards, performance share awards, cash-settled stock appreciation rights, restricted stock units, performance stock units, incentive stock options, and non-qualified stock options. No awards remain available for future grants under the 2015 Plan or previous plans.

The Company uses outstanding treasury shares as its source for issuing shares under the share-based compensation programs. As of December 31, 2020, the Company had 3,339,322 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):

Compensation costs and related income tax benefit	Year Ended December 31,		
	2020	2019	2018
Cost of sales	\$ 6	\$ 4	\$ 4
Selling and marketing	16	17	13
Research and development	16	16	15
General and administration	21	23	21
Total compensation expense	\$ 59	\$ 60	\$ 53
Income tax benefit	\$ 9	\$ 9	\$ 10

As of December 31, 2020, total unearned compensation costs related to the Company’s share-based compensation plans was \$82 million, which will be recognized over the weighted average remaining service period of 1.7 years.

Stock Appreciation Rights (“SARs”)

Upon exercise of SARs, the Company issues whole shares of Class A Common Stock to participants based on the difference between the fair market value of the stock at the time of exercise and the exercise price. Fractional shares are settled in cash upon exercise. The grant date fair value of SARs is expensed over the 4-year vesting period of the related awards.

A summary of the Company’s SARs outstanding is as follows:

SARs	2020		2019		2018	
	SARs	Weighted-Average Exercise Price	SARs	Weighted-Average Exercise Price	SARs	Weighted-Average Exercise Price
Outstanding at beginning of year	896,923	\$ 89.05	1,261,185	\$ 75.71	1,817,991	\$ 65.73
Granted	69,742	253.62	70,141	205.12	88,042	149.75
Exercised	(295,770)	67.96	(395,015)	66.82	(598,249)	55.93
Forfeited	(31,193)	149.09	(39,388)	92.72	(46,161)	80.41
Expired	(1,578)	166.52	—	—	(438)	108.20
Outstanding at end of year	638,124	\$ 113.98	896,923	\$ 89.05	1,261,185	\$ 75.71
Exercisable at end of year	417,856	\$ 81.88	489,357	\$ 70.37	595,086	\$ 60.85

The fair value of SARs is estimated on the date of grant using a binomial model. Volatility is based on an average of the implied volatility in the open market and the annualized volatility of the Company’s stock price over its entire stock history.

The following table shows the weighted-average assumptions used for grants of SARs, as well as the fair value of the grants based on those assumptions:

	2020	2019	2018
Expected dividend yield	0%	0%	0%
Forfeiture rate	8.00%	8.20%	8.40%
Volatility	42.51%	36.79%	35.93%
Risk free interest rate	0.24%	2.28%	2.96%
Expected weighted-average life	4.00	4.02	4.11
Weighted-average grant date fair value of SARs granted (per underlying share)	\$79.47	\$64.17	\$47.63

The following table summarizes information about SARs outstanding as of December 31, 2020:

	Outstanding	Exercisable
Aggregate intrinsic value (in millions)	\$ 173	\$ 126
Weighted-average remaining contractual life	4.4	4.2

The intrinsic value for SARs exercised during fiscal 2020, 2019 and 2018 was \$60 million, \$58 million and \$59 million, respectively. The total fair value of SARs vested during fiscal 2020, 2019 and 2018 was \$8 million, \$9 million and \$12 million, respectively.

Restricted Stock Awards ("RSAs") and Performance Share Awards ("PSAs")

The Company's restricted stock grants consist of time-vested RSAs and PSAs, which hold voting rights and therefore are considered participating securities. 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. The Company's RSAs and PSAs are expensed over the vesting period of the related award, which is typically 3 years. Some awards, including those granted annually to non-employee directors as an equity retainer fee, vest upon grant. PSA targets are set based on certain Company-wide financial metrics. Compensation cost is calculated as the market date fair value of the Company's Class A Common Stock on grant date multiplied by the number of shares granted, net of estimated forfeitures. The fair value of each PSA granted includes assumptions around the Company's performance goals.

The Company also issues stock awards to non-employee directors. Each director receives an equity grant of shares annually in the second quarter. The number of shares granted to each 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 fiscal 2020, there were 6,314 shares granted to non-employee directors compared to 7,371 and 7,980 shares granted during fiscal 2019 and 2018, respectively. The shares vest immediately on the grant date.

A summary of information relative to the Company's RSAs is as follows:

RSAs	2020		2019		2018	
	Shares	Weighted-Average Grant Date Fair Value	Shares	Weighted-Average Grant Date Fair Value	Shares	Weighted-Average Grant Date Fair Value
Outstanding at beginning of year	434,641	\$ 151.52	657,724	\$ 93.45	628,642	\$ 77.70
Granted	178,150	265.06	170,502	204.26	206,922	150.60
Released	(275,318)	133.43	(372,075)	73.71	(154,878)	107.22
Forfeited	(18,908)	199.04	(21,510)	141.29	(22,962)	88.77
Outstanding at end of year	318,565	\$ 228.08	434,641	\$ 151.52	657,724	\$ 93.45

A summary of information relative to the Company's PSAs is as follows:

PSAs	2020		2019		2018	
	Shares	Weighted-Average Grant Date Fair Value	Shares	Weighted-Average Grant Date Fair Value	Shares	Weighted-Average Grant Date Fair Value
Outstanding at beginning of year	170,749	\$ 144.47	259,727	\$ 86.41	265,747	\$ 77.04
Granted	98,820	239.79	150,224	206.04	59,849	146.83
Released	(131,943)	160.18	(231,513)	120.86	(57,074)	107.31
Forfeited	(11,604)	194.23	(7,689)	102.42	(8,795)	81.07
Outstanding at end of year	<u>126,022</u>	<u>\$ 199.77</u>	<u>170,749</u>	<u>\$ 144.47</u>	<u>259,727</u>	<u>\$ 86.41</u>

Cash-settled awards

The Company also has cash-settled compensation awards, including cash-settled stock appreciation rights, restricted stock units and 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, \$6 million and \$2 million in 2020, 2019 and 2018, respectively. Share-equivalents issued under these programs totaled 40,166, 17,207 and 20,393 in fiscal 2020, 2019 and 2018, respectively.

Reflexis Replacement Options

In connection with the Company's September 2020 acquisition of Reflexis, and in exchange for the cancellation of unvested Reflexis stock options, the Company granted awards to certain Reflexis employees in the form of 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. The grant date fair value, which was approximately \$230 per award and totaled approximately \$9 million, is expensed over the vesting period of the related awards, which averages 1.7 years. The fair value of the Reflexis replacement awards was estimated on the date of grant using the Black-Scholes valuation model, based upon the following weighted average assumptions: no expected dividend yield; a volatility factor of 39.75%; a risk-free interest rate of 0.14%; and an expected life of 2.78 years. See Note 5, *Business Acquisitions* for additional details related to the Reflexis Acquisition.

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

Reflexis Replacement Options	2020	
	Shares	Weighted-Average Exercise Price
Outstanding at beginning of year	—	\$ —
Granted	38,228	57.82
Exercised	(3,408)	55.79
Forfeited	(396)	52.14
Expired	—	—
Outstanding at end of year	<u>34,424</u>	<u>\$ 58.09</u>
Exercisable at end of year	<u>6,716</u>	<u>\$ 56.77</u>

The following table summarizes information about the Reflexis Replacement Options outstanding as of December 31, 2020:

	Outstanding	Exercisable
Aggregate intrinsic value (in millions)	\$ 11	\$ 2
Weighted-average remaining contractual life	7.4	7.3

The intrinsic value of Reflexis Replacement Options exercised during fiscal 2020 was \$1 million. The total fair value of Reflexis Replacement Options vested during fiscal 2020 was \$2 million.

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 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 December 31, 2020, 1,480,004 shares were available for future purchase.

Note 16 Income Taxes

The geographical sources of income (loss) before income taxes were as follows (in millions):

	Year Ended December 31,		
	2020	2019	2018
United States	\$ 33	\$ 83	\$ (25)
Outside United States	527	515	549
Total	\$ 560	\$ 598	\$ 524

Income tax expense (benefit) consisted of the following (in millions):

	Year Ended December 31,		
	2020	2019	2018
Current:			
Federal	\$ 6	\$ 16	\$ 20
State	1	(1)	3
Foreign	89	81	77
Total current	\$ 96	\$ 96	\$ 100
Deferred:			
Federal	(25)	(32)	(11)
State	(5)	(5)	5
Foreign	(10)	(5)	9
Total deferred	\$ (40)	\$ (42)	\$ 3
Total	\$ 56	\$ 54	\$ 103

The Company's effective tax rates were 10.0%, 9.0% and 19.7% for the years ended December 31, 2020, 2019 and 2018, respectively.

A reconciliation of the U.S. federal statutory income tax rate to our actual income tax rate is provided below:

	Year Ended December 31,		
	2020	2019	2018
Provision computed at statutory rate	21.0 %	21.0 %	21.0 %
U.S. Tax Reform - one-time transition tax	—	—	(0.6)
Remeasurement of deferred taxes	(0.6)	0.2	0.7
Change in valuation allowance	0.1	(1.7)	(4.5)
U.S. impact of Enterprise acquisition	0.3	1.0	1.1
Change in contingent income tax reserves	(0.4)	(3.3)	3.2
Foreign earnings subject to U.S. taxation	1.5	1.8	2.0
Foreign rate differential	(5.5)	(0.7)	(2.0)
State income tax, net of federal tax benefit	0.4	(0.2)	0.8
Tax credits	(2.9)	(2.3)	(1.9)
Equity compensation deductions	(3.2)	(4.0)	(2.0)
Return to provision and other true ups	(2.5)	(2.0)	1.1
Permanent differences and other	1.8	(0.8)	0.8
Provision for income taxes	10.0 %	9.0 %	19.7 %

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For the year ended December 31, 2020, the Company's effective tax rate was lower than the federal statutory rate of 21% primarily due to lower tax rates in foreign jurisdictions, the generation of tax credits and the favorable impacts of share-based compensation benefits.

For the year ended December 31, 2019, the Company's effective tax rate was lower than the federal statutory rate of 21% primarily due to the favorable impacts of share-based compensation benefits, lapses of the statute of limitations on uncertain tax positions, and the generation of tax credits. These benefits were partially offset by the impacts of foreign earnings and deemed royalties taxed in the U.S.

For the year ended December 31, 2018, the Company's effective tax rate was lower than the federal statutory rate of 21% primarily due to lower tax rates in foreign jurisdictions and the generation of tax credits. These benefits were partially offset by increases related to foreign earnings subject to U.S. taxation, the U.S. impact of the Enterprise acquisition and certain discrete items. The discrete items included the favorable impacts of reductions in valuation allowances and share-based compensation benefits, which were offset by audit settlements with the U.S. Internal Revenue Service for the fiscal years 2013, 2014 and 2015 and an increase in uncertain tax positions resulting from interpretive guidance issued during the year.

On March 27, 2020, the President of the United States signed into tax law the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"). The provisions of the CARES Act did not have a significant impact to our effective tax rate for the year ended December 31, 2020. Management continues to monitor developments and guidance on the CARES Act and 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 United Kingdom, Singapore, and Luxembourg. The Company has received an incentivized tax rate by 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.

Tax effects of temporary differences that resulted in deferred tax assets and liabilities are as follows (in millions):

	December 31,	
	2020	2019
Deferred tax assets:		
Capitalized research expenditures	\$ 18	\$ 37
Deferred revenue	38	24
Tax credits	36	29
Net operating loss carryforwards	406	410
Other accruals	31	21
Inventory items	17	18
Capitalized software costs	—	2
Sales return/rebate reserve	46	48
Share-based compensation expense	9	12
Accrued bonus	1	7
Unrealized gains and losses on securities and investments	19	4
Valuation allowance	(413)	(421)
Total deferred tax assets	\$ 208	\$ 191
Deferred tax liabilities:		
Depreciation and amortization	67	62
Undistributed earnings	2	2
Total deferred tax liabilities	\$ 69	\$ 64
Net deferred tax assets	\$ 139	\$ 127

In 2019, the Company reorganized its Luxembourg holding company structure which resulted in a taxable gain in Luxembourg that was offset by operating loss carryforwards. There was no net impact to the provision for income taxes as these activities also resulted in the realization of deferred tax liabilities related to depreciation and amortization and a corresponding increase in valuation allowances.

As of December 31, 2020, the Company had approximately \$406 million (tax effected) of net operating losses (“NOLs”) and \$36 million of credit carryforwards. Approximately \$72 million of NOLs will expire beginning in 2021 through 2040, and \$29 million of credits will expire beginning in 2021 through 2037, with the remaining amounts of NOLs and credit carryforwards having no expiration dates.

The Company is subject to the GILTI, BEAT and FDII provisions, for which we recorded income tax expense of \$8 million, \$12 million and \$10 million for the years ended December 31, 2020, 2019 and 2018, respectively. These impacts are included in the calculation of the Company’s effective tax rate.

Effective 2019, the Company was no longer permanently reinvested with respect to its U.S. directly-owned foreign subsidiary earnings. For periods after 2017, the Company is subject to U.S. income tax on substantially all foreign earnings under the GILTI provisions, while any remaining foreign earnings are eligible for the new dividends received deduction. As a result, future repatriation of earnings will no longer be subject to U.S. 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. Thus, as a result of these changes, the assertion of permanent reinvestment is no longer applicable under current U.S. tax laws.

The Company has not recognized deferred tax liabilities in the U.S. with respect to its outside basis differences in its directly-owned foreign affiliates. It is not practicable to determine the amount of unrecognized deferred tax liabilities on these indefinitely reinvested earnings.

Unrecognized tax benefits

A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows (in millions):

	Year ended December 31,	
	2020	2019
Balance at beginning of year	\$ 10	\$ 50
Additions for tax positions related to the current year	—	1
Reductions for tax positions related to prior years	—	(5)
Settlements for tax positions	(1)	(16)
Lapse of statutes	(1)	(20)
Balance at end of year	\$ 8	\$ 10

As of December 31, 2020 and December 31, 2019, there were \$8 million and \$9 million, respectively, of unrecognized tax benefits that, if recognized, would affect the annual effective tax rate. The Company is currently undergoing U.S. federal income tax audits for the tax years 2017 and 2018. Fiscal 2004 through 2018 remain open to examination by multiple foreign and U.S. state taxing jurisdictions.

In the fourth quarter of 2019, the Company settled and made payment for a tax dispute for \$19 million. Additionally, the statute of limitations on the U.S. federal income tax audit years 2013, 2014 and 2015 lapsed, resulting in a total benefit of \$20 million during 2019. As of December 31, 2020, no other 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 settlement or other uncertain tax positions may change and the actual tax benefits may differ significantly from estimates.

The Company recognized a net benefit of \$2 million for interest and penalties related to income tax matters during the year ended December 31, 2020, and a net expense of \$6 million and \$8 million during the years ended December 31, 2019 and 2018, respectively. The net benefit or expense associated with interest and penalties were reflected within Income tax expense on the Consolidated Statements of Operations. The Company has included \$6 million and \$8 million of estimated interest and penalty obligations within Other long-term liabilities on the Consolidated Balance Sheets as of December 31, 2020 and 2019, respectively.

Note 17 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):

	Year Ended December 31,		
	2020	2019	2018
Basic:			
Net income	\$ 504	\$ 544	\$ 421
Weighted-average shares outstanding	53,441,375	53,991,249	53,591,655
Basic earnings per share	\$ 9.43	\$ 10.08	\$ 7.86
Diluted:			
Net income	\$ 504	\$ 544	\$ 421
Weighted-average shares outstanding	53,441,375	53,991,249	53,591,655
Dilutive shares	471,870	603,168	708,157
Diluted weighted-average shares outstanding	53,913,245	54,594,417	54,299,812
Diluted earnings per share	\$ 9.35	\$ 9.97	\$ 7.76

Anti-dilutive options to purchase common shares are excluded from diluted earnings per share calculations. There were 46,128, 47,240, and 72,856 shares that were anti-dilutive for the years ended December 31, 2020, 2019, and 2018, respectively.

Note 18 Accumulated Other Comprehensive Income (Loss)

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

- **Unrealized (loss) gain 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 11, *Derivative Instruments* for more details.
- **Unrealized gain (loss) on forward interest rate swaps hedging transactions** relates to certain interest rate swaps that the Company previously entered into as part of its strategy to mitigate interest rate risk exposure associated with its variable rate debt. These particular interest rate swaps, which were designated as cash flow hedges, were terminated prior to 2019, with remaining losses being reclassified out of AOCI through the third quarter of 2019. Pre-tax losses were reclassified into Interest expense, net on the Consolidated Statements of Operations. See Note 11, *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 changes in each component of AOCI during the three years ended December 31, 2020, 2019 and 2018 were as follows (in millions):

	Unrealized (loss) gain on sales hedging	Unrealized gain (loss) on forward interest rate swaps	Foreign currency translation adjustments	Total
Balance at December 31, 2017	\$ (9)	\$ (9)	\$ (34)	\$ (52)
Other comprehensive income (loss) before reclassifications	38	8	(13)	33
Amounts reclassified from AOCI ⁽¹⁾	(13)	4	—	(9)
Tax effect	(4)	(3)	—	(7)
Other comprehensive income (loss), net of tax	21	9	(13)	17
Balance at December 31, 2018	12	—	(47)	(35)
Other comprehensive income before reclassifications	30	—	1	31
Amounts reclassified from AOCI ⁽¹⁾	(42)	2	—	(40)
Tax effect	2	(2)	—	—
Other comprehensive income (loss), net of tax	(10)	—	1	(9)
Balance at December 31, 2019	2	—	(46)	(44)
Other comprehensive (loss) income before reclassifications	(43)	—	5	(38)
Amounts reclassified from AOCI ⁽¹⁾	6	—	—	6
Tax effect	7	—	—	7
Other comprehensive income (loss), net of tax	(30)	—	5	(25)
Balance at December 31, 2020	\$ (28)	\$ —	\$ (41)	\$ (69)

(1) See Note 11, *Derivative Instruments* regarding timing of reclassifications to operating results.

Note 19 Accounts Receivable Factoring

The Company has multiple 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 provided by financing activities on the Consolidated Statements of Cash Flows.

In 2020, the Company entered into a new Receivables Factoring arrangement with a bank, which allows for the factoring of up to €150 million of uncollected receivables originated from the EMEA and Asia-Pacific regions. 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 \$24 million as of December 31, 2020 and is classified within Prepaid expenses and other current assets on the Consolidated Balance Sheets.

The Company's other active Receivable Factoring arrangements, which were entered into in 2018 and 2019, also allow for the factoring of up to \$125 million of uncollected receivables originated from the EMEA region.

During the years ended December 31, 2020, 2019 and 2018, the Company received cash proceeds of \$1,291 million, \$409 million and \$33 million, respectively, from the sales of accounts receivables under its factoring arrangements. As of December 31, 2020 and 2019, there were a total of \$70 million and \$60 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 \$142 million and \$33 million of obligations that were not yet remitted to banks as of December 31, 2020 and 2019, 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 20 Segment Information & Geographic Data

Segment results

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 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.

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

	Year Ended December 31,		
	2020	2019	2018
Net sales:			
AIT	\$ 1,426	\$ 1,479	\$ 1,423
EVM	3,029	3,006	2,795
Total segment net sales	4,455	4,485	4,218
Corporate, eliminations ⁽¹⁾	(7)	—	—
Total Net sales	\$ 4,448	\$ 4,485	\$ 4,218
Operating income:			
AIT ⁽²⁾	\$ 322	\$ 355	\$ 325
EVM ⁽²⁾	466	483	404
Total segment operating income	788	838	729
Corporate, eliminations ⁽¹⁾	(137)	(146)	(119)
Total Operating income	\$ 651	\$ 692	\$ 610

(1) To the extent applicable, amounts included in Corporate, eliminations consist of 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.

Sales to significant customers

Our Net sales to significant customers as a percentage of the total Company's Net sales by segment were as follows:

	Year Ended December 31,								
	2020			2019			2018		
	AIT	EVM	Total	AIT	EVM	Total	AIT	EVM	Total
Customer A	4.8 %	12.9 %	17.7 %	5.3 %	13.0 %	18.3 %	6.2 %	14.1 %	20.3 %
Customer B	4.9 %	9.0 %	13.9 %	4.7 %	9.0 %	13.7 %	5.6 %	10.1 %	15.7 %
Customer C	6.5 %	14.2 %	20.7 %	6.1 %	10.5 %	16.6 %	6.2 %	7.9 %	14.1 %

These customers accounted for 13.6%, 6.7%, and 20.4%, respectively, of accounts receivable as of December 31, 2020, and 16.8%, 7.8% and 20.6%, respectively, of accounts receivable as of December 31, 2019. No other customer accounted for more than 10% of total Net sales during the years ended December 31, 2020, 2019 or 2018, or more than 10% of outstanding

accounts receivables as of December 31, 2020 or 2019. All three of the above customers are distributors of the Company's products and solutions and not end users.

Geographic data

Information regarding the Company's operations by geographic area is contained in the following tables. Net sales amounts are attributed to geographic area based on customer location.

Net sales by region were as follows (in millions):

	Year Ended December 31,					
	2020		2019		2018	
North America	\$	2,319	\$	2,261	\$	2,041
EMEA		1,495		1,462		1,409
Asia-Pacific		439		518		520
Latin America		195		244		248
Total Net sales	\$	4,448	\$	4,485	\$	4,218

The United States and Germany were the only countries that accounted for more than 10% of the Company's net sales in 2020, 2019, and 2018. Net sales during these years were as follows (in millions):

	Year Ended December 31,					
	2020		2019		2018	
United States	\$	2,291	\$	2,243	\$	2,020
Germany		595		523		523
Other		1,562		1,719		1,675
Total Net sales	\$	4,448	\$	4,485	\$	4,218

For the years ended December 31, 2020 and 2019, the Company presented revenues by major country on the same basis as revenues by region, which is based on customer location. Prior to 2019, the Company presented revenues by major country based on the country where products, solutions, and services were invoiced from. Revenues by major country for the year ended December 31, 2018 are presented above based on the location of customer, in order to conform to the same basis of presentation as the subsequent years.

Geographic data for long-lived assets is as follows (in millions):

	Year Ended December 31,					
	2020		2019		2018	
North America	\$	289	\$	280	\$	225
EMEA		68		39		14
Asia-Pacific		45		40		7
Latin America		7		7		3
Total long-lived assets	\$	409	\$	366	\$	249

Long-lived assets are defined by the Company as property, plant and equipment as well as ROU assets. ROU assets were recognized upon adoption of ASC 842 in 2019, prior to which, there were no long-lived assets related to leasing activities. Primarily all of the Company's long-lived assets in the North America region are located in the United States.

Note 21 Supplementary Financial Information

The components of Accrued liabilities are as follows (in millions):

	December 31,	
	2020	2019
Accrued payroll and benefits	\$ 87	\$ 63
Accrued incentive compensation	65	96
Accrued warranty	24	21
Customer reserves	56	44
Current portion of lease liabilities	30	29
Unremitted cash collections due to banks on factored accounts receivable	142	33
Forward contracts liability	37	—
Short-term interest rate swaps	17	5
Accrued freight and duty	21	23
Accrued other expenses	80	65
Accrued liabilities	<u>\$ 559</u>	<u>\$ 379</u>

Summary of Quarterly Results of Operations (unaudited, in millions):

	2020				
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total Year
Total Net sales	\$ 1,052	\$ 956	\$ 1,132	\$ 1,308	\$ 4,448
Gross profit	473	419	493	618	2,003
Net income	89	100	116	199	504
Net earnings per common share:					
Basic earnings per share:	\$ 1.66	\$ 1.87	\$ 2.18	\$ 3.73	\$ 9.43
Diluted earnings per share:	1.65	1.85	2.16	3.70	9.35

	2019				
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total Year
Net sales	\$ 1,066	\$ 1,097	\$ 1,130	\$ 1,192	\$ 4,485
Gross profit	501	520	535	544	2,100
Net income	115	124	136	169	544
Net earnings per common share:					
Basic earnings per share:	\$ 2.14	\$ 2.28	\$ 2.52	\$ 3.13	\$ 10.08
Diluted earnings per share:	2.12	2.26	2.50	3.10	9.97

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

We conducted an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934 (the "Exchange Act")) as of the end of the period covered by this Form 10-K. The evaluation was conducted under the supervision of our Disclosure Committee, and with the participation of management, including our Chief Executive Officer and Chief Financial Officer. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures were effective to provide reasonable assurance that (i) the information required to be disclosed by us in this Form 10-K was recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and (ii) information required to be disclosed by us in our reports that we file or furnish under the Exchange Act is accumulated and communicated to our management, including our principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

Management's Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act to provide reasonable assurance regarding the reliability of our financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Our management assessed the effectiveness of our internal control over financial reporting as of December 31, 2020. In making this assessment, our management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in Internal Control-Integrated Framework as released in 2013. Based on this assessment and those criteria, our management believes that, as of December 31, 2020, our internal control over financial reporting is effective.

Our independent registered public accounting firm, Ernst & Young LLP, has issued an attestation report on Zebra's internal control over financial reporting. Ernst & Young LLP's report is included in the latter portion of this Item 9A.

Changes in Internal Control over Financial Reporting

There were no changes in the Company's internal control over financial reporting during the fourth quarter of 2020, which were identified in connection with management's evaluation required by paragraph (d) of Rules 13a-15 and 15d-15 under the Exchange Act, that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Inherent Limitations on the Effectiveness of Controls

Our management, including our Chief Executive Officer and Chief Financial Officer, does not expect that our disclosure controls and procedures or our internal controls will prevent or detect 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 misstatements due to error or fraud will not occur or that all control issues and instances of fraud, if any, within Zebra have been prevented or 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.

Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of Zebra Technologies Corporation

Opinion on Internal Control over Financial Reporting

We have audited Zebra Technologies Corporation and subsidiaries internal control over financial reporting as of December 31, 2020, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, Zebra Technologies Corporation (the “Company”) maintained, in all material respects, effective internal control over financial reporting as of December 31, 2020, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Zebra Technologies Corporation as of December 31, 2020 and 2019, the related consolidated statements of operations, comprehensive income, stockholders’ equity, and cash flows, for each of the three years in the period ended December 31, 2020, and the related notes and financial statement schedule listed in the Index at Item 15 and our report dated February 11, 2021 expressed an unqualified opinion thereon.

Basis for Opinion

The Company’s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management’s Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company’s internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company’s internal control over financial reporting is a process designed 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. A company’s internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/Ernst & Young LLP

Chicago, Illinois

February 11, 2021

Item 9B. Other Information

Not applicable.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

We have adopted a Code of Ethics for Senior Financial Officers (“Code of Ethics”) that applies to Zebra’s Chief Executive Officer, Chief Financial Officer and Chief Accounting Officer. The Code of Ethics is posted on the Investor Relations – Governance Documents page of Zebra’s Internet web site, www.zebra.com under “Investors-Governance-Governance Documents”, and is available for download. Any waiver from the Code of Ethics and any amendment to the Code of Ethics will be disclosed on such page of Zebra’s web site.

All other information in response to this item is incorporated by reference from the Proxy Statement sections entitled “Corporate Governance,” “Election of Directors,” “Committees of the Board,” “Executive Officers,” and “Delinquent Section 16(a) Reports.”

Item 11. Executive Compensation

The information in response to this item is incorporated by reference from the Proxy Statement sections entitled “Compensation Discussion and Analysis,” “Executive Compensation,” “Director Compensation,” “Executive Compensation – Compensation Committee Interlocks and Insider Participation” and “Compensation Committee Report.”

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information in response to this item is incorporated by reference from the Proxy Statement sections entitled “Ownership of our Common Stock” and “Executive Compensation – Equity Compensation Plan Information.”

Item 13. Certain Relationships and Related Transactions, and Director Independence

The information in response to this item is incorporated by reference from the Proxy Statement sections entitled “Corporate Governance – Related Party Transactions,” “Corporate Governance – Director Independence,” “Election of Directors,” and “Committees of the Board.”

Item 14. Principal Accounting Fees and Services

The information in response to this item is incorporated by reference from the Proxy Statement section entitled “Fees of Independent Auditors.”

PART IV

Item 15. Exhibits, Financial Statements and Schedules

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All other financial statement schedules are omitted because they are not applicable to the Company.	

Index to Exhibits

Exhibit Number	Exhibit Description	Incorporated by Reference			Filed or Furnished Within
		Form	Exhibit Number	Filing Date or Period End Date	
3.1(i)	Restated Certificate of Incorporation of the Company.	8-K	3.1(i)	August 16, 2012	
3.1(ii)	Amended and Restated By-laws of Zebra Technologies Corporation, as amended as of January 7, 2013.	8-K	3(ii)	January 10, 2013	
4.1	Specimen stock certificate representing Class A Common Stock.	10-K	4.1	December 31, 2017	
4.2	Description of Securities Registered Under Section 12 of the Securities Exchange Act	10-K	4.2	December 31, 2019	
10.1	Employee Agreement between Nathan Winters and the Company Dated January 11, 2021. +				X
10.2	Form of indemnification agreement between Zebra Technologies Corporation and each director and executive officer.	10-K	10.6	December 31, 2016	
10.3	Amendment to outstanding Stock Option Agreements under the 2006 Incentive Compensation Plan, dated December 2, 2008. +	8-K	10.2	December 8, 2008	
10.4	2006 Incentive Compensation Plan. +	8-K	10.1	May 15, 2006	
10.5	Amendment to the 2006 Incentive Compensation Plan dated December 2, 2008. +	8-K	10.1	December 8, 2008	
10.6	2011 Long-Term Incentive Plan (Amended and Restated as of May 15, 2014). +	10-Q	10.1	June 28, 2014	
10.7	2015 Long-Term Incentive Plan. +	10-K	10.11	December 31, 2017	
10.8	2018 Long-Term Incentive Plan. +	S-8	4.1	June 1, 2018	
10.9	2005 Executive Deferred Compensation Plan, as amended. +	10-Q	10.4	March 29, 2008	
10.10	Amended and Restated Employment Agreement between Zebra Technologies Corporation and Anders Gustafsson dated as of May 6, 2010. +	10-Q	10.1	April 3, 2010	
10.11	Letter Agreement between Zebra Technologies Corporation and Anders Gustafsson dated as of May 6, 2010. +	10-Q	10.11	April 3, 2010	

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10.12	Form of 2012 time-vested stock appreciation rights agreement for employees other than CEO. +	10-Q	10.1	June 30, 2012
10.13	Form of 2013-16 time-vested stock appreciation rights agreement for employees other than CEO. +	10-Q	10.1	March 30, 2013
10.14	Form of 2017 time-vested stock appreciation rights agreement for employees other than CEO. +	10-Q	10.1	April 1, 2017
10.15	Form of 2018 stock appreciation rights agreement for employees other than the CEO. +	10-Q	10.2	June 30, 2018
10.16	Form of 2019 stock appreciation rights agreement for employees other than the CEO. +	10-Q	10.2	June 29, 2019
10.17	Form of 2020 stock appreciation rights agreement for employees other than the CEO. +	10-Q	10.2	June 27, 2020
10.18	Form of 2013-16 time-vested stock appreciation rights agreement for CEO. +	10-Q	10.4	March 30, 2013
10.19	Form of 2017 time-vested stock appreciation rights agreement for CEO. +	10-Q	10.2	April 1, 2017
10.20	Form of 2018 stock appreciation rights agreement for CEO. +	10-Q	10.5	June 30, 2018
10.21	Form of 2019 stock appreciation rights agreement for CEO. +	10-Q	10.5	June 29, 2019
10.22	Form of 2020 stock appreciation rights agreement for CEO. +	10-Q	10.5	June 27, 2020
10.23	Form of 2011 time-vested stock appreciation rights agreement for non-employee directors. +	8-K	10.3	May 20, 2011
10.24	Form of 2012 time-vested stock appreciation rights agreement for non-employee directors. +	10-Q	10.7	June 30, 2012
10.25	Form of 2018 time-vested restricted stock agreement for employees other than the CEO. +	10-Q	10.3	June 30, 2018
10.26	Form of 2019 time-vested restricted stock agreement for employees other than the CEO. +	10-Q	10.3	June 29, 2019
10.27	Form of 2020 time-vested restricted stock agreement for employees other than the CEO. +	10-Q	10.3	June 27, 2020
10.28	Form of 2018 performance-vested restricted stock agreement for employees other than CEO. +	10-Q	10.1	June 30, 2018
10.29	Form of 2019 performance-vested restricted stock agreement for employees other than CEO. +	10-Q	10.1	June 29, 2019
10.30	Form of 2020 performance-vested restricted stock agreement for employees other than CEO. +	10-Q	10.1	June 27, 2020
10.31	Form of 2018 time-vested restricted stock agreement for CEO. +	10-Q	10.6	June 30, 2018
10.32	Form of 2019 time-vested restricted stock agreement for CEO. +	10-Q	10.6	June 29, 2019
10.33	Form of 2020 time-vested restricted stock agreement for CEO. +	10-Q	10.6	June 27, 2020
10.34	Form of 2018 performance-vested restricted stock agreement for CEO. +	10-Q	10.4	June 30, 2018
10.35	Form of 2019 performance-vested restricted stock agreement for CEO. +	10-Q	10.4	June 29, 2019
10.36	Form of 2020 performance-vested restricted stock agreement for CEO. +	10-Q	10.4	June 27, 2020
10.37	Amended and Restated Credit Agreement, dated July 26, 2017 (originally dated as of October 27, 2014), by and among Zebra, the lenders and issuing banks party thereto, JPMorgan Chase Bank, N.A., and Morgan Stanley Senior Funding, Inc.	10-Q	10.1	July 1, 2017
10.38	Amendment No. 1, dated May 31, 2018, to the Amended and Restated Credit Agreement of July 26, 2017 (originally dated as of October 27, 2014), by and among Zebra, the lenders and issuing banks party thereto, JPMorgan Chase Bank, N.A., and Morgan Stanley Senior Funding, Inc.	10-Q	10.7	June 30, 2018

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10.39	Amendment No. 2, dated August 9, 2019, to the Amended and Restated Credit Agreement of July 26, 2017 (originally dated as of October 27, 2014 and amended by Amendment No. 1 dated May 31, 2018), by and among Zebra, the lenders party thereto, JPMorgan Chase Bank, N.A.	10-Q	10.1	September 28, 2019	
10.40	Conformed Amended and Restated Credit Agreement, dated July 26, 2017 (originally dated as of October 27, 2014 and amended by Amendment No. 1 dated May 31, 2018 and Amendment No. 2 dated August 9, 2019), by and among Zebra, the lenders party thereto, JPMorgan Chase Bank, N.A.	10-Q	10.2	September 28, 2019	
10.41	364-Day Credit Agreement dated September 1, 2020, by and among Zebra, the lenders party thereto, and JPMorgan Chase Bank, N.A.	10-Q	10	September 26, 2020	
10.42	Office Lease dated November 14, 2013 between Griffin Capital Corporation (as assignee from Northwestern Mutual Life Insurance Company) and Zebra Technologies Corporation.	10-K	10.34	December 31, 2017	
10.43	First Amendment to Lease dated June 6, 2014 between Griffin Capital Corporation (as assignee from Northwestern Mutual Life Insurance Company) and Zebra Technologies Corporation.	10-K	10.35	December 31, 2017	
10.44	Receivables Purchase Agreement dated as of December 1, 2017 among Zebra Technologies International, LLC, as the Originator, and Zebra Technologies RSC, LLC, as Buyer.	10-K	10.36	December 31, 2017	
10.45	Receivables Financing Agreement, dated as of December 1, 2017, by and among Zebra Technologies RSC, LLC, the lenders from time to time party thereto, PNC Bank, National Association, Zebra Technologies, LLC, and PNC Capital Markets, LLC.	10-K	10.37	December 31, 2017	
10.46	Master Accounts Receivable Purchase Agreement dated December 19, 2018 among Zebra Technologies Europe Limited, Zebra Technologies Corporation, and MUFG Bank, Ltd.	10-K	10.43	December 31, 2018	
10.47	Master Non-Recourse Receivables Purchase Agreement dated September 17, 2019 among Zebra Technologies Europe Limited, Zebra Technologies Corporation, and BNP Paribas Commercial Finance Limited	10-Q	10.3	September 28, 2019	
10.48	Master Framework Agreement dated April 29, 2020 among Zebra Technologies Europe Limited, Zebra Technologies Asia Pacific PTE.LTD., Zebra Technologies Corporation, Ester Finance Titrisation, Credit Agricole Corporate & Investment Bank and Credit Agricole Leasing & Factoring	10-Q	10.7	June 27, 2020	
10.49	First Deed of Amendment relating to the Master Framework Agreement dated April 29, 2020 among Zebra Technologies Europe Limited, Zebra Technologies Asia Pacific PTE.LTD., Zebra Technologies Corporation, Ester Finance Titrisation, Credit Agricole Corporate & Investment Bank and Credit Agricole Leasing & Factoring				X
10.50	English Receivables Purchase Agreement dated April 29, 2020 Zebra Technologies Europe Limited, Zebra Technologies Corporation, Credit Agricole Corporate & Investment Bank, Credit Agricole Leasing & Factoring, and Ester Finance Titrisation	10-Q	10.8	June 27, 2020	
10.51	Singapore Receivables Purchase Agreement dated April 29, 2020 Zebra Technologies Asia Pacific PTE.LTD., Zebra Technologies Corporation, Credit Agricole Corporate & Investment Bank, Credit Agricole Leasing & Factoring, and Ester Finance Titrisation	10-Q	10.9	June 27, 2020	
21.1	Subsidiaries of the Company.				X
23.1	Consent of Ernst & Young LLP, independent registered public accounting firm.				X

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31.1	Rule 13a-14(a)/15d-14(a) Certification of Principal Executive Officer.	X
31.2	Rule 13a-14(a)/15d-14(a) Certification of Principal Financial Officer.	X
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.	X
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.	X
101	The following financial information from Zebra Technologies Corporation Annual Report on Form 10-K, for the year ended December 31, 2020, 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 Annual Report on Form 10-K for the year ended December 31, 2020, formatted in Inline XBRL (included in Exhibit 101).	

