

A modern office interior with large glass windows, people working at a table, and a digital display on the wall. The scene is brightly lit with recessed ceiling lights. In the foreground, a person is blurred while walking. In the background, several people are seated around a table, looking at a laptop and a large digital display showing architectural models. A potted plant is visible on the left side of the table. The overall atmosphere is professional and collaborative.

Earnings Presentation

Q1 2025 Results

May 1, 2025

xerox™

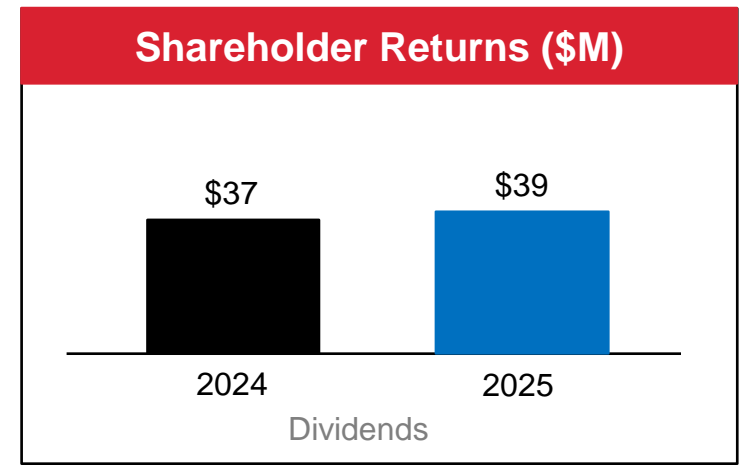
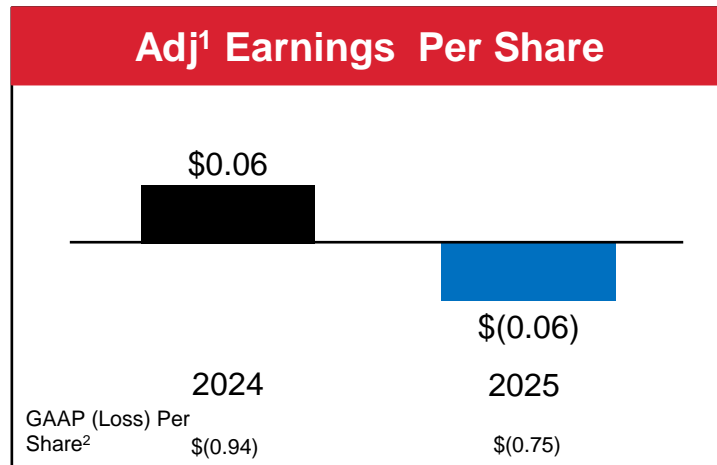
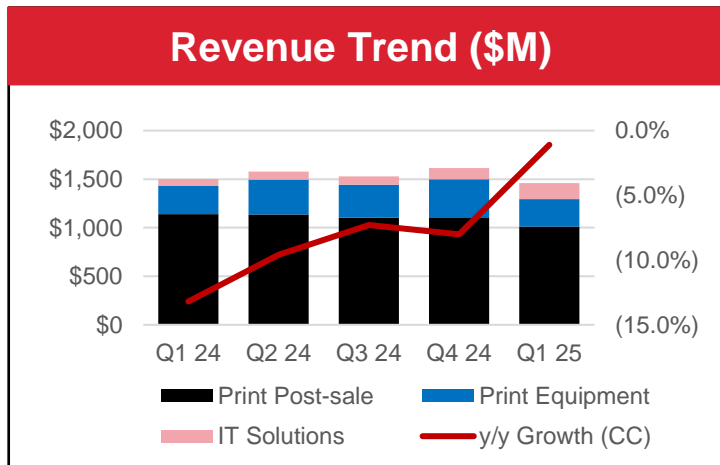
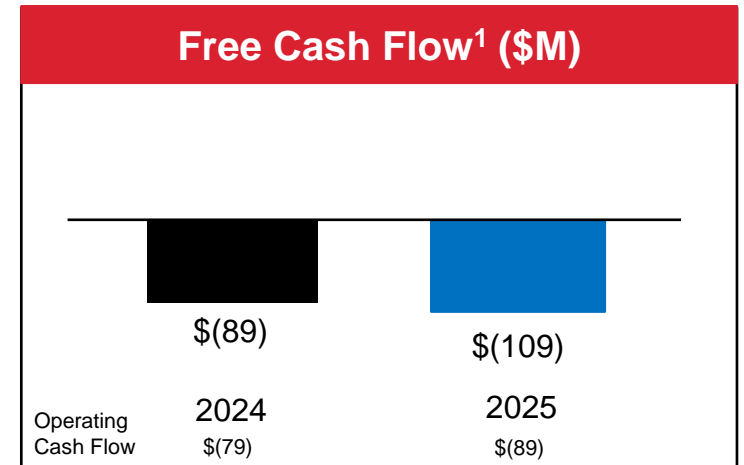
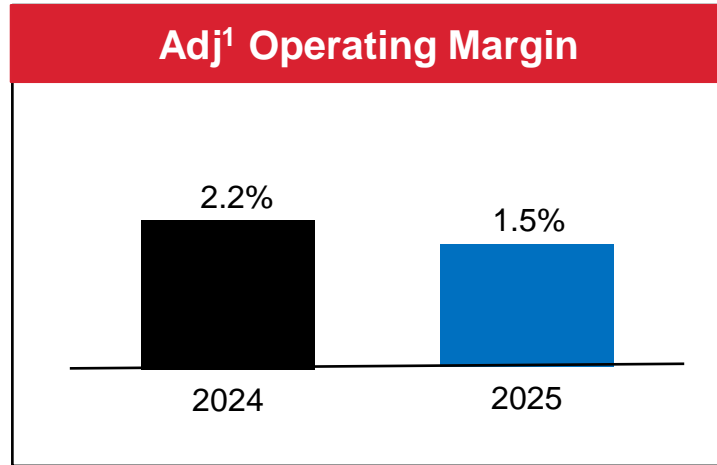
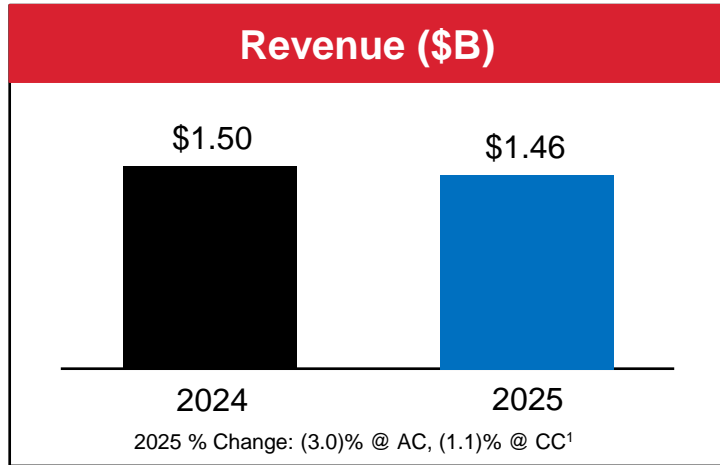
Forward-Looking Statements

