UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended: September 30, 2024

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

XEROX HOLDINGS CORPORATION
XEROX CORPORATION

(Exact Name of Registrant as specified in its charter)

New York	**001-39013**	**83-3933743**
New York	**001-04471**	**16-0468020**
(State or other jurisdiction of incorporation or organization)	(Commission File Number)	(IRS Employer Identification No.)

P.O. Box 4505 , 201 Merritt 7
Norwalk , Connecticut 06851-1056

(Address of principal executive offices and Zip Code)

(203) 849-5216

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Xerox Holdings Corporation		
Common Stock, $1 par value	**XRX**	**Nasdaq Global Select Market**
(Title of each class)	(Trading Symbol)	(Name of each exchange on which registered)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Xerox Holdings Corporation Yes ☒ No ☐ **Xerox Corporation** Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Xerox Holdings Corporation Yes ☒ No ☐ **Xerox Corporation** Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company” and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Xerox Holdings Corporation		**Xerox Corporation**	
Large accelerated filer	☒	Large accelerated filer	☐
Accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☐	Non-accelerated filer	☒
Smaller reporting company	☐	Smaller reporting company	☐
Emerging growth company	☐	Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Xerox Holdings Corporation o **Xerox Corporation** o

Indicate by a check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Xerox Holdings Corporation Yes ☐ No ☒ **Xerox Corporation** Yes ☐ No ☒

Class	Outstanding at October 31, 2024
Xerox Holdings Corporation Common Stock, $1 par value	124,374,092 shares

Cautionary Statement Regarding Forward-Looking Statements

This combined Quarterly Report on Form 10-Q (Form 10-Q), 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 that 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. Forward-looking statements are not guarantees of future performance and the Company’s actual results may differ significantly from the results discussed in the forward-looking statements. Factors that might cause such differences include, but are not limited to, those discussed in Part I, Item 1A of Xerox Holdings Corporation’s and Xerox Corporation’s combined Annual Report on Form 10-K for the year ended December 31, 2023 under the heading “Risk Factors.” The Company assumes no obligation to revise or update any forward-looking statements for any reason, except as required by law.

Throughout this Form 10-Q, references to “Xerox Holdings” refer to Xerox Holdings Corporation and its consolidated subsidiaries while references to “Xerox” refer to Xerox Corporation and its consolidated subsidiaries. References herein to “we,” “us,” “our,” or the “Company” refer collectively to both Xerox Holdings and Xerox unless the context suggests otherwise. References to “Xerox Holdings Corporation” refer to the stand-alone parent company and do not include its subsidiaries. References to “Xerox Corporation” refer to the stand-alone company and do not include subsidiaries.

Xerox Holdings Corporation's primary direct operating subsidiary is Xerox and therefore Xerox reflects nearly all of Xerox Holdings' operations.

XEROX HOLDINGS CORPORATION
XEROX CORPORATION
FORM 10-Q
September 30, 2024

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For additional information about Xerox Holdings Corporation and Xerox Corporation and access to our Annual Reports to Shareholders and SEC filings, free of charge, please visit our website at www.xerox.com/investor. The content of our website is not incorporated by reference into this combined Form 10-Q unless expressly noted.

PART I — FINANCIAL INFORMATION
ITEM 1 — FINANCIAL STATEMENTS

XEROX HOLDINGS CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF (LOSS) INCOME (UNAUDITED)

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in millions, except per-share data)	2024	2023	2024	2023
Revenues				
Sales	$ 588	$ 644	$ 1,722	$ 1,999
Services, maintenance and rentals	902	962	2,768	2,975
Financing	38	46	118	147
Total Revenues	1,528	1,652	4,608	5,121
Costs and Expenses				
Cost of sales	390	435	1,117	1,312
Cost of services, maintenance and rentals	617	651	1,951	1,987
Cost of financing	26	30	82	100
Research, development and engineering expenses	45	52	144	173
Selling, administrative and general expenses	370	416	1,160	1,256
Goodwill impairment	1,058	—	1,058	—
Restructuring and related costs, net	56	10	107	35
Amortization of intangible assets	10	12	30	33
Divestitures	—	—	51	—
PARC Donation	—	—	—	132
Other expenses, net	43	(18)	120	33
Total Costs and Expenses	2,615	1,588	5,820	5,061
(Loss) Income before Income Taxes	(1,087)	64	(1,212)	60
Income tax expense	118	15	88	1
Net (Loss) Income	(1,205)	49	(1,300)	59
Less: Preferred stock dividends, net	(4)	(4)	(11)	(11)
Net (Loss) Income Attributable to Common Shareholders	$ (1,209)	$ 45	$ (1,311)	$ 48
Basic (Loss) Earnings per Share	$ (9.71)	$ 0.29	$ (10.55)	$ 0.31
Diluted (Loss) Earnings per Share	$ (9.71)	$ 0.28	$ (10.55)	$ 0.30

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

XEROX HOLDINGS CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE (LOSS) INCOME (UNAUDITED)

(in millions)	Three Months Ended September 30, 2024	Three Months Ended September 30, 2023	Nine Months Ended September 30, 2024	Nine Months Ended September 30, 2023
Net (Loss) Income	$ (1,205)	$ 49	$ (1,300)	$ 59
Other Comprehensive Income (Loss), Net[1]				
Translation adjustments, net	192	(123)	140	19
Unrealized gains, net	5	1	4	—
Changes in defined benefit plans, net	(24)	55	18	14
Other Comprehensive Income (Loss), Net	173	(67)	162	33
Comprehensive (Loss) Income, Net	$ (1,032)	$ (18)	$ (1,138)	$ 92

(1) Refer to Note 19 - Other Comprehensive Income (Loss) for gross components of Other comprehensive income (loss), net, reclassification adjustments out of Accumulated other comprehensive loss and related tax effects.

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

XEROX HOLDINGS CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)

(in millions, except share data in thousands)	September 30, 2024	December 31, 2023
Assets		
Cash and cash equivalents	$ 521	$ 519
Accounts receivable (net of allowance of $ 71 and $ 64 , respectively)	821	850
Billed portion of finance receivables (net of allowance of $ 3 and $ 4 , respectively)	50	71
Finance receivables, net	664	842
Inventories	732	661
Other current assets	223	234
Total current assets	3,011	3,177
Finance receivables due after one year (net of allowance of $ 68 and $ 88 , respectively)	1,275	1,597
Equipment on operating leases, net	255	265
Land, buildings and equipment, net	225	266
Intangible assets, net	149	177
Goodwill, net	1,709	2,747
Deferred tax assets	635	745
Other long-term assets	1,063	1,034
Total Assets	$ 8,322	$ 10,008
Liabilities and Equity		
Short-term debt and current portion of long-term debt	$ 519	$ 567
Accounts payable	895	1,044
Accrued compensation and benefits costs	227	306
Accrued expenses and other current liabilities	752	862
Total current liabilities	2,393	2,779
Long-term debt	2,752	2,710
Pension and other benefit liabilities	1,126	1,216
Post-retirement medical benefits	166	171
Other long-term liabilities	354	360
Total Liabilities	6,791	7,236
Commitments and Contingencies (See Note 21)		
Noncontrolling Interests	10	10
Convertible Preferred Stock	214	214
Common stock	124	123
Additional paid-in capital	1,123	1,114
Retained earnings	3,570	4,977
Accumulated other comprehensive loss	(3,514)	(3,676)
Xerox Holdings shareholders’ equity	1,303	2,538
Noncontrolling interests	4	10
Total Equity	1,307	2,548
Total Liabilities and Equity	$ 8,322	$ 10,008
Shares of Common Stock Issued and Outstanding	124,363	123,144

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

XEROX HOLDINGS CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

(in millions)	Nine Months Ended September 30, 2024	Nine Months Ended September 30, 2023
Cash Flows from Operating Activities		
Net (Loss) Income	$ (1,300)	$ 59
Adjustments to reconcile Net (loss) income to Net cash provided by operating activities		
Depreciation and amortization	177	189
Provisions	92	37
Net gain on sales of businesses and assets	(3)	(37)
Divestitures	51	—
PARC Donation	—	132
Stock-based compensation	38	40
Goodwill impairment	1,058	—
Restructuring and asset impairment charges	80	25
Payments for restructurings	(58)	(23)
Non-service retirement-related costs	74	14
Contributions to retirement plans	(114)	(75)
Decrease (increase) in accounts receivable and billed portion of finance receivables	18	(47)
(Increase) decrease in inventories	(136)	50
Increase in equipment on operating leases	(78)	(109)
Decrease in finance receivables	496	490
Decrease (increase) in other current and long-term assets	16	(8)
Decrease in accounts payable	(143)	(290)
(Decrease) increase in accrued compensation	(78)	16
Decrease in other current and long-term liabilities	(83)	(159)
Net change in income tax assets and liabilities	44	(24)
Net change in derivative assets and liabilities	9	16
Other operating, net	—	1
Net cash provided by operating activities	160	297
Cash Flows from Investing Activities		
Cost of additions to land, buildings, equipment and software	(27)	(27)
Proceeds from sales of businesses and assets	27	40
Acquisitions, net of cash acquired	—	(7)
Other investing, net	(26)	(3)
Net cash (used in) provided by investing activities	(26)	3
Cash Flows from Financing Activities		
Net proceeds from short-term debt	—	220
Proceeds from issuance of long-term debt	906	646
Payments on long-term debt	(913)	(997)
Purchases of capped calls	(23)	—
Dividends	(107)	(131)
Payments to acquire treasury stock, including fees	(3)	(544)
Other financing, net	(9)	(13)
Net cash used in financing activities	(149)	(819)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(12)	(3)
Decrease in cash, cash equivalents and restricted cash	(27)	(522)
Cash, cash equivalents and restricted cash at beginning of period	617	1,139
Cash, Cash Equivalents and Restricted Cash at End of Period	$ 590	$ 617

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

XEROX CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF (LOSS) INCOME (UNAUDITED)