+ Management contract or compensatory plan or arrangement required to be filed as an exhibit to this Annual Report on Form 10-K.

Item 16. Form 10-K Summary

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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, on the 11th day of February 2021.

ZEBRA TECHNOLOGIES CORPORATION

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

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons in the capacities and on the dates indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ Anders Gustafsson</u> Anders Gustafsson	Chief Executive Officer and Director (Principal Executive Officer)	February 11, 2021
<u>/s/ Nathan Winters</u> Nathan Winters	Chief Financial Officer (Principal Financial Officer)	February 11, 2021
<u>/s/ Colleen M. O'Sullivan</u> Colleen M. O'Sullivan	Vice President, Chief Accounting Officer (Principal Accounting Officer)	February 11, 2021
<u>/s/ Michael A. Smith</u> Michael A. Smith	Director and Chairman of the Board of Directors	February 11, 2021
<u>/s/ Linda M. Connly</u> Linda M. Connly	Director	February 11, 2021
<u>/s/ Ross W. Manire</u> Ross W. Manire	Director	February 11, 2021
<u>/s/ Richard L. Keyser</u> Richard L. Keyser	Director	February 11, 2021
<u>/s/ Janice M. Roberts</u> Janice M. Roberts	Director	February 11, 2021
<u>/s/ Chirantan J. Desai</u> Chirantan J. Desai	Director	February 11, 2021
<u>/s/ Frank B. Modruson</u> Frank B. Modruson	Director	February 11, 2021

ZEBRA TECHNOLOGIES CORPORATION AND SUBSIDIARIES
Schedule II
Valuation and Qualifying Accounts
(In millions)

Description	Balance at Beginning of Period	Additions		Deductions	Balance at End of Period
		Charged to Costs and Expenses	Charged to Other Accounts⁽¹⁾		
Valuation account for accounts receivable:					
Year ended December 31, 2020	\$ 2	\$ (1)	\$ —	\$ —	\$ 1
Year ended December 31, 2019	3	—	—	1	2
Year ended December 31, 2018	3	1	—	1	3
Valuation account for deferred tax assets:					
Year ended December 31, 2020	\$ 421	\$ 1	\$ 3	\$ 12	\$ 413
Year ended December 31, 2019	56	6	375	16	421
Year ended December 31, 2018	134	—	—	78	56

(1) The amount in 2020 primarily included increases to our valuation allowance related to business combination purchase price allocation adjustments. The amount in 2019 related to Luxembourg reorganization activities, which resulted in the realization of deferred tax liabilities related to depreciation and amortization and a corresponding increase in valuation allowances, with no net impact to our provision for income taxes. See Note 16, *Income Taxes* in the Notes to Consolidated Financial Statements for further information.

See accompanying report of independent registered public accounting firm.

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (the "Agreement") is made and entered into by and between **ZEBRA TECHNOLOGIES CORPORATION**, a Delaware corporation (the "Company" or the "Employer"), and Nathan Winters (the "Executive") as of January 11, 2021.

RECITALS

A. The Employer wishes to employ the Executive, and the Executive desires to accept employment with the Employer.

B. The Employer and the Executive desire to enter into this agreement to delineate the terms and conditions of the Executive's employment.

NOW, THEREFORE, in consideration of the above premises and the following mutual covenants and conditions, the parties agree as follows:

1. Employment. As of the first business day following the appointment of the Executive by the Company's Board of Directors (the "Effective Date") and following successful completion of a detailed background check, the Executive accepts and shall commence employment as the Chief Financial Officer on the following terms and conditions. The Executive understands and agrees that the Executive is an at-will employee, and the Executive and the Employer can, and shall have the right to, terminate the employment relationship at any time for any or no reason, with or without notice, and with or without cause, subject to the payment provisions contained in Paragraph 7 of this Agreement. Nothing contained in this Agreement or any other agreement shall alter the at-will relationship.

2. Duties. The Executive shall work for the Employer in a full-time capacity. The Executive shall, during the term of the Executive's employment, have the duties, responsibilities, powers, and authority customarily associated with the position of an executive officer. The Executive shall solely report to, and follow the direction of, the Chief Executive Officer of the Employer (the "CEO") or a designee of the Board of Directors of the Company (the "Board"). The Executive shall diligently, competently, and faithfully perform all duties and will use the Executive's best efforts to promote the interests of the Employer. It shall not be considered a violation of the foregoing for the Executive to serve on business, industry, civic, religious or charitable boards or committees, so long as such service is in compliance with the Employer's Corporate Governance Guidelines, the CEO is provided notice of such service and, in the CEO's reasonable determination, such service does not individually or in the aggregate significantly interfere with the performance of the Executive's responsibilities as an employee of the Employer in accordance with this Agreement. Notwithstanding the foregoing, Executive represents that the Executive presently serves in a position of authority for, or on a committee, the board of directors, or a similar governing body of, the entities listed on attached Exhibit A, and that so long as such service does not individually or in the aggregate significantly interfere with the performance of the

Executive's responsibilities as an employee of the Employer in accordance with this Agreement, Employer will permit Executive to continue such service.

3. Executive Loyalty. Subject to the terms of this Agreement and the Corporate Governance Guidelines, the Executive shall devote all of the Executive's business time, attention, knowledge, and skill solely and exclusively to the business and interests of the Employer, and the Employer shall be entitled to all benefits and profits arising from or incident to any and all work, services, and advice of the Executive. The Executive expressly agrees that during the term of the Executive's employment, the Executive shall not engage, directly or indirectly, as a partner, officer, director, member, manager, stockholder, supplier, advisor, agent, employee, or in any other form or capacity, in any other business similar to that of the Employer. The foregoing notwithstanding, and except as otherwise set forth in Paragraph 8, and provided that none of the following reflects poorly on the Employer or, in the reasonable determination of the CEO, individually or in the aggregate significantly interferes with the performance of the Executive's responsibilities as an employee of the Employer in accordance with this Agreement, nothing herein contained shall be deemed to prevent the Executive from (1) otherwise managing the Executive's personal investments and financial affairs, or (2) investing the Executive's money in the capital stock or other securities of any corporation whose stock or securities are publicly-owned or are regularly traded on any public exchange, so long as (a) the Executive does not beneficially own stock in any such corporation if more than five percent (5%) of the Employer's annual sales are to such corporation or if the Employer's products comprise more than five percent (5%) of such corporation's annual sales, or (b) the Executive does not beneficially own more than one percent (1%) of the outstanding capital stock of any such corporation.

4. Compensation.

A. Base Salary. The Employer shall pay the Executive an initial gross base salary at an annual rate of \$550,000.00 (the "Base Salary"), payable in substantially equal installments in accordance with the Employer's payroll policy from time to time in effect. The Base Salary shall be subject to any payroll or other deductions as may be required to be made pursuant to law, government order, or by agreement with, or consent of, the Executive. The Base Salary shall be reviewed at least annually, and may be increased or decreased from time to time as shall be determined by the Employer, and once such Base Salary shall have been increased or decreased, it shall thereafter be treated for all purposes of this Agreement as the Executive's Base Salary. Unless specifically agreed to in writing by the Employer and the Executive, any increase or decrease in Base Salary shall not limit or reduce any other obligation of the Employer or the Executive under this Agreement.

B. Incentive Pay. The Executive shall be eligible to earn a performance incentive under the 2021 Zebra Incentive Plan or any successor short-term incentive plan, as any such plan may be amended from time to time, upon the attainment of certain performance measures. The Compensation Committee of the Board (the "Compensation Committee") or the Board shall set the performance goals and targets for a given year, which goals and targets shall be the same for executive officers other than personal performance goals and targets and other than the CEO. Following the Effective Date, for 2021, the incentive shall be targeted at seventy-five percent (75%) of the Base Salary (the "Target Incentive"). In accordance with the short-term incentive plan established by the Board or the Compensation Committee for 2021, the actual



incentive (“Incentive”) earned will be calculated based on the Executive’s prior base earnings and associated target incentive during the time spent in the 2021 Plan Year in his prior position with the Company and also based on the corresponding Base Salary actually earned and Target Incentive following the Effective Date. The Incentive, if any, for a given year (the “Incentive Year”) may be below, at or above the Target Incentive and shall be paid in the following year in March of such year, provided, and except as otherwise set forth in Paragraph 7B, the Executive must be employed by the Employer and in good standing as of the date that the Incentive is paid to earn any Incentive for the Incentive Year.

C. Equity. The Executive shall be eligible to be granted equity awards under and pursuant to the terms of the Zebra Technologies Corporation 2018 Long-Term Incentive Plan, or any successor long-term incentive plan, as any such plan may be amended from time to time. Except with respect to the equity awards to be granted in connection with the appointment of the Executive to Chief Financial Officer, the Executive’s equity awards shall be on the same terms and conditions as other executive officers other than the CEO. In connection with the appointment of the Executive to Chief Financial Officer, the Executive will be granted equity awards with an aggregate grant date fair value equal to \$1,550,000 in accordance with Zebra’s Equity Grant Approval Process and upon approval of the Compensation Committee of the Board of Directors. The date of grant will be determined based on the Company’s policies governing off-cycle grant awards in effect at the time of the appointment. This \$1,550,000 award will be in the form of time-vested restricted stock (40%) and performance-vested restricted stock (60%). The time-vested restricted stock shall be granted on February 16, 2021, will be on the same terms and conditions as the equity awards granted in 2020 to executive officers other than the CEO and will vest in accordance with the terms of the award agreement in 1/3 increments on the anniversary of the grant date. The performance-vested restricted stock shall be granted on May 6, 2021, will be on the same terms and subject to the performance period and performance targets contained in the 2021 performance-vested restricted stock awards, and will vest on the three year anniversary of the grant date. In subsequent years, the target value of the Executive’s annual grant is reviewed annually based on market data and other factors and is subject to the approval of the Compensation Committee of the Board of Directors and may be adjusted. Future year consideration for an equity award is conditioned upon the Employer’s performance; the Executive’s overall performance and contribution to the business; and Compensation Committee approval; individually or collectively which may result in an actual award greater than, equal to or less than the target award.

D. Employee Benefits. During the term of the Executive’s employment, the Employer shall:

(1) include the Executive in any life insurance, disability insurance, medical, dental or health insurance, paid time off of four (4) weeks accrued pro-rata in each calendar year, which shall in all instances cease accruing in accordance with the Employer’s paid time off policy for U.S. employees, savings, and retirement plans and other benefit plans or programs (including, if applicable, any excess benefit or supplemental executive retirement plans) maintained by the Employer for the benefit of its executive officers; and

(2) include the Executive in such perquisites as the Employer may establish from time to time that are commensurate with the Executive’s position



and at least comparable to those received by other executive officers of the Employer.

Nothing in this Agreement shall be construed to limit, condition, or otherwise encumber the rights of the Employer, in its sole discretion, to amend, discontinue, substitute or maintain any benefit plan, program, or perquisite.

5. Expenses. While employed by the Employer, the Executive shall be entitled to receive prompt reimbursement for all reasonable and necessary business expenses incurred by the Executive, in accordance with the practices and policies applicable to executive officers of the Employer, including travel expenses incurred in connection with the performance of the Executive's duties, professional and service company dues, journal subscriptions, educational seminars, conferences, and symposiums and as required by the Internal Revenue Service to qualify as ordinary and necessary business expenses under the Internal Revenue Code of 1986, as amended (the "Code"). To receive reimbursement, the Executive shall comply with Zebra's travel and expense reimbursement policy in force, as amended from time to time, and timely submit to the Employer such vouchers or expense statements that reasonably evidence expenses incurred..

6. Termination. The Executive's services shall terminate upon the first to occur of the following events:

A. Death or Disability. Upon the Executive's date of death or the date the Executive is given written notice that the Executive has been determined to be disabled by the Employer. For purposes of this Agreement, the Executive shall be deemed to be disabled if the Executive, as a result of illness or incapacity, shall be unable to perform substantially the Executive's required duties for a period of one hundred eighty (180) consecutive days with or without accommodation; provided, however, that if the Executive, after being unable to perform substantially the Executive's required duties for a period of less than one hundred eighty (180) consecutive days as a result of illness or incapacity returns to active duty for less than thirty (30) days, the period of such active duty will be disregarded in determining whether the 180 consecutive day threshold has been accumulated (although it will not be accumulated as part of the 180 day period). A termination of the Executive's employment by the Employer for disability shall be communicated to the Executive by written notice and shall be effective on the tenth (10th) business day after receipt of such notice by the Executive, unless the Executive returns to full-time performance of the Executive's duties before such tenth (10th) business day.

B. Cause Termination. On or as of the date the CEO or the CEO's designee provides the Executive with written notice that the Executive is being terminated for Cause. For purposes of this Agreement, and as determined by the CEO or the CEO's designee in the CEO's or such designee's sole discretion, the Executive shall be deemed terminated for "Cause" if the CEO or the CEO's designee terminates the Executive after the Executive:

(1) shall have committed, been indicted of, or been convicted of, or admitted, plea bargained, entered a plea of no contest or nolo contendere to, any felony of any kind or a misdemeanor, or violated any laws, involving fraud, dishonesty or an act of moral turpitude;



(2) shall have materially breached this Agreement or any other agreement to which the Executive and the Employer are parties;

(3) shall have materially violated any written Employer policy, regardless of whether within or outside the scope of the Executive's authority;

(4) shall have committed willful or intentional misconduct, gross negligence, or dishonest, fraudulent or unethical behavior, or other conduct involving serious moral turpitude in the performance of the Executive's duties hereunder;

(5) shall have failed or refused to materially comply (to the best of the Executive's ability) with a specific direction of the Employer, unless the Executive reasonably and in good faith believes such specific direction to be unlawful (in which case the Employer's termination of the Executive's employment shall not be for Cause under this provision); or

(6) engages in any conduct which breaches the Executive's fiduciary duty to the Employer, which materially injures the integrity, character or reputation of the Employer or which impugns Executive's own integrity, character or reputation so as to cause Executive to be unfit to act in the capacity of an executive officer of the Employer.

A termination of employment by the Employer for Cause under subparagraphs 6B(2), (3), (4), (5) or (6) shall be effectuated by the CEO or the CEO's designee giving the Executive written notice of the termination within thirty (30) days of the event constituting Cause or the CEO having actual knowledge of the event constituting Cause, or such longer period as the parties may agree, setting forth in reasonable detail the specific conduct of the Executive that constitutes Cause, the specific provisions of this Agreement on which the Employer relies and, to the extent such Cause is susceptible to cure, providing the Executive with a thirty (30) day cure period. If such Cause is susceptible to cure and the Executive fails to remedy the condition within such thirty (30) day cure period, the Employer may terminate the Executive's employment within thirty (30) days after the expiration of the cure period, and if the Employer fails to so terminate the Executive's employment, any subsequent termination based upon the same underlying facts shall not constitute a termination for Cause under this subparagraph 6B.

C. Employer Termination. On the date the Employer terminates the Executive's employment for any reason, other than a reason otherwise set forth in this Paragraph 6.

D. Good Reason Termination. On the date the Executive terminates the Executive's employment for Good Reason. The term "Good Reason" means the occurrence of any one of the following:

(1) demotion of the Executive by the Employer to a non-executive officer position (including a material diminution in the status of the Executive's responsibilities, authorities, powers or duties taken as a whole) or assignment to the Executive of any duties materially inconsistent with the Executive's position, status or responsibilities under this Agreement;



(2) material breach of any provision of this Agreement by the Employer; or

(3) decrease in Base Salary as in effect on the Effective Date in an amount equal to or greater than ten percent (10%) (unless such decrease is applied on a proportionally equal basis to all executive officers of the Employer) (an "Applicable Decrease"), but only if the Executive terminates the Executive's employment with the Employer as a result of an Applicable Decrease within fifteen (15) business days of the later of (i) the effective date of the Applicable Decrease, or (ii) the Executive having actual knowledge of Applicable Decrease ("Applicable Decrease Date"). For clarification purposes, should the Executive fail to terminate the Executive's employment with the Employer within fifteen (15) business days of the Applicable Decrease Date, such termination shall not constitute termination of employment by the Executive for Good Reason under this provision.

A termination of employment by the Executive for Good Reason under subparagraph 6D(1) or (2) shall be effectuated by giving the Employer written notice of the termination within thirty (30) days of the event constituting Good Reason, setting forth in reasonable detail the specific conduct of the Employer that constitutes Good Reason and the specific provisions of this Agreement on which Executive relies and providing the Employer with a thirty (30) day period during which it may remedy the condition constituting Good Reason. If the Employer fails to remedy the condition within such thirty (30) day period, the Executive must terminate the Executive's employment within thirty (30) days after the expiration of the cure period, and if the Executive fails to so terminate the Executive's employment, any subsequent termination based upon the same underlying facts shall not constitute a termination for Good Reason under this subparagraph 6D.

E. Resignation. On the date the Executive terminates the Executive's employment for any reason (other than Good Reason), provided that the Executive shall give the CEO thirty (30) days written notice prior to such date of the Executive's intention to terminate such employment. The CEO or the CEO's designee may, in the CEO's or such designee's sole discretion, waive such thirty (30) day notice requirement.

7. Compensation Upon Termination.

A. Final Payments. If the Executive's services are terminated pursuant to Paragraph 6, the Executive shall be entitled to the Executive's salary through the Executive's final date of active employment plus any accrued but unused vacation pay. The Executive also shall be entitled to any benefits mandated under the Consolidated Omnibus Budget Reconciliation Act of 1985 ("COBRA") or pursuant to the terms of any death, insurance, or retirement plan, program, or agreement provided by the Employer and to which the Executive is a party or in which the Executive is a participant, including, but not limited to, any short-term or long-term disability plan or program, if applicable.

B. Severance Benefits.

(1) In addition to the salary and benefits described in Paragraph 7A, if the Executive's employment is terminated pursuant to Paragraphs 6C or 6D, the



Executive shall be entitled to the following: (i) the continuation of the Executive's Base Salary at the annual salary rate then in effect (before any reduction under Paragraph 6D(3) which is made on a proportionally equal basis to all executive officers and which is made within the one (1) year period preceding the date the Executive's employment is terminated), for a period of one year following the termination of the Executive's employment (the "Severance Period"), payable commencing on the first regularly scheduled payroll date after the date the Executive's employment is terminated and continuing thereafter on each subsequent payroll date throughout the Severance Period in accordance with the Employer's payroll policy from time to time in effect and subject to the limitations imposed under subparagraph 7B(3); (ii) a pro-rata portion of the Incentive for the year in which the Executive's employment terminates calculated in accordance with the terms of the relevant Zebra Incentive Plan, if such Incentive would have been earned had the Executive been employed and in good standing as of the date the Incentive otherwise is paid to other executive officers of the Employer, and payable at the time the Incentive otherwise is paid to other senior level executives of the Employer; (iii) any unpaid Incentive attributable to the calendar year prior to the calendar year in which the Executive's employment terminates, if such Incentive would have been earned per the terms of the relevant Zebra Incentive Plan had the Executive been employed and in good standing as of the date the Incentive otherwise is paid to other executive officers of the Employer, and payable at the time the Incentive otherwise is paid to other executive officers of the Employer; (iv) a payment equal to one hundred percent (100%) of the Target Incentive (before any reduction under Paragraph 6D(3) which is made on a proportionally equal basis to all executive officers and which is made within the one (1) year period preceding the date the Executive's employment is terminated), based upon the Base Salary then in effect as determined under subparagraph 7B(1)(i), to be calculated per the terms of the relevant Zebra Incentive Plan and paid at the same time that performance Incentives are paid by the Employer to its executive officers with respect to the year in which such termination occurs; (v) equity compensation, if any, subject to the terms of the Executive's respective award agreements and governing Long Term Incentive Plans; (vi) professional outplacement services by a company selected by, and paid by, the Employer within one (1) year after the date of termination, in an amount not to exceed \$32,000 and which amount is subject to all applicable taxes; and (vii) continued coverage of the Executive and the Executive's dependents in the medical and dental insurance plans then sponsored by the Employer, as mandated by COBRA, which may continue to the extent required by applicable law and the Employer shall pay for such coverage, at the same rate the Employer pays for health insurance coverage for its active employees under its group health plan (with the Executive required to pay for any employee-paid portion of such coverage), through the earlier of (a) the last day of the Severance Period or (b) the date the Executive becomes eligible for coverage under another group health plan; provided, however, that nothing herein shall be construed to extend the period of time over which such COBRA continuation coverage may be provided to the Executive and the Executive's dependents beyond that mandated by law and; provided further, that the Executive shall be required to



pay the cost of such COBRA continuation coverage for any time following the last day of the Severance Period.

(2) The foregoing notwithstanding, if at any time within one hundred twenty (120) days immediately preceding or one (1) year immediately following a "Change in Control," the Executive's employment is terminated pursuant to Paragraph 6C or 6D, the Executive shall be entitled to the following compensation, in lieu of any payments otherwise set forth in Paragraph 7B(1)(i) and (iv) above, and payable within sixty (60) days following the later of the Change in Control or the termination, subject, however, to the limitations imposed under subparagraph 7B(3) and (4): two (2.0) times the Executive's Base Salary at the annual rate then in effect (before any reduction under Paragraph 6D(3) which is made on a proportionally equal basis to all executive officers and which is made prior to the Change in Control and within the one (1) year period preceding the date the Executive's employment is terminated) and two (2.0) times the Target Incentive (before any reduction under Paragraph 6D(3) which is made on a proportionally equal basis to all executive officers and which is made prior to the Change in Control and within the one (1) year period preceding the date the Executive's employment is terminated), based upon the Base Salary then in effect as determined under this subparagraph 7B(2). In addition, upon the termination of the Executive's employment as set forth in this subparagraph 7B(2) the Executive and the Executive's dependents shall be offered continued coverage under the Employer's group health plan for the duration of the COBRA continuation period on the same financial terms as described above in subparagraph 7B(1)(vii) and shall also be entitled to the compensation and benefits, if any, set forth in subparagraphs 7B(1)(ii), (iii), (v) and (vi), above.

(3) Notwithstanding any of the above Sections on timing of payment, if the Executive is a "specified employee" as such term is defined under Section 409A of the Code and the regulations and guidance promulgated thereunder, any payments described in this Paragraph 7B or Paragraph 7C to the extent applicable shall be delayed for a period of six (6) months following the Executive's separation of employment to the extent and up to an amount necessary to ensure such payments are not subject to the penalties and interest under Section 409A of the Code.

(4) The payments and benefits to be made under this Paragraph 7B shall be further conditioned upon the Executive's execution of an agreement acceptable to the Employer that (i) waives any rights the Executive may otherwise have against the Employer, and (ii) releases the Employer from actions, suits, claims, proceedings and demands related to the period of employment and/or the termination of employment to the extent permissible by law. Such agreement shall be provided to the Executive prior to or promptly following the Executive's termination of employment, and must be executed by the Executive and returned to the Employer within the time prescribed in such agreement (but in no event later than the sixtieth (60th) day following termination of employment). No payments shall be made pursuant to Paragraph 7B unless and until the Employer shall have



received such agreement and any period during which the Executive may revoke such agreement shall have expired without revocation. In the event such period spans two (2) calendar years, payment will not commence until the second calendar year and after the severance agreement and general release of claims has become effective. Any payments which the Executive would have otherwise received prior to the end of such revocation period shall be paid, in a single lump sum without interest, as soon as practical after the revocation period expires, but in no event later than March 15 of the year following the year in which the termination of employment occurs. For purposes of this Paragraph 7B, "Change in Control" shall be as defined under the 2018 Long-Term Incentive Plan, as in effect on the date hereof, which definition is incorporated herein by reference; provided, however, the definition of Change in Control as set forth herein is not intended to be broader than the definition of a "change in control event" as defined by reference to the regulations under Section 409A of the Code, and the payments described in Paragraph 7B(2) shall not be payable unless the applicable Change in Control constitutes a change in control event in accordance with Section 409A of the Code and the regulations and guidance promulgated thereunder.

(5) Subject to the limitations set forth under Section 7B(3), each installment of Base Salary and Incentive paid under Section 7B is designated as a separate payment for purposes of the short-term deferral rules under Treasury Regulation Section 1.409A-1(b)(4)(i)(F) and the exemption for involuntary terminations under separation pay plans under Treasury Regulation Section 1.409A-1(b)(9)(iii). As a result, the following payments are intended to be exempt from Section 409A of the Code: (1) payments that are made on or before the 15th day of the third month of the calendar year following the calendar year in which the Executive terminates employment, and (2) subsequent payments made on or before the last day of the second calendar year following the year of the Executive's termination that do not exceed the lesser of two times the Executive's annual rate of pay in the year prior to the Executive's termination or two times the limit under Section 401(a)(17) of the Internal Revenue Code then in effect. In the event that any provision of this Agreement is deemed to be subject to Section 409A of the Code, the Employer shall administer this Agreement in accordance with the requirements set forth in Section 409A of the Code and any rules and regulations issued thereunder. If any provision of this Agreement does not comply with the requirements of Section 409A of the Code, the Employer, in exercise of its sole discretion and without consent of the Executive, may amend or modify this Agreement in any manner to the extent necessary to meet the requirements of Section 409A of the Code; provided, that any such amendment or modification shall not reduce or diminish the amount or value of any payment to be made to Executive under this Agreement.



C. Excise Tax. If it shall be determined that any payment to the Executive pursuant to this Agreement or any other payment or benefit from the Employer, any affiliate, any stockholder of the Employer or any other person that constitutes a “parachute payment” as defined by Section 280G of the Code would be subject to the excise tax imposed by Section 4999 of the Code because the total present value of such parachute payments equals or exceeds three times the “**Base Amount**” (as defined under Section 280G of the Code), then such parachute payments shall be reduced to an amount (the “Reduced Amount”) such that the total present value of all such parachute payments, calculated as provided in Section 280G, equals one dollar less than three times the Base Amount; provided, however, that such reduction shall be made if and only if the Reduced Amount is at least equal to the total amount of all parachute payments prior to such reduction less the amount of the excise tax that would be imposed on the Executive under Section 4999 if the parachute payments were not so reduced. Such reduction shall be done (i) first by reducing all cash parachute payments in the reverse order that they are scheduled to be paid, (ii) next by reducing all performance-vested equity grants, the acceleration of which would result in parachute payments, in proportion to the value of such grants, and (iii) next by reducing all time-vested equity grants, the acceleration of which would result in parachute payments, in the reverse order of the date on which they would otherwise have vested, and the Executive hereby consents to the reduction of any parachute payments, the payment or vesting of which is not governed by this Agreement.

8. Restrictive Covenants.

A. Confidentiality.

(1) Confidential Information. The Executive understands that the Employer possesses Confidential Information which is important to its business, the Employer devotes significant financial, human and other resources to the development of its products, its customer base and the general goodwill associated with its business and the Employer diligently maintains the secrecy and confidentiality of its Confidential Information. For purposes of this Agreement, Confidential Information is information that was or will be developed, created, or discovered by or on behalf of the Employer, or which became or will become known by, or was or is conveyed to the Employer, which has commercial value in the Employer’s business. “Confidential Information” means any and all financial, technical, commercial or other information concerning the business and affairs of the Employer that is confidential and proprietary to the Employer, including without limitation, (i) information relating to the Employer’s past and existing customers and vendors and development of prospective customers and vendors, including specific customer product requirements, pricing arrangements, payment terms, customer lists and other similar information; (ii) inventions, designs, methods, discoveries, works of authorship, creations, improvements or ideas developed or otherwise produced, acquired or used by the Employer; (iii) the Employer’s proprietary programs, processes or software, consisting of but not limited to, computer programs in source or object code and all related



documentation and training materials, including all upgrades, updates, improvements, derivatives and modifications thereof and including programs and documentation in incomplete stages of design or research and development; (iv) the subject matter of the Employer's patents, design patents, copyrights, trade secrets, trademarks, service marks, trade names, trade dress, manuals, operating instructions, training materials, and other industrial property, including such information in incomplete stages of design or research and development; and (v) other confidential and proprietary information or documents relating to the Employer's products, business and marketing plans and techniques, sales and distribution networks and any other information or documents which the Employer reasonably regards as being confidential.

(2) Employer Materials. Executive understands that the Employer possesses or will possess Employer Materials which are important to its business. For purposes of this Agreement, "Employer Materials" are documents or other media or tangible items that contain or embody Confidential Information or any other information concerning the business, operations or future/strategic plans of the Employer, whether such documents have been prepared by the Executive or by others.

(3) Treatment of Confidential Information and Employer Property. In consideration of the Executive's employment by the Employer, the compensation received by the Executive from the Employer, and the Employer's agreement to give Executive access to certain Confidential Information, the Executive agrees as follows:

(a) All Confidential Information and trade secret rights, and other intellectual property and rights (collectively "Rights") in connection therewith will be the sole property of the Employer. At all times, both during the Executive's employment by the Employer and after its termination for any reason, Executive will keep in confidence and trust and will not use or disclose any Confidential Information or anything relating to it without the prior written consent of the CEO or the CEO's designee, except as may be necessary and appropriate in the ordinary course of performing the Executive's duties to the Employer.

(b) All Employer Materials will be the sole property of the Employer. The Executive agrees that during the Executive's employment by the Employer, the Executive will not remove any Employer Materials from the business premises of the Employer or deliver any Employer Materials to any person or entity outside the Employer, except in connection with performing the duties of the Executive's employment. The Executive further agrees that, immediately upon the termination of the Executive's employment by the Executive or by the Employer for any reason, or during the Executive's employment if so requested by the Employer, the Executive will return all Employer Materials, apparatus, equipment and other physical



property, or any reproduction of such property, excepting only the Executive's copy of this Agreement.

B. Non-Solicitation and Non-Competition. In consideration for the compensation and benefits granted by the Employer to Executive under this Agreement, and in further consideration by the Executive's appointment and promotion to Chief Financial Officer of the Employer, the Executive hereby agrees that during the Executive's employment by the Employer and for a period ending twelve (12) months after the Executive's termination of employment with the Employer, the Executive will not directly or indirectly:

- (1) Contact, solicit, interfere with or divert any of the Employer's or its subsidiaries' customers by disclosing, divulging, using or relying on Confidential Information, proprietary information or trade secrets acquired during the Executive's employment with the Employer;
- (2) Accept employment or engage in a competing business, or engage in any activity that may result in the disclosure, divulging or otherwise use of Confidential Information acquired during the Executive's employment with the Employer; and
- (3) Solicit any person who is employed by the Employer or any subsidiary of the Employer for the purpose of encouraging that employee to cease employment with the Employer or join Executive as a partner, agent, employee or otherwise in any business activity which is competitive with the Employer or any subsidiary of the Employer.

C. Nondisparagement. While employed by the Employer and for a one year period thereafter, the Executive shall refrain from (1) making any false statement about the Employer, and (2) all conduct, verbal or otherwise, that disparages or damages or could disparage or damage the reputation, goodwill, or standing in the community of the Employer or any of its subsidiaries or affiliates, or any of their officers, directors, employees and stockholders, or that could have a deleterious effect upon the Employer's or any of its subsidiaries' or affiliates' business; provided, however, that nothing contained in this Paragraph 8C or any other paragraph of this Agreement shall preclude the Executive from making in good faith any statement in connection with or participating in any investigation that is conducted pursuant to any law or any order of any court or regulatory commission.

D. Forfeitures. In the event that the Executive breaches any of the restrictions in this Paragraph 8, the Executive shall forfeit all of the applicable payments and benefits under this Agreement, including but not limited to such payments and benefits pursuant to Paragraph 7 (except those contained in Paragraph 7A or as otherwise prohibited by law), and the Employer shall have the right to recapture and seek repayment of any such applicable payments and benefits under this Agreement. Any Incentive, Severance or proceeds from Equity referenced under this Agreement may be subject to clawback policies currently in force by the Employer. Any such clawback policies under their terms may provide the Employer rights to recoup Incentive, Severance and/or Equity proceeds notwithstanding any term of this Agreement. The Employer and the Executive acknowledge that the remedies set forth hereunder are not to be considered a form



of liquidated damages and the forfeiture, recapture or repayment shall not be the exclusive remedies hereunder.

E. Intellectual Property. The Employer has adopted a policy on Inventions intended to encourage research and inventions by its employees, to appraise and determine relative rights and equities of all parties concerned, to facilitate patent applications, licensing, and the generation of royalties, if any, and to provide a uniform procedure in patent matters when the Employer has a right or equity. "Inventions" includes all improvements, inventions, designs, formulas, works of authorship, trade secrets, technology, computer programs, compositions, ideas, processes, techniques, know-how and data, whether or not patentable, made or conceived or reduced to practice or developed by the Executive, either alone or jointly with others, during the term of the Executive's employment, including during any period prior to the date of this Agreement.

(1) Ownership and Assignment. Except as defined in this Agreement, all Inventions which the Executive makes, conceives, reduces to practice or develops (in whole or in part, either alone or jointly with others) during the Executive's employment will be the sole property of the Employer to the maximum extent permitted by law. The Executive agrees to assign such Inventions and all Rights in them to the Employer. Exemptions from this Agreement to assign may be authorized in those circumstances where the mission of the Employer is better served by such action, provided that overriding obligations to other parties are met and such exemptions are not inconsistent with other Employer policies. Further, the Executive may petition the Employer for license to make, market or sell a particular Invention. The Employer may release patent rights to the inventor in those circumstances when:

(a) the Employer provides the Executive with notification in writing that it elects not to file a patent application and the inventor is prepared to do so at the Executive's expense, or

(b) at the Employer's discretion, the equity of the situation indicates that such release should be given, provided in either case that no further research or development to develop that invention will be conducted involving Employer support or facilities, and provided further that a shop right is granted to the Employer and, at the Employer's discretion, the Employer shall have a royalty-free, assignable license to the Invention and any intellectual property rights related to it.

The provisions of Paragraph 8E(1) do not apply to an Invention for which no equipment, supplies, facility, or trade secret information of the Employer was used and which was developed entirely on the Executive's own time, unless (a) the Invention relates (1) to the business of the Employer, or (2) to the Employer's actual or demonstrably anticipated research or development, or (b) the Invention results from any work performed by the Executive for the Employer.

(2) Disclosure to the Employer. The Executive promptly will disclose in writing to the CEO, with a copy to the General Counsel of the Employer, all Inventions. The Executive also will disclose to the General Counsel of the Employer all things that would be Inventions if made during the term of the Executive's employment, conceived, reduced to practice, or developed by the Executive within six months after the termination of the Executive's employment with the Employer, unless the Executive can demonstrate that the Invention has been conceived and first reduced to practice by the Executive following the termination of the Executive's employment with the Employer. Such disclosures will be received by the Employer in confidence (to the extent they are not assigned in this Paragraph and do not extend the assignment made in this Paragraph.) The Executive will not disclose Inventions to any person outside the Employer unless requested to do so by the CEO or the General Counsel of the Employer.