This presentation and other written or oral statements made from time to time by management contain “forward looking statements” as defined in the Private Securities Litigation Reform Act of 1995 and involve certain risks and uncertainties. The words “anticipate”, “believe”, “estimate”, “expect”, “intend”, “will”, “would”, “could”, “can”, “should”, “targeting”, “projecting”, “driving”, “future”, “plan”, “predict”, “may” and similar expressions are intended to identify forward-looking statements. The Company’s actual results may differ significantly from the results discussed in the forward-looking statements. These statements reflect management’s current beliefs and assumptions and are subject to a number of other factors that may cause actual results to differ materially.

Such factors include but are not limited to: applicable market conditions; global macroeconomic conditions, including inflation, slower growth or recession, delays or disruptions in the global supply chain, higher interest rates, and wars and other conflicts, including the current conflict between Russia and Ukraine; our ability to succeed in a competitive environment, including by developing new products and service offerings and preserving our existing products and market share as well as repositioning our business in the face of customer preference, technological, and other change, such as evolving return-to-office and hybrid working trends; failure of our customers, vendors, and logistics partners to perform their contractual obligations to us; our ability to attract, train, and retain key personnel; execution risks around our Reinvention; the risk of breaches of our security systems due to cyber, malware, or other intentional attacks that could expose us to liability, litigation, regulatory action or damage our reputation; our ability to obtain adequate pricing for our products and services and to maintain and improve our cost structure; changes in economic and political conditions, licensing requirements, and tax laws in the United States and in the foreign countries in which we do business; the risk that multi-year contracts with governmental entities could be terminated prior to the end of the contract term and that civil or criminal penalties and administrative sanctions could be imposed on us if we fail to comply with the terms of such contracts and applicable law; interest rates, cost of capital, and access to credit markets; risks related to our indebtedness; the imposition of new or incremental trade protection measures such as tariffs and import or export restrictions; funding requirements associated with our employee pension and retiree health benefit plans; changes in foreign currency exchange rates; the risk that we may be subject to new or heightened regulatory or operation risks as a result of our, or third parties,’ use or anticipated use of artificial intelligence technologies; the risk that our operations and products may not comply with applicable worldwide regulatory requirements, particularly environmental regulations and directives and anti-corruption laws; the outcome of litigation and regulatory proceedings to which we may be a party; laws, regulations, international agreements and other initiatives to limit greenhouse gas emissions or relating to climate change, as well as the physical effects of climate change; our ability to successfully finance and close the acquisition of Lexmark, integrate the business, and realize the anticipated benefits thereof, including expected synergies; and other factors that are set forth from time to time in the Company’s Securities and Exchange Commission filings, including the combined Annual Report on Form 10-K of Xerox Holdings and Xerox Corporation.

These forward-looking statements speak only as of the date hereof or of the date to which they refer, and the Company assumes no obligation to update or revise any forward-looking statements as a result of new information or future events or developments, except as required by law.

Q1 2025 Key Financial Measures



¹ Adjusted measures, Free Cash Flow and Constant Currency (CC): see Non-GAAP Financial Measures. ² Q1 2025 GAAP (Loss) per share includes a charge to tax expense related to the establishment of \$59 million in valuation allowances, or \$0.47 per share, and \$14 million after-tax financing-related charges, or \$0.11 per share, related to our recently completed debt offering. Q1 2024 GAAP (Loss) per share includes after-tax, Project Reinvention-related charges of approximately \$100 million, or \$0.81 per share.

Strategic Priorities for 2025



Execute Reinvention

- **Commercial Optimization.** Strengthen the core business through continued route-to-market and offering optimization, expanded Partner relationships and greater penetration of IT Solutions & Digital Services across Xerox's Print client base
- **Operational Simplification.** Global Business Services to drive structural cost improvements and higher service quality through continued technology-enabled productivity enhancements, outsourcing optimization, and process standardization



Realize Benefits of Acquisitions

- Increase share of clients' technology spend with enhanced IT Solutions offering
- Realize cost synergies by optimizing the integrated IT Solutions business
- Close acquisition of Lexmark; begin realizing cost synergies through the execution of a comprehensive integration plan



Balance Sheet Strength

- Optimize free cash flow¹ generation through working capital efficiencies and the expansion of the forward flow finance receivables funding program
- Prioritize the reduction of debt while continuing to return cash to shareholders via \$0.50 per-share annual dividend

⁴ ¹ Free Cash Flow: see Non-GAAP Financial Measures

Reinvention: Path to Revenue Stabilization and Improved Profits

1Q25 Reinvention Progress

Geographic Simplification

- Geographic simplification program is largely complete, resulting in the transition of 18 countries to indirect models
- Expecting no further impact to revenue beyond 2025; focus now turns to profit optimization

Operational Simplification

- Implemented an enterprise-wide, technology-enabled services platform to enhance Xerox's Customer Lifecycle Management processes
- Migrated ITsavvy's People Operations to Global Business Services (GBS)

