

A modern office interior with large windows, people working at a table, and digital displays. The scene is brightly lit with overhead lights and natural light from the windows. A person is walking in the foreground, slightly out of focus. A framed picture of a skyscraper is on the wall to the right.

# Non-GAAP Financial Measures

Q4 2025 Results

January 29, 2026

xerox™

# 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.

A reconciliation of the estimated post-acquisition impact on Adjusted Net Income and EPS, Adjusted Operating Income and Margin, and Free Cash Flow to the closest GAAP financial measures, Net Income (loss), EPS, Pre-tax Margin, and Operating Cash Flow, is not provided. GAAP measures for those periods are not available without unreasonable effort, in part as the timing of synergies and costs to achieve synergies related to the acquisitions 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);
- Free Cash Flow (Capital expenditures).

Reconciliations of the non-GAAP financial measures below 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)
- Adjusted Effective Tax Rate

The above measures were 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.
- 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,

# Non-GAAP Financial Measures

- 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.
  - Goodwill impairment charge
  - Inventory-related impact - exit of certain Production Print manufacturing operations
  - Reinvention-related costs
  - Lexmark – settlement of pre-existing employment agreements
  - Lexmark – inventory-related purchase accounting adjustment
  - Lexmark – fixed asset-related purchase accounting adjustment
  - Lexmark acquisition financing – escrow interest, net
  - Deferred tax valuation allowance
  - Divestitures
  - Loss (gain) on early extinguishment of debt
  - Income tax on goodwill impairment
  - Commitment fee expense

## Adjusted Operating Income and Margin

We calculate and utilize adjusted operating income 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 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 Gross Profit and Margin

We calculate non-GAAP gross Profit and Margin by excluding the inventory impact related to the exit of certain Production Print manufacturing operations, included in Cost of services, maintenance and rentals.

## 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.

## Adjusted Other Expenses, net

Other expenses, net adjusted to exclude non-service retirement-related costs as well as 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.

## Constant Currency (CC)

To better understand trends in our business, we believe that it is helpful to adjust revenue to exclude the impact of changes in the translation of foreign currencies into U.S. dollars. We refer to this adjusted revenue as “constant currency.” This impact is calculated by translating current period activity in local currency using the comparable prior year period’s currency translation rate. This impact is calculated for all countries where the functional currency is not the U.S. dollar. Management believes the constant currency measure provides investors an additional perspective on revenue trends. Currency impact can be determined as the difference between actual growth rates and constant currency growth rates.

## 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 and pay dividends.

# Adjusted Net Income (Loss) and EPS Reconciliation

(in millions, except per share amounts)	Q1-24		Q2-24		Q3-24		Q4-24		FY-24	
	Net (Loss)		Net		Net (Loss)		Net (Loss)		Net (Loss)	
	Income	EPS	Income	EPS	Income	EPS	Income	EPS	Income	EPS
<b>Reported</b> <sup>(1)</sup>	\$ (113)	\$ (0.94)	\$ 18	\$ 0.11	\$ (1,205)	\$ (9.71)	\$ (21)	\$ (0.20)	\$ (1,321)	\$ (10.75)
Goodwill impairment	-	-	-	-	1,058	-	-	-	1,058	-
Inventory-related impact - exit of certain Production Print manufacturing operations <sup>(2)</sup>	36	-	8	-	-	-	7	-	51	-
Restructuring and related costs, net	39	-	12	-	56	-	5	-	112	-
Amortization of intangible assets	10	-	10	-	10	-	43	-	73	-
Divestitures	54	-	(3)	-	-	-	(4)	-	47	-
Non-service retirement-related costs	23	-	26	-	25	-	6	-	80	-
Transaction and related costs, net	-	-	(23)	-	(15)	-	7	-	(31)	-
Loss (gain) on early extinguishment of debt	(3)	-	-	-	-	-	1	-	(2)	-
Reinvention-related costs	-	-	-	-	-	-	12	-	12	-
Income tax on goodwill impairment <sup>(3)</sup>	-	-	-	-	(43)	-	-	-	(43)	-
Deferred tax asset valuation allowance	-	-	-	-	161	-	8	-	169	-
Income tax on adjustments <sup>(3)</sup>	(35)	-	(7)	-	(13)	-	(15)	-	(70)	-
<b>Adjusted</b>	<u>\$ 11</u>	<u>\$ 0.06</u>	<u>\$ 41</u>	<u>\$ 0.29</u>	<u>\$ 34</u>	<u>\$ 0.25</u>	<u>\$ 49</u>	<u>\$ 0.36</u>	<u>\$ 135</u>	<u>\$ 0.97</u>
Dividends on preferred stock used in adjusted EPS calculation <sup>(4)</sup>	-	\$ 4	-	\$ 3	-	\$ 4	-	\$ 3	-	\$ 14
Weighted average shares for adjusted EPS <sup>(4)</sup>	-	125	-	126	-	126	-	127	-	126

<sup>(1)</sup> Full year 2024 GAAP Loss per share: Q1 includes a Reinvention-related charge; Q2 includes insurance proceeds from a legal settlement; Q3 includes a non-cash goodwill impairment charge and a tax expense charge; Q4 includes the write-off of intangibles, and Reinvention & transaction-related costs. For details, please see the non-GAAP section of the Q4 2025 earnings press release.