(3) Assistance with Rights. The Executive agrees to perform, during and after employment, all acts deemed necessary or desirable by the Employer to permit and assist it, at the Employer's expense, in obtaining, maintaining, defending and enforcing Rights with respect to such Inventions and improvements in any and all countries. Such acts may include, but are not limited to, execution of documents and assistance or cooperation in legal proceedings. The Executive agrees to execute such declarations, assignments, or other documents as may be necessary in the course of Invention evaluation, patent prosecution, or protection of patent or analogous property rights, to assure that title in such Inventions will be held by the Employer or by such other parties designated by the Employer as may be appropriate under the circumstances. The Executive irrevocably designates and appoints the Employer and its duly authorized officers and agents, as the Executive's agents and attorneys-in-fact to act for and on the Executive's behalf and instead of the Executive, to execute and file any documents and to do all other lawfully permitted acts to further the above purposes with the same legal force and effect as if executed by the Executive.

(4) Moral Rights. Any assignment of copyright pursuant to this Agreement includes all rights of paternity, integrity, disclosure and withdrawal and any other rights that may be known as or referred to as "moral rights" (collectively "Moral Rights"). To the extent such Moral Rights cannot be assigned under applicable law and to the extent the following is allowed by the laws in the various countries where Moral Rights exist, Executive hereby waives such Moral Rights and consents to any action of the Employer that would violate such Moral Rights in the absence of such consent. The Executive will confirm any such waivers and consents from time to time as requested by the Employer.

F. No Conflicts. The execution and delivery of this Agreement by the Executive does not conflict with, or result in a breach of or constitute a default under, any agreement or contract, whether oral or written, to which the Executive is a party or by which the Executive may be bound. In addition, the Executive has informed the Employer of, and provided the Employer with copies of, any non-solicitation, non-competition, confidentiality, work-for-hire or similar agreements to which the Executive is subject or may be bound.



G. Disclosure. The Executive acknowledges and agrees that the scope described above is necessary and reasonable in order to protect the Employer in the conduct of its business and that, if the Executive becomes employed by another employer, the Executive shall be required to disclose the existence of this Paragraph 8 to such employer and the Executive hereby consents to and the Employer is hereby given permission to disclose the existence of this Paragraph 8 to such employer.

H. Market Information. The Executive acknowledges that the Executive may become aware of "material" nonpublic information relating to the Employer's vendors, suppliers, alliance and/or joint venture partners, customers, or competitors (each, a "Business Partner") whose stocks are publicly traded. The Executive acknowledges that the Executive is prohibited by law as well as by Employer policy from trading in the shares of such Business Partners while in possession of such information or directly or indirectly disclosing such information to any other persons so that they may trade in these shares. For purposes of this Paragraph H, "material" information may include any information, positive or negative, which might be of significance to an investor in determining whether to purchase, sell or hold the stock of publicly traded customers. Information may be significant for this purpose even if it would not alone determine the investor's decision. Examples include a potential business acquisition, internal financial information that departs in any way from what the market would expect, the acquisition or loss of a major contract, or an important financing transaction.

I. Unauthorized Material. The Employer does not wish to incorporate any unlicensed or unauthorized material into its products or services or those of its subsidiaries. Therefore, the Executive agrees that the Executive will not knowingly disclose to the Employer, use in the Employer's business, or cause the Employer to use, any information or material which is confidential or proprietary to any third party including, but not limited to, any former employer, competitor or client, unless the Employer has a right to receive and use such information. The Executive will not incorporate into the Executive's work any material which is subject to the copyrights of any third party unless the Employer has a written agreement with such third party or otherwise has the right to receive and use such information.

J. Injunctive Relief. It is agreed that any breach or anticipated or threatened breach of any of the Executive's covenants contained in this Paragraph 8 will result in irreparable harm and continuing damages to the Employer and its business and that the Employer's remedy at law for any such breach or anticipated or threatened breach will be inadequate and, accordingly, in addition to any and all other remedies that may be available to the Employer at law or in equity in such event, any court of competent jurisdiction may issue a decree of specific performance or issue a temporary and permanent injunction, without the necessity of the Employer posting bond or furnishing other security and without proving special damages or irreparable injury, enjoining and restricting the breach, or threatened breach, of any such covenant, including, but not limited to, any injunction restraining the Executive from disclosing, in whole or part, any Confidential Information. The Executive further agrees to pay all of the Employer's costs and expenses, including reasonable attorneys' and accountants' fees, incurred in successfully enforcing such covenants.

9. Notices. Any and all notices required in connection with this Agreement shall be deemed adequately given only if in writing and (a) personally delivered, or sent by first class,



registered or certified mail, postage prepaid, return receipt requested, or by recognized overnight courier, (b) sent by electronic mail, provided a hard copy is mailed on that date to the party for whom such notices are intended, or (c) sent by other means at least as fast and reliable as first class mail. A written notice shall be deemed to have been given to the recipient party on the earlier of (a) the date it shall be delivered to the address required by this Agreement; (b) the date delivery shall have been refused at the address required by this Agreement; (c) with respect to notices sent by mail or overnight courier, the date as of which the Postal Service or overnight courier, as the case may be, shall have indicated such notice to be undeliverable at the address required by this Agreement; or (d) with respect to electronic mail, the date on which the electronic mail is sent and receipt of which is confirmed. Any and all notices referred to in this Agreement, or which either party desires to give to the other, shall be addressed to the Executive's residence in the case of the Executive, or, if to the Employer, to:

General Counsel
Zebra Technologies Corporation
3 Overlook Point
Lincolnshire, IL 60069

Either party may from time to time designate a new address by notice given in accordance with this Paragraph 9.

10. Waiver of Breach. A waiver by either party of a breach of any provision of this Agreement by the other party shall not operate or be construed as a waiver or estoppel of any subsequent breach by such other party. No waiver shall be valid unless in writing and signed by an authorized officer of the Employer or by the Executive, as the case may be.

11. Assignment. The Executive acknowledges that the services to be rendered by the Executive are unique and personal. Accordingly, the Executive may not assign any of the Executive's duties or obligations under this Agreement. This Agreement shall be binding upon and inure to the benefit of the Executive, the Executive's estate and beneficiaries. The rights and obligations of the Employer under this Agreement shall inure to the benefit of and shall be binding upon the successors and assigns of the Employer.

12. Entire Agreement. This Agreement and the documents referred to in it constitute the entire and final agreement between the parties; provided, however, that (i) any award or agreement that I have received from Company under any Long-Term Incentive Plan, or comparable compensation plan that permits forfeiture or clawback of awards due to breach of any post-employment restrictions set forth therein apply in addition to any remedies available under this Agreement and (ii) any Indemnification Agreement between the Employer and Executive shall not be affected by this Agreement and remains in full force and effect. No change or modification of this Agreement shall be valid unless in writing and signed by the Employer and the Executive.

13. Severability. If any provision of this Agreement shall be found invalid or unenforceable for any reason, in whole or in part, then such provision shall be deemed modified, restricted, or reformulated to the extent and in the manner necessary to render the same valid and enforceable, or shall be deemed excised from this Agreement, as the case may require, and this Agreement shall be construed and enforced to the maximum extent permitted by law, as if such



provision had been originally incorporated herein as so modified, restricted, or reformulated or as if such provision had not been originally incorporated herein, as the case may be. The parties further agree to seek a lawful substitute for any provision found to be unlawful; provided, that, if the parties are unable to agree upon a lawful substitute, the parties desire and request that a court or other authority called upon to decide the enforceability of this Agreement modify those restrictions in this Agreement that, once modified, will result in an agreement that is enforceable to the maximum extent permitted by the law in existence at the time of the requested enforcement.

14. Headings. The headings in this Agreement are inserted for convenience only and are not to be considered a construction of the provisions hereof.

15. Execution of Agreement. This Agreement may be executed in several counterparts, each of which shall be considered an original, but which when taken together, shall constitute one agreement.

16. Recitals. The recitals to this Agreement are incorporated herein as an integral part hereof and shall be considered as substantive and not precatory language.

17. Governing Law; Choice of Forum. This Agreement shall be governed by, and construed in accordance with, the laws of the State of Illinois, without reference to its conflict of law provisions. Furthermore, the Executive agrees and consents to submit to personal jurisdiction in the State of Illinois in any state or federal court of competent subject matter jurisdiction situated in Lake or Cook County, Illinois. The Executive further agrees that the sole and exclusive venue for any suit arising out of, or seeking to enforce, the terms of this Agreement shall be in a state or federal court of competent subject matter jurisdiction situated in Lake or Cook County, Illinois. In addition, the Executive waives any right to challenge in another court any judgment entered by such Lake or Cook County court or to assert that any action instituted by the Employer in any such court is in the improper venue or should be transferred to a more convenient forum. Further, the Executive waives any right the Executive may otherwise have to a trial by jury in any action to enforce the terms of this Agreement.

18. Indemnification. The Employer shall obtain and maintain for the Executive directors' and officers' liability insurance coverage and shall indemnify the Executive to the extent permitted under the Employer's By-Laws and/or Certificate of Incorporation and/or any indemnification agreement between the Employer and the Executive.

19. No Mitigation. The Executive shall have no obligation or duty to seek subsequent employment or engagement as an employee (including self-employment) or as a consultant or otherwise mitigate the Employer's obligation under this Agreement. Payments and benefits due under Paragraph 7 of this Agreement shall not be reduced by any compensation earned by the Executive as an employee or consultant from any employment or consulting arrangement after the Executive's termination of employment.



IN WITNESS WHEREOF, the parties have set their signatures on the date set forth below.

ZEBRA TECHNOLOGIES CORPORATION: EXECUTIVE:

By: /s/ Anders Gustafsson
Anders Gustafsson, CEO

By: /s/ Nathan Winters
Nathan Winters

Date signed: January 11, 2021

Date signed: January 11, 2021

13 November 2020

THE ENTITIES LISTED IN SCHEDULE 1
as Initial Sellers, Initial Servicers and Initial Depositors

ZEBRA TECHNOLOGIES CORPORATION
as Centralising Agent and Parent Company

ESTER FINANCE TECHNOLOGIES
as Purchaser and Deposit Beneficiary

CREDIT AGRICOLE CORPORATE & INVESTMENT BANK
as Programme Manager and Arranger

CREDIT AGRICOLE LEASING & FACTORING
as Programme Agent

FIRST DEED OF AMENDMENT relating to the
MASTER FRAMEWORK AGREEMENT
dated 29 April 2020

Herbert Smith Freehills Paris LLP

THIS FIRST DEED OF AMENDMENT is made and delivered as a deed on 13 November 2020

AMONG:

- (1) THE ENTITIES listed in Schedule 1 (as the case may be, the "Initial Sellers", the "Initial Servicers" or the "Initial Depositors");
 - (1) ZEBRA TECHNOLOGIES CORPORATION, a corporation formed under the laws of the State of Delaware (United States of America) (the "Centralising Agent" and the "Parent Company");
 - (2) ESTER FINANCE TECHNOLOGIES (formerly known as Ester Finance Titrisation), a French société anonyme à directoire et conseil de surveillance duly licensed as a credit institution in France by the Autorité de Contrôle Prudentiel et de Résolution, whose registered office is at 12 place des Etats-Unis, CS 70052, 92547 Montrouge Cedex, France, registered with the Registre du Commerce et des Sociétés of Nanterre under number 414 886 226 (the "Purchaser" or the "Deposit Beneficiary");
 - (3) CREDIT AGRICOLE CORPORATE & INVESTMENT BANK, a French société anonyme, duly licensed as a credit institution in France by the Autorité de Contrôle Prudentiel et de Résolution, whose registered office is at 12 place des Etats-Unis, CS 70052, 92547 Montrouge Cedex, France, registered with the Registre du Commerce et des Sociétés of Nanterre under number 304 187 701 ("CA-CIB") as Programme Manager (in such capacity, the "Programme Manager") and arranger (in such capacity, the "Arranger"); and
 - (4) CREDIT AGRICOLE LEASING & FACTORING, a French société anonyme, whose registered office is at 12 place des Etats-Unis, CS 70052, 92547 Montrouge Cedex, France, registered with the Registre du Commerce et des Sociétés of Nanterre under number 692 029 457 (the "Programme Agent").
- each, a "Party" and together the "Parties".

WHEREAS:

- (A) The Parties entered into a master framework agreement entitled "Master Framework Agreement" dated 29 April 2020 (the "Master Framework Agreement") in relation to the setting up of a trade receivables sale programme (the "Programme").
- (B) The Parties wish to enter into this first deed of amendment (the "Deed") in order to implement certain technical amendments agreed by the Parties to the Master Framework Agreement in accordance with the terms of this Deed.

IT IS HEREBY AGREED AS FOLLOWS:

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

Unless otherwise defined herein or the context otherwise requires, capitalised terms and expressions used herein shall have the meanings ascribed to them in the Master Framework Agreement as amended by this Deed and the following terms shall have the following meanings:

"Restated Master Framework Agreement" means the Master Framework Agreement as amended and restated in accordance with this Deed in the form set out in Schedule 2 (Amended and restated Master Framework Agreement).

1.2 Interpretation

This Deed shall be construed in accordance with the construction rules set out at clause 1.2 of the Master Framework Agreement.

1.3 Contracts (Rights of Third Parties) Act 1999

The provisions of clause 27.10 (Contracts (Rights of Third Parties) Act 1999) of the Master Framework Agreement shall apply to this Deed.

2. AMENDMENT TO THE MASTER FRAMEWORK AGREEMENT

The Parties acknowledge and agree that as from the date of this Deed, the Master Framework Agreement shall be amended and restated with effect from (and including) the date of this Deed so as to exclusively read as attached as Schedule 2 (Amended and restated Master Framework Agreement) and so that the rights and obligations of the parties to this Deed relating to their performance under the Master Framework Agreement from (and including) the date of this Deed shall be governed by, and construed in accordance with, the terms of the Restated Master Framework Agreement.

3. EFFECTIVE DATE

This Deed shall enter into force on the date hereof.

4. REPRESENTATIONS

- 4.1 Each Zebra Entity makes the representations set out in clause 16.1 (Representations) of the Master Framework Agreement as at the date of this Deed, by reference to the facts and circumstances now existing as if references to the Transaction Documents included references to this Deed.

5. CONTINUATION AND FURTHER ASSURANCE

- 5.1 This Deed is supplemental to, and shall be construed as one with, the Master Framework Agreement.

- 5.2 Except as varied by the terms of this Deed, the Master Framework Agreement will remain in full force and effect and any reference in this Deed to the Master Framework Agreement or to any provision of the Master Framework Agreement will be construed as a reference to the Master Framework Agreement, or that provision, as amended and restated by this Deed.

- 5.3 Each Party, shall, at the request of the Purchaser or the Programme Manager and at such Party's own expense, do all such acts and things necessary or desirable to give effect to the amendments effected or to be effected pursuant to this Deed.

- 5.4 Each of the Purchaser, the Parent Company, the Centralising Agent, the Initial Depositors, the Initial Servicers and the Initial Sellers confirm that any security or guarantee created or given by it in connection with a Transaction Document (including, for the avoidance of doubt, the Parent Undertaking) will (a) continue to be in full force and effect; and (b) extend to the relevant liabilities and obligations under the Transaction Documents as amended by this Deed.

- 5.5 The Parties hereby designate this Deed as a Transaction Document.

- 5.6 Except as otherwise provided in this Deed, the Transaction Documents remain in full force and effect.

- 5.7 Each Zebra Entity agrees that it shall promptly, upon the request of the Programme Manager, execute and deliver at its own expense any document and do any act or thing in order to confirm or establish the validity and enforceability of this Deed.

6. FEES AND EXPENSES

Each Zebra Entity shall promptly upon demand pay any Finance Party the amount of all reasonable and duly documented fees, costs and expenses (including legal fees and any applicable value added tax or other similar tax thereon) incurred by it in connection with the negotiation, preparation, printing and execution of this Deed.

7. COUNTERPARTS

This Deed may be executed in any number of counterparts, and this has the same effect as if the signatures on the counterparts were on a single copy of this Deed.

8. GOVERNING LAW

This Deed and any non-contractual obligations arising therefrom is governed by, and shall be construed in accordance with, English law.

9. JURISDICTION

9.1 Any dispute relating to the existence, validity, interpretation, performance or any other matter arising out of this Deed (including any non-contractual rights or claims) shall be subject to the exclusive jurisdiction of the courts of England and Wales (a "Dispute").

9.2 The Parties agree that the courts of England are the most appropriate and convenient courts to settle Disputes and accordingly no Party will argue to the contrary.

IN WITNESS whereof this Deed has been executed and delivered as a deed on the date first above written.

SCHEDULE 2
AMENDED AND RESTATED MASTER FRAMEWORK AGREEMENT

CERTAIN INFORMATION IDENTIFIED BY
BRACKETED ASTERISKS ([* * *]) HAS BEEN
OMITTED FROM THIS EXHIBIT BECAUSE IT IS
BOTH NOT MATERIAL AND WOULD BE
COMPETITIVELY HARMFUL IF PUBLICLY
DISCLOSED.

29 April 2020

(as amended and restated on 13 November 2020)

THE ENTITIES LISTED IN Part A OF Schedule 1
as Initial Sellers, Initial Servicers and Initial Depositors

ZEBRA TECHNOLOGIES CORPORATION
as Centralising Agent and Parent Company

ESTER FINANCE TECHNOLOGIES
as Purchaser and Deposit Beneficiary

CREDIT AGRICOLE CORPORATE & INVESTMENT BANK
as Programme Manager and Arranger

CREDIT AGRICOLE LEASING & FACTORING
as Programme Agent

MASTER FRAMEWORK AGREEMENT

Herbert Smith Freehills Paris LLP

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THIS MASTER FRAMEWORK AGREEMENT is made and delivered as a deed on 29 April 2020 (as lastly amended on 13 November 2020)

BETWEEN:

- (1) THE ENTITIES listed in Part A of Schedule 1 (as the case may be, the "Initial Sellers", the "Initial Servicers" or the "Initial Depositors");
- (2) ZEBRA TECHNOLOGIES CORPORATION, a corporation formed under the laws of the State of Delaware (United States of America) (the "Centralising Agent" and the "Parent Company");
- (3) ESTER FINANCE TECHNOLOGIES (formerly known as Ester Finance Titrisation), a French société anonyme à directoire et conseil de surveillance duly licensed as a credit institution in France by the Autorité de Contrôle Prudentiel et de Résolution, whose registered office is at 12 place des Etats-Unis, CS 70052, 92547 Montrouge Cedex, France, registered with the Registre du Commerce et des Sociétés of Nanterre under number 414 886 226 (the "Purchaser" or the "Deposit Beneficiary");
- (4) CREDIT AGRICOLE CORPORATE & INVESTMENT BANK, a French société anonyme, duly licensed as a credit institution in France by the Autorité de Contrôle Prudentiel et de Résolution, whose registered office is at 12 place des Etats-Unis, CS 70052, 92547 Montrouge Cedex, France, registered with the Registre du Commerce et des Sociétés of Nanterre under number 304 187 701 ("CA-CIB") as Programme Manager (in such capacity, the "Programme Manager") and arranger (in such capacity, the "Arranger"); and
- (5) CREDIT AGRICOLE LEASING & FACTORING, a French société anonyme, whose registered office is at 12 place des Etats-Unis, CS 70052, 92547 Montrouge Cedex, France, registered with the Registre du Commerce et des Sociétés of Nanterre under number 692 029 457 (the "Programme Agent").

each, a "Party" and together the "Parties".

WHEREAS:

- (A) The Parties have agreed to set up on the date of this Agreement a trade receivables sale Programme (the "Programme") under which each Seller will sell and assign, on an ongoing basis in accordance with the terms set out in this master framework agreement (the "Agreement") and in the relevant Local Receivables Purchase Agreement to which the relevant Seller is a party, certain Receivables it originates in the ordinary course of its business to Ester Finance Technologies, acting as Purchaser.
- (B) Each of the Parties agrees that the terms and conditions of the Transaction Documents shall be governed by this Agreement, as supplemented in relation to each Seller by the Local Receivables Purchase Agreement to which such Seller is a party.

THE PARTIES HEREBY AGREE as follows:

1. DEFINITIONS AND CONSTRUCTION

1.1 Definitions

Unless the context requires otherwise, capitalised words and expressions used in any Transaction Document shall have the meanings and constructions ascribed to them below:

"Accession" means the addition of a member of the Parent Group to the Programme as an Additional Seller pursuant to Clause 23.

"Accession Approval Date" has the meaning ascribed to such term in Clause 23.5.

"Accession Date" means with respect to any Additional Seller, the date on which such Additional Seller accedes to the Programme pursuant to Clause 23.

"Accession Letter" means the accession letter to this Agreement entered into by any Additional Seller and the relevant Parties for the purpose of acceding to this Agreement and the Programme in the form of Schedule 5.

"Accession Agreements" means the Accession Letter together with (i) a Local Receivables Purchase Agreement (or an amended and restated Local Receivables Purchase Agreement if

the relevant Additional Seller is incorporated in the same jurisdiction than another Seller already a Party to the Programme) and (ii) a Collection Account Security Document, in a form equivalent to those entered into by the Initial Seller acting from to the same jurisdiction as that Additional Seller and listed in Part B of Schedule 1.

"Accession Request" has the meaning ascribed to such term in Clause 23.1.

"Additional Seller" means each member of the Parent Group that is added from time to time to the Programme and becomes a Party to this Agreement and a Local Receivables Purchase Agreement as an Additional Seller pursuant to Clause 23.

"Adjustment Amount" means in respect of each Seller, on any Monthly Payment Date, with respect to the Assigned Receivables transferred as Future Receivables or Existing New Receivables which have been transferred and invoiced by such Seller during the Collection Period ending on the Monthly Cut-Off Date falling immediately prior to such Monthly Payment Date (as such Assigned Receivables are identified and individualised in the relevant Aggregate Electronic File delivered by such Seller to the Purchaser on the Monthly Reporting Date falling immediately prior to such Monthly Payment Date), an amount being equal to:

- (a) the Purchase Price of such Assigned Receivables; minus
- (b) the aggregate amount of each Advanced Purchase Price already paid by the Purchaser to the Applicable Seller with respect to the Assigned Receivables during such Collection Period by way of set-off in accordance with Clause 7.3, provided that:
 - (i) if such difference is positive, then such amount shall be payable by the Purchaser to such Seller on such Monthly Payment Date in accordance with Clause 7.3.1(B)(2); and
 - (ii) if such difference is negative, then such amount shall constitute a claim of the Purchaser against such Seller which shall be due and payable on such Monthly Payment Date in accordance with Clause 7.3.2.

"Advanced Purchase Price" means on any day, the daily advance of the Purchase Price of the Assigned Receivables invoiced on such day payable by the Purchaser to the relevant Seller, subject to, and in accordance with, the relevant Local Receivables Purchase Agreement. Such an advance shall, on any such day, be equal to (and set off against) the sum of:

- (a) the aggregate amount of Collections then received or recovered by the related Servicer and due and payable to the Purchaser on that day; and
- (b) the aggregate amount of Deemed Collections due and payable by the related Seller to the Purchaser on such day.

provided that such set-off shall be taken into account in the calculation of the Adjustment Amount on each Monthly Payment Date in accordance with Clause 7.3.

"Affected Receivable" has the meaning ascribed to such term in Clause 8.

"Affected Relevant Party" has the meaning ascribed to such term in Clause 18.1.

"Affiliate" means in relation to any Person, any other Person that, directly or indirectly, is in control of, is controlled by or is under common control with such Person or is a director or officer of such Person.

"Agreement" has the meaning ascribed to such term in the Recital.

"Aggregate Electronic Files" means the files prepared by each Seller and the Centralising Agent, in the form agreed between the Purchaser, the Programme Agent, the Programme Manager and the Centralising Agent, containing the details of all outstanding Assigned Receivables and all offered Existing Receivables, Existing New Receivables and Future Receivables and to which is attached the current Perimeter.

"Alternate Base Rate" means a fluctuating interest rate per annum as shall be in effect from time to time, which rate shall be at all times equal to the rate of interest determined by CA-CIB in New York, from time to time in its sole discretion, as its prime commercial lending rate (which rate is not necessarily the lowest rate that CA-CIB charges any corporate customer).

"Amortisation Period" means the period commencing on (and excluding) the Revolving Termination Date and ending on the Final Maturity Date.

"Anti-Corruption Laws" means any applicable laws, rules, or regulations relating to bribery or corruption, including (a) the United States Foreign Corrupt Practices Act of 1977, (b) the United Kingdom Bribery Act of 2010, (c) the Singapore Prevention of Corruption Act, Chapter 241 of Singapore and (d) any other similar law, rule or regulation in any applicable jurisdiction currently in force or hereafter enacted.

"Anti-Money Laundering Laws" means any laws or regulations relating to money laundering or terrorist financing in any applicable jurisdiction currently in force or hereafter enacted.

"Applicable Currency Equivalent" means any initial amounts denominated in the Relevant Currency after being converted into Euro amounts on the basis of the applicable Spot Rate Exchange with respect to amounts denominated in such Relevant Currency.

"Applicable Law" means in relation to any Party, any treaty, law, decree, regulation, courts decision, official decision (including double taxation agreements and EU law, published practice or concession of any relevant taxing authority) which applies to that Party.

"Applicable Seller" means with respect to any Assigned Receivable, the Seller that originated such Receivable.

"Assigned Debtor" means a Debtor against which an Assigned Receivable is held.

"Assigned Receivable" means any Receivable which has been sold by any Seller to the Purchaser in accordance with this Agreement and a Local Receivables Purchase Agreement and which has not been repurchased from the Purchaser or which has not been reassigned or retransferred to the Applicable Seller or, the purchase of which has not been rescinded in accordance with, and subject to, the terms of Clauses 8 or Clause 9.

"Blocking Notice" has the meaning ascribed to such term in Clause 12.3.4.

"BNPP" means BNP Paribas Commercial Finance Limited.

"Breach" has the meaning ascribed to such term in Clause 8.1.

"Business Day" means any day which is (i) a TARGET Day and (ii) a day other than a Saturday, a Sunday or a bank holiday in Paris, London, New-York, Sydney and Singapore and on which banks are open for business for the purposes of inter-bank transactions in Paris.

"Calculation Report" means the report in the form agreed between the Purchaser, the Programme Agent, the Programme Manager and the Centralising Agent setting out the Purchase Price payable to each Seller in respect of Receivables sold during the relevant period.

"Cash Collateral Accounts" means:

- (a) with respect to the English Seller,
 - (i) with respect to the Deposit denominated in Euro, the account referenced [*****] (IBAN) and BSUIFRPP (BIC) opened and maintained in France in the name of the Deposit Beneficiary in the books of CA-CIB (or any other account opened in replacement of such account);
 - (ii) with respect to the Deposit denominated in GBP, the account referenced [*****] (IBAN) and BSUIFRPP (BIC) opened and maintained in France in the name of the Deposit Beneficiary in the books of CA-CIB (or any other account opened in replacement of such account); and
 - (iii) with respect to the Deposit denominated in USD, the account referenced [*****] (IBAN) and BSUIFRPP (BIC) opened and maintained in France in the name of the Deposit Beneficiary in the books of CA-CIB (or any other account opened in replacement of such account).
- (b) with respect to the Singapore Seller,
 - (i) with respect to the Deposit denominated in Euro, the account referenced [*****] (IBAN) and BSUIFRPP (BIC) opened and maintained in France in the name of the Deposit Beneficiary in the books of CA-CIB (or any other account opened in replacement of such account);
 - (ii) with respect to the Deposit denominated in GBP, the account referenced [*****] (IBAN) and BSUIFRPP (BIC) opened

and maintained in France in the name of the Deposit Beneficiary in the books of CA-CIB (or any other account opened in replacement of such account); and

(iii) with respect to the Deposit denominated in USD, the account referenced [*****](IBAN) and BSUIFRPP (BIC) opened and maintained in France in the name of the Deposit Beneficiary in the books of CA-CIB (or any other account opened in replacement of such account);

(c) with respect to an Additional Seller, the accounts opened in the books of CA-CIB and listed in the Accession Letter.

"Change of Control" means in respect of any Seller or any Servicer, the occurrence of any event pursuant to which the Parent Company no longer holds directly or indirectly at least one hundred percent (100%) of the voting rights and share capital of such Seller or Servicer.

"Change of Law" means the enactment, adoption, amendment, substitution of a new or existing Applicable Law or the change in the interpretation, administration or application of such Applicable Law made by any competent authority (including a judgment by a court of competent jurisdiction or by an administrative authority), becoming effective or made public after the Signing Date.

"Charge over Collection Account" means any charge over a Collection Account entered into between the relevant Servicer and the Purchaser.

"Collateralised Obligations" means, for each Seller, any and all payment obligations (present and future) at any time due, owing or incurred by such Sellers (as Seller or Servicer) to the Purchaser under the Transaction Documents or CA-CIB in its capacity as common agent under the Inter-Creditor Agreement – Euro Collection Account or the Inter-Creditor Agreement – GBP Collection Account including without limitation any Dilution and any sums (other than sums corresponding to returned items that were previously transferred by the Collection Account Bank to the Purchaser) paid by the Purchaser or CA-CIB in its capacity as common agent under the Inter-Creditor Agreement – Euro Collection Account or the Inter-Creditor Agreement – GBP Collection Account to the Collection Account Bank on behalf of the relevant Seller, subject to and in accordance with the Transaction Documents (excluding, for the avoidance of doubt, any payment due to a failure to pay under any Assigned Receivable resulting from the relevant Assigned Debtor becoming Insolvent after the relevant Eligibility Test Date and/or the aforementioned returned items) within the limits of the applicable Required Support Amount Month M by Relevant Currency as such amount shall be determined on each Monthly Calculation Date by the Programme Agent in accordance with this Agreement.

"Collection Accounts" means for each Servicer, the bank accounts as specified, in respect to the Initial Sellers, in Part B of Schedule 1 and every other collection account(s) opened after the Signing Date or, in the case of Additional Seller, the Accession Date.

"Collection Account Bank" means, in relation to any Collection Account, the account bank with which such Collection Account is opened, as specified, in respect to the Initial Sellers, in Part B of Schedule 1.

"Collection Account Security Document" means (i) any Declaration of Trust or (ii) any Charge over Collection Account (including for the avoidance of doubt, the English Seller – Additional Collection Account Security Document as from the date it has been executed by the parties thereto).

"Collection Period" means any period of time starting from (but excluding) any Monthly Cut-Off Date and ending on (and including) the Monthly Cut-Off Date immediately falling thereafter, and the first Collection Period shall commence on (but excluding) the Initial Monthly Cut-Off Date and end on (and including) the Monthly Cut-Off Date immediately falling thereafter.

"Collections" means, in respect of any Assigned Receivable, as the context may require:

- (a) all amounts received in respect of such Assigned Receivable and/or any Related Security and/or Related Rights collected and allocated in accordance with this Agreement and the applicable Local Receivables Purchase Agreement after the Purchase Date on which such Assigned Receivable was transferred;
- (b) all Deemed Collections arising from time to time pursuant to Clause 13; and

- (c) any amount refunded or credited to the Applicable Seller by the competent tax authorities or any third party (including without limitation any collection agencies) in relation to VAT or other similar amounts arising from Assigned Receivables which have reduced the amount receivable by the Purchaser or are attributable to a reduced amount receivable by the Purchaser unless such amount has already given rise to the payment of a Deemed Collection.

"Common Terms" has the meaning ascribed to such term in Clause 3.1.

"Conditions Precedent" means, with respect to the purchase of Receivables by the Purchaser from a Seller, the applicable conditions precedent as set out in Clause 6.3.

"Contract" means, in relation to any Receivable, the agreement between the Applicable Seller and a Debtor giving rise to that Receivable.

"Contractual Payment Term" means, in relation to any Receivable, the exact number of calendar days between the Invoice Issue Date and the Invoice Due Date.

"Consultation Period" has the meaning ascribed to such term in Clause 5.3.

"Credit and Collection Policy" means, in relation to each Seller (in such capacity or as Servicer), the credit, servicing and collection procedures implemented by such Seller and Servicer and reviewed by the Programme Manager before the Signing Date or the applicable Accession Date, as modified from time to time in accordance with this Agreement.

"Credit Risk Premium Rate" means 0.60%, as modified from time to time pursuant to Clause 7.2.

"Debtor" means each Person obliged to make payments due in respect of a Receivable.

"Debtor Country Limit" means, for any Debtor referred in limb (b) of the definition of "Included Debtor" acting from an Eligible Debtor Jurisdiction (i.e. the Eligible Debtor Jurisdiction from which such Included Debtor makes orders and pays the relevant Invoices), the limit of Outstanding Amount of Eligible Receivables owed by such Included Debtor as at the immediately preceding Monthly Calculation Date. Each Debtor Country Limit is mentioned and shall apply as stated in Schedule 7 (Debtor Country Limit).

"Declaration of Trust" means any declaration of trust over Collections entered into between the relevant Servicer and the Purchaser.

"Deemed Collection" has the meaning ascribed to such term in Clause 13.3.

"Default Ratio" means a fraction, expressed as a percentage, calculated by the Programme Agent on each Monthly Calculation Date by reference to the preceding Monthly Cut-Off Date, of which:

- (a) the numerator is equal to the Outstanding Amount of all Assigned Receivables that (i) have become Defaulted Receivables during the Collection Period immediately preceding such Monthly Calculation Date and (ii) remain unpaid on such Monthly Calculation Date; and
- (b) the denominator is equal to the sum of the Face Value of all Assigned Receivables with an Invoice Due Date falling during the 3rd Collection Periods immediately preceding such Monthly Calculation Date;

provided that the Default Ratio will be calculated on the Monthly Calculation Date falling on July 2020 and on each Monthly Calculation Date thereafter.

"Defaulted Debtor" means an Included Debtor (i) which owes a Defaulted Receivable and/or (ii) which is Insolvent or subject to Insolvency Proceedings.

"Defaulted Receivable" means a Receivable in respect of which any payment, or part thereof, remains unpaid for more than 91 days from its Invoice Due Date.

"Delinquent Debtor" means an Eligible Debtor (i) which owes a Delinquent Receivable and/or (ii) which is Insolvent.

"Delinquent Ratio" means a fraction, expressed as a percentage, calculated by the Programme Agent on each Monthly Calculation Date by reference to the preceding Monthly Cut-Off Date, of which:

- (a) the numerator is equal to the Outstanding Amount of all Assigned Receivables that (i) have become Delinquent Receivables during the Collection Period immediately preceding such Monthly Calculation Date and (ii) remain unpaid on such Monthly Calculation Date; and
- (b) the denominator is equal to the sum of the Face Values of all Assigned Receivables with an Invoice Due Date falling during the 3rd Collection Periods immediately preceding such Monthly Calculation Date;

provided that the Delinquent Ratio will be calculated on the Monthly Calculation Date falling on July 2020 and each Monthly Calculation Date thereafter.

"Delinquent Receivable" means a Receivable in respect of which any payment, or part thereof, remains unpaid for more than 60 days and less than 91 days from its Invoice Due Date.

"Deposit" means, at any time and for each Depositor:

- (a) together (i) the Initial Deposits and (ii) any other payments in respect of applicable Deposit Complementary Amounts by Currency made thereafter by the relevant Depositor in accordance with Clause 14; minus
- (b) (i) any amounts by which each Deposit is reduced in accordance with Clause 15.3.1, and (ii) any amounts repaid to the relevant Depositor in accordance with Clause 15.4.1 or 15.4.2.

in each case as paid by the relevant Depositor to the Deposit Beneficiary or by the Deposit Beneficiary to the relevant Depositor (as applicable) in accordance with the terms of this Clause 14 and, as applicable, credited to or debited from the relevant Cash Collateral Account.

"Depositor" means (i) the Initial Depositors and (ii) each Additional Seller in its capacity as depositor.

"Deposit Complementary Amount by Currency" means an amount determined in each Relevant Currency on each Monthly Calculation Date by the Programme Agent as being equal to the relevant Incremental Required Support Amount Month M by Relevant Currency.

"Deposit Refund Amount by Relevant Currency" means any Incremental Required Support Amount Month M by Relevant Currency being negative on a Monthly Calculation Date.

