

# Earnings Presentation

## Q2 2025 Results

July 31, 2025

xerox™

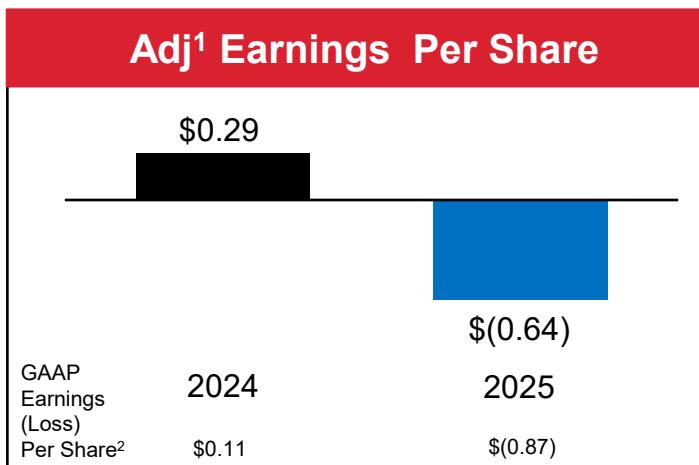
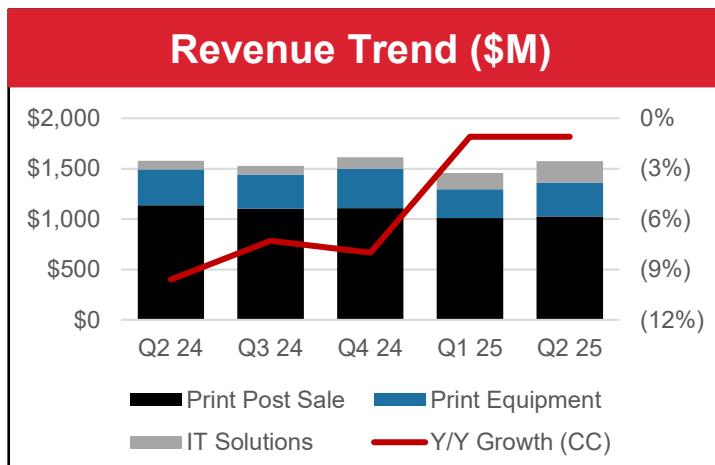
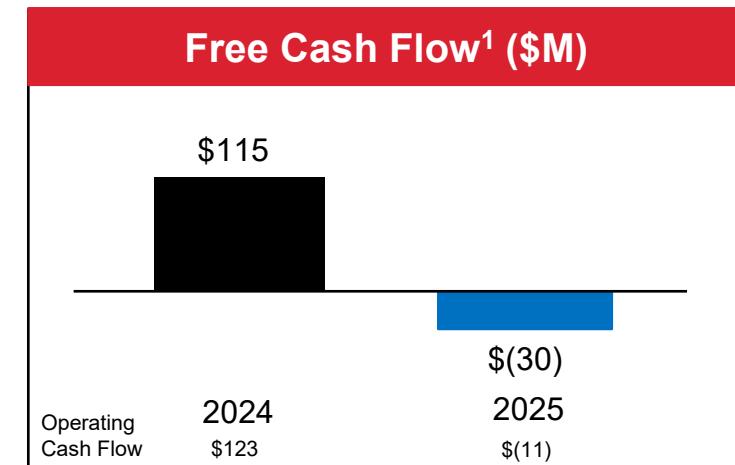
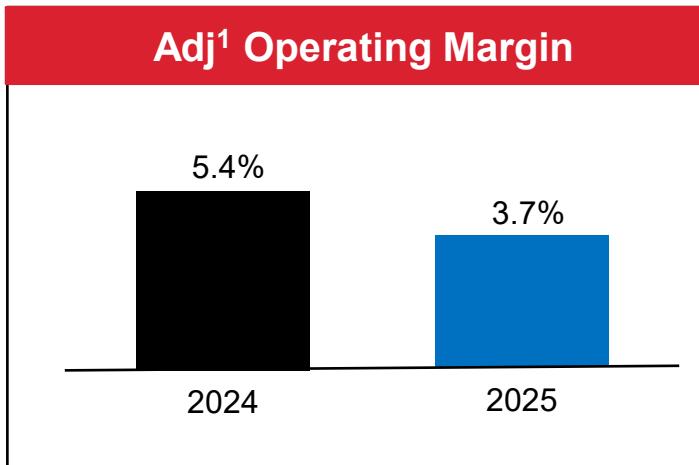
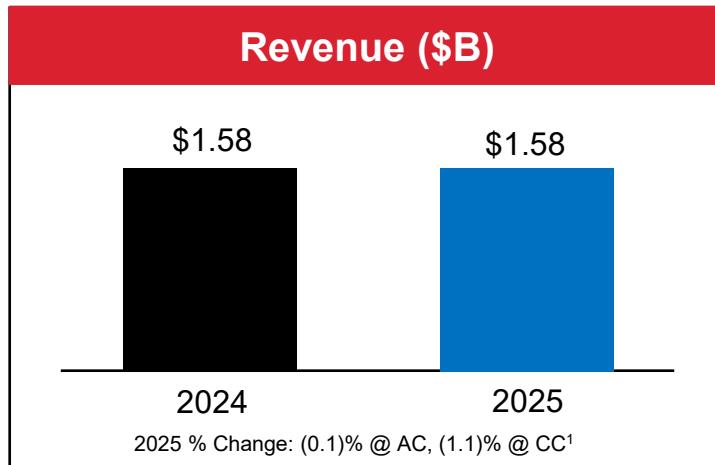
# Forward-Looking Statements

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 integrate the Lexmark 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.

# Q2 2025 Key Financial Measures



<sup>1</sup> Adjusted measures, Free Cash Flow and Constant Currency (CC); see Non-GAAP Financial Measures. <sup>2</sup> Q2 2025 GAAP (Loss) per share includes \$22 million (\$17 million after-tax) of interest and financing-related charges, net, or \$0.13 per share related to recently completed borrowings in support of the Lexmark acquisition financing, repayment of existing borrowings, and general corporate purposes; and \$28 million of tax expense, or \$0.22 per share, related to interest expense that was not deductible according to tax guidelines in place as of 6/30/25. Q2 2024 GAAP earnings per share included \$23 million (\$17 million after-tax), or \$0.14 per share, related to insurance proceeds from a legal settlement.