<sup>(2)</sup> Reflects inventory-related charges and the cancellation of related purchase contracts as a result of the exit of certain production print manufacturing operations.

<sup>(3)</sup> Refer to Adjusted Effective Tax Rate Reconciliation.

<sup>(4)</sup> For those periods that include the preferred stock dividend the average shares for the calculations of diluted EPS exclude 7 million shares associated with our Series A convertible preferred stock, as applicable.

# Adjusted Net Income (Loss) and EPS Reconciliation - continued

(in millions, except per share amounts)	Q1-25		Q2-25		Q3-25		Q4-25		FY-25	
	Net (Loss)	EPS	Net (Loss)	EPS	Net (Loss) Income	EPS	Net (Loss)	EPS	Net (Loss)	EPS
<b>Reported</b> <sup>(1)</sup>	\$ (90)	\$ (0.75)	\$ (106)	\$ (0.87)	\$ (760)	\$ (6.01)	\$ (73)	\$ (0.60)	\$ (1,029)	\$ (8.25)
Inventory-related impact - exit of certain Production Print manufacturing operations <sup>(2)</sup>	7		10		3		4		24	
Restructuring and related costs, net	(1)		10		59		(2)		66	
Amortization of intangible assets	10		10		30		33		83	
Divestitures	(4)		-		-		-		(4)	
Non-service retirement-related costs	18		19		20		21		78	
Transaction and related costs, net	3		6		23		-		32	
Loss (gain) on early extinguishment of debt	-		4		-		1		5	
Reinvention-related costs	6		3		3		5		17	
Commitment fee expense <sup>(3)</sup>	18		4		-		-		22	
Income tax on PARC donation <sup>(4)</sup>	9		-		11		-		20	
Deferred tax asset valuation allowance	50		-		467		-		517	
Lexmark - settlement of pre-existing employment agreements	-		-		24		3		27	
Lexmark - inventory-related purchase accounting adjustment <sup>(5)</sup>	-		-		102		-		102	
Lexmark - fixed asset-related purchase accounting adjustment	-		-		16		13		29	
Lexmark acquisition financing - escrow interest, net <sup>(6)</sup>	-		12		-		-		12	
Income tax on adjustments <sup>(4)</sup>	(30)		(49)		29		(13)		(63)	
<b>Adjusted</b>	<u>\$ (4)</u>	<u>\$ (0.06)</u>	<u>\$ (77)</u>	<u>\$ (0.64)</u>	<u>\$ 27</u>	<u>\$ 0.20</u>	<u>\$ (8)</u>	<u>\$ (0.10)</u>	<u>\$ (62)</u>	<u>\$ (0.60)</u>
Dividends on preferred stock used in adjusted EPS calculation <sup>(7)</sup>		\$ 4		\$ 3		\$ 4		\$ 3		\$ 14
Weighted average shares for adjusted EPS <sup>(7)</sup>		125		126		129		128		127

<sup>(1)</sup> Full year 2025 GAAP Loss per share: Q1 includes a tax expense charge and financing-related charges; Q2 includes interest and financing-related charges and a tax expense; Q3 2025 includes an inventory-related purchase accounting adjustment and a tax expense charge. For details, please see the non-GAAP section of the Q4 2025 earnings press release.

<sup>(2)</sup> Reflects inventory-related charges and the cancellation of related purchase contracts as a result of the exit of certain production print manufacturing operations.

<sup>(3)</sup> Primarily reflects fees associated with the recently completed private offering of \$400 million in aggregate principal amount of 10.25% Senior Secured First Lien Notes and \$400 million aggregate principal amount of 13.5% Senior Secured Second Lien Notes Due in 2031.

<sup>(4)</sup> Refer to Adjusted Effective Tax Rate Reconciliation.

<sup>(5)</sup> Reflects a purchase accounting adjustment related to the recent acquisition of Lexmark, for cost associated with a net inventory write up.

<sup>(6)</sup> Reflects net interest expense on net proceeds received from debt issuances which were placed in escrow to fund the Lexmark Acquisition.

<sup>(7)</sup> For those periods that include the preferred stock dividend the average shares for the calculations of diluted EPS exclude 7 million shares associated with our Series A convertible preferred stock, as applicable.

# Adjusted Effective Tax Rate Reconciliation

(in millions)	Q4-25			Q4-24			FY-25			FY-24		
	Pre-Tax (Loss) Income	Income Tax Expense	Effective Tax Rate	Pre-Tax (Loss) Income	Income Tax Expense	Effective Tax Rate	Pre-Tax (Loss) Income	Income Tax Expense	Effective Tax Rate	Pre-Tax (Loss) Income	Income Tax Expense	Effective Tax Rate
<b>Reported</b> <sup>(1)</sup>	\$ (61)	\$ 12	(19.7%)	\$ (4)	\$ 17	(425.0%)	\$ (488)	\$ 541	(110.9%)	\$ (1,216)	\$ 105	(8.6%)
Goodwill impairment	-	-		-	-		-	-		1,058	43	
Income tax on PARC donation	-	-		-	-		-	(20)		-	-	
Deferred tax asset valuation allowance	-	-		-	(8)		-	(517)		-	(169)	
Non-GAAP adjustments <sup>(2)</sup>	78	13		77	15		493	63		342	70	
<b>Adjusted</b> <sup>(3)</sup>	\$ 17	\$ 25	147.1%	\$ 73	\$ 24	32.9%	\$ 5	\$ 67	1340.0%	\$ 184	\$ 49	26.6%

<sup>(1)</sup> Pre-Tax Loss and Income Tax Expense.