(in millions)	Three Months Ended September 30, 2024	Three Months Ended September 30, 2023	Nine Months Ended September 30, 2024	Nine Months Ended September 30, 2023
Revenues				
Sales	$ 588	$ 644	$ 1,722	$ 1,999
Services, maintenance and rentals	902	962	2,768	2,975
Financing	38	46	118	147
Total Revenues	1,528	1,652	4,608	5,121
Costs and Expenses				
Cost of sales	390	435	1,117	1,312
Cost of services, maintenance and rentals	617	651	1,951	1,987
Cost of financing	26	30	82	100
Research, development and engineering expenses	45	52	144	173
Selling, administrative and general expenses	369	416	1,158	1,256
Goodwill impairment	1,058	—	1,058	—
Restructuring and related costs, net	56	10	107	35
Amortization of intangible assets	10	12	30	33
Divestitures	—	—	51	—
PARC donation	—	—	—	132
Other expenses, net	43	(18)	120	33
Total Costs and Expenses	2,614	1,588	5,818	5,061
(Loss) Income before Income Taxes	(1,086)	64	(1,210)	60
Income tax expense	118	15	88	1
Net (Loss) Income	$ (1,204)	$ 49	$ (1,298)	$ 59

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

XEROX CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE (LOSS) INCOME (UNAUDITED)

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in millions)	2024	2023	2024	2023
Net (Loss) Income	$ (1,204)	$ 49	$ (1,298)	$ 59
Other Comprehensive Income (Loss), Net[(1)]				
Translation adjustments, net	192	(123)	140	19
Unrealized gains, net	5	1	4	—
Changes in defined benefit plans, net	(24)	55	18	14
Other Comprehensive Income (Loss), Net	173	(67)	162	33
Comprehensive (Loss) Income, Net	$ (1,031)	$ (18)	$ (1,136)	$ 92

(1) Refer to Note 19 - Other Comprehensive Income (Loss) for gross components of Other comprehensive income (loss), net, reclassification adjustments out of Accumulated other comprehensive loss and related tax effects.

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

XEROX CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)

(in millions)	September 30, 2024	December 31, 2023
Assets		
Cash and cash equivalents	$ 521	$ 519
Accounts receivable (net of allowance of $ 71 and $ 64 , respectively)	821	850
Billed portion of finance receivables (net of allowance of $ 3 and $ 4 , respectively)	50	71
Finance receivables, net	664	842
Inventories	732	661
Other current assets	223	234
Total current assets	3,011	3,177
Finance receivables due after one year (net of allowance of $ 68 and $ 88 , respectively)	1,275	1,597
Equipment on operating leases, net	255	265
Land, buildings and equipment, net	225	266
Intangible assets, net	149	177
Goodwill, net	1,709	2,747
Deferred tax assets	635	745
Other long-term assets	1,023	1,008
Total Assets	$ 8,282	$ 9,982
Liabilities and Equity		
Short-term debt and current portion of long-term debt	$ 131	$ 567
Short-term related party debt	388	—
Accounts payable	895	1,044
Accrued compensation and benefits costs	227	306
Accrued expenses and other current liabilities	709	820
Total current liabilities	2,350	2,737
Long-term debt	1,119	1,213
Long-term related party debt	1,633	1,497
Pension and other benefit liabilities	1,126	1,216
Post-retirement medical benefits	166	171
Other long-term liabilities	354	360
Total Liabilities	6,748	7,194
Commitments and Contingencies (See Note 21)		
Noncontrolling Interests	10	10
Additional paid-in capital	3,477	3,485
Retained earnings	1,557	2,959
Accumulated other comprehensive loss	(3,514)	(3,676)
Xerox shareholder's equity	1,520	2,768
Noncontrolling interests	4	10
Total Equity	1,524	2,778
Total Liabilities and Equity	$ 8,282	$ 9,982

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

XEROX CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

(in millions)	Nine Months Ended September 30, 2024	2023
Cash Flows from Operating Activities		
Net (Loss) Income	$ (1,298)	$ 59
Adjustments to reconcile Net (loss) income to Net cash provided by operating activities		
Depreciation and amortization	177	189
Provisions	92	37
Net gain on sales of businesses and assets	(3)	(37)
Divestitures	51	—
PARC Donation	—	132
Stock-based compensation	38	40
Goodwill impairment	1,058	—
Restructuring and asset impairment charges	80	25
Payments for restructurings	(58)	(23)
Non-service retirement-related costs	74	14
Contributions to retirement plans	(114)	(75)
Decrease (increase) in accounts receivable and billed portion of finance receivables	18	(47)
(Increase) decrease in inventories	(136)	50
Increase in equipment on operating leases	(78)	(109)
Decrease in finance receivables	496	490
Decrease (increase) in other current and long-term assets	14	(8)
Decrease in accounts payable	(143)	(290)
(Decrease) increase in accrued compensation	(78)	16
Decrease in other current and long-term liabilities	(83)	(159)
Net change in income tax assets and liabilities	44	(24)
Net change in derivative assets and liabilities	9	16
Other operating, net	—	1
Net cash provided by operating activities	160	297
Cash Flows from Investing Activities		
Cost of additions to land, buildings, equipment and software	(27)	(27)
Proceeds from sales of businesses and assets	27	40
Acquisitions, net of cash acquired	—	(7)
Other investing, net	(10)	—
Net cash (used in) provided by investing activities	(10)	6
Cash Flows from Financing Activities		
Net proceeds from short-term debt	—	220
Proceeds from issuance of long-term debt	906	646
Payments on long-term debt	(913)	(997)
Distributions to parent	(159)	(685)
Other financing, net	1	(6)
Net cash used in financing activities	(165)	(822)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(12)	(3)
Decrease in cash, cash equivalents and restricted cash	(27)	(522)
Cash, cash equivalents and restricted cash at beginning of period	617	1,139
Cash, Cash Equivalents and Restricted Cash at End of Period	$ 590	$ 617

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

Note 1 – Basis of Presentation

References to “Xerox Holdings” refer to Xerox Holdings Corporation and its consolidated subsidiaries, while references to “Xerox” refer to Xerox Corporation and its consolidated subsidiaries. References herein to “we,” “us,” “our,” and the “Company” refer collectively to both Xerox Holdings and Xerox unless the context suggests otherwise. References to "Xerox Holdings Corporation" refer to the stand-alone parent company and do not include its subsidiaries. References to "Xerox Corporation" refer to the stand-alone company and do not include its subsidiaries.

The accompanying unaudited Condensed Consolidated Financial Statements and footnotes represent the respective, consolidated results and financial results of Xerox Holdings and Xerox and all respective companies that each registrant directly or indirectly controls, either through majority ownership or otherwise. This is a combined report of Xerox Holdings and Xerox, which includes separate unaudited Condensed Consolidated Financial Statements for each registrant.

The accompanying unaudited Condensed Consolidated Financial Statements of both Xerox Holdings and Xerox have been prepared in accordance with the accounting policies described in the Combined 2023 Annual Report on Form 10-K (2023 Annual Report), except as noted herein, and the interim reporting requirements of Form 10-Q. Accordingly, certain information and note disclosures normally included in our annual financial statements prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) have been condensed or omitted. You should read these Condensed Consolidated Financial Statements in conjunction with the Consolidated Financial Statements included in the 2023 Annual Report.

In our opinion, all adjustments necessary for a fair statement of financial position, operating results and cash flows for the interim periods presented have been made. These adjustments consist of normal recurring items. Interim results of operations are not necessarily indicative of the results of the full year.

For convenience and ease of reference, we refer to the financial statement caption “(Loss) Income before Income Taxes” as “pre-tax (loss) income”.

Certain reclassifications have been made to the amounts for prior years in order to conform to the current year's presentation.

Notes to the Condensed Consolidated Financial Statements reflect the activity for both Xerox Holdings and Xerox for all periods presented, unless otherwise noted.

Goodwill

Quantitative Impairment Evaluation

We assess Goodwill for impairment at least annually during the fourth quarter and whenever events or changes in circumstances indicate that the carrying value may not be recoverable. During the third quarter 2024, we identified events and conditions that required a quantitative assessment of Goodwill, as operating results for the quarter, as well as updated forecasts for the full year, were below previous forecasts. In addition, during 2024, the Company experienced a decline in its stock price and market capitalization, which became significant and sustained during the third quarter.

After completing our quantitative impairment test, we concluded that the estimated fair value of the Print and Other reporting unit (the only reporting unit with Goodwill) had declined below its carrying value and we recognized an after-tax non-cash impairment charge of $ 1,015 ($ 1,058 pre-tax) related to our Goodwill in the third quarter 2024. The estimated fair value of the Print and Other reporting unit is based on estimates and assumptions that are considered Level 3 inputs under the fair value hierarchy.

If the Company's future performance varies from current expectations, assumptions, or estimates, including those assumptions relating to interest rates, inflationary pressure on product and labor costs, execution of Reinvention, and geopolitical uncertainty, this may impact the impairment analysis and could reduce the underlying cash flows used to estimate fair values and result in a decline in fair value that may trigger future impairment charges. We will continue to monitor developments throughout the remainder of 2024 including updates to our forecasts as well as our market capitalization, and an update of our assessment and related estimates may be required in the future.

Valuation Allowance

We record the estimated future tax effects of temporary differences between the tax basis of assets and liabilities and the amounts reported, as well as net operating loss and tax credit carryforwards. Deferred tax assets are assessed for realizability and, in each of the tax jurisdictions in which we operate, a valuation allowance is recorded to reduce the total deferred tax asset to an amount that will, more-likely-than-not, be realized in the future. We apply judgment in assessing the realizability of these deferred tax assets and the need for any valuation allowances. In determining the amount of deferred tax assets that are more-likely-than-not to be realized, we considered objective evidence including historical profitability, projected future taxable income, the expected timing of the reversals of existing temporary differences and tax planning strategies.

Due to the lower-than-expected actual results for the third quarter 2024 combined with the lower-than-expected forecast for full year results, a valuation allowance of approximately $ 161 was recorded, primarily related to certain deferred tax assets in a non-U.S. tax jurisdiction, as we concluded that it is more-likely-than-not that those deferred tax assets will not be realized in the ordinary course of operations. This assessment was based on the available positive and negative evidence at September 30, 2024, including scheduling of deferred tax liabilities and projected income from operating activities. As of September 30, 2024, our total deferred tax asset balance was $ 635 , which is net of total valuation allowances of $ 491 . The amount of the net deferred tax assets considered realizable, however, could change in the near term if additional objective information becomes available in the future including if income or income tax rates are higher or lower than currently estimated, or if there are differences in the timing or amount of future reversals of existing taxable or deductible temporary differences.

