Non-GAAP Financial Measures

Q2 2026 Results

July 30, 2026

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 (Loss) and EPS, Adjusted Operating Income and Margin, and Free Cash Flow to the closest GAAP financial measures, Net (Loss), EPS, Pre-tax Margin, and Operating Cash Flow, are 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 (Loss) 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 (Loss) and EPS measure, as well as amounts included in Other (income) expenses, net, 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 (Loss) Measures

- Adjusted Net Income (Loss) and Earnings per share (Adjusted EPS)
- Adjusted Effective Tax Rate
- Normalized Adjusted Net (Loss) and (Loss) Per Share

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 (income) 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.

    - Stock-based compensation
    - Goodwill impairment charge
    - Inventory-related impact - exit of certain Production Print manufacturing operations
    - Transformation-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 PARC donation
    - 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 (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 (income) expenses, net, which include 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. We also exclude certain accounting adjustments associated with the Lexmark transaction.

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.

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, repay debt and pay dividends.

Adjusted Net Income (Loss) and EPS Reconciliation

(in millions, except per share amounts)	FY-24		Q1-25		Q2-25		Q3-25		Q4-25		FY-25		Q1-26		Q2-26	
	Net (Loss) Income	EPS	Net (Loss)	EPS	Net (Loss)	EPS	Net (Loss) Income	EPS	Net (Loss)	EPS	Net (Loss)	EPS	Net (Loss)	EPS	Net Income	EPS
Reported [1]	$(1,321)	$(10.75)	$ (90)	$ (0.75)	$ (106)	$ (0.87)	$ (760)	$ (6.01)	$ (73)	$ (0.60)	$(1,029)	$ (8.25)	$ (105)	$ (0.84)	$ 13	$ 0.07
Goodwill impairment	1,058		-		-		-		-		-		-		-	
Inventory-related impact - exit of certain Production Print manufacturing operations [2]	51		7		10		3		4		24		-		-	
Restructuring and related costs, net	112		(1)		10		59		(2)		66		45		23	
Amortization of intangible assets	73		10		10		30		33		83		30		30	
Divestitures	47		(4)		-		-		-		(4)		-		-	
Non-service retirement-related costs	80		18		19		20		21		78		21		21	
Transaction and related costs, net	(31)		3		6		23		-		32		4		-	
debt	(2)		-		4		-		1		5		(56)		(39)	
Transformation-related costs [3]	12		6		3		3		5		17		2		2	
Commitment fee expense [4]	-		18		4		-		-		22		-		-	
Income tax on goodwill impairment [5]	(43)		-		-		-		-		-		-		-	
Income tax on PARC donation [5]	-		9		-		11		-		20		-		-	
Lexmark - settlement of pre-existing employment agreements	-		-		-		24		3		27		-		-	
Lexmark - inventory-related purchase accounting adjustment [6]	-		-		-		102		-		102		-		-	
Lexmark - fixed asset-related purchase accounting adjustment	-		-		-		16		13		29		11		12	
Lexmark acquisition financing - escrow interest, net [7]	-		-		12		-		-		12		-		-	
Deferred tax asset valuation allowance	169		50		-		467		-		517		8		1	
Income tax on adjustments [5]	(70)		(30)		(49)		29		(13)		(63)		(11)		(8)	
Adjusted	$ 135	$ 0.97	$ (4)	$ (0.06)	$ (77)	$ (0.64)	$ 27	$ 0.20	$ (8)	$ (0.10)	$ (62)	$ (0.60)	$ (51)	$ (0.43)	$ 55	$ 0.38
Tax effects associated with U.S. and U.K. losses [8]			(3)		93								41		(3)	
Normalized Adjusted			$ (7)	$ (0.09)	$ 16	$ 0.10							$ (10)	$ (0.11)	$ 52	$ 0.36
Dividends on preferred stock used in adjusted EPS calculation [9]		$ 14		$ 4		$ 3		$ 4		$ 3		$ 14		$ 4		$ 3
Weighted average shares for adjusted EPS [9]		126		125		127		129		128		127		129		135