<sup>(2)</sup> Refer to Adjusted Net (loss) Income and EPS reconciliations for details.

<sup>(3)</sup> The tax impact on the Adjusted Pre-Tax (Loss) is calculated under the same accounting principles applied to the As Reported Pre-Tax (Loss) under ASC 740, which employs an annual effective tax rate method to the results.

# Adjusted Gross Profit and Margin Reconciliation

(in millions)	Q4-25		Q4-24		FY-25		FY-24	
<b>Revenue</b> <sup>(1)</sup>	\$ 2,028		\$ 1,613		\$ 7,022		\$ 6,221	
Cost of revenue <sup>(1)</sup>	<u>1,449</u>		<u>1,111</u>		<u>5,121</u>		<u>4,261</u>	
<b>Gross Profit and Margin</b>	579	28.6%	502	31.1%	1,901	27.1%	1,960	31.5%
<b>Adjustment:</b>								
Inventory-related impact - exit of certain Production Print manufacturing operations	4		7		24		51	
Lexmark - inventory-related purchase accounting adjustment <sup>(2)</sup>	-		-		102		-	
Lexmark - fixed asset-related purchase accounting adjustment	<u>11</u>		<u>-</u>		<u>25</u>		<u>-</u>	
<b>Adjusted Gross Profit and Margin</b>	<u>\$ 594</u>	29.3%	<u>\$ 509</u>	31.6%	<u>\$ 2,052</u>	29.2%	<u>\$ 2,011</u>	32.3%

<sup>(1)</sup> Total revenues and cost of revenue

<sup>(2)</sup> Reflects a purchasing accounting adjustment related to the acquisition of Lexmark, for cost associated with a net inventory write up

# Adjusted Gross Profit and Margin Reconciliation – Print and Other

(in millions)	Q4-25		Q4-24		FY-25		FY-24	
<b>Revenue</b> <sup>(1)</sup>	\$ 1,873		\$ 1,500		\$ 6,272		\$ 5,864	
Cost of revenue <sup>(1)</sup>	<u>1,331</u>		<u>1,017</u>		<u>4,511</u>		<u>3,960</u>	
<b>Gross Profit and Margin</b>	542	28.9%	483	32.2%	1,761	28.1%	1,904	32.5%
<b>Adjustment:</b>								
Inventory-related impact - exit of certain Production Print manufacturing operations	4		7		24		51	
Lexmark - inventory-related purchase accounting adjustment <sup>(2)</sup>	-		-		102		-	
Lexmark - fixed asset-related purchase accounting adjustment	<u>11</u>		<u>-</u>		<u>25</u>		<u>-</u>	
<b>Adjusted Gross Profit and Margin</b>	<u>\$ 557</u>	29.8%	<u>\$ 490</u>	32.6%	<u>\$ 1,912</u>	30.5%	<u>\$ 1,955</u>	33.3%

<sup>(1)</sup> Print and Other revenues and cost of revenue

<sup>(2)</sup> Reflects a purchasing accounting adjustment related to the acquisition of Lexmark, for cost associated with a net inventory write up

# Adjusted Operating Income and Margin Reconciliation

(in millions)	Q1-24			Q2-24			Q3-24			Q4-24			FY-24		
	(Loss) Profit	Revenue	Margin	Profit	Revenue	Margin	(Loss) Profit	Revenue	Margin	(Loss) Profit	Revenue	Margin	(Loss) Profit	Revenue	Margin
<b>Reported</b> <sup>(1)</sup>	\$ (113)	\$ 1,502		\$ 18	\$ 1,578		\$ (1,205)	\$ 1,528		\$ (21)	\$ 1,613		\$ (1,321)	\$ 6,221	
Income tax (benefit) expense	(37)			7			118			17			105		
Pre-tax (loss) income	<u>\$ (150)</u>	<u>\$ 1,502</u>	(10.0%)	<u>\$ 25</u>	<u>\$ 1,578</u>	1.6%	<u>\$ (1,087)</u>	<u>\$ 1,528</u>	(71.1%)	<u>\$ (4)</u>	<u>\$ 1,613</u>	(0.2%)	<u>\$ (1,216)</u>	<u>\$ 6,221</u>	(19.5%)
<b>Adjustments:</b>															
Goodwill impairment	-			-			1,058			-			1,058		
Restructuring and related costs, net	39			12			56			5			112		
Amortization of intangible assets	10			10			10			43			73		
PARC donation	-			-			-			-			-		
Divestitures	54			(3)			-			(4)			47		
Reinvention costs	-			-			-			12			12		
Transaction and related costs, net	-			-			-			7			7		
Inventory impact related to the exit of certain Production Print manufacturing operations <sup>(2)</sup>	36			8			-			7			51		
Other expenses, net <sup>(3)</sup>	44			33			43			38			158		
<b>Adjusted</b>	<u>\$ 33</u>	<u>\$ 1,502</u>	2.2%	<u>\$ 85</u>	<u>\$ 1,578</u>	5.4%	<u>\$ 80</u>	<u>\$ 1,528</u>	5.2%	<u>\$ 104</u>	<u>\$ 1,613</u>	6.4%	<u>\$ 302</u>	<u>\$ 6,221</u>	4.9%

<sup>(1)</sup> Net (Loss) Income

<sup>(2)</sup> Reflects inventory-related charges and the cancellation of related purchase contracts as a result of the exit of certain production print manufacturing operations.