Note 2 – Recent Accounting Pronouncements

Xerox Holdings and Xerox consider the applicability and impact of all Accounting Standards Updates (ASUs) issued by the Financial Accounting Standards Board (FASB). The ASUs listed below apply to both registrants. ASUs not listed below were assessed and determined to be not applicable to the Condensed Consolidated Financial Statements of either registrant.

Accounting Standard Updates to be Adopted:

Reference Rate Reform

In March 2020, the FASB issued **ASU 2020-04**, *Reference Rate Reform (Topic 848), Facilitation of the Effects of Reference Rate Reform on Financial Reporting,* which provides optional expedients and exceptions for applying U.S. GAAP to contracts, hedging relationships, and other transactions affected by the discontinuation of the London Interbank Offered Rate (LIBOR) or by another reference rate expected to be discontinued. In January 2021, the FASB issued **ASU 2021-01**, *Reference Rate Reform (Topic 848), Scope,* which provided clarification to ASU 2020-04. These ASUs were effective commencing with our quarter ended March 31, 2020 through December 31, 2022. In December 2022, the FASB issued **ASU 2022-06**, *Reference Rate Reform (Topic 848), Deferral of the Sunset Date of Topic 848,* which defers the sunset date of Topic 848 from December 31, 2022, to December 31, 2024, after which entities will no longer be permitted to apply the relief in Topic 848.

There has been no material impact to date as a result of adopting these ASUs on reference rate reform. However, we continue to evaluate potential future impacts that may result from the discontinuation of LIBOR or other reference rates as well as the accounting provided in this update on our financial condition, results of operations, and cash flows.

Segment Disclosures

In November 2023, the FASB issued **ASU 2023-07**, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures* , which is intended to improve reportable segment disclosure requirements, primarily through enhanced disclosures about significant expenses. The update will require public entities to disclose significant segment expenses that are regularly provided to the chief operating decision maker (CODM) and included within segment profit and loss. The amendments are effective for the Company's annual periods beginning January 1, 2024, and interim periods beginning January 1, 2025, with early adoption permitted, and will be applied retrospectively to all prior periods presented in the financial statements. Since this ASU only requires additional disclosures, adoption of this ASU will not have an impact on the company’s financial condition, results of operations or cash flows.

Income Tax Disclosures

In December 2023, the FASB issued **ASU 2023-09**, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures* , which includes amendments that further enhance income tax disclosures, primarily through standardization and disaggregation of rate reconciliation categories and income taxes paid by jurisdiction. The amendments are effective for the Company’s annual periods beginning January 1, 2025, with early adoption permitted, and should be applied either prospectively or retrospectively. We are currently evaluating the impact of the adoption of this standard to determine its impact on the Company's disclosures.

Accounting Standard Updates Recently Adopted:

Liabilities

In September 2022, the FASB issued **ASU 2022-04,** *Liabilities - Supplier Finance Programs (Subtopic 405-50): Disclosure of Supplier Finance Program Obligations* that requires entities that use supplier finance programs in connection with the purchase of goods and services to disclose the key terms of the programs and information about obligations outstanding at the end of the reporting period, including a rollforward of those obligations. The guidance does not affect the recognition, measurement or financial statement presentation of supplier finance program obligations. The new standard’s requirements to disclose the key terms of the programs and information about obligations outstanding were effective for our fiscal year beginning on January 1, 2023, and the requirement to disclose a rollforward of obligations outstanding is effective for our annual reporting for the fiscal year beginning on January 1, 2024. Refer to Note 12 - Supplementary Financial Information for the required disclosures.

Other Updates

In 2024, the FASB also issued the following ASUs, which could impact the Company in the future but currently did not have, nor are expected to have, a material impact on our financial condition, results of operations or cash flows upon adoption.

- ***Compensation - Stock Compensation:*** **ASU 2024-01**, *Compensation - Stock Compensation (Topic 718) - Scope Applications of Profits Interest and Similar Awards.* This update is effective for the annual period beginning after December 15, 2024, as well as interim periods within that period, with early adoption permitted.
- ***Codification Improvements:*** **ASU 2024-02** , *Codification Improvements - Amendments to Remove References to the Concepts Statements.* This update is effective for our fiscal year beginning after December 15, 2024.

Note 3 – Revenue

Revenues disaggregated by primary geographic markets, major product lines, and sales channels are as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Primary geographical markets[(1)]:				
United States	$ 861	$ 933	$ 2,544	$ 2,862
Europe	440	457	1,352	1,428
Canada	117	130	364	410
Other	110	132	348	421
Total Revenues	$ 1,528	$ 1,652	$ 4,608	$ 5,121
Major product and services lines:				
Equipment	$ 339	$ 386	$ 985	$ 1,197
Supplies, paper and other sales[(2)]	249	258	737	802
Maintenance agreements[(3)]	370	395	1,145	1,223
Service arrangements[(4)]	454	482	1,394	1,476
Rental and other	78	85	229	276
Financing	38	46	118	147
Total Revenues	$ 1,528	$ 1,652	$ 4,608	$ 5,121
Sales channels:				
Direct equipment lease[(5)]	$ 195	$ 216	$ 520	$ 691
Distributors & resellers[(6)]	240	240	699	761
Customer direct	153	188	503	547
Total Sales	$ 588	$ 644	$ 1,722	$ 1,999

(1) Geographic area data is based upon the location of the subsidiary reporting the revenue.

(2) Other sales include revenues associated with IT hardware.

(3) Includes revenues from maintenance agreements on sold equipment as well as IT services and revenues associated with service agreements sold through our channel partners.

(4) Primarily includes revenues from our Print and digital services outsourcing arrangements, including revenues from embedded operating leases in those arrangements, which were not significant.

(5) Primarily reflects sales through bundled lease arrangements.

(6) Primarily reflects sales through our two-tier distribution channels.

Contract Assets and Liabilities: We normally do not have contract assets, which are primarily unbilled accounts receivable that are conditional on something other than the passage of time. Our contract liabilities, which represent billings in excess of revenue recognized, are primarily related to advance billings for maintenance and other services to be performed and were approximately $ 119 and $ 132 at September 30, 2024 and December 31, 2023, respectively. The majority of the balance at September 30, 2024 will be amortized to revenue over the next 30 months.

Contract Costs:

We incur the following contract costs as part of our revenue arrangements:

- Incremental direct costs of obtaining a contract, which are primarily sales commissions paid to salespeople and agents in connection with the placement of equipment with associated post sale services arrangements. These costs are deferred and amortized to Selling Expenses on a straight-line basis over the estimated contract term, which is currently estimated to be approximately four years . We pay commensurate sales commissions upon customer renewals; therefore, our amortization period is aligned to our initial contract term.
- Contract fulfillment costs, which are costs incurred for resources and assets that will be used to satisfy our future performance obligations included in our service arrangements. These costs are amortized over the contractual service period of the arrangement to cost of services.
- Contract inducements, which are capitalized and amortized as a reduction of revenue over the term of the contract.

Changes in contract costs, net are as follows:

	2024	2023
Balance at January 1st,	$ 136	$ 135
Customer contract costs deferred	15	16
Amortization of customer contract costs	(16)	(16)
Other[1]	(1)	(1)
Balance at March 31st,	$ 134	$ 134
Customer contract costs deferred	13	18
Amortization of customer contract costs	(16)	(18)
Balance at June 30th,	$ 131	$ 134
Customer contract costs deferred	17	16
Amortization of customer contract costs	(16)	(17)
Other[1]	1	—
Balance at September 30th,	$ 133	$ 133

(1) Includes currency.

Equipment and software used in the fulfillment of service arrangements, and where the Company retains control, are capitalized and depreciated over the shorter of their useful life or the term of the contract if an asset is contract specific.

Note 4 – Segment Reporting

Our reportable segments - **Print and Other**, and **Xerox Financial Services (XFS)** – are aligned to how the Chief Operating Decision Maker (CODM), our Chief Executive Officer (CEO), allocates resources and assesses performance against the Company's key growth strategies and are consistent with how we manage the business and view the markets we serve.

Our **Print and Other** segment includes the sale of document systems, supplies and technical services and managed services. The segment also includes the delivery of managed services that involve a continuum of solutions and services that help our customers optimize their print and communications infrastructure, apply automation and simplification to maximize productivity, and ensure the highest levels of security. This segment also includes Digital and IT services and software. The product groupings range from:

- **"Entry"**, which include A4 devices and desktop printers and multifunction devices that primarily serve small and medium workgroups/work teams.
- **"Mid-Range"**, which include A3 devices that generally serve large workgroup/work team environments as well as products in the Light Production product groups serving centralized print centers, print for pay and low volume production print establishments.
- **"High-End"**, which include production printing and publishing systems that generally serve the graphic communications marketplace and print centers in large enterprises.

Customers range from small and mid-sized businesses to large enterprises. Customers also include graphic communication enterprises as well as channel partners including distributors and resellers. Segment revenues also include commissions and other payments from our XFS segment for the exclusive right to provide lease financing for Xerox products. These revenues are reported as part of Intersegment Revenues, which are eliminated in consolidated revenues.

The **XFS** segment provides global leasing solutions and currently offers leasing for direct channel customer purchases of Xerox solutions through bundled lease agreements and lease financing to end-user customers who purchase Xerox solutions through our indirect channels. Segment revenues primarily include financing income on sales-type leases (including month-to-month extensions) and leasing fees. Segment revenues also include gains/losses from the sale of finance receivables including commissions, fees on the sales of underlying equipment residuals and servicing fees.

