

A modern office interior with large windows overlooking a city. Several people are seated around a table, working on laptops and looking at architectural models. A large potted plant is on the left. A framed picture of a skyscraper is on the right wall. The scene is lit with recessed ceiling lights.

Non-GAAP Financial Measures

Q4 2024 Results

January 28, 2025

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
 - PARC donation
 - Divestitures
 - Loss (gain) on early extinguishment of debt
 - Inventory-related impact - exit of certain Production Print manufacturing operations
 - Tax indemnification – Conduent
 - Deferred tax valuation allowance
 - Reinvention-related costs

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 SAG

Selling, General & Administrative expenses adjusted for one-time professional fees for Reinvention and acquisitions.

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, dividends and share repurchase.

Adjusted Net Income (Loss) and EPS Reconciliation

(in millions, except per share amounts)	Q1-23		Q2-23		Q3-23		Q4-23		FY-23		Q1-24		Q2-24		Q3-24		Q4-24		FY-24	
	Net Income	EPS	Net (Loss) Income	EPS	Net Income	EPS	Net (Loss) Income	EPS	Net Income	EPS	Net (Loss) Income	EPS	Net Income	EPS	Net (Loss) Income	EPS	Net (Loss) Income	EPS	Net (Loss) Income	EPS
Reported ⁽¹⁾	\$ 71	\$ 0.43	\$ (61)	\$ (0.41)	\$ 49	\$ 0.28	\$ (58)	\$ (0.50)	\$ 1	\$ (0.09)	\$ (113)	\$ (0.94)	\$ 18	\$ 0.11	\$ (1,205)	\$ (9.71)	\$ (21)	\$ (0.20)	\$ (1,321)	\$ (10.75)
Goodwill impairment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,058	-	-	-	1,058	-
PARC donation	-	-	132	-	-	-	-	-	132	-	-	-	-	-	-	-	-	-	-	-
Inventory-related impact - exit of certain Production Print manufacturing operations ⁽²⁾	-	-	-	-	-	-	-	-	-	36	8	-	7	-	-	-	-	-	51	-
Restructuring and related costs, net	2	23	10	132	167	39	12	56	5	112	-	-	-	-	-	-	-	-	-	-
Amortization of intangible assets	11	10	12	10	43	10	10	10	43	73	-	-	-	-	-	-	-	-	-	-
Divestitures	-	-	-	-	-	-	-	-	-	47	-	-	-	-	-	-	-	-	-	-
Non-service retirement-related costs	(1)	11	4	5	19	23	26	25	6	80	-	-	-	-	-	-	-	-	-	-
Transaction and related costs, net	-	-	-	-	-	-	-	-	-	(31)	-	-	-	-	-	-	-	-	-	-
Tax indemnification - Conduent	-	-	(7)	-	(7)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Loss (gain) on early extinguishment of debt	-	3	-	7	10	(3)	-	-	1	(2)	-	-	-	-	-	-	-	-	-	-
Reinvention-related costs	-	-	-	-	-	-	-	-	-	12	-	-	-	-	-	-	-	-	12	-
Income tax on goodwill impairment ⁽³⁾	-	-	-	-	-	-	-	-	-	(43)	-	-	-	-	(43)	-	-	-	(43)	-
Income tax on PARC donation ⁽³⁾	-	(40)	-	-	(40)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deferred tax asset valuation allowance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	161	8	-	-	169	-
Income tax on adjustments ⁽³⁾	(1)	(6)	9	(40)	(38)	(35)	(7)	(13)	(15)	(70)	-	-	-	-	-	-	-	-	-	-
Adjusted	\$ 82	\$ 0.49	\$ 72	\$ 0.44	\$ 77	\$ 0.46	\$ 56	\$ 0.43	\$ 287	\$ 1.82	\$ 11	\$ 0.06	\$ 41	\$ 0.29	\$ 34	\$ 0.25	\$ 49	\$ 0.36	\$ 135	\$ 0.97
Dividends on preferred stock used in adjusted EPS calculation ⁽⁴⁾	\$ 4	\$ 3	\$ 4	\$ 3	\$ 14	\$ 4	\$ 3	\$ 4	\$ 14	\$ 4	\$ 3	\$ 4	\$ 3	\$ 4	\$ 3	\$ 4	\$ 3	\$ 14	\$ 4	\$ 14
Weighted average shares for adjusted EPS ⁽⁴⁾	158	158	159	125	151	125	126	126	127	126	126	127	126	126	127	126	126	126	126	126