<sup>(3)</sup> Includes non-service retirement-related costs.

# Adjusted Operating Income and Margin Reconciliation – continued

(in millions)	Q1-25			Q2-25			Q3-25			Q4-25			FY-25		
	(Loss) Profit	Revenue	Margin	(Loss) Profit	Revenue	Margin	(Loss) Profit	Revenue	Margin	(Loss) Profit	Revenue	Margin	(Loss) Profit	Revenue	Margin
<b>Reported</b> <sup>(1)</sup>	\$ (90)	\$ 1,457		\$ (106)	\$ 1,576		\$ (760)	\$ 1,961		\$ (73)	\$ 2,028		\$ (1,029)	\$ 7,022	
Income tax (benefit) expense	23			46			460			12			541		
Pre-tax (loss) income	<u>\$ (67)</u>	<u>\$ 1,457</u>	(4.6%)	<u>\$ (60)</u>	<u>\$ 1,576</u>	(3.8%)	<u>\$ (300)</u>	<u>\$ 1,961</u>	(15.3%)	<u>\$ (61)</u>	<u>\$ 2,028</u>	(3.0%)	<u>\$ (488)</u>	<u>\$ 7,022</u>	(6.9%)
<b>Adjustments:</b>															
Restructuring and related costs, net	(1)			10			59			(2)			66		
Amortization of intangible assets	10			10			30			33			83		
Divestitures	(4)			-			-			-			(4)		
Reinvention costs	6			3			3			5			17		
Transaction and related costs, net	3			6			23			2			34		
Inventory impact related to the exit of certain Production Print manufacturing operations <sup>(2)</sup>	7			10			3			4			24		
Lexmark - inventory-related purchase accounting adjustment <sup>(3)</sup>	-			-			102			-			102		
Lexmark - fixed asset-related purchase accounting adjustment	-			-			16			13			29		
Lexmark - settlement of pre-existing employment agreements	-			-			24			1			25		
Other expenses, net <sup>(4), (5)</sup>	68			80			105			107			360		
<b>Adjusted</b>	<u>\$ 22</u>	<u>\$ 1,457</u>	1.5%	<u>\$ 59</u>	<u>\$ 1,576</u>	3.7%	<u>\$ 65</u>	<u>\$ 1,961</u>	3.3%	<u>\$ 102</u>	<u>\$ 2,028</u>	5.0%	<u>\$ 248</u>	<u>\$ 7,022</u>	3.5%

<sup>(1)</sup> Net Loss

<sup>(2)</sup> Reflects inventory-related charges and the cancellation of related purchase contracts as a result of the exit of certain production print manufacturing operations.

<sup>(3)</sup> Reflects a purchase accounting adjustment related to the recent acquisition of Lexmark, for cost associated with a net inventory write up.

<sup>(4)</sup> Includes non-service retirement-related costs.

<sup>(5)</sup> Q4 2025 includes non-service retirement-related costs. In addition, Q4 2025 includes \$80 million of non-financing interest expense, as compared to \$31 million for Q4 2024, related to the recently completed borrowings in support of the Lexmark acquisition financing, repayment of existing borrowings, and general corporate purposes.

# Adjusted EBITDA and Margin Reconciliation

(in millions)	Q1-24			Q2-24			Q3-24			Q4-24			FY-24		
	(Loss) Profit	Revenue	Margin	Profit	Revenue	Margin	(Loss) Profit	Revenue	Margin	(Loss) Profit	Revenue	Margin	Profit	Revenue	Margin
<b>Reported</b> <sup>(1)</sup>	\$ (113)	\$ 1,502		\$ 18	\$ 1,578		\$ (1,205)	\$ 1,528		\$ (21)	\$ 1,613		\$ (1,321)	\$ 6,221	
<b>Adjustments:</b>															
Other expenses, net <sup>(2)</sup>	44			33			43			38			158		
Income tax (benefit) expense	(37)			7			118			17			105		
Depreciation and amortization <sup>(3)</sup>	59			59			59			97			274		
Goodwill impairment	-			-			1,058			-			1,058		
<b>EBITDA</b> <sup>(4)</sup>	<u>\$ (47)</u>	<u>\$ 1,502</u>	(3.1)%	<u>\$ 117</u>	<u>\$ 1,578</u>	7.4%	<u>\$ 73</u>	<u>\$ 1,528</u>	4.8%	<u>\$ 131</u>	<u>\$ 1,613</u>	8.1%	<u>\$ 274</u>	<u>\$ 6,221</u>	4.4%
<b>Adjustments:</b>															
Stock-based compensation	12			17			9			14			52		
Restructuring and related costs, net <sup>(5)</sup>	39			12			56			5			112		
PARC donation	-			-			-			-			-		
Divestitures	54			(3)			-			(4)			47		
Reinvention costs	-			-			-			12			12		
Transaction and related costs, net	-			-			-			7			7		
Inventory impact related to the exit of certain Production Print manufacturing operations <sup>(6)</sup>	36			8			-			7			51		
<b>Adjusted EBITDA</b> <sup>(7)</sup>	<u>\$ 94</u>	<u>\$ 1,502</u>	6.3%	<u>\$ 151</u>	<u>\$ 1,578</u>	9.6%	<u>\$ 138</u>	<u>\$ 1,528</u>	9.0%	<u>\$ 172</u>	<u>\$ 1,613</u>	10.7%	<u>\$ 555</u>	<u>\$ 6,221</u>	8.9%