"Dilution" means any reduction or cancellation, in whole or in part, of the Face Value of any Assigned Receivable by reason of the occurrence of any of the following circumstances:

- (a) any credit note, rebate, discount or allowances for prompt payment, for quantity, for return of goods, invoicing error or cancellation or any other commercial adjustment, granted by any Seller in accordance with the relevant Credit and Collection Policies and applied to an Assigned Receivable;
- (b) any change in the terms of or cancellation of a Contract or Receivable which reduces the amount payable by the Debtor on the related Receivable;
- (c) any trade discount, fidelity premium or other premium, bonus or promotional discount in favour of the relevant Assigned Debtor;
- (d) any set-off exercised by the relevant Assigned Debtor in respect of any claim by such Assigned Debtor as to amounts owed by it on such Assigned Receivable (whether such claim arises out of the same or a related transaction or an unrelated transaction, and whether agreed by the Seller or arising by operation of law);
- (e) any specifically asserted dispute, set off, counterclaim or defence whatsoever, including, without limitation, any non-payment by the relevant Assigned Debtor due to failure by any Seller to deliver any merchandise or provide any services (excluding, for the avoidance of doubt, any dispute resulting from non-payment of the Assigned Debtor due to Insolvency Proceedings); and
- (f) any recourse or claim of any third party on such Assigned Receivable.

"Dilution Credit Insurance Policy" means any credit insurance policy entered into between the Purchaser and any credit insurer, on or after the First Amendment Signing Date, to cover all or part of the risk of non-payment of Dilutions by the Sellers under Clause 13.1 borne by the Purchaser under the Programme.

"Dilution Ratio" means the fraction, expressed as a percentage, calculated by the Programme Agent on each Monthly Calculation Date by reference to the preceding Monthly Cut-Off Date, of which:

- (a) the numerator is equal to the aggregate amount of Deemed Collections in respect of Dilutions, as reported in the Servicer Report provided by the Centralising Agent pursuant to Clause 6.1 with respect to the Collection Period immediately preceding such Monthly Calculation Date; and
- (b) the denominator is equal to the sum of the Face Values of all Receivables originated by the Sellers within the immediately preceding Collection Period.

"Discount" has the meaning ascribed to such term in Schedule 2.

"DSO" means, for each Seller, the number of days determined by the Programme Agent on any Monthly Calculation Date as being equal to:

- (a) with respect to the English Seller and Receivables denominated in EUR, for the Initial Monthly Calculation Date, 55 calendar days and for the immediately two following Monthly Calculation Dates, 67 calendar days;
- (b) with respect to the English Seller and Receivables denominated in GBP, for the Initial Monthly Calculation Date, 51 calendar days and for the immediately two following Monthly Calculation Dates, 63 calendar days;
- (c) with respect to the English Seller and Receivables denominated in USD, for the Initial Monthly Calculation Date, 69 calendar days and for the immediately two following Monthly Calculation Dates, 81 calendar days;
- (d) with respect to the Singapore Seller and Receivables denominated in USD, for the Initial Monthly Calculation Date, 43 calendar days and for the immediately two following Monthly Calculation Dates, 55 calendar days;
- (e) with respect to an Additional Seller and for the three Monthly Calculation Dates falling immediately after the Accession Date, the number calendar days set-out in the relevant Accession Letter; and
- (f) thereafter, the product rounded up to next integer of (a) the aggregate Outstanding Amount of Assigned Receivables of the relevant Seller and (b) 90 days; divided by the aggregate amount of all Assigned Receivables invoiced by the relevant Seller within the 3 preceding Collections Periods.

"Electronic Files" means together the Aggregate Electronic Files and the Returned Electronic Files.

"Eligibility Test Date" means:

- (a) with respect to any Existing Receivable, the Purchase Date on which it is purchased by the Purchaser; and
- (b) with respect to any Existing New Receivable or Future Receivable, the Monthly Cut-Off Date following the relevant Invoice Issue Date except for the criteria (c) of the definition of Eligible Receivable only, which shall be the Purchase Date.

"Eligible Collection Account Bank" means a Collection Account Bank which is at least short-term rated A-1 by Standard & Poor's or P-1 by Moody's.

"Eligible Debtor" means a Debtor that satisfies each of the criteria set out below (as well as any further criteria set out in the applicable Local Receivables Purchase Agreement) as of the applicable Eligibility Test Date:

- (a) it is an Included Debtor;
- (b) it is not an Affiliate of any member of the Parent Group;
- (c) subject to item (n) below, it is not a Defaulted Debtor;

- (d) it is not, to the best of the knowledge of the relevant Seller, Insolvent or subject to Insolvency Proceedings;
- (e) to the best of the relevant Seller's knowledge, it has not been declared Insolvent nor has a court granted its creditors a final non-appealable right of enforcement or material damages as a result of a missed payment within 3 years prior to the relevant Eligibility Test Date and has not undergone a debt restructuring process with regard to any of its non-performing receivables within 3 years prior to the Eligibility Test Date, provided that such Seller shall have no obligation to perform checks additional to those it would usually perform as Seller or Servicer solely for the purpose of determining whether these events have occurred in respect of the relevant Debtor;
- (f) it is a legal entity incorporated and acting from an Eligible Debtor Jurisdiction, and if it acts from an establishment located outside its jurisdiction of incorporation both the jurisdiction of its incorporation and the jurisdiction of its establishment shall be required to be Eligible Debtor Jurisdictions in accordance with the definition thereof;
- (g) it is a corporate entity acting in its ordinary course of business;
- (h) it is not an entity owing a payment under a Receivable which is already subject to (or offered to sale under) any securitisation, factoring or invoice discounting transaction or any other transaction having similar legal content and/or effect, entered into by any of the Sellers, other than the Programme;
- (i) it is identified with a unique ID number (as determined by the Programme Manager) in the system of the Applicable Seller;
- (j) it is not entitled to claim immunity from suit, execution, attachment or other legal process in any proceedings taken in its jurisdiction of incorporation in relation to the Receivables;
- (k) it is neither an individual nor an entity which benefits from any applicable consumer protection laws or regulations including but not limited to the Consumer Credit Directive (2008/48/EC) of the European Union as may be updated or replaced from time to time or any implementing legislation in any Member State of the European Union;
- (l) it has received instructions to pay directly all amounts due under the offered Receivables to a Collection Account of the Applicable Seller;
- (m) it is not a central or local public entity (including a municipality) or a public administration entity;
- (n) the Assigned Receivables owed by such Debtor which are past due for more than 120 days do not represent more than 5% of the Outstanding Amount of Assigned Receivables owed to such Zebra Entity on the Monthly Cut-Off Date preceding its Purchase Date;
- (o) it is not a Sanctioned Person; and
- (p) it fulfils any additional criteria set out in the Local Receivables Purchase Agreement entered into between such Seller and the Purchaser.

"Eligible Debtor Jurisdictions" means, on any Eligibility Test Date (i) Belgium, Germany, United Kingdom, China, Australia, Italy, Netherlands, France, Spain, India, Korea, Republic of Cyprus, Singapore, United Arab Emirates, Turkey, South Africa, Indonesia, Poland, Sweden, Denmark, Taiwan, New Zealand, Thailand, Ireland, Switzerland, Vietnam, Japan, Malaysia, Austria, Slovakia, Portugal, Czech Republic, Norway, Hungary, Philippines, Greece, Croatia and Israel and (ii) any new jurisdiction agreed from time to time in writing between the Purchaser and the Centralising Agent and, if requested by the Purchaser, for which a legal enforceability analysis satisfactory to the Purchaser and the Programme Manager has been carried out.

"Eligible Receivable" means, a Receivable that satisfies each of the criteria set out below (as well as any further criteria set out in the applicable Local Receivables Purchase Agreement) as of the applicable Eligibility Test Date:

- (a) it is owed by an Eligible Debtor which is identified in the relevant most recently delivered Aggregate Electronic File;

- (b) the relevant Debtor is not in material default under the associated Contract;
- (c) it is individually identified in the accounting systems of the Applicable Seller as being beneficially owned by the Purchaser, and its Invoice number is unique and does not refer to any other Receivables originated by such Applicable Seller;
- (d) it does not include exposures that are classified as doubtful, impaired, non-performing or to similar effect under the relevant accounting principles;
- (e) the Applicable Seller has originated it and is its sole holder and has full legal and beneficial title to it (prior to sale of the beneficial title to the Purchaser in accordance with the Transaction Documents). It is not wholly or partly the subject of any Lien, assignment, delegation, subrogation, attachment or seizure or other encumbrance whatsoever, in favour of a third party other than for the benefit of the Purchaser, and it is freely assignable by the Seller (including without any requirement for consent of the related Debtor that has not already been obtained);
- (f) none of the relevant Seller and Servicer has agreed to any set-off arrangements with the related Debtor and the Debtor is not entitled to exercise any rights of set-off under the terms of the Contract;
- (g) it is denominated and payable only in EUR, GBP or USD;
- (h) it is a non-interest bearing trade receivable (subject to any late-payment interest);
- (i) it is an obligation in respect of which no bill of exchange, promissory note or other negotiable instrument (which expression, for the avoidance of doubt, shall not include cheques), issued in connection with such Receivable, has been or is accepted, discounted, endorsed, transferred or delivered by the relevant Seller other than to the benefit of the Purchaser;
- (j) the payment due by the Debtor in connection with it is not (and will not following the assignment of the Receivable to the Purchaser) subject to withholding tax;
- (k) the Invoice by which it is evidenced complies with all relevant VAT and other legal requirements and does not include only VAT;
- (l) it has been originated by the Applicable Seller in the ordinary course of its business and in accordance with its Credit and Collection Policy;
- (m) it arises from the sale of products and/or services performed by the Seller and such sale of products and/or services has either been fully performed in accordance with the relevant Contract or all the obligations set out therein required to be performed by the Seller in order for the relevant Debtor to be obliged to pay the Receivable arising therefrom have been duly fulfilled;
- (n) it is fully and directly payable to the Applicable Seller, in its own name and for its own account and such payment is not subject to (i) the performance of any administrative action or step or the execution of any document of any kind whatsoever or any formalities that have not been already performed, either prior or after the Eligibility Test Date or (ii) any asserted dispute, offset, hold back defense or other claim;
- (o) the Contract from which such Receivable arises is governed by the law of the jurisdiction of incorporation of the relevant Seller;
- (p) it arises under a Contract which is in full force and effect and constitutes the legal, valid and binding obligations of the Debtor in respect of such Receivable under all Applicable Laws;
- (q) it conforms in all material respects with all Applicable Laws, rulings and regulations in effect;
- (r) it is not accounted for by the Applicable Seller as a doubtful or written off receivable and/or it is not past due or with respect to the Existing Receivables to be purchased on the Initial Purchase Date, it is not past due for more than 30 days;
- (s) the Receivable and its Related Rights and Related Security are capable of being assigned and are not subject to any enforceable legal or contractual restrictions on transferability, including but not limited to the need for consent to assign from any third party or, if it is subject to such restrictions, the Applicable Seller has taken by no

later than the applicable Eligibility Test Date, all the required measures so that the Receivable and its Related Rights and Related Security can be freely assigned and has provided the Programme Manager with a written document evidencing such measures to the satisfaction of the Programme Manager;

- (t) the relevant Debtor does not hold a current account with the Applicable Seller;
- (u) it is not overdue and has a Contractual Payment Term that is no longer than 120 days; and
- (v) it fulfils any additional criteria set out in the Local Receivables Purchase Agreement entered into between such Seller and the Purchaser.

"English Local Receivables Purchase Agreement" means the agreement entitled "English - Local Receivables Purchase Agreement" entered into on the Signing Date between the English Seller, the Centralising Agent, the Programme Manager and Arranger, the Programme Agent and the Purchaser.

"English Seller" means (i) the Initial Seller incorporated in England & Wales and listed in Part A (List of Sellers, Servicers) of Schedule 1 and (ii) any other entity established in England & Wales and belonging to the Parent Group and which has acceded as Additional Seller to the Programme.

"English Seller - Additional Collection Account Security Document" means the Charge over Collection Account on the Collection Account of the English Seller denominated in Euro and referred under item 4 in Part B of Schedule 1.

"Excess Receivable" has the meaning ascribed to such term in Clause 8.2.1(B).

"Excluded Debtor" means a Debtor included in the list set-up on the Signing Date by the Programme Manager and the Centralising Agent in Schedule 6 (List of Excluded Debtors), as such list may be amended in writing from time to time by the Centralising Agent, the Purchaser and the Programme Manager.

"Excluded Receivable" has the meaning ascribed to such term in Clause 8.2.1(B).

"Existing New Receivable" means, on any Purchase Date, any Eligible Receivable which:

- (a) has given rise to the delivery of an Invoice between the Monthly Cut-Off Date (included) immediately preceding such Purchase Date and such Purchase Date (excluded); and
- (b) is owed by an Included Debtor as of the Monthly Cut-Off Date immediately preceding such Purchase Date.

"Existing Receivable" means, on any Purchase Date, any Eligible Receivable which:

- (a) has given rise to the delivery of an Invoice prior to the Monthly Cut-Off Date immediately preceding such Purchase Date; and
- (b) is identified and individualised in the Aggregate Electronic File delivered on the Monthly Reporting Date immediately preceding such Purchase Date.

"Face Value" means, with respect to each Receivable, the invoiced amount (including any applicable VAT).

"Final Maturity Date" means the day which is the earlier of:

- (a) the Monthly Payment Date occurring during the 24th calendar month following the calendar month during which the Revolving Termination Date has occurred; and
- (b) the Monthly Payment Date immediately following the first day on which all amounts due under the Assigned Receivables shall have been paid in full and all Collections thereof shall have been received by the Purchaser and the Purchaser has no further commitment to purchase Receivables hereunder.

"Finance Documents" means the Transaction Documents and any refinancing document to be entered into by any Refinancing Entity.

"Financial Indebtedness" means any indebtedness for or in respect of:

- (a) moneys borrowed;

- (b) any amount raised by acceptance under any acceptance credit facility or dematerialised equivalent;
- (c) any amount raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument;
- (d) the amount of any liability in respect of any lease or hire purchase contract which would, in accordance with US GAAP, be treated as a finance or capital lease;
- (e) receivables sold or discounted;
- (f) any securitisation or factoring Programme;
- (g) any amount raised under any other transaction (including any forward sale or purchase agreement) having the commercial effect of a borrowing;
- (h) any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price (and, when calculating the value of any derivative transaction, only the marked to market value or, if any actual amount is due as a result of the termination or close-out of that derivative transaction, that amount) shall be taken into account;
- (i) any amount raised by the issue of shares which are, or are expressed to be, redeemable, other than at the option of the issuer, for cash or any cash equivalent, prior to the date falling three months after the Revolving Termination Date;
- (j) any counter-indemnity obligation in respect of a guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution; and
- (k) the amount of any liability in respect of any guarantee or indemnity for any of the items referred to in paragraphs (a) to (j) above.

"Financial Party" has the meaning ascribed to such term in Clause 19.1.1.

"First Amendment Signing Date" means 13 November 2020.

"Form of Assignment" means, with respect to a Seller, a form of assignment substantially in the form provided for under the relevant Local Receivables Purchase Agreement.

"Future Receivable" means:

- (a) on the Initial Purchase Date, any Receivable which:
 - (i) will give rise to the delivery of an Invoice between such Initial Purchase Date (included) and the immediately following Monthly Cut-Off Date (excluded); and
 - (ii) is to be owed by an Included Debtor as of the Initial Monthly Cut-Off Date; and
- (b) on each Monthly Cut-Off Date (other than the Initial Monthly Cut-Off Date), any Receivable which:
 - (i) will give rise to the delivery of an Invoice between such Monthly Cut-Off Date (included) and the earlier of (x) the following Monthly Cut-Off Date (excluded), (y) the date on which a Stop Purchase Event occurs (included) and (z) the Revolving Termination Date (excluded); and
 - (ii) is to be owed by an Included Debtor as of such Monthly Cut-Off Date.

"GAAP" means the generally accepted accounting principles in the United States of America as of the date of this Agreement, applied on a consistent basis and applied to both classification of items and amounts.

"Incipient Stop Purchase Event" means an event that, after notice or lapse of time or both would constitute a Stop Purchase Event.

"Included Debtors" means:

- (a) on any Monthly Cut-Off Date, any Debtors included in the Perimeter as at the immediately preceding Perimeter Date; and

- (b) as of the immediately following Perimeter Date, any Debtor listed in an Aggregate Electronic File which fulfils each of the following criteria:
- (i) it is not included in the Perimeter as at the immediately preceding Perimeter Date;
 - (ii) it is not an Excluded Debtor;
 - (iii) in respect of which no request to add such Debtor in the Perimeter has been made in accordance with Clause 5.4,
 - (iv) it satisfies each criteria of the definition of "Eligible Debtor" (other than being an Included Debtor) as at the immediately preceding Monthly Cut-Off Date;
 - (v) the Outstanding Amount of Eligible Receivables owed by such Debtor as at the immediately preceding Monthly Calculation Date is less than the applicable Debtor Country Limit.

"Incremental Required Support Amount Month M by Relevant Currency" has the meaning ascribed to such term in Schedule 3.

"Initial Deposit" has the meaning ascribed to such term in Clause 15.2.1.

"Initial Depositors" means the entities referred to in Part A of Schedule 1.

"Initial Deposit Date" means (i) the Initial Monthly Payment Date and (ii) with respect to any Additional Seller, the date specified in the relevant Accession Letter

"Initial Purchase Date" means (i) 5 May 2020 and (ii) with respect to any Additional Seller, the date specified in the relevant Accession Letter.

"Initial Monthly Calculation Date" means (i) 29 April 2020 and (ii) with respect to any Additional Seller, the date specified in the relevant Accession Letter.

"Initial Monthly Cut-Off Date" means (i) 28 March 2020 and (ii) with respect to any Additional Seller, the date specified in the relevant Accession Letter.

"Initial Monthly Payment Date" means (i) 5 May 2020 and (ii) with respect to any Additional Seller, the date specified in the relevant Accession Letter.

"Initial Monthly Reporting Date" means (i) 23 April 2020 and (ii) with respect to any Additional Seller, the date specified in the relevant Accession Letter.

"Initial Sellers" means the entities referred to in Part A of Schedule 1.

"Initial Servicer" means the entities referred to in Part A of Schedule 1.

"Insolvency Proceedings" means with respect to any Person:

- (a) having its centre of main interest or otherwise subject to the insolvency laws of any Relevant Jurisdiction, any pre-insolvency and/or insolvency proceedings including amongst others, (i) any suspension of payments, moratorium of any indebtedness, winding-up, dissolution, administration, (ii) any reorganisation (by way of voluntary arrangement, scheme of arrangement or otherwise other than any solvent reorganisation), (iii) any composition, compromise, assignment or arrangement with any of its creditors by reason of actual or anticipated financial difficulties (iv) and/or insolvency proceedings mentioned in the related Local Receivables Purchase Agreement;
- (b) any person presents a petition (or the equivalent in any relevant jurisdiction) or any step is being taken (whether out of court or otherwise) for the opening against such Person of any of the proceedings referred to above;
- (c) its board of directors or directorate has been informed by its statutory auditor of facts likely to compromise the continuity of its activity;
- (d) the appointment of an insolvency administrator, a liquidator, receiver, administrator, administrative receiver, judicial manager or other similar officer in respect of such Person or its assets;
- (e) the forced dissolution or the winding-up of such Person; or

- (f) enforcement of any security interest over any of such person's assets (including taking possession of any such asset),
- (g) or any analogous procedure or step is taken in any jurisdiction,

and for this purpose, the term "centre of main interest" has the meaning ascribed to it in Regulation (EU) No. 2015/848 of 20 May 2015 or any equivalent provisions applicable to the relevant Person.

"Insolvent" means any of the following events in respect of any Person:

- (a) such Person is, is deemed to be or is declared unable to pay its debts as they fall due or is insolvent; in particular, in respect of any Person having its centre of main interest or otherwise subject to the insolvency laws of any Relevant Jurisdiction, the circumstances mentioned in the related Local Receivables Purchase Agreement;
- (b) such Person admits in writing its inability to pay its debts as they fall due;
- (c) such Person, by reason of actual or anticipated financial difficulties, begins negotiations with one or more of its creditors with a view to the general readjustment or rescheduling or a settlement of any of its indebtedness; or
- (d) such Person is subject to Insolvency Proceedings.

"Inter-Creditor Agreement – Euro Collection Account" means the inter-creditor agreement to be entered into between the Purchaser, the Programme Manager, MUFG, BNPP, the English Seller and the Parent Company with respect to the sharing of security over the Collection Account of the English Seller denominated in Euro.

"Inter-Creditor Agreement – GBP Collection Account" means the inter-creditor agreement to be entered into between the Purchaser, the Programme Manager, BNPP, the English Seller and the Parent Company with respect to the sharing of security over the Collection Account of the English Seller denominated in GBP.

"Invoice" means, with respect to any Receivable, the invoice issued by the Applicable Seller that evidences such Receivable.

"Invoice Due Date" means, with reference to each Receivable, the date on which the Contract requires that the Receivable shall be paid by the relevant Debtor.

"Invoice Issue Date" means, with reference to each Receivable, the date on which the Invoice relating to such Receivable is issued by the Applicable Seller.

"Licence" means, in relation to any Zebra Entity, any licence, authorisation, consent, agreement, working permit, exemption and registration required in order for such Zebra Entity to perform all of its obligations under the Transaction Documents to which it is a party.

"Lien" means any lien, mortgage, pledge, assignment, proprietary or security interest, fixed or floating charge or encumbrance of any kind (including any conditional sale or other title retention or extended retention of title agreement, any lease in the nature thereof, and any agreement to give any security interest) and any option, trust or deposit or other preferential arrangement having the practical effect of any of the foregoing.

"Local Receivables Purchase Agreement" means any agreement entitled "[Name of the jurisdiction] - Local Receivables Purchase Agreement" entered into on the Signing Date or on an Accession Date between a Seller and the Purchaser governed by the laws of the jurisdiction where the said Seller acts from.

"Material Adverse Effect" means a material adverse effect upon (i) the business, assets, properties, condition (financial or otherwise), operations of any Zebra Entity, (ii) the ability of any Zebra Entity to comply with or perform its respective obligations under any of the Transaction Documents to which it is a party, (iii) the assignability, the validity, the enforceability or the collectability of any Assigned Receivables or (iv) the amount purported to be received by the Purchaser under the Assigned Receivables.

"Maximum Amount by Currency" means:

- (a) in relation to Receivables denominated in Euro, an amount equal to the sum of (i) the Maximum Purchaser Funding Amount by Currency in relation to Receivables

denominated in Euro and (ii) the Required Support Amount Month M by Relevant Currency to be made in Euro;

- (b) in relation to Receivables denominated in USD, an amount equal to the sum of (i) the Maximum Purchaser Funding Amount by Currency in relation to Receivables denominated in USD and (ii) the Required Support Amount Month M by Relevant Currency to be made in USD; and
- (c) in relation to Receivables denominated in GBP, an amount equal to the sum of (i) the Maximum Purchaser Funding Amount by Currency in relation to Receivables denominated in GBP and (ii) the Required Support Amount Month M by Relevant Currency to be made in GBP.

"Maximum Purchaser Funding Amount by Currency" means:

- (a) EUR 150,000,000 in relation to Assigned Receivables denominated in Euro;
- (b) USD 75,000,000 in relation to Assigned Receivables denominated in USD; and
- (c) GBP 35,000,000 in relation to Assigned Receivables denominated in GBP.

"Monthly Calculation Date" means the date falling twelve (12) Business Days after any Monthly Cut-Off Date (or any other date agreed in writing between the Centralising Agent, the Purchaser, the Programme Manager and the Programme Agent).

"Monthly Cut-Off Date" means the Initial Monthly Cut-Off Date and thereafter, the last day of each calendar month (or any other date agreed in writing between the Centralising Agent, the Purchaser, the Programme Manager and the Programme Agent).

"Monthly Payment Date" means the date falling sixteen (16) Business Days after any Monthly Cut-Off Date (or any other date agreed in writing between the Centralising Agent, the Purchaser, the Programme Manager and the Programme Agent).

"Monthly Reporting Date" means the date falling ten (10) Business Day after any Monthly Cut-Off Date (or any other date agreed in writing between the Centralising Agent, the Purchaser, the Programme Manager and the Programme Agent).

"MUFG" means MUFG Bank, Ltd.

"Notification Letter" means a notification letter to be addressed to the relevant Debtor substantially in the form provided for under the relevant Local Receivables Purchase Agreement.

"OFAC" means the Office of Foreign Assets Control of the United States Department of the Treasury.

"Offer" has the meaning ascribed to such term in Clause 6.1.1.

"Officer's Solvency Certificate" means, a certificate of the duly appointed and incumbent Chief Financial Officer or Director (or equivalent) of any Zebra Entity being in the form agreed between the Parties.

"Organisational Documents" means, with respect to any Person, the certificate of incorporation, articles of incorporation, articles of association, status, by-laws, partnership agreement or other equivalent arrangement, in each case as applicable in such Person's jurisdiction of incorporation.

"Outstanding Amount" means on any Monthly Calculation Date with respect to any Assigned Receivables, any amount remaining owed by the relevant Debtor as indicated by the Centralising Agent in the Aggregate Electronic File as of the preceding Monthly Cut-Off Date.

"Outstanding Deposit by Currency" means, on any date, an amount denominated in each Relevant Currency and per Seller equal on such date to (A) the relevant Initial Deposit, plus (B) any relevant Deposit Complementary Amount by Currency paid by the relevant Depositor to the Deposit Beneficiary and credited to the applicable Cash Collateral Account in accordance with Clause 15.2, less (C) any relevant Deposit Refund repaid by the Deposit Beneficiary to the relevant Depositor in accordance with Clause 15.4, less (D) any amount applied by the Deposit Beneficiary in accordance with Clause 15.3.

"Parent Group" means, on any date, the group of companies composed of the Sellers, the Parent Company, the Servicers, the Centralising Agent and their respective Subsidiaries.

"Parent Undertaking" means the undertaking agreement governed by New York law entered into on the Signing Date by the Parent Company as provider and the Purchaser as recipient.

"Party" means any party to this Agreement on the Signing Date and on any Accession Date, together with their successors and assigns.

"Performance Triggers" means the Stop Purchase Events set forth in item (p) of the definition of Stop Purchase Event.

"Perimeter" means the list set up on the Signing Date by the Programme Manager and the Initial Sellers as such list may be changed from time to time in accordance with Clause 5 that sets forth:

- (a) each Debtor identified by the Programme Manager as being an Eligible Debtor; and
- (b) the Relevant Currency Debtor Limit identified by the Programme Manager for each such Debtor.

"Perimeter Date" means the date falling 10 Business Days before any Monthly Cut-Off Date (other than the Initial Monthly Cut-Off Date, in respect of which the Perimeter will be the Initial Monthly Reporting Date) (or any other date agreed in writing between the Centralising Agent, the Purchaser, the Programme Manager and the Programme Agent).

"Perimeter Reduction Notice" has the meaning ascribed to such term in Clause 5.3.

"Person" means an individual, corporation (including a business trust), partnership, limited liability company, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated association or government or any agency or political subdivision thereof.

"Programme" means the trade receivables sale Programme set up by the Arranger at the request of the Zebra Entities to which this Agreement relates.

"Programme Agent Fee" means a global annual fee of EUR 50,000 (plus VAT).

"Programme Maximum Amount" means, at any time, an amount in Euro equal to the sum of (i) the sum determined on the same date of the Maximum Purchaser Funding Amount by Currency in relation to Assigned Receivables of each Relevant Currency at their Applicable Currency Equivalent for those other than Euro and (ii) the sum determined on the same date of the Required Support Amount Month M by Relevant Currency of each Relevant Currency at their Applicable Currency Equivalent for those other than Euro.

"Programme Purchaser Maximum Funding Amount" means EUR 150,000,000.

"Programme Termination Notice" has the meaning ascribed to such term in Clause 7.2.

"Purchase Date" means:

- (a) for any Seller making its first sale of Receivables hereunder, in respect of Eligible Receivables that qualify as Existing Receivables and Existing New Receivables the applicable Initial Purchase Date,
- (b) for all Sellers making a second or subsequent sale of Receivables hereunder, in respect of Eligible Receivables that qualify as Existing Receivables or Existing New Receivables that are:
 - (i) owed to any Applicable Seller by any new Included Debtor, the Monthly Payment Date following the Perimeter Date on which such new Included Debtors have been included in the Perimeter,
 - (ii) Excess Receivables which have been reassigned to the Applicable Seller or the purchase for which has been rescinded in accordance with Clause 8.2, the Monthly Payment Date following the sending of the relevant Returned Electronic File,
- (c) in respect of Eligible Receivables that qualify as Existing Receivables and Existing New Receivables and which have not been assigned to the Purchaser as Future Receivables on a preceding Monthly Reporting Date as a consequence of the Purchaser refusing an Offer in accordance with Clause 6.2, the Monthly Payment Date following the date on which an Offer listing such Existing Receivables and

Existing New Receivables has been accepted by the Purchaser in accordance with Clause 6.2,

- (d) in respect of Eligible Receivables that qualify as Future Receivables, the date stated in the relevant Local Receivables Purchase Agreement.

"Purchase Limits" has the meaning ascribed to such term in Clause 5.1.

"Purchaser Accounts" means:

- (a) the EUR account referenced [*****] (IBAN) and BSUIFRPP (BIC), opened in the books of CA-CIB in the name of the Purchaser;
- (b) the USD account referenced [*****] (IBAN) and BSUIFRPP (BIC), opened in the books of CA-CIB in the name of the Purchaser; and
- (c) the GBP account referenced [*****] (IBAN) and BSUIFRPP (BIC), opened in the books of CA-CIB in the name of the Purchaser,

or such other accounts the details of which will have been notified from time to time in writing by the Purchaser to the relevant Seller.

"Purchase Price" has the meaning ascribed to such term in Clause 7.1.

"Receivable" means any receivable that confers the right to receive payment of an amount owed under a Contract, costs and any other amounts due in connection with such receivable in accordance with a Contract, including for the avoidance of doubt, any late payment interest accrued on any unpaid interest amounts.

"Receivables Indemnity" has the meaning ascribed to such term in Clause 8.

"Records" means, in respect of each Receivable, all Contracts entered into between any Debtor and the Applicable Seller, correspondence, notes of dealings and other documents, books, records and other information (including bills of lading if any, data processing software and related property and rights) maintained with respect to such Assigned Receivable, related Debtor and related Collections.

"Recovery Fee" has the meaning ascribed to such term in Clause 10.6.1.

"Recovery Fee Rate" means 1% multiplied by DSO divided by 360.

"Refinancing Entity" means any entity which has refinanced, directly or indirectly, the Purchaser for the purpose of the Programme.

"Related Rights" means, with respect to any Receivable, all of the creditor's rights, privileges, interests, benefits and claims of any nature whatsoever relating to that Receivable under the Contract from which the Receivable arises (including any Receivables Indemnity and any late payment interest that may be due) (other than Related Security).

"Related Security" means with respect to any Receivable:

- (a) all interest of the Applicable Seller in any goods (including returned goods) relating to any sale giving rise to such Receivable;
- (b) all Liens related thereto and property subject thereto purporting to secure payment of such Receivable; and
- (c) all guarantees, insurance and other arrangements of whatever character supporting or securing payment of such Receivable whether pursuant to the Contract or otherwise.

"Relevant Currency" means Euro, GBP or USD.

"Relevant Currency Debtor Limit" means at any time and in respect of any Eligible Debtor, the maximum aggregate amount in any Relevant Currency of outstanding Assigned Receivables, in such Relevant Currency, owed by such Eligible Debtor, as set out for the Debtors referred to in limb (a) of the definition of Included Debtors in the most recent Perimeter and for the Debtors referred to in limb (b) of the definition of Included Debtors, the applicable Debtor Country Limit.

"Relevant Jurisdiction" means, with respect to a Party, the jurisdictions:

- (a) in which the Party is incorporated, organised, managed and controlled or considered to have its seat;
- (b) where an office through which the Party is acting for the purposes of the Programme is located; and
- (c) in relation to any payment, from or through which such payment is made by that Party.

"Relevant Nominating Body" means any applicable central bank, regulator or other supervisory authority or a group of them, or any working group or committee sponsored or chaired by, or constituted at the request of, any of them or the Financial Stability Board.

"Replacement Benchmark" means a benchmark rate which is:

- (a) formally designated, nominated or recommended as the replacement for a Screen Rate by:
 - (i) the administrator of that Screen Rate (provided that the market or economic reality that such benchmark rate measures is the same as that measured by that Screen Rate); or
 - (ii) any Relevant Nominating Body,
- (b) and if replacements have, at the relevant time, been formally designated, nominated or recommended under both paragraphs, the "Replacement Benchmark" will be the replacement under paragraph (ii) above;
- (c) in the opinion of the Programme Manager and the Parent Company, generally accepted in the international or any relevant domestic syndicated loan markets as the appropriate successor to a Screen Rate; or
- (d) in the opinion of the Programme Manager and the Parent Company, an appropriate successor to a Screen Rate.

"Repurchase Notice" has the meaning ascribed to such term in Clause 9.1.

"Required Support Amount Month M by Relevant Currency" has the meaning ascribed to such term in Schedule 3.

"Retransfer Amount" has the meaning ascribed to such term in Clause 9.2.

"Retransfer Document" means a document executed by the Purchaser and a Seller in relation to Assigned Receivables to be retransferred pursuant to Clause 9.3 in the form and manner set out in the applicable Local Receivables Purchase Agreement.

"Retransferred Receivable" has the meaning ascribed to such term in Clause 8.2.1(A).

"Returned Electronic File" has the meaning ascribed to such term in Clause 8.2.4.

"Revolving Period" means the period commencing on (and including) the Initial Purchase Date and ending on (and including) the Revolving Termination Date.

"Revolving Termination Date" means the earlier of:

- (a) the 5th anniversary of the Signing Date;
- (b) the date on which the Revolving Period is terminated by delivery of a Revolving Termination Notice pursuant to Clause 4;
- (c) the date on which the Purchaser has received a Programme Termination Notice pursuant to Clause 7.2; or
- (d) the date on which a Termination Notice is delivered in accordance with Clause 20.1.

"Revolving Termination Notice" means any written notice terminating the Revolving Period which has been delivered in accordance with Clause 4.

"Sanctioned Jurisdiction" means any country or territory that is the subject of comprehensive Sanctions broadly restricting or prohibiting dealings with, in or involving such country or territory (currently, Iran, Cuba, Syria, North Korea and the Crimea region of Ukraine).

"Sanctioned Person" means any individual or entity (a) identified on a Sanctions List, (b) organised, domiciled or resident in a Sanctioned Jurisdiction, or (c) otherwise the subject or

target of any Sanctions, including by reason of ownership or control by one or more individuals or entities described in clauses (a) or (b).

"Sanctions" means any economic or financial sanctions or trade embargoes imposed, administered or enforced by (a) the United States (including OFAC and United States Department of State), (b) the United Nations Security Council, (c) the European Union or any member state, (d) the United Kingdom (including Her Majesty's Treasury), or (e) any other applicable jurisdiction.

"Sanctions List" means any list of designated individuals or entities that are the subject of Sanctions, including (a) the Specially Designated Nationals and Blocked Persons List maintained by OFAC, (b) the Consolidated United Nation Security Council Sanctions List, (c) the consolidated list of persons, groups and entities subject to EU financial sanctions maintained by the European Union or any member state and (d) the Consolidated List of Financial Sanctions Targets in the United Kingdom maintained by Her Majesty's Treasury.

"Screen Rate Replacement Event" means in relation to a Screen Rate:

- (a) the methodology, formula or other means of determining that Screen Rate has, in the opinion of the Programme Manager and the Parent Company, materially changed;
- (b)
 - (i)
 - (1) the administrator of that Screen Rate or its supervisor publicly announces that such administrator is insolvent; or
 - (2) information is published in any order, decree, notice, petition or filing, however described, of or filed with a court, tribunal, exchange, regulatory authority or similar administrative, regulatory or judicial body which reasonably confirms that the administrator of that Screen Rate is insolvent,

provided that, in each case, at that time, there is no successor administrator to continue to provide that Screen Rate;

- (ii) the administrator of that Screen Rate publicly announces that it has ceased or will cease, to provide that Screen Rate permanently or indefinitely and, at that time, there is no successor administrator to continue to provide that Screen Rate;
- (iii) the supervisor of the administrator of that Screen Rate publicly announces that such Screen Rate has been or will be permanently or indefinitely discontinued; or
- (iv) the administrator of that Screen Rate or its supervisor announces that that Screen Rate may no longer be used; or
- (v) the administrator of that Screen Rate determines that that Screen Rate should be calculated in accordance with its reduced submissions or other contingency or fallback policies or arrangements and the circumstance(s) or event(s) leading to such determination are not (in the opinion of the Programme Manager and the Parent Company) temporary; or
- (c) in the opinion of the Programme Manager and the Parent Company, that Screen Rate is otherwise no longer appropriate for the purposes of calculating interest under this Agreement.

