

Xerox Reports Third-Quarter 2021 Results

We continue to see strong demand for our products and services, and we expect a broader return of employees to the workplace will result in improvements in page volumes and post-sale revenue in future quarters.

Due to ongoing supply chain disruptions and a delay in employees returning to workplaces, we lowered our revenue guidance to approximately \$7.1 billion in actual currency for 2021 (\$7.0 billion in constant currency).

We remain confident in our ability to generate at least \$500 million in free cash flow. Year-to-date, we have returned approximately 170% of our free cash flow to shareholders and this quarter received authorization to repurchase an additional \$500 million of stock. We plan to opportunistically buy back shares while continuing to pay a dividend and invest in innovation.

Third-Quarter Financial Results

Gross Margin: 32.4%, down 440 bps

SAG: 23.5% as percentage of revenue, down 160 bps

Operating Margin – Adjusted¹: 4.2%, down 320 bps

Other Expenses, net – Adjusted¹: \$(11)M, down \$9M

Tax Rate – Adjusted¹: (3.5)%, down from 21.1%

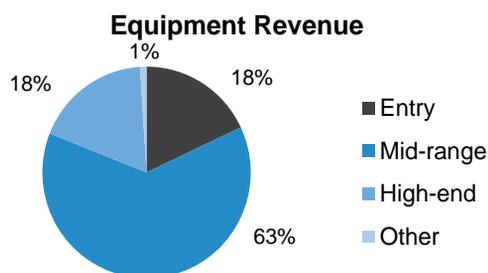
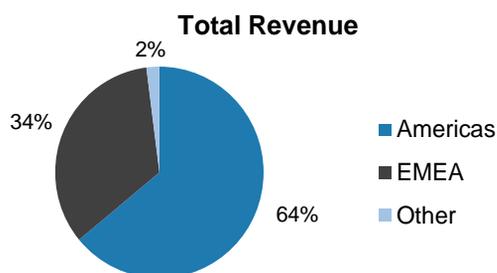
GAAP Earnings Per Share: \$0.48, up \$0.07

EPS – Adjusted¹: \$0.48, flat

Free Cash Flow¹: \$81M (CAPEX of \$19M), down \$7M

Ending Cash²: \$2.3B; **ending debt:** \$4.3B (\$2.9B XFS & \$1.4B core)

Dividends and Share Repurchase: Returned \$136M to shareholders



Revenue: \$1.76B, down 0.5% or down 1.6% CC¹

- Equipment: \$0.4B, down 7.6% or down 8.4% CC¹
- Post Sale: \$1.4B, up 1.7% or up 0.5% CC¹

Installs: Entry A4 MFPs color up 17%, B&W down 7%; Mid-range color up 1%, B&W up 20%; High-end color down 7%, B&W up 34%.

2021 Full-Year Guidance

- **Revenue:** Approximately \$7.1B (AC), \$7.0B (CC)¹
- **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 third-quarter 2021 earnings release and slides posted on our website at <https://www.xerox.com/investor>. Adjusted tax rate reflects changes in return filing positions as well as remeasurement of deferred tax assets of approximately 26%.

⁽²⁾ Cash, cash equivalents and restricted cash.

For additional information, refer to our forward-looking statements and non-GAAP reconciliations contained in our third-quarter 2021 earnings release posted on our website at <https://www.xerox.com/investor>.

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