# Strategic Priorities for 2025



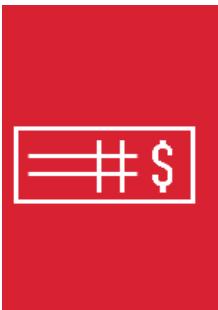
## Execute Reinvention

- **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

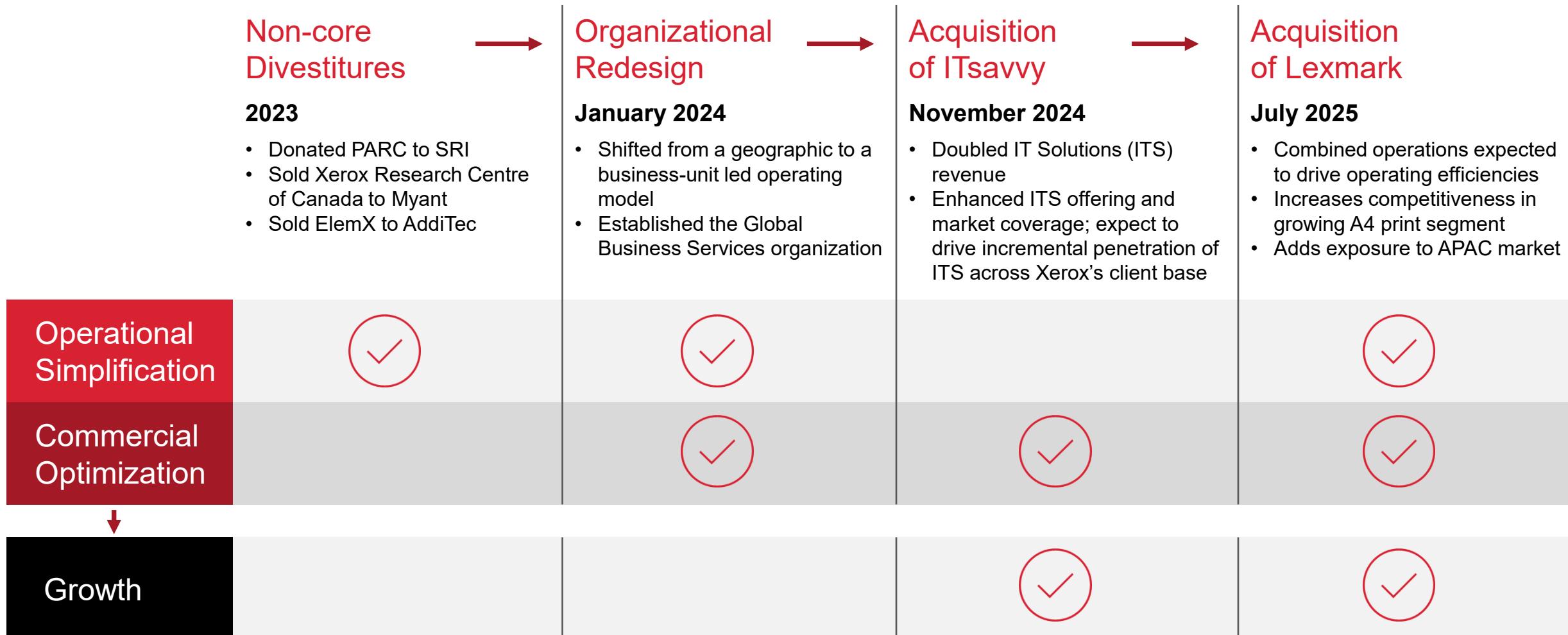
- Increase the share of clients' technology spend with enhanced IT Solutions offerings
- Optimize the integrated IT Solutions business
- Begin realizing Lexmark acquisition-related revenue, cost and working capital synergies through the execution of a comprehensive integration plan



## Balance Sheet Strength

- Optimize free cash flow<sup>1</sup> 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 dividend

# Reinvention Progress

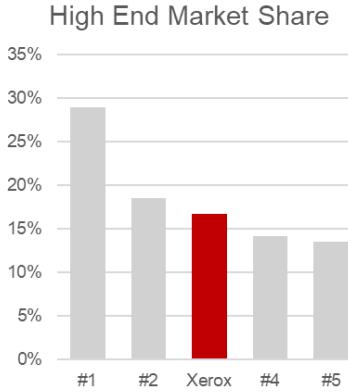
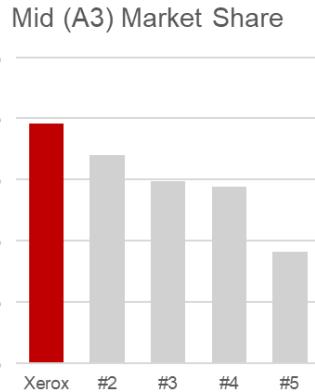
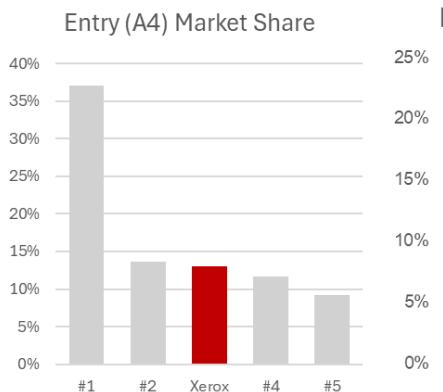


# Combined Business Profile

- Xerox is a leading provider of services-led, software-enabled hybrid workplace solutions.
- Combined, Xerox and Lemark form a vertically integrated manufacturer, distributor and provider of print equipment and managed print services, covering all geographies and client types with a well-rounded portfolio of print and print services offerings.
- Xerox's growing portfolio of IT and Digital Solutions provides competitive differentiation through enhanced client outcomes.



## Xerox (Pro Forma) Now a Top 3 Player in Each Major Print Category<sup>5</sup>



## Pro Forma Financials and KPIs<sup>1</sup>

**\$8.6B**  
2024 Revenue<sup>2</sup>

**\$873M**  
2024 Adjusted EBITDA<sup>3</sup>

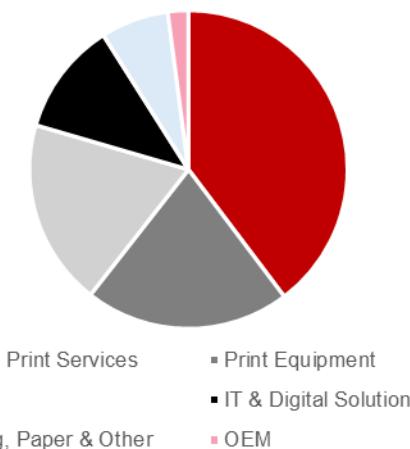
**~65%**  
Revenue from Recurring Sources

**200,000+**  
Clients in 170 Countries

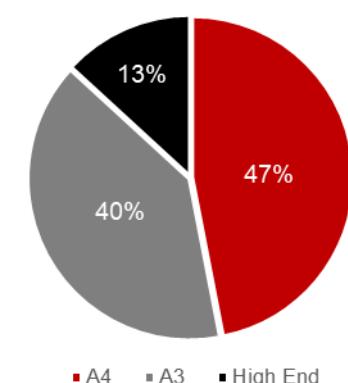
**>10%**  
Revenue from IT and Digital Solutions

**~90%**  
Fortune 500 are Clients

Revenue Mix:  
Product Categories<sup>4</sup>



Revenue Mix:  
Print Product Type<sup>4</sup>



<sup>1</sup> All figures presented are pro forma for the acquisitions of ITsavvy and Lexmark. <sup>2</sup> Excludes \$257 million of Lexmark equipment and supplies sales to Xerox. <sup>3</sup> Adjusted measures, EBITDA: see Non-GAAP Financial Measures. <sup>4</sup> Revenue mix information as of fiscal year 2024. <sup>5</sup> Xerox analysis of IDC WW Quarterly Hardcopy Peripherals Tracker, 1Q25 LTM using custom categories and segments. Total print ESR market share in Xerox's pre-acquisition operating territories. (e.g., ex-Asia Pacific and Japan).

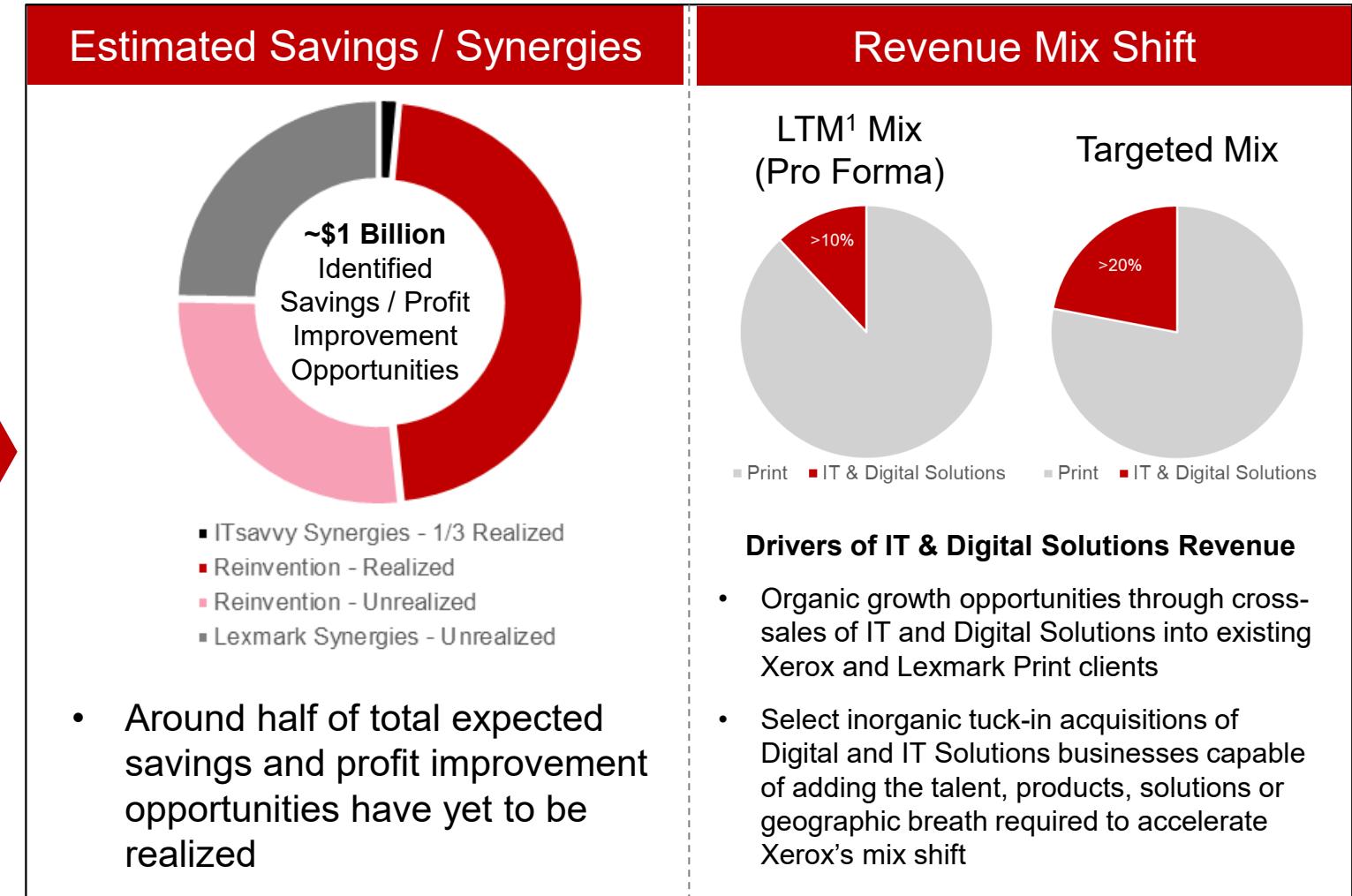
# Lexmark Acquisition: Immediate Strategic & Financial Benefits