<sup>(1)</sup> Net Income (Loss)

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

<sup>(3)</sup> Excludes amortization of customer contract costs

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

<sup>(5)</sup> 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.

<sup>(6)</sup> Reflects inventory-related charges and the cancellation of related purchase contracts as a result of the exit of certain production print manufacturing operations.

<sup>(7)</sup> 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.



# Adjusted EBITDA and Margin Reconciliation - continued

(in millions)	Q1-25			Q2-25			Q3-25			Q4-25			FY-25		
	(Loss) Profit	Revenue	Margin	(Loss) Profit	Revenue	Margin	(Loss) Profit	Revenue	Margin	(Loss) Profit	Revenue	Margin	(Loss) Profit	Revenue	Margin
<b>Reported</b> <sup>(1)</sup>	\$ (90)	\$ 1,457		\$ (106)	\$ 1,576		\$ (760)	\$ 1,961		\$ (73)	\$ 2,028		\$ (1,029)	\$ 7,022	
<b>Adjustments:</b>															
Other expenses, net <sup>(2)</sup>	68			80			105			107			360		
Income tax (benefit) expense	23			46			460			12			541		
Depreciation and amortization <sup>(3)</sup>	60			57			107			107			331		
Goodwill impairment	-			-			-			-			-		
<b>EBITDA</b> <sup>(4)</sup>	<u>\$ 61</u>	<u>\$ 1,457</u>	4.2%	<u>\$ 77</u>	<u>\$ 1,576</u>	4.9%	<u>\$ (88)</u>	<u>\$ 1,961</u>	(4.5)%	<u>\$ 153</u>	<u>\$ 2,028</u>	7.5%	<u>\$ 203</u>	<u>\$ 7,022</u>	2.9%
<b>Adjustments:</b>															
Stock-based compensation	12			14			7			12			45		
Restructuring and related costs, net <sup>(5)</sup>	(1)			10			59			(2)			66		
PARC donation	-			-			-			-			-		
Divestitures	(4)			-			-			-			(4)		
Reinvention costs	6			3			3			5			17		
Transaction and related costs, net	3			6			23			3			34		
Inventory impact related to the exit of certain Production Print manufacturing operations <sup>(6)</sup>	7			10			3			4			24		
Lexmark - inventory-related purchase accounting adjustment <sup>(7)</sup>	-			-			102			-			102		
Lexmark - settlement of pre-existing employment agreements	-			-			24			-			25		
<b>Adjusted EBITDA</b> <sup>(8)</sup>	<u>\$ 84</u>	<u>\$ 1,457</u>	5.8%	<u>\$ 120</u>	<u>\$ 1,576</u>	7.6%	<u>\$ 133</u>	<u>\$ 1,961</u>	6.8%	<u>\$ 175</u>	<u>\$ 2,028</u>	8.6%	<u>\$ 512</u>	<u>\$ 7,022</u>	7.3%

<sup>(1)</sup> Net Income (Loss)

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

<sup>(3)</sup> Excludes amortization of customer contract costs

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

<sup>(5)</sup> 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.

<sup>(6)</sup> Reflects inventory-related charges and the cancellation of related purchase contracts as a result of the exit of certain production print manufacturing operations.

<sup>(7)</sup> Reflects a purchase accounting adjustment related to the recent acquisition of Lexmark, for cost associated with a net inventory write up.

<sup>(8)</sup> 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.



# Free Cash Flow Reconciliation

(in millions)	Q1-24	Q2-24	Q3-24	Q4-24	FY-24	Q1-25	Q2-25	Q3-25	Q4-25	FY-25
<b>Reported<sup>(1)</sup></b>	(\$79)	\$123	\$116	\$351	\$511	(\$89)	(\$11)	\$159	\$208	\$224
Less: capital expenditures	10	8	9	17	44	20	19	28	24	91
<b>Free Cash Flow</b>	<u>(\$89)</u>	<u>\$115</u>	<u>\$107</u>	<u>\$334</u>	<u>\$467</u>	<u>(\$109)</u>	<u>(\$30)</u>	<u>\$131</u>	<u>\$184</u>	<u>\$133</u>

<sup>(1)</sup> Net cash provided by (used in) operating activities.

