Xerox to Acquire Lexmark

December 23, 2024

Forward-Looking Statements

This presentation contains "forward-looking statements" as defined in the Private Securities Litigation Reform Act of 1995, that involve certain risks and uncertainties. The words "estimate," "project," "will," "should," "would," "could," "can," "may," "anticipate," "plan," "intend," "believe," "expect," "target," "future" "commit," "advance," or similar expressions are intended to identify forward-looking statements. Forward-looking statements are not guarantees of future performance and the Company's actual results may differ significantly from the results discussed in the forward-looking statements. Factors that might cause such differences include, but are not limited to, those discussed in Part I, Item 1A of Xerox Holdings Corporation's and Xerox Corporation's combined Annual Report on Form 10-K for the year ended December 31, 2023 under the heading "Risk Factors." The Company assumes no obligation to revise or update any forward-looking statements for any reason, except as required by law.

Forward-looking statements involve estimates, expectations, projections, goals, forecasts, assumptions, risks and uncertainties. Actual outcomes or results may differ from anticipated results, sometimes materially. Statements in this communication regarding Xerox and Lexmark that are forward-looking may include statements regarding: (i) the transaction; (ii) the expected timing of the closing of the transaction; (iii) considerations taken into account in approving and entering into the transaction; (iv) the anticipated benefits to, or impact of, the transaction on Xerox's and Lexmark's businesses; and (v) expectations for Xerox and Lexmark following the closing of the transaction. There can be no assurance that the transaction will be consummated. Factors that could cause actual results to differ include, but are not limited to: the ultimate outcome of the acquisition of Lexmark; the satisfaction of the conditions to the closing of the proposed transaction (including the receipt of required shareholder and regulatory approvals) in a timely manner; the occurrence of any event, change or other circumstance that could give rise to a right to terminate the transaction, including in circumstances requiring Xerox or Lexmark to reimburse the other's expenses or pay a termination fee; the ability of the combined company to achieve potential market share expansion; the ability of the combined company to achieve the identified synergies; that the regulatory approvals required for the proposed transaction may not be obtained on the terms expected or on the anticipated schedule or at all; Xerox's ability to finance the proposed transaction with Lexmark; Xerox's indebtedness, including the indebtedness Xerox expects to incur and/or assume in connection with the proposed transaction with Lexmark and the need to generate sufficient cash flows to service and repay such debt; the ability to integrate the Lexmark business into Xerox and realize the anticipated strategic benefits of the transaction within the expected time-frames or at all; that such integration may be more difficult, time-consuming or costly than expected; that operating costs, customer loss and business disruption (including, without limitation, difficulties in maintaining relationships with employees, customers or suppliers) may be greater than expected following the proposed transaction or the public announcement of the proposed transaction; the retention of certain key employees of Lexmark; potential litigation relating to the transaction that could be instituted against Xerox or its directors; rating agency actions and Xerox's ability to access short- and long-term debt markets on a timely and affordable basis; and general economic conditions that are less favorable than expected.

Transaction Overview

DEAL CONSIDERATION AND TIMING

- Signed a definitive agreement to acquire Lexmark for combined deal consideration of $1.5B[1]
- Transaction expected to be financed with cash and debt
- Expected to close in the second half of 2025, subject to regulatory approvals[2]

STRATEGIC AND FINANCIAL BENEFITS

1. Compelling industrial logic, combining two global Print leaders with complementary operations and market reach
2. More balanced Print portfolio with improved exposure to growing segments
3. On a pro forma basis, immediately accretive to adjusted[3] EPS and Free Cash Flow[3]
4. Immediate reduction in pro forma debt leverage[4] ratio
5. $200+ million of identified run-rate cost synergies[5]

(1) Total consideration comprises Lexmark equity, net debt, and the assumption of pension obligations and other long-term liabilities.

(2) See slide 15 for summary.

(3) Adjusted Measures: see non-GAAP Financial Measures.

(4) Leverage calculated as Total Debt divided by the last twelve months (LTM) adjusted EBITDA. See non-GAAP Financial Measures for LTM adjusted EBITDA.

(5) Timing and amount of cost synergies are subject to uncertainty.

Acquisition Continues Xerox's Reinvention

Non-core Divestitures → Organizational Redesign → Acquisition of ITsavvy → Acquisition of Lexmark

Non-core Divestitures

2023

- Donated PARC to SRI
- Sold Xerox Research Centre of Canada to Myant
- Sold ElemX to AddiTec

Organizational Redesign

January 2024

- Shifted from geographic to business-unit led operating model
- Established Global Business Services organization

Acquisition of ITsavvy

November 2024

- Doubled IT Solutions (ITS) business
- Enhanced ITS offering and market coverage; expect to drive incremental penetration of ITS across Xerox's client base

Acquisition of Lexmark

2H 2025 (est. close)

- Combined operations expected to drive additional operating efficiencies
- Increases competitiveness in growing A4 print segment
- Adds exposure to APAC market

	Non-core Divestitures	Organizational Redesign	Acquisition of ITsavvy	Acquisition of Lexmark
Operational Simplification	✓	✓		✓
Commercial Optimization		✓	✓	✓
↓ Growth			✓	✓