	Opportunity	Description	Opportunity Size
1	<b>Print Equipment Market Share Gains</b>	<ul style="list-style-type: none"><li>Improved competitive positioning, with a Top 3 share in all Print categories</li><li>Combination adds 43 product configurations to Xerox's A4 offering and Xerox's full suite of A3 and High-end product to Lexmark's offerings</li><li>Combined engineering teams to drive continuous enhancements to Lexmark's A4 and A3 OEM platforms</li></ul>	<ul style="list-style-type: none"><li>Xerox's Print portfolio covers a wider range of mid and high-end products, expanding the size of Lexmark's market opportunities</li><li>Limited overlap between Xerox's 200,000+ and Lexmark's ~15,000 clients and partners</li><li>A4 Color MFP market is expected to grow from 2024-2028<sup>1</sup></li></ul>
2	<b>Print Market Expansion</b>	<ul style="list-style-type: none"><li>Xerox to begin selling A3 and High-end product in the Asia Pacific market, leveraging Lexmark's existing distribution footprint</li><li>Expansion of Lexmark's A3 OEM platform</li></ul>	<ul style="list-style-type: none"><li>Xerox has 0% share today of the \$22 billion<sup>1</sup> APAC Print market</li><li>Lexmark A3 platform addresses the \$12 billion<sup>1</sup> entry A3 market</li></ul>
3	<b>Services Expansion</b>	<ul style="list-style-type: none"><li>Standardize and evolve Managed Print Services offering through shared best practices</li><li>Cross-sell Xerox's portfolio of IT Solutions and Digital Services to Lexmark's existing Print client base</li></ul>	<ul style="list-style-type: none"><li>Combined, Xerox and Lexmark hold a 24% share of the \$14 billion global Managed Print Services<sup>2</sup> market</li><li>IT Solutions and Digital Services markets are &gt;10x the size of the Print market<sup>1</sup></li></ul>
4	<b>Improved Profitability</b>	<ul style="list-style-type: none"><li>Adopt Lexmark's A3 platform and A3 toner production</li><li>Transition Lexmark toner to Xerox's lower-cost technology</li><li>Integrate Lexmark technology into Xerox controllers</li><li>Utilize Lexmark's manufacturing facility in Mexico to reduce global tariff exposure</li></ul>	<ul style="list-style-type: none"><li>More than \$250 million of total synergies expected to be realized within two years of transaction close</li></ul>

<sup>1</sup> Xerox internal analysis leveraging third party sources; <sup>2</sup> IDC, Worldwide and U.S. Managed Print and Document Services and Basic Print Services Market Shares, 2024: Modernization Fuels New Opportunities (includes Fujifilm Business Innovation for AP region). IDC #US52811625

# Reinvention: Path to Revenue Stabilization and Improved Profits

Reinvention Through Integration: Key Near-term Workstreams
<b>Operational Simplification</b> <ul style="list-style-type: none"><li>Leverage Xerox's Reinvention program to integrate Lexmark, combining best-in-class capabilities while consolidating corporate functions and global support operations</li><li>Assess mix of global capability centers to optimize labor spend</li><li>Simplify and standardize enterprise platforms, consolidating tools, vendors &amp; infrastructure to reduce cost and complexity</li></ul>
<b>Commercial Optimization</b> <ul style="list-style-type: none"><li>Unify MPS platforms to reduce cost-to-serve and strengthen competitive positioning in print services</li><li>Improve Print margins by scaling Lexmark's A3 manufacturing and expand Production portfolio through new OEM relationships</li><li>Optimize regional and channel distribution, leveraging Lexmark's partner network and indirect channel expertise</li></ul>
<b>Growth</b> <ul style="list-style-type: none"><li>Expand Xerox-branded offerings into APAC via Lexmark's established channel footprint</li><li>Accelerate A4 Color portfolio growth in Print</li><li>Cross-sell Xerox products and offerings into the Lexmark customer base (while continuing the cross-sale of IT &amp; Digital into existing Xerox base)</li></ul>



# Lexmark Synergies and Implementation Timeline

Expected Gross Cost Synergies		Expected Phasing of Synergy Realization			
Gross Cost Synergies by Function		\$ in millions	Cumulative Run-Rate Gross Cost Synergies	In-Year Cost to Achieve	Key Milestones
		2025	\$100-\$125	\$50-\$75	<ul style="list-style-type: none"> <li>Initial elimination of duplicative overhead</li> <li>Rationalization of third party spend</li> </ul>
		2026	\$175-\$225	\$25-50	<ul style="list-style-type: none"> <li>Supply Chain and R&amp;D optimization</li> <li>Consolidate procurement operations</li> <li>Cost absorption through enhanced scale</li> </ul>
		2027	>\$250	<\$25	<ul style="list-style-type: none"> <li>Real Estate consolidation</li> <li>IT infrastructure simplification</li> <li>Optimized MPS delivery structure</li> </ul>

# Frequently Asked Questions

## Demand Update

### How has demand trended since the Q1 earnings report? What demand assumptions comprise your outlook for the full year?

Xerox observed a period of softer print equipment demand in April and May amidst peak DOGE and tariff-related uncertainty, particularly among SLED, small and mid-sized accounts and in developing markets. Demand returned to normalized levels in June, with equipment sales growing at the second fastest monthly pace since the beginning of 2024. While demand conditions are currently stable and expected to remain stable in the absence of further tariff and trade-related disruption, our guidance for the second half of the year accounts for a degree of conservatism to reflect the volatile and unpredictable nature of government policies. Demand for Xerox IT Solutions' products and services accelerated this quarter following a brief period of softness in March and April. Recent Gross Bookings trends and cross-sale momentum give us confidence IT Solutions' Gross Billings will grow at, or above, market rates in the second half of the year.

## Tariff Update

### How have recent tariff policy announcements affected your outlook for the remainder of 2025, and 2026?

Tariff policy remains fluid, as countries continue to negotiate comprehensive trade deals with the U.S. government. Based on rates currently proposed to take effect August 1, Xerox expects to incur roughly \$30 to 35 million of tariff expenses, net of mitigation efforts, in 2025, inclusive of Lexmark. This is larger than originally anticipated, due to a brief period of 145% tariffs applied to goods sourced from China, a higher-than-expected increase in transition costs associated with product moved from China to Mexico, and a more deliberate roll out of price increases as we await final tariff rates. Assuming rates remain unchanged, we expect to recover the net impact of 2025 tariff expenses in 2026.