Selected financial information for our reportable segments was as follows:

	Three Months Ended September 30,					
	2024			2023		
	Print and Other	XFS	Total	Print and Other	XFS	Total
External revenue	$ 1,440	$ 88	$ 1,528	$ 1,554	$ 98	$ 1,652
Intersegment revenue[1]	17	—	17	21	—	21
Total Segment revenue	$ 1,457	$ 88	$ 1,545	$ 1,575	$ 98	$ 1,673
Segment profit	$ 67	$ 13	$ 80	$ 64	$ 4	$ 68
Segment margin[2]	4.7 %	14.8 %	5.2 %	4.1 %	4.1 %	4.1 %
Depreciation and amortization	$ 49	$ —	$ 49	$ 51	$ —	$ 51
Interest income	—	38	38	—	46	46
Interest expense	—	26	26	—	30	30

	Nine Months Ended September 30,					
	2024			2023		
	Print and Other	XFS	Total	Print and Other	XFS	Total
External revenue	$ 4,340	$ 268	$ 4,608	$ 4,820	$ 301	$ 5,121
Intersegment revenue[(1)]	55	—	55	65	—	65
Total Segment revenue	$ 4,395	$ 268	$ 4,663	$ 4,885	$ 301	$ 5,186
Segment profit	$ 181	$ 17	$ 198	$ 271	$ 22	$ 293
Segment margin[(2)]	4.2 %	6.3 %	4.3 %	5.6 %	7.3 %	5.7 %
Depreciation and amortization	$ 147	$ —	$ 147	$ 156	$ —	$ 156
Interest income	—	118	118	—	147	147
Interest expense	—	82	82	—	100	100

(1) Intersegment revenue is primarily commissions and other payments made by the XFS Segment to the Print and Other Segment for the lease of Xerox equipment placements.

(2) Segment margin based on External revenue only.

Selected financial information for our reportable segments was as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Pre-tax Income (Loss)				
Total reported segments	$ 80	$ 68	$ 198	$ 293
Goodwill impairment[(1)]	(1,058)	—	(1,058)	—
Restructuring and related costs, net	(56)	(10)	(107)	(35)
Amortization of intangible assets	(10)	(12)	(30)	(33)
Divestiture	—	—	(51)	—
PARC donation	—	—	—	(132)
Inventory-related impact - exit of certain production print manufacturing operations[(2)]	—	—	(44)	—
Other expenses, net	(43)	18	(120)	(33)
Total Pre-tax income (loss)	$ (1,087)	$ 64	$ (1,212)	$ 60
Depreciation and Amortization				
Total reported segments	$ 49	$ 51	$ 147	$ 156
Amortization of intangible assets	10	12	30	33
Total Depreciation and amortization	$ 59	$ 63	$ 177	$ 189
Interest Expense				
Total reported segments	$ 26	$ 30	$ 82	$ 100
Corporate	31	14	88	40
Total Interest expense	$ 57	$ 44	$ 170	$ 140
Interest Income				
Total reported segments	$ 38	$ 46	$ 118	$ 147
Corporate	3	3	10	12
Total Interest income	$ 41	$ 49	$ 128	$ 159

(1) During the third quarter 2024 we recognized an after-tax non-cash impairment charge of $ 1,015 ($ 1,058 pre-tax) related to our Print and Other reporting unit. Refer to Note 1 - Basis of Presentation for additional information.

(2) Reflects the reduction of inventory of approximately $ 0 and $ 38 and the cancellation of related purchase contracts of approximately $ 0 and $ 6 , as a result of the exit of certain production print manufacturing operations during the three and nine months ended September 30, 2024, respectively.

Note 5 – Lessor

Revenue from sales-type leases is presented on a gross basis when the Company enters into a lease to realize value from a product that it would otherwise sell in its ordinary course of business, whereas in transactions where the Company enters into a lease for the purpose of generating revenue by providing financing, the profit or loss, if any, is presented on a net basis. In addition, we have elected to account for sales tax and other similar taxes collected from a lessee as lessee costs and therefore we exclude these costs from contract consideration and variable consideration and present revenue net of these costs.

The components of lease income are as follows:

		Three Months Ended September 30,		Nine Months Ended September 30,	
	Location in Statements of Income (Loss)	2024	2023	2024	2023
Revenue from sales type leases	Sales	$ 195	$ 216	$ 520	$ 691
Interest income on lease receivables	Financing	38	46	118	147
Lease income - operating leases	Services, maintenance and rentals	41	40	126	120
Variable lease income	Services, maintenance and rentals	9	9	32	42
Total Lease income		$ 283	$ 311	$ 796	$ 1,000

Profit at lease commencement on sales-type leases was estimated to be $ 56 and $ 79 for the three months ended September 30, 2024 and 2023, respectively, and $ 163 and $ 247 for the nine months ended September 30, 2024 and 2023, respectively.

Note 6 – Divestitures

Sales of Argentina and Chile

In March 2024, Xerox completed the sales of its direct business operations in Argentina and Chile to Grupo Datco, a technologies and fiber optic network service provider in Latin America for a total consideration of $ 19 . Following the transfer of ownership, the new companies will operate as independent entities and Grupo Datco will continue to service Xerox devices previously sold in Argentina and Chile and will become the exclusive partner for Xerox in these markets. This transaction aligns with the Company's ongoing Reinvention.

The sales resulted in a net disposal loss of $ 51 , which includes, a net currency translation loss of $ 40 , allocated Goodwill of $ 10 , the carrying value of the net assets of $ 18 , and related fees of $ 2 . During the second quarter of 2024 we recorded a purchase price adjustment credit of $ 3 . The allocation of Goodwill was based on the relative fair value of the operations in Argentina and Chile to the total fair value for the Print and Other Segment Reporting Unit, which it was part of prior to the sales. The estimated fair values of the operations in Argentina and Chile as well as the Print and Other reporting unit are based on estimates and assumptions that are considered Level 3 inputs under the fair value hierarchy. Xerox also recorded a net income tax benefit of $ 19 related to the sales, for a net after-tax loss on the sales of $ 32 . The sales of the Argentina and Chile subsidiaries are not expected to materially impact current estimates of future projections with respect to results of operations or cash flows of the Company.

Note 7 – Accounts Receivable, Net

Accounts receivable, net were as follows:

	September 30, 2024	December 31, 2023
Invoiced	$ 701	$ 710
Accrued[1]	191	204
Allowance for doubtful accounts	(71)	(64)
Accounts receivable, net	$ 821	$ 850

(1) Accrued receivables include amounts to be invoiced in the subsequent quarter for current services provided.

The allowance for doubtful accounts was as follows:

	2024	2023
Balance at January 1st	$ 64	$ 52
Provision	6	3
Charge-offs	(3)	(5)
Recoveries and other[1]	(2)	3
Balance at March 31st	$ 65	$ 53
Provision	5	6
Charge-offs	(3)	(3)
Recoveries and other[1]	(1)	2
Balance at June 30th	$ 66	$ 58
Provision	8	5
Charge-offs	(5)	(4)
Recoveries and other[1]	2	2
Balance at September 30th	$ 71	$ 61

(1) Includes the impacts of foreign currency translation and adjustments to reserves necessary to reflect events of non-payment such as customer accommodations and contract terminations.

We perform ongoing credit evaluations of our customers and adjust credit limits based upon customer payment history and current creditworthiness. The allowance for doubtful accounts receivable is determined based on an assessment of past collection experience as well as consideration of current and future economic conditions and changes in our customer collection trends. Based on that assessment the allowance for doubtful accounts as a percent of gross accounts receivable was 8.0 % at September 30, 2024 and 7.0 % at December 31, 2023.

Accounts Receivable Sales Arrangements

We have one facility in Europe that enables us to sell accounts receivable associated with our distributor network on an ongoing basis, without recourse. Under this arrangement, we sell our entire interest in the related accounts receivable for cash and no portion of the payment is held back or deferred by the purchaser.

Accounts receivable sales activity was as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Accounts receivable sales[1]	$ 117	$ 103	$ 314	$ 277

(1) Losses on sales were not material.

Note 8 – Finance Receivables, Net

Finance receivables include sales-type leases and installment loans arising from the marketing of our equipment. These receivables are typically collateralized by a security interest in the underlying assets.

Finance receivables, net were as follows:

	September 30, 2024	December 31, 2023
Gross receivables	$ 2,289	$ 2,899
Unearned income	(229)	(297)
Subtotal	2,060	2,602
Residual values	—	—
Allowance for doubtful accounts	(71)	(92)
Finance receivables, net	1,989	2,510
Less: Billed portion of finance receivables, net	50	71
Less: Current portion of finance receivables not billed, net	664	842
Finance receivables due after one year, net	$ 1,275	$ 1,597

Finance Receivables – Allowance for Credit Losses and Credit Quality

Our finance receivable portfolios are primarily in the U.S., Canada and EMEA. We generally establish customer credit limits and estimate the allowance for doubtful credit losses on a country or geographic basis. Customer credit limits are based upon an initial evaluation of the customer's credit quality, and we adjust that limit accordingly based upon ongoing credit assessments of the customer, including payment history and changes in credit quality. The allowance for doubtful credit losses is determined based on an assessment of origination year and past collection experience as well as consideration of current and future economic conditions and changes in our customer collection trends.

Based on that assessment, the allowance for doubtful credit losses as a percentage of gross finance receivables (net of unearned income) was 3.4 % at September 30, 2024 and 3.5 % at December 31, 2023.

Our allowance for doubtful credit losses is effectively determined by geography. The risk characteristics in our finance receivable portfolio segments are generally consistent with the risk factors associated with the economies of the countries/regions included in those geographies. Since EMEA is comprised of various countries and regional economies, the risk profile within that portfolio segment is somewhat more diversified due to the varying economic conditions among and within the countries.

In determining the level of reserve required we critically assessed current and forecasted economic conditions and trends to ensure we objectively considered those expected impacts in the determination of our reserve. Our assessment also included a review of current portfolio credit metrics and the level of write-offs incurred over the past year. We believe our current reserve position remains sufficient to cover expected future losses that may result from current and future macro-economic conditions including higher inflation, interest rates, and the potential for recessions in the geographic areas of our customers. We continue to monitor developments in future economic conditions and trends, and as a result, our reserves may need to be updated in future periods.