Lexmark Overview

BUSINESS PROFILE

- Lexmark is a leading provider of innovative imaging solutions and technologies that help customers securely manage their print infrastructure with ease, efficiency and value
- Founded in 1991, headquartered in Lexington, Kentucky
- Lexmark was taken private in 2016 after being publicly traded for 21 years

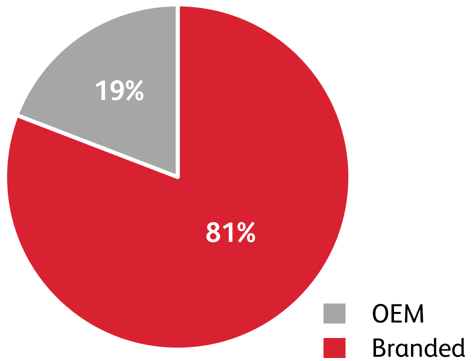
Print Equipment & Services Offerings

Hardware and Supplies	• Among leaders in A4 large workteam/workgroup • ~6.7mm unit installed base, with high supplies attachment rate • OEM partner for 7 of top 10 global Print brands by revenue
Service and Parts	• 1.3mm devices under contract, with 97 % renewal rates • 5–year average contract length

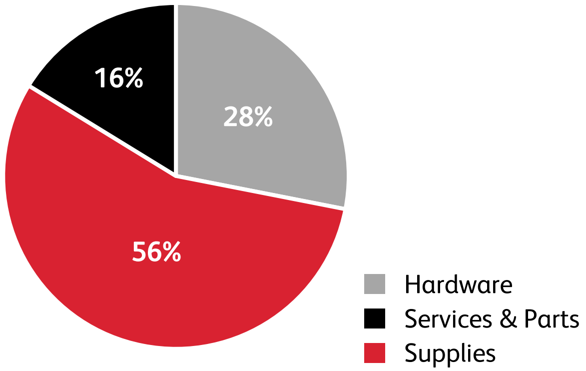
KEY FINANCIALS AND KPIs[1]

$2.2B LTM Revenue	**4%** LTM Revenue Growth	**$318M** LTM Adj.[2] EBITDA
97% Managed Print Services Renewal Rate	**18 Yrs** Top 20 Customers Average Tenure	**10,000+** Clients & Partners

LTM Revenue Mix by Products & Services



LTM Revenue Mix by Business Segment



Source: Lexmark materials and filings. **(1)** Revenue, revenue growth and Adjusted EBITDA are LTM figures as of 9/30/24. **(2)** Adjusted Measures: see non-GAAP Financial Measures. Adjusted EBITDA includes the pro forma effect of certain cost reduction and operational efficiency actions taken in 2023.

Lexmark: Corporate Timeline

Acquisition continues history of collaboration between two leading Print and Print Services companies

March 1991
Lexmark was spun out of IBM

April 2016
Lexmark announced transaction to be taken private by a consortium of investors, led by Ninestar

November 2016
Enterprise Software Group rebranded “Kofax”

July 2017
Thoma Bravo completed the acquisition of Lexmark enterprise software business, which included Kofax, ReadSoft and Perceptive

2021
Lexmark established multiple OEM relationships for A4 devices with top tier Japanese print vendors

February 2021
Xerox begins providing break fix services for Lexmark devices

June 2021
Xerox establishes OEM relationship with Lexmark for the production of A4 devices and supplies

September 2021
Lexmark launched Optra IoT Platform to help clients accelerate digital transformation and realize business outcomes

September 2021
Xerox Financial Services provides leasing solutions for sales of Lexmark equipment

April 2024
Lexmark introduced new line of 9-Series A3 printers and multifunction printers (MFPs)

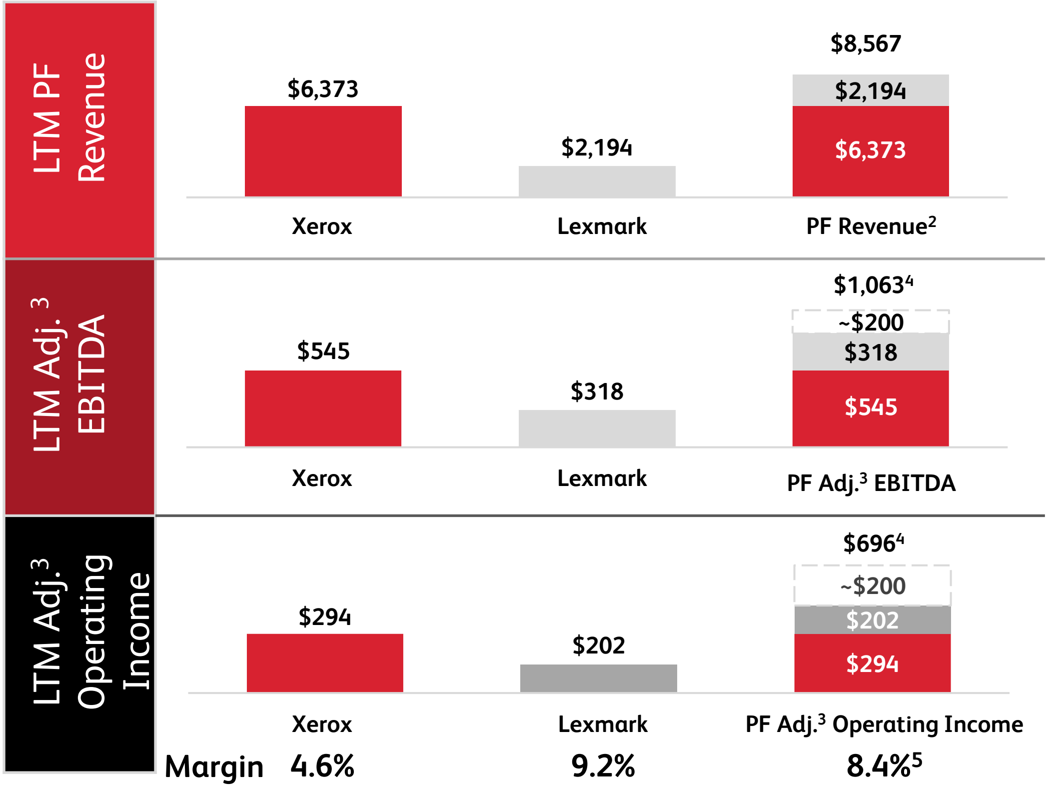
December 2024
Xerox signs definitive agreement to acquire Lexmark