## Revised Revenue and Adj<sup>1</sup> Operating Income Guidance

### What expectations for organic and inorganic results are included in 2025 guidance? How should investors model 2026?

Guidance for 2025 includes Lexmark results beginning July 1. We expect Lexmark to contribute around \$1 billion of revenue, net of intercompany eliminations, and \$100 to 110 million of adjusted<sup>1</sup> operating income, excluding \$10 to 15 million of one-time intercompany gross profit eliminations. FY 2025 guidance for legacy Xerox was adjusted to reflect a more conservative Print equipment demand outlook amid ongoing tariff and policy-driven uncertainty, \$30 to 35 million of tariff expenses, net of mitigation efforts and a delay in the realization of Reinvention-related gross cost savings as we evaluate the pace and scope of certain Reinvention initiatives relative to the Lexmark integration. For 2026, we expect the Legacy Xerox Print business to perform in line with the broader Print market, flat growth for Lexmark and above-market rates of growth for IT Solutions and Digital Services. The consolidation of another two quarters of Lexmark in 2026 is expected to contribute an additional ~50 basis points to gross margin. Further, we expect to realize more than \$250 million of cost reductions from synergies, Reinvention and other initiatives.

## Free Cash Flow Guidance

### What drove the reduction in free cash flow<sup>1</sup> guidance for 2025?

For 2025, we expect to generate around \$250 million of free cash flow<sup>1</sup>, which is roughly \$125 million below our previous guidance, at the midpoint. The reduction to free cash flow<sup>1</sup> guidance reflects around \$60-65 million of cash expenses for tariffs, net of mitigation and around \$50-75 million of cash costs associated with an accelerated implementation of Lexmark synergies, partially offset by expected improvements in working capital. We continue to aggressively manage working capital to improve the conversion of free cash flow<sup>1</sup> from adjusted<sup>1</sup> operating income.

# Financial Results Summary

(in millions, except per share data)

P&L Measures	Q2 2025	B/(W) YOY	% Change YOY	P&L Ratios	Q2 2025	B/(W) YOY
Print & Other IT Solutions	1,366 213	(128) 129				
Intersegment elimination <sup>1</sup>	<u>(3)</u>	<u>(3)</u>				
<b>Revenue</b>	<b>\$1,576</b>	<b>\$2)</b>	<b>(0.1)% AC / (1.1)% CC<sup>3</sup></b>	<b>Gross Margin – Adjusted<sup>3</sup></b>	<b>29.3%</b>	<b>(420) bps</b>
Print & Other IT Solutions	65 10	(42) 9		<b>RD&amp;E %</b>	<b>2.7%</b>	<b>50 bps</b>
Corporate Other <sup>2</sup>	<u>(16)</u>	<u>7</u>				
<b>Op. Income –Adj<sup>3</sup></b>	<b>59</b>	<b>(26)</b>	<b>(31)%</b>	<b>SAG %</b>	<b>23.4%</b>	<b>150 bps</b>
<b>Other Exp., net – Adj<sup>3</sup></b>	<b>41</b>	<b>(11)</b>	<b>(37)%</b>	<b>Operating Margin – Adjusted<sup>3</sup></b>	<b>3.7%</b>	<b>(170) bps</b>
<b>Net (Loss)<sup>4</sup></b>	<b>(106)</b>	<b>(124)</b>	<b>NM</b>	<b>Tax Rate – Adjusted<sup>3</sup></b>	<b>527.8%</b>	<b>NM</b>
<b>Net (Loss) – Adj<sup>3</sup></b>	<b>(77)</b>	<b>(118)</b>	<b>NM</b>			
<b>GAAP (Loss) per Share<sup>4</sup></b>	<b>(0.87)</b>	<b>(0.98)</b>	<b>NM</b>			
<b>(Loss) per Share – Adjusted<sup>3</sup></b>	<b>(0.64)</b>	<b>(0.93)</b>	<b>NM</b>			

<sup>1</sup> Reflects primarily IT hardware, software solutions and services sold by the IT Solutions segment to the Print and Other segment. <sup>2</sup> Corporate Other reflects certain administrative and general expenses which primarily relate to corporate functions and are not allocated to either of our reportable segments. <sup>3</sup> Adj Measures and Constant Currency (CC): see Non-GAAP Financial Measures. Q2 2025 adj. tax rate increase primarily reflects an inability to deduct certain losses and expenses, including interest. <sup>4</sup> Q2 2025 GAAP (Loss) per share includes \$22 million (\$17 million after-tax) of interest and financing-related charges, net, or \$0.13 per share related to recently completed borrowings in support of the Lexmark acquisition financing, repayment of existing borrowings, and general corporate purposes; and \$28 million of tax expense, or \$0.22 per share, related to interest expense that was not deductible according to tax guidelines in place as of 6/30/25. Q2 2024 GAAP earnings per share included \$23 million (\$17 million after-tax), or \$0.14 per share, related to insurance proceeds from a legal settlement.

# Print & Other Segment Results

(in millions)	Q2 2025	% Change YOY		
		B/(W) YOY	AC	CC <sup>1</sup>
Equipment	336	(20)	(5.6)%	(6.7)%
Post Sale	1,030	(108)	(9.5)%	(10.5)%
<b>Total Revenue</b>	<b>\$1,366</b>	<b>\$ (128)</b>	<b>(8.6)%</b>	<b>(9.7)%</b>

## Impacts to YoY change in Total Segment Revenue

Reductions in non-strategic revenue ~(2.5)%

Other Reinvention items ~(2.0)%

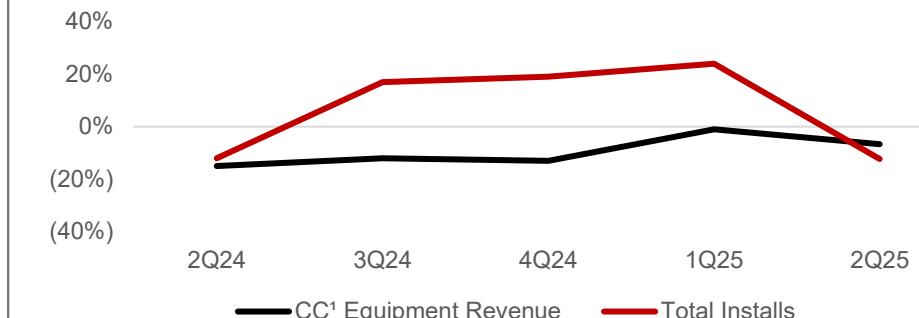
**Gross Profit – Adj<sup>1,2</sup>** 426 (89) (17.3)% (18.1)%

Margin 31.2% (330) bps

**Segment Profit** 65 (42) (39.3)% (40.0)%

Margin 4.8% (240) bps

## Total Installs vs. CC<sup>1</sup> Equipment Revenue YOY



## Q2 Installs & CC<sup>1</sup> Equipment Revenue B/(W) YOY

	Color	B&W	Total Installs	CC <sup>1</sup> Revenue
Entry	(4)%	(18)%	(14)%	(10)%
Mid-Range	0%	(23)%	(6)%	(1)%
High-End	(16)%	(73)%	(21)%	(26)%
<b>Total</b>	<b>(1)%</b>	<b>(18)%</b>	<b>(12)%</b>	<b>(7)%</b>

<sup>1</sup> Adjusted Measures and constant Currency (CC): see Non-GAAP Financial Measures. <sup>2</sup> Gross margin adjustments consist of inventory-related impacts associated with the exit of certain Production Print manufacturing operations of \$10 million in Q2 2025 and \$8 million in Q2 2024.