[1] Q2 2026 Net (Loss) Income and Diluted (Loss) Income per share includes a benefit for IEEPA tariff receivables and a gain on the extinguishment of debt. Q1 2026 Net (Loss) and Diluted (Loss) per share includes a gain on the extinguishment of debt. Full-year 2025 Net (Loss) and Diluted (Loss) per Share, include the following: Q3 2025 includes an inventory-related purchase accounting adjustment and a tax expense charge; Q2 2025 includes interest and financing-related charges, net, and tax expense related to interest expense that was not deductible; Q1 2025 includes a charge to tax expense and after-tax financing-related charges. Full-year 2024 Net (Loss) and Diluted (Loss) per Share, include the following: a Reinvention-related charge; insurance proceeds from a legal settlement; non-cash goodwill impairment charge; write-off of intangibles and Reinvention-related and acquisition charges. For details, please see the non-GAAP section of this quarter's earnings press release.

[2] Reflects inventory-related charges and the cancellation of related purchase contracts as a result of the exit of certain production print manufacturing operations.

[3] In the first quarter of 2026, Xerox Holdings Corporation renamed "Reinvention-related costs" to "Transformation-related costs." This change in terminology did not affect the nature of the costs.

[4] Primarily reflects fees related to the 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.

[5] Refer to Adjusted Effective Tax Rate Reconciliation.

[6] Reflects a purchase accounting adjustment related to the acquisition of Lexmark, for cost associated with a net inventory write up.

[7] Reflects net interest expense on net proceeds received from debt issuances which were placed in escrow to fund the Lexmark Acquisition.

[8] Normalized adjusted net (loss) includes tax benefits which are not included in adjusted earnings. This represents the tax effects associated with pre-tax losses generated in U.S. and UK entities subject to full valuation allowances.

[9] 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

	Q2-26			Q2-25		
(in millions)	Pre-Tax Income	Income Tax Expense	Effective Tax Rate	Pre-Tax (Loss) Income	Income Tax Expense	Effective Tax Rate
Reported [1]	$ 31	$ 18	58.1%	$ (60)	$ 46	(76.7%)
Deferred tax asset valuation allowance	-	(1)		-	-	
Non-GAAP adjustments [2]	49	8		78	49	
Adjusted	$ 80	$ 25	31.3%	$ 18	$ 95	527.8%

[1] *Pre-Tax Income (Loss) and Income Tax Expense.*

[2] *Refer to Adjusted Net Income (Loss) and EPS reconciliations for details.*

Adjusted Gross Profit and Margin Reconciliation

(in millions)	FY-24		Q1-25		Q2-25		Q3-25		Q4-25		FY-25		Q1-26		Q2-26	
Revenue [1]	$ 6,221		$ 1,457		$ 1,576		$ 1,961		$ 2,028		$ 7,022		$ 1,846		$ 1,922	
Cost of revenue [1]	4,261		1,031		1,125		1,516		1,449		5,121		1,297		1,234	
Gross Profit and Margin [2]	1,960	31.5%	426	29.2%	451	28.6%	445	22.7%	579	28.6%	1,901	27.1%	549	29.7%	688	35.8%
Adjustment:																
Inventory-related impact - exit of certain Production Print manufacturing operations	51		7		10		3		4		24		-		-	
Lexmark - inventory-related purchase accounting adjustment [3]	-		-		-		102		-		102		-		-	
Lexmark - fixed asset-related purchase accounting adjustment	-		-		-		16		11		27		11		12	
Adjusted Gross Profit and Margin [2]	$ 2,011	32.3%	$ 433	29.7%	$ 461	29.3%	$ 566	28.9%	$ 594	29.3%	$ 2,054	29.3%	$ 560	30.3%	$ 700	36.4%

[1] *Total conslidated revenue and cost of revenue*

[2] *Q2 2026 includes a $105 million pre-tax benefit for recognition of IEEPA tariff receivables*

[3] *Reflects a purchasing accounting adjustment related to the acqusition of Lexmark, for cost associated with a net inventory write up*