The allowance for doubtful credit losses as well as the related investment in finance receivables were as follows:

	United States	Canada	EMEA	Total
Balance at December 31, 2023	$ 58	$ 7	$ 27	$ 92
Provision	(3)	5	6	8
Charge-offs	(7)	(1)	(4)	(12)
Recoveries and other(1)	1	—	(1)	—
Balance at March 31, 2024	$ 49	$ 11	$ 28	$ 88
Provision	—	1	4	5
Charge-offs	(6)	(5)	(3)	(14)
Recoveries and other(2)	—	—	—	—
Balance at June 30, 2024	$ 43	$ 7	$ 29	$ 79
Provision	(5)	5	1	1
Charge-offs	(6)	(1)	(4)	(11)
Recoveries and other(2)	—	1	1	2
Balance at September 30, 2024	$ 32	$ 12	$ 27	$ 71
Balance at December 31, 2022	$ 83	$ 7	$ 27	$ 117
Provision	(15)	—	3	(12)
Charge-offs	(5)	—	(2)	(7)
Recoveries and other(1)	2	—	1	3
Balance at March 31, 2023	$ 65	$ 7	$ 29	$ 101
Provision	5	1	3	9
Charge-offs	(4)	(1)	(4)	(9)
Recoveries and other(2)	—	1	1	2
Balance at June 30, 2023	$ 66	$ 8	$ 29	$ 103
Provision	2	—	4	6
Charge-offs	(6)	(1)	(1)	(8)
Recoveries and other(2)	—	—	(2)	(2)
Balance at September 30, 2023	$ 62	$ 7	$ 30	$ 99
Finance receivables collectively evaluated for impairment				
September 30, 2024(2)	$ 815	$ 238	$ 1,007	$ 2,060
September 30, 2023(2)	$ 1,343	$ 244	$ 1,103	$ 2,690

(1) Includes the impacts of foreign currency translation and adjustments to reserves necessary to reflect events of non-payment such as customer accommodations and contract terminations.

(2) Total Finance receivables exclude the allowance for credit losses of $ 71 and $ 99 at September 30, 2024 and 2023, respectively.

In the U.S., customers are further evaluated by class based on the type of lease origination. The primary categories are direct, which primarily includes leases originated directly with end-user customers through bundled lease arrangements, and indirect, which primarily includes leases originated through our XBS sales channel.

We evaluate our customers based on the following credit quality indicators:

- **Low Credit Risk:** This rating includes accounts with excellent to good business credit, asset quality and capacity to meet financial obligations. These customers are less susceptible to adverse effects due to shifts in economic conditions or changes in circumstance. Loss rates in this category in the normal course are generally less than 1 %.
- **Average Credit Risk:** This rating includes accounts with average credit risk that are more susceptible to loss in the event of adverse business or economic conditions. Although we experience higher loss rates associated with this customer class, we believe the risk is somewhat mitigated by the fact that our leases are fairly well dispersed across a large and diverse customer base. In addition, the higher loss rates are largely offset by the higher rates of return we obtain with such leases. Loss rates in this category in the normal course are generally in the range of 2 % to 5 %.

- **High Credit Risk:** This rating includes accounts that have marginal credit risk such that the customer's ability to make repayment is impaired or may likely become impaired. We use numerous strategies to mitigate risk including higher rates of interest, prepayments, personal guarantees, etc. Accounts in this category include customers who were downgraded during the term of the lease from low and average credit risk evaluation when the lease was originated. Accordingly, there is a distinct possibility for a loss of principal and interest or customer default. The loss rates in this category in the normal course are generally in the range of 7 % to 10 %.

Credit quality indicators are updated at least annually, or more frequently to the extent required by economic conditions, and the credit quality of any given customer can change during the life of the portfolio.

Details about our finance receivables portfolio based on geography, origination year and credit quality indicators are as follows:

	September 30, 2024						
	2024	2023	2022	2021	2020	Prior	Total Finance Receivables
United States (Direct)							
Low Credit Risk	$ 73	$ 75	$ 38	$ 28	$ 14	$ 3	$ 231
Average Credit Risk	38	66	26	33	11	3	177
High Credit Risk	21	26	26	15	10	3	101
Total	$ 132	$ 167	$ 90	$ 76	$ 35	$ 9	$ 509
Charge-offs	$ —	$ —	$ 1	$ 1	$ 1	$ 2	$ 5
United States (Indirect)							
Low Credit Risk	$ 39	$ 62	$ 33	$ 18	$ 6	$ 1	$ 159
Average Credit Risk	28	54	30	16	4	—	132
High Credit Risk	2	7	4	2	—	—	15
Total	$ 69	$ 123	$ 67	$ 36	$ 10	$ 1	$ 306
Charge-offs	$ —	$ 5	$ 4	$ 4	$ 1	$ 4	$ 18
Canada							
Low Credit Risk	$ 30	$ 35	$ 17	$ 9	$ 4	$ 1	$ 96
Average Credit Risk	31	49	27	12	4	1	124
High Credit Risk	5	5	3	3	2	—	18
Total	$ 66	$ 89	$ 47	$ 24	$ 10	$ 2	$ 238
Charge-offs	$ —	$ 5	$ 1	$ —	$ —	$ —	$ 6
EMEA							
Low Credit Risk	$ 107	$ 202	$ 136	$ 68	$ 24	$ 6	$ 543
Average Credit Risk	66	165	114	46	18	6	415
High Credit Risk	7	18	13	7	3	1	49
Total	$ 180	$ 385	$ 263	$ 121	$ 45	$ 13	$ 1,007
Charge-offs	$ 1	$ 4	$ 4	$ 2	$ —	$ —	$ 11
Total Finance Receivables							
Low Credit Risk	$ 249	$ 374	$ 224	$ 123	$ 48	$ 11	$ 1,029
Average Credit Risk	163	334	197	107	37	10	848
High Credit Risk	35	56	46	27	15	4	183
Total	$ 447	$ 764	$ 467	$ 257	$ 100	$ 25	$ 2,060
Total Charge-offs	$ 1	$ 14	$ 10	$ 7	$ 2	$ 6	$ 40

	December 31, 2023						
	2023	2022	2021	2020	2019	Prior	Total Finance Receivables
United States (Direct)							
Low Credit Risk	$ 122	$ 51	$ 61	$ 43	$ 17	$ 3	$ 297
Average Credit Risk	104	35	49	23	9	2	222
High Credit Risk	34	36	25	22	6	3	126
Total	$ 260	$ 122	$ 135	$ 88	$ 32	$ 8	$ 645
Charge-offs	$ 1	$ 1	$ 1	$ 1	$ 1	$ 2	$ 7
United States (Indirect)							
Low Credit Risk	$ 136	$ 77	$ 48	$ 22	$ 6	$ —	$ 289
Average Credit Risk	111	69	41	15	6	—	242
High Credit Risk	12	8	6	2	1	—	29
Total	$ 259	$ 154	$ 95	$ 39	$ 13	$ —	$ 560
Charge-offs	$ 4	$ 3	$ 3	$ 2	$ 2	$ 3	$ 17
Canada							
Low Credit Risk	$ 45	$ 24	$ 16	$ 9	$ 4	$ —	$ 98
Average Credit Risk	63	36	18	12	6	—	135
High Credit Risk	6	5	4	5	1	1	22
Total	$ 114	$ 65	$ 38	$ 26	$ 11	$ 1	$ 255
Charge-offs	$ —	$ —	$ —	$ 2	$ —	$ 1	$ 3
EMEA							
Low Credit Risk	$ 251	$ 182	$ 110	$ 48	$ 19	$ 6	$ 616
Average Credit Risk	192	148	73	36	17	3	469
High Credit Risk	19	16	11	7	4	—	57
Total	$ 462	$ 346	$ 194	$ 91	$ 40	$ 9	$ 1,142
Charge-offs	$ 3	$ 8	$ 4	$ 2	$ —	$ —	$ 17
Total Finance Receivables							
Low Credit Risk	$ 554	$ 334	$ 235	$ 122	$ 46	$ 9	$ 1,300
Average Credit Risk	470	288	181	86	38	5	1,068
High Credit Risk	71	65	46	36	12	4	234
Total	$ 1,095	$ 687	$ 462	$ 244	$ 96	$ 18	$ 2,602
Total Charge-offs	$ 8	$ 12	$ 8	$ 7	$ 3	$ 6	$ 44

The aging of our receivables portfolio is based upon the number of days an invoice is past due. Receivables that are more than 90 days past due are considered delinquent. Receivable losses are charged against the allowance when management believes the uncollectibility of the receivable is confirmed and is generally based on individual credit evaluations, results of collection efforts and specific circumstances of the customer. Subsequent recoveries, if any, are credited to the allowance.

We generally continue to maintain equipment on lease and provide services to customers that have invoices for finance receivables that are 90 days or more past due and, as a result of the bundled nature of billings, we also continue to accrue interest on those receivables. However, interest revenue for such billings is only recognized if collectability is deemed probable.

The aging of our billed finance receivables is as follows:

	September 30, 2024						
	Current	31-90 Days Past Due	>90 Days Past Due	Total Billed	Unbilled	Total Finance Receivables	>90 Days and Accruing
Direct	$ 18	$ 4	$ 5	$ 27	$ 482	$ 509	$ 38
Indirect	5	1	1	7	299	306	—
Total United States	23	5	6	34	781	815	38
Canada	6	1	2	9	229	238	12
EMEA	6	2	2	10	997	1,007	18
Total	$ 35	$ 8	$ 10	$ 53	$ 2,007	$ 2,060	$ 68

	December 31, 2023						
	Current	31-90 Days Past Due	>90 Days Past Due	Total Billed	Unbilled	Total Finance Receivables	>90 Days and Accruing
Direct	$ 24	$ 6	$ 5	$ 35	$ 610	$ 645	$ 41
Indirect	16	3	3	22	538	560	—
Total United States	40	9	8	57	1,148	1,205	41
Canada	6	1	1	8	247	255	10
EMEA	7	2	1	10	1,132	1,142	10
Total	$ 53	$ 12	$ 10	$ 75	$ 2,527	$ 2,602	$ 61

Sales of Receivables

The Company has expanded the finance receivables funding agreement with an affiliate of HPS Investment Partners (HPS) pursuant to which the Company agreed to offer for sale, and HPS agreed to purchase, certain eligible pools of finance receivables, on a monthly basis, in transactions structured as "true sales at law," and bankruptcy remote transfers. We have received an opinion to that effect from outside legal counsel. Accordingly, the receivables sold are derecognized from our financial statements and HPS does not have recourse back to the Company for uncollectible receivables. In addition, the agreement provides for the sale of the underlying leased equipment to HPS, with the commission paid by HPS covering the value associated with the underlying equipment being sold to HPS. The Company retains a first right of refusal to repurchase the underlying equipment at the end of the lease term, to the extent offered for sale by HPS, at its then fair value.