# IT Solutions Segment Results

(in millions)	Q2 2025	% Change YOY		
		B/(W) YOY	AC	CC <sup>1</sup>
Products	153	97	173.2%	173.2%
Services	57	29	103.6%	100.0%
Intersegment revenue <sup>2</sup>	3	3	NM	NM
<b>Total Revenue</b>	<b>\$213</b>	<b>\$129</b>	<b>153.6%</b>	<b>152.4%</b>
<i>Impacts to Y/Y change in Total Segment Revenue</i>				
Acquisition of ITsavvy				~154%
<b>Gross Profit</b>	<b>35</b>	<b>22</b>	<b>169.2%</b>	<b>169.2%</b>
Margin	16.4%	90 bps		
<b>Segment Profit</b>	<b>10</b>	<b>9</b>	<b>NM</b>	<b>NM</b>
Margin	4.8%	360 bps		

## IT Solutions: Key Performance Indicators / Trends

- **Pro forma Gross Billings grew 8% year-over-year:**
  - Double-digit pro forma growth in Infrastructure & Networking equipment and software
  - High-single digit pro forma growth in PC's
  - Mid-single digit pro forma growth in Advanced Solutions
- **Strong Orders and Print Cross-sale Activity**
  - Q2 2025 pro forma Gross Bookings increased 10% YOY
  - YTD >80 IT Solutions deals, with close to \$50 million of signings value, sourced from traditional Xerox Print clients

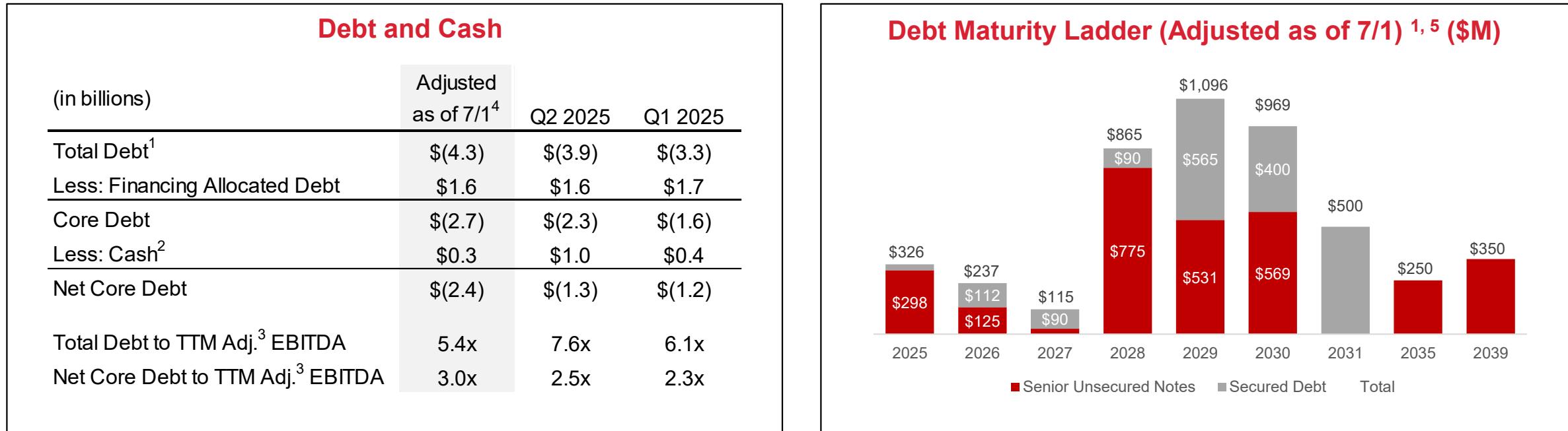
<sup>1</sup> Constant Currency (CC): see Non-GAAP Financial Measures. <sup>2</sup> Reflects revenue, primarily IT hardware, software solutions and services, sold by the IT Solutions segment to the Print and Other segment.

# Cash Flow

(in millions)	Q2 2025	Q2 2024
<b>Pre-tax (Loss) Income</b>	(\$60)	\$25
Non-Cash Add-Backs <sup>1</sup>	129	123
Restructuring Payments	(15)	(31)
Pension Contributions	(33)	(27)
Working Capital, net <sup>2</sup>	(119)	(133)
Change in Finance Assets <sup>3</sup>	62	161
Other <sup>4</sup>	25	5
<b>Net cash (used in) provided by Operations</b>	(11)	123
<b>Net cash used in Investing</b>	(18)	(2)
<b>Net cash provided by (used in) Financing</b>	618	(336)
Ending Cash, Cash Equivalents and Restricted Cash <sup>5</sup>	985	551
<b>Free Cash Flow<sup>6</sup></b>	(30)	115

<sup>1</sup> 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). <sup>2</sup> Working Capital, net includes accounts receivable, accounts payable and inventory. <sup>3</sup> Includes equipment on operating leases (excluding its related depreciation) and finance receivables. <sup>4</sup> 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. <sup>5</sup> Includes restricted cash of \$536 million in Q2 2025 and \$66 million in Q2 2024. <sup>6</sup> Free Cash Flow: see Non-GAAP Financial Measures.

# Capital Structure



- Total Debt Leverage falls from 7.6x at quarter-end to 5.4x as of July 1, adjusted for the Lexmark acquisition and 2025 note repayment.
- Adjusted Net Core Debt of \$2.4B, including cash<sup>1</sup> of \$0.3B, results in adjusted Net Core Debt Leverage Ratio of 3.0x TTM EBITDA.
- \$298 million of Unsecured Debt matures in August 2025. Following repayment, only ~\$380 million of scheduled debt maturities remain until August 2028.

<sup>1</sup> Total debt based on carrying value. <sup>2</sup> Cash, cash equivalents and restricted cash. <sup>3</sup> Adjusted Measures: see Non-GAAP Financial Measures. Combined EBITDA for Xerox and Lexmark.

<sup>4</sup> Represents Xerox cash and debt balances following the close of Lexmark acquisition on 7/1/25. Assumes the remaining \$298 million 2025 Unsecured Notes are paid. <sup>5</sup> Represents Xerox debt balances following the close of Lexmark acquisition on 7/1/25.

# Guidance (Pro Forma for Lexmark)

2025 Guidance		2026: Preliminary Expectations	
	Previous	Current	
<b>Revenue growth</b> <i>Lexmark contribution</i>	Low-single Digit in CC <sup>1</sup>	16-17% growth in CC <sup>1</sup> ~\$1 bn, net of interco	<b>Revenue</b> <ul style="list-style-type: none"><li>Legacy Xerox Print to perform in line with the broader Print market</li><li>Legacy Lexmark revenue flat y/y</li><li>IT Solutions growth to exceed that of market</li></ul>
<b>Adjusted<sup>1</sup> Operating Income Margin</b> <i>Lexmark contribution</i> <i>Net tariff expense</i>	At least 5%	~4.5% \$100-110m \$(30)-(35)m	<b>Adjusted<sup>1</sup> Operating Income</b> <ul style="list-style-type: none"><li>Consolidation of Lexmark to add an incremental ~50 basis points to gross margin y/y</li><li>At least \$250 million of cost reductions, inclusive of synergies and Reinvention savings</li></ul>
<b>Free Cash Flow<sup>1</sup></b> <i>Lexmark contribution</i> <i>Synergy costs to achieve</i> <i>Cash impact of tariffs</i>	\$350 to \$400m	~\$250m Mild accretion ~\$(50)-(75)m ~\$(60)-(65)m	<b>Other</b> <ul style="list-style-type: none"><li>~\$300 million of interest expense, net</li><li>~35% adjusted tax rate</li></ul>
<u>Guidance further assumes the following:</u>		<ul style="list-style-type: none"><li>~\$400 million of forward flow benefits</li><li>Improved conversion of free cash flow<sup>1</sup> from adjusted<sup>1</sup> operating income</li></ul>	

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

# Appendix



**xerox**<sup>TM</sup>

# Operating Trends

(in millions, except EPS)	2023	2024					2025	
	FY	Q1	Q2	Q3	Q4	FY	Q1	Q2
<b>Total Revenue</b>	\$6,886	\$1,502	\$1,578	\$1,528	\$1,613	\$6,221	\$1,457	\$1,576
<b>% Change</b>	(3.1)%	(12.4)%	(10.0)%	(7.5)%	(8.6)%	(9.7)%	(3.0)%	(0.1)%
<b>CC<sup>1</sup> % Change</b>	(3.3)%	(13.2)%	(9.6)%	(7.3)%	(8.0)%	(9.5)%	(1.1)%	(1.1)%
<b>Adj<sup>1</sup> Operating Margin</b>	5.6%	2.2%	5.4%	5.2%	6.4%	4.9%	1.5%	3.7%
<b>GAAP (Loss) EPS<sup>2,3</sup></b>	(\$0.09)	(\$0.94)	\$0.11	(\$9.71)	(\$0.20)	(\$10.75)	(\$0.75)	(\$0.87)
<b>Adj<sup>1</sup> EPS (Loss)<sup>3</sup></b>	\$1.82	\$0.06	\$0.29	\$0.25	\$0.36	\$0.97	(\$0.06)	(\$0.64)
<b>Operating Cash Flow</b>	\$686	(\$79)	\$123	\$116	\$351	\$511	(\$89)	(\$11)
<b>Free Cash Flow<sup>1</sup></b>	\$649	(\$89)	\$115	\$107	\$334	\$467	(\$109)	(\$30)

