

Xerox Holdings Financial Model
(unaudited)

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

		2023					2024		
		Q1	Q2	Q3	Q4	FY	Q1	Q2	YTD
Net Income (Loss)		71	(61)	49	(58)	1	(113)	18	(95)
Less: Preferred stock dividends, net		(4)	(3)	(4)	(3)	(14)	(4)	(3)	(7)
Net Income (Loss) attributable to Common Shareholders		67	(64)	45	(61)	(13)	(117)	15	(102)
Preferred Dividends/	- Basic	4	3	4	3	14	4	3	7
Other	- Diluted **	4	3	4	3	14	4	3	7
Weighted Average Shares	- Basic	157	157	157	123	149	124	124	124
	- Diluted **	157	157	157	123	149	124	124	124
Earnings Per Share									
	Total Basic Earnings (Loss) per Share	0.43	(0.41)	0.29	(0.50)	(0.09)	(0.94)	0.12	(0.83)
	Total Diluted Earnings (Loss) per Share	0.43	(0.41)	0.28	(0.50)	(0.09)	(0.94)	0.11	(0.83)
Key Ratios - GAAP:									
Gross Margins	- Sales	35.5%	35.1%	32.5%	35.4%	34.6%	35.0%	36.7%	35.9%
	- Services/Maintenance/Rentals	33.8%	33.5%	32.3%	32.3%	33.0%	26.1%	30.9%	28.5%
	- Financing	30.8%	30.6%	34.8%	31.8%	31.9%	35.7%	23.7%	30.0%
	- Total	34.3%	34.0%	32.4%	33.5%	33.6%	29.5%	33.0%	31.3%
SAG as a % of Revenue		23.7%	24.7%	25.2%	24.9%	24.6%	26.4%	24.9%	25.6%
Tax Rate		16.5%	31.5%	23.4%	34.1%	103.6%	24.7%	28.0%	24.0%
Ending Xerox Employment		20,300	20,300	20,100	20,100	20,100	18,700	18,100	18,100

**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)**

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

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

	2023					2024		
	Q1	Q2	Q3	Q4	FY	Q1	Q2	YTD
Revenues								
Sales	659	696	644	721	2,720	523	611	1,134
Services, maintenance and rentals	1,004	1,009	962	1,000	3,975	937	929	1,866
Financing	52	49	46	44	191	42	38	80
Total Revenues	1,715	1,754	1,652	1,765	6,886	1,502	1,578	3,080
Cost of Revenue								
Cost of sales	425	452	435	466	1,778	340	385	725
Cost of services, maintenance and rentals	665	671	651	677	2,664	656	636	1,292
Cost of financing	36	34	30	30	130	27	29	56
Total Cost of Revenue	1,126	1,157	1,116	1,173	4,572	1,023	1,050	2,073
Gross Profit								
Sales gross profit	234	244	209	255	942	183	226	409
Services, maintenance and rentals gross profit	339	338	311	323	1,311	281	293	574
Financing gross profit	16	15	16	14	61	15	9	24
Gross Profit	589	597	536	592	2,314	479	528	1,007
Research, development & engineering	64	57	52	56	229	49	50	99
Bad Debt Expense	(8)	15	10	11	28	15	10	25
Selling, administrative and general exp. (Excl Bad Debts)	415	418	406	429	1,668	382	383	765
Total Selling, administrative and general exp.	407	433	416	440	1,696	397	393	790
Non-financing interest expense	14	12	14	28	68	26	31	57
Aggregate Exchange losses	11	5	6	6	28	11	2	13
All other, net	(4)	-	(35)	(4)	(43)	(13)	(3)	(16)
Total Other, net	21	17	(15)	30	53	24	30	54
Total Costs and Expenses	1,618	1,664	1,569	1,699	6,550	1,493	1,523	3,016
Income before Income Taxes	97	90	83	66	336	9	55	64
Income Taxes	15	18	6	10	49	(2)	14	12
Income from Operations	82	72	77	56	287	11	41	52
Net Income	82	72	77	56	287	11	41	52
Earnings Per Share								
Operations:	0.49	0.44	0.46	0.43	1.82	0.06	0.29	0.35
Preferred Dividends - Adjusted EPS **	-	-	-	-	-	-	-	-
Adjusted Earnings per Share	0.49	0.44	0.46	0.43	1.82	0.06	0.29	0.35
Adjusted Weighted Average Shares **	158	158	159	125	151	125	126	125