"Secured Collection Account" means a Collection Account which is subject to a Collection Account Security Document.

"Servicing Duties" has the meaning ascribed to such term in Clause 10.1.

"Servicing Fee" has the meaning ascribed to such term in Clause 10.6.1.

"Servicing Fee Rate" means 1% multiplied by DSO divided by 360.

"Servicing Mandate" has the meaning ascribed to such term in Clause 10.1.

"Seller" means (i) the Initial Sellers and (ii) each Additional Seller in its capacity as seller.

"Seller Deterioration Event" means all or any part of the property, business, undertakings, assets or revenues of a Seller having been attached as a result of any distress, execution or diligence being levied or any encumbrancer taking possession, any or similar attachment and such attachment or possession, is reasonably likely to materially prejudice the ability of a Seller to observe or perform its obligations under the Transaction Documents or the enforceability or collectability of the Assigned Receivables.

"Seller Ratio" has the meaning ascribed to such term in Clause 21.4.

"Servicer" means (i) the Initial Servicers and (ii) each Additional Seller in its capacity as servicer.

"Servicer Report" means the report in the form agreed between the Parties.

"Servicing Mandate" has the meaning ascribed to such term in Clause 10.1.

"Signing Date" means 29 April 2020.

"Singapore Local Receivables Purchase Agreement" means the agreement entitled "Singapore - Local Receivables Purchase Agreement" entered into on the Signing Date between the Singapore Seller, the Centralising Agent, the Programme Manager and Arranger, the Programme Agent and the Purchaser.

"Singapore Seller" means (i) the Initial Seller incorporated in Singapore and listed in Part A (List of Sellers, Servicers) of Schedule 1 and (ii) any other entity established in Singapore and belonging to the Parent Group and which has acceded as Additional Seller to the Programme.

"Spot Rate Exchange" means:

- (a) the spot rate of exchange obtainable by the Programme Agent or the Programme Manager for the purchase of GBP with EUR in the Euro foreign exchange market on or about 11:00 am on any Business Day; and
- (b) the spot rate of exchange obtainable by the Programme Agent or the Programme Manager for the purchase of USD with EUR in the London foreign exchange market on or about 11:00 am on any Business Day.

"Stop Purchase Event" means each of the following events:

- (a) any Zebra Entity fails to make any payment under any Transaction Document to which it is a party, when due, unless such failure is caused by an administrative or technical error and is remedied within 2 Business Days from the due date;
- (b) any Zebra Entity fails to perform or observe any term, covenant, obligation, agreement or reporting duty contained in any Transaction Document (other than an obligation referred to specifically in Paragraph (a) above and any paragraph below) to which it is a party, unless such failure (if capable of remedy to the satisfaction of the Purchaser) is remedied within 10 Business Days after the earlier of (i) the date on which it receives a notice requiring the same to be remedied before the expiry of such period and (ii) the date on which it becomes aware of such default;
- (c) any representation or warranty made or deemed made by a Zebra Entity under or in connection with any Transaction Document proves to have been inaccurate or misleading when made or deemed to be made, and such inaccuracy continues unremedied (if capable of being remedied to the satisfaction of the Purchaser) for a period of 10 Business Days after the earlier of (i) the date on which such Zebra Entity receives a notice requiring the same to be remedied before the expiry of such period and (ii) the date on which it becomes aware that the representation or warranty was inaccurate or misleading when made or deemed to have been made;
- (d) it is or becomes unlawful for any Zebra Entity to perform any of its obligations under the Transaction Documents;
- (e) any Transaction Document (including any offer or acceptance notice), is terminated or becomes invalid, illegal or unenforceable or ceases to be capable of performance pursuant to its terms and this continues unremedied (if capable of being remedied to

the satisfaction of the Purchaser) for a period of 10 Business Days after the earlier of (i) the date on which the relevant Zebra Entity receives a notice requiring the same to be remedied before the expiry of such period and (ii) the date on which it becomes aware that such Transaction Document (including any offer or acceptance notice), is terminated or becomes invalid, illegal or unenforceable or ceases to be capable of performance pursuant to its terms;

- (f) a Change of Control occurs with respect to a Seller or a Servicer;
- (g) the occurrence of any change in the legal form, status, Organisational Documents or business of any Zebra Entity, which may have a Material Adverse Effect, which continues unremedied (if capable of being remedied to the satisfaction of the Purchaser) for a period of 10 Business Days after the earlier of (i) the date on which the relevant Zebra Entity receives a notice requiring the same to be remedied before the expiry of such period and (ii) the date on which it becomes aware that such event has occurred;
- (h) any Seller, Servicer or the Parent Company or any third party, directly or indirectly, repudiates or challenges (or initiates legal proceedings for this purpose) the effectiveness, validity, binding effect or enforceability of any Transaction Document (including any offer or acceptance notice);
- (i) any Zebra Entity ceases, suspends or states its intention to cease or suspend, all or a substantial part of its business or activities;
- (j) any amount with respect to a Financial Indebtedness of any Zebra Entity where such Financial Indebtedness is more than USD 50,000,000 (or its equivalent in any other currency or currencies) in aggregate is not paid when due nor within any originally applicable grace period;
- (k) any Financial Indebtedness of any Zebra Entity where such Financial Indebtedness is more than USD 50,000,000 (or its equivalent in any other currency or currencies) is declared to be or otherwise becomes due and payable prior to its specified maturity as a result of an event of default (howsoever described);
- (l) a Seller fails to sell Eligible Receivables in accordance with Clause 6 (other than a failure which is attributable to the action or omission of the Purchaser);
- (m) any event which has a Material Adverse Effect on any Zebra Entity occurs and continues unremedied (if capable of being remedied to the satisfaction of the Purchaser) for a period of 10 Business Days after the earlier of (i) the date on which the relevant Zebra Entity receives a notice requiring the same to be remedied before the expiry of such period and (ii) the date on which it becomes aware that such Material Adverse Effect has occurred;
- (n) any Zebra Entity is Insolvent or is subject to Insolvency Proceedings;
- (o) (i) one or more final judgments for the payment of money are entered against a Seller or (ii) one or more final judgments for the payment of money in an amount in excess of USD 50,000,000 (or its equivalent in any other currency), individually or in the aggregate, are entered against a Servicer on claims not covered by insurance or as to which the insurance carrier has denied its responsibility, and such judgment shall continue unsatisfied and in effect for sixty (60) consecutive days without a stay of execution; and
- (p) any of the following events occurs, on any Monthly Calculation Date:
 - (i) (x) with respect to the global portfolio, the applicable aggregate DSO (calculated in accordance with the definition of "DSO" on an aggregated basis) is greater than 55 days; or
 - (ii) the arithmetic mean of the Delinquent Ratio for such Monthly Calculation Date and each of the two prior Monthly Calculation Dates is greater than 1.25%; or
 - (iii) the arithmetic mean of the Default Ratio for such Monthly Calculation Date and each of the two prior Monthly Calculation Dates is greater than 1%; or
 - (iv) the arithmetic mean of the Dilution Ratio for such Monthly Calculation Date and each of the two prior Monthly Calculation Dates is greater than 32.5%.

"Subsidiary" means in respect of any Person of which more than 50 % of the total voting power of shares or stock or other ownership interests entitling (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person or a combination thereof.

"Substitute Servicer" means any substitute servicer which may be appointed by the Purchaser in substitution for any or all Servicers in accordance with the Transaction Documents.

"TARGET Day" means any day on which the Trans-European Automated Real-time Gross Settlement Express Transfer payment system number two (TARGET2) (or any replacement infrastructure) is open for the settlement of payments in Euro.

"Tax" or "Taxes" means any form of taxation, levy, duty, charge, contribution, withholding or impost of whatever nature (including any related fine, penalty, surcharge or interest) imposed, collected or assessed by, or payable to, any tax authority.

"Termination Notice" means a notice stating that a Stop Purchase Event has occurred is delivered pursuant to Clause 20.1.

"Transaction Document" means any and each of: (i) this Agreement, (ii) any Local Receivables Purchase Agreement, (iii) the Collection Account Security Documents; (iv) any Form of Assignment; (v) any Aggregate Electronic File, (vi) the Parent Undertaking (vii) the Inter-Creditor Agreement – Euro Collection Account and (viii) the Inter-Creditor Agreement – GBP Collection Account and (ix) any and all other agreements and other documents relating to, or delivered in connection with, any of the foregoing.

"VAT" means (i) any tax imposed in compliance with the Council Directive 2006/112/EC of 28 November 2006 amended on the common system of value added tax, (ii) any other tax of a similar fiscal nature, whether imposed in a member state of the European Union in substitution for, or in addition to, such tax, or imposed elsewhere and (iii) any similar taxes imposed on the sale of goods and services in any applicable jurisdiction.

"Zebra Entities" means any of the Sellers, Servicers, the Centralising Agent and the Parent Company.

1.2 Interpretation

Unless otherwise expressly provided in any Transaction Document:

- 1.2.1 where an obligation (including, in particular, a payment) is expressed to be performed on a date which is not a Business Day, such date shall be postponed to the first following day that is a Business Day unless that day falls in the next calendar month in which case that date will be the preceding day that is a Business Day;
- 1.2.2 any reference to a Clause, Paragraph, Schedule or an Appendix shall be construed as a reference to a clause, paragraph, part, section, chapter, schedule, recital or appendix of such Transaction Document;
- 1.2.3 any Schedule or Appendix to a Transaction Document forms part of such Transaction Document and shall have the same force and effect as if the provisions of such Schedule or Appendix were set out in the body of such Transaction Document. Any reference to an Transaction Document shall include any such Schedule or Appendix;
- 1.2.4 headings and the table of contents in each Transaction Document are for ease of reference only;
- 1.2.5 any reference in the Transaction Documents to:
 - (A) any agreement or other deed, arrangement or document shall be construed as a reference to the relevant agreement, deed, arrangement or document as the same may have been, or may from time to time be, replaced, extended, amended, varied, supplemented or superseded, and where a Transaction Document refers to a term defined in an agreement so amended, supplemented or novated, such reference shall be construed as a reference to such term as its definition has been amended, varied or otherwise modified in connection with, or as a result of, such agreement having been amended, supplemented or novated;

- (B) any statutory provision or legislative enactment shall be deemed also to refer to any re-enactment, modification or replacement and to any statutory instrument, order or regulation made thereunder or under any such re-enactment;
 - (C) any party to the Transaction Documents shall include references to its successors, permitted assignees and any person deriving title under or through it; and
 - (D) a [jurisdiction] Seller shall be construed as a reference to the relevant Initial Seller established in the said [jurisdiction] and, if an Additional Seller established in the same jurisdiction accedes to the Programme after the date hereof, as from the relevant Accession Date to the relevant Initial Seller and the relevant Additional Seller;
- 1.2.6 any reference to an hour of the day shall be a reference to Paris time;
 - 1.2.7 for the purposes of determining a period of time and unless expressly otherwise provided, any reference to the terms "from ... to ..." or "commencing on ... and ending on ..." shall be construed as a reference to the terms "from (and including) ... to (but excluding) ..." and "commencing on (and including) ... and ending on (but excluding) ...", respectively.
 - 1.2.8 all references made in the Transaction Documents to a day are references to a calendar day;
 - 1.2.9 any reference to the Centralising Agent shall be a reference to the Centralising Agent acting on behalf of each Applicable Seller;
 - 1.2.10 period of days referred to in each Transaction Document shall be counted in calendar days unless Business Days are expressly prescribed;
 - 1.2.11 words denoting the singular number shall include the plural number also and vice versa;
 - 1.2.12 all references made in the Transaction Documents to the Purchaser, any Seller, any Servicer, or the Parent Company acting in one capacity are references to such party acting in any other capacity whatsoever;
 - 1.2.13 any reference to a "law" includes common or customary law and any constitution, statute, decree, judgment, legislation, order, ordinance, regulation, by-law, treaty or other legislative measure in any jurisdiction or any directive, regulation, request or requirement or any other legislative measure of any government, supranational institution, local government, statutory or regulatory body or court (including double taxation agreements and EU law, published practice or concession of any relevant taxing authority) (in each case, whether or not having the force of law but, if not having the force of law, only if the compliance with such directive is in accordance with general practices of persons to whom the directive, regulation, request or requirement would apply);
 - 1.2.14 "Euro", "EUR", "euro" and the symbol € means the currency of the participating member states of the European Union as defined in Council Regulation (EC) No. 974/98 on the introduction of the Euro, passed on 3 May 1998;
 - 1.2.15 "\$", "USD" and "dollars" denote the lawful currency of the United States of America;
 - 1.2.16 "£", "GBP" and "British pound sterling" denote the lawful currency of the United Kingdom;
 - 1.2.17 "control" or "controlled" means the ownership of more than 50% of the voting securities or other voting interests in any entity or the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such entity, whether through the ownership of voting securities, by contract or otherwise; and
 - 1.2.18 the words herein, hereof and hereunder and other words of similar impact, when used in a Transaction Document, refer to such Transaction Document as a whole.

2. PURPOSE

- 2.1 The Parties hereto acknowledge and agree that the Purchaser will purchase Receivables subject to the terms of this Agreement and:
- 2.1.1 in respect of Receivables originated by the English Seller, the English Local Receivables Purchase Agreement;
 - 2.1.2 in respect of Receivables originated by the Singapore Seller, the Singapore Local Receivables Purchase Agreement; and
 - 2.1.3 in respect of Receivables originated by any Additional Seller, the relevant Local Receivables Purchase Agreement.
- 2.2 The purpose of this Agreement is to provide for certain general common terms in relation to the Programme which shall apply to each Local Receivables Purchase Agreement by way of incorporation by reference and in particular to establish:
- 2.2.1 the general common terms under which the Receivables will be transferred by each Seller to the Purchaser and serviced and administered by each Servicer on behalf of the Purchaser;
 - 2.2.2 the general eligibility criteria applicable to all Receivables assigned by each Seller to the Purchaser under the Programme;
 - 2.2.3 the conditions precedent applicable to any purchase of Receivables and the payment of the Purchase Price thereof by the Purchaser;
 - 2.2.4 the representations and warranties to be given by the Sellers, the Servicers and the Parent Company and certain covenants to be given by the Sellers and the Servicers; and
 - 2.2.5 certain events which may lead to the termination of the Programme.

3. COMMON TERMS

3.1 Application of Common Terms

Save as provided in Clauses 3.2 and 3.3 below, the provisions set out in this Agreement (including in its Schedules (the "Common Terms"), shall be incorporated by reference into each Local Receivables Purchase Agreement, the Parent Undertaking and, as the case may be, in each Collection Account Security Document and, accordingly, shall apply thereto as if such terms were expressly set out in each such document.

3.2 Disapplication or variation

By way of exception to Clause 3.1, the parties to any Local Receivables Purchase Agreement and/or any Collection Account Security Document may expressly agree in any Local Receivables Purchase Agreement, the Parent Undertaking, and/or any Collection Account Security Document to dis-apply, amend or supplement, any Common Term.

3.3 Conflict

If a provision of a Local Receivables Purchase Agreement and/or a Collection Account Security Document and/or the Parent Undertaking is inconsistent with any provision of the Common Terms, the provision of such Local Receivables Purchase Agreement, Collection Account Security Document or Parent Undertaking (as applicable) will prevail.

4. PERIODS AND COMMITMENTS

- 4.1 During the Revolving Period, on each Purchase Date each Seller shall sell to the Purchaser, the Eligible Receivables owned by the Seller in respect of each Eligible Debtors identified in the most recent Perimeter and which the Purchaser may accept or refuse to purchase in accordance with Clause 6.2.
- 4.2 The Purchaser may terminate the Revolving Period (and the Amortisation Period shall start):
- 4.2.1 at any time by delivering a Revolving Termination Notice to the Centralising Agent (with the Programme Agent and the Programme Manager copied); and/or

- 4.2.2 upon delivering a Termination Notice to the Centralising Agent (with the Programme Agent and the Programme Manager copied) pursuant to Clause 20.1.
- 4.3 The Centralising Agent may terminate the Revolving Period (and the Amortisation Period shall start):
- 4.3.1 at any time by delivering a joint Revolving Termination Notice to the Purchaser (with the Programme Agent and the Programme Manager copied); and
- 4.3.2 by delivering a Programme Termination Notice in accordance with Clause 7.2.
- 4.4 During the Amortisation Period, the Sellers shall cease to sell, and the Purchaser shall no longer purchase, Receivables.
5. PURCHASE LIMITS AND PERIMETER
- 5.1 Purchase Limits
- Subject to and in accordance with Clause 6.2, the commitment of the Purchaser to purchase Eligible Receivables under the Programme shall, at any time, be limited to the following limits (the "Purchase Limits") (i) the Programme Maximum Amount (which itself depends on, amongst other items, the Programme Purchaser Maximum Funding Amount), (ii) the Maximum Amount by Currency (which itself depends on, amongst other items, the Maximum Purchaser Funding Amount by Currency) and (iii) the applicable Relevant Currency Debtor Limit.
- 5.2 Modification of the Perimeter
- 5.2.1 The Purchaser may from time to time, (i) decrease any or all Relevant Currency Debtor Limits and/or exclude any Debtor from the Perimeter in accordance with Clause 5.3 and/or (ii) if requested by the Centralising Agent, add any Debtor to the Perimeter or increase the then applicable Relevant Currency Debtor Limit in accordance with Clause 5.4.
- 5.2.2 Each Perimeter which has been updated on any Perimeter Date in accordance with Clause 22.1 will replace the existing Perimeter. If no updated Perimeter is communicated by the Programme Agent, the existing Perimeter shall remain applicable.
- 5.3 Exclusion of Debtors and Reduction of Debtors Limit(s)
- 5.3.1 Subject to sub-clauses 5.3.3 to 5.3.5, the Purchaser may at any time subject to 5 Business Days' prior notice sent to the Centralising Agent, reduce on any Perimeter Date any Relevant Currency Debtor Limit and/or remove any Debtor(s) from the Perimeter (a "Perimeter Reduction Notice") and such change(s) shall have effect (subject to Clause 5.3.3 and 5.3.4) from the Perimeter Date immediately following the date of the Perimeter Reduction Notice.
- 5.3.2 The Purchaser shall also, to the extent not prohibited by Applicable Laws or regulations relating to banking secrecy rules or confidentiality agreements binding on the Purchaser, the Programme Manager and/or the Programme Agent provide the Centralising Agent with the reasons for the reduction of such Relevant Currency Debtor Limit and/or such removal of Debtor(s) from the Perimeter.
- 5.3.3 At the request of the relevant Applicable Seller within 7 Business Days of receipt of a Perimeter Reduction Notice, a 10 Business Days consultation period shall open (the "Consultation Period") during which the Parties shall use their reasonable endeavours to reach a mutually acceptable solution.
- 5.3.4 If an agreement is reached during such Consultation Period, the Perimeter and/or the Relevant Currency Debtor Limit as agreed between the Parties will apply as from the immediately following Perimeter Date (unless otherwise agreed between the Programme Manager, the Purchaser and the Centralising Agent) and the Programme Manager shall notify the Programme Agent accordingly.

- 5.3.5 If no agreement is reached during the Consultation Period, the Programme Manager shall modify the Perimeter and/or the applicable Relevant Currency Debtor Limit in accordance with the notice delivered by the Purchaser pursuant to Clause 5.3.1 as from the Perimeter Date immediately following the Consultation Period and the Programme Manager shall notify the Centralising Agent and the Programme Manager accordingly.
- 5.4 Addition of Debtors to the Perimeter and modification of Relevant Currency Debtor Limits
- 5.4.1 The Centralising Agent may deliver a notice to the Programme Manager requesting the addition of new Debtors to the Perimeter and/or the modification of Relevant Currency Debtors Limits.
- 5.4.2 The Programme Manager shall accept or reject such request in its sole and absolute discretion by sending an email to the Centralising Agent by no later than 10 Business Days after receipt of a request in accordance with Clause 5.4.1 above. Any absence of answer within such timeframe from the Programme Manager to a notice requesting the addition of new Debtors to the Perimeter and/or the modification of the Relevant Currency Debtor Limit shall be deemed to be a rejection of the request.
- 5.4.3 If such request is accepted by the Programme Manager, the Perimeter and/or the applicable Relevant Currency Debtor Limit shall be modified as from the Perimeter Date immediately following the date of the email sent by the Programme Manager under Clause 5.4.2 (unless otherwise agreed between the Programme Manager, the Purchaser and the Centralising Agent) and the Programme Manager shall notify the Programme Agent accordingly.
- 5.4.4 The Centralising Agent shall provide the Programme Manager with all information required by the Programme Manager in relation to such new Debtors to be included in the Perimeter and/or the Relevant Currency Debtor Limits.
- 5.4.5 Any request for the modification of the Perimeter and/or the Relevant Currency Debtor Limits made by the Centralising Agent shall be binding on all Sellers and the Parent Company.
6. PURCHASE PROCEDURE
- 6.1 Offer of Receivables
- 6.1.1 General
- (A) Each Seller shall offer to the Purchaser, in accordance with Clause 6.1.1(B) below, all Eligible Receivables owned by such Seller in respect of each Eligible Debtors identified in the most recent Perimeter which have not already been assigned to the Purchaser and in respect of which the assignment has not been rescinded in accordance with this Clause 8.2.
- (B) Each offer which is made by sending by specific exchange protocol an Aggregate Electronic File and/or a Form of Assignment (an "Offer") to the Programme Agent (acting on behalf of the Purchaser) and such delivery shall be an irrevocable offer by the Applicable Seller to sell to the Purchaser, pursuant to and in accordance with this Agreement and the applicable Local Receivables Purchase Agreement, each Receivable referred to in such Offer on its relevant Purchase Date.
- (C) Without prejudice to Clause 11, each Applicable Seller shall have sole responsibility for determining that each Receivable that it offers to sell, transfer or assign to the Purchaser is an Eligible Receivable on the applicable Eligibility Test Date.
- 6.1.2 Initial Monthly Reporting Date

The sending by the Centralising Agent on the relevant Initial Monthly Reporting Date of an Aggregate Electronic File and/or Form of Assignment to the Programme Agent shall constitute an offer to sell, transfer or assign to the Purchaser, on the applicable Initial Purchase Date:

- (A) any and all Existing Receivables;
- (B) any and all Existing New Receivables; and
- (C) all Future Receivables,

in each case as identified by the Centralising Agent in the relevant Aggregate Electronic File.

6.1.3 Monthly Reporting Date (other than the Initial Monthly Reporting Date)

On any Monthly Reporting Date (other than the Initial Monthly Reporting Date), the Centralising Agent, acting on behalf of the Applicable Seller, shall deliver to the Purchaser (with a copy to the Programme Agent):

- (A) by no later than noon (Paris time), a Servicer Report duly completed by reference to the Collection Period immediately preceding such Monthly Reporting Date;
- (B) by no later than noon (Paris time), a duly completed Form of Assignment or Aggregate Electronic File (as specified in the relevant Local Receivables Purchase Agreement) which shall constitute an Offer to the Purchaser to purchase, on the applicable Purchase Date, any and all Existing Receivables (if any), all Existing New Receivables (if any) and all Future Receivables of the Applicable Seller(s) as identified in the relevant Form of Assignment or Aggregate Electronic File; and
- (C) if new Eligible Debtors have been included in the Perimeter on the immediately preceding Perimeter Date, an Aggregate Electronic File and/or Form of Assignment (which may be the same Aggregate Electronic File and/or Form of Assignment delivered pursuant to Clause 6.1.3(B)) that shall constitute an Offer to sell to the Purchaser, subject to the conditions of the applicable Local Receivables Purchase Agreement, on the immediately following Monthly Payment Date, all Existing Receivables and Existing New Receivables of the Applicable Seller(s) owed by the new Eligible Debtors as identified and individualised in the relevant Aggregate Electronic File.

6.2 Acceptance or refusal of Receivables in accordance with this Agreement and the relevant Local Receivables Purchase Agreement

On each Purchase Date, subject to and in accordance with each Local Receivables Purchase Agreement entered into by such Seller; and subject to the Conditions Precedent having been satisfied or expressly waived in accordance with Clause 6.3, the Purchaser may accept or refuse the relevant Offer by carrying out any jurisdiction specific requirements provided for in the relevant Local Receivables Purchase Agreement or if no such specific requirements are provided for, by paying the Purchase Price for such Receivable in accordance with Clause 7.

6.3 Conditions precedent

The following Conditions Precedent shall be fulfilled by each Zebra Entity on or before the Signing Date to the satisfaction of the Purchaser and the Programme Manager:

- 6.3.1 each Zebra Entity has delivered to the Purchaser a certificate in the form approved by the Purchaser signed by a director, the secretary or any other authorized officer of such Zebra Entity which shall have attached to it certified as true, accurate and up-to-date copies of the documents referred to in such certificate including (i) its Organisational Documents, (ii) the confirmation of the absence of Insolvency Proceedings (or equivalent in the relevant jurisdiction) (if applicable) dated not earlier than 15 days before such date, (iii) excerpts or certificate of incorporation from applicable trade registry issued from the relevant company register relating to it (if applicable) certified not earlier than 15 days before such date (iv) shareholder, board

- and works council resolutions (if applicable) and/or other relevant internal resolution approving the execution, delivery and performance of the Transaction Documents to which it is a party together with any power of attorney authorizing the person or persons specified therein to sign the Transaction Documents and notices to which it is a party;
- 6.3.2 each Zebra Entity has delivered to the Purchaser copies of its latest audited (to the extent accounts are required to be audited) and unaudited financial statements together with the report of its board of directors and auditors (in each case if any) relating thereto and an extract of the minutes of its annual general meeting approving such accounts;
 - 6.3.3 each Zebra Entity has delivered to the Purchaser an Officer's Solvency Certificate dated the Signing Date;
 - 6.3.4 each Zebra Entity has delivered to the Programme Manager a list of its authorised signatories together with a specimen signature;
 - 6.3.5 each Zebra Entity has delivered to the Purchaser all information necessary in order to comply with the applicable "know your customer" checks;
 - 6.3.6 a due diligence satisfactory to the Purchaser and the Programme Manager has been carried out on the Sellers, the Servicers, samples of Contracts, the Receivables and any other matters reasonably determined by the Purchaser or the Programme Manager to be relevant;
 - 6.3.7 each Servicer has delivered to the Purchaser a copy of its Credit and Collection Policy;
 - 6.3.8 any document evidencing the appointment of the Process Agent in accordance with Clause 28.3;
 - 6.3.9 each Servicer has delivered to the Purchaser an executed version of the Collection Account Security Document (other than the English Seller – Additional Collection Account Security Document);
 - 6.3.10 delivery of legal opinions, by Baker McKenzie, as legal advisor of the Parent Group as to English law in respect of the capacity of the English Seller to enter into each of the Transaction Documents to which it is a party in a form and substance satisfactory to the Purchaser and the Programme Manager;
 - 6.3.11 delivery of legal opinions, by Baker McKenzie, as legal advisor of the Parent Group as to Delaware and US federal laws in respect of the capacity of the Parent Company to enter into each of the Transaction Documents to which it is a party in a form and substance satisfactory to the Purchaser and the Programme Manager;
 - 6.3.12 delivery of legal opinions, by Baker McKenzie, as legal advisor of the Parent Group as to Singapore law in respect of the capacity of the Singapore Seller to enter into each of the Transaction Documents to which it is a party in a form, and substance satisfactory to the Purchaser and the Programme Manager;
 - 6.3.13 delivery to the Purchaser and the Programme Manager of a legal opinion from Herbert Smith Freehills LLP, as legal advisor of the Purchaser as to English law in respect of (i) the enforceability and validity of the English law governed Transaction Documents, (ii) English law tax and (iii) true-sale in relation to the sale of Receivables under the English Local Receivables Purchase Agreement, in a form and substance satisfactory to the Purchaser and the Programme Manager;
 - 6.3.14 delivery to the Purchaser and the Programme Manager of a legal opinion from Prolegis LLC as Singapore legal advisors to Herbert Smith Freehills LLP, legal advisor of the Purchaser, as to Singapore law in respect of (i) the enforceability and validity of the Singapore law governed Transaction Documents and (ii) true-sale in a form and substance satisfactory to the Purchaser and the Programme Manager;
 - 6.3.15 delivery to the Purchaser and the Programme Manager of a legal opinion from Herbert Smith Freehills LLP as legal advisor of the Purchaser, as to New-York law in respect of the enforceability and validity of the Parent Undertaking in a form and substance satisfactory to the Purchaser and the Programme Manager;

- 6.3.16 delivery to the Purchaser and the Programme Manager of a tax opinion from Rajah & Tann Singapore LLP as Singapore tax advisor of the Purchaser, in a form and substance satisfactory to the Purchaser and the Programme Manager;
- 6.3.17 delivery to the Purchaser and the Programme Manager of any document, in a form and substance satisfactory to the Purchaser and the Programme Manager, evidencing the release of the MUFG security over the Collection Account of the English Seller denominated in Euro;
- 6.3.18 delivery to the Purchaser and the Programme Manager of a letter entered into between the Programme Manager, MUFG and the English Seller agreeing the principal terms and conditions of the security and structure to be set-up with respect to the Collection Account of the English Seller denominated in Euro; and
- 6.3.19 the confirmation that the Purchaser has obtained the appropriate internal committees approval with respect to the Programme (including internal credit committee approval and compliance and financial security approvals).

The following Conditions Precedent shall be fulfilled by each Zebra Entity on or before the Initial Purchase Date to the satisfaction of the Purchaser and the Programme Manager:

- 6.3.20 each Servicer has set-up all necessary IT files and reports that will have to be provided to the Purchaser on each Monthly Reporting Date and such Servicer has carried out satisfactory execution tests and reports in this respect.
- 6.3.21 each Cash Collateral Account has been credited by each Depositor with an amount equal to the relevant Initial Deposit, being provided that such amount can be paid by way of set-off against the initial Purchase Price to the said Depositor in its capacity as Seller; and
- 6.3.22 the Parent Company have all paid the arrangement fees and other costs, fees and expenses payable on the closing date referred to in the mandate letter dated 31 October 2019 (including all up-front agreed fees) in relation to the Transaction Documents; and
- 6.3.23 delivery to the Purchaser and the Programme Manager of any document, in a form and substance satisfactory to the Purchaser and the Programme Manager, evidencing the acknowledgement by the Collection Account Bank of the release of the MUFG security over the Collection Account of the English Seller denominated in Euro.

The following Condition Precedent shall be fulfilled by the English Seller on or before 1st October 2020:

- 6.3.24 the English Seller has delivered to the Purchaser an executed version of the English Seller – Additional Collection Account Security Document in a form and substance satisfactory to the Programme Manager and the Purchaser;
- 6.3.25 the English Seller has provided the Purchaser with a copy of the acknowledgment notice of the notice (or any document having a similar effect as a charged account control deed) related to a Collection Account Security Document duly executed by the relevant Collection Account Bank in a form satisfactory to the Purchaser and substantially similar to the form of notice of acknowledgement which is annexed in to the relevant Collection Account Security Document;
- 6.3.26 the English Seller has delivered to the Purchaser an executed version of (i) the Inter-Creditor Agreement – Euro Collection Account and (ii) the Inter-Creditor Agreement – GBP Collection Account ;
- 6.3.27 delivery of legal opinions, by Baker McKenzie, as legal advisor of the Parent Group as to English law in respect of the capacity of the English Seller to enter into the English Seller – Additional Collection Account Security Document, the Inter-Creditor Agreement – Euro Collection Account and the Inter-Creditor Agreement – GBP Collection Account in a form and substance satisfactory to the Purchaser and the Programme Manager;
- 6.3.28 delivery of legal opinions, by Baker McKenzie, as legal advisor of the Parent Group as to US federal laws in respect of the capacity of the Parent Company to enter into

the Inter-Creditor Agreement – Euro Collection Account and the Inter-Creditor Agreement – GBP Collection Account in a form and substance satisfactory to the Purchaser and the Programme Manager; and

- 6.3.29 delivery to the Purchaser and the Programme Manager of a legal opinion from Herbert Smith Freehills LLP, as legal advisor of the Purchaser as to English law in respect of the enforceability and validity of the English Seller – Additional Collection Account Security Document, in a form and substance satisfactory to the Purchaser and the Programme Manager.

The following Condition Precedent shall be fulfilled by the English Seller and the Singapore Seller on or before 31 December 2020:

- 6.3.30 if, with respect to Collection Account Security Document entered into between the Singapore Seller and the Purchaser on the Signing Date, the Collection Account Bank has refused to sign the acknowledgement notice of the trust notice, the Singapore Seller has delivered to the Purchaser an executed version of the Charge over Collection Account over its Collection Accounts in a form and substance satisfactory to the Purchaser and substantially similar to the one delivered by the English Seller to the Purchaser on the Signing Date;
- 6.3.31 the Singapore Seller has provided the Purchaser with a copy of the acknowledgment notice of the charge notice related to a Collection Account Security Document duly executed by the relevant Collection Account Bank in a form satisfactory to the Purchaser and substantially similar to the form of notice of acknowledgement which is annexed in to the relevant Collection Account Security Document;
- 6.3.32 if a Charge over Collection Account is entered into by the Singapore Seller and the Purchaser in accordance with Clause 6.3.30, delivery of legal opinions, by Baker McKenzie, as legal advisor of the Parent Group as to Singapore law in respect of the capacity of the Singapore Seller to enter into such Charge over Collection Account in a form, and substance satisfactory to the Purchaser and the Programme Manager; and
- 6.3.33 if a Charge over Collection Account is entered into by the Singapore Seller and the Purchaser in accordance with Clause 6.3.30, delivery to the Purchaser and the Programme Manager of a legal opinion from Prolegis LLC as Singapore legal advisors to Herbert Smith Freehills LLP, legal advisor of the Purchaser, as to Singapore law in respect of the enforceability and validity of such Charge over Collection Account in a form and substance satisfactory to the Purchaser and the Programme Manager.

The following Conditions Precedent shall be fulfilled on or before each Purchase Date (including the Initial Purchase Date) to the satisfaction of the Purchaser and the Programme Manager:

- 6.3.34 each Transaction Document is validly executed and in full force and effect and none of the Transaction Documents or any parts thereof has been rescinded, invalidated or otherwise terminated;
- 6.3.35 no Stop Purchase Event or Incipient Stop Purchase Event has occurred and is continuing;
- 6.3.36 no Change of Law with respect to Tax or VAT has occurred which may materially affect the Purchaser as Purchaser of the Assigned Receivables in the opinion of the Programme Manager;
- 6.3.37 the Purchaser is duly entitled and authorised and remains duly entitled and authorised to acquire the Eligible Receivables in accordance with this Agreement and the Local Receivables Purchase Agreement in compliance with all Applicable Laws;
- 6.3.38 the payment of the Purchase Price by the Purchaser under the relevant Transaction Documents does not violate any law applicable to the relevant Seller; and
- 6.3.39 as from the Purchase Date immediately following the second Monthly Payment Date following the Initial Monthly Payment Date, the Conditions Precedent referred under Clauses 6.3.24 to 6.3.33 have been satisfied.