Adjusted Gross Profit and Margin Reconciliation – Print and Other

(in millions)	FY-24		Q1-25		Q2-25		Q3-25		Q4-25		FY-25		Q1-26		Q2-26	
Revenue [1]	$ 5,864		$ 1,294		$ 1,366		$ 1,739		$ 1,873		$ 6,272		$ 1,692		$ 1,733	
Cost of revenue [1]	3,960		895		950		1,338		1,331		4,511		1,173		1,080	
Gross Profit and Margin [2]	1,904	32.5%	399	30.8%	416	30.5%	401	23.1%	542	28.9%	1,761	28.1%	519	30.7%	653	37.7%
Adjustment:																
Inventory-related impact - exit of certain Production Print manufacturing operations	51		7		10		3		4		24		-		-	
Lexmark - inventory-related purchase accounting adjustment [3]	-		-		-		102		-		102		-		-	
Lexmark - fixed asset-related purchase accounting adjustment	-		-		-		16		11		25		11		12	
Adjusted Gross Profit and Margin [2]	$ 1,955	33.3%	$ 406	31.4%	$ 426	31.2%	$ 522	30.0%	$ 557	29.8%	$ 1,912	30.5%	$ 530	31.3%	$ 665	38.4%

(1) *Total revenue and cost of revenue*

(2) *Q2 2026 includes a $105 million pre-tax benefit for recognition of IEEPA tariff receivables*

(3) *Reflects a purchasing accounting adjustment related to the acqusition of Lexmark, for cost associated with a net inventory write up*

Adjusted Operating Income and Margin Reconciliation

	FY-24			Q1-25			Q2-25			Q3-25			Q4-25			FY-25			Q1-26			Q2-26		
(in millions)	(Loss) Profit	Revenue	Margin	(Loss) Profit	Revenue	Margin	(Loss) Profit	Revenue	Margin	(Loss) Profit	Revenue	Margin	(Loss) Profit	Revenue	Margin	(Loss) Profit	Revenue	Margin	(Loss) Profit	Revenue	Margin	(Loss) Profit	Revenue	Margin
Reported [1], [2]	$ (1,321)	$ 6,221		$ (90)	$ 1,457		$ (106)	$ 1,576		$ (760)	$ 1,961		$ (73)	$ 2,028		$ (1,029)	$ 7,022		$ (105)	$ 1,846		$ -	$ 1,922	
Income tax expense	105			23			46			460			12			541			32			31		
Pre-tax (loss) income	$ (1,216)	$ 6,221	(19.5%)	$ (67)	$ 1,457	(4.6%)	$ (60)	$ 1,576	(3.8%)	$ (300)	$ 1,961	(15.3%)	$ (61)	$ 2,028	(3.0%)	$ (488)	$ 7,022	(6.9%)	$ (73)	$ 1,846	(4.0%)	$ 31	$ 1,922	1.6%
Adjustments:																								
Goodwill impairment	1,058			-			-			-			-			-			-			-		
Restructuring and related costs, net	112			(1)			10			59			(2)			66			45			23		
Amortization of intangible assets	73			10			10			30			33			83			30			30		
Divestitures	47			(4)			-			-			-			(4)			-			-		
Transformation-related costs [3]	12			6			3			3			5			17			2			2		
Transaction and related costs, net	7			3			6			23			2			34			4			-		
Inventory impact related to the exit of certain Production Print manufacturing operations [4]	51			7			10			3			4			24			-			-		
Lexmark - inventory-related purchase accounting adjustment [5]	-			-			-			102			-			102			-			-		
Lexmark - fixed asset-related purchase accounting adjustment	-			-			-			16			13			29			11			12		
Lexmark - settlement of pre-existing employment agreements	-			-			-			24			1			25			-			-		
Non-financing interest expense	119			33			55			80			80			248			84			100		
Other expenses, net [6]	39			35			25			25			27			112			(31)			5		
Adjusted [2]	$ 302	$ 6,221	4.9%	$ 22	$ 1,457	1.5%	$ 59	$ 1,576	3.7%	$ 65	$ 1,961	3.3%	$ 102	$ 2,028	5.0%	$ 248	$ 7,022	3.5%	$ 72	$ 1,846	3.9%	$ 203	$ 1,922	10.6%

[1] *Net (Loss) Income.*

[2] *Q2 2026 includes a $105 million pre-tax benefit for recognition of IEEPA tariff receivables.*