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

	2023					2024		
	Q1	Q2	Q3	Q4	FY	Q1	Q2	YTD
Key Ratios - Adjusted:								
Gross Margins								
- Sales	35.5%	35.1%	32.5%	35.4%	34.6%	35.0%	37.0%	36.1%
- Services/Maintenance/Rentals	33.8%	33.5%	32.3%	32.3%	33.0%	30.0%	31.5%	30.8%
- Financing	30.8%	30.6%	34.8%	31.8%	31.9%	35.7%	23.7%	30.0%
- Total	34.3%	34.0%	32.4%	33.5%	33.6%	31.9%	33.5%	32.7%
Adjusted Operating Margin	6.9%	6.1%	4.1%	5.4%	5.6%	-6.2%	5.4%	3.8%
SAG as a % of Revenue	23.7%	24.7%	25.2%	24.9%	24.6%	26.4%	24.9%	25.6%
Adjusted Effective Tax Rate	15.5%	20.0%	7.3%	15.2%	14.6%	-22.2%	25.5%	18.8%
Non-GAAP Adjustments:								
Goodwill Impairment	-	-	-	-	-	-	-	-
Restructuring and related costs	2	23	10	132	167	39	12	51
Amortization of intangible assets	11	10	12	10	43	10	10	20
Non-service retirement-related costs	(1)	11	4	5	19	23	26	49
Contract termination costs - IT service provider	-	-	-	-	-	-	-	-
PARC Donation	-	132	-	-	132	-	-	-
Loss (Gain) on extinguishment of debt	-	3	-	7	10	(3)	-	(3)
Divestitures	-	-	-	-	-	54	(3)	51
Brazil Indirect Tax	-	-	(7)	-	(7)	-	-	-
Insurance Settlement	-	-	-	-	-	-	(23)	(23)
Inventory impact related to the exit of certain Production Print manufacturing operations	-	-	-	-	-	36	8	44
Tax on adjusted items	(1)	(46)	9	(40)	(78)	(35)	(7)	(42)
Total Non-GAAP Adjustments	11	133	28	114	286	124	23	147

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(in \$ millions)	2023					2024			2024 QOQ CC % Change	2024 YOY CC % Change
	Q1	Q2	Q3	Q4	FY	Q1	Q2	YTD	Q2	YTD
Revenue										
Entry	62	63	56	56	237	45	56	101	(11.4)%	(19.1)%
Mid-range	252	270	260	302	1,084	193	235	428	(12.7)%	(18.2)%
High-end	73	82	67	94	316	47	60	107	(26.6)%	(31.0)%
Other	4	5	3	6	18	5	5	10	0.0%	11.1%
Total Equipment Revenue	391	420	386	458	1,655	290	356	646	(14.9)%	(20.4)%

Installs

Entry

Color	(9)%	(43)%	(52)%	(37)%	(37)%	(37)%	(13)%	(26)%
B&W	(1)%	(5)%	(28)%	(28)%	(16)%	(47)%	(9)%	(28)%

Mid-range

Color	26%	21%	(18)%	(14)%	0%	(18)%	(12)%	(15)%
B&W	160%	16%	(10)%	(31)%	7%	(28)%	(29)%	(29)%

High-end

Color	84%	8%	15%	15%	25%	(42)%	(22)%	(33)%
B&W	(23)%	(8)%	(16)%	(17)%	(16)%	(22)%	(24)%	(20)%

Notes:

CC = Constant Currency