<sup>1</sup> Adjusted measures, Free Cash Flow, and Constant Currency (CC): see Non-GAAP Financial Measures. <sup>2</sup> 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.. FY 2024 GAAP Loss per share includes a Q1 after-tax Reinvention-related charge of \$100 million, or \$0.81 per share, primarily related to the exit of certain Production Print manufacturing operations and geographic simplification; Q2 \$23 million (\$17 million after-tax), or \$0.14 per share, of insurance proceeds from a legal settlement; 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 Reinvention 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. Q2 2025 GAAP (Loss) per share includes \$22 million (\$17 million after-tax) of financing-related charges, net, or \$0.13 per share related to recently completed borrowings in support of the Lexmark acquisition financing, repayment of existing borrowings, and general corporate purposes; and \$28 million of tax expense, or \$0.22 per share, related to interest expense that was not deductible according to tax guidelines in place as of 6/30/25. <sup>3</sup> 2023 includes a share repurchase of \$544 million from Carl Icahn and Affiliates



# 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
  - Lexmark acquisition financing – escrow interest, net

## 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		Q2-25		
	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	Net (Loss) Income	EPS	
<b>Reported <sup>(1)</sup></b>	\$ 1	\$ (0.09)	\$ (113)	\$ (0.94)	\$ 18	\$ 0.11	\$ (1,205)	\$ (9.71)	\$ (21)	\$ (0.20)	\$ (1,321)	\$ (10.75)	\$ (90)	\$ (0.75)	\$ (106)	\$ (0.87)	
Goodwill impairment	-	-	-	-	1,058	-	1,058	-	-	-	-	-	-	-	-	-	
PARC donation	132	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Inventory-related impact - exit of certain Production																	
Print manufacturing operations <sup>(2)</sup>	-	36	8	-	7	51	7	10									
Restructuring and related costs, net	167	39	12	56	5	112	(1)	10									
Amortization of intangible assets	43	10	10	10	43	73	10	10									
Divestitures	-	54	(3)	-	(4)	47	(4)	-									
Non-service retirement-related costs	19	23	26	25	6	80	18	19									
Transaction and related costs, net	-	-	(23)	(15)	7	(31)	3	6									
Tax indemnification - Conduent	(7)	-	-	-	-	-	-	-									
Loss (gain) on early extinguishment of debt	10	(3)	-	-	1	(2)	-	4									
Reinvention-related costs	-	-	-	-	12	12	6	3									
Commitment fee expense <sup>(3)</sup>	-	-	-	-	-	-	18	4									
Income tax on goodwill impairment <sup>(4)</sup>	-	-	-	(43)	-	(43)	-	-									
Income tax on PARC donation <sup>(4)</sup>	(40)	-	-	-	-	-	9	-									
Deferred tax asset valuation allowance	-	-	-	161	8	169	50	-									
Lexmark acquisition financing - escrow interest, net <sup>(5)</sup>	-	-	-	-	-	-	-	12									
Income tax on adjustments <sup>(4)</sup>	(38)	(35)	(7)	(13)	(15)	(70)	(30)	(49)									
<b>Adjusted</b>	<b>\$ 287</b>	<b>\$ 1.82</b>	<b>\$ 11</b>	<b>\$ 0.06</b>	<b>\$ 41</b>	<b>\$ 0.29</b>	<b>\$ 34</b>	<b>\$ 0.25</b>	<b>\$ 49</b>	<b>\$ 0.36</b>	<b>\$ 135</b>	<b>\$ 0.97</b>	<b>\$ (4)</b>	<b>\$ (0.06)</b>	<b>\$ (77)</b>	<b>\$ (0.64)</b>	
Dividends on preferred stock used in adjusted EPS calculation <sup>(6)</sup>	\$ 14	\$ 4	\$ 3	\$ 4	\$ 3	\$ 14	\$ 4	\$ 3									
<b>Weighted average shares for adjusted EPS <sup>(6)</sup></b>	<b>151</b>	<b>125</b>	<b>126</b>	<b>126</b>	<b>127</b>	<b>126</b>	<b>125</b>	<b>126</b>									

<sup>(1)</sup> Q2 2025 GAAP (Loss) per share includes \$22 million (\$17 million after-tax) of interest and financing-related charges, net, or \$0.13 per share related to recently completed borrowings in support of the Lexmark acquisition financing, repayment of existing borrowings, and general corporate purposes; and \$28 million of tax expense, or \$0.22 per share, related to interest expense that was not deductible according to tax guidelines in place as of 6/30/25. 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. Full-year 2024 Net (Loss) and Diluted (Loss) per Share, include the following: Q1 2024 \$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; Q2 2024 GAAP \$23 million (\$17 million after-tax), or \$0.14 per share, of insurance proceeds from a legal settlement; Q3 2024 pre-tax non-cash goodwill impairment charge of approximately \$1.1 billion (approximately \$1.0 billion after-tax), or \$8.17 per share; Q4 2024 \$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 2024 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.

<sup>(2)</sup> Reflects inventory-related charges and the cancellation of related purchase contracts as a result of the exit of certain production print manufacturing operations.

<sup>(3)</sup> 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.

<sup>(4)</sup> Refer to Adjusted Effective Tax Rate Reconciliation.

<sup>(5)</sup> Reflects net interest expense on net proceeds received from debt issuances which were placed in escrow to fund the Lexmark Acquisition.

<sup>(6)</sup> 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)	Q2-25			Q2-24				
	Pre-Tax (Loss) Income		Income Tax Expense	Effective Tax Rate	Pre-Tax Income		Income Tax Expense	Effective Tax Rate
	Reported <sup>(1)</sup>	\$ (60)	\$ 46	(76.7%)	\$ 25	\$ 7	28.0%	
Non-GAAP adjustments <sup>(2)</sup>		78	49		30	7		
<b>Adjusted <sup>(3)</sup></b>	<b>\$ 18</b>	<b>\$ 95</b>	<b>527.8%</b>		<b>\$ 55</b>	<b>\$ 14</b>	<b>25.5%</b>	

<sup>(1)</sup> Pre-Tax (Loss) Income and Income Tax Expense.

<sup>(2)</sup> Refer to Adjusted Net (loss) Income and EPS reconciliations for details.

<sup>(3)</sup> 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)	Q2-25		Q2-24	
<b>Revenue <sup>(1)</sup></b>	\$ 1,576		\$ 1,578	
Cost of revenue <sup>(1)</sup>	<u>1,125</u>		<u>1,058</u>	
<b>Gross Profit and Margin</b>	451	28.6%	520	33.0%
<b>Adjustment:</b>				
Inventory-related impact - exit of certain Production				
Print manufacturing operations	10		8	
<b>Adjusted Gross Profit and Margin</b>	<u>\$ 461</u>	29.3%	<u>\$ 528</u>	33.5%

<sup>(1)</sup> Total revenues and cost of revenue

# Adjusted Gross Profit and Margin Reconciliation – Print and Other

(in millions)	Q2-25	Q2-24
<b>Revenue <sup>(1)</sup></b>	\$ 1,366	\$ 1,494
Cost of revenue <sup>(1)</sup>	<u>950</u>	<u>987</u>
<b>Gross Profit and Margin</b>	416	507
<b>Adjustment:</b>		
Inventory-related impact - exit of certain		
Production Print manufacturing operations	<u>10</u>	<u>8</u>
<b>Adjusted Gross Profit and Margin</b>	<u>\$ 426</u>	31.2% <u>\$ 515</u> 34.5%

<sup>(1)</sup> Print and Other revenues and cost of revenue

# Adjusted Operating Expenses

(in millions)	Q2-25	Q2-24	B/(W) YOY
<b>Reported<sup>(1)</sup></b>	\$ 411	\$ 443	7.2%
Less: ITsavvy	14	-	
<b>Adjusted</b>	<b>\$ 397</b>	<b>\$ 443</b>	<b>10.5%</b>

<sup>(1)</sup> Reflects Selling, administrative and general expenses (SAG), and Research, development and engineering expenses. ITsavvy operating expenses are comprised of SAG only.