# Other Expenses, net Reconciliation

(in millions)	Q4-25	Q4-24	FY-25	FY-24
<b>Reported</b> <sup>(1)</sup>	\$ 107	\$ 38	\$ 360	\$ 158
Less: Non-service retirement-related costs	21	6	78	80
Less: Transaction related costs, net	-	-	-	(38)
Less: Loss (Gain) on early extinguishment of debt	1	1	5	(2)
Less: Commitment fee expense	-	-	22	-
<b>Adjusted</b>	<u>\$ 85</u>	<u>\$ 31</u>	<u>\$ 255</u>	<u>\$ 118</u>

<sup>(1)</sup> Other expenses, net

# Adjusted Operating Income – Guidance

(in millions)	FY 2026
<b>Estimated</b> <sup>(1)</sup>	~\$(100)
<b>Adjustments:</b>	
Restructuring and related costs, net	30
Amortization of intangible assets	120
Other expenses, net <sup>(2)</sup>	425
<b>Adjusted</b>	~\$450-500

<sup>(1)</sup> *Pre-tax (loss)*

<sup>(2)</sup> *Other expenses, net includes approximately \$290 million of non-financing interest expense, net. Also included in Other expenses, net is approximately \$80 million related to non-service retirement-related costs.*

# Free Cash Flow – Guidance

(in millions)	FY 2026
<b>Operating Cash Flow<sup>(1)</sup></b>	~\$360
Less: capital expenditures	110
<b>Free Cash Flow</b>	<b>~\$250</b>

*(1) Net cash provided by operating activities.*

# Pro Forma Financial Measures

To better understand the trends in our business, we discuss our 2025 operating results by comparing them against 2024 pro forma results, which include estimated results for both Lexmark and ITsavvy for the comparable period presented. ITsavvy is included in our 2025 reported results as the effective date of acquisition was November 20, 2024. Lexmark is included in our 2025 results as of July 1, 2025, the effective date of acquisition. Accordingly, we have included ITsavvy and Lexmark's 2024 pro forma results for comparable periods presented. We refer to comparisons against these adjusted 2024 results as "pro-forma" basis comparisons. ITsavvy and Lexmark's 2024 historical results have been adjusted to reflect fair value adjustments related to inventory, real and personal property (equipment and computer hardware and software), right of use assets and liabilities, and intangible assets. In addition, adjustments were made to conform both ITsavvy and Lexmark's accounting policies to those of Xerox, including accrued rebates, inventory and other material non-recurring costs associated with the acquisitions. We believe comparisons on a pro-forma basis are more meaningful than the actual comparisons given the size and nature of these acquisitions. We believe the pro forma basis comparisons allow investors to have a better understanding and additional perspective of the expected trends in our business as well as the impact of these acquisitions on the Company's operations.

Management believes that these non-GAAP financial measures provide an additional means of analyzing the current periods' results against the corresponding prior periods' results. 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 consolidated financial statements prepared in accordance with GAAP. Our 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 in these non-GAAP measures. A reconciliation of these non-GAAP financial measures and the most directly comparable measures calculated and presented in accordance with GAAP are set forth on the following tables:

Certain pro forma monetary amounts, percentages, and other financial figures included in the Company's earnings materials, including the prepared remarks, investor presentation, and press release have been subject to rounding adjustments. Accordingly, minor differences may exist among such materials. These variances, which result solely from rounding, are not considered material.

# Pro Forma Revenue – Print and Other

(in millions)	As reported		Pro Forma <sup>(1)</sup>		Pro Forma <sup>(1)</sup> % Change
	Q4-25	Q4-24	Q4-24	% Change	
Equipment sales	\$ 485	\$ 393	\$ 541	23.4%	(10.4)%
Post sale revenue	1,388	1,107	1,517	25.4%	(8.5)%
<b>Total Print and Other Revenue</b>	<b>\$ 1,873</b>	<b>\$ 1,500</b>	<b>\$ 2,058</b>	<b>24.9%</b>	<b>(9.0)%</b>

(in millions)	As reported		Pro Forma <sup>(1)</sup>		% Change	Pro Forma <sup>(1)</sup> % Change
	FY-25	FY-24	FY-25	FY-24		
Equipment sales	\$ 1,488	\$ 1,378	\$ 1,700	\$ 1,861	8.0%	(8.7)%
Post sale revenue	4,784	4,486	5,512	5,993	6.6%	(8.0)%
<b>Total Print and Other Revenue</b>	<b>\$ 6,272</b>	<b>\$ 5,864</b>	<b>\$ 7,212</b>	<b>\$ 7,854</b>	<b>7.0%</b>	<b>(8.2)%</b>

<sup>(1)</sup> Reflects the inclusion of Lexmark and ITsavvy estimated results as if they were acquired on January 1, 2024

# Pro Forma Revenue – IT Solutions

(in millions)	As reported		Pro Forma <sup>(1)</sup>	% Change	Pro Forma <sup>(1)</sup> %
	Q4-25	Q4-24	Q4-24		Change
IT Products <sup>(2)</sup>	\$ 100	\$ 74	\$ 117	35.1%	(14.5)%
IT Services <sup>(3)</sup>	55	39	54	41.0%	1.9%
Intersegment revenue <sup>(4)</sup>	3	1	1	NM	NM
<b>Total IT Solutions</b>	<b>\$ 158</b>	<b>\$ 114</b>	<b>\$ 172</b>	<b>38.6%</b>	<b>(8.1)%</b>