Commercial Optimization & Growth

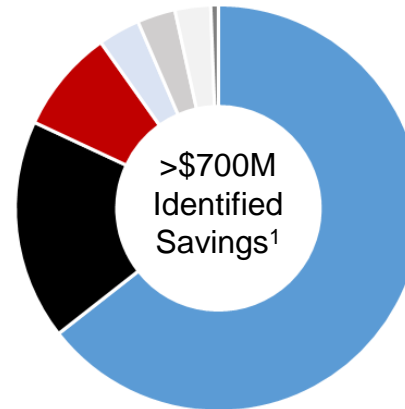
- Launched inside sales organization to provide Field sales team greater focus on the retention and development of large client opportunities

Realize Acquisition Benefits

- Completed strategic and personnel-related integration of ITsavvy; integration of remaining systems and processes expected by Q3
- Vast majority of run-rate synergies (>\$15m) implemented



Estimated Savings / Synergies

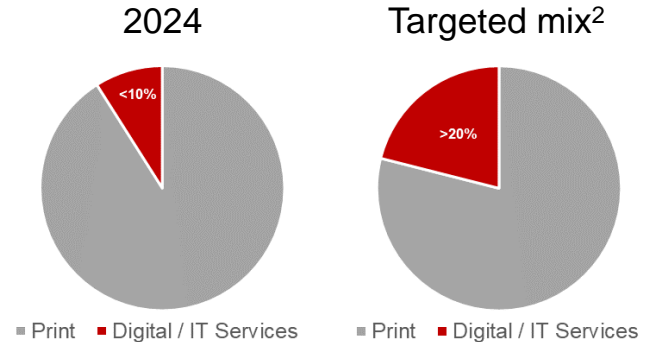


- Org Design
- Pricing / Productivity
- Supply Chain
- Product
- IT
- Delivery
- Real Estate



>\$250 million of expected cost synergies from the ITsavvy and Lexmark acquisitions

Targeted Revenue Mix Shift



Drivers of IT Solutions & Digital Services Revenue

- Organic and inorganic growth opportunities, through cross-selling services into existing Print clients and tuck-in acquisitions of complementary Digital and IT Solutions businesses
- Acquisition of ITsavvy increases revenue from IT Solutions and Digital Services to ~15% on a pro forma basis in 2024³

¹ Gross cost savings expected to be realized or implemented by the end of fiscal year 2026. ² Achievement of targeted revenue mix is expected over the medium-term. ³ Pro forma targeted revenue mix excludes the effects of the pending Lexmark acquisition.

Update on Pending Acquisition of Lexmark

Transaction Status

Approvals

Approval process progressing as expected

- Cleared Hart-Scott-Rodino waiting period in the U.S. and received select international approvals; expect remaining clearances by end of June
- Outside of regulatory approvals, remaining significant condition is the Ninestar shareholder vote, for which we have secured 32% of the vote

Accretion

Continue to expect >\$1/share of adj¹ EPS accretion

- >\$1/share of expected accretion includes buffer to account for higher financing costs, macro weakness and/or potential tariff impacts

Tariff Exposure

Expect limited tariff impact to branded product costs, based on current policies

- Less than 50% of Lexmark revenue comes from the U.S. market; of their branded product imported into the U.S., nearly all is produced in Mexico and USMCA compliant
- Lexmark expects to offset the entirety of remaining tariff exposure by Q4

Lexmark: Summary 2024 Results

(\$ million)	Fiscal Years, as of 12/31		% Change YOY
	2023	2024	
Branded HW / Supplies	1,786	1,812	1%
OEM & Other	281	435	55%
Revenue	\$2,067	\$2,247	9%
EBITDA	\$234	\$291	24%
<i>Margin</i>	11.3%	13.0%	
Operating Income	\$169	\$235	39%
<i>Margin</i>	8.2%	10.5%	

Results Summary

- Revenue grew approximately 9% in 2024, driven by branded A4/A3 hardware and parts/supplies, as well as OEM growth, reflecting the launch of Lexmark's new A3 platform
- EBITDA and adjusted operating income margin expanded YOY, due to the benefits of operating leverage and cost reductions



Frequently Asked Questions

Demand Update

Have recent tariff proposals, DOGE or general macroeconomic concerns affected Print or IT Services demand?

Demand for Print and IT products and services remained steady throughout the first quarter. Across both segments, we saw a mild softening in activity toward the end of the quarter among Federal and SLED accounts that rely heavily on federal funding. In Print, tariff-related surcharges did not take effect until April and will be rolled out to clients on a phased basis. It is too early to assess the impact of tariff-related surcharges recently put in place on Print demand. For IT Solutions, OEMs largely have not adjusted product prices to reflect incremental tariff costs. Macroeconomic uncertainty spurred by recent policy changes and tariff-related price increases may create headwinds to demand in future periods, particularly if policies continue to evolve in an unpredictable manner. Our business is naturally hedged to short-term fluctuations in macroeconomic conditions, as more than 60% of Xerox revenues are derived from long-term contracts, and our suite of productivity solutions are designed to enable IT-related cost efficiencies. For Q2, we currently expect no material impact to demand associated with policy-driven uncertainty. Demand in the second half of the year will depend, in part, on the extent to which tariff-related price increases and surcharges are utilized to offset tariffs, and the absorption of those increases by the market.

IT Solutions

How has the IT Solutions business performed since integrating ITsavvy?

The integration of ITsavvy is running ahead of schedule, and leading indicators of demand for the IT Solutions segment are confirmatory of our acquisition thesis. Pro forma Gross Billings¹, a useful metric for understanding the volume of our business activity, improved year-over-year, reflecting growth in infrastructure and networking products and their associated advanced solutions, as well as cloud and hosting services, partially offset by the timing of large endpoint deals in the prior year. Despite an uncertain operating environment, IT Solutions ended the quarter with strong order flow. Gross Bookings¹, an indication of future order delivery, increased 30% on a pro forma basis, and pipeline for both legacy companies since the close of the acquisition is higher by 26%. We expect Gross Billings for this business to grow above market rates as we expand IT Solutions' penetration of Xerox's existing base of more than 200,000 Print clients. Synergy realization is also ahead of plan, with most run-rate synergies fully implemented during Q1.