⁽¹⁾ Fourth quarter 2024 Net (Loss) and Diluted (Loss) per Share, include a \$37 million pre-tax (\$28 million after-tax) write-off of intangibles, or \$0.22 per share, and \$19 million of pre-tax (\$15 million after-tax) Reinvention-related and acquisition charges, or \$0.12 per share. Full-year 2024 Net (Loss) and Diluted (Loss) per Share, include the following: Q1-24 \$129 million pre-tax (\$100 million after-tax) Reinvention-related charge, or \$0.81 per share, primarily related to the exit of certain Production Print manufacturing operations and geographic simplification; Q3-24 pre-tax non-cash goodwill impairment charge of approximately \$1.1 billion (approximately \$1.0 billion after-tax), or \$8.17 per share; Q4-24 \$37 million pre-tax (\$28 million after-tax) write-off of intangibles, or \$0.22 per share, and \$19 million of pre-tax (\$15 million after-tax) Reinvention-related and acquisition charges, or \$0.12 per share. Full year 2024 also includes a Q3-24 tax expense charge of \$161 million, or \$1.30 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. Full year 2023 Net Income and Diluted (Loss) per Share includes a Q2-23 net pre-tax PARC donation charge of \$132 million (\$92 million after-tax), or \$0.58 per share, and a Q4-23 \$104 million pre-tax Restructuring and related costs, net charge (\$78 million after-tax), or \$0.52 per share, related to the Reinvention-related workforce reduction.

⁽²⁾ Reflects the reduction of inventory of approximately \$7 million and \$45 million and the cancellation of related purchase contracts of approximately \$0 and \$6 million, as a result of the exit of certain production print manufacturing operations during the three months and year ended December 31, 2024, respectively.

⁽³⁾ Refer to Adjusted Effective Tax Rate Reconciliation.

⁽⁴⁾ 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)	Q4-24			Q4-23			FY-24			FY-23		
	Pre-Tax (Loss) Income	Income Tax Expense	Effective Tax Rate	Pre-Tax (Loss) Income	Income Tax (Benefit) Expense	Effective Tax Rate	Pre-Tax (Loss) Income	Income Tax Expense	Effective Tax Rate	Pre-Tax (Loss) Income	Income Tax (Benefit) Expense	Effective Tax Rate
Reported ⁽¹⁾	\$ (4)	\$ 17	(425.0%)	\$ (88)	\$ (30)	34.1%	\$ (1,216)	\$ 105	(8.6%)	\$ (28)	\$ (29)	103.6%
Goodwill impairment	-	-		-	-		1,058	43		-	-	
Deferred tax asset valuation allowance ⁽²⁾	-	(8)		-	-			(169)		-	-	
PARC donation										132	40	
Other non-GAAP adjustments ⁽³⁾	77	15		154	40		342	70		232	38	
Adjusted ⁽⁴⁾	<u>\$ 73</u>	<u>\$ 24</u>	<u>32.9%</u>	<u>\$ 66</u>	<u>\$ 10</u>	<u>15.2%</u>	<u>\$ 184</u>	<u>\$ 49</u>	<u>26.6%</u>	<u>\$ 336</u>	<u>\$ 49</u>	<u>14.6%</u>

⁽¹⁾ Pre-Tax (Loss) and Income Tax Expense (Benefit). Full year 2024 Pre-Tax (Loss) includes a Q3 non-cash goodwill impairment charge of approximately \$1.1 billion (approximately \$1.0 billion after-tax).

⁽²⁾ Tax expense charge related to the establishment of a valuation allowance against certain deferred tax assets to reflect their realizability.

⁽³⁾ Refer to Adjusted Net Income and EPS reconciliations for details.

⁽⁴⁾ The tax impact on the Adjusted Pre-Tax Income 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)	Q4-24		Q4-23		FY-24		FY-23	
Revenue ⁽¹⁾	\$ 1,613		\$ 1,765		\$ 6,221		\$ 6,886	
Cost of revenue ⁽¹⁾	<u>1,111</u>		<u>1,173</u>		<u>4,261</u>		<u>4,572</u>	
Gross Profit and Margin	502	31.1%	592	33.5%	1,960	31.5%	2,314	33.6%
Adjustment:								
Inventory-related impact - exit of certain Production Print manufacturing operations	7		-		51		-	
Adjusted Gross Profit and Margin	<u>\$ 509</u>	31.6%	<u>\$ 592</u>	33.5%	<u>\$ 2,011</u>	32.3%	<u>\$ 2,314</u>	33.6%

