

Xerox Holdings Financial Model (unaudited)

(in \$ millions, except per-share data)

	2023					2024
	Q1	Q2	Q3	Q4	FY	Q1
Sales	659	696	644	721	2,720	523
Services, maintenance and rentals	1,004	1,009	962	1,000	3,975	937
Financing	52	49	46	44	191	42
Total Revenues	1,715	1,754	1,652	1,765	6,886	1,502
Cost of Revenue						
Cost of sales	425	452	435	466	1,778	340
Cost of services, maintenance, and rentals	665	671	651	677	2,664	692
Cost of financing	36	34	30	30	130	27
Total Cost of Revenue	1,126	1,157	1,116	1,173	4,572	1,059
Gross Profit						
Sales gross profit	234	244	209	255	942	183
Services, maintenance and rentals gross profit	339	338	311	323	1,311	245
Financing gross profit	16	15	16	14	61	15
Gross Profit	589	597	536	592	2,314	443
Research, development & engineering	64	57	52	56	229	49
Bad Debt Expense	(8)	15	10	11	28	15
Selling, administrative and general exp. (Excl Bad Debts)	415	418	406	429	1,668	382
Total Selling, administrative and general exp.	407	433	416	440	1,696	397
Non-financing interest expense	14	12	14	28	68	26
Aggregate Exchange losses	11	5	6	6	28	11
All other, net	(5)	14	(38)	8	(21)	7
Total Other, net	20	31	(18)	42	75	44
Restructuring and related costs	2	23	10	132	167	39
Amortization of intangible assets	11	10	12	10	43	10
Divestitures	-	-	-	-	-	54
PARC Donation	-	132	-	-	132	-
Total Costs and Expenses	1,630	1,843	1,588	1,853	6,914	1,652
Income (Loss) before Income Taxes	85	(89)	64	(88)	(28)	(150)
Income Taxes	14	(28)	15	(30)	(29)	(37)
Net Income (Loss)	71	(61)	49	(58)	1	(113)
Less: Preferred stock dividends, net	(4)	(3)	(4)	(3)	(14)	(4)
Net Income (Loss) attributable to Common Shareholders	67	(64)	45	(61)	(13)	(117)

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Preferred Dividends/	- Basic	4	3	4	3	14	4
Other	- Diluted **	4	3	4	3	14	4
Weighted Average Shares	- Basic	157	157	157	123	149	124
	- Diluted **	157	157	157	123	149	124
Earnings Per Share							
	Total Basic Earnings (Loss) per Share	0.43	(0.41)	0.29	(0.50)	(0.09)	(0.94)
	Total Diluted Earnings (Loss) per Share	0.43	(0.41)	0.28	(0.50)	(0.09)	(0.94)
Key Ratios - GAAP:							
Gross Margins	- Sales	35.5%	35.1%	32.5%	35.4%	34.6%	35.0%
	- Services/Maintenance/Rentals	33.8%	33.5%	32.3%	32.3%	33.0%	26.1%
	- Financing	30.8%	30.6%	34.8%	31.8%	31.9%	35.7%
	- Total	34.3%	34.0%	32.4%	33.5%	33.6%	29.5%
SAG as a % of Revenue		23.7%	24.7%	25.2%	24.9%	24.6%	26.4%
Tax Rate		16.5%	31.5%	23.4%	34.1%	103.6%	24.7%
Ending Xerox Employment		20,300	20,300	20,100	20,100	20,100	18,700

***For those periods that exclude the preferred stock dividend the average shares for the calculations of diluted EPS include 7 million shares associated with our Series A or Series B convertible preferred stock.*

Xerox Holdings Financial Model - Non-GAAP basis (unaudited)

Non-GAAP basis is adjusted to exclude restructuring and related costs, amortization of intangible assets, non-service retirement-related costs as well as other discrete, unusual or infrequent items as described in our Non-GAAP Financial Measures section of our Quarterly Reports on Form 10-Q and our Annual Report on Form 10-K

(in \$ millions, except per-share data)