Tariff Impact

What is Xerox's tariff exposure? How does it impact your outlook for the year?

Xerox's current exposure to purchases subject to reciprocal tariffs in the U.S., excluding China, is less than 10% of total company cost of sales. Following ongoing adjustments in manufacturing capacity, product purchases imported to the U.S. that are subject to China tariffs are expected to be limited to a low single digit percentage of total company cost of sales by the end of 2025, impacting only select equipment, parts, and supplies. Plans are underway to reduce China-sourced product exposure further. Our Print Services and Financing business, which is more than 60% of total Print revenue, has minimal reliance on imported products. In IT Solutions, tariff exposure varies by OEM partner, and we expect associated costs to be fully passed through to end users with price increases or surcharges. Given the fluid and uncertain nature of tariff policies and rate proposals, estimating Xerox's ultimate exposure to tariff-related cost increases remains difficult. Based on tariffs in place on May 1, the expected reduction in operating income associated with incremental tariff costs, net of price and supply chain mitigation measures already in place or planned, would be around \$50 million in 2025. If China tariffs are reduced from 145% to 60%, we expect to be able to offset the impact of tariffs through a comprehensive set of price increases, surcharges, geographic rebalancing and supply chain-related mitigation efforts, as well as incremental Reinvention-related savings.



¹ Gross Billings measures the volume of IT Solutions activity invoiced to clients during the financial period. Gross Bookings measures the volume of IT Solutions signings booked in the period, irrespective of the period in which the signings are billed and delivered.

Financial Results Summary

(in millions, except per share data)

P&L Measures	Q1 2025	B/(W) YOY	% Change YOY
Print & Other	1,294	(134)	
IT Solutions	164	90	
Intersegment elimination ¹	(1)	(1)	
Revenue	\$1,457	\$(45)	(3.0)% AC / (1.1)% CC ¹
Print & Other	41	(17)	
IT Solutions	5	6	
Corporate Other ²	(24)	0	
Op. Income – Adj³	22	(11)	(33)%
Other Exp., net – Adj³	32	(8)	(33)%
Net (Loss)⁴	(90)	23	NM
Net (Loss) – Adj³	(4)	(15)	NM
GAAP (Loss) per Share⁴	(0.75)	0.19	NM
(Loss) per Share – Adjusted³	(0.06)	(0.12)	NM

P&L Ratios	Q1 2025	B/(W) YOY
Gross Margin – Adjusted³	29.7%	(220) bps
RD&E %	2.9%	40 bps
SAG %	25.9%	50 bps
Operating Margin – Adjusted³	1.5%	(70) bps
Tax Rate – Adjusted³	60.0%	NM

¹ Reflects primarily IT hardware, software solutions and services, sold by the IT Solutions segment to the Print and Other segment. ² Corporate Other reflects certain administrative and general expenses, which primarily relate to corporate functions, and are not allocated to either of our reportable segments. ³ Adj Measures and Constant Currency (CC): see Non-GAAP Financial Measures. Q1 2025 adj. tax rate increase primarily reflects the establishment of a valuation allowance against certain deferred tax assets. ⁴ Q1 2025 GAAP (Loss) per share includes a charge to tax expense related to the establishment of \$59 million in valuation allowances, or \$0.47 per share, and \$14 million after-tax financing-related charges, or \$0.11 per share, related to our recently completed debt offering. Q1 2024 GAAP (Loss) per share includes after-tax, Project Reinvention related charges of approximately \$100 million, or \$0.81 per share.



Print & Other Segment Results

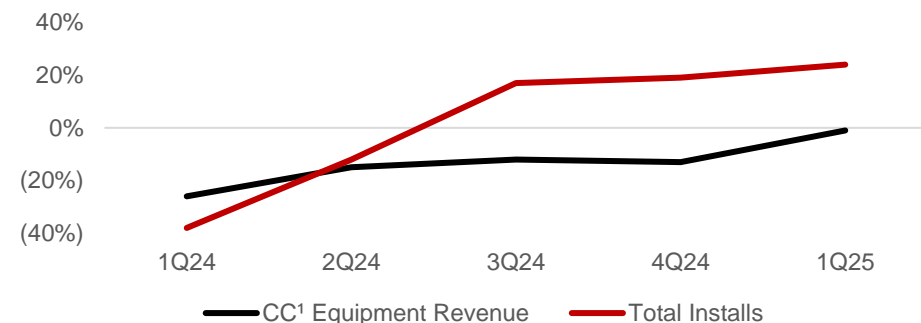
(in millions)	Q1 2025	B/(W) YOY	% Change YOY	
			AC	CC ¹
Equipment	284	(6)	(2.1)%	(0.7)%
Post Sale	1,010	(128)	(11.2)%	(9.2)%
Total Revenue	\$1,294	\$(134)	(9.4)%	(7.6)%

Impacts to YoY change in Total Revenue

Reductions in non-strategic revenue	~2.0%
Other Reinvention items	~1.5%

Gross Profit – Adj¹	406	(63)	(13.5)%	(12.1)%
Margin	31.4%	(140) bps		
Segment Profit	41	(17)	(29.3)%	(27.2)%
Margin	3.2%	(90) bps		

Total Installs vs. CC¹ Equipment Revenue YOY



Q1 Installs & CC¹ Equipment Revenue B/(W) YOY

	Q1 2025			
	Color	B&W	Total Installs	CC ¹ Revenue
Entry	18%	39%	33%	(4)%
Mid-Range	11%	(11)%	5%	4%
High-End	(19)%	(67)%	(23)%	(15)%
Total	15%	31%	24%	(1)%

¹ Adjusted Measures and constant Currency (CC): see Non-GAAP Financial Measures

IT Solutions Segment Results

(in millions)	Q1 2025	B/(W) YOY	% Change YOY	
			AC	CC ¹
Products	105	58	123.4%	123.4%
Services	58	31	114.8%	123.9%
Intersegment revenue ¹	1	1	NM	NM
Total Revenue	\$164	\$90	121.6%	122.8%
<i>Impacts to YoY change in Total Revenue</i>				
Acquisition of ITsavvy				~130%
Backlog growth				~(65)%
Gross Profit	28	18	166.6%	168.4%
Margin	17.1%	280 bps		
Segment Profit	5	6	NM	NM
Margin	3.1%	450 bps		