- 6.4 Transfer of ownership
- 6.4.1 On each relevant Purchase Date and if the Purchaser has accepted the relevant Offer in accordance with Clause 6.2, the beneficial ownership of all Receivables offered in the relevant Offer and identified in the relevant Form of Assignment and/or Electronic File, including, in each case, all relevant Related Security and Related Rights, shall, subject to the satisfaction by the relevant Seller or waiver by the Purchaser of the applicable Conditions Precedent, be transferred to the Purchaser in accordance with and subject to the terms of each applicable Local Receivables Purchase Agreement.
- 6.4.2 On and from the relevant Purchase Date and if the Purchaser has accepted the relevant Offer in accordance with Clause 6.2, the Applicable Seller shall continue to hold legal title to each Receivable on behalf of the Purchaser until the occurrence of the event set out in clause 10.5.3(B)(2) or the relevant Receivable is reassigned to the Seller.
- 6.5 No recourse
- 6.5.1 The Purchaser shall not have any right of recourse against the Applicable Sellers in connection with any failure by a Debtor to pay under any Assigned Receivables but this shall not affect any rights the Purchaser has against each Applicable Seller under the Transaction Documents.
- 6.5.2 The Sellers and the Purchaser intend for the sale of the Receivables to the Purchaser pursuant to the terms of this Agreement to be an absolute, irrevocable and unconditional outright transfer and true sale of such Receivables with the full benefits of ownership of such Receivables, and neither the Purchaser nor any of the Sellers intend such sale transaction to be, or for any purposes to be characterised as, a loan from the Purchaser to any Seller.
- 6.5.3 Notwithstanding any other provision of the Transaction Documents, the Purchaser shall have, prior to the service of a Notification Letter following a Stop Purchase Event, all beneficial title and interest in and to the Assigned Receivables in relation to such Assigned Debtor and the Purchaser shall be free to further dispose of those Assigned Receivables.
7. PURCHASE PRICE
- 7.1 Calculation and communication of the Purchase Price
- 7.1.1 The purchase price for any Eligible Receivable acquired by the Purchaser from any Seller in accordance with Clause 7.3 and payable to each Seller shall be calculated in accordance with Schedule 2 (the "Purchase Price").
- 7.1.2 On each Monthly Calculation Date, the Programme Agent shall, on the basis of the information set out in the Servicer Report and in the Aggregate Electronic File received on the Monthly Reporting Date immediately preceding such Monthly Calculation Date:
- (A) calculate, in relation to each Seller, each Purchase Price in relation to (x) Existing Receivables to be assigned on the immediately following Monthly Payment Date (if any) and (y) Receivables offered for sale as Future Receivables or Existing New Receivables and which became Existing Receivables during the preceding Collection Period; and
- (B) prepare and send, by 6 pm (Paris time), to the Purchaser, the Programme Manager and the Centralising Agent the Returned Electronic File and the Calculation Report which shall indicate each Purchase Price payable to each Seller.
- 7.2 Modification of the Credit Risk Premium Rate
- 7.2.1 The Purchaser may propose to modify the Credit Risk Premium Rate by sending a written notice setting out such proposed modification to the Centralising Agent (i) on each 6 month anniversary of the Initial Monthly Cut-Off Date or (ii) within 10 Business Days following the date on which a Seller has requested the addition of new Debtors

to the Perimeter and/or the modification of the Relevant Currency Debtor Limits in accordance with Clause 5.4. The Programme Manager (acting on behalf of the Purchaser) shall, to the extent not prohibited by Applicable Laws or regulations relating to banking secrecy rules or confidentiality agreements binding on the Purchaser, the Programme Agent and/or the Programme Manager, give to the Centralising Agent the reasons for such proposal.

- 7.2.2 If such proposed Credit Risk Premium Rate is accepted in writing by the Centralising Agent not later than 10 Business Days following the receipt of such notice, then such modification shall become effective as of the next Monthly Cut-Off Date provided it shall not affect the Purchase Price already paid in respect of any Assigned Receivables purchased by the Purchaser on the Purchase Dates preceding such Monthly Cut-Off Date.
- 7.2.3 If such proposed Credit Risk Premium Rate is not accepted in writing by the Centralising Agent within 10 Business Days following the receipt of such notice, then a 10 Business Days consultation period shall open during which the Parties shall use their reasonable endeavours with a view to reach a mutually acceptable solution.
- 7.2.4 If an agreement is reached during such consultation period, the Credit Risk Premium Rate as agreed between the Parties will apply as from the next Monthly Cut-Off Date provided it shall not affect the Purchase Price already paid in respect of any Assigned Receivable purchased by the Purchaser on the Purchase Dates preceding such Monthly Cut-Off Date.
- 7.2.5 If no agreement is reached during such consultation period, the Centralising Agent shall be entitled to (i) notify their refusal to the proposed modification and (ii) terminate the Revolving Period with effect from the next Monthly Cut-Off Date by giving a joint and written notice on behalf of each Seller and the Parent Company to the Purchaser, the Programme Agent and the Programme Manager not later than 10 Business Days preceding such Purchase Date (a "Programme Termination Notice"). If no Programme Termination Notice is sent by that date, then the proposed Credit Risk Premium Rate shall be deemed accepted by all Sellers and the Parent Company and therefore become effective as of such Monthly Cut-Off Date.

7.3 Payment of the Purchase Price

7.3.1 Payment of the Purchase Price by the Purchaser

In consideration for the purchase of any Receivable (to the extent such Receivable is not reassigned to or repurchased by the Applicable Seller or, as applicable the assignment of which has not been rescinded in accordance with Clause 8), the Purchaser shall pay the Purchase Price thereof in the following manner:

- (A) in relation to any Receivable which is transferred on any Purchase Date to the Purchaser as an Existing Receivable, the Purchaser shall pay the Purchase Price thereof on such Purchase Date.
- (B) in relation to any Receivable which is transferred by any Seller to the Purchaser on any Purchase Date as an Existing New Receivable or as a Future Receivable, the Purchaser shall pay the corresponding Purchase Price as follows:

- (1) **Advanced Purchase Price**

On each day falling during the applicable Collection Period (such period being the Collection Period during which the relevant Receivable has been invoiced), the Advanced Purchase Price determined with respect to such day shall be payable by the Purchaser on the same day. The payment of such Advanced Purchase Price by the Purchaser to the Applicable Seller shall be made by way of set-off against the aggregate amount of the Collections (including the Deemed Collections) that are received or recovered by such Seller, or in relation to Deemed Collections are due from the same Seller (in its capacity as Seller or Servicer) to the Purchaser on that day.

(2) Adjustment Amount (if positive)

On the Monthly Payment Date falling immediately after the end of the relevant Collection Period, the Purchaser shall pay to the Applicable Seller the applicable Adjustment Amount (if positive).

7.3.2 Payment of the negative Adjustment Amount by a Seller

If, on any Monthly Payment Date, the aggregate amount of the Advanced Purchase Price paid by the Purchaser during the Collection Period which ends immediately prior to that Monthly Payment Date exceeds the Purchase Price of the Receivables transferred as Future Receivables and Existing New Receivables which have been invoiced during that Collection Period, then the applicable Adjustment Amount shall be due and payable by the relevant Seller to the Purchaser on the immediately following Monthly Payment Date.

7.4 Effective Global Rate

For the purpose of articles L.314-1 to L.314-5 and R.314-1 to R.314-14 of the French Code de la consommation, each Initial Seller acknowledges that:

7.4.1 by virtue of certain characteristics of this Agreement, the taux effectif global cannot be calculated on the date of this Agreement, but that an indicative calculation of the taux effectif global, based on assumptions as to the taux de période and the durée de période, will be set out in an effective global rate letter given by the Purchaser to the Initial Sellers on the date hereof; and

7.4.2 that letter forms part of this Agreement.

8. REASSIGNMENT

8.1 Affected Receivables

Unless the same has been expressly and duly waived, if, at any time, any Party becomes aware, in respect of an Assigned Receivable, that:

8.1.1 any of the applicable Conditions Precedent were not satisfied on or before the related Purchase Date; or

8.1.2 such Assigned Receivable was not an Eligible Receivable on the relevant Eligibility Test Date,

(any of the circumstances described in this Clause 8.1 being a "Breach", and such Assigned Receivable being the "Affected Receivable") then:

(A) such Party shall, as soon as practicable, notify the other Parties of the Breach;

(B) the Applicable Seller shall pay (subject to a maximum) the Purchase Price for such Affected Receivables to the Purchaser consisting of an amount (the "Receivables Indemnity") equal to the sum of (i) the Outstanding Amount of such Affected Receivable (determined as of the date that the reassignment of such Affected Receivable becomes effective in accordance with paragraph 8.1.2(C) below) plus (ii) the amount of any reasonable and duly demonstrated (or estimated, as applicable) costs, fees and expenses and Taxation that have been or will be incurred by the Purchaser as a result of, or in connection with, the Breach or any action to be taken under Paragraphs 8.1.2(C) and 8.1.2(D) below and less (iii) the Collections received by the Purchaser with respect to such Affected Receivables;

(C) upon payment of the Receivables Indemnity specified in paragraph 8.1.2(B) above with respect to any Affected Receivable, such Affected Receivable shall be automatically reassigned and retransferred to the Applicable Seller or, as applicable the assignment shall be automatically rescinded, in accordance with and subject to the terms of each applicable Local Receivables Purchase Agreement, with effect from the date on which the notice referred to in paragraph 8.1.2(A) above was issued to the Purchaser; and

- (D) subject to the payment in full of the related Receivables Indemnity in accordance with paragraph 8.1.2(B) above, the Purchaser (and if necessary the Applicable Seller) shall perform such steps and deliver such documents as may be reasonably necessary to reflect the reassignment and, as applicable, the rescission of the transfer (and, to the extent required by any Applicable Law, to effect the retransfer to the Applicable Seller) of such Affected Receivable.

8.2 Purchase Limits

8.2.1 Principles

(A) Retransferred Receivables

Any Assigned Receivables which (i) as determined by the Programme Agent in accordance with Clause 8.2.2, have caused the Purchase Limits to be exceeded and (ii) are selected by the Programme Agent in accordance with Clause 8.2.3 below (the "Retransferred Receivable") shall be automatically reassigned and retransferred to the Applicable Seller or, as applicable the assignment shall be automatically rescinded, with effect from the date they are identified as Retransferred Receivables through the sending of the Returned Electronic File provided for in Clause 8.2.4 on any Monthly Calculation Date in accordance with and subject to the terms of each applicable Local Receivables Purchase Agreement.

For the avoidance of doubt, each Seller and the Purchaser hereby consent in advance to the reassignment and, as applicable to the rescission of the Retransferred Receivables so designated. No Purchase Price shall be paid by the Purchaser in relation to the Retransferred Receivables (and as a result all Collections already received by the Purchaser in relation to those Retransferred Receivables shall be repaid to the Applicable Seller such that the Applicable Seller is put in the same position as if the assignment of such Retransferred Receivables to the Purchaser had never occurred).

(B) Excluded Receivables

Any Receivables offered for sale as Existing Receivables which would cause the Purchase Limits to be exceeded on the immediately following Purchase Date and which are selected by the Programme Agent in accordance with Clause 8.2.3 will not be purchased by the Purchaser on such Purchase Date (the "Excluded Receivables"). For the avoidance of doubt, the non-purchase of Eligible Receivables due to such Eligible Receivables being Excluded Receivables in accordance with this Clause 8.2 shall not trigger a Stop Purchase Event or be considered a breach of an undertaking of the Applicable Seller under the Transaction Documents.

In accordance with Clause 6.1, any Excluded Receivable which remains an Eligible Receivable shall be re-offered for sale to the Purchaser by the Applicable Seller (as Existing Receivable) on the following Monthly Payment Date by delivery of the Returned Electronic File.

The Excluded Receivables and the Retransferred Receivables form together the "Excess Receivables".

8.2.2 Application of Purchase Limits

If, on any Monthly Calculation Date, the Programme Agent, on the basis of the Aggregate Electronic Files received from the Centralising Agent on the immediately preceding Monthly Reporting Date, determines:

- (A) that the aggregate Outstanding Amount of all Assigned Receivables identified and individualised in such Aggregate Electronic Files owed by any Debtor and denominated in any Relevant Currency has caused (or would cause, on the immediately following Purchase Date) the applicable Relevant Currency Debtor Limit in relation to such Relevant Currency to be exceeded, it shall

determine the Excess Receivables, using the selection order set out in Clause 8.2.3; and

- (B) after having deducted such Receivables pursuant to Paragraph (A) above, that the aggregate Outstanding Amount of all the Assigned Receivables identified and individualised in such Aggregate Electronic Files has caused (or would cause, on the immediately following Purchase Date) the Programme Maximum Amount to be exceeded, it shall determine the Excess Receivables using the selection order set out in Clause 8.2.3

The Programme Agent shall (i) inform the Applicable Seller and the Purchaser of the Excess Receivables so excluded by listing such Excess Receivables in the Returned Electronic File and (ii) update accordingly the amounts of Required Support Amount Month M by Relevant Currency and communicate such amounts to the Sellers and the Purchaser.

8.2.3 Selection rules

- (A) The Excess Receivables shall be selected for removal by the Applicable Seller on the relevant Monthly Calculation Date in accordance with the following rules:

- (1) the Receivables to be removed shall first be those sold by the Singapore Seller and then those sold by the English Seller;
- (2) subject to the selection rules set out in paragraph (1) above, the Receivables to be removed shall be selected with the following order (i) first, the Receivables denominated in Euro (ii) second, the Receivables denominated in GBP, (iii) third, the Receivables denominated in USD; then
- (3) subject to the selection rules set out in paragraphs (1) and (2) above, the relevant Receivables with the Invoice Due Date which falls the greatest number of days after the such Monthly Calculation Date will be the first to be removed, provided that (i) if two or more Receivables have the same Invoice Due Date, then the Receivable with the lower Outstanding Amount (as of the immediately preceding Monthly Cut-off Date) shall be removed first, and (ii) if two or more Receivables have the same Invoice Due Date and the same Outstanding Amount (as of the immediately preceding Monthly Cut-off Date), then the Receivables with a higher identification number in the last Aggregate Electronic File shall be removed first, provided further that the selection above shall be made in respect of each Eligible Debtor, in the sequential order of the Eligible Debtors set out in the Perimeter.

- (B) The Programme Agent shall select the relevant Receivables in accordance with the foregoing selection rule to the extent necessary in order to ensure compliance with the applicable Purchase Limit.

8.2.4 Returned Electronic File

The Programme Agent shall, on each Monthly Calculation Date, send to the Centralising Agent and the Programme Manager a file (the "Returned Electronic File") prepared on the basis of the information set out in the Servicer Report and in the Aggregate Electronic Files received on the immediately preceding Monthly Reporting Date, which shall identify:

- (A) all Assigned Receivables offered as Existing New Receivables or Future Receivables which have been invoiced during the preceding Collection Period and which have not been reassigned to or repurchased by the Applicable

Seller or, as applicable the assignment of which has not been rescinded in accordance with this Clause 8.2; and

- (B) all Existing Receivables to be assigned on the immediately following Monthly Payment Date; and
- (C) all Assigned Receivables which have been reassigned to the Applicable Seller or, as applicable the assignment of which has been rescinded in accordance with Clause 8.1 and all Excess Receivables selected in accordance with Clause 8.2.3 on that Monthly Calculation Date.

9. REPURCHASE OF ASSIGNED RECEIVABLES

9.1 Repurchase Notice

9.1.1 The Centralising Agent, acting on behalf of the relevant Seller, has the option (but not the obligation), by giving written notice to the Purchaser on any Monthly Reporting Date (each, a "Repurchase Notice"), to request the repurchase of any Assigned Receivable which is the subject of a contentious or pre-contentious dispute to the extent that the Seller needs to recover the ownership of such Assigned Receivable to protect its interests in any litigation or pre litigation proceedings (excluding any dispute resulting from non-payment of the relevant Debtor due to such Debtor being Insolvent), each in accordance with Clauses 9.2 (Repurchase Mechanism) and 9.3 (Repurchase Formalities) below.

9.1.2 Any Repurchase Notice given by the Centralising Agent shall be irrevocable and shall specify the relevant Assigned Receivable(s) offered to be repurchased, the proposed repurchase price and repurchase date.

9.2 Repurchase Mechanism

9.2.1 The Purchaser has no obligation to accept a request of the repurchase of any Assigned Receivable (in particular, without limitation, if (i) it has not received a duly completed Repurchase Notice; or (ii) the repurchase price proposed by the Centralising Agent is not the Outstanding Amount of such Assigned Receivables). The Purchaser may make such retransfer conditional upon the delivery by the Applicable Seller of an Officer's Solvency Certificate certifying that the Applicable Seller (i) is not Insolvent on the date of the Repurchase Notice and (ii) has no reason to believe that it will become Insolvent (taking into account the payment of the Retransfer Amount (as defined below) on the proposed date of repurchase).

9.2.2 If it agrees to accept such request, the Purchaser shall notify the Centralising Agent of its agreement to reassign such Eligible Receivable(s) to the Applicable Seller, subject to the payment in full of the agreed repurchase price (as well as all reasonable and duly demonstrated costs and expenses and Taxes that have been or will be incurred by the Purchaser in connection with such repurchase) (the "Retransfer Amount") on the relevant repurchase date.

9.3 Repurchase Formalities

9.3.1 If it is agreed that the Purchaser shall reassign to the Applicable Seller those Assigned Receivables to be reassigned in accordance with Clause 9.2, by executing a Retransfer Document (at the expense of the relevant Seller) along with the repurchase request, provided that such assignment shall only be effective upon payment of the relevant Retransfer Amount to the Purchaser by the Applicable Seller.

9.3.2 The Purchaser shall give no representations or warranties in respect of the Receivables to be reassigned to the Applicable Seller.

10. SERVICING MANDATE AND DUTIES

10.1 Appointment of the Servicers

- 10.1.1 With effect from the Signing Date, the Purchaser appoints each Seller, which hereby accepts such appointment, as the lawful agent of the Purchaser to perform exclusively the servicing duties referred to in Clause 10.2 (the "Servicing Duties"). The mandate of each Seller (the "Servicing Mandate") shall be strictly limited to the performance of the Servicing Duties and shall remain in full force and effect until the Final Maturity Date unless it is terminated pursuant to Clause 10.3.
- 10.1.2 Where a special proxy or power of attorney is necessary for the performance of any Servicing Duties (in particular, in connection with any litigation), the Purchaser undertakes to grant the same forthwith upon receipt of a written request from the relevant Servicer.

10.2 Servicing duties

Each Servicer shall, in respect of the Receivables it has assigned in its capacity as Seller to the Purchaser:

- 10.2.1 enforce, collect and manage such Assigned Receivables and ensure that such amounts are promptly deposited into the relevant Collection Account;
- 10.2.2 apply a standard of care, skill, diligence and good faith at least equal to the standard of care, skill, diligence and good faith that it would apply if it was still the owner of the Assigned Receivables, in accordance with the standards of a reasonable, prudent servicer of receivables of the type of the Assigned Receivables and in compliance with any Applicable Laws;
- 10.2.3 perform its obligations in accordance with the relevant Credit and Collection Policy and, subject to Clause 10.5.1, any and all reasonable directions or instructions which the Purchaser may from time to time give in order to protect or enforce any rights under any Assigned Receivable;
- 10.2.4 not transfer or discount to any bank, financial institution or any other entity, any bills of exchange, cheques, promissory notes, or any other debt instruments related to the Assigned Receivables, except if such a transfer is made for presentation for payment to the credit of the relevant Collection Account;
- 10.2.5 notify the Purchaser of the receipt of funds from an Assigned Debtor which are not allocated to the payment of a specific Assigned Receivable, and apply in priority such funds to the undisputed Invoice of such Assigned Debtor with the earliest Invoice Due Date and, if there are several undisputed Invoices having the same Invoice Due Date, apply such payment pro rata to all such Invoices;
- 10.2.6 not do anything to negatively affect the right, title and interest of the Purchaser in the Assigned Receivables and as soon as reasonably practicable following the Purchaser's request, do every necessary thing and perform all reasonable steps to preserve the rights, titles and interests of the Purchaser;
- 10.2.7 upon receipt by the Seller, the Servicer, the Purchaser or the Programme Agent of a judicial request or other notification of litigation or legal proceedings relating to any Assigned Receivable or the transactions contemplated hereby, participate in any legal proceedings relating thereto;
- 10.2.8 assist in the preparation of and prepare all necessary legal documents required to take a legal action in relation to an Assigned Debtor's refusal to pay and file any proof of claim, in the context of a litigation or of Insolvency Proceedings (as applicable);
- 10.2.9 communicate any document or information necessary to the Purchaser or the Programme Manager in relation to any material dispute, litigation, claim or legal proceedings relating to any Assigned Receivable;
- 10.2.10 report to the Purchaser on the performance of the Assigned Receivables in accordance with the provisions of the Transaction Documents and Applicable Law;

- 10.2.11 as soon as reasonably practicable:
- (A) notify the Purchaser of any circumstance or new judgment, law or decree that could materially prejudice the collection and the recovery of the Assigned Receivables and point out the possible solutions that such Servicer plans to put in place in order to mitigate the effects of such circumstances;
 - (B) notify the Purchaser and the Programme Manager where it becomes aware (a) of any material litigation in relation to any Assigned Receivables and/or Contracts (including without limitation any dispute or litigation challenging the Purchaser's title to the Assigned Receivables) and/or (b) that an Assigned Debtor is, becomes, or is expected to become, Insolvent;
 - (C) if it is informed that the Programme Manager or the Programme Agent has determined that there are discrepancies between the information contained in any Aggregate Electronic File and those contained in the corresponding Servicer's database, give suitable explanations and take all appropriate steps with regard to such discrepancies; and
 - (D) provide the Programme Agent and the Purchaser, after receipt of a written request of the Purchaser, with any information which is not set out in a Servicer Report that the Purchaser may reasonably request in relation to the Assigned Receivables and to the collection and recovery services carried out by such Servicer;
- 10.2.12 at its own costs, maintain and keep in a safe location complete, proper and up to date Records and inform (and procure that any sub-servicer (if any) shall inform) the Purchaser and the Programme Agent of the location at which the Records are kept as at the date hereof and of any changes to such location thereafter;
- 10.2.13 be entitled to make and/or accept voluntary rescheduling proposals with respect to the Assigned Receivables in accordance with the applicable Credit and Collection Policy provided that the Servicer (nor any sub servicer) shall not be entitled to modify without the prior written consent of the Programme Manager any contractual conditions or terms (such as the Face Value or the Contractual Payment Term) of any Assigned Receivable unless such amendment does not adversely affect the rights of the Purchaser or results in a Dilution giving rise to payment of a Deemed Collection by the Seller;
- 10.2.14 prepare and deliver to the Purchaser and Programme Manager a Servicer Report on each Monthly Reporting Date; and
- 10.2.15 perform its duties in the ordinary course of its business through its own and adequate resources.

10.3 Reporting Duties

By no later than 10 a.m. (Chicago time) on each Monthly Reporting Date, each Servicer shall provide to the Centralising Agent, by reference to the Collection Period immediately preceding such Monthly Reporting Date, (i) a duly completed Servicer Report in connection with the Assigned Receivables which it has previously assigned to the Purchaser and (ii) the relevant information needed for the purposes of the Aggregate Electronic Files.

10.4 No delegation or sub-contract

No Servicer shall be entitled, without the prior written consent of the Purchaser, to delegate all or part of its Servicing Mandate other than to Affiliates located in the same jurisdiction as the Applicable Seller, it being provided that, in relation to any sub-delegation or sub-contract approved by the Purchaser, such Servicer shall remain fully liable for the performance of services and obligations so delegated under its Servicing Mandate. For the avoidance of doubt, none of the Purchaser, the Programme Agent, the Programme Manager or any Refinancing Entity shall be liable or responsible for the acts of the Servicer or its delegate or sub-contractor nor have any liability for the fees and expenses of any such sub-contractor or delegate.

10.5 Notification of Debtors and termination of the Servicing Mandate

10.5.1 Notification to Debtors

- (A) The Purchaser is entitled to deliver or require a Substitute Servicer or the relevant Servicer to deliver Notification Letters to the relevant Assigned Debtors:
- (1) as from the date on which the resignation of the relevant Servicer becomes effective;
 - (2) upon the occurrence of a Stop Purchase Event (after, for the avoidance of doubt, any relevant grace period); and
 - (3) in relation to any or all Receivables held against a Delinquent Debtor or Defaulted Debtor.

10.5.2 Resignation

Without prejudice to the other provisions of this Clause 10.5, each Servicer is only entitled to resign from its appointment subject to a 6 months prior written notice to the Purchaser and such resignation shall only become effective if a Substitute Servicer has been appointed by the Purchaser and has assumed the obligations of such Servicer.

10.5.3 Termination

(A) Partial Termination

The Purchaser is entitled at any time (i) to terminate the Servicing Mandate in respect of any or all Assigned Receivables held against any Delinquent Debtor or a Defaulted Debtor by sending a notice to the relevant Servicer and (ii) to appoint a Substitute Servicer at the costs of the relevant Servicer which shall remain liable for all of its servicing duties in respect of the other Assigned Receivables.

(B) Global Termination

- (1) Upon the notification to the Sellers of the occurrence of any Stop Purchase Event or the occurrence of a Seller Deterioration Event, the Purchaser may fully terminate the Servicing Mandate of all of the Servicers (in relation, for the avoidance of doubt, to all Receivables serviced by such Servicers), by way of the service of a notice in writing by the Purchaser to the Servicers, the Centralising Agent and the Programme Agent.
- (2) In addition, the Purchaser shall be entitled, at any time following a Stop Purchase Event or the occurrence of a Seller Deterioration Event and at the cost of the Servicers or of the Parent Company to:
 - (a) deliver or require the Servicers to deliver Notification Letters to all relevant Debtors save for, for the avoidance of doubt, those Receivables that have been repurchased by the Seller pursuant to Clause 9; and/or
 - (b) appoint one or more Substitute Servicers to service all relevant Assigned Receivables; and/or
 - (c) take any other action as set out in the Local Receivables Purchase Agreement entered into by the relevant Seller.

The partial or full termination of any Servicing Mandate shall not entitle the Servicers to any damages or indemnification in any capacity whatsoever nor affect the obligations of the Servicers in any other capacities under the Transaction Documents, except as otherwise specifically provided in the relevant Transaction Documents. Each Servicer shall be entitled to payment of any unpaid

Servicing Fee or Recovery Fee accrued up to the date of termination but shall not be entitled to any further amounts.

10.5.4 Substitute Servicer

In any case, upon the appointment of a Substitute Servicer, the Servicer replaced in full or in part by such Substitute Servicer shall (i) take all reasonable steps and do all things to enable such Substitute Servicer to take over all or part of its undertakings as Substitute Servicer and provide any cooperation which may be reasonably required; and (ii) provide the Purchaser, as soon as reasonably practicable and in any event within 7 Business days of receipt, with all promissory notes, bills of exchange, cheques and/or any other payment instrument and endorse them to the benefit of the Purchaser upon its request.

10.6 Consideration for the Servicing Mandate

10.6.1 The Purchaser shall pay to each Servicer while the servicing obligations described in this Clause remain in effect, beginning on any Monthly Payment Date, an amount equal to the sum of:

(A) as consideration for its administration and servicing of the Assigned Receivables that are not Delinquent Receivables, a fee equal to the product of (x) the Servicing Fee Rate and (y) 95% of the aggregate Face Value of the Assigned Receivables sold by the Applicable Seller to the Purchaser during the Collection Period ending on the Monthly Cut-Off Date immediately preceding the Monthly Payment Date on which such Servicing Fee is paid (the "Servicing Fee"); plus

(B) as consideration for the administration and recovery of the Assigned Receivables that are Delinquent Receivables, a fee equal to the product of (x) the Recovery Fee Rate (y) 5% of the aggregate Face Value of the Assigned Receivables sold by the Seller to the Purchaser during the Collection Period ending on the Monthly Cut-Off Date immediately preceding the Monthly Payment Date on which such Recovery Fee is paid (the "Recovery Fee").

10.6.2 Each Servicing Fee and Recovery Fee will be paid subject to VAT or any taxes that may be required to be collected or withheld by the Purchaser in respect thereof.

11. APPOINTMENT AND DUTIES OF THE CENTRALISING AGENT

11.1 Appointment and authority of the Centralising Agent

11.2 Each Seller and each Servicer hereby appoints the Centralising Agent, which accepts such appointment, as its lawful agent to take such action in its name and on its behalf and to exercise and carry out such powers, discretions, authorities and duties as specifically provided under this Agreement and such powers as the Centralising Agent reasonably considers as incidental thereto, in all cases in the name and on behalf of the Sellers and the Servicers.

11.3 The Centralising Agent shall perform the following obligations:

11.3.1 collect from the Sellers and Servicers the information needed for the purposes of the Aggregate Electronic Files (including all completed parts of the Servicer Reports) and prepare the Aggregate Electronic Files;

11.3.2 offer to sell to the Purchaser any and all outstanding Eligible Receivables of the Sellers in accordance with the procedure detailed in Clause 6.1 (Offer of Receivables);

11.3.3 provide to the Purchaser and the Programme Agent by no later than 10 a.m. (Chicago time) on each Monthly Reporting Date the Servicer Report duly completed in relation to all Servicers by reference to the Collection Period immediately preceding such Monthly Reporting Date; and

11.3.4 receive from or give any notices, mails, or documents to the Purchaser and the Programme Agent on behalf of the Sellers or the Servicers pursuant to the Transaction Documents.

11.4 Duration of the appointment

The appointment and authority of the Centralising Agent shall be valid as from the date of this Agreement and remain in full force for so long as there continues to exist any obligations of a Seller or a Servicer under any Transaction Document or rights of the Purchaser arising under any Transaction Document that have not been completely discharged, waived or exercised.

11.5 Liability

11.6 Notwithstanding any provision to the contrary in this Agreement:

11.6.1 the appointment of the Centralising Agent shall not in any way release or discharge the Sellers and the Servicers from their obligations, duties and liabilities under the Transaction Documents; and

11.6.2 the Sellers and the Servicers shall remain responsible for the performance of their obligations under the Transaction Documents.

11.7 The Purchaser shall have no liability to the Centralising Agent whatsoever in relation to any cost, claim, charge, loss, liability, damage or expense suffered or incurred by the Centralising Agent.

12. MANAGEMENT OF COLLECTIONS AND OTHER PAYMENTS

12.1 Generality

12.1.1 During the Revolving Period, each Servicer shall pay (or cause to be paid) to the Purchaser any and all Collections by transferring to the Purchaser Account on each Monthly Payment Date all Collections received (or deemed received) on each Local Business Day all Collections received (or deemed received) during the preceding Collection Period.

12.1.2 Each Servicer shall pay (or cause to be paid) to the Purchaser, on each Business Day during the Amortisation Period or as from the occurrence of a Stop Purchase Event, up to the entire amount of Collections received by the Servicer (or, in respect of Deemed Collections, deemed received) in immediately available funds to the Purchaser Account.

12.1.3 Each Servicer shall, on each Monthly Cut-Off Date, identify among the amounts credited to the relevant Collection Account during the preceding Collection Period the portion thereof which is allocable to Assigned Receivables.

12.2 Allocation of Collections

Each Servicer shall apply all funds received in respect of Assigned Receivables in accordance with its Credit and Collection Policies or, if not covered by the Credit and Collection Policies, as follows:

12.2.1 first, by allocating such funds in accordance with the terms of the Contract entered into with the relevant Assigned Debtor; or

12.2.2 second, in the absence of any allocation rule in the Contract, to the Invoice(s) indicated in writing by the relevant Assigned Debtor provided that such indication is valid under Applicable Law; or

12.2.3 third, in the absence of any valid indication from the relevant Assigned Debtor, in accordance with the following allocation rules (provided that in such case, such Servicer shall specify in writing to the relevant Assigned Debtor which Receivable has been discharged):

(A) first, to the payment of the Receivables against the relevant Assigned Debtor which are due and payable;

(B) if two or more Receivables against the relevant Assigned Debtor are due and payable, to the Invoice(s) having the oldest Invoice Due Date; or

- (C) when two or more Invoices have the same Invoice Due Date, pro rata across all such Invoices.

12.3 Collection Accounts

- 12.3.1 Each Collection Account shall be opened in the book of an Eligible Collection Account Bank.
- 12.3.2 Each Servicer shall ensure that each Collection Account remains in operation until the Final Maturity Date.
- 12.3.3 Subject to the terms of the applicable Collection Account Security Document, any amount paid to the credit of any Secured Collection Account may be debited by the relevant Servicer for so long as it remains entitled to instruct the Collection Account Bank(s) to debit its Secured Collection Account in accordance with the Collection Account Security Document and this Agreement and transferred to another account of such Seller (or any other entity of the Parent Group).
- 12.3.4 Upon the occurrence of a Stop Purchase Event (and, for the avoidance of doubt, after the expiry of any relevant grace period), the Purchaser may send to the relevant Collection Account Bank holding a Secured Collection Account (with copy to the relevant Servicer) a notice instructing such Collection Account Bank to stop complying with any instructions from such Servicer (or any sub-servicer) (a "Blocking Notice") or in accordance with the relevant Collection Account Security Document. The Purchaser may, at any time thereafter, revoke the Blocking Notice in the manner set out in the relevant Collection Account Security Document.
- 12.3.5 As long as the relevant Blocking Notice has not been revoked by the Purchaser, the relevant Servicer shall cease to give any instruction to the Collection Account Bank and the Purchaser shall be entitled to instruct the Collection Account Bank(s) to debit from the Secured Collection Account the Collections standing to the credit thereof in accordance with Clause 12.4 and the Collection Account Security Document
- 12.3.6 Each Servicer undertakes until the Final Maturity Date that:
 - (A) it will not create or permit to subsist any Lien over any Collection Account or over any Collections standing from time to time to the credit of any such Collection Account (other than any Lien contemplated under the Transaction Documents);
 - (B) it should not permit any Collection Account to be overdrawn;
 - (C) without prejudice to paragraph 12.3.3 above, it will not do anything which may affect the rights or interests of the Purchaser over any Collection Account, or Collections standing from time to time to the credit of any Collection Account;
 - (D) it will inform, promptly upon becoming aware thereof, the Programme Agent and the Purchaser of any Lien over any Collection Account or of any seizure, attachment, sequestration, execution (including by way of executory attachment or conservatory attachment), claim or demand relating to any Collection Account or to any Collections standing to the credit thereof which may affect the rights of the Purchaser over such Collection Account or over such Collections;
 - (E) it will take all reasonably necessary steps to defend the Purchaser's rights in respect of the Collection Accounts against any claim or demand of any person;
 - (F) subject to paragraph (G) below, it will use all reasonable endeavours to ensure that all the Assigned Debtors make all payments due under the Assigned Receivables directly to the credit of the applicable Collection Account;
 - (G) it will credit any Collections and procure that all cheques, transfers, drafts, negotiable instruments (when payable) and any other means of payment for

the payment of any Assigned Receivables be credited or transferred to the applicable Collection Account as soon as reasonably practicable, and as from the notification by the Purchaser to the Sellers of a Stop Purchase Event, promptly and in either case within 5 Business Days;

- (H) in the event that any Collections are deposited into an account other than a Collection Account, it will hold such money on behalf of the Purchaser and shall promptly and in any case within 5 Business Days of such event, credit such amounts to a Collection Account or as otherwise directed by the Purchaser;
- (I) it will monitor on a daily basis and record in accordance with its usual procedures Collections received under the Assigned Receivables;
- (J) notwithstanding any contrary provision, if a Stop Purchase Event has occurred and if the Purchaser has sent Notification Letters to the Assigned Debtors pursuant to Clause 10.5.1 (Notification to Debtors), it shall (x) confirm to any Assigned Debtor, if requested by such Assigned Debtor, that it has to make its payments in respect of the Assigned Receivables directly into the account specified in the Notification Letters, (y) not give any contrary instruction to the Assigned Debtors, and (z) use all reasonable endeavours to instruct the relevant Assigned Debtors to make their payments in respect of the Assigned Receivables directly into the account specified in the Notification Letter sent to such Assigned Debtors;
- (K) it shall pay in full on the relevant due date all amounts (including bank fees and indemnities) that may be due by the Servicer to the relevant Collection Account Bank in relation with the opening or the operation of the Collection Accounts except if such amounts are contested in good faith by such Servicer. Without prejudice to the foregoing, should the Purchaser be required to pay any of those amounts to the relevant Collection Account Bank (including under any indemnity to the Collection Account Bank), then such Servicer shall refund such amounts to the Purchaser as soon as reasonably practicable upon demand;
- (L) it shall inform the Purchaser and the Programme Manager as soon as reasonably practicable and in any case within 5 Business Days, of the receipt of any notice terminating (or threatening to terminate) any Collection Account Security Document, or relating to the closing of any Collection Account due to the non-payment of bank fees and indemnities and communicate the amount of such fees (or for any other reason); and
- (M) if a Collection Account Bank ceases to be an Eligible Collection Account Bank, the Servicer shall close, as soon as possible and within 30 calendar days, any Collection Account opened in such Collection Account Bank and within this 30 calendar days period shall:
 - (1) instruct the relevant Assigned Debtors to cease to make any payment on that Collection Account(s);
 - (2) take all appropriate steps (such as a duly established closure-transfer process) to ensure that the Assigned Debtors that made payments to the Collection Account(s), which has or will be closed, make all payments due under the Assigned Receivables directly to the credit of either an existing Collection Account or a new Collection Account which in both cases is subject to an equivalent security interest as the one initially granted under the Collection Account Security Documents (provided that any departure from the existing Collection Account Security Documents shall be discussed with and agreed in writing by the Purchaser); and

- (3) provide the Programme Agent as soon as practicable and in any event within 15 Business Days with an updated list setting out the details of each of the Collections Accounts currently opened in the name of the relevant Servicer and the relevant Collection Account Bank(s) and a copy of any new signed Collection Account Security Documents (together with any related notice signed by the Collection Account Bank).