	2023					2024
	Q1	Q2	Q3	Q4	FY	Q1
Revenues						
Sales	659	696	644	721	2,720	523
Services, maintenance and rentals	1,004	1,009	962	1,000	3,975	937
Financing	52	49	46	44	191	42
Total Revenues	1,715	1,754	1,652	1,765	6,886	1,502
Cost of Revenue						
Cost of sales	425	452	435	466	1,778	340
Cost of services, maintenance and rentals	665	671	651	677	2,664	656
Cost of financing	36	34	30	30	130	27
Total Cost of Revenue	1,126	1,157	1,116	1,173	4,572	1,023
Gross Profit						
Sales gross profit	234	244	209	255	942	183
Services, maintenance and rentals gross profit	339	338	311	323	1,311	281
Financing gross profit	16	15	16	14	61	15
Gross Profit	589	597	536	592	2,314	479
Research, development & engineering	64	57	52	56	229	49
Bad Debt Expense	(8)	15	10	11	28	15
Selling, administrative and general exp. (Excl Bad Debts)	415	418	406	429	1,668	382
Total Selling, administrative and general exp.	407	433	416	440	1,696	397
Non-financing interest expense	14	12	14	28	68	26
Aggregate Exchange losses	11	5	6	6	28	11
All other, net	(4)	-	(35)	(4)	(43)	(13)
Total Other, net	21	17	(15)	30	53	24

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		Q1	Q2	Q3	Q4	FY	Q1
Total Costs and Expenses		1,618	1,664	1,569	1,699	6,550	1,493
Income before Income Taxes		97	90	83	66	336	9
Income Taxes		15	18	6	10	49	(2)
Net Income		82	72	77	56	287	11
Earnings Per Share		0.49	0.44	0.46	0.43	1.82	0.06
Operations:							
Preferred Dividends - Adjusted EPS **		-	-	-	-	-	-
Adjusted Earnings per Share		0.49	0.44	0.46	0.43	1.82	0.06
Adjusted Weighted Average Shares **		158	158	159	125	151	125
Key Ratios - Adjusted:							
Gross Margins							
- Sales		35.5%	35.1%	32.5%	35.4%	34.6%	35.0%
- Services/Maintenance/Rentals		33.8%	33.5%	32.3%	32.3%	33.0%	30.0%
- Financing		30.8%	30.6%	34.8%	31.8%	31.9%	35.7%
- Total		34.3%	34.0%	32.4%	33.5%	33.6%	31.9%
Adjusted Operating Margin		6.9%	6.1%	4.1%	5.4%	5.6%	2.2%
SAG as a % of Revenue		23.7%	24.7%	25.2%	24.9%	24.6%	26.4%
Adjusted Effective Tax Rate		15.5%	20.0%	7.3%	15.2%	14.6%	-22.2%
Non-GAAP Adjustments:							
Restructuring and related costs		2	23	10	132	167	39
Amortization of intangible assets		11	10	12	10	43	10

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	2023					2024
	Q1	Q2	Q3	Q4	FY	Q1
Non-service retirement-related costs	(1)	11	4	5	19	23
PARC Donation	-	132	-	-	132	-
Loss (Gain) on extinguishment of debt	-	3	-	7	10	(3)
Divestitures	-	-	-	-	-	54
Brazil Indirect Tax	-	-	(7)	-	(7)	-
Inventory impact related to the exit of certain Production Print manufacturing operations	-	-	-	-	-	36
Tax on adjusted items	(1)	(46)	9	(40)	(78)	(35)
Total Non-GAAP Adjustments	11	133	28	114	286	124

***For those periods that exclude the preferred stock dividend the average shares for the calculations of diluted EPS include 7 million shares associated with our Series A or Series B convertible pref stock.*

Xerox Holdings Financial Model
(unaudited)

(in \$ millions)	2023					2024	2024 QOQ CC % Change
	Q1	Q2	Q3	Q4	FY	Q1	Q1
Revenue							
Entry	62	63	56	56	237	45	(27.2)%
Mid-range	252	270	260	302	1,084	193	(24.0)%
High-end	73	82	67	94	316	47	(35.9)%
Other	4	5	3	6	18	5	25.0%
Total Equipment Revenue	391	420	386	458	1,655	290	(26.3)%
Installs							
Entry							
Color	(9)%	(43)%	(52)%	(37)%	(37)%	(37)%	
B&W	(1)%	(5)%	(28)%	(28)%	(16)%	(47)%	
Mid-range							
Color	26%	21%	(18)%	(14)%	0%	(18)%	
B&W	160%	16%	(10)%	(31)%	7%	(28)%	
High-end							
Color	84%	8%	15%	15%	25%	(42)%	
B&W	(23)%	(8)%	(16)%	(17)%	(16)%	(22)%	

Notes:

CC = Constant Currency