[3] *In Q1 2026, Xerox Holdings Corporation renamed "Reinvention-related costs" to "Transformation-related costs." This change in terminology did not affect the nature of the costs.*

[4] *Reflects inventory-related charges and the cancellation of related purchase contracts as a result of the exit of certain production print manufacturing operations.*

[5] *Reflects a purchase accounting adjustment related to the recent acquisition of Lexmark, for cost associated with a net inventory write up.*

[6] *Includes non-service retirement-related costs. Q2 2026 and Q1 2026 include a gain of $39 million and $56 million, respectively, related to the early repayment of a portion of our 5.5% Senior Unsecured Notes due August 2028 (the "2028 Senior Unsecured Notes").*

Adjusted EBITDA and Margin Reconciliation

	FY-24			Q1-25			Q2-25			Q3-25			Q4-25			FY-25			Q1-26			Q2-26		
(in millions)	(Loss) Profit	Revenue	Margin	(Loss) Profit	Revenue	Margin	(Loss) Profit	Revenue	Margin	(Loss) Profit	Revenue	Margin	(Loss) Profit	Revenue	Margin	(Loss) Profit	Revenue	Margin	(Loss) Profit	Revenue	Margin	(Loss) Profit	Revenue	Margin
Reported [(1), (2)]	$ (1,321)	$ 6,221		$ (90)	$ 1,457		$ (106)	$ 1,576		$ (760)	$ 1,961		$ (73)	$ 2,028		(1,029)	$ 7,022		$ (105)	$ 1,846		$ -	$ 1,922	
Adjustments:																								
Non-financing interest expense	119			33			55			80			80			248			84			100		
Other expenses (income), net [(3)]	39			35			25			25			27			112			(31)			5		
Income tax expense	105			23			46			460			12			541			32			31		
Depreciation and amortization [(4)]	274			60			57			107			107			331			100			101		
Goodwill impairment	1,058			-			-			-			-			-			-			-		
EBITDA [(5)]	$ 274	$ 6,221	4.4%	$ 61	$ 1,457	4.2%	$ 77	$ 1,576	4.9%	$ (88)	$ 1,961	(4.5)%	$ 153	$ 2,028	7.5%	$ 203	$ 7,022	2.9%	$ 80	$ 1,846	4.3%	$ 237	$ 1,922	12.3%
Adjustments:																								
Stock-based compensation	52			12			14			7			12			45			9			9		
Restructuring and related costs, net [(6)]	112			(1)			10			59			(2)			66			45			23		
PARC donation	-			-			-			-			-			-			-			-		
Divestitures	47			(4)			-			-			-			(4)			-			-		
Transformation-related costs [(7)]	12			6			3			3			5			17			2			2		
Transaction and related costs, net	7			3			6			23			2			34			4			-		
Inventory impact related to the exit of certain Production Print manufacturing operations [(8)]	51			7			10			3			4			24			-			-		
Lexmark - inventory-related purchase accounting adjustment [(9)]	-			-			-			102			-			102			-			-		
Lexmark - settlement of pre-existing employment agreements	-			-			-			24			1			25			-			-		
Adjusted EBITDA [(2), (10)]	$ 555	$ 6,221	8.9%	$ 84	$ 1,457	5.8%	$ 120	$ 1,576	7.6%	$ 133	$ 1,961	6.8%	$ 175	$ 2,028	8.6%	$ 512	$ 7,022	7.3%	$ 140	$ 1,846	7.6%	$ 271	$ 1,922	14.1%

(1) *Net (Loss) Income.*

(2) *Q2 2026 includes a $105 million pre-tax benefit for recognition of IEEPA tariff receivables.*

(3) *Other expenses, net, includes certain other non-operating costs, expenses, gains and losses. Q1 2026 includes a gain of $56 million related to the early repayment of a portion of our 5.5% Senior Unsecured Notes due August 2028 (the "2028 Senior Unsecured Notes"). Prior period amounts have been conformed to the current presentation.*

(4) *Excludes amortization of customer contract costs*

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

(6) *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.*

(7) *In Q1 2026, Xerox Holdings Corporation renamed "Reinvention-related costs" to "Transformation-related costs." This change in terminology did not affect the nature of the costs.*