xerox™

Combined Company

PRO FORMA COMBINED FINANCIALS[1]

($ in millions, pro forma LTM figures as of 9/30/24)



PRO FORMA COMBINED OPERATIONS

- 200,000+ clients in 170 countries
- 125+ manufacturing and distribution facilities in 16 countries
- 10,000+ field service technicians, engineers and delivery managers
- Top 5 share in each of Entry, Mid and Production Print markets
- Managed Print Services leader
- >10 % of revenue[6] from Digital Services and IT Solutions businesses

(1) The pro forma (PF) results were prepared by combining the LTM reported results for Xerox and LTM Lexmark results (Q3 2024 unaudited), without further adjustment. As a result, we believe this pro forma financial information includes non-GAAP financial measures. Pro forma financial information does not necessarily reflect the actual results that we would have achieved had the pro forma transaction been consummated as of the date indicated nor does it reflect the potential future results of the combined company. **(2)** Includes $249 million of intercompany revenue for equipment, supplies and toner. **(3)** Adjusted Measures: see non-GAAP Financial Measures. Adjusted EBITDA includes the pro forma effect of certain cost reduction and operational efficiency actions taken by Lexmark in 2023. **(4)** Includes ~$200M of cost synergies expected to be realized within two years of transaction close. Timing and amount of cost synergies subject to uncertainty. **(5)** Excludes intercompany revenue. **(6)** LTM as of 9/30/24, inclusive of ITsavvy. Percentage is based on total pro forma revenue, excluding intercompany revenue.

Strategic and Financial Rationale

Diversifies Supply Chain and End-markets

Control of A4 manufacturing, A3 diversification potential, broader end-market exposure

Market Share Expansion Potential

Enhanced portfolio of offerings, new distribution partners, services growth opportunities

Cost Synergies of $200+ million

Cost synergies identified from SG&A, manufacturing, services and R&D efficiencies

Financial Strength

Immediately accretive to adjusted[1] EPS and Free Cash Flow[1], reduces pro forma leverage

(1) Adjusted Measures: see Non-GAAP Financial Measures

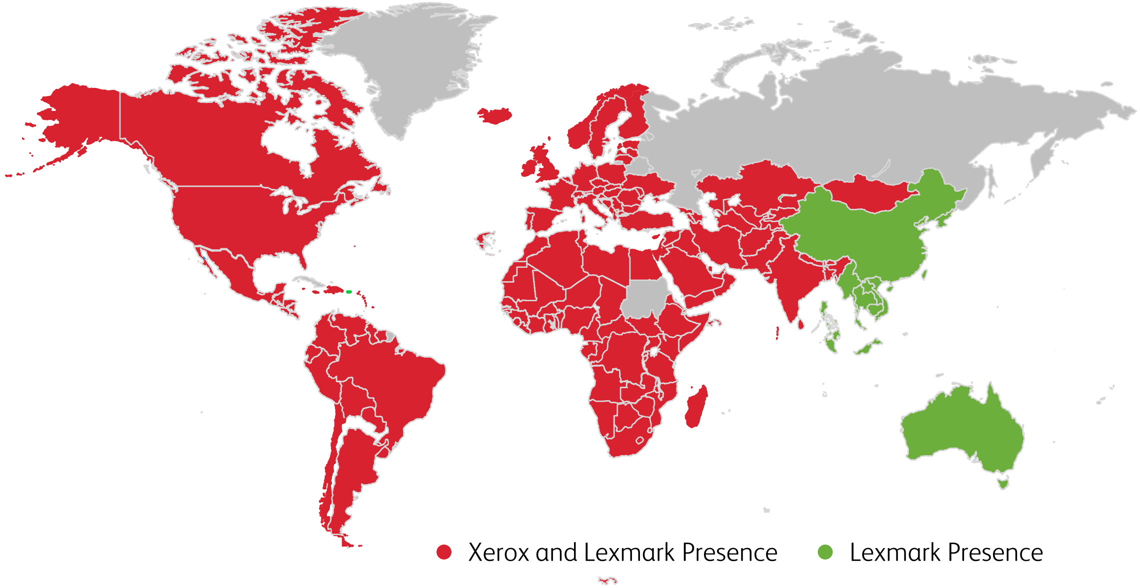
Supply Chain and End-Market Diversification