⁽¹⁾ Total revenues and cost of revenue

Adjusted Operating Income and Margin Reconciliation

(in millions)	Q1-23			Q2-23			Q3-23			Q4-23			FY-23		
	Profit	Revenue	Margin	(Loss) Profit	Revenue	Margin	Profit	Revenue	Margin	(Loss) Profit	Revenue	Margin	Profit	Revenue	Margin
Reported ⁽¹⁾	\$ 71	\$1,715		\$ (61)	\$1,754		\$ 49	\$1,652		\$ (58)	\$1,765		\$ 1	\$6,886	
Income tax expense (benefit)	14			(28)			15			(30)			(29)		
Pre-tax income (loss)	<u>\$ 85</u>	<u>\$1,715</u>	5.0%	<u>\$ (89)</u>	<u>\$1,754</u>	(5.1%)	<u>\$ 64</u>	<u>\$1,652</u>	3.9%	<u>\$ (88)</u>	<u>\$1,765</u>	(5.0%)	<u>\$ (28)</u>	<u>\$6,886</u>	(0.4%)
Adjustments:															
PARC donation	-			132			-			-			132		
Restructuring and related costs, net	2			23			10			132			167		
Amortization of intangible assets	11			10			12			10			43		
Other expenses, net	20			31			(18)			42			75		
Adjusted	<u>\$ 118</u>	<u>\$1,715</u>	6.9%	<u>\$ 107</u>	<u>\$1,754</u>	6.1%	<u>\$ 68</u>	<u>\$1,652</u>	4.1%	<u>\$ 96</u>	<u>\$1,765</u>	5.4%	<u>\$ 389</u>	<u>\$6,886</u>	5.6%

⁽¹⁾ Net Income (Loss).

Adjusted Operating Income and Margin Reconciliation (continued)

(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
Reported ⁽¹⁾	\$ (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%)
Adjustments:															
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		
Divestitures	54			(3)			-			(4)			47		
Reinvention-related costs	-			-			-			12			12		
Transaction and related costs, net	-			-			-			7			7		
Inventory-related impact - exit of certain Production Print manufacturing operations	36			8			-			7			51		
Other expenses, net ⁽²⁾	44			33			43			38			158		
Adjusted	<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%

⁽¹⁾ Net (Loss) Income. Third quarter and full year 2024 Net (Loss) includes an after-tax non-cash goodwill impairment charge of approximately \$1.0 billion (approximately \$1.1 billion pre-tax). In addition, third quarter and full year 2024 includes a tax expense charge of \$161 million, 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⁾ Includes non service retirement-related costs, as well as \$38 million of insurance proceeds for the full year 2024.

Adjusted EBITDA and Margin Reconciliation

(in millions)	Q1-23			Q2-23			Q3-23			Q4-23			FY-23		
	Profit	Revenue	Margin	(Loss) Profit	Revenue	Margin	Profit	Revenue	Margin	(Loss) Profit	Revenue	Margin	Profit	Revenue	Margin
Reported ⁽¹⁾	\$ 71	\$ 1,715		\$ (61)	\$ 1,754		\$ 49	\$ 1,652		\$ (58)	\$ 1,765		\$ 1	\$ 6,886	
Adjustments:															
Other expenses, net ⁽²⁾	20			31			(18)			42			75		
Income tax expense (benefit)	14			(28)			15			(30)			(29)		
Depreciation and amortization ⁽³⁾	64			62			63			62			251		
EBITDA ⁽⁴⁾⁽⁶⁾	<u>\$ 169</u>	<u>\$ 1,715</u>	9.9%	<u>\$ 4</u>	<u>\$ 1,754</u>	0.2%	<u>\$ 109</u>	<u>\$ 1,652</u>	6.6%	<u>\$ 16</u>	<u>\$ 1,765</u>	0.9%	<u>\$ 298</u>	<u>\$ 6,886</u>	4.3%
Adjustments:															
Stock-based compensation	14			14			12			14			54		
Restructuring and related costs, net ⁽⁵⁾	2			23			10			132			167		
PARC donation	-			132			-			-			132		
Adjusted EBITDA ⁽⁶⁾	<u>\$ 185</u>	<u>\$ 1,715</u>	10.8%	<u>\$ 173</u>	<u>\$ 1,754</u>	9.9%	<u>\$ 131</u>	<u>\$ 1,652</u>	7.9%	<u>\$ 162</u>	<u>\$ 1,765</u>	9.2%	<u>\$ 651</u>	<u>\$ 6,886</u>	9.5%

⁽¹⁾ Net Income (Loss)

⁽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.