Provided that the Servicer shall not close the Collection Accounts held with such Collection Account Bank until the actions specified in sub-clause 12.3.6(M) (1) to (3) have been completed.

Any costs reasonably incurred by the Purchaser in connection with this paragraph shall be borne by the relevant Seller and the Purchaser will be entitled to request from the Servicer any legal opinion in relation to the new Collection Account Security Documents and any other agreement related to the opening and management of the accounts with the new Collection Account Bank (including any enforceability opinion from the Purchaser's legal advisor).

12.4 Management of the Collection Account(s)

12.4.1 So long as no Stop Purchase Event has occurred and is notified by the Purchaser to the Sellers and the Parent Company, each Servicer shall be entitled:

- (A) to close its Collection Account(s) with the relevant Collection Account Bank(s), provided that:
 - (1) the relevant Assigned Debtors have ceased to make any payment on that Collection Account(s) or that a closure-transfer process has been duly established;
 - (2) such Servicer has taken all appropriate steps (such as a duly established closure-transfer process) to ensure that the Assigned Debtors that made payments to the Collection Account(s) it wishes to close make all payments due under the Assigned Receivables directly to the credit of either an existing Collection Account or a new Collection Account which in both cases is subject to an equivalent security interest as the one initially granted under the Collection Account Security Documents if the closed Collection Account was a Secured Collection Account (satisfactory to the Purchaser and/or the Programme Manager); and
 - (3) such Servicer provides the Programme Agent as soon as practicable and in any event within 5 Business Days with an updated list setting out the details of each of the Collection Account currently opened in the name of such Servicer and the relevant Collection Account Bank(s),
- (B) to open new Collection Account(s) in the same jurisdiction(s) of its existing Collection Account(s), provided that such Servicer provides the Programme Agent as soon as practicable and in any event within 5 Business Days with an updated list setting out the details of each of the Collection Account currently opened in the name of such Servicer and the relevant Collection Account Bank(s) (which shall be an Eligible Collection Account Bank), which shall be subject to an equivalent security interest as the one initially granted under the Collection Account Security Document (provided that any departure from the existing Collection Account Security Document shall be discussed with and agreed in writing by the Purchaser), as the case may be. Any costs reasonably incurred by the Financial Parties in connection with this paragraph shall be borne by the relevant Seller and the Purchaser will be entitled to request from the relevant Servicer any legal opinion in this respect (including any enforceability opinion from the Purchaser's legal advisor).

- 12.4.2 Upon the notification of a Stop Purchase Event by the Purchaser to the Sellers, no Servicer shall:
- (A) be entitled to close any of its Collection Account(s); and
 - (B) be entitled to open any new Collection Account(s)
- without the prior written consent of the Purchaser.
- 12.5 Management of other payments made by the Sellers and the Servicers
- Upon written request of the Purchaser, each Seller and each Servicer shall pay promptly to the Purchaser any Receivable Indemnity and any other indemnities or repurchase price expressly payable by it in accordance with the Transaction Documents by transferring such indemnity amounts from the relevant Collection Account to the relevant Purchaser Account.
13. DEEMED COLLECTIONS
- 13.1 On any day that any Assigned Receivable is subject (in whole or in part) to a Dilution or that any Debtor makes payment in respect of any Assigned Receivable net of the amount of any Dilution, the Applicable Seller, in its capacity as Servicer, shall be deemed to have received on such day a Collection in relation to such Assigned Receivable in the principal amount of such Dilution.
- 13.2 Any fees and expenses incurred by any Collection Account Bank paid by the Purchaser in relation to the payment of the Collections to the credit of the relevant Collection Account shall be for the account of each Seller and Servicer and such Seller and Servicer, shall be deemed to have received on such day a Collection in such amount.
- 13.3 Each Collection that any Seller is deemed to have received under Clause 13.1 or 13.2 above is referred to as a "Deemed Collection" and shall be paid by each Servicer to the Purchaser on the following Monthly Payment Date in accordance with Clause 12.1.
14. DILUTION PROTECTION MECHANISM
- 14.1 The Parties agree and acknowledge that the risk of non-payment by the Seller of Dilutions under Clause 13.1 is covered through (i) a Dilution Credit Insurance Policy entered into by the Purchaser and (ii) the Deposits to be made in accordance with Clause 15.
- 14.2 Each Seller undertakes to:
- 14.2.1 before the occurrence of an Incipient Stop Purchase Event or a Stop Purchase Event, do its best effort to provide the Purchaser with any documents that the Purchaser may reasonably request within the context of the Dilution Credit Insurance Policy in order to satisfy a request of the credit insurer; and
 - 14.2.2 upon the occurrence of an Incipient Stop Purchase Event or a Stop Purchase Event, promptly provide the Purchaser with any documents that the Purchaser may reasonably request within the context of the Dilution Credit Insurance Policy in order to satisfy a request of the credit insurer.
15. CASH DEPOSIT
- 15.1 General
- The obligations of each Depositor in respect of the Deposits and the undertaking of each Depositor to pay amounts due to the Purchaser in respect of the Deposits will remain as long as any Collateralised Obligations are owed or may become owed but no later than the Final Maturity Date.
- 15.2 Granting and adjustments of the Deposit
- 15.2.1 Initial Deposit
- Each Depositor shall pay to the Deposit Beneficiary by crediting to the relevant Cash Collateral Account by no later than the Initial Deposit Date an amount, denominated

in each Relevant Currency, equal to the applicable Required Support Amount Month M by Relevant Currency Amount determined on the Initial Monthly Calculation Date by the Programme Agent (each an "Initial Deposit").

15.2.2 Complementary Deposit

On each Monthly Calculation Date during the Revolving Period, the Programme Agent shall notify each Depositor of the applicable Deposit Complementary Amount by Currency. If the Deposit Complementary Amount by Currency is higher than zero on any Monthly Calculation Date, the relevant Depositor shall pay to the Deposit Beneficiary by crediting to the relevant Cash Collateral Account by no later than the following Monthly Payment Date an amount equal to the relevant Deposit Complementary Amount by Currency.

15.3 Application of the Deposit

15.3.1 In case of failure to pay any Collateralised Obligation by the relevant Seller or Servicer (a "Missed Payment"), the Deposit Beneficiary may elect that the obligation of the Deposit Beneficiary to repay a Deposit Refund Amount by Relevant Currency equal to the Missed Payment under Clause 15.4 below shall be accelerated to a date it determines and set off against the obligation of such Seller or Servicer to pay the Missed Payment in an amount equal to the lower of the Missed Payment and the then Outstanding Deposit by Currency, and without the need for any notice or other formality to any party (but by applying the relevant Spot Rate Exchange if applicable). Following such application, the applicable Deposit shall be deemed to be reduced by the relevant amount of the Deposit so applied.

15.3.2 For the avoidance of doubt, the rights of the Deposit Beneficiary may be enforced independently from any other security interests or remedies available to it under any Transaction Document.

15.4 Refund of the Deposit

15.4.1 Partial Refund

If on any Monthly Calculation Date a Deposit Refund Amount by Relevant Currency is determined to apply on such date by the Programme Agent, the Deposit Beneficiary shall, on the following Monthly Payment Date, refund to the relevant Depositor an amount equal to that relevant Deposit Refund Amount by Relevant Currency.

15.4.2 Entire Refund

On the Final Maturity Date, the Deposit Beneficiary shall, repay to each Depositor the then applicable Outstanding Deposit by Relevant Currency, provided that if on such date the funds available to the Deposit Beneficiary for the purposes of discharging the relevant Collateralised Obligations in accordance with Clause 15.3 are insufficient, any Collateralised Obligations remaining unpaid by the relevant debtor shall extinguish the right of the relevant Depositor to the repayment of the applicable Deposit.

15.5 Transfer of Title

Each Party agrees that all right, title and interest in and to any cash which it transfers to the other party pursuant to this Agreement shall vest in the recipient free and clear of any liens, claims, charges or encumbrances or any other interest of the transferring party or of any third person. Accordingly, the Parties agree that, notwithstanding any terms herein to the contrary, all rights, title and interest of the Depositors in the amounts paid to the Deposit Beneficiary in respect of the Deposits shall be transferred to the Deposit Beneficiary, and accordingly the Deposit Beneficiary shall have no limitations on any disposal, transfer or other action it may take in respect of such sums it has received.

15.6 Consideration

No remuneration shall be due by the Deposit Beneficiary to the Depositors and/or by the Depositors to the Beneficiary for any Deposit posted from time by the Depositors on the Cash Collateral Accounts.

16. AUDIT OF DATA AND MONITORING OF THE SERVICING MANDATES BY THE PURCHASER

16.1 The Zebra Entities undertake to allow any auditing firms appointed by the Purchaser (at a mutually convenient time and without material disruption to the relevant Zebra Entity's business) to audit (i) the accuracy of the data included in the Aggregate Electronic Files and the Servicer Reports, (ii) the compliance with the Eligible Debtor criteria and the Eligible Receivables criteria, and (iii) the correct application of the Credit and Collection Policies to the Assigned Receivables and the Assigned Debtors.

16.2 Subject to Clause 16.4, each of the Purchaser, the Programme Agent and the Programme Manager may at any time (i) request from any Zebra Entity to examine and inspect during normal office hours the documentation or information relating to the Assigned Receivables, the Collections or the Contracts and (ii) inspect during normal office hours any Records or Credit and Collection Policies or any other information or document related to, or electronic data systems used by any Zebra Entity in connection with any Assigned Receivable or the collection and servicing thereof.

16.3 Each Zebra Entity undertakes to cooperate fully with the Purchaser and the Programme Agent in respect of such audits. Any such audit shall be at a time convenient to the relevant Zebra Entity and without material disruption to the relevant Zebra Entity's business.

16.4 The Purchaser may conduct agreed on-site audits with the Programme Agent within the limit of 1 audit per calendar year and per Zebra Entity.

16.5 The annual audit fees incurrence in accordance with Clause 16.1 shall be borne and paid by the relevant Zebra Entity within the limit of EUR 50,000 per annual audit.

16.6 The limit sets out in paragraphs 16.4 and 16.5 above shall not apply in relation to any additional audits, examinations and visits (i) undertaken after the occurrence of an Incipient Stop Purchase Event or a Stop Purchase Event or (ii) undertaken following an audit report indicating a deficiency and such additional cost shall be paid by the Parent Company.

17. REPRESENTATIONS, COVENANTS AND INDEMNITY

17.1 Representations

On the Signing Date, on each Purchase Date and on each Monthly Reporting Date, each of the Zebra Entities acting separately in its own name but not jointly and, with respect to itself, makes the following representations and warranties to the Purchaser, the Programme Manager, the Programme Agent and the Programme Manager:

17.1.1 it is a corporate entity, duly incorporated and validly existing under the Applicable Laws of its jurisdiction of incorporation;

17.1.2 it has full capacity, power and authority and has taken all necessary corporate actions to authorise the execution, delivery and performance by it of each of the Transaction Documents to which it is a party;

17.1.3 it is not entitled to claim immunity from suit, execution, attachment or other legal process in any proceedings taken in its jurisdiction of incorporation in relation to any Transaction Document;

17.1.4 subject to applicable bankruptcy, insolvency, moratorium, reorganisation or other laws affecting the enforcement of rights of creditors generally, its obligations under the Transaction Documents constitute legal, valid and binding obligations, enforceable against it in accordance with their respective terms;

17.1.5 neither the execution and delivery, nor the performance by it of any of the Transaction Documents to which it is a party contravenes (i) any Applicable Law; (ii) any judgment, order, writ, award, injunction or decree of any court having jurisdiction over it; (iii) any

- agreement or other financing binding on or affecting it or any of its assets (including the Receivables); or (iv) its Organisational Documents;
- 17.1.6 unless otherwise provided in the Local Receivables Purchase Agreement to which it is a party it has its centre of main interest in its jurisdiction of incorporation;
 - 17.1.7 no license or approval is required for the Servicer to use any Programme currently used by the Servicer in the servicing of the Receivables, other than such licenses and approvals that have been obtained and are in full force and effect;
 - 17.1.8 it is not Insolvent or subject to an Insolvency Proceeding;
 - 17.1.9 no legal action, litigation, administrative (including in relation to any Tax or VAT) proceeding or arbitration or governmental, judicial or official investigation or inquiry, has been commenced, is pending or threatened against it, which would be reasonably likely, immediately or in the future, to have a Material Adverse Effect;
 - 17.1.10 it has disclosed to the Purchaser, Programme Manager, Programme Agent and the Programme Manager all facts which may have a Material Adverse Effect;
 - 17.1.11 in any legal proceedings taken in its Relevant Jurisdiction in relation to any Transaction Document to which it is a party, the choice of law expressed in such document to be the governing law of such Transaction Document and any judgment obtained in such jurisdiction will be recognized and enforced;
 - 17.1.12 the assignment and transfer of each Eligible Receivable and the attached Related Rights and Related Security on each Purchase Date pursuant to a Local Receivables Purchase Agreement is effective to transfer full, unencumbered beneficial title to the Eligible Receivable to the Purchaser and no further act, condition or thing is required to be done in connection with such assignment and transfer in order to enable the Purchaser to require payment of such Receivable to the Applicable Seller or to enforce any such right in court, other than the delivery to each relevant Debtor of a Notification Letter (to the extent applicable);
 - 17.1.13 each Receivable which is offered for sale to the Purchaser satisfies each of the Eligible Receivables criteria on each Eligibility Test Date applicable in respect of such Receivable;
 - 17.1.14 the transactions contemplated in the Transaction Documents are in its corporate, economic and financial interest, and in compliance with Applicable Law;
 - 17.1.15 it has entered into the Transaction Documents in good faith for its benefit and on arm's length commercial terms and completing such transactions will not materially and adversely affect its financial condition;
 - 17.1.16 the communication by it to any other Party of any information or data and the delivery by it of any records or reports relating to (a) any Assigned Debtor, (b) any person having granted a Related Right or Related Security in connection with the Receivables (if applicable), (c) the Receivables and/or (d) the Related Rights, in connection with the Transaction, does not violate any provisions of applicable privacy protection laws or data protection laws and does not make the Purchaser, the Programme Agent and/or the Programme Manager data controller within the meaning of the Applicable Law;
 - 17.1.17 no steps have been taken by its board of directors and no circumstances exist, which might reasonably be expected to render any of its representations and warranties no longer true or accurate;
 - 17.1.18 it, as applicable, has the software, hardware, information technology and human resources necessary to allow it to identify, manage, collect, and recover the Assigned Receivables offered by it and to comply with the other obligations under the Transaction Documents, including, without limitation, the obligations to provide information in accordance with the Transaction Documents;
 - 17.1.19 the information contained in any documentation or record provided by it under any Transaction Document is true, accurate and up to date as of the date so provided and, it does not contain any misstatement of fact nor omits to state a fact or any fact necessary to make the statements contained therein is misleading;

- 17.1.20 the information provided by it or on its behalf in relation to the preparation of the Transaction Documents and the transaction contemplated thereby is accurate in all material respects as of the date so provided, and, as of such date, it does not contain any misstatement of fact nor omits to state a material fact or any fact necessary to make the statements contained therein is misleading;
- 17.1.21 its principal place of business, chief executive office and the offices where it keeps all its Records, are located at its place of incorporation or such other locations notified to each Purchaser and the Programme Agent.
- 17.1.22 nothing has occurred or been omitted from the information provided by the Zebra Entities and no information has been given or withheld that results in the information provided by the Zebra Entities being materially untrue or misleading in any respect likely, in each case, to affect the decision of the Purchaser when considering to enter into this Agreement;
- 17.1.23 such Zebra Entity is in compliance with all requirements of law except where such non-compliance could not reasonably be expected to have a Material Adverse Effect; provided, however, that where such compliance relates to any Anti-Corruption Laws, Anti-Money Laundering Laws or Sanctions, each Zebra Entity and its Subsidiaries is in compliance in all respects and subject to no exceptions;
- 17.1.24 such Zebra Entity shall, and shall cause its Subsidiaries to, maintain and enforce policies and procedures designed to promote and achieve compliance by such Zebra Entities and its Subsidiaries with applicable Anti-Corruption Laws, Anti-Money Laundering Laws and Sanctions;
- 17.1.25 none of the Zebra Entities or any of its Subsidiaries or, any of their respective directors, officers or, to such Zebra Entity's knowledge, any of their respective affiliates, agents or employees (i) has conducted their respective businesses or taken any action that would constitute or give rise to a violation of any Anti-Corruption Law or Anti-Money Laundering Law or (ii) is or has been subject to any action, proceeding, litigation, claim or, to such Zebra Entity's knowledge, investigation with regard to any actual or alleged violation of any Anti-Corruption Laws or Anti-Money Laundering Laws;
- 17.1.26 none of the Zebra Entities, or any of their respective Subsidiaries, or any of their respective directors, officers or, to such Zebra Entity's knowledge, any of their respective affiliates, agents or employees (i) is a Sanctioned Person, (ii) is currently engaging or has engaged in any dealings or transactions with, involving or for the benefit of a Sanctioned Person, or in or involving any Sanctioned Jurisdiction, in each case in violation of applicable Sanctions, or (iii) is subject to any action, proceeding, litigation, claim or, to such Zebra Entity's knowledge, investigation with regard to any actual or alleged violation of Sanctions; and
- 17.1.27 it makes any additional representations and warranties as set out in the relevant Local Receivables Purchase Agreement

Each Zebra Entity shall inform the Purchaser in writing if any of the representations and warranties made under this Clause 17.1 is found to be untrue or incorrect or breached as of the date that such representation or warranty was made, or deemed to be made, forthwith upon becoming aware of such untruthfulness, inaccuracy or breach.

17.2 Covenants

Until the Final Maturity Date, each Zebra Entity, with respect to itself, shall perform the covenants and obligations applicable to it and set out below and elsewhere in this Agreement. Each Zebra Entity undertakes to the Purchaser, the Programme Manager and the Programme Agent that it shall:

Corporate covenants:

- 17.2.1 maintain its centre of main interest (within the meaning of the Regulation (EU) No. 2015/848 of 20 May 2015) or if not applicable to it, its principal place of business in its jurisdiction of incorporation and continue to maintain its tax residence and be registered for VAT purposes solely in its jurisdiction of incorporation;

- 17.2.2 comply with its Organization Documents, all Applicable Laws, rules, regulations, orders, judgements, injunctions or awards binding on it and, where relevant, the Assigned Receivables and the related Contracts, unless such non-compliance would not be reasonably likely, immediately or in the future, to have a Material Adverse Effect;
- 17.2.3 preserve and maintain its corporate existence;
- 17.2.4 cause to be prepared financial statements and, if any, consolidated financial statements which will comply with the statutes, regulations and generally accepted practices in its jurisdiction of incorporation at any time;
- 17.2.5 keep all documents, books and records and shall procure the compliance with all reporting and accounting requirements which are imposed by any law or regulation applicable in its jurisdiction;
- 17.2.6 in respect of each Seller and the Parent Company, provide the Programme Manager with a copy of (i) its latest annual approved accounts (per Zebra Entity and consolidated, if applicable, and audited), within 150 days of the end of each of its financial years or, if later, by the date on which it is obliged to file such accounts in accordance with applicable law and (ii) its latest semi-annual accounts (per Zebra Entity, consolidated, if applicable) within 120 days of the end of the relevant semi-annual period. For so long as the Parent Company is a public company and subject to public company reporting and disclosure requirements, all financial reports, on a consolidated basis, will be available at investors.zebra.com/financials/sec-filings;
- 17.2.7 file all Tax and VAT returns and reports required by law within any statutory deadline, maintain records for all taxation purposes (including for the purposes of VAT for as long as provided by law in relation to such records) and pay within any statutory deadline all Taxes, VAT and governmental charges (including social contributions) owed by it, (i) except any such Taxes, VAT or charges which are being diligently contested in good faith by appropriate proceedings, but only so long as such proceedings would not affect the performance of any Transaction Document or recovery of any amounts in respect of the Assigned Receivables or (ii) to the extent that a failure to do so would not affect its ability to perform its obligations under the terms of the Transaction Documents to which it is a party and/or the recovery of any amounts in respect of such Assigned Receivables;
- 17.2.8 forthwith upon any change in its list of authorised signatories, provide the Programme Manager and the Programme Agent with an updated list of its authorised signatories;
- 17.2.9 ensure that its obligations under the Transaction Documents rank at any times at least *pari passu* with all its other, present, actual or contingent, unsecured and unsubordinated obligations and liabilities, (except for obligations which are mandatorily preferred by law applying to companies generally in the jurisdiction of its incorporation);
- 17.2.10 procure that each Zebra Entity is in compliance, and shall comply with all requirements of any law (other than those specifically relating to any Anti-Corruption Laws, Anti-Money Laundering Laws or Sanctions) if the failure to comply could reasonably be expected to have a Material Adverse Effect;
- 17.2.11 procure that each Zebra Entity shall, and shall cause its Subsidiaries to, continue to maintain and enforce policies and procedures designed to promote and achieve compliance by such Zebra Entity and its Subsidiaries with applicable Anti-Corruption Laws, Anti-Money Laundering Laws and Sanctions;
- 17.2.12 ensure that no Zebra Entity shall nor shall it permit its Subsidiaries to, directly or indirectly, (A) use any part of the proceeds of any purchase hereunder, or otherwise make available such proceeds to any Person in any manner that would constitute or give rise to a violation of Sanctions by any party hereto or (B) fund all or part of any repayment or reimbursement of the obligations hereunder out of proceeds derived from any transaction or activity involving a Sanctioned Person or Sanctioned Jurisdiction; and

- 17.2.13 ensure that no Zebra Entity shall, directly or indirectly, use any part of the proceeds of any purchase hereunder for any payments to any governmental official or employee, political party, official of a political party, candidate for political office, or anyone else acting in an official capacity, in order to obtain, retain or direct business or obtain any improper advantage, in each case in violation of Anti-Corruption Law.

Transaction Documents covenants:

- 17.2.14 procure that its form of incorporation or corporate structure is not modified, not enter into any amalgamation, demerger, merger or corporate reconstruction, or not sell, lease or transfer all or substantially all of its assets to any other person, which may affect its obligations under the Transaction Documents, unless such sale, lease or transfer have been previously agreed in writing by the Purchaser and the Programme Manager (such agreement not to be unreasonably withheld or delayed);
- 17.2.15 file, record or enrol each Transaction Document required to be filed, recorded or enrolled with any relevant court or other authority and ensure that such required filings, recordings or enrolments are at all times maintained in accordance with any applicable requirement of statutes and regulations, which may affect its obligations under the Transaction Documents or the legality, validity or enforceability of any Transaction Document;
- 17.2.16 deliver to the Purchaser an Officer's Solvency Certificate on each anniversary of the Signing Date and for the first time on the Signing Date;
- 17.2.17 notify the Purchaser, the Programme Agent and the Programme Manager promptly upon becoming aware of the occurrence of (i) a Stop Purchase Event or an Incipient Stop Purchase Event (unless such Stop Purchase Event or Incipient Stop Purchase Event has been duly waived) and (ii) a Change of Control in respect of any Zebra Entity;
- 17.2.18 to the extent that, after the Purchase Date, a Seller holds, or it is held to its order, or it receives, or it is received to its order any benefit in respect of any Assigned Receivable, hold such benefit as agent of the Purchaser and (if the same is in monetary form) promptly pay the same to the Purchaser in accordance with the terms of the Transaction Documents;
- 17.2.19 in relation to any of its Eligible Receivables owed by Eligible Debtors that are not Assigned Receivables:
- (A) not enter into any securitisation, factoring or invoice discounting transaction or any other transaction having similar legal content and/or effect (including any assignment or by way of guarantee, sub-participation, subrogation or the declaration of a trust over its beneficial interest in any Receivable); and
 - (B) not create or suffer to exist any Lien, attachment or seizure whatsoever, or any rights in rem, personal right in favour of a third party, encumbrance whatsoever or any arrangement with analogous effect (other than Liens arising by operation of law but not as a result of any default or omission by such Applicable Seller);
- 17.2.20 in the case of the Parent Company, maintain either directly or indirectly at least an absolute majority in the share capital and control of voting power of each Seller and each Servicer until the Final Maturity Date;
- 17.2.21 procure at all times that each Secured Collection Account is subject to a valid and enforceable Collection Account Security Document and (ii) the list of the Collection Account specified in Part B of Schedule 1 is at all times accurate and up-to-date;
- 17.2.22 supply to the Purchaser and the Programme Manager promptly upon becoming aware of them, with the details of any litigation, arbitration, investigations, or administrative proceedings current, threatened or pending against any member of the Parent Group or any other events which are reasonably expected to have a Material Adverse Effect;
- 17.2.23 not enter into any securitisation, factoring or invoice discounting transaction or any other transaction having similar legal content and/or effect (including any assignment or by way of guarantee, sub-participation, subrogation or the declaration of a trust

over its beneficial interest in any Receivable) in relation to any Eligible Debtor other than in relation to the Transaction Documents or as otherwise permitted by the Purchaser and the Programme Manager at their sole discretion;

- 17.2.24 comply with any other covenant as set out in the relevant Local Receivables Purchase Agreement;

Covenants relating to the Assigned Receivables:

- 17.2.25 without prejudice to the terms of Clause 10.2, in relation to an Assigned Receivable, perform all its obligations and comply with all material provisions and covenants under the Contract under which such Assigned Receivable arises or will arise and refrain from performing any action which may have a material adverse effect on the existence, the validity, the collectability or the enforceability of any Assigned Receivable, Related Rights and Related Security sold by it, (including but not limited to actions which may result in any proceedings, set-off, counterclaim or defence whatsoever being brought in respect of such Assigned Receivable, except to the extent that the amounts affected by such events will be fully covered by Deemed Collections due under Clause 12.3 in respect of such Dilutions due by the Applicable Seller(s);
- 17.2.26 comply with the relevant Credit and Collection Policy and undertake not to amend or replace the said Credit and Collection Policy, except where:
- (A) either (i) such amendment is minor and administrative in nature (it being specified that any change to the Collections' allocation rules referred to in Clause 12.2 shall not be considered as minor or administrative) or (ii) the Purchaser has delivered to the applicable Servicer its written consent to the proposed amendment; and
 - (B) the Purchaser and the Programme Manager have been informed in writing of such proposed amendment not later than 30 days prior to the anticipated effective date of such amendment;
- 17.2.27 not sell, assign, transfer, subrogate in any way, dispose of, encumber or negotiate any of the Assigned Receivables sold by it and/or the Related Rights and Related Security related thereto or the corresponding Contracts or grant any Lien over or in relation to any Assigned Receivable or act in any way that would reasonably be expected to result in a Lien being created in respect of any Assigned Receivable or knowingly attempt to carry out any such action in any way whatsoever, except if and where expressly permitted pursuant to the Transaction Documents;
- 17.2.28 not create, nor knowingly allow for the creation or continuation of any right whatsoever encumbering all or any part of the Assigned Receivables sold by it and/or the Related Rights and/or Related Security related thereto or the corresponding Contracts;
- 17.2.29 not enter into any subsequent assignment or transfer or subrogation (or purport or agree to do so) of any Assigned Receivable or any Related Security or Related Rights or grant any Lien over or in relation to any Assigned Receivable or act in any way that would reasonably be expected to result in a Lien being created in respect of any Assigned Receivable;
- 17.2.30 at any time prior to delivery of a Notification Letter to an Assigned Debtor in accordance with Clause 10.5.1, instruct all Assigned Debtors to pay all amounts due in respect of the Assigned Receivables directly to the relevant Collection Account;
- 17.2.31 at any time following the delivery of a Notification Letter to an Assigned Debtor in accordance with Clause 10.5.1, not amend or otherwise modify or cancel or revoke such notification or other payment instructions to such Assigned Debtor or instruct such Assigned Debtor to make payments in respect of the relevant Assigned Receivables to any account other than the account referred to in such notification, unless otherwise required or expressly permitted by the Transaction Documents;
- 17.2.32 (a) not take any action in respect of an Assigned Receivable that may reasonably affect the existence, the validity, the collectability or the enforceability thereof, or (b) delay the taking of any action against a defaulting Assigned Debtor;

- 17.2.33 use all reasonable endeavours to, at its own expense, take whatever action the Purchaser may reasonably require in writing to protect, exercise, demonstrate or effect its rights over the Assigned Receivables and Related Security and Related Rights pursuant to this Agreement, or any Transaction Document to which it is a party including but not limited to where such transfer is challenged by any third party (including the relevant Assigned Debtor);
- 17.2.34 ensure that its computer systems, records (including the Records) and documents relating to the Assigned Receivables enable the proper performance of its obligations pursuant to the Transaction Documents;
- 17.2.35 conduct annual back-up and recovery tests of their IT system;
- 17.2.36 identify and individualise each Assigned Receivable (and all Related Rights and Related Security) tracked on an Excel spreadsheet as being beneficially owned by the Purchaser; and
- 17.2.37 comply with any other covenant as set out in the relevant Local Receivables Purchase Agreement.

17.3 Breakage Cost

Each Zebra Entity hereby irrevocably and unconditionally undertakes to indemnify the Purchaser and any Refinancing Entity on its demand for any properly documented loss suffered or expense incurred by it as a result of any transfer of beneficial ownership in Receivables not taking place on a Purchase Date notwithstanding an acceptance of such transfer by the Purchaser, unless and save to the extent that the non-occurrence of such transfer is solely a result of a failure by the Purchaser to fund the related Purchase Price.

17.4 Indemnities

Each Zebra Entity agrees to indemnify the Programme Agent, the Purchaser, the Programme Manager and any Refinancing Entity (each, an "Indemnified Party"), or procure that such Indemnified Party is indemnified, from and against any and all claims, losses, liabilities and reasonable costs and expenses (including refinancing cost) such Indemnified Party may have under this Agreement and the other Transaction Documents, or under any Local Receivables Purchase Agreement, upon a duly documented request from the relevant Indemnified Party, without any delay, set off, deduction, exception or withholding, arising out of or resulting from any of the following:

- 17.4.1 the characterization in any Servicer Report, Aggregate Electronic File or other written statement made by or on behalf of the Seller of any Receivable as an Eligible Receivable which, as of the applicable Eligibility Test Date, was not an Eligible Receivable; and/or
- 17.4.2 any representation or warranty or statement made or deemed to be made by any Zebra Entity under any Transaction Document which proves to have been incorrect or untrue in any respect when made or deemed made; and/or
- 17.4.3 any failure by any Seller to vest in the Purchaser a full and absolute ownership in each Assigned Receivable; and/or
- 17.4.4 any failure of any Zebra Entity to perform its duties or obligations in accordance with any Transaction Document and/or the occurrence of any Stop Purchase Event or Incipient Stop Purchase Event; and/or
- 17.4.5 any Lien (other than pursuant to a Collection Account Security Document) over any Collection Account or any seizure, attachment, sequestration, distress, execution, claim or demand relating to any Collection Account or to any Collections which affect the rights of the Purchaser over such Collection Account or Collections; and/or
- 17.4.6 any claim, proceeding or action brought by any Person other than an Indemnified Party against an Indemnified Party arising from any activity by such Zebra Entity (or any sub-servicer) in servicing, administering or collecting any Assigned Receivables; and/or
- 17.4.7 an Indemnified Party investigating any event which it reasonably believes is an Incipient Stop Purchase Event or Stop Purchase Event.

The relevant Zebra Entity shall pay the relevant indemnities by way of wire transfer in immediately available funds to an account indicated by the relevant Indemnified Party.

18. TAXES

18.1 Net payments

18.1.1 All payments to be made by any Zebra Entity (or any person acting on their behalf) (each a "Relevant Party") to the Purchaser or any other party under any Transaction Document shall be made free and clear of and without deduction for or on account of tax (a "Tax Deduction") unless such Relevant Party is required by law to make such Tax Deduction. If a Relevant Party is required to make a Tax Deduction, that Relevant Party shall make that Tax Deduction and any payment required in connection with that Tax Deduction within the time allowed and in the minimum amount required by law.

18.1.2 If a Tax Deduction is required to be made by a Relevant Party, the amount of the payment due from that Relevant Party shall be increased by an amount necessary to ensure that, after the making of such Tax Deduction, the Purchaser or such other party to the Transaction Documents receives and retains (free from any liability in respect of any such deduction or withholding) a net sum equal to the sum which it would have received and so retained had no such Tax Deduction been made or required to be made.

18.1.3 If, at any time, any Relevant Party is required to make a Tax Deduction (or if thereafter there is any change in the rates at which or the manner in which such Tax Deductions are calculated), such Relevant Party (the "Affected Relevant Party") shall promptly notify the Programme Manager and the Purchaser.

18.1.4 Without prejudice to the provisions of this Clause 18, if the Purchaser or any other party to the Transaction Documents (other than a Relevant Party) is required to make any payment in connection with (a "Payment"):

- (A) a Tax Deduction as a result of the omission, delay or failure of any Zebra Entity to satisfy any of its obligations under Clause 18.1.1; or
- (B) any Tax imposed by way of withholding or deduction on any payment in relation to any Assigned Receivable following the delivery of a Notification Letter,

the Zebra Entities shall upon written documented demand from the Programme Manager, promptly indemnify such person against such Payment together with any late payment interest, penalties and direct reasonable expenses payable or incurred in connection therewith.

18.2 VAT

Except as otherwise provided in a Transaction Document, all amounts expressed to be payable under a Transaction Document by any Party ("Party A") to another Party ("Party B") which (in whole or in part) constitute the consideration for any supply for VAT purposes, are deemed to be exclusive of any VAT which is chargeable on that supply, and accordingly, if VAT is or becomes chargeable on any supply made by Party B to Party A (which Party B is required to account to the relevant tax authority for the VAT) Party A must pay to Party B, in addition to and at the same time as paying any other consideration for such supply, an amount equal to the amount of the VAT and Party B must promptly provide an appropriate VAT invoice to Party A.

18.3 VAT refund

Where an Assigned Debtor fails to make payment of an Assigned Receivable, the Applicable Seller shall, upon request from the Purchaser, take all necessary actions as permitted by the laws, regulations or official guidelines of any Relevant Jurisdiction, so as to obtain a relief of VAT applicable to such Assigned Receivable from the relevant tax authorities. The Purchaser in turn undertakes to cooperate and take any actions that may be reasonably necessary in the context of such relief. The portion of the relevant amount of unpaid Assigned Receivables corresponding to the chargeable VAT relating thereto recovered by any Seller will be due to the Purchaser up to the amount so recovered by such Seller from the relevant tax authorities.

19. CHANGE IN CIRCUMSTANCES

19.1 If, as a result of: (i) any Change of Law and/or (ii) the compliance with any regulation, request from or requirement of any central bank or other fiscal, monetary or other authority:

19.1.1 any of the Purchaser, the Programme Manager, any Refinancing Entity (each a "Financial Party" and, collectively, the "Financial Parties") incurs an increase of costs attributable to: (1) entering into and/or performing its obligations under any Transaction Documents; and/or funding or maintaining its participation to the Programme (2) assuming or maintaining a commitment under any Transaction Document; and/or (3) in respect of the Purchaser, purchasing or having purchased any Eligible Receivable; or

19.1.2 any sum received (or to be received) by such Financial Party under the Finance Documents or the return of such Financial Party under the Finance Documents (to the extent attributable to the Finance Documents) on its capital, is or will be reduced, then, the Sellers shall upon demand of the Programme Agent, promptly pay on a pro rata basis pursuant to Clause 21.4 to the relevant Financial Party amounts sufficient to indemnify that Financial Party (or any such holding company) against, as the case may be, such income reduction or increased costs.