Combination vertically integrates production and distribution of A4 product, provides optionality for sourcing A3 product and improves global end-market balance

OFFICE PRINT EQUIPMENT AND SUPPLIES SOURCING

	A4			A3			
PRODUCT SEGMENT	Small Home/ Office	Work Team	Work Group	A3 Entry	A3 Mid	Light Production Mono	Entry Production Color
XEROX TODAY	Lexmark / Other OEM	Lexmark	Lexmark	Other OEM	Other OEM	Other OEM	Other OEM
LEXMARK TODAY	Lexmark	Lexmark	Lexmark	Other OEM / Lexmark	Other OEM / Lexmark		
XEROX PRO FORMA	Lexmark / Other OEM	Lexmark	Lexmark	Other OEM / Lexmark	Other OEM / Lexmark	Other OEM	Other OEM

PRO FORMA END MARKET EXPOSURE



APAC Print Market TAM: $22B[1]

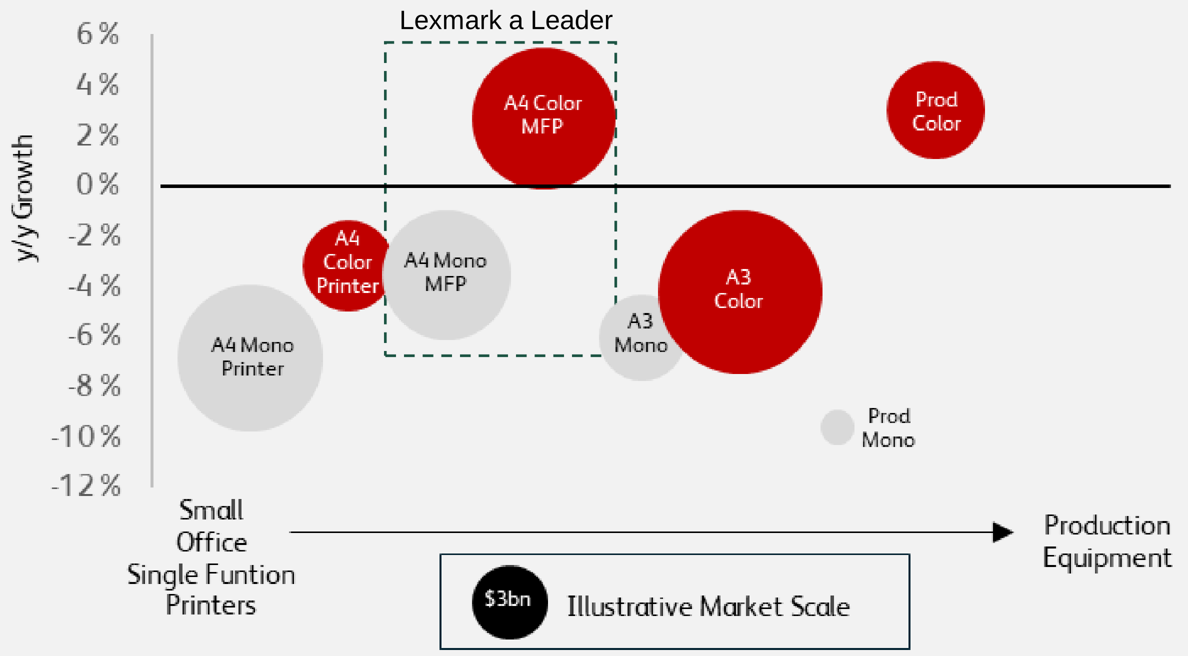
(1) Internal estimates of equipment, supplies and services revenue. Based in part on IDC data.

Improved Exposure to Growing Segments, Portfolio Balance

Acquisition immediately improves pro forma exposure to the A4 color print category, which is expected to grow through 2027

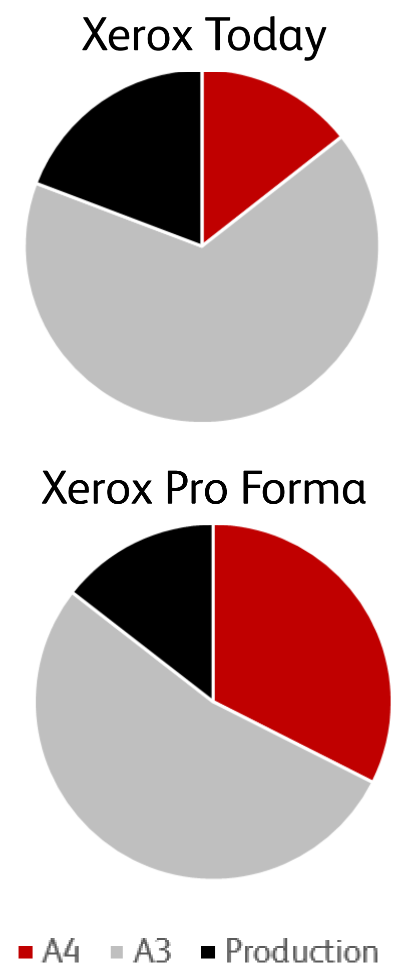
Print Equipment & Services Market Size and Growth[1]

(Growth = 2023–2027 CAGR)



(1)Xerox internal analysis leveraging third party sources. Market sizes and growth rates for current Xerox territories only. Production market includes High End Cut Sheet (HECS), continuous feed and Production Color markets only. (2) Exposure % represents sold equipment revenue only, based on 2023 revenue.

