

Xerox Reports Second-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.

We see positive trends in demand for our products and services. Increasing equipment sales and print volumes are consistent with a continuing, gradual return to the office in many of our regions and support a favorable outlook for the remainder of the year.

Second-Quarter Financial Results

Gross Margin: 35.6%, down 290 bps

SAG: 24.2% as percentage of revenue, down 490 bps

Operating Margin – Adjusted¹: 7.0%, up 280 bps

Other Expenses, net – Adjusted¹: \$23M, up \$8M

Tax Rate – Adjusted¹: 9.7%, down 1,370 bps

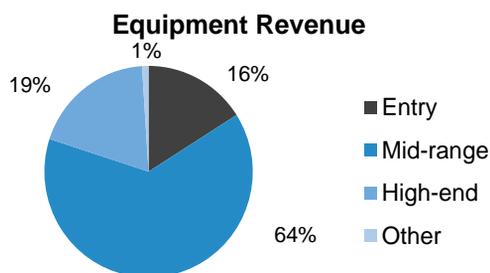
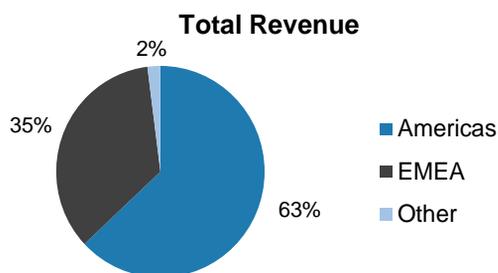
GAAP Earnings Per Share: \$0.46, up \$0.35

EPS – Adjusted¹: \$0.47, up \$0.32

Free Cash Flow¹: \$198M (CAPEX of \$16M), up \$183M

Ending Cash²: \$2.2B; **ending debt:** \$4.2B (\$3.0B XFS & \$1.2B core)

Dividends and Share Repurchase: Returned \$305M to shareholders



Revenue: \$1.79B, up 22.4% or up 18.1% CC¹

- Equipment: \$0.4B, up 38.4% or up 34.0% CC¹
- Post Sale: \$1.4B, up 18.1% or up 13.8% CC¹

Installs³: Entry A4 MFPs color up 19%, B&W up 63%; Mid-range color up 62%, B&W up 36%; High-end color up 27%, B&W up 47%.

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 second-quarter 2021 earnings release and slides posted on our website at <https://www.xerox.com/investor>. ⁽²⁾ Cash, cash equivalents and restricted cash. ⁽³⁾ Mid-Range and High-End color installations exclude FUJIFILM Business Innovation Corp. (formerly Fuji Xerox Co., Ltd.) digital front-end sales in 2020. For additional information, refer to our forward-looking statements and non-GAAP reconciliations contained in our second-quarter 2021 earnings release posted on our website at <https://www.xerox.com/investor>.