# Adjusted Operating Income and Margin Reconciliation

(in millions)	FY-23			Q1-24			Q2-24			Q3-24			Q4-24			FY-24			Q1-25			Q2-25		
	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	(Loss) Profit	Revenue	Margin
<b>Reported <sup>(1)</sup></b>	\$ 1	\$6,886		\$(113)	\$1,502		\$ 18	\$1,578		\$(1,205)	\$1,528		\$(21)	\$1,613		\$(1,321)	\$6,221		\$(90)	\$1,457		\$(106)	\$1,576	
Income tax (benefit) expense	(29)			(37)			7		118	17		105			23			46						
<b>Pre-tax (loss) income</b>	<b><u>\$ (28)</u></b>	<b><u>\$6,886</u></b>	<b>(0.4%)</b>	<b><u>\$(150)</u></b>	<b><u>\$1,502</u></b>	<b>(10.0%)</b>	<b><u>\$ 25</u></b>	<b><u>\$1,578</u></b>	<b>1.6%</b>	<b><u>\$(1,087)</u></b>	<b><u>\$1,528</u></b>	<b>(71.1%)</b>	<b><u>\$ (4)</u></b>	<b><u>\$1,613</u></b>	<b>(0.2%)</b>	<b><u>\$(1,216)</u></b>	<b><u>\$6,221</u></b>	<b>(19.5%)</b>	<b><u>\$ (67)</u></b>	<b><u>\$1,457</u></b>	<b>(4.6%)</b>	<b><u>\$ (60)</u></b>	<b><u>\$1,576</u></b>	<b>(3.8%)</b>
<b>Adjustments:</b>																								
Goodwill impairment	-			-			-		1,058	-		-		1,058	-	-	-							
Restructuring and related costs, net	167			39			12		56		5		112			(1)			10					
Amortization of intangible assets	43			10			10		10		43		73			10			10					
PARC donation	132			-			-		-		-		-		-	-			-					
Divestitures	-			54			(3)		-		(4)		47			(4)			-					
Reinvention costs	-			-			-		-		12		12			6			3					
Transaction and related costs, net	-			-			-		-		7		7			3			6					
Inventory impact related to the exit of certain Production Print manufacturing operations <sup>(2)</sup>	-			36			8		-		7		51			7			10					
Other expenses, net <sup>(3), (4)</sup>	75			44			33		43		38		158			68			80					
<b>Adjusted</b>	<b><u>\$ 389</u></b>	<b><u>\$6,886</u></b>	<b>5.6%</b>	<b><u>\$ 33</u></b>	<b><u>\$1,502</u></b>	<b>2.2%</b>	<b><u>\$ 85</u></b>	<b><u>\$1,578</u></b>	<b>5.4%</b>	<b><u>\$ 80</u></b>	<b><u>\$1,528</u></b>	<b>5.2%</b>	<b><u>\$ 104</u></b>	<b><u>\$1,613</u></b>	<b>6.4%</b>	<b><u>\$ 302</u></b>	<b><u>\$6,221</u></b>	<b>4.9%</b>	<b><u>\$ 22</u></b>	<b><u>\$1,457</u></b>	<b>1.5%</b>	<b><u>\$ 59</u></b>	<b><u>\$1,576</u></b>	<b>3.7%</b>

<sup>(1)</sup> Net Income (Loss)

<sup>(2)</sup> Reflects inventory-related charges and the cancellation of related purchase contracts as a result of the exit of certain production print manufacturing operations.

<sup>(3)</sup> Includes non-service retirement-related costs.

<sup>(4)</sup> Q2 2025 includes \$21 million of financing-related charges, net, related to recently completed borrowings in support of the Lexmark acquisition financing, repayment of existing borrowings, and general corporate purposes.

# Adjusted EBITDA and Margin Reconciliation

(in millions)	FY-23			Q1-24			Q2-24			Q3-24			Q4-24			FY-24			Q1-25			Q2-25			
	Profit	Revenue	Margin	(Loss) Profit	Revenue	Margin	Profit	Revenue	Margin	(Loss) Profit	Revenue	Margin	Profit	Revenue	Margin	(Loss) Profit	Revenue	Margin	(Loss) Profit	Revenue	Margin	(Loss) Profit	Revenue	Margin	
<b>Reported <sup>(1)</sup></b>	\$ 1	\$ 6,886		(\$113)	\$ 1,502		\$ 18	\$ 1,578		(\$1,205)	\$ 1,528		\$ (21)	\$ 1,613		(\$1,321)	\$ 6,221		\$ (90)	\$ 1,457		(\$106)	\$ 1,576		
<b>Adjustments:</b>																									
Other expenses, net <sup>(2)</sup>	75			44			33			43			38			158			68			80			
Income tax (benefit) expense	(29)			(37)			7			118			17			105			23			46			
Depreciation and amortization <sup>(3)</sup>	251			59			59			59			97			274			60			57			
Goodwill impairment	-			-			-			1,058			-			1,058			-			-			
<b>EBITDA <sup>(4)(6)</sup></b>	<b>\$ 298</b>	<b>\$ 6,886</b>	<b>4.3%</b>	<b>(\$47)</b>	<b>\$ 1,502</b>	<b>(3.1)%</b>	<b>\$ 117</b>	<b>\$ 1,578</b>	<b>7.4%</b>	<b>\$ 73</b>	<b>\$ 1,528</b>	<b>4.8%</b>	<b>\$ 131</b>	<b>\$ 1,613</b>	<b>8.1%</b>	<b>\$ 274</b>	<b>\$ 6,221</b>	<b>4.4%</b>	<b>\$ 61</b>	<b>\$ 1,457</b>	<b>4.2%</b>	<b>\$ 77</b>	<b>\$ 1,576</b>	<b>4.9%</b>	
<b>Adjustments:</b>																									
Stock-based compensation	54			12			17			9			14			52			12			14			
Restructuring and related costs, net <sup>(5)</sup>	167			39			12			56			5			112			(1)			10			
PARC donation	132			-			-			-			-			-			-			-			
Divestitures	-			54			(3)			-			(4)			47			(4)			-			
Reinvention costs	-			-			-			-			12			12			6			3			
Transaction and related costs, net	-			-			-			-			7			7			3			6			
Inventory impact related to the exit of certain Production Print manufacturing operations <sup>(6)</sup>	-			36			8			-			7			51			7			10			
<b>Adjusted EBITDA <sup>(7)</sup></b>	<b>\$ 651</b>	<b>\$ 6,886</b>	<b>9.5%</b>	<b>\$ 94</b>	<b>\$ 1,502</b>	<b>6.3%</b>	<b>\$ 151</b>	<b>\$ 1,578</b>	<b>9.6%</b>	<b>\$ 138</b>	<b>\$ 1,528</b>	<b>9.0%</b>	<b>\$ 172</b>	<b>\$ 1,613</b>	<b>10.7%</b>	<b>\$ 555</b>	<b>\$ 6,221</b>	<b>8.9%</b>	<b>\$ 84</b>	<b>\$ 1,457</b>	<b>5.8%</b>	<b>\$ 120</b>	<b>\$ 1,576</b>	<b>7.6%</b>	

<sup>(1)</sup> Net Income (Loss)

<sup>(2)</sup> Other expenses, net, primarily includes non-financing interest expense and certain other non-operating costs, expenses, gains and losses.

<sup>(3)</sup> Excludes amortization of customer contract costs

<sup>(4)</sup> EBITDA includes Financing Revenues and Cost of financing, for all periods presented as these amounts are associated with our XFS segment.

<sup>(5)</sup> 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.

<sup>(6)</sup> Reflects inventory-related charges and the cancellation of related purchase contracts as a result of the exit of certain production print manufacturing operations.