(8) *Reflects inventory-related charges and the cancellation of related purchase contracts as a result of the exit of certain production print manufacturing operations.*

(9) *Reflects a purchase accounting adjustment related to the recent acquisition of Lexmark, for cost associated with a net inventory write up.*

(10) *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)	FY-24	Q1-25	Q2-25	Q3-25	Q4-25	FY-25	Q1-26	Q2-26
Net cash provided by (used in) operating activities	$511	($89)	($11)	$159	$208	$224	($144)	$37
Less: capital expenditures	44	20	19	28	24	91	21	26
Free Cash Flow	$467	($109)	($30)	$131	$184	$133	($165)	$11

Adjusted Operating Income – Guidance

(in millions)	FY 2026
Estimated Pre-tax (loss)	~$(100)
Adjustments:	
Restructuring and related costs, net	85
Amortization of intangible assets	120
Non-financing interest expense	375
Other expenses, net (1)	100
Estimated Adjusted Operating Income (2)	~$555-605

(1) Other expenses, net includes approximately $95 milliion of gain on the early extinguishment of debt and approximately $85 million of non-service retirement-related costs.

(2) Adjusted pre-tax income reflects the the adjusted operating income midpoint of $580 million

Free Cash Flow – Guidance

(in millions)	FY 2026
Estimated Net cash provided by operating activites	~$340
Less: capital expenditures	90
Estimated Free Cash Flow	~$250

Pro Forma Financial Measures

To better understand the trends in our business, we discuss our 2026 operating results by comparing them against 2025 pro forma results. The 2025 pro forma results include estimated results of Lexmark. Lexmark is included in our 2025 results as of July 1, 2025, the effective date of acquisition.

We refer to comparisons against these adjusted results as “pro-forma” basis comparisons. The pro forma information has been prepared in accordance with Article 11 of Regulation S-X, "Pro Forma Financial Information.” The pro forma information is presented to facilitate comparisons with our results following the acquisition. Lexmark's 2025 historical results have been adjusted to reflect the costs of financing the transactions, fair value adjustments related to inventory, real and personal property (equipment and computer hardware and software) and intangible assets. In addition, adjustments were made to conform Lexmark's accounting policies to those of Xerox, including deferred revenue and inventory. In accordance with Article 11 of Regulation S-X, these proforma results exclude adjustments associated with transaction related costs which are already included in the historical financial statements.

We believe comparisons on a pro-forma basis are more meaningful than the actual comparisons given the size and nature of the Lexmark acquisition. 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 the Lexmark acquisition on the Company’s operations. The pro forma financial information is based upon available information and assumptions that we believe are reasonable and is for illustrative purposes only. The pro forma combined financial information below should be read in conjunction with the consolidated financial statements and related notes to our 2025 Form 10-K.

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. 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.

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Pro Forma Revenue – Print and Other

	As reported		Pro Forma[1]		
(in millions)	Q2-26	Q2-25	Q2-25	% Change	Pro Forma[1] % Change
Equipment sales	$ 387	$ 336	$ 445	15.2%	(13.0)%
Supplies, paper and other sales	469	176	471	166.5%	(0.4)%
Service, maintenance, rentals and other	822	785	861	4.7%	(4.5)%
Xerox Financial Services	55	69	69	(20.3)%	(20.3)%
Post sale revenue	$ 1,346	$ 1,030	$ 1,401	30.7%	(3.9)%
Total Print and Other Revenue	$ 1,733	$ 1,366	$ 1,846	26.9%	(6.1)%

[1] *Reflects the inclusion of Lexmark's estimated results from April 1, 2025 through June 30, 2025. Lexmark's actual results are included in Xerox's reported results beginning on July 1, 2025, the effective date of the acquisition.*

