

Xerox Holdings Financial Model
(unaudited)

(in \$ millions, except per-share data)

	2022					2023				
	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY
Sales	592	667	690	851	2,800	659	696	644	721	2,720
Services, maintenance and rentals	1,023	1,028	1,010	1,039	4,100	1,004	1,009	962	1,000	3,975
Financing	53	52	51	51	207	52	49	46	44	191
Total Revenues	1,668	1,747	1,751	1,941	7,107	1,715	1,754	1,652	1,765	6,886
Cost of Revenue										
Cost of sales	435	487	508	572	2,002	425	452	435	466	1,778
Cost of services, maintenance, and rentals	679	677	659	664	2,679	665	671	651	677	2,664
Cost of financing	24	26	28	30	108	36	34	30	30	130
Total Cost of Revenue	1,138	1,190	1,195	1,266	4,789	1,126	1,157	1,116	1,173	4,572
Gross Profit										
Sales gross profit	157	180	182	279	798	234	244	209	255	942
Services, maintenance and rentals gross profit	344	351	351	375	1,421	339	338	311	323	1,311
Financing gross profit	29	26	23	21	99	16	15	16	14	61
Gross Profit	530	557	556	675	2,318	589	597	536	592	2,314
Research, development & engineering	78	84	73	69	304	64	57	52	56	229
Bad Debt Expense	15	7	7	14	43	(8)	15	10	11	28
Selling, administrative and general exp. (Excl Bad Debts)	440	452	411	414	1,717	415	418	406	429	1,668
Total Selling, administrative and general exp.	455	459	418	428	1,760	407	433	416	440	1,696
Non-financing interest expense	29	23	21	18	91	14	12	14	28	68
Aggregate Exchange losses	-	1	1	11	13	11	5	6	6	28
All other, net	26	(18)	(21)	(31)	(44)	(5)	14	(38)	8	(21)
Total Other, net	55	6	1	(2)	60	20	31	(18)	42	75
Goodwill impairment	-	-	412	-	412	-	-	-	-	-
Restructuring and related costs	18	1	22	24	65	2	23	10	132	167
Amortization of intangible assets	11	10	10	11	42	11	10	12	10	43
PARC Donation	-	-	-	-	-	-	132	-	-	132
Total Costs and Expenses	1,755	1,750	2,131	1,796	7,432	1,630	1,843	1,588	1,853	6,914
(Loss) Income before Income Taxes	(87)	(3)	(380)	145	(325)	85	(89)	64	(88)	(28)
Income Taxes	(31)	1	3	24	(3)	14	(28)	15	(30)	(29)
Net (Loss) Income	(56)	(4)	(383)	121	(322)	71	(61)	49	(58)	1
Less: Preferred stock dividends, net	(4)	(3)	(4)	(3)	(14)	(4)	(3)	(4)	(3)	(14)
Net (Loss) Income attributable to Common Shareholders	(60)	(7)	(387)	118	(336)	67	(64)	45	(61)	(13)
Preferred Dividends/	- Basic									
Other	- Diluted **									
		4	3	4	3	14	4	3	4	3
		4	3	4	-	14	4	3	4	3

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		Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY
Weighted Average Shares	- Basic	156	155	156	156	156	157	157	157	123	149
	- Diluted **	156	155	156	156	156	157	157	157	123	149
Earnings Per Share											
	Total Basic Earnings (Loss) per Share	(0.38)	(0.05)	(2.48)	0.76	(2.15)	0.43	(0.41)	0.29	(0.50)	(0.09)
	Total Diluted Earnings (Loss) per Share	(0.38)	(0.05)	(2.48)	0.74	(2.15)	0.43	(0.41)	0.28	(0.50)	(0.09)
Key Ratios - GAAP:											
Gross Margins	- Sales	26.5%	27.0%	26.4%	32.8%	28.5%	35.5%	35.1%	32.5%	35.4%	34.6%
	- Services/Maintenance/Rentals	33.6%	34.1%	34.8%	36.1%	34.7%	33.8%	33.5%	32.3%	32.3%	33.0%
	- Financing	54.7%	50.0%	45.1%	41.2%	47.8%	30.8%	30.6%	34.8%	31.8%	31.9%
	- Total	31.8%	31.9%	31.8%	34.8%	32.6%	34.3%	34.0%	32.4%	33.5%	33.6%
SAG as a % of Revenue		27.3%	26.3%	23.9%	22.1%	24.8%	23.7%	24.7%	25.2%	24.9%	24.6%
Tax Rate		35.6%	-33.3%	-0.8%	16.6%	0.9%	16.5%	31.5%	23.4%	34.1%	103.6%
Ending Xerox Employment		23,400	22,700	21,200	20,500	20,500	20,300	20,300	20,100	20,100	20,100

**For those periods that exclude the preferred stock dividend the average shares for the calculations of diluted EPS include 7 million shares associated with our Series A or Series B convertible preferred stock.