<sup>(7)</sup> 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	Q2-25
<b>Reported<sup>(1)</sup></b>	\$686	(\$79)	\$123	\$116	\$351	\$511	(\$89)	(\$11)
Less: capital expenditures	37	10	8	9	17	44	20	19
<b>Free Cash Flow</b>	<b>\$649</b>	<b>(\$89)</b>	<b>\$115</b>	<b>\$107</b>	<b>\$334</b>	<b>\$467</b>	<b>(\$109)</b>	<b>(\$30)</b>

<sup>(1)</sup> Net cash provided by (used in) operating activities.

# Other Expenses, net Reconciliation

(in millions)	Q2-25	Q2-24
<b>Reported <sup>(1)</sup></b>	\$ 80	\$ 33
Less: Non-service retirement-related costs	19	26
Less: Loss (Gain) on early extinguishment of debt	4	-
Less: Transaction related costs, net	-	(23)
Less: Commitment fee expense	4	-
Less: Escrow interest	12	-
<b>Adjusted</b>	<b>\$ 41</b>	<b>\$ 30</b>

<sup>(1)</sup> Other expenses, net

# Unaudited Lexmark Historical Financial Results

	Q1-24	Q2-24	Q3-24	Q4-24	FY-24	Q1-25	Q2-25 <sup>(3)</sup>
<b>Revenue <sup>(1)</sup></b>	541	546	567	593	2,247	511	517
COGS	391	370	386	404	1,550	357	364
<b>Gross Profit</b>	<b>150</b>	<b>177</b>	<b>181</b>	<b>189</b>	<b>697</b>	<b>154</b>	<b>154</b>
Operating Expenses	138	70	124	978	1,311	121	152
<b>Operating Income</b>	<b>12</b>	<b>106</b>	<b>57</b>	<b>(789)</b>	<b>(614)</b>	<b>34</b>	<b>1</b>
<b>Adjusted Operating Income <sup>(2)</sup></b>	<b>30</b>	<b>72</b>	<b>72</b>	<b>61</b>	<b>235</b>	<b>51</b>	<b>53</b>
Margin	5.5%	13.2%	12.7%	10.3%	10.5%	10.0%	10.3%
<b>Adjusted EBITDA <sup>(2)</sup></b>	<b>45</b>	<b>87</b>	<b>84</b>	<b>75</b>	<b>291</b>	<b>59</b>	<b>66</b>
Margin	8.3%	15.9%	14.8%	12.6%	13.0%	11.5%	12.8%
Earnings Before Income Taxes	(5)	84	35	(814)	(700)	13	(12)
Provision for Income Taxes	(15)	38	16	4	43	11	39
<b>Net Income</b>	<b>9</b>	<b>46</b>	<b>19</b>	<b>(817)</b>	<b>(743)</b>	<b>2</b>	<b>(51)</b>
<b>Reconciliations</b>							
<b>Lexmark Net Income (Loss)</b>	<b>9</b>	<b>46</b>	<b>19</b>	<b>(817)</b>	<b>(743)</b>	<b>2</b>	<b>(51)</b>
Depreciation and Amortization	26	26	23	24	99	18	23
Provision (Benefit) for Income Taxes	(15)	38	16	4	43	11	39
Interest Expense, Net	18	20	20	20	78	19	20
Goodwill Impairment	-	-	-	681	681	-	-
Tradename Impairment	-	-	-	160	160	-	-
Gain / (Loss) on Foreign Exchange	(1)	(1)	-	-	(2)	-	1
Other Non-Operating Income / (Expense)	-	3	1	6	10	2	(7)
<b>EBITDA</b>	<b>37</b>	<b>132</b>	<b>79</b>	<b>78</b>	<b>326</b>	<b>52</b>	<b>25</b>
Restructuring Expense	(1)	(3)	(1)	(1)	(6)	-	-
(Gain) / Loss on Foreign Exchange	-	(1)	4	(3)	-	4	9
(Gain) / Loss on Fixed Assets	2	(43)	1	1	(39)	-	-
One-Time Costs	7	2	1	-	10	3	32
<b>Adjusted EBITDA <sup>(2)</sup></b>	<b>45</b>	<b>87</b>	<b>84</b>	<b>75</b>	<b>291</b>	<b>59</b>	<b>66</b>
<b>Adjusted EBITDA <sup>(2)</sup></b>	<b>45</b>	<b>87</b>	<b>84</b>	<b>75</b>	<b>291</b>	<b>59</b>	<b>66</b>
Depreciation	(15)	(15)	(12)	(14)	(56)	(8)	(13)
<b>Adjusted Operating Income <sup>(2)</sup></b>	<b>30</b>	<b>72</b>	<b>72</b>	<b>61</b>	<b>235</b>	<b>51</b>	<b>53</b>

<sup>(1)</sup> Total revenue includes sales of equipment and supplies to Xerox of \$257 million in 2024 and \$81 million in H1 2025; <sup>(2)</sup> Adjusted EBITDA and Adjusted Operating Income included above are internal measures used by Management to assess performance; <sup>(3)</sup> Preliminary

# Pro Forma Revenue

(in millions)	FY-24				
	Xerox Historical	IT Savvy Reclassified Historical <sup>(1)</sup>	Lexmark Reclassified Historical	Intercompany Transactions	Pro Forma Combined Company
<b>Revenues</b>					
Sales	\$ 2,378	\$ 333	\$ 1,943	\$ (243)	\$ 4,411
Service, maintenance and rentals	3,692	76	304	(14)	4,058
Financing	151				151
<b>Total Revenues</b>	<b>6,221</b>	<b>409</b>	<b>2,247</b>	<b>(257)</b>	<b>8,620</b>

<sup>(1)</sup> Reflects revenue from January 1, 2024 through November 19, 2024

# Pro Forma Adjusted EBITDA

(in millions)	FY-24
<b>Pro Forma Net (Loss) Income - reported <sup>(1)</sup></b>	<b>\$ (1,707)</b>
<b>Adjustments:</b>	
Other expenses, net	\$ 87
Interest expense	306
Income tax expense	130
Depreciation and Amortization	446
Goodwill Impairment	1,058
Tradename Impairment	160
Currency	(2)
<b>Pro Forma EBITDA <sup>(1)</sup></b>	<b><u>\$ 478</u></b>
Stock-based compensation	52
Restructuring and related costs, net	106
Gain (loss) on fixed assets	(39)
Divestitures	47
Reinvention-related costs	12
Transaction and related costs, net	32
Debt extinguishment	22
Inventory-related impact - exit of certain production print manufacturing operations	51
Impact of fair value adjustment to inventory	103
Other	9
<b>Pro Forma EBITDA - adjusted <sup>(1)</sup></b>	<b><u>\$ 873</u></b>

<sup>(1)</sup> Inclusive of Lexmark and ITsawy

# Adjusted Operating Income and Margin – Guidance

FY 2025			
(in millions)	Profit	Revenue (CC) <sup>(2, 3)</sup>	Margin
<b>Estimated<sup>(1)</sup></b>	~\$(197)	~\$7,300	~(2.7)%
<b>Adjustments:</b>			
Restructuring and related costs, net	50		
Amortization of intangible assets	50		
Other expenses, net <sup>(4)</sup>	427		
<b>Adjusted<sup>(5)</sup></b>	<u>~\$330</u>	<u>~\$7,300</u>	~4.5%

<sup>(1)</sup> Pre-tax (loss) and revenue.

<sup>(2)</sup> Full-year revenue growth is estimated at 16-17% in constant currency. Revenue of \$7.3 billion reflects the high end of the guidance range.

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

<sup>(4)</sup> Other expenses, net includes approximately \$240 million of non-financing interest expense, net. The approximate \$120 million increase as compared to full-year 2024 reflects recently completed borrowings in support of the Lexmark acquisition financing, repayment of existing borrowings, and general corporate purposes. Also included in Other expenses, net is approximately \$40 million related to other Reinvention-related investments.

<sup>(4)</sup> Adjusted pre-tax income reflects the adjusted operating margin guidance of ~4.5%.

# Free Cash Flow – Guidance

(in millions)	FY 2025
<b>Operating Cash Flow<sup>(1)</sup></b>	~\$345
Less: capital expenditures	95
<b>Free Cash Flow</b>	<b>~\$250</b>

*(1)Net cash provided by operating activities.*

**xerox**<sup>TM</sup>