

Xerox Reports Fourth-Quarter 2021 Results

Despite continued uncertainty associated with supply chain conditions and the pandemic, we are confident in our ability to deliver at least \$7.1 billion of revenue in actual currency, and at least \$400 million of free cash flow in 2022. Our confidence stems from strong demand for our products and services, and continued strength in correlations between in-office work and post sale revenue.

We expect growth will be weighted to the back half of the year, with revenue improving as supply chain conditions normalize and workers return to the office.

We maintain our policy of returning at least 50% of annual free cash flow to shareholders. In recent years, we have delivered well in excess of that goal, but our current policy gives us the flexibility to pursue value accretive M&A and additional investments in innovation.

Fourth-Quarter Financial Results

Gross Margin: 32.9%, down 330 bps

SAG: 23.8% as percentage of revenue, up 100 bps

Operating Margin – Adjusted¹: 4.8%, down 470 bps

Other Expenses, net – Adjusted¹: \$29M, up \$16M

Tax Rate – Adjusted¹: (8.8)%, down from 29.8%

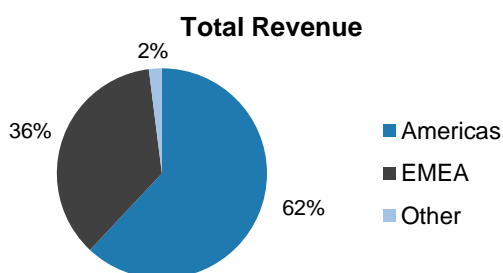
GAAP Loss Per Share²: \$(3.97), down \$(4.33)

EPS – Adjusted¹: \$0.34, down \$0.24

Free Cash Flow¹: \$182M (CAPEX of \$16M), down \$39M; FY FCF \$561M (CAPEX of \$68M), up \$87M

Ending Cash³: \$1.9B; **ending debt:** \$4.2B (\$2.9B financing & \$1.3B core)

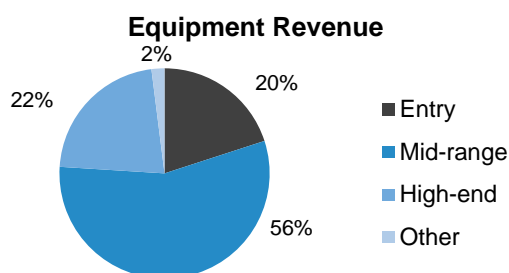
Dividends and Share Repurchase: Returned ~\$1.1B to shareholders FY



Revenue: \$1.78B, down 7.9% or down 7.4% CC¹

• **Equipment:** \$0.4B, down 24.7% or down 23.9% CC¹

• **Post Sale:** \$1.4B, down 1.9% or down 1.4% CC¹



Installs: Entry A4 MFPs color down 10%, B&W up 24%; Mid-range color down 22%, B&W down 28%; High-end color flat, B&W down 5%.

2022 Full-Year Guidance

- **Revenue:** At least \$7.1B, in actual currency
- **Free Cash Flow¹:** At least \$400M
- **Shareholder Returns:** At least 50% of annual Free Cash Flow¹

NOTES: 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 fourth-quarter 2021 earnings release and slides posted on our website at <https://www.xerox.com/investor>. The adjusted effective tax rate reflects benefits from the re-measurement of uncertain tax positions and the geographical mix of earnings. ⁽²⁾ Includes an after-tax non-cash goodwill impairment charge of \$750 million, or \$4.38 per share. ⁽³⁾ Cash, cash equivalents and restricted cash. For additional information, refer to our forward-looking statements and non-GAAP reconciliations contained in our fourth-quarter 2021 earnings release posted on our website at <https://www.xerox.com/investor>.