Equipment Revenue Exposure[2]



Market Expansion Opportunities

Balanced portfolio & complimentary client exposures position combined company to gain share in Print and increase penetration of Digital Services and IT Solutions

DIVERSIFIED CLIENT BASE

	Lexmark (branded)	Xerox	Xerox + Lexmark
Direct	47 %	69 %	Lexmark contributes key Enterprise relationships; more complete portfolio to improve competitiveness and SMB market positioning
Channel Partners	53 %	31 %	Both companies have unique distributor relationships; combination enables a more competitive Partner offering

VALUE-ADDED SERVICES OFFERINGS

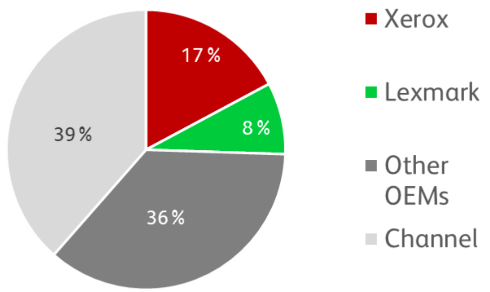
Managed Print Services

- Xerox and Lexmark are both key players in the stable, $14 billion Managed Print Services market
- Both companies bring capabilities for a strengthened, combined offering in Transformation and Cloud Print capabilities

TAM: $14B[1]

MARKET CAGR: 0.4%[1]

Global Managed Print Services Market Share[1]



IT Solutions

- Full suite of enterprise-class IT Services offerings for clients of all sizes
- Leverages industry-leading direct sales model in the enterprise and mid-markets

TAM: $695B[2]

MARKET CAGR: 8 %[2]

Digital Services

- Innovative solutions that accelerate the digital transformation of clients' document workflows
- Focus on intelligent document processing and personalized communications

TAM: $70B[2]

MARKET CAGR: 13%[2]

(1) Worldwide and U.S. Managed Print and Document Services and Basic Print Services Forecast, 2024–2028. IDC, 2024. CAGR is 2024-2028
(2) Xerox internal analysis leveraging third party sources. CAGR is 2023-2028

Synergy Potential

The combination is expected to unlock $200+ million of run-rate cost synergies[1]. Deal synergies are incremental and complementary to Reinvention-related gross cost savings.

SG&A	Supply Chain and Manufacturing	Services	R&D
Target: ~$125M+	Target: ~$30M+	Target: ~$25M+	Target: ~$20M+
Sales & Marketing Spend Reduction	Procurement & Overhead Absorption	Evaluate Support Operations	Optimized R&D Spend
Elimination of Duplicative Overhead	Procurement Pooling	Optimize MPS Structure	
Real Estate Consolidation	Efficiency Gain on Toner Volume		
Shared Service Center Consolidation	Optimize Supply Chain Headcount		

(1) Anticipated synergies calculated based on company estimates and financial and other information compiled by Lexmark. Timing and amounts of estimated synergies are subject to uncertainty.

Financial Benefits

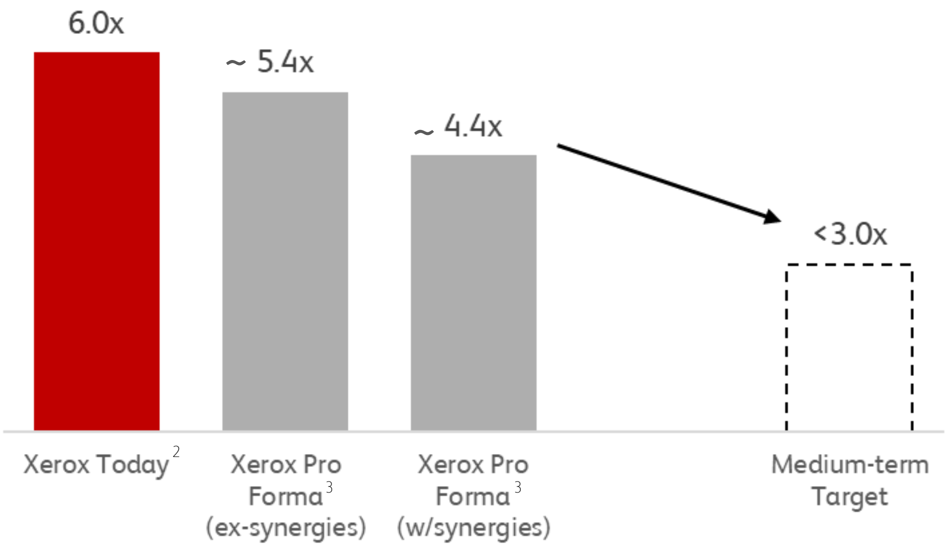
Accelerates Reinvention Financial Targets	**Improved revenue trajectory** • Higher exposure to growing segments in Print; Lexmark's A3 product expansion initiatives • More complete and competitive Print offering expected to drive share gains in Print and an acceleration of Digital Services and IT Solutions penetration among combined client base **Improved profitability** • Acquisition is immediately accretive to Xerox's adjusted[1] operating margin • Synergies and improved scale expected to accelerate path to double digit adjusted[1] operating income margins
Adj.[1] EPS / FCF[1] Accretion	• Transaction expected to be immediately accretive to adjusted[1] EPS and Free Cash Flow[1] • Expected adjusted[1] EPS accretion of >$1.00/share upon realization of synergies
Strengthened Balance Sheet	• Transaction results in immediate reduction in pro forma leverage, exclusive of synergies • Simultaneous with the transaction, received commitment to refinance the 2025 senior unsecured notes

(1) Adjusted Measures: see Non-GAAP Financial Measures.