In January 2024, we entered into a new agreement with HPS to transfer servicing of the majority of funding activity to HPS as well as extend the existing term to five years . This agreement automatically renews for a one year period unless terminated by either the Company or HPS. Xerox will be required to pay a specified fee to service the Company’s retained receivables. For the remaining funding activity, Xerox will continue to service the lease receivables for a specified fee.

In October 2024, the Company entered into a finance receivables funding agreement with De Lage Landen Financial Services Canada Inc. (DLL) to sell certain eligible pools of finance receivables. Refer to Note 22 - Subsequent Events for additional information related to this arrangement with DLL.

Finance receivable sales activity was as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Finance receivable sales - net proceeds[1]	$ 134	$ 206	$ 511	$ 848
Gain on sale/Commissions[2]	5	5	19	16
Servicing revenue[2]	$ 5	$ 2	$ 12	$ 5

(1) Cash proceeds were reported in Net cash provided by operating activities.

(2) Recorded in Services, maintenance and rentals as Other Revenue. Amounts include revenues associated with the sale of the underlying leased equipment.

In addition to the sale activity above, in the second quarter 2024, we sold the finance receivable of an EMEA leasing subsidiary for net proceeds of $ 11 .

Secured Borrowings and Collateral

We sold certain finance receivables to consolidated special purpose entities included in our Condensed Consolidated Balance Sheet as collateral for secured loans.

Refer to Note 13 - Debt for additional information related to these arrangements.

Note 9 – Inventories and Equipment on Operating Leases, Net

The following is a summary of Inventories by major category:

	September 30, 2024	December 31, 2023
Finished goods	$ 640	$ 528
Work-in-process	42	47
Raw materials[1]	50	86
Total Inventories	$ 732	$ 661

(1) Raw materials at September 30, 2024 reflects a reduction of approximately $ 38 , related to the exit of certain production print manufacturing operations.

The transfer of equipment from our inventories to equipment subject to an operating lease is presented in our Condensed Consolidated Statements of Cash Flows in the operating activities section. Equipment on operating leases and similar arrangements consist of our equipment rented to customers and depreciated to estimated salvage value at the end of the lease term.

Equipment on operating leases and the related accumulated depreciation are as follows:

	September 30, 2024	December 31, 2023
Equipment on operating leases	$ 991	$ 1,074
Accumulated depreciation	(736)	(809)
Equipment on operating leases, net	$ 255	$ 265

Total contingent rentals on operating leases, consisting principally of usage charges in excess of minimum contracted amounts, were $ 9 and $ 9 for the three months ended September 30, 2024 and 2023, respectively, and $ 32 and $ 42 for the nine months ended September 30, 2024 and 2023, respectively.

Note 10 – Lessee

Operating Leases

We have operating leases for real estate, vehicles and for certain equipment in our domestic and international operations. Additionally, we have identified embedded operating leases within certain supply chain contracts for warehouses, primarily within our domestic operations. Our leases have remaining terms of up to ten years and a variety of renewal and/or termination options.

The components of lease expense are as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Operating lease expense	$ 18	$ 20	$ 53	$ 65
Short-term lease expense	3	4	11	12
Variable lease expense[(1)]	15	12	42	38
Sublease income	(1)	—	(1)	(1)
Total Lease expense	$ 35	$ 36	$ 105	$ 114

(1) Variable lease expense is related to our leased real estate for offices and warehouses and primarily includes labor and operational costs, as well as taxes and insurance.

As of September 30, 2024, we had no material operating leases that had not yet commenced.

Operating lease ROU assets, net and operating lease liabilities were reported in the Condensed Consolidated Balance Sheets as follows:

	September 30, 2024	December 31, 2023
Other long-term assets	$ 168	$ 172
Accrued expenses and other current liabilities	$ 39	$ 41
Other long-term liabilities	138	141
Total Operating lease liabilities	$ 177	$ 182

Finance Leases

The net assets and the liabilities related to our finance leases were immaterial for all periods presented.

As of September 30, 2024, we had approximately $ 60 of financing leases for vehicles that had not yet commenced.

Note 11 – Restructuring Programs

In connection with our Reinvention and other transformative programs, we engage in restructuring actions in order to reduce our cost structure and realign it to the changing nature of our business. As part of our efforts to reduce costs, our restructuring actions may also include the off-shoring and/or outsourcing of certain operations, services and other functions, exit from certain product lines and geographies, as well as reducing our real estate footprint.

Restructuring and related costs, net reflect the following components:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Restructuring charges, net	$ 46	$ 3	$ 56	$ 5
Asset impairment charges, net	—	8	24	20
Related costs, net	10	(1)	27	10
Total Restructuring and related costs, net	$ 56	$ 10	$ 107	$ 35

Restructuring Charges

Restructuring charges, net primarily relate to the Print and Other segment as amounts related to the Xerox Financial Services segment were immaterial for all periods presented. A summary of our restructuring program activity is as follows:

	Severance and Related Costs	Other Contractual Termination Costs(2)	Total
Balance at December 31, 2023	$ 129	$ —	$ 129
Provision	9	—	9
Reversals	(4)	—	(4)
Net current period charges(1)	5	—	5
Charges against reserve and currency	(16)	—	(16)
Balance at March 31, 2024	118	—	118
Provision	5	—	5
Reversals	—	—	—
Net current period charges(1)	5	—	5
Charges against reserve and currency	(31)	—	(31)
Balance at June 30, 2024	92	—	92
Provision	46	—	46
Reversals	—	—	—
Net current period charges(1)	46	—	46
Charges against reserve and currency	(11)	—	(11)
Balance at September 30, 2024	$ 127	$ —	$ 127

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(1) Represents net amount recognized within the Condensed Consolidated Statements of Income (Loss) for the period shown for restructuring charges. Reversals of prior charges primarily include net changes in estimated reserves from prior period initiatives.

(2) Primarily includes additional costs incurred upon the exit from our facilities including decommissioning costs and associated contractual termination costs.

At September 30, 2024, we expect to pay $ 107 of the restructuring reserve over the next twelve months.

The following table summarizes the reconciliation to the Condensed Consolidated Statements of Cash Flows:

	Nine Months Ended September 30,	
	2024	2023
Restructuring cash payments	$ (58)	$ (23)
Effects of foreign currency and other non-cash items	—	(1)
Charges against reserve and currency	$ (58)	$ (24)

Asset Impairment Charges

Charges associated with asset impairments represent the write-down of the related assets to their new cost basis. Impairments are net of any potential sublease income or other recovery amounts. Charges incurred during 2024 includes impairments associated with strategic actions taken as a result of the Company's Project Reinvention, including geographic simplification.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Asset impairments[1]	$ 1	$ 11	$ 27	$ 23
Adjustments/Reversals	(1)	(3)	(3)	(3)
Net asset impairment charge	$ —	$ 8	$ 24	$ 20

(1) Includes charges associated with strategic actions taken as a result of the Company's Reinvention, including geographic simplification.

Related Costs

In connection with our restructuring programs, we also incurred certain related costs as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Retention related severance/bonuses[1]	$ —	$ (1)	$ (2)	$ —
Consulting and other costs[2]	10	—	29	10
Total	$ 10	$ (1)	$ 27	$ 10

(1) Includes retention related severance and bonuses for employees expected to continue working beyond their minimum retention period before termination. The credits in 2024 and 2023 reflect a change in estimate.

(2) Represents professional support services associated with our business transformation initiatives.

Cash paid for restructuring related costs were $ 29 and $ 12 for the nine months ended September 30, 2024 and 2023, respectively. The restructuring related costs reserve was $ 5 and $ 8 at September 30, 2024 and December 31, 2023, respectively. The balance at September 30, 2024 is expected to be paid over the next twelve months.

Note 12 – Supplementary Financial Information

Cash, Cash Equivalents and Restricted Cash

Restricted cash primarily relates to escrow cash deposits made in Brazil associated with ongoing litigation as well as cash collections on finance receivables that were pledged for secured borrowings. As more fully discussed in Note 21 - Contingencies and Litigation, various litigation matters in Brazil require us to make cash deposits to escrow as a condition of continuing the litigation. Restricted cash amounts are classified in our Condensed Consolidated Balance Sheets based on when the cash will be contractually or judicially released.

Cash, cash equivalents and restricted cash amounts are as follows:

	September 30, 2024	December 31, 2023
Cash and cash equivalents	$ 521	$ 519
Restricted cash		
Litigation deposits in Brazil	24	27
Escrow and cash collections related to secured borrowing arrangements and receivable sales[1]	22	49
Other restricted cash	23	22
Total Restricted cash	69	98
Cash, cash equivalents and restricted cash	$ 590	$ 617

(1) Includes collections on finance receivables pledged for secured borrowings or receivables sold that will be remitted to lenders in the following month.

Restricted cash is reported in the Condensed Consolidated Balance Sheets as follows:

	September 30, 2024	December 31, 2023
Other current assets	$ 43	$ 70
Other long-term assets	26	28
Total Restricted cash	$ 69	$ 98

Supplemental Cash Flow Information

Summarized cash flow information is as follows:

		Nine Months Ended September 30,	
Source/(Use)	Location in Statement of Cash Flows	2024	2023
Provision for receivables	Operating	$ 36	$ 23
Provision for inventory	Operating	56	14
Depreciation of buildings and equipment	Operating	41	45
Depreciation and obsolescence of equipment on operating leases	Operating	86	83
Amortization of internal use software	Operating	20	28
Amortization of acquired intangible assets	Operating	30	33
Amortization of patents[1]	Operating	7	7
Amortization of customer contract costs[2]	Operating	48	51
Cost of additions to land, buildings and equipment	Investing	(22)	(21)
Cost of additions to internal use software	Investing	(5)	(6)
Payments to acquire noncontrolling interests - Xerox Holdings	Investing	(27)	(3)
Common stock dividends - Xerox Holdings	Financing	(96)	(120)
Preferred stock dividends - Xerox Holdings	Financing	(11)	(11)
Payments to noncontrolling interests	Financing	(1)	(2)
Repurchases related to stock-based compensation - Xerox Holdings	Financing	(10)	(7)

(1) Amortization of patents is reported in Decrease (increase) in other current and long-term assets in the Condensed Consolidated Statements of Cash Flows.