Adjusted EBITDA and Margin Reconciliation (continued)

(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
Reported ⁽¹⁾	\$ (113)	\$ 1,502		\$ 18	\$ 1,578		\$ (1,205)	\$ 1,578		\$ (21)	\$ 1,613		\$ (1,321)	\$ 6,221	
Adjustments:															
Other expenses, net ⁽²⁾	44			33			43			38			158		
Income tax (benefit) expense	(37)			7			118			17			105		
Depreciation and amortization ⁽³⁾	59			59			59			97			274		
Goodwill impairment	-			-			1,058			-			1,058		
EBITDA ⁽⁴⁾⁽⁶⁾	<u>\$ (47)</u>	<u>\$ 1,502</u>	(3.1)%	<u>\$ 117</u>	<u>\$ 1,578</u>	7.4%	<u>\$ 73</u>	<u>\$ 1,578</u>	4.6%	<u>\$ 131</u>	<u>\$ 1,613</u>	8.1%	<u>\$ 274</u>	<u>\$ 6,221</u>	4.4%
Adjustments:															
Stock-based compensation	12			17			9			14			52		
Restructuring and related costs, net ⁽⁵⁾	39			12			56			5			112		
Divestitures	54			(3)			-			(4)			47		
Reinvention costs	-			-			-			12			12		
Transaction and related costs, net	-			-			-			7			7		
Inventory-related impact - exit of certain Production Print manufacturing operations	36			8			-			7			51		
Adjusted EBITDA ⁽⁶⁾	<u>\$ 94</u>	<u>\$ 1,502</u>	6.3%	<u>\$ 151</u>	<u>\$ 1,578</u>	9.6%	<u>\$ 138</u>	<u>\$ 1,578</u>	8.7%	<u>\$ 172</u>	<u>\$ 1,613</u>	10.7%	<u>\$ 555</u>	<u>\$ 6,221</u>	8.9%

⁽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). In addition, third quarter and full year 2024 includes a tax expense charge of \$161 million, 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. Full year 2024 includes \$38 million of insurance proceeds.

⁽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.



Free Cash Flow Reconciliation

(in millions)	Q1-23	Q2-23	Q3-23	Q4-23	FY-23	Q1-24	Q2-24	Q3-24	Q4-24	FY-24
Reported⁽¹⁾	\$78	\$95	\$124	\$389	\$686	(\$79)	\$123	\$116	\$351	\$511
Less: capital expenditures	8	7	12	10	37	10	8	9	17	44
Free Cash Flow	<u>\$70</u>	<u>\$88</u>	<u>\$112</u>	<u>\$379</u>	<u>\$649</u>	<u>(\$89)</u>	<u>\$115</u>	<u>\$107</u>	<u>\$334</u>	<u>\$467</u>

⁽¹⁾ Net cash provided by (used in) operating activities.

Adjusted SAG and Margin Reconciliation

(in millions)	Q4-24			Q4-23			FY-24			FY-23		
	SAG	Revenue	Margin	SAG	Revenue	Margin	SAG	Revenue	Margin	SAG	Revenue	Margin
Reported ⁽¹⁾	\$ 377	\$ 1,613	23.4%	\$ 440	\$ 1,765	24.9%	\$ 1,537	\$ 6,221	24.7%	\$ 1,696	\$ 6,886	24.6%
Less: Reinvention-related costs	12			-			12			-		
Less: Transaction and related costs, net	7			-			7			-		
Adjusted	<u>\$ 358</u>	<u>\$ 1,613</u>	22.2%	<u>\$ 440</u>	<u>\$ 1,765</u>	24.9%	<u>\$ 1,518</u>	<u>\$ 6,221</u>	24.4%	<u>\$ 1,696</u>	<u>\$ 6,886</u>	24.6%

⁽¹⁾ Selling, administrative & general expenses

Other Expenses, net Reconciliation

(in millions)	Q4-24	Q4-23	FY-24	FY-23
Reported ⁽¹⁾	\$ 38	\$ 42	\$ 158	\$ 75
Less: Non-service retirement-related costs	6	5	80	19
Less: Transaction and related costs, net	-	-	(38)	-
Less: Loss (Gain) on early extinguishment of debt	1	7	(2)	10
Adjusted	<u>\$ 31</u>	<u>\$ 30</u>	<u>\$ 118</u>	<u>\$ 46</u>

⁽¹⁾ Other expenses, net

Adjusted Operating Income and Margin – Guidance

(in millions)	FY 2025		
	Profit	Revenue (CC) ^(2, 3)	Margin
Estimated ⁽¹⁾	~\$16	~\$6,350	~0.25%
Adjustments:			
Restructuring and related costs, net	30		
Amortization of intangible assets	30		
Other expenses, net	244		
Adjusted ⁽⁴⁾	<u>~\$320</u>	<u>~\$6,350</u>	At least 5.0%

⁽¹⁾ Pre-tax income and revenue.

⁽²⁾ Full-year revenue reflects low single-digit growth in constant currency.

⁽³⁾ See "Constant Currency" in the Non-GAAP Financial Measures section for a description of constant currency.

⁽⁴⁾ Adjusted pre-tax income reflects the adjusted operating margin guidance of at least 5.0%.

Free Cash Flow – Guidance

(in millions)	FY 2025
Operating Cash Flow⁽¹⁾	~\$420-470
Less: capital expenditures	70
Free Cash Flow	~\$350-400

(1) Net cash provided by operating activities.

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