IT Solutions: Key Performance Indicators / Trends

- **Pro forma Gross Billings grew 0.4% year-over-year:**
 - Double-digit growth in Infrastructure & Networking equipment and software
 - Mid-to-high single digit growth in Advanced Solutions
 - Lower endpoints, reflecting the timing of large deals in the period year period
- **Double-digit growth in Order Activity**
 - Combined IT Solutions pipeline expanded 26% since the acquisition date
 - Q1 2025 Pro Forma Gross Bookings increased 30% y/y
 - >20 IT Solutions deals, with more than \$20 million of signings value, sourced from traditional Print clients in Q1 2025

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

Cash Flow

(in millions)	Q1 2025	Q1 2024
Pre-tax (Loss)	(67)	(150)
Non-Cash Add-Backs ¹	100	236
Restructuring Payments	(18)	(16)
Pension Contributions	(34)	(31)
Working Capital, net ²	(60)	(135)
Change in Finance Assets ³	98	188
Other ⁴	(108)	(171)
Cash used in Operations	(89)	(79)
Cash provided by (used in) Investing	6	(17)
Cash (used in) provided by Financing	(159)	261
Ending Cash, Cash Equivalents and Restricted Cash ⁵	390	772
Free Cash Flow⁶	(109)	(89)

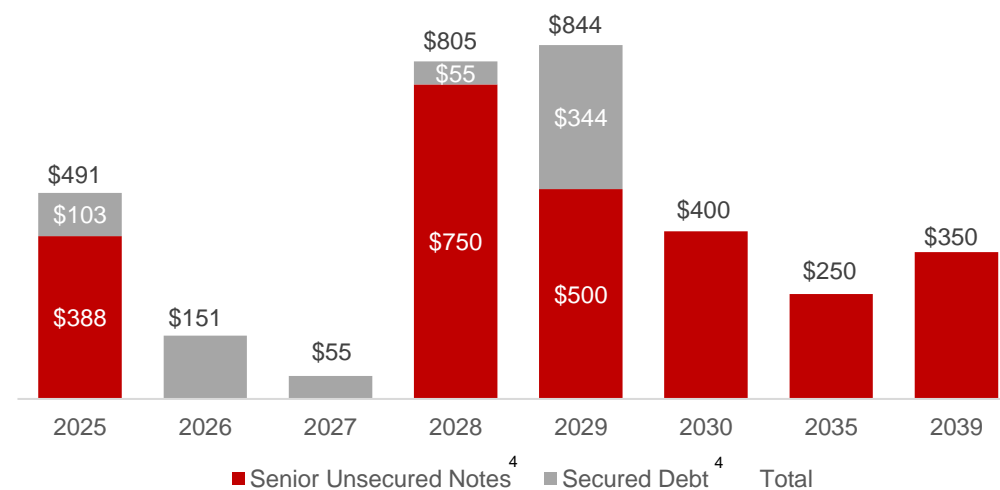
¹ Non-cash add-backs include depreciation & amortization (including equipment on operating lease), provisions, stock-based compensation, non-service retirement-related costs, restructuring and asset impairment charges and gain on sales of businesses and assets (as applicable). ² Working Capital, net includes accounts receivable, accounts payable and inventory. ³ Includes equipment on operating leases (excluding its related depreciation) and finance receivables. ⁴ Includes other current and long-term assets and liabilities, accrued compensation, derivative assets and liabilities, other operating, net, distributions from net income of unconsolidated affiliates and changes in cash tax liabilities. ⁵ Includes restricted cash of \$54 million in Q1 2025 and \$87 million in Q1 2024. ⁶ Free Cash Flow: see Non-GAAP Financial Measures.

Capital Structure

Debt and Cash

(in billions)	Q1 2025	Q4 2024
Total Debt	(\$3.3)	(\$3.4)
Less: Financing Allocated Debt	\$1.7	\$1.7
Core Debt	(\$1.6)	(\$1.7)
Less: Cash ¹	\$0.4	\$0.6
Net Core Debt	(\$1.2)	(\$1.1)
Total Debt to TTM Adj. ² EBITDA	6.1x	6.1x
Net Core Debt to TTM Adj. ² EBITDA	2.3x	2.0x

Debt Maturity Ladder³ (\$M)