(2) Amortization of customer contract costs is reported in Decrease (increase) in other current and long-term assets in the Condensed Consolidated Statements of Cash Flows. Refer to Note 3 - Revenue - Contract Costs for additional information.

Supplier Finance Program

The Company has a program through a financial institution that enables vendors and suppliers, at their option, to receive early payment for their invoices. All outstanding amounts related to the program are recorded within Accounts payable in our Condensed Consolidated Balance Sheets, and the associated payments are included in operating activities within our Condensed Consolidated Statements of Cash Flows. The program operates in a similar manner to a purchasing card program, however with this program the Company receives invoices associated with those vendors and suppliers participating in the program and confirms and validates those invoices and amounts due before passing the invoices on to the financial institution for early payment at a discounted amount. The financial institution subsequently invoices the Company for the stated or full amount of the invoices paid early and we are required to make payment within 45 days of the statement date. The overall impact of the program generally results in the Company paying its supplier and vendor invoices consistent with their original terms. This program is generally available to all non-inventory vendors and suppliers. Spending associated with our supplier finance program was approximately $ 25 and $ 30 during the three months ended September 30, 2024 and 2023, respectively, and was approximately $ 85 and $ 90 during the nine months ended September 30, 2024 and 2023 respectively. The amount due to vendors and suppliers participating in this program was approximately $ 20 and $ 40 as of September 30, 2024 and December 31, 2023, respectively.

Note 13 – Debt

Revolving Credit Facility

In June 2024, Xerox Corporation, as borrower, and its parent company, Xerox Holdings Corporation, entered into Amendment No. 2 to Credit Agreement (the Amendment) with Citibank, N.A., as administrative agent and collateral agent (the Agent), and the lenders party thereto. The Amendment amended the Credit Agreement, dated as of May 22, 2023 (as previously amended, the ABL Credit Agreement), to (i) increase the commitments of the lenders under the ABL Credit Agreement from $ 300 to $ 425 and (ii) amend the excess availability used to trigger the fixed charge coverage ratio springing covenant from an amount equal to the greater of (A) $ 22.5 and (B) 10 % of the Line Cap (the lesser of the aggregate amount of Revolving Commitments and the then-applicable Borrowing Base), to an amount equal to the greater of (A) $ 31.875 and (B) 10 % of the Line Cap.

Xerox Corporation's borrowings under the ABL Credit Agreement are supported by a first-priority security interests in substantially all of the working capital assets of Xerox Corporation, Xerox Holdings Corporation, and such U.S., Canadian and English subsidiaries (subject to certain exceptions and limitations set forth in the ABL Credit Agreement) and a second-priority security interest in all assets of Xerox Corporation, Xerox Holdings Corporation and such U.S., Canadian and English subsidiaries (subject to certain exceptions and limitations set forth in the ABL Credit Agreement), and all finance lease receivables of such German and Belgian subsidiaries.

At September 30, 2024, there were no borrowings under the ABL Facility, and no letters of credits were issued under the facility.

Senior Notes

In March 2024, Xerox Holdings Corporation issued $ 500 of 8.875 % Senior Notes due in 2029 (the 2029 Notes) at par, resulting in net proceeds (after fees and expenses) of approximately $ 495 . The 2029 Notes are senior unsecured obligations of Xerox Holdings Corporation and are fully and unconditionally guaranteed on a senior unsecured basis by Xerox Corporation and Xerox Business Services, LLC, as well as certain other wholly owned domestic restricted subsidiaries of the Company. The 2029 Notes and the related guarantees were issued in a private placement to qualified institutional buyers pursuant to Rule 144A under the Securities Act.

Interest is payable semi-annually in arrears on May 30th and November 30th of each year, beginning on November 30, 2024. Xerox Holdings Corporation may, at its option, redeem some or all of the 2029 Notes, at varying prices based on the timing of the redemption. The indenture governing the 2029 Notes contains covenants that, among other things, limit the ability of Xerox Holdings Corporation and the ability of its restricted subsidiaries to incur or guarantee additional indebtedness, pay dividends or make other restricted payments, prepay, redeem or repurchase certain subordinated debt, issue certain preferred stock or similar equity securities, make loans and investments, sell or otherwise dispose of assets, incur liens, enter into transactions with affiliates, enter into agreements restricting its subsidiaries' ability to pay dividends, and consolidate, merge or sell all or substantially all assets. Additionally, if Xerox Holdings Corporation experiences a Change of Control Triggering Event (as defined in the indenture governing the 2029 Notes), Xerox Holdings Corporation is required to offer to repurchase the 2029 Notes at 101 % of the principal amount of such notes, plus accrued and unpaid interest, if any, to, but excluding, the date of repurchase.

Debt issuance costs of approximately $ 5 were paid and deferred in connection with the issuance of the 2029 Notes, and will be amortized over the term of the 2029 Notes. Refer to the **Use of Aggregate Proceeds from Senior Notes** section below for additional information regarding the use of net proceeds.

Convertible Senior Notes and Capped Call

Convertible Senior Notes

In March 2024, Xerox Holdings Corporation issued an aggregate $ 400 of 3.75 % Convertible Senior Notes due in 2030 (the 2030 Notes). The 2030 Notes are senior unsecured obligations of Xerox Holdings Corporation and are fully and unconditionally guaranteed by Xerox Corporation and Xerox Business Solutions, LLC. The 2030 Notes were issued in a private placement to qualified institutional buyers pursuant to Rule 144A under the Securities Act. Interest is payable semi-annually in arrears on March 15 and September 15 of each year, beginning on September 15, 2024, and will mature on March 15, 2030, unless earlier converted, redeemed or repurchased. The net proceeds from this offering were approximately $ 390 , after deducting the debt issuance costs. Debt issuance costs of approximately $ 10 were paid and deferred in connection with the issuance of the 2030 Notes, and will be amortized over the term of the 2030 Notes. Refer to the **Use of Aggregate Proceeds from Senior Notes** section below for additional information regarding the use of net proceeds.

Holders of the 2030 Notes may convert their notes at their option at any time prior to the close of business on the business day immediately preceding December 15, 2029 only under the following circumstances: (i) during any calendar quarter commencing after the calendar quarter ending on March 31, 2024 (and only during such calendar quarter), if the last reported sale price of the Company's common stock for at least 20 trading days (whether or not consecutive) during the period of 30 consecutive trading days ending on, and including, the last trading day of the immediately preceding calendar quarter is greater than or equal to 130 % of the conversion price on each applicable trading day; (ii) during the five consecutive trading day period after any ten consecutive trading day period (the measurement period) in which the trading price (as determined in accordance with the indenture governing the 2030 Notes) per $1,000 principal amount of 2030 Notes, as determined following a request by a holder or holders of the 2030 Notes, for each trading day of the measurement period was less than 98 % of the product of the last reported sale price of the Company's common stock and the applicable conversion rate on each such trading day; (iii) if the Company calls any, or all of the 2030 Notes for redemption, but only with respect to the Notes called (or deemed called) for redemption; (iv) if the Company elects to distribute to all or substantially all holders of common stock any rights, options or warrants (other than in connection with a stockholder rights plan) entitling them, for a period of not more than 45 calendar days from the declaration date for such distribution, to subscribe for or purchase shares of Company's common stock at a price per share that is less than the average of the last reported sale price of common stock for the ten consecutive trading date period ending on, and including, the trading day immediately preceding the declaration date for such distribution or distribute to all, or substantially all holders of common stock, our assets, debt securities or rights to purchase our securities, which distribution has a per share value, as reasonably determined by our Board of Directors or a committee thereof, exceeding 10 % of the last reported sale price of the Company's common stock on the trading day immediately preceding the declaration date for such distribution; or (v) upon the occurrence of specified corporate events (as determined in accordance with the indenture governing the 2030 Notes). On or after December 15, 2029, until the close of business on the second scheduled trading day immediately preceding the maturity date, holders may convert all or any portion of their 2030 Notes, in multiples of $1,000 principal amount, at the option of the holder regardless of the foregoing circumstances.

As of September 30, 2024, none of the conditions permitting the holders of the 2030 Notes to convert their notes early had been met. Therefore, the 2030 Notes are classified as long-term debt.

The initial conversion rate is 47.9904 shares of the common stock per $1,000 principal amount of notes, which is equivalent to an initial conversion price of approximately $ 20.84 per share of the common stock. The conversion rate will be subject to adjustment under certain circumstances. In connection with certain corporate events or if the Company issues a notice of redemption, it will, under certain circumstances, increase the conversion rate for holders who elect to convert their notes in connection with such corporate event or during the relevant redemption period.

Upon conversion of the 2030 Notes, the Company must pay cash up to the aggregate principal amount of the notes to be converted and pay or deliver, as the case may be, cash, shares of the Company's common stock, or a combination of cash and shares of the Company's common stock, at the Company's election in respect of the remainder, if any, of the Company's conversion obligation in excess of the aggregate principal amount of the notes being converted.

We may not redeem the notes prior to September 20, 2027. The Company may redeem for cash all or any portion of the notes, at our option, on or after September 20, 2027, if the last reported sale price of the Company's common stock has been at least 130 % of the conversion price then in effect for at least 20 trading days (whether or not consecutive) during any 30 consecutive trading day period (including the last trading day of such period) ending on, and including, the trading day immediately preceding the date on which the Company provides notice of redemption at a redemption price equal to 100 % of the principal amount of the notes to be redeemed, plus accrued and unpaid interest, if any, to, but excluding, the redemption date. No sinking fund for the notes has been provided.

If the Company undergoes a fundamental change (as defined in the indenture governing the 2030 Notes), holders may require the Company to repurchase for cash all or any portion of their 2030 Notes at a fundamental change repurchase price equal to 100 % of the principal amount of the notes to be repurchased, plus accrued and unpaid interest to, but excluding, the fundamental change repurchase date.