Pro Forma Capitalization and Capital Priorities

Repayment of debt will be a top priority following close of the acquisition

TOTAL DEBT / LTM ADJUSTED[1] EBITDA



Post-transaction, pro forma debt is expected to consist of additional Term Loan and secured debt and newly-issued unsecured notes

CAPITAL ALLOCATION PRIORITIES

1. Debt Reduction
2. Return of capital to shareholders via $0.50/share dividend[4]
3. Organic and tuck-in inorganic investments

(1) Adjusted Measures: see Non-GAAP Financial Measures. (2) As of 9/30/24. (3) Assumes a pro forma capital structure based on a 6/30/25 transaction close using adjusted EBITDA as of 9/30/24.
(4) Represents a reduction from prior payout of $1.00/share on an annual basis.

Xerox and Lexmark: Better Together

STRATEGIC AND FINANCIAL BENEFITS

1. Compelling industrial logic, combining two global Print leaders with complementary operations and market reach
2. More balanced Print portfolio with improved exposure to growing segments
3. On a pro forma basis, immediately accretive to adjusted[1] EPS and Free Cash Flow[1]
4. Immediate reduction in pro forma debt leverage ratio
5. $200+ million of identified run-rate synergies[2]

NEXT STEPS

- Transaction is expected to close in the second half of 2025
- Post-signing approvals required
  - Customary antitrust regulatory approvals across jurisdictions
  - Confirmation from CFIUS that National Security Agreement will be terminated
  - Ninestar shareholder and Chinese regulator approval

(1) Adjusted Measures: see Non-GAAP Financial Measures. (2) Timing and amount of cost synergies are subject to uncertainty.

20 December 2024

Appendix

Non-GAAP Financial Measures

We have reported our financial results in accordance with generally accepted accounting principles (GAAP). In addition, we have discussed our financial results using the non-GAAP measures described below. We believe these non-GAAP measures allow investors to better understand the trends in our business and to better understand and compare our results. Management regularly uses our supplemental non-GAAP financial measures internally to understand, manage and evaluate our business and make operating decisions. These non-GAAP measures are among the primary factors management uses in planning for and forecasting future periods. Compensation of our executives is based in part on the performance of our business based on these non-GAAP measures. Accordingly, we believe it is necessary to adjust several reported amounts, determined in accordance with GAAP, to exclude the effects of certain items as well as their related income tax effects.

However, these non-GAAP financial measures should be viewed in addition to, and not as a substitute for, the Company's reported results prepared in accordance with GAAP. Our non-GAAP financial measures are not meant to be considered in isolation or as a substitute for comparable GAAP measures and should be read only in conjunction with our Condensed Consolidated Financial Statements prepared in accordance with GAAP.

Reconciliations of these non-GAAP financial measures to the most directly comparable financial measures calculated and presented in accordance with GAAP are set forth below.

ADJUSTED EARNINGS MEASURES

- Adjusted Net Income and Earnings per share (Adjusted EPS)

The above measure was adjusted for the following items:

Restructuring and related costs, net: Restructuring and related costs, net include restructuring and asset impairment charges as well as costs associated with our transformation programs beyond those normally included in restructuring and asset impairment charges. Restructuring consists of costs primarily related to severance and benefits paid to employees pursuant to formal restructuring and workforce reduction plans. Asset impairment includes costs incurred for those assets sold, abandoned or made obsolete as a result of our restructuring actions, exiting from a business or other strategic business changes.

Additional costs for our transformation programs are primarily related to the implementation of strategic actions and initiatives and include third-party professional service costs as well as one-time incremental costs. All of these costs can vary significantly in terms of amount and frequency based on the nature of the actions as well as the changing needs of the business. Accordingly, due to that significant variability, we will exclude these charges since we do not believe they provide meaningful insight into our current or past operating performance nor do we believe they are reflective of our expected future operating expenses as such charges are expected to yield future benefits and savings with respect to our operational performance.

Amortization of intangible assets: The amortization of intangible assets is driven by our acquisition activity which can vary in size, nature and timing as compared to other companies within our industry and from period to period. The use of intangible assets contributed to our revenues earned during the periods presented and will contribute to our future period revenues as well. Amortization of intangible assets will recur in future periods

Non-service retirement-related costs: Our defined benefit pension and retiree health costs include several elements impacted by changes in plan assets and obligations that are primarily driven by changes in the debt and equity markets as well as those that are predominantly legacy in nature and related to employees who are no longer providing current service to the Company (e.g. retirees and ex-employees).