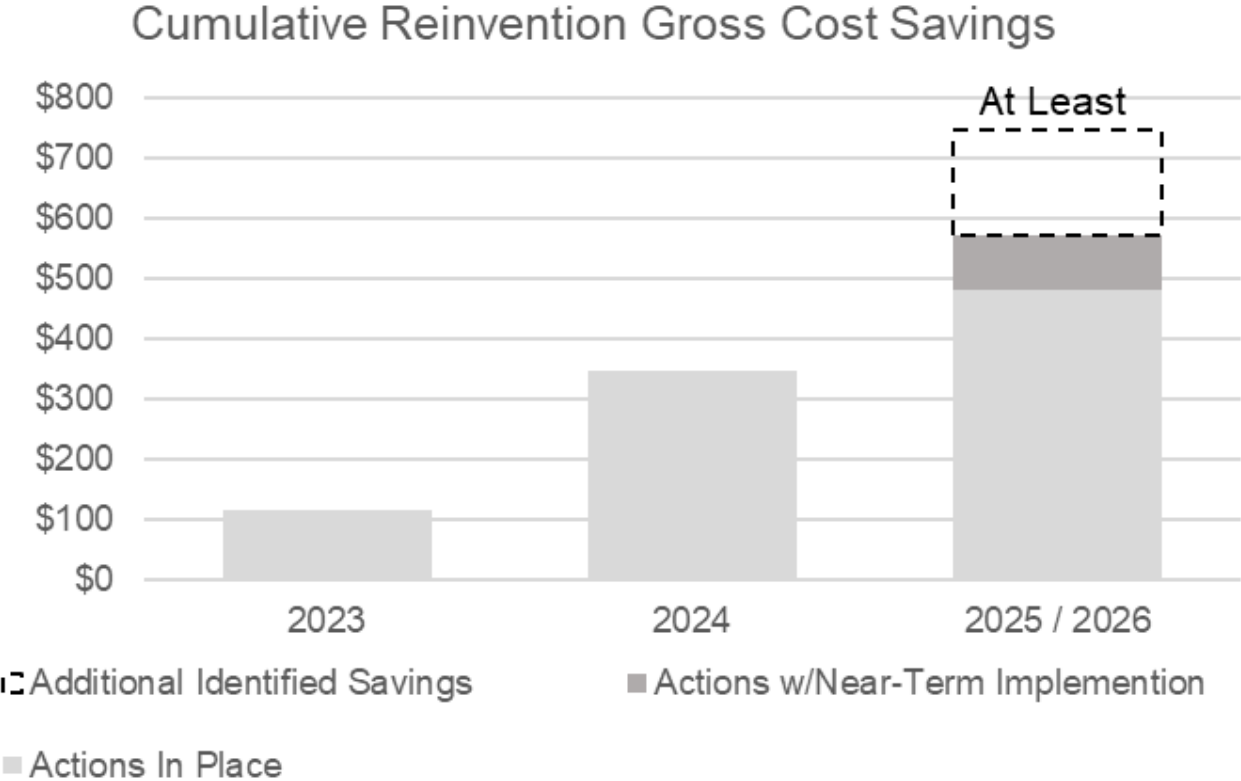


- Net Core Debt of \$1.2B with ending cash¹ of \$0.4B.
- \$400 million of First Lien Senior Secured Notes issued in April is expected to be used to refinance existing debt.
- Only ~\$200 million of scheduled debt maturities remain until August 2028 following the paydown⁴ of the 2025 Unsecured Notes and prepayment of Term Loan B

¹ Cash, cash equivalents and restricted cash. ² Adjusted Measures: see Non-GAAP Financial Measures. ³ Total debt does not include the effect of deferred issuance costs, discounts and premiums which totaled \$48 million as of March 31, 2025. ⁴ Subsequent to March 31, 2025, we paid \$88 of 2025 Unsecured notes and prepaid \$95M of Term Loan B with the proceeds of a recent offering of \$400m of Senior Secured Notes. The early redemption of TLB reduces annual amortization of remaining Secured amounts by \$21 million, \$41 million and \$33 million, in 2025, 2026 and 2027, respectively.

Reinvention: Gross Cost Savings

Estimated Reinvention Gross Cost Savings



Gross Cost Savings by Year

2023

- More than \$100 million in gross cost savings realized

2024

- More than \$200 million in gross cost savings realized

2025-2026

- More than \$225 million of incremental gross cost Reinvention expected savings from actions taken, or expected to be taken in the near-term
- More than \$175 million of gross cost savings anticipated from actions identified and expected to be implemented in 2025 and 2026



2025 Full-Year Guidance

- **Revenue:** Low single-digit growth in Constant Currency¹
- **Adjusted¹ Operating Margin:** At least 5.0%
- **Free Cash Flow¹:** \$350 million to \$400 million

Guidance does not include any impact from the pending acquisition of Lexmark. Guidance further excludes potential adverse effects of tariff and trade policy, and the resultant impact on the macroeconomic outlook for the second half of the year, as tariff rates and trade policy remain fluid and unpredictable. We currently expect minimal tariff-related impacts to our financial results in Q2.

Full-year Guidance Assumptions

Revenue: Expected revenue growth includes a full year of ITsavvy, growth in Digital Services and organic IT Solutions and an improved Print revenue trajectory, partially offset by ~400 bps from reductions in non-strategic revenue

Adjusted¹ Operating Margin: Expected year-over-year improvement in adjusted¹ operating income margin is driven primarily by incremental Reinvention gross cost savings, partially offset by higher product costs.

Free Cash Flow¹: Implied year-over-year reduction due primarily to a reduction in finance receivable forward flow benefits, as expected, partially offset by improved adjusted¹ operating income and working capital.

¹ Adjusted measures, Free Cash Flow and Constant Currency (CC): see Non-GAAP Financial Measures.



Appendix

Operating Trends

	2023	2024				2025	
(in millions, except EPS)	FY	Q1	Q2	Q3	Q4	FY	Q1
Total Revenue	\$6,886	\$1,502	\$1,578	\$1,528	\$1,613	\$6,221	\$1,457
<i>% Change</i>	(3.1)%	(12.4)%	(10.0)%	(7.5)%	(8.6)%	(9.7)%	(3.0)%
<i>CC¹ % Change</i>	(3.3)%	(13.2)%	(9.6)%	(7.3)%	(8.0)%	(9.5)%	(1.1)%
Adj¹ Operating Margin	5.6%	2.2%	5.4%	5.2%	6.4%	4.9%	1.5%
GAAP (Loss) EPS²	(\$0.09)	(\$0.94)	\$0.11	(\$9.71)	(\$0.20)	(\$10.75)	(\$0.75)
Adj¹ EPS (Loss)	\$1.82	\$0.06	\$0.29	\$0.25	\$0.36	\$0.97	(\$0.06)
Operating Cash Flow	\$686	(\$79)	\$123	\$116	\$351	\$511	(\$89)
Free Cash Flow¹	\$649	(\$89)	\$115	\$107	\$334	\$467	(\$109)

¹ Adjusted measures, Free Cash Flow, and Constant Currency (CC): see Non-GAAP Financial Measures. ² FY 2023 includes a net after-tax PARC donation charge of \$92 million, or \$0.58 per share, and an after-tax Restructuring and related costs, net charge of \$78 million, or \$0.52 per share. ³ 2023 includes a share repurchase of \$544 million from Carl Icahn and Affiliates. FY 2024 GAAP Loss per share includes a Q1 after-tax Reinvestment-related charge of \$100 million, or \$0.81 per share, primarily related to the exit of certain Production Print manufacturing operations and geographic simplification; Q3 after-tax non-cash goodwill impairment charge of approximately \$1.0 billion, or \$8.17 per share; Q4 after-tax write-off of intangibles of \$28 million, or \$0.22 per share and a \$15 million after-tax Reinvestment and transaction-related costs, or \$0.12 per share. FY 2024 EPS also includes a Q3 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. Q1 2025 GAAP (Loss) per share includes a charge to tax expense related to the establishment of \$59 million in valuation allowances, or \$0.47 per share, and \$14 million after-tax financing-related charges, or \$0.11 per share, related to our recently completed debt offering



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
 - Income tax on goodwill impairment
 - Income tax on PARC donation
 - 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)	FY-23		Q1-24		Q2-24		Q3-24		Q4-24		FY-24		Q1-25	
	Net Income	EPS	Net (Loss) Income	EPS	Net Income	EPS	Net (Loss) Income	EPS	Net (Loss) Income	EPS	Net (Loss) Income	EPS	Net (Loss) Income	EPS
Reported ⁽¹⁾	\$ 1	\$ (0.09)	\$ (113)	\$ (0.94)	\$ 18	\$ 0.11	\$ (1,205)	\$ (9.71)	\$ (21)	\$ (0.20)	\$ (1,321)	\$ (10.75)	\$ (90)	\$ (0.75)
Goodwill impairment	-	-	-	-	-	-	1,058	-	-	-	1,058	-	-	-
PARC donation	132	-	-	-	-	-	-	-	-	-	-	-	-	-
Inventory-related impact - exit of certain Production Print manufacturing operations ⁽²⁾	-	-	36	-	8	-	-	-	7	-	51	-	7	-
Restructuring and related costs, net	167	-	39	-	12	-	56	-	5	-	112	-	(1)	-
Amortization of intangible assets	43	-	10	-	10	-	10	-	43	-	73	-	10	-
Divestitures	-	-	54	-	(3)	-	-	-	(4)	-	47	-	(4)	-
Non-service retirement-related costs	19	-	23	-	26	-	25	-	6	-	80	-	18	-
Transaction and related costs, net	-	-	-	-	(23)	-	(15)	-	7	-	(31)	-	3	-
Tax indemnification - Conduent	(7)	-	-	-	-	-	-	-	-	-	-	-	-	-
Loss (gain) on early extinguishment of debt	10	-	(3)	-	-	-	-	-	1	-	(2)	-	-	-
Reinvention-related costs	-	-	-	-	-	-	-	-	12	-	12	-	6	-
Commitment fee expense ⁽³⁾	-	-	-	-	-	-	-	-	-	-	-	-	18	-
Income tax on goodwill impairment ⁽⁴⁾	-	-	-	-	-	-	(43)	-	-	-	(43)	-	-	-
Income tax on PARC donation ⁽⁴⁾	(40)	-	-	-	-	-	-	-	-	-	-	-	9	-
Deferred tax asset valuation allowance	-	-	-	-	-	-	161	-	8	-	169	-	50	-
Income tax on adjustments ⁽⁴⁾	(38)	-	(35)	-	(7)	-	(13)	-	(15)	-	(70)	-	(30)	-
Adjusted	\$ 287	\$ 1.82	\$ 11	\$ 0.06	\$ 41	\$ 0.29	\$ 34	\$ 0.25	\$ 49	\$ 0.36	\$ 135	\$ 0.97	\$ (4)	\$ (0.06)
Dividends on preferred stock used in adjusted EPS calculation ⁽⁵⁾	-	\$ 14	-	\$ 4	-	\$ 3	-	\$ 4	-	\$ 3	-	\$ 14	-	\$ 4
Weighted average shares for adjusted EPS ⁽⁵⁾	-	151	-	125	-	126	-	126	-	127	-	126	-	125

⁽¹⁾ Q1 2025 GAAP (Loss) per share includes a charge to tax expense related to the establishment of \$59 million in valuation allowances, or \$0.47 per share, and \$14 million after-tax financing-related charges, or \$0.11 per share, related to our recently completed debt offering. Q1 2024 GAAP (Loss) per share includes after-tax, Project Reinvention related charges of approximately \$100 million, or \$0.81 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 net pre-tax PARC donation charge of \$132 million (\$92 million after-tax), or \$0.58 per share, and a \$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 inventory-related charges 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 Q1 2025 and full year 2024, respectively.

⁽³⁾ 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.

⁽⁴⁾ Refer to Adjusted Effective Tax Rate Reconciliation.

⁽⁵⁾ 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)	Q1-25			Q1-24		
	Pre-Tax (Loss)	Income Tax Expense (Benefit)	Effective Tax Rate	Pre-Tax (Loss) Income	Income Tax (Benefit)	Effective Tax Rate
Reported ⁽¹⁾	\$ (67)	\$ 23	(34.3%)	\$ (150)	\$ (37)	24.7%
Income tax on PARC donation ⁽²⁾	-	(9)		-	-	
Deferred tax asset valuation allowance ⁽²⁾	-	(50)		-	-	
Other non-GAAP adjustments ⁽²⁾	57	30		159	35	
Adjusted ⁽³⁾	\$ (10)	\$ (6)	60.0%	\$ 9	\$ (2)	(22.2%)

⁽¹⁾ Pre-Tax (Loss) and Income Tax Expense (Benefit).

⁽²⁾ Refer to Adjusted Net (loss) Income and EPS reconciliations for details.

⁽³⁾ 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)	Q1-25		Q1-24	
Revenue ⁽¹⁾	\$ 1,457		\$ 1,502	
Cost of revenue ⁽¹⁾	<u>1,031</u>		<u>1,059</u>	
Gross Profit and Margin	426	29.2%	443	29.5%
Adjustment:				
Inventory-related impact - exit of certain Production Print manufacturing operations	7		36	
Adjusted Gross Profit and Margin	<u>\$ 433</u>	29.7%	<u>\$ 479</u>	31.9%

⁽¹⁾ Total revenues and cost of revenue

Adjusted Gross Profit and Margin Reconciliation – Print and Other

(in millions)	Q1-25		Q1-24	
Revenue ⁽¹⁾	\$ 1,294		\$ 1,428	
Cost of revenue ⁽¹⁾	<u>895</u>		<u>995</u>	
Gross Profit and Margin	399	30.8%	433	30.3%
Adjustment:				
Inventory-related impact - exit of certain Production Print manufacturing operations	<u>7</u>		<u>36</u>	
Adjusted Gross Profit and Margin	<u>\$ 406</u>	31.4%	<u>\$ 469</u>	32.8%

⁽¹⁾ Print and Other revenues and cost of revenue

Adjusted Operating Income and Margin Reconciliation

(in millions)	FY-23			Q1-24			Q2-24			Q3-24			Q4-24			FY-24			Q1-25		
	Profit	Revenue	Margin	(Loss) Profit	Revenue	Margin	Profit	Revenue	Margin	(Loss) Profit	Revenue	Margin	(Loss) Profit	Revenue	Margin	(Loss) Profit	Revenue	Margin	(Loss) Profit	Revenue	Margin
Reported ⁽¹⁾	\$ 1	\$6,886		\$ (113)	\$1,502		\$ 18	\$1,578		\$ (1,205)	\$1,528		\$ (21)	\$1,613		\$ (1,321)	\$6,221		\$ (90)	\$1,457	
Income tax (benefit) expense	(29)			(37)			7			118			17			105			23		
Pre-tax (loss) income	\$ (28)	\$6,886	(0.4%)	\$ (150)	\$1,502	(10.0%)	\$ 25	\$1,578	1.6%	\$ (1,087)	\$1,528	(71.1%)	\$ (4)	\$1,613	(0.2%)	\$ (1,216)	\$6,221	(19.5%)	\$ (67)	\$1,457	(4.6%)
Adjustments:																					
Goodwill impairment	-			-			-			1,058			-			1,058			-		
Restructuring and related costs, net	167			39			12			56			5			112			(1)		
Amortization of intangible assets	43			10			10			10			43			73			10		
PARC donation	132			-			-			-			-			-			-		
Divestitures	-			54			(3)			-			(4)			47			(4)		
Reinvention costs	-			-			-			-			12			12			6		
Transaction and related costs, net	-			-			-			-			7			7			3		
Inventory impact related to the exit of certain Production Print manufacturing operations ⁽²⁾	-			36			8			-			7			51			7		
Other expenses, net ^{(3), (4)}	75			44			33			43			38			158			68		
Adjusted	\$ 389	\$6,886	5.6%	\$ 33	\$1,502	2.2%	\$ 85	\$1,578	5.4%	\$ 80	\$1,528	5.2%	\$ 104	\$1,613	6.4%	\$ 302	\$6,221	4.9%	\$ 22	\$1,457	1.5%

⁽¹⁾ Net Income (Loss)

⁽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⁾ Includes non-service retirement-related costs.

⁽⁴⁾ Q1 2025 includes 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.

Adjusted EBITDA and Margin Reconciliation

(in millions)	FY-23			Q1-24			Q2-24			Q3-24			Q4-24			FY-24			Q1-25		
	Profit	Revenue	Margin	(Loss) Profit	Revenue	Margin	Profit	Revenue	Margin	(Loss) Profit	Revenue	Margin	(Loss) Profit	Revenue	Margin	Profit	Revenue	Margin	(Loss) Profit	Revenue	Margin
Reported ⁽¹⁾	\$ 1	\$ 6,886		\$ (113)	\$ 1,502		\$ 18	\$ 1,578		\$ (1,205)	\$ 1,528		\$ (21)	\$ 1,613		\$ (1,321)	\$ 6,221		\$ (90)	\$ 1,457	
Adjustments:																					
Other expenses, net ⁽²⁾	75			44			33			43			38			158			68		
Income tax (benefit) expense	(29)			(37)			7			118			17			105			23		
Depreciation and amortization ⁽³⁾	251			59			59			59			97			274			60		
Goodwill impairment	-			-			-			1,058			-			1,058			-		
EBITDA ⁽⁴⁾⁽⁶⁾	\$ 298	\$ 6,886	4.3%	\$ (47)	\$ 1,502	(3.1)%	\$ 117	\$ 1,578	7.4%	\$ 73	\$ 1,528	4.8%	\$ 131	\$ 1,613	8.1%	\$ 274	\$ 6,221	4.4%	\$ 61	\$ 1,457	4.2%
Adjustments:																					
Stock-based compensation	54			12			17			9			14			52			12		
Restructuring and related costs, net ⁽⁵⁾	167			39			12			56			5			112			(1)		
PARC donation	132			-			-			-			-			-			-		
Divestitures	-			54			(3)			-			(4)			47			(4)		
Reinvention costs	-			-			-			-			12			12			6		
Transaction and related costs, net	-			-			-			-			7			7			3		
Inventory impact related to the exit of certain Production Print manufacturing operations ⁽⁶⁾	-			36			8			-			7			51			7		
Adjusted EBITDA ⁽⁷⁾	\$ 651	\$ 6,886	9.5%	\$ 94	\$ 1,502	6.3%	\$ 151	\$ 1,578	9.6%	\$ 138	\$ 1,528	9.0%	\$ 172	\$ 1,613	10.7%	\$ 555	\$ 6,221	8.9%	\$ 84	\$ 1,457	5.8%

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

⁽⁷⁾ 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-23	Q1-24	Q2-24	Q3-24	Q4-24	FY-24	Q1-25
Reported⁽¹⁾	\$686	(\$79)	\$123	\$116	\$351	\$511	(\$89)
Less: capital expenditures	37	10	8	9	17	44	20
Free Cash Flow	<u>\$649</u>	<u>(\$89)</u>	<u>\$115</u>	<u>\$107</u>	<u>\$334</u>	<u>\$467</u>	<u>(\$109)</u>

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

Other Expenses, net Reconciliation

(in millions)	Q1-25	Q1-24
Reported ⁽¹⁾	\$ 68	\$ 44
Less: Non-service retirement-related costs	18	23
Less: Loss (Gain) on early extinguishment of debt	-	(3)
Less: Commitment fee expense	18	-
Adjusted	<u>\$ 32</u>	<u>\$ 24</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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