The indenture governing the 2030 Notes includes customary covenants, sets forth certain events of default after which the notes may be declared immediately due and payable and sets forth certain types of bankruptcy or insolvency events of default involving the Company after which the notes become automatically due and payable.

The indenture governing the 2030 Notes does not contain any financial or operating covenants or restrictions on the payments of dividends, the incurrence of indebtedness or the issuance or repurchase of securities by us or any of our subsidiaries.

Capped Calls

In connection with the issuance of the 2030 Notes (see **Convertible Senior Notes** above), the Company entered into privately negotiated capped call transactions (the Capped Calls) with certain of the initial purchasers of the 2030 Notes or their respective affiliates (the option counterparties) at a cost of approximately $ 23 . The Capped Calls cover, subject to anti-dilution adjustments, the number of shares of the Company's common stock initially underlying the 2030 Notes. By entering into the Capped Calls, we expect to reduce the potential dilution to the Company's common stock (or, in the event a conversion of the 2030 Notes is settled in cash, to reduce our cash payment obligation) in the event that at the time of conversion of the 2030 Notes the trading price of our common stock price exceeds the conversion price of the 2030 Notes.

The initial cap sale price of the Capped Calls was approximately $ 28.34 per share, which represents a premium of 70 % over the last reported sale price of our common stock of $ 16.67 on the NASDAQ Stock Exchange on March 6, 2024, and is subject to certain adjustments under the terms of the Capped Calls. The Capped Calls were included in Additional paid-in capital in the Condensed Consolidated Balance Sheet as of September 30, 2024, with no remeasurement in subsequent periods as it meets the conditions for equity classification. Refer to Note 17 - Shareholders' Equity of Xerox Holdings for additional information regarding the Capped Calls.

Use of Aggregate Proceeds from Senior Notes

A portion of the aggregate net proceeds from the Senior Note offerings was used to fund the cost of entering into the Capped Call transactions (see **Convertible Senior Notes** above). Additionally, a portion of the aggregate net proceeds were used to repay, through a tender offer for Senior Notes, approximately $ 84 of the 3.80 % Xerox Corporation Senior Notes due in 2024 and approximately $ 362 of the 5.00 % Xerox Holdings Corporation Senior Notes due in 2025. The remaining outstanding 3.80 % Senior Notes that were not redeemed as part of the Senior Notes tender offer were repaid in May 2024. In connection with the repayment of the 2024 and 2025 Senior Notes, we recorded a gain on the extinguishment of the debt of approximately $ 4 , which was partially offset by a loss of approximately $ 1 on the write-off of deferred debt issuance costs. The net gain on the extinguishment of $ 3 was recorded in Other expenses, net.

Xerox Holdings Corporation/Xerox Corporation Intercompany Loan

In the first quarter 2024, Xerox Holdings Corporation and Xerox Corporation entered into two intercompany loan agreements which mirror the terms of Xerox Holdings Corporation's 2029 and 2030 Senior Notes, including principal, interest rates, payment dates and debt issuance costs of approximately $ 15 (see the **Senior Notes** and the **Convertible Senior Notes** sections above). As a result, Xerox Corporation recorded approximately $ 900 of Related party debt. The proceeds of the intercompany loan were used to pay down approximately $ 362 on the existing 2020 intercompany loan made by Xerox Holdings Corporation to Xerox Corporation.

At September 30, 2024 and December 31, 2023, the balance of the Xerox Holdings Corporation Intercompany Loan reported in Xerox Corporation's Condensed Consolidated Balance Sheet was $ 2,021 and $ 1,497 , respectively, which is net of related debt issuance costs, and the intercompany interest payable was $ 32 and $ 30 , respectively.

Secured Borrowings and Collateral

We have entered into secured loan agreements with various financial institutions where we sold finance receivables and rights to payments under our equipment on operating leases. In certain transactions, the sales were made to special purpose entities (SPEs), owned and controlled by Xerox where the SPEs funded the purchase through amortizing secured loans from the financial institutions. The loans have variable interest rates and expected lives of approximately 2.5 years, with half projected to be repaid within the first year based on collections of the underlying portfolio of receivables. For certain loans, we entered into interest rate hedge agreements to either fix or cap the interest rate over the life of the loan.

The sales of the receivables to the SPEs were structured as "true sales at law," and we have received opinions to that effect from outside legal counsel. However, the transactions were accounted for as secured borrowings as we fully consolidate the SPEs in our financial statements. As a result, the assets of the SPEs are not available to satisfy any of our other obligations. Conversely, the credit holders of these SPEs do not have legal recourse to the Company's general credit.

Below are the secured assets and obligations held by subsidiaries of Xerox, which are included in our Condensed Consolidated Balance Sheets.

	September 30, 2024				
	Finance Receivables, Net[1]	Equipment on Operating Leases, Net	Secured Debt[2]	Interest Rate[3]	Expected Maturity
Canada[4]					
July 2023[5]	$ 62	$ —	$ 49	5.73 %	2026
France					
November 2023	166	—	99	5.04 %	2026
Total	$ 228	$ —	$ 148		

	December 31, 2023				
	Finance Receivables, Net[1]	Equipment on Operating Leases, Net	Secured Debt[2]	Interest Rate[3]	Expected Maturity
U.S.[4]					
January 2022[6]	$ 209	$ —	$ 77	6.82 %	2024
September 2021[6]	89	2	25	6.76 %	2024
Total U.S.	298	2	102		
Canada[4]					
July 2023	86	—	77	6.74 %	2026
France					
November 2023	235	—	182	5.42 %	2026
Total	$ 619	$ 2	$ 361		

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(1) Includes (i) Billed portion of finance receivables, net (ii) Finance receivables, net and (iii) Finance receivables due after one year, net as included in the condensed consolidated balance sheets as of September 30, 2024 and December 31, 2023.

(2) Represents the principal debt balance and excludes debt issuance costs of $ 0 and $ 1 as of September 30, 2024 and December 31, 2023, respectively.

(3) Represents the pre-hedged rate. Refer to Note 14 - Financial Instruments for additional information regarding hedging of these borrowings.

(4) Secured assets and obligations held by SPEs.

(5) Prior to entering the new finance receivable sales agreement with De Lage Landen Financial Services Canada Inc. (DLL), in October 2024, the remaining balance of this secured debt was repaid. Refer to Note 22 - Subsequent Events for additional information related to our arrangement with DLL.

(6) In the second quarter of 2024, we repaid the remaining balances on these secured borrowings.

Interest Expense and Income

Interest expense and income were as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Interest expense[(1)(2)]	$ 57	$ 44	$ 170	$ 140
Interest income[(3)]	41	49	128	159

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(1) Includes Cost of financing as well as non-financing interest expense that is included in Other expenses, net in the Condensed Consolidated Statements of Income (Loss).

(2) Interest expense of Xerox Corporation included intercompany interest expense associated with the Xerox Holdings Corporation / Xerox Corporation Intercompany Loan of $ 30 and $ 20 for the three months ended September 30, 2024 and 2023, respectively, and $ 81 and $ 59 for the nine months ended September 30, 2024 and 2023, respectively.

(3) Includes Financing income as well as other interest income that is included in Other expenses, net in the Condensed Consolidated Statements of Income (Loss).

Note 14 – Financial Instruments

Interest Rate Risk Management

We use interest rate swap and interest rate cap agreements to manage our interest rate exposure and to achieve a desired proportion of variable and fixed rate debt. These derivatives may be designated as **fair value hedges** or **cash flow hedges** or non-designated hedges depending on the nature of the risk being hedged. We had no fair value hedges for the three and nine months ended September 30, 2024 and 2023, respectively.

Cash Flow Hedges

We use interest rate swaps and caps to manage the exposure to variability in the interest rate payments on our finance receivable secured loan borrowings. The interest rate swaps convert the interest paid on certain loans to a fixed amount while the caps limit the maximum amount of interest paid.

During first quarter 2024, the following derivatives were dedesignated as cash flow hedges. The net fair value of these cash flow hedges, which was not material, was recorded in Accumulated Other Comprehensive Loss and then reclassified to earnings.

Secured Borrowing	Derivative Type	Notional Amount
Canada	Swap	$ 49
France	Cap	62
France	Cap	44
Total		$ 155

In September 2024, we entered into two floating-to-fixed interest rate swaps to hedge against interest rate volatility associated with our Term Loan B Credit Agreement (TLB), which had an outstanding principal balance of $ 529 as of September 30, 2024. The following is a summary of our swaps at September 30, 2024:

Counterparty	Derivative Type	Principal Debt	Notional Amount	Expected Maturity	Fixed Rate Paid	Floating Rate Received	Net Fair Value
Mizuho	Swap	$ 175	$ 175	2027	3.271 %	5.247 %	$ —
Credit Agricole	Swap	125	125	2027	3.276 %	5.247 %	—
Total		$ 300	$ 300				$ —

The remaining portion of the TLB of $ 229 is not hedged, and is subject to interest rate fluctuations. The impact of these interest rate swaps on interest expense was not material for the three months ended September 30, 2024.

Foreign Exchange Risk Management

We are a global company and we are exposed to foreign currency exchange rate fluctuations in the normal course of our business. As a part of our foreign exchange risk management strategy, we use derivative instruments, primarily forward contracts and purchased option contracts, to hedge the following foreign currency exposures, thereby reducing volatility of earnings or protecting fair values of assets and liabilities:

- Foreign currency-denominated assets and liabilities
- Forecasted purchases and sales in foreign currency

At September 30, 2024 and December 31, 2023, we had outstanding forward exchange and purchased option contracts with gross notional values of $ 869 and $ 1,396 respectively, with terms of less than 12 months. The decrease in the notional value amount is largely due to a decrease in our YEN exposures as a result of a change in the currency terms included in a supplier inventory contract. At September 30, 2024, approximately 84 % of the contracts mature within three months, 14 % mature in three to six months and 2 % in six to twelve months.

Foreign Currency Cash Flow Hedges

We designate a portion of our foreign currency derivative contracts as cash flow hedges of our foreign currency-denominated inventory purchases. All components of each derivative's gain or loss were included in the assessment of hedge effectiveness. The amount of ineffectiveness recorded in the Condensed Consolidated