These elements include (i) interest cost, (ii) expected return on plan assets, (iii) amortization of prior plan amendments, (iv) amortized actuarial gains/losses and (v) the impacts of any plan settlements/curtailments. Accordingly, we consider these elements of our periodic retirement plan costs to be outside the operational performance of the business or legacy costs and not necessarily indicative of current or future cash flow requirements. This approach is consistent with the classification of these costs as non-operating in Other expenses, net. Adjusted earnings will continue to include the service cost elements of our retirement costs, which is related to current employee service as well as the cost of our defined contribution plans.

Non-GAAP Financial Measures (continued)

(continued…)

Transaction and related costs, net: Transaction and related costs, net are costs and expenses primarily associated with certain major or significant strategic M&A projects. These costs are primarily for third-party legal, accounting, consulting and other similar type professional services as well as potential legal settlements that may arise in connection with those M&A transactions. These costs are considered incremental to our normal operating charges and were incurred or are expected to be incurred solely as a result of the planned transactions. Accordingly, we are excluding these expenses from our Adjusted Earnings Measures in order to evaluate our performance on a comparable basis

Discrete, unusual or infrequent items: We exclude these item(s), when applicable, given their discrete, unusual or infrequent nature and their impact on the comparability of our results for the period to prior periods and future expected trends.

ADJUSTED OPERATING INCOME (LOSS) AND MARGIN

We calculate and utilize adjusted operating income (loss) and margin measures by adjusting our reported pre-tax income (loss) and margin amounts. In addition to the costs and expenses noted as adjustments for our adjusted earnings measures, adjusted operating income (loss) and margin also exclude the remaining amounts included in Other expenses, net, which are primarily non-financing interest expense and certain other non-operating costs and expenses. We exclude these amounts in order to evaluate our current and past operating performance and to better understand the expected future trends in our business.

ADJUSTED EBITDA

Earnings before interest, taxes, depreciation and amortization adjusted for additional items, when applicable, given their discrete, unusual or infrequent nature and their impact on comparability of our results for the period to prior periods and future expected trends.

FREE CASH FLOW

To better understand trends in our business, we believe that it is helpful to adjust operating cash flows by subtracting amounts related to capital expenditures. Management believes this measure gives investors an additional perspective on cash flow from operating activities in excess of amounts required for reinvestment. It provides a measure of our ability to fund acquisitions, dividends and share repurchase.

A reconciliation of the estimated 2026 Adjusted EPS and Adjusted Operating Income and Margin to the closest GAAP financial measures, EPS and Pre-Tax Income, is not provided. GAAP measures for those periods are not available without unreasonable effort, in part because certain incremental costs related to the integration of Lexmark, as well as costs and expenses noted below, are not available at this time.

- Adjusted Net Income and EPS (Restructuring and related costs, net, Amortization of intangible assets, and other discrete, unusual or infrequent items);
- Adjusted Operating Income and Margin (Costs and expenses noted above as adjustments for our Adjusted Net Income and EPS measure, as well as amounts included in Other expenses, net, which are primarily non-financing interest expense and certain other non-operating costs and expenses, and other discrete, unusual or infrequent items).

Xerox – Adj. Operating Income and Margin Reconciliation

	Q4-23			FY-23			Q1-24			Q2-24			Q3-24		
(in millions)	(Loss) Profit	Revenue	Margin	Profit	Revenue	Margin	(Loss) Profit	Revenue	Margin	Profit	Revenue	Margin	(Loss) Profit	Revenue	Margin
Reported [1]	$ (58)	$1,765		$ 1	$6,886		$ (113)	$1,502		$ 18	$1,578		$ (1,205)	$1,528	
Income tax (benefit) expense	(30)			(29)			(37)			7			118		
Pre-tax (loss) income	$ (88)	$1,765	(5.0%)	$ (28)	$6,886	(0.4%)	$ (150)	$1,502	(10.0%)	$ 25	$1,578	1.6%	$ (1,087)	$1,528	(71.1%)
Adjustments:															
Goodwill impairment	-			-			-			-			1,058		
Inventory impact related to the exit of certain Production Print manufacturing operations	-			-			36			8			-		
Restructuring and related costs, net	132			167			39			12			56		
Amortization of intangible assets	10			43			10			10			10		
Divestitures	-			-			54			(3)			-		
PARC donation	-			132			-			-			-		
Other expenses, net	42			75			44			33			43		
Adjusted	$ 96	$1,765	5.4%	$ 389	$6,886	5.6%	$ 33	$1,502	2.2%	$ 85	$1,578	5.4%	$ 80	$1,528	5.2%

(1) Net (Loss) Income. Third quarter 2024 Net (Loss) includes an after-tax non-cash goodwill impairment charge of approximately $1.0 billion (approximately $1.1 billion pre-tax), or $8.16 per share. In addition, third quarter 2024 includes a tax expense charge of $161 million, or $1.29 per share, related to the establishment of a valuation allowance against certain deferred tax assets to reflect their realizability. This adjustment was excluded due to its unique nature and significant impact which is not considered part of our core operations.

Xerox – Adj. EBITDA and Margin Reconciliation

(in millions)	Q4-23 (Loss) Profit	Q4-23 Revenue	Q4-23 Margin	FY-23 Profit	FY-23 Revenue	FY-23 Margin	Q1-24 (Loss) Profit	Q1-24 Revenue	Q1-24 Margin	Q2-24 Profit	Q2-24 Revenue	Q2-24 Margin	Q3-24 (Loss) Profit	Q3-24 Revenue	Q3-24 Margin
Reported (1)	$ (58)	$ 1,765		$ 1	$ 6,886		$ (113)	$ 1,502		$ 18	$ 1,578		$ (1,205)	$ 1,528	
Adjustments:															
Other expenses, net (2)	42			75			44			33			43		
Income tax (benefit) expense	(30)			(29)			(37)			7			118		
Depreciation and amortization (3)	62			251			59			59			59		
Goodwill impairment	-			-			-			-			1,058		
EBITDA (4) (6)	$ 16	$ 1,765	0.9%	$ 298	$ 6,886	4.3%	$ (47)	$ 1,502	(3.1)%	$ 117	$ 1,578	7.4%	$ 73	$ 1,528	4.8%
Adjustments:															
Stock-based compensation	14			54			12			17			9		
Restructuring and related costs, net (5)	132			167			39			12			56		
PARC donation	-			132			-			-			-		
Inventory impact related to the exit of certain Production Print manufacturing operations	-			-			36			8			-		
Divestitures	-			-			54			(3)			-		
Adjusted EBITDA (6)	$ 162	$ 1,765	9.2%	$ 651	$ 6,886	9.5%	$ 94	$ 1,502	6.3%	$ 151	$ 1,578	9.6%	$ 138	$ 1,528	9.0%

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(1) Net (Loss) Income. Third quarter 2024 Net (Loss) includes an after-tax non-cash goodwill impairment charge of approximately $1.0 billion (approximately $1.1 billion pre-tax), or $8.16 per share. In addition, third quarter 2024 includes a tax expense charge of $161 million, or $1.29 per share, related to the establishment of a valuation allowance against certain deferred tax assets to reflect their realizability. This adjustment was excluded due to its unique nature and significant impact which is not considered part of our core operations.

(2) Other expenses, net, primarily includes non-financing interest expense and certain other non-operating costs, expenses, gains and losses.

(3) Excludes amortization of customer contract costs

(4) EBITDA includes Financing Revenues and Cost of financing, for all periods presented as these amounts are associated with our XFS segment.

(5) Restructuring and related costs, net include restructuring and asset impairment charges as well as costs associated with our transformation programs beyond those normally included in restructuring and asset impairment charges.

(6) EBITDA & Adj. EBITDA included above are internal measures used by Management to assess performance. The amounts and related calculation are different than consolidated EBITDA determined as part of our Credit Facility financial maintenance covenants.

Lexmark – Adj. Operating Income and Margin Reconciliation

(in millions)	Q4-23 (Loss) Profit	Q4-23 Revenue	Q4-23 Margin	FY-23 Profit	FY-23 Revenue	FY-23 Margin	Q1-24 (Loss) Profit	Q1-24 Revenue	Q1-24 Margin	Q2-24 Profit	Q2-24 Revenue	Q2-24 Margin	Q3-24 Profit	Q3-24 Revenue	Q3-24 Margin
Reported (1)	$ (11)	$ 540		$ (93)	$2,067		$ 9	$ 541		$ 46	$ 546		$ 19	$ 567	
Income tax (benefit) expense	(44)			(47)			(15)			38			16		
Pre-tax (loss) income	$ (56)	$ 540	(10.3%)	$ (140)	$2,067	(6.7%)	$ (6)	$ 541	(1.0%)	$ 84	$ 546	15.4%	$ 35	$ 567	6.2%
Adjustments:															
Interest expense	25			90			18			20			20		
Restructuring and related costs, net	44			44			1			(3)			(1)		
Other	26			96			25			(38)			5		
Adjusted	$ 39	$ 540	7.3%	$ 90	$2,067	4.4%	$ 39	$ 541	7.1%	$ 64	$ 546	11.8%	$ 60	$ 567	10.6%

Note: Lexmark non-GAAP reconciliation tables may not calculate due to immaterial rounding. (1) Net (Loss) Income.

Lexmark – Adj. EBITDA and Margin Reconciliation

	Q4-23			FY-23			Q1-24			Q2-24			Q3-24		
(in millions)	(Loss) Profit	Revenue	Margin	(Loss) Profit	Revenue	Margin	Profit	Revenue	Margin	Profit	Revenue	Margin	Profit	Revenue	Margin
Reported (1)	$ (11)	$ 540		$ (93)	$ 2,067		$ 9	$ 541		$ 46	$ 546		$ 19	$ 567	
Adjustments:															
Interest expenses, net	25			90			18			20			20		
Income tax (benefit) expense	(44)			(47)			(15)			38			16		
Depreciation and amortization	42			194			26			26			23		
Goodwill impairment	-			-			-			-			-		
EBITDA	$ 11	$ 540	2.1%	$ 145	$ 2,067	7.0%	$ 38	$ 541	7.1%	$ 130	$ 546	23.8%	$ 79	$ 567	13.9%
Adjustments:															
Restructuring and related costs, net	44			44			1			(3)			(1)		
Other	26			96			25			(38)			5		
Adjusted EBITDA	$ 81	$ 540	15.0%	$ 285	$ 2,067	13.8%	$ 64	$ 541	11.9%	$ 90	$ 546	16.4%	$ 83	$ 567	14.7%

Note: Lexmark non-GAAP reconciliation tables may not calculate due to immaterial rounding. (1) Net (Loss) Income.