(in millions)	As reported		Pro Forma <sup>(1)</sup>	% Change	Pro Forma <sup>(1)</sup> %
	FY-25	FY-24	FY-24		Change
IT Products <sup>(2)</sup>	\$ 523	\$ 232	\$ 565	125.4%	(7.4)%
IT Services <sup>(3)</sup>	227	125	201	81.6%	12.9%
Intersegment revenue <sup>(4)</sup>	11	1	1	NM	NM
<b>Total IT Solutions</b>	<b>\$ 761</b>	<b>\$ 358</b>	<b>\$ 767</b>	<b>112.6%</b>	<b>(0.8)%</b>

<sup>(1)</sup> Reflects the inclusion of Lexmark and ITsavvy estimated results as if they were acquired on January 1, 2024.

<sup>(2)</sup> IT Products reflect the sale of IT hardware and software solutions. Hardware product sales include the sale of notebooks, network communications and other endpoint devices, desktop computers and other IT hardware. Software product sales include deployments of cloud and security solutions, endpoint security application suites, operating systems, other applications and network management solutions.

<sup>(3)</sup> IT Services reflect revenue associated with the implementation of IT solutions, including product lifecycle, deployment and network monitoring services, and managed services.

<sup>(4)</sup> Reflects primarily IT hardware, software solutions and services, sold by the IT Solutions segment to the Print and Other segment.

# Pro Forma Segment Revenue and Profit

(in millions)	As reported		Pro Forma <sup>(2)</sup>		Pro Forma <sup>(2)</sup> % Change
	Q4-25	Q4-24	Q4-24	% Change	
<b>Revenue</b>					
Print & Other	\$ 1,873	\$ 1,500	\$ 2,058	24.9%	(9.0)%
IT Solutions	158	114	172	38.6%	(8.1)%
Intersegment elimination <sup>(1)</sup>	(3)	(1)	(1)	NM	NM
<b>Total Revenues</b>	<b>\$ 2,028</b>	<b>\$ 1,613</b>	<b>\$ 2,229</b>	<b>25.7%</b>	<b>(9.0)%</b>
<b>Adjusted Gross Profit</b>					
Print & Other	\$ 558	\$ 489	\$ 708	14.1%	(21.2)%
IT Solutions	36	19	29	89.5%	24.1%
<b>Total Adjusted Gross Profit</b>	<b>\$ 594</b>	<b>\$ 508</b>	<b>\$ 737</b>	<b>16.9%</b>	<b>(19.4)%</b>
<b>Adjusted Gross Profit Margin</b>					
Print & Other	29.8%	32.6%	34.4%	(2.8) pts	(4.6) pts
IT Solutions	22.8%	16.7%	16.9%	6.1 pts	2.9 pts
<b>Total Adjusted Gross Profit Margin</b>	<b>29.3%</b>	<b>31.6%</b>	<b>33.1%</b>	<b>(2.3) pts</b>	<b>(3.8) pts</b>
<b>Adjusted Operating Profit</b>					
Print & Other	\$ 109	\$ 128	\$ 220	(14.8)%	(50.5)%
IT Solutions	9	-	3	NM	NM
Corporate	(16)	(24)	(27)	(33.3)%	(40.7)%
<b>Total Adjusted Operating Profit</b>	<b>\$ 102</b>	<b>\$ 104</b>	<b>\$ 196</b>	<b>(1.9)%</b>	<b>(48.0)%</b>
<b>Adjusted Operating Profit Margin</b>					
Print & Other	5.8%	8.5%	10.7%	(2.7) pts	(4.9) pts
IT Solutions	5.7%	-	1.7%	5.7 pts	4.0 pts
<b>Total Adjusted Operating Profit Margin</b>	<b>5.0%</b>	<b>6.4%</b>	<b>8.8%</b>	<b>(2.4) pts</b>	<b>(3.8) pts</b>

<sup>(1)</sup> Reflects primarily IT hardware, software solutions and services, sold by the IT Solutions segment to the Print and Other segment.

<sup>(2)</sup> Reflects the Inclusion of Lexmark and ITsavvy estimated results from October 1, 2024 through December 31, 2024