19.2 The Programme Agent shall promptly notify the Zebra Entities upon becoming aware of a Financial Party intending to make a claim pursuant to Clause 19.1.

19.3 The Programme Agent shall, on behalf of the relevant Financial Party, provide a certificate confirming the amount of its costs claimed under Clause 19.1 (giving reasonable details of the circumstances giving rise to such claim and the calculation of such costs).

20. CONSEQUENCES OF THE OCCURRENCE OF A STOP PURCHASE EVENT

20.1 Upon the occurrence of a Stop Purchase Event, the Purchaser may at any time (in its sole and absolute discretion), immediately terminate the Revolving Period and thereby definitively cease to make any further purchases or transfers of Receivables under the Transaction Documents, by delivering a Termination Notice to the Zebra Entities.

20.2 The Purchaser shall promptly deliver a copy of any Termination Notice to the Programme Agent, Programme Manager and the Programme Manager.

21. PAYMENTS MECHANICS

21.1 Currency of account

Euro is the currency of account and payment for each and every sum at any time due from one Party to another under the Transaction Documents, except that each payment in respect of costs and expenses in respect of a Transaction Document, shall be made in the currency in which the same were incurred and payments of Collections and Purchase Price shall be made in the same Relevant Currency as the Assigned Receivable.

21.2 Set-off

21.2.1 Save as expressly otherwise provided to the contrary, in particular in respect of the payment of any Adjustment Amount (if negative) by the Applicable Seller to the Purchaser under Clause 7.3.2 or the payment of the Initial Cash Deposits or any Complementary Deposit, all payments to be made by any Zebra Entity under the Transaction Documents shall be calculated and be made without (and free and clear of any deduction for) set-off or counterclaim.

21.2.2 At any time the Purchaser shall be entitled to set-off any amount due and payable by it to any Zebra Entity under any Transaction Document against any amount due and payable by such Zebra Entity to it under any Transaction Document.

21.2.3 For the purpose of Clauses 21.2.1 and 21.2.2, any amount denominated in a Relevant Currency which is not Euro will be converted in Euro by applying the applicable Spot Rate Exchange.

21.3 Late payment interest

21.3.1 If any Seller, any Servicer, the Centralising Agent or the Parent Company fails to pay any amount payable by it to the Purchaser thereunder on its due date, interest shall accrue on the overdue amount from the date on which the amount is due up to the date of actual payment (the "Period") at a rate equal to the sum of (i) the overnight rate during such Period (if that rate is less than zero, the applicable overnight rate shall be deemed to be zero) and (ii) 2% per annum.

21.3.2 The late payment interest shall be due on the day on which the overdue amount is actually paid.

21.4 Sellers' payments pro rata

All fees, costs and expenses due and payable by each Seller under any Transaction Document shall be of an amount calculated on the basis of a ratio of (the "Seller Ratio") (i) the Outstanding Amount, in Euro (or if denominated in another Relevant Currency by being converted in Euro by applying the applicable Spot Rate Exchange), of Assigned Receivables of such Seller; over (ii) the aggregate Outstanding Amount, or its Euro (or if denominated in another Relevant Currency by being converted in Euro by applying the applicable Spot Rate Exchange), as of the last Monthly Calculation Date.

22. PROGRAMME AGENT AND PROGRAMME MANAGER

22.1 Appointment and duties of the Programme Agent

The Purchaser hereby appoints the Programme Agent to:

22.1.1 check the information contained in the Aggregate Electronic File, the Servicer Report and any other information provided from time to time by any Zebra Entity;

22.1.2 verify, if a Stop Purchase Event has occurred and inform the other Parties if such an event has occurred;

22.1.3 receive and execute any Form of Assignment in the name and on behalf of the Purchaser;

22.1.4 on each Monthly Calculation Date (i) calculate (a) the Purchase Price of the Eligible Receivables included in the Returned Electronic File as set out in Clause 7.1, (b) the Performance Triggers, (c) the Discount and (d) each DSO, (ii) notify the Purchaser, each Seller and the Programme Manager of each Purchase Price, Discount and DSO and (iii) deliver to the Programme Manager the Calculation Report;

22.1.5 (i) update the Perimeter and/or Relevant Currency Debtor Limit to reflect the modifications decided and/or accepted by the Programme Manager in accordance with Clauses 5.2 and 5.3, (ii) send to the Purchaser and the Centralising Agent the updated version of the Perimeter which shall become applicable as from (and including) the immediately following Monthly Cut-Off Date and (iii) perform any action with respect to the Perimeter that are not delegated to the Programme Manager under Clause 22.3;

22.1.6 on each Monthly Calculation Date, the Programme Agent and/or the Programme Manager in accordance with this Agreement shall calculate:

(A) the Funding Discount by Relevant Currency (as defined in Schedule 2);

(B) the Credit Discount by Relevant Currency (as defined in Schedule 2);

(C) the Discount;

(D) the relevant Purchase Price of the Eligible Receivables to be purchased on the immediately following Purchase Date by the Purchaser;

(E) the Programme Maximum Amount and the Maximum Amount by Currency;

(F) the Required Support Amount Month M by Relevant Currency; and

(G) each Deposit Complimentary Amount by Currency and each Deposit Refund Amount by Relevant Currency.

in each case on the basis of the information provided to it by the Centralising Agent last available Servicer Report and Aggregate Electronic File, and in accordance with the provisions of Schedule 2.

- 22.1.7 verify if a Debtor should be classified as a Delinquent Debtor or Defaulted Debtor;
- 22.1.8 perform any action in relation with the update of the Perimeter, as provided in Clause 5;
- 22.1.9 perform the selection of the Receivables in accordance with Clause 8.3 to be retransferred by the Purchaser to the Seller in accordance with Clause 8.2; and
- 22.1.10 more generally, perform all duties and exercise all rights which are specifically set out in the Transaction Documents to which it is a party.

If, after the performance of the audits referred to in Clause 14, the Programme Agent determines that there are material discrepancies between any Aggregate Electronic File or Servicer Report and the databases of the Zebra Entities, the Programme Agent shall promptly inform in writing the other Parties and give reasonable details of such discrepancies.

22.2 Programme Agent Fee

The Parties agree that the Parent Company shall pay, to the Programme Agent, the Programme Agent Fee on a monthly basis (i.e. from the Monthly Payment Date falling on the Initial Monthly Payment Date).

22.3 Appointment and duties of the Programme Manager

The Purchaser hereby appoints the Programme Manager to:

- 22.3.1 (i) update the Perimeter and/or Relevant Currency Debtor Limit to reflect the modifications decided and/or accepted by the Programme Manager in accordance with Clauses 5.2 and 5.3, (ii) send to the Purchaser and the Centralising Agent the updated version of the Perimeter which shall become applicable as from (and including) the immediately following Monthly Cut-Off Date and (iii) perform any action with respect to the Perimeter that are not delegated to the Programme Agent under Clause 22.1;
- 22.3.2 propose on its behalf to modify the Credit Risk Premium Rate in accordance with Clause 7.2; and
- 22.3.3 more generally, perform all duties and exercise all rights which are specifically set out in the Transaction Documents to which it is a party.

22.4 Liability of the Programme Agent and the Programme Manager

The Programme Agent and the Programme Manager shall:

- 22.4.1 act as agents of the Purchaser solely with respect to their respective obligations and duties expressly specified in this Agreement;
- 22.4.2 have the obligation to act with care and diligence in the performance of their obligations and duties under this Agreement, provided they shall be entitled to assume the accuracy and completeness of all information provided by the Zebra Entities pursuant to the Transaction Documents without being required to make any further enquiry or otherwise undertaking any liability; and
- 22.4.3 not be liable in any way for any consequence arising from any non-fulfilment by the other parties to any Transaction Document of the obligations or commitments respectively undertaken pursuant to this Agreement.

22.5 Duration of the appointment of the Programme Agent and the Programme Manager

The appointment of and the powers granted by the Purchaser to the Programme Agent and the Programme Manager pursuant to this Agreement will be effective from the Signing Date hereof and will remain in full force and effect until the earlier of (a) the Final Maturity Date and (b) the date on which the Programme Agent and/or the Programme Manager resigns by sending

written notice provided that such resignation shall only take effect upon the appointment of a successor by the Purchaser.

23. ACCESSION OF ADDITIONAL SELLERS AND WITHDRAWALS

23.1 Accession Request

At any time during the Revolving Period, the Centralising Agent may deliver to the Purchaser, with copies to the Programme Agent, a written request (each such request, an "Accession Request") for the Accession of one or more members of the Parent Group, to be added to the Programme as Additional Sellers. Each Accession Request shall be irrevocable (subject to the agreement by the Centralising Agent to any modifications requested by the Programme Manager and the Purchaser).

23.2 Due diligence

23.2.1 Following receipt of an Accession Request, the Programme Manager may or shall if it receives a request to do so from the Purchaser arrange for appropriate due diligence to be performed in respect of each proposed Additional Seller.

23.2.2 Matters investigated in connection with such due diligence may include (but shall not be limited to) the following with respect to each such proposed Additional Seller:

- (A) the Receivables originated by it;
- (B) its Credit and Collection Policy;
- (C) its information technology systems, policies and procedures;
- (D) legal, tax, VAT and accounting issues relating to such proposed Additional Seller, its receivables and its proposed addition to the Programme; and
- (E) such other matters as the Programme Manager or the Purchaser may determine to be relevant in the context of such Accession.

23.2.3 The Programme Manager shall be entitled to appoint any professional advisor in any relevant jurisdiction, as it or the Purchaser may deem necessary or desirable for the purposes of aforementioned due diligence and, as applicable, the accession process, provided that any cost of such professional advisers has been approved by the Parent Company prior to such appointment.

23.3 Accession process

No Accession of a proposed Additional Seller shall occur unless:

23.3.1 the Programme Manager and the Purchaser, each acting in its sole and absolute discretion, have agreed in writing to such Accession;

23.3.2 all Accession Agreements have been entered into with respect to such Additional Seller pursuant to and in accordance with Clause 23.5; and

23.3.3 without limitation of the foregoing Clause 23.3.1, each of the following conditions precedent to the Accession as been satisfied in a manner satisfactory to the Programme Manager and the Purchaser, each acting in its sole and absolute discretion:

- (A) on the basis of the conclusions of the due diligence carried out in accordance with Clause 23.2, the Programme Manager and the Purchaser are reasonably satisfied that the proposed Additional Seller has the ability to perform its obligations as Seller and Servicer under the relevant Transaction Documents;
- (B) the Programme Manager has obtained the approval of its credit committee for such Accession;
- (C) such proposed Additional Seller or its counsel has delivered to the Programme Manager and the Purchaser all opinions, certificates and other documents reasonably requested by them in connection with the Accession (which shall include, without limitation, the documents referred to in Clause 6.3), as applicable, mutatis mutandis, to such proposed Additional Seller);

- (D) any tests requested by the Programme Manager, the Purchaser or the Programme Agent of the proposed Additional Seller's information technology systems have been carried out with results satisfactory to the Programme Manager, the Purchaser or the Programme Agent, as the case may be;
- (E) each Seller and the Parent Company agrees with the modifications that the Programme Manager may request to the Transaction Documents as a result of such accession; and
- (F) the relevant Additional Seller has, or the Parent Company has, paid any and all fees, costs and expenses required to be paid by it in connection with such proposed Accession pursuant to Clause 23.4 (subject to any limit that may have been agreed between the Purchaser and the Parent Company).

23.4 Payment of fees and expenses

The Centralising Agent (or the relevant Additional Seller) shall be obligated to pay, out of its own resources, or procure the payment of, with respect to each proposed Accession pursuant to this Clause 23 (whether the proposed Additional Seller is or, for any reason, is not added to the Programme as an Additional Seller), the fees and the amount of any justified and reasonable out-of-pocket costs and expenses that have been mutually agreed between the Zebra Entities and the Financial Parties, incurred by the Programme Agent, the Purchaser and the Programme Manager in connection with such proposed Accession (including, without limitation, any fees, costs and expenses relating to the audits and legal advisors) within the agreed timelines for such payment.

23.5 Accession Agreements

- 23.5.1 Following (i) the delivery by the Programme Manager and the Purchaser of their written consent to an Accession pursuant to Paragraph 23.3.1 and (ii) the satisfaction of each of the conditions set forth in Paragraph 23.3.3 (the earlier date on which both events occur being the "Accession Approval Date"), the relevant Parties shall enter into the Accession Agreements related to such Additional Seller.
- 23.5.2 Each Accession Agreement shall be in a form satisfactory to each of the parties thereto.
- 23.5.3 From and after the date on which the Accession Agreement has been so entered into by all parties thereto, the proposed Additional Seller shall be a Party to the relevant Local Receivables Purchase Agreement (based on the jurisdiction of incorporation of such Additional Seller) as a Seller and a Servicer, with all of the rights and obligations of a Seller and a Servicer under this Agreement and each of the other relevant Transaction Documents.

24. CHANGE TO THE PARTIES

24.1 Assignments and transfers

Subject to Clause 24.3, none of the Parties may assign any of its rights or transfer this Agreement or any of its rights or obligations under any Transaction Document to which it is a party without the prior written approval of the other parties thereto.

24.2 Successors

Each Transaction Document shall be binding upon and inure to the benefit of each entity which is a party or accedes to such Transaction Document and its or any subsequent successors and assignees.

24.3 Transfers by the Purchaser

Nothing set forth in this Agreement or in any other Transaction Document shall limit the right of the Purchaser to sell, assign, novate, transfer, participate, re-transfer, re-participate, insure or otherwise alienate any of its right, title or interest under any Assigned Receivables, Related Rights, Related Security or Collections or any interest in any of the foregoing, provided, however, that:

- 24.3.1 unless a Stop Purchase Event has occurred and is continuing, the transferee is not a direct competitor of the Parent Company or its Subsidiaries (with respect to any lines of business engaged in by them as of the Signing Date or the relevant Accession Date); and
- 24.3.2 in the case of an assignment or transfer, such assignee or transferee has undertaken to the Purchaser obligations that allow the Purchaser to duly and timely comply with its obligations under this Agreement and agrees to the same restriction on the ability to notify Debtors of such assignments as the Purchaser has agreed to in this Agreement.

25. CONFIDENTIALITY

- 25.1 Each Party agrees to keep the Transaction Documents and all information of any kind that is not in the public domain transmitted by any other Party (whether directly or through an Affiliate) as confidential. The Parties agree not to disclose such information to any other Person and to ensure that their respective personnel similarly respect the confidential nature of such information provided that a Party may make any such disclosure:
 - 25.1.1 to its auditors and to any other professional advisers subject to a professional duty of confidentiality;
 - 25.1.2 to any regulators banking supervisory authorities or tax authorities and to any Person to whom the information must be disclosed in connection with or for the purposes of a disclosure, litigation, arbitration, administrative, fiscal or other investigation, proceedings or a dispute to the extent required by Applicable Laws;
 - 25.1.3 pursuant to any laws and regulations whether or not having the force of law applicable to it, but, if not having the force of law, is a regulation in accordance with which a party is accustomed comply;
 - 25.1.4 with respect to the Purchaser, the Programme Agent and CA-CIB, to their Affiliates, any Substitute Servicer; any rating agency, any Refinancing Entity, Liquidity Facility Provider or to any other Person (a) which has agreed to make funds available, directly or indirectly, to the Purchaser in connection with this Agreement or (b) to which the Purchaser or any successors may transfer any risk arising from the Assigned Receivables (including credit insurer and/or guarantor and their brokers) or (c) which may invest in securities directly or indirectly backed by the Assigned Receivables;
 - 25.1.5 to (i) any securitisation repository (as defined in article 2(23) of the Regulation (EU) 2017/2402 of 12 December 2017 laying down a general framework for securitisation and creating a specific framework for simple, transparent and standardised securitisation) or any repositioning as defined in any statute, regulation or rule of similar effect applicable at any time in the United Kingdom or to the extent required under the aforementioned regulation to enable a Party to comply with its obligations thereunder and (ii) any STS third party referred to in article 27(2) of the above mentioned regulation; and
 - 25.1.6 to any rating agency.
 - 25.2 The obligation to preserve confidentiality set out in this Clause 25 shall remain valid for a period of 365 days following the Final Maturity Date.
 - 25.3 Without prejudice to any other provision of this Clause 25, the following information may be disclosed by the Programme Manager or its advisers for the conduct of their commercial communication without the prior written consent of any Party: the Programme Purchaser Maximum Funding Amount, the type of assets that are the subject of the Programme, the countries involved, the names of the Sellers, the number of Sellers, the names of the Sellers, the main features of the Programme, the identity of the legal advisors involved in the Programme and the Signing Date.
- ## 26. NOTICES
- 26.1 Any notification under any Transaction Document shall be addressed in writing to the relevant addressee(s) at its address, telephone and e-mail details set out in Schedule 4.

- 26.2 Any notice to be sent to the Programme Manager under this Agreement shall also be sent to the Purchaser simultaneously and vice versa.
- 26.3 Any change in the notice details set out in Schedule 4 with respect to any party to the Transaction Documents shall be forthwith notified by such party to the other Parties, and such a change shall become effective 5 Business Days after receipt of such notice by the Programme Manager.
27. AMENDMENTS TO THE TRANSACTION DOCUMENTS
- 27.1 Transaction Documents generally
- 27.1.1 Except as otherwise provided, no amendment may be made to any Transaction Document unless agreed in writing and signed by or on behalf of each of the Parties thereto.
- 27.1.2 Notwithstanding the above, a Condition Precedent may be waived in writing by the Purchaser or the Programme Agent (each in respect of itself), and without the consent of any other Party.
- 27.2 Changes to notice details
- Notwithstanding Clause 27.1, Schedule 4 may be amended and updated from time to time by the Programme Manager, and without the consent of the other Parties, upon the Programme Manager being notified of any change in the notice details with respect to any Party in accordance with Clause 26.
- 27.3 Replacement of Screen Rate
- 27.3.1 As from the date on which a Screen Rate Replacement Event has occurred in relation to any Screen Rate and until the Programme Manager and the Parent Company (acting on behalf of the Sellers) have agreed on a Replacement Benchmark, the Programme Manager and the Parent Company agree to use the relevant Alternate Base Rate.
- 27.3.2 Subject to Clause 27.1, if a Screen Rate Replacement Event has occurred in relation to any Screen Rate, any amendment or waiver which relates to:
- (A) providing for the use of a Replacement Benchmark; and
- (B)
- (1) aligning any provision of any Transaction Document to the use of that Replacement Benchmark;
 - (2) enabling that Replacement Benchmark to be used for the calculation of interest under this Agreement (including, without limitation, any consequential changes required to enable that Replacement Benchmark to be used for the purposes of this Agreement);
 - (3) implementing market conventions applicable to that Replacement Benchmark;
 - (4) providing for appropriate fallback (and market disruption) provisions for that Replacement Benchmark; or
 - (5) adjusting the pricing to reduce or eliminate, to the extent reasonably practicable, any transfer of economic value from one Party to another as a result of the application of that Replacement Benchmark (and if any adjustment or method for calculating any adjustment has been formally designated, nominated or recommended by the Relevant Nominating Body, the adjustment shall be determined on the basis of that designation, nomination or recommendation),

- (C) may be made by the Programme Manager with the prior consent of the other Parent Company (acting on behalf of the others Sellers).

28. MISCELLANEOUS PROVISIONS

28.1 Remedies and waivers

- 28.1.1 No failure to exercise, nor any delay in exercising, on the part of any party to a Transaction Document, any right or remedy thereunder shall operate as a waiver, nor shall any single or partial exercise of any right or remedy prevent any further or other exercise or the exercise of any other right or remedy. The rights and remedies are cumulative and not exclusive from any rights and remedies provided by law.

28.2 No petition, limited recourse

Notwithstanding any other provision of this Agreement or any other Transaction Document, each Party, other than the Purchaser:

- 28.2.1 acknowledges that it shall not institute or join any Person in instituting any legal proceedings, take other steps or institute other proceedings against the Purchaser, the purpose of which is winding up, dissolution, examinership, or reorganisation, of or for the appointment of receiver, liquidator, administrator, administrative receiver, assignee, trustee, custodian, sequestrator or other similar official of the Purchaser or any substantial part of or all its revenue or property, or the opening of receivership proceedings or insolvency or bankruptcy proceedings or any other similar proceedings in any jurisdiction until the expiry of a period of 18 months plus one day after the Final Maturity Date;
- 28.2.2 acknowledges that it shall not take any steps (or initiate proceedings or join any person in these proceedings) for the purpose of enforcing any of its pecuniary rights against the Purchaser where the amount claimed in respect of such steps or proceedings exceeds the amounts held by the Purchaser in relation to the Programme;
- 28.2.3 acknowledges that it shall only have recourse against the assets of the Purchaser held under the Transaction Documents and shall not have any recourse whatsoever against any other assets of the Purchaser acquired under or held in relation to any other securitisation Programme of the Purchaser; and
- 28.2.4 acknowledges that any claim of any such Party against the Purchaser which cannot be satisfied in full as a result of the provisions of this Clause 28.2 shall be automatically extinguished and no such Party shall be entitled to take any step or action against the Purchaser to recover any shortfall.

28.3 Service of process

- 28.3.1 Without prejudice to any other mode of service allowed under any relevant law, each of the Initial Sellers, Initial Servicers and the Parent Company (other than where such a Party is incorporated in England and Wales):

- (A) hereby irrevocably appoints Zebra Technologies Europe Limited with offices as of the date hereof at Dukes Meadow, Millboard Road, Bourne End, Buckinghamshire, SL8 5XF (the "Process Agent") under a process agent letter dated the Signing Date as its agent for service of process in relation to any proceedings before the English courts in connection with any Transaction Document; and
- (B) agrees that failure by a Process Agent to notify the relevant Party of the process will not invalidate the proceedings concerned.

- 28.3.2 If any person appointed as a Process Agent for service of process is unable for any reason to act as agent for service of process, the Parent Company (on behalf of each of the Initial Sellers, Initial Servicers and the Parent Company) must immediately (and in any event within 5 days of such event taking place) appoint another agent on terms acceptable to the Process Agent. Failing this, the Process Agent may appoint another agent for this purpose.

28.4 Entire Agreement

- 28.4.1 The Transaction Documents, and any document referred to in the Transaction Documents, constitute the entire agreement and understanding between the Parties relating to the subject matter of the Transaction Documents and sets out all the terms of any agreements, arrangements, and transactions between the Parties.
- 28.4.2 Each Party agrees that it has not entered into any of the Transaction Documents in reliance upon any representation, warranty or undertaking of any other Party which is not expressly set out or referred to in one of the Transaction Documents.
- 28.4.3 A Party is not liable to another Party (in equity, contract or tort, under the Misrepresentation Act 1967 of the United Kingdom, or in any other way) for any representation other than an express warranty which is set out in any Transaction Document or any document referred to in a Transaction Document.
- 28.4.4 Nothing in this Clause 28.4 (Entire Agreement) shall have the effect of limiting or restricting any liability of a Party arising as a result of any fraud.

28.5 Severance

- 28.5.1 If any provision or part-provision of this Agreement is or becomes invalid, illegal or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability, but that shall not affect the validity and enforceability of the rest of this Agreement.
- 28.5.2 If any provision or part-provision of this Agreement is invalidated or unenforceable under Clause 28.5.1, the Parties shall use reasonable endeavours in a view to agree a replacement provision that, to the greatest extent possible, achieves the intended commercial result of the original provision.

28.6 Expenses

The Zebra Entities shall reimburse any Financial Party for all reasonable and duly documented fees, costs, expenses and any stamp, transfer, court, registration or property Taxes (including legal fees and VAT thereon) incurred in connection with the performance and enforcement of the Transaction Documents and the preservation of their rights thereunder.

28.7 Other security interests

The collateral posted pursuant to Clause 14 shall be in addition to any other security interest (whether in rem or in personam) or any other forms of security or guarantee undertaking whatsoever (including, but not limited to, the Parent Undertaking, the benefit of any representations, warranties and covenants on the part of any party under the Transaction Documents (other than the Deposit Beneficiary in any of its capacities)) which the Deposit Beneficiary (in any of its capacities) may from time to time benefit from in connection with the Programme). Accordingly, the Depositors shall in no event, whether as a condition precedent to, defence against, as any prerequisite whatsoever to, the performance of any of its obligations hereunder, be entitled to require or request in any way that the Deposit Beneficiary enforces or procures for the enforcement of any of such other security interests or forms of security or guarantee undertaking.

28.8 Acknowledgement and consent to Bail-In of EEA Financial Institutions

Notwithstanding anything to the contrary in this Agreement or in any other agreement, arrangement or understanding among any such Parties, each Party hereto acknowledges that any liability of any EEA Financial Institution arising under this Agreement, to the extent such liability is unsecured, may be subject to the write-down and conversion powers of an EEA Resolution Authority and agrees and consents to, and acknowledges and agrees to be bound by:

- 28.8.1 the application of any Write-Down and Conversion Powers by an EEA Resolution Authority to any such liabilities arising hereunder which may be payable to it by any party hereto that is an EEA Financial Institution; and
- 28.8.2 the effects of any Bail-in Action on any such liability, including, if applicable:

- (A) a reduction in full or in part or cancellation of any such liability;
- (B) a conversion of all, or a portion of, such liability into shares or other instruments of ownership in such EEA Financial Institution, its parent undertaking, or a bridge institution that may be issued to it or otherwise conferred on it, and that such shares or other instruments of ownership will be accepted by it in lieu of any rights with respect to any such liability under this Agreement or any other agreement, arrangement or understanding among any such Parties; or
- (C) the variation of the terms of such liability in connection with the exercise of the write-down and conversion powers of any EEA Resolution Authority.

In this Clause 28.7:

- 28.8.3 "Bail-In Action" means the exercise of any Write-Down and Conversion Powers by the applicable EEA Resolution Authority in respect of any liability of an EEA Financial Institution.
- 28.8.4 "Bail-In Legislation" means, with respect to any EEA Member Country implementing Article 55 of Directive 2014/59/EU of the European Parliament and of the Council of the European Union, the implementing law for such EEA Member Country from time to time which is described in the EU Bail-In Legislation Schedule.
- 28.8.5 "EEA Financial Institution" means (a) any credit institution or investment firm established in any EEA Member Country which is subject to the supervision of an EEA Resolution Authority, (b) any entity established in an EEA Member Country which is a parent of an institution described in clause (a) of this definition, or (c) any financial institution established in an EEA Member Country which is a subsidiary of an institution described in clauses (a) or (b) of this definition and is subject to consolidated supervision with its parent;
- 28.8.6 "EEA Member Country" means any of the member states of the European Union, Iceland, Liechtenstein and Norway.
- 28.8.7 "EEA Resolution Authority" means any public administrative authority or any Person entrusted with public administrative authority of any EEA Member Country (including any delegee) having responsibility for the resolution of any EEA Financial Institution.
- 28.8.8 "EU Bail-In Legislation Schedule" means the EU Bail-In Legislation Schedule published by the Loan Market Association (or any successor Person), as in effect from time to time.
- 28.8.9 "Write-Down and Conversion Powers" means, with respect to any EEA Resolution Authority, the write-down and conversion powers of such EEA Resolution Authority from time to time under the Bail-In Legislation for the applicable EEA Member Country, which write-down and conversion powers are described in the EU Bail-In Legislation Schedule.

28.9 No Joint Liability

Without prejudice to the terms of the Parent Undertaking, each Zebra Entity is severally but not jointly liable with the other Zebra Entities for their respective obligations under this Agreement and the other Transaction Documents.

28.10 Contracts (Rights of Third Parties) Act 1999

- 28.10.1 Save as where expressly specified to the contrary, any person who is not party to a Transaction Document may not enforce its terms under the Contracts (Rights of Third Parties) Act 1999.

28.10.2 Notwithstanding any terms of the Transaction Documents, the consent of any third party is not required for any variation (including any release or compromise of any liability under) or termination of any Transaction Document, and any such variation, waiver or termination may be made without regard for the interests of any third party.

28.11 Evidence of indebtedness

In any proceeding, action or claim relating to any Transaction Document a statement as to any amount due which is certified as being correct by an officer of the Purchaser or the Programme Agent shall, unless otherwise provided in the Transaction Document or this Agreement, or in the case of manifest or demonstrable error, be prima facie evidence that such amount is in fact due and payable.

28.12 Counterparts

This Agreement may be executed in any number of counterparts, and this has the same effect as if the signatures on the counterparts were on a single copy of this Agreement.

29. GOVERNING LAW AND JURISDICTION

29.1 Governing law

29.1.1 This Agreement other than Clauses 6 to 9 and any non-contractual obligations arising therefrom is governed by, and shall be construed in accordance with, English law.

29.1.2 Clauses 6 to 9 are governed by and shall be construed in accordance with the law that governs the relevant Local Receivables Purchase Agreement into which it shall be incorporated in accordance with Clause 3.

29.2 Jurisdiction

29.2.1 Any dispute relating to the existence, validity, interpretation, performance or any other matter arising out of this Agreement (including any non-contractual rights or claims) shall be subject to the exclusive jurisdiction of the courts of England and Wales (a "Dispute").

29.2.2 The Parties agree that the courts of England are the most appropriate and convenient courts to settle Disputes and accordingly no Party will argue to the contrary.

IN WITNESS WHEREOF this Deed has been executed and delivered as a deed on the day and year first above written.

Subsidiaries of Registrant

Zebra Technologies Corporation – a Delaware corporation (NASDAQ listing: ZBRA)
Cortexica Vision Systems Limited – a UK limited private company
Genuine Zebra Technologies Trading (Shanghai) Co., Ltd. – a PRC limited liability company
Laser Band, LLC – a Missouri limited liability company
Profitect Technologies (2007) Ltd. – an Israeli private limited company
Psion Africa (Proprietary) Limited – a South African private company
Psion ApS – a Danish private limited company
Psion Digital Limited – a UK limited private company
Psion Holdings Limited – a UK limited private company
Psion SARL – a Swiss limited liability company
Psion Systems India Private Limited – an Indian private limited company
Reflexis Systems (UK) Limited – a UK private limited company
Reflexis Systems GmbH – a German limited liability company
Reflexis Systems India Private Limited – an Indian public limited company
Reflexis Systems, Inc. – a Delaware corporation
Symbol Technologies Africa, LLC – a Delaware limited liability company
SYMBOL TECHNOLOGIES INDIA PRIVATE LIMITED – an Indian private limited company
Symbol Technologies International, LLC – a Delaware limited liability company
Symbol Technologies Latin America, LLC – a Delaware limited liability company
Symbol Technologies, LLC – a Delaware limited liability company
Telxon Corporation – a Delaware corporation
TempTime Corporation – a Delaware corporation
TPTM Holding Corp. – a Delaware corporation
Zebra Diamond Holdings Limited – a UK private limited company
Zebra Enterprise Israel Ltd. – an Israeli private limited company
Zebra Jersey Holdings I Limited – a Jersey private limited company
Zebra Jersey Holdings II Limited – a Jersey private limited company
Zebra Luxco I S.a r.l. – a Luxembourg limited liability company
Zebra Luxco III S.a r.l – a Luxembourg limited liability company
Zebra Luxco V S.a r.l. – a Luxembourg limited liability company
Zebra Retail Solutions, UK Limited – a UK limited private company
Zebra Technical Services (Guangzhou) Co., Ltd. – a PRC limited liability company
Zebra Technologies (Barbados) FinCo SRL, a Barbados international society with restricted liability
Zebra Technologies (Hong Kong) Limited – a Hong Kong limited company
Zebra Technologies (New Zealand) Limited – a New Zealand limited company
Zebra Technologies (Thailand) Ltd. – a Bangkok private limited company
Zebra Technologies AB – a Swedish limited liability company
Zebra Technologies Argentina S.A. – an Argentinean limited private company
Zebra Technologies Asia Pacific Pte. Ltd. – a Singapore private company limited by shares
Zebra Technologies Australia Pty Ltd – a Victoria private company limited by shares

Zebra Technologies Austria GmbH – an Austrian limited liability company
Zebra Technologies B.V. – a Netherlands limited liability company
Zebra Technologies Belgium BVBA – a Belgian limited liability company
Zebra Technologies Brazil, LLC – a Delaware limited liability company
Zebra Technologies Canada, ULC – a Canadian unlimited liability company
Zebra Technologies Colombia S.A.S. – a Colombian simplified trading stock company
Zebra Technologies Colombia, LLC – a Delaware limited liability company
Zebra Technologies CZ s.r.o. – a Czech limited liability company
Zebra Technologies d.o.o. Beograd – a Serbian limited liability company
Zebra Technologies de Reynosa, S. de R.L. de C.V. – a Mexican limited liability company
Zebra Technologies do Brasil – Comércio de Produtos de Informática Ltda. – a Brazilian limited liability company
Zebra Technologies Enterprise Company, LLC – a Delaware limited liability company
Zebra Technologies Enterprise de Mexico, S. de R.L. de C.V. – a Mexican limited liability company
Zebra Technologies Europe Limited – a private UK company limited by shares
Zebra Technologies France S.A.S. – a French limited liability company
Zebra Technologies Germany GmbH – a German limited liability company
Zebra Technologies Hellas Single Member IKE – a Greek private limited company
Zebra Technologies India Private Ltd. – an Indian private limited company
Zebra Technologies International, LLC – an Illinois limited liability company
Zebra Technologies Italy S.R.L. – an Italian limited liability company
Zebra Technologies Japan Co. Ltd. – a Japanese joint stock company
Zebra Technologies Korea YCH – a Korean limited liability company
Zebra Technologies Lanka (Private) Limited – a Sri Lanka private limited company
Zebra Technologies LXIP Corporation – a Delaware corporation
Zebra Technologies Magyarország Kft. – a Hungarian limited liability company
Zebra Technologies Malaysia Sdn. Bhd. – a Malaysian private limited company
Zebra Technologies Mexico, LLC – a Delaware limited liability company
Zebra Technologies MS Holdings, LLC – a Delaware limited liability company
Zebra Technologies Netherlands B.V. – a Netherlands limited liability company
Zebra Technologies Norway AS – a Norwegian limited company
Zebra Technologies RSC, LLC – a Delaware limited liability company
Zebra Technologies Russia OOO – a Russian limited liability company
Zebra Technologies Spain, S.L. – a Spanish limited liability company
Zebra Technologies Sp. z.o.o. – a Polish limited liability company
Zebra Technologies Taiwan Co., Ltd. – a Taiwanese limited liability company
Zebra Technologies Thailand LLC – a Delaware limited liability company
Zebra Technologies UK Limited – a UK private limited company
Zebra Technologies US LLC – a Delaware corporation
Zebra Teknolojileri Sistem Cozumleri Anonim Sirketa – a Turkish joint stock company
ZTP Portugal, Unipessoal, Lda – a Portuguese private limited company

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the following Registration Statements:

- (1) Registration Statements (Form S-8 No. 333-135179, Form S-8 No. 333-204296, Form S-8 No. 333-225337) pertaining to the Long-Term Incentive Plans of Zebra Technologies Corporation,
- (2) Registration Statement (Form S-8 No. 333-174616) pertaining to the Long-Term Incentive Plan and Employee Stock Purchase Plan of Zebra Technologies Corporation;
- (3) Registration Statement (Form S-8 No. 333-238966) pertaining to the Employee Stock Purchase Plan of Zebra Technologies Corporation;
- (4) Registration Statement (Form S-8 No. 333-248556) pertaining to the Stock Incentive Plan of Reflexis Systems, Inc.;

of our reports dated February 11, 2021, with respect to the consolidated financial statements and schedule listed at Item 15 of Zebra Technologies Corporation, and the effectiveness of internal control over financial reporting of Zebra Technologies Corporation, included in this Annual Report (Form 10-K) for the year ended December 31, 2020.

/s/ Ernst & Young LLP

Chicago, Illinois
February 11, 2021

CERTIFICATION

I, Anders Gustafsson, certify that:

1. I have reviewed this report on Form 10-K 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: February 11, 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-K 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: February 11, 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 Annual Report of Zebra Technologies Corporation (the "Company") on Form 10-K for the period that ended December 31, 2020, 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: February 11, 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 Annual Report of Zebra Technologies Corporation (the "Company") on Form 10-K for the period that ended December 31, 2020, 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: February 11, 2021

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