Pro Forma Segment Revenue and Profit

(in millions)	As reported Q2-26	As reported Q2-25	Pro Forma[3] Q2-25	% Change	Pro Forma[3] % Change
Revenue					
Print & Other	$ 1,733	$ 1,366	$ 1,846	26.9%	(6.1)%
IT Solutions	194	213	213	(8.9)%	(8.9)%
Intersegment elimination[1]	(5)	(3)	(3)	NM	NM
Total Revenues	$ 1,922	$ 1,576	$ 2,056	22.0%	(6.5)%
Adjusted Gross Profit					
Print & Other	$ 665	$ 426	$ 587	56.1%	13.3%
IT Solutions	35	35	35	-	-
Total Adjusted Gross Profit [2]	$ 700	$ 461	$ 622	51.8%	12.5%
Adjusted Gross Profit Margin					
Print & Other	38.4%	31.2%	31.8%	7.2 pts	6.6 pts
IT Solutions	19.5%	17.2%	17.2%	2.3 pts	2.3 pts
Total Adjusted Gross Profit Margin	36.4%	29.3%	30.3%	6.7pts	6.1 pts
Segment Profit					
Print & Other	$ 220	$ 65	$ 116	238.5%	89.7%
IT Solutions	7	10	10	(30.0)%	(30.0)%
Corporate	(24)	(16)	(20)	50.0%	20.0%
Total Adjusted Operating Profit [2]	$ 203	$ 59	$ 106	244.1%	91.5%
Adjusted Operating Profit Margin					
Print & Other	12.7%	4.8%	6.3%	7.9 pts	6.4 pts
IT Solutions	3.9%	3.1%	3.1%	0.8 pts	0.8 pts
Total Adjusted Operating Profit Margin	10.6%	3.7%	5.2%	6.9 pts	5.4 pts

[1] *Reflects primarily IT hardware, software solutions and services, sold by the IT Solutions segment to the Print and Other segment.*

[2] *Q2 2026 includes a $105 million benefit for recognition of IEEPA tariff receivables*

[3] *Reflects the Inclusion of Lexmark estimated results from April 1, 2025 through June 30, 2025*

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Pro Forma Adjusted Operating Income and Margin Reconciliation

	As Reported		Pro Forma[3]		
	Q2-26	Q2-25	Q2-25	Change	Pro Forma[2] Change
(in millions)	(Loss) Profit	(Loss) Profit	(Loss) Profit		
Reported [1], [2]	$ -	$ (106)	$ (97)	$ 106	$ 97
Income tax expense	31	46	46	(15)	(15)
Pre-tax income (loss)	$ 31	$ (60)	$ (51)	$ 91	$ 82
Adjustments:					
Restructuring and related costs, net	23	10	10	13	13
Amortization of intangible assets	30	10	31	20	(1)
Transformation-related costs [4]	2	3	3	(1)	(1)
Transaction and related costs, net	-	6	18	(6)	(18)
Inventory impact related to the exit of certain Production Print manufacturing operations [5]	-	10	10	(10)	(10)
Lexmark - fixed asset-related purchase accounting adjustment	12	-	17	12	(5)
Non-financing interest expense [6]	100	55	54	45	46
Other expenses (income), net [7]	5	25	14	(20)	(9)
Adjusted [2]	$ 203	$ 59	$ 106	$ 144	$ 97
Revenue	$ 1,922	$ 1,576	$ 2,056	$ 346	$ (134)
Adjusted Operating Income Margin	10.6%	3.7%	5.2%	6.9 pts	5.4 pts

[1] *Net (Loss) Income.*

[1] *Q2 2026 includes a $105 million pre-tax benefit for recognition of IEEPA tariff receivables.*

[3] *Reflects the inclusion of Lexmark's estimated results from April 1, 2025 through June 30, 2025. Lexmark's actual results are included in Xerox's reported results beginning on July 1, 2025, the effective date of the acquisition.*

[4] *In Q1 2026, Xerox Holdings Corporation renamed "Reinvention-related costs" to "Transformation-related costs." This change in terminology did not affect the nature of the costs.*

[5] *Reflects inventory-related charges and the cancellation of related purchase contracts as a result of the exit of certain production print manufacturing operations.*

[6] *Reflects interest expense primarily related to the recently completed borrowings in support of the Lexmark acquisition financing, repayment of existing borrowings and general corporate purposes, as well as interest related to the funding from the Joint Venture Financing arrangement entered into with TPG in the first quarter of 2026.*

[7] *Includes non-service retirement-related costs as well as a gain of $56 million related to the early repayment of a portion of our 5.5% Senior Unsecured Notes due August 2028 (the "2028 Senior Unsecured Notes").*

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