

Xerox Reports First-Quarter 2021 Results

In 2021, our four strategic initiatives—optimize operations for simplicity, drive revenue, reenergize the innovation engine and focus on cash flow and increasing capital returns—remain at the center of what we do to deliver results for all stakeholders.

While COVID-19 is still impacting the global economy, our 2021 model assumes a modest economic recovery as the year progresses and continued execution of our growth strategy, which gives us confidence in our full-year guidance.

First-Quarter Financial Results

Gross Margin: 35.7%, down 260 bps

SAG: 26.2% as percentage of revenue, down 290 bps

Operating Margin – Adjusted¹: 5.2%, up 50 bps

Other Expenses, net – Adjusted¹: \$24M, up \$5M

Tax Rate – Adjusted¹: 27.7%, down 170 bps

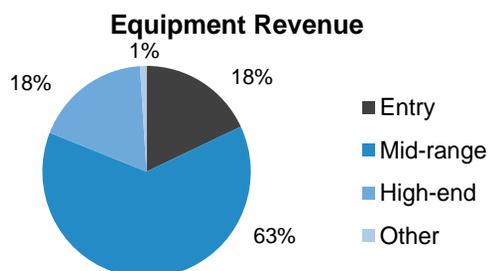
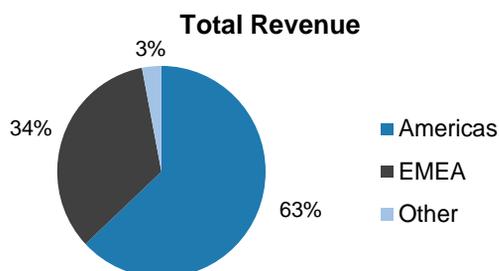
GAAP Earnings Per Share: \$0.18, up \$0.21

EPS – Adjusted¹: \$0.22, up \$0.01

Free Cash Flow¹: \$100M (CAPEX of \$17M), down \$50M

Ending Cash²: \$2.5B; **ending debt:** \$4.4B (\$2.9B XFS & \$1.5B core³)

Dividends and Share Repurchase: Returned \$216M to shareholders



Revenue: \$1.71B, down 8.1% or down 10.4% CC¹

- **Equipment:** \$0.4B, up 17.2% or up 14.2% CC¹
- **Post Sale:** \$1.3B, down 13.4% or down 15.6% CC¹

Installs⁴: Entry A4 MFPs color up 9%, B&W up 97%; Mid-range color up 11%, B&W up 13%; High-end color up 46%, B&W up 18%.

2021 Full-Year Guidance

- **Revenue (CC)¹:** At least \$7.2B, ~2.5% growth
- **Free Cash Flow¹:** At least \$500M
- **Shareholder Returns:** At least 50% of annual Free Cash Flow¹

NOTE: The financial results presented above are from continuing operations.

⁽¹⁾ Adjusted Measures, Free Cash Flow and Constant Currency (CC): see Non-GAAP Financial Measures contained in our first-quarter 2021 earnings release and slides posted on our website at <https://www.xerox.com/investor>. ⁽²⁾ Cash, cash equivalents and restricted cash. ⁽³⁾ Q1 2021 core debt includes rounder of \$(0.1). ⁽⁴⁾ Mid-Range and High-End color installations exclude FUJIFILM Business Innovation Corp. (formerly Fuji Xerox Co., Ltd.) digital front-end sales. For additional information, refer to our forward-looking statements and non-GAAP reconciliations contained in our first-quarter 2021 earnings release posted on our website at <https://www.xerox.com/investor>.