# Pro Forma Segment Revenue and Profit - continued

(in millions)	As reported		Pro Forma <sup>(2)</sup>		% Change	Pro Forma <sup>(2)</sup> % Change
	FY-25	FY-24	FY-25	FY-24		
<b>Revenue</b>						
Print & Other	\$ 6,272	\$ 5,864	\$ 7,212	\$ 7,854	7.0%	(8.2)%
IT Solutions	761	358	761	767	112.6%	(0.8)%
Intersegment elimination <sup>(1)</sup>	(11)	(1)	(11)	(1)	NM	NM
<b>Total Revenues</b>	<b>\$ 7,022</b>	<b>\$ 6,221</b>	<b>\$ 7,962</b>	<b>\$ 8,620</b>	<b>12.9%</b>	<b>(7.6)%</b>
<b>Adjusted Gross Profit</b>						
Print & Other	\$ 1,912	\$ 1,955	\$ 2,224	\$ 2,666	(2.2)%	(16.6)%
IT Solutions	140	56	140	127	150.0%	10.2%
<b>Total Adjusted Gross Profit</b>	<b>\$ 2,052</b>	<b>\$ 2,011</b>	<b>\$ 2,364</b>	<b>\$ 2,793</b>	<b>2.0%</b>	<b>(15.4)%</b>
<b>Adjusted Gross Profit Margin</b>						
Print & Other	30.5%	33.3%	30.8%	33.9%	(2.8) pts	(3.1) pts
IT Solutions	18.4%	15.6%	18.4%	16.6%	2.8 pts	1.8 pts
<b>Total Adjusted Gross Profit Margin</b>	<b>29.2%</b>	<b>31.6%</b>	<b>29.7%</b>	<b>32.4%</b>	<b>(2.4) pts</b>	<b>(2.7) pts</b>
<b>Adjusted Operating Profit</b>						
Print & Other	\$ 279	\$ 396	\$ 383	\$ 644	(29.5)%	(40.5)%
IT Solutions	42	-	42	16	NM	NM
Corporate	(73)	(94)	(80)	(107)	(22.3)%	(25.2)%
<b>Total Adjusted Operating Profit</b>	<b>\$ 248</b>	<b>\$ 302</b>	<b>\$ 345</b>	<b>\$ 553</b>	<b>(17.9)%</b>	<b>(37.6)%</b>
<b>Adjusted Operating Profit Margin</b>						
Print & Other	4.4%	6.8%	5.3%	8.2%	(2.4) pts	(2.9) pts
IT Solutions	5.5%	-	5.5%	2.1%	5.5 pts	3.4 pts
<b>Total Adjusted Operating Profit Margin</b>	<b>3.5%</b>	<b>4.9%</b>	<b>4.3%</b>	<b>6.4%</b>	<b>(1.4) pts</b>	<b>(2.1) pts</b>

<sup>(1)</sup> Reflects primarily IT hardware, software solutions and services, sold by the IT Solutions segment to the Print and Other segment.

<sup>(2)</sup> Reflects the Inclusion of Lexmark and ITsavvy estimated results in both FY24 and FY25.

# Pro Forma Adjusted Operating Income and Margin Reconciliation

	As Reported		Pro Forma <sup>(6)</sup>		Change	Pro Forma <sup>(6)</sup> Change
	Q4-25 (Loss) Profit	Q4-24 (Loss) Profit	Q4-24 (Loss) Profit			
(in millions)						
<b>Reported</b> <sup>(1)</sup>	\$ (73)	\$ (21)	\$ (218)	\$ (52)	\$ 145	
Income tax (benefit) expense	12	17	58	(5)	(46)	
Pre-tax (loss) income	\$ (61)	\$ (4)	\$ (160)	\$ (57)	\$ 99	
<b>Adjustments:</b>						
Goodwill impairment	-	-	-	-	-	
Restructuring and related costs, net	(2)	5	5	(7)	(7)	
Amortization of intangible assets	33	43	226	(10)	(193)	
Divestitures	-	(4)	(4)	4	4	
Reinvention-related costs	5	12	12	(7)	(7)	
Transaction and related costs, net	3	7	7	(4)	(4)	
Inventory impact related to the exit of certain Production Print manufacturing operations <sup>(2)</sup>	4	7	7	(3)	(3)	
Lexmark - inventory-related purchase accounting adjustment <sup>(3)</sup>	-	-	-	-	-	
Lexmark - fixed asset-related purchase accounting adjustment	13	-	16	13	(3)	
Lexmark - settlement of pre-existing employment agreements	-	-	-	-	-	
Other expenses, net <sup>(4), (5)</sup>	107	38	87	69	20	
<b>Adjusted</b>	\$ 102	\$ 104	\$ 196	\$ (2)	\$ (94)	
<b>Revenue</b>	\$ 2,028	\$ 1,613	\$ 2,229	\$ 415	\$ (201)	
<b>Adjusted Operating Income Margin</b>	5.0%	6.4%	8.8%	(1.4) pts	(3.8) pts	

<sup>(1)</sup> Net Income (Loss)

<sup>(2)</sup> Reflects inventory-related charges and the cancellation of related purchase contracts as a result of the exit of certain production print manufacturing operations.

<sup>(3)</sup> Reflects a purchase accounting adjustment related to the recent acquisition of Lexmark, for cost associated with a net inventory write up.

<sup>(4)</sup> Includes non-service retirement-related costs.

<sup>(5)</sup> Q4 2025 includes non-service retirement-related costs. In addition, Q4 2025 includes \$80 million of non-financing interest expense, as compared to \$31 million for Q4 2024, related to the recently completed borrowings in support of the Lexmark acquisition financing, repayment of existing borrowings, and general corporate purposes.

<sup>(6)</sup> Reflects the inclusion of Lexmark and ITsavvy estimated results from July 1, 2024 through September 30, 2024



**xerox**<sup>TM</sup>