**Xerox Holdings Financial Model - Non-GAAP basis
(unaudited)**

Non-GAAP basis is adjusted to exclude restructuring and related costs, amortization of intangible assets, non-service retirement-related costs as well as other discrete, unusual or infrequent items as described in our Non-GAAP Financial Measures section of our Quarterly Reports on Form 10-Q and our Annual Report on Form 10-K

(in \$ millions, except per-share data)

	2022					2023				
	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY
Revenues										
Sales	592	667	690	851	2,800	659	696	644	721	2,720
Services, maintenance and rentals	1,023	1,028	1,010	1,039	4,100	1,004	1,009	962	1,000	3,975
Financing	53	52	51	51	207	52	49	46	44	191
Total Revenues	1,668	1,747	1,751	1,941	7,107	1,715	1,754	1,652	1,765	6,886
Cost of Revenue										
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Total Cost of Revenue	1,138	1,190	1,195	1,266	4,789	1,126	1,157	1,116	1,173	4,572
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Selling, administrative and general exp. (Excl Bad Debts)	440	452	411	414	1,717	415	418	406	429	1,668
Total Selling, administrative and general exp.	455	459	418	428	1,760	407	433	416	440	1,696
Non-financing interest expense	29	23	21	18	91	14	12	14	28	68
Aggregate Exchange losses	-	1	1	11	13	11	5	6	6	28
All other, net	-	(39)	(14)	(38)	(91)	(4)	-	(35)	(4)	(43)
Total Other, net	29	(15)	8	(9)	13	21	17	(15)	30	53
Total Costs and Expenses	1,700	1,718	1,694	1,754	6,866	1,618	1,664	1,569	1,699	6,550
(Loss) Income before Income Taxes	(32)	29	57	187	241	97	90	83	66	336
Income Taxes	(18)	5	24	41	52	15	18	6	10	49
Net (Loss) Income	(14)	24	33	146	189	82	72	77	56	287

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(in \$ millions, except per-share data)

	2022					2023				
	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY
Earnings Per Share										
Operations:	(0.12)	0.13	0.19	0.89	1.12	0.49	0.44	0.46	0.43	1.82
Preferred Dividends - Adjusted EPS **	-	-	-	-	-	-	-	-	-	-
Adjusted Earnings per Share	(0.12)	0.13	0.19	0.89	1.12	0.49	0.44	0.46	0.43	1.82
Adjusted Weighted Average Shares **	156	155	156	165	157	158	158	159	125	151
Key Ratios - Adjusted:										
Gross Margins										
- Sales	26.5%	27.0%	26.4%	32.8%	28.5%	35.5%	35.1%	32.5%	35.4%	34.6%
- Services/Maintenance/Rentals	33.6%	34.1%	34.8%	36.1%	34.7%	33.8%	33.5%	32.3%	32.3%	33.0%
- Financing	54.7%	50.0%	45.1%	41.2%	47.8%	30.8%	30.6%	34.8%	31.8%	31.9%
- Total	31.8%	31.9%	31.8%	34.8%	32.6%	34.3%	34.0%	32.4%	33.5%	33.6%
Adjusted Operating Margin	-0.2%	2.0%	3.7%	9.2%	3.9%	6.9%	6.1%	4.1%	5.4%	5.6%
SAG as a % of Revenue	27.3%	26.3%	23.9%	22.1%	24.8%	23.7%	24.7%	25.2%	24.9%	24.6%
Non-GAAP Adjustments:										
Goodwill Impairment	-	-	412	-	412	-	-	-	-	-
Restructuring and related costs	18	1	22	24	65	2	23	10	132	167
Amortization of intangible assets	11	10	10	11	42	11	10	12	10	43
Non-service retirement-related costs	(7)	(4)	(7)	6	(12)	(1)	11	4	5	19
PARC Donation	-	-	-	-	-	-	132	-	-	132
Loss on extinguishment of debt	-	4	-	1	5	-	3	-	7	10
Contract termination cost - product supply	33	-	-	-	33	-	-	-	-	-
Tax indemnification - Conduent	-	-	-	-	-	-	-	(7)	-	(7)
CEO Accelerated Share Vesting	-	21	-	-	21	-	-	-	-	-
Tax on adjusted items	(13)	(4)	(21)	(17)	(55)	(1)	(46)	9	(40)	(78)
Total Non-GAAP Adjustments	42	28	416	25	511	11	133	28	114	286

**For those periods that exclude the preferred stock dividend the average shares for the calculations of diluted EPS include 7 million shares associated with our Series A or Series B convertible pref stock.

**Xerox Holdings Financial Model
(unaudited)**

(in \$ millions)	2022					2023					2023 QOQ CC	2023 YOY CC %
											% Change	Change
	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY	Q4	FY
Revenue												
Entry	61	66	74	79	280	62	63	56	56	237	(30.8)%	(15.9)%
Mid-range	194	221	246	369	1,030	252	270	260	302	1,084	(18.8)%	5.1%
High-end	54	76	65	100	295	73	82	67	94	316	(7.1)%	6.8%
Other	5	3	5	6	19	4	5	3	6	18	0.0%	(5.3)%
Total Equipment Revenue	314	366	390	554	1,624	391	420	386	458	1,655	(18.3)%	1.7%
Americas	1,071	1,150	1,140	1,277	4,638	1,114	1,154	1,103	1,153	4,524	(10.1)%	(2.4)%
EMEA	554	551	567	619	2,291	556	570	526	589	2,241	(9.0)%	(2.9)%
Other	43	46	44	45	178	45	30	23	23	121	(48.9)%	(32.0)%
Total Revenue	1,668	1,747	1,751	1,941	7,107	1,715	1,754	1,652	1,765	6,886	(10.6)%	(3.3)%
Installs												
Entry												
Color	15%	69%	18%	3%		(9)%	(43)%	(52)%	(37)%	(37)%		
B&W	(44)%	(36)%	(24)%	(49)%		(1)%	(5)%	(28)%	(28)%	(16)%		
Mid-range												
Color	(8)%	(17)%	10%	56%		26%	21%	(18)%	(14)%	0%		
B&W	(61)%	(22)%	(21)%	68%		160%	16%	(10)%	(31)%	7%		
High-end												
Color	(29)%	13%	1%	1%		84%	8%	15%	15%	25%		
B&W	(15)%	(29)%	(10)%	(8)%		(23)%	(8)%	(16)%	(17)%	(16)%		

Notes:

CC = Constant Currency