



Xerox Updates Capital Allocation Policy Ahead of Lexmark Acquisition

May 22, 2025

NORWALK, Conn.--(BUSINESS WIRE)--May 22, 2025-- Xerox announced today that its Board of Directors approved an update to its dividend policy in anticipation of the closing of the Lexmark transaction, reducing the quarterly dividend to \$0.025 per share (\$0.10 per share annualized). Accordingly, Xerox announced the declaration of a quarterly dividend of \$0.025 per share on Xerox Holdings Corporation Common Stock. The dividend is payable on July 31, 2025, to shareholders of record on June 30, 2025.

In December 2024, Xerox announced a reduction to its dividend in conjunction with the planned acquisition of Lexmark, reflecting the prioritization of debt repayment following acquisition close. Since then, yields on Xerox publicly traded debt have risen, resulting in an increased cost of capital and placing greater value on the reduction of debt. Further, an acceleration in the expected timing of the Lexmark transaction close and ongoing tariff and trade-related volatility have put a premium on flexibility.

"Consistent with our previously stated capital allocation priorities to reduce leverage post-closing, we believe reducing our dividend creates greater financial flexibility to deploy cash in the most accretive manner," said Mirlanda Gecaj, chief financial officer. "The dividend remains an important component of our capital allocation policy as we continue to optimize our allocation framework ahead of the Lexmark acquisition close."

Xerox reiterates its 2025 guidance¹ and continues to expect the Lexmark transaction to be de-levering upon transaction close and immediately accretive to adjusted² earnings per share and free cash flow². The company continues to expect synergies associated with the Lexmark transaction of at least \$238 million, realizable within two years. The combined run-rate cash flows of Xerox and Lexmark, along with cash derived from future synergies and forward flow proceeds, are expected to result in significantly improved EBITDA² and free cash flow², enabling the reduction of debt toward the Company's targeted 3x gross debt leverage level. Xerox will re-evaluate its capital allocation priorities, including the amount of capital returned to shareholders, as gross debt leverage is reduced.

The board also declared a quarterly dividend of \$20.00 per share on the outstanding Xerox Holdings Series A Convertible Perpetual Preferred Stock. The dividend is payable on July 1, 2025, to shareholders of record on June 15, 2025.

1) 2025 guidance includes an expectation of revenue growth of low single-digits in constant currency², Adjusted² Operating Margin of at least 5% and Free Cash Flow² of \$350 million to \$400 million. Guidance does not include any impact from the pending acquisition of Lexmark. Guidance further excludes potential adverse effects of tariff and trade policy, and the resultant impact on the macroeconomic outlook for the second half of the year.

2) Refer to the "Non-GAAP Financial Measures" sections of our first quarter 2025 Press Release and Presentation for a discussion of these non-GAAP financial measures and their reconciliation to the most directly comparable financial measures calculated and reported in accordance with GAAP, available at www.xerox.com/investors.

Forward Looking Statements

This release and other written or oral statements made from time to time by management contain "forward looking statements" as defined in the Private Securities Litigation Reform Act of 1995 and involve certain risks and uncertainties. The words "anticipate", "believe", "estimate", "expect", "intend", "will", "would", "could", "can", "should", "targeting", "projecting", "driving", "future", "plan", "predict", "may" and similar expressions are intended to identify forward-looking statements. The Company's actual results may differ significantly from the results discussed in the forward-looking statements. These statements reflect management's current beliefs and assumptions and are subject to a number of other factors that may cause actual results to differ materially.

Such factors include but are not limited to: applicable market conditions; global macroeconomic conditions, including inflation, slower growth or recession, delays or disruptions in the global supply chain, higher interest rates, and wars and other conflicts, including the current conflict between Russia and Ukraine; our ability to succeed in a competitive environment, including by developing new products and service offerings and preserving our existing products and market share as well as repositioning our business in the face of customer preference, technological, and other change, such as evolving return-to-office and hybrid working trends; failure of our customers, vendors, and logistics partners to perform their contractual obligations to us; our ability to attract, train, and retain key personnel; execution risks around our Reinvention; the risk of breaches of our security systems due to cyber, malware, or other intentional attacks that could expose us to liability, litigation, regulatory action or damage our reputation; our ability to obtain adequate pricing for our products and services and to maintain and improve our cost structure; changes in economic and political conditions, licensing requirements, and tax laws in the United States and in the foreign countries in which we do business; the risk that multi-year contracts with governmental entities could be terminated prior to the end of the contract term and that civil or criminal penalties and administrative sanctions could be imposed on us if we fail to comply with the terms of such contracts and applicable law; interest rates, cost of capital, and access to credit markets; risks related to our indebtedness; the imposition of new or incremental trade protection measures such as tariffs and import or export restrictions; funding requirements associated with our employee pension and retiree health benefit plans; changes in foreign currency exchange rates; the risk that we may be subject to new or heightened regulatory or operation risks as a result of our, or third parties,' use or anticipated use of artificial intelligence technologies; the risk that our operations and products may not comply with applicable worldwide regulatory requirements, particularly environmental regulations and directives and anti-corruption laws; the outcome of litigation and regulatory proceedings to which we may be a party; laws, regulations, international agreements and other initiatives to limit greenhouse gas emissions or relating to climate change, as well as the physical effects of climate change; our ability to successfully finance and close the acquisition of Lexmark, integrate the business, and realize the anticipated benefits thereof, including expected synergies; and other factors that are set forth from time to time in the Company's Securities and Exchange Commission filings, including the combined Annual Report on Form 10-K of Xerox Holdings and Xerox Corporation.

These forward-looking statements speak only as of the date hereof or of the date to which they refer, and the Company assumes no obligation to update or revise any forward-looking statements as a result of new information or future events or developments, except as required by law.

About Xerox Holdings Corporation (NASDAQ: XRX)

For more than 100 years, Xerox has continually redefined the workplace experience. Harnessing our leadership position in office and production print technology, we are a services-led, software-enabled organization that sustainably powers the hybrid workplace of today and tomorrow. Our comprehensive suite of services and solutions, including advanced AI-driven technologies, helps businesses navigate digital transformation, optimize workflows and achieve operational excellence. Today, Xerox is continuing its legacy of innovation to deliver client-centric and digitally driven technology solutions and meet the needs of today's global, distributed workforce. Whether in an office, a classroom, or a hospital, we empower our clients to thrive in an ever-changing business landscape. Learn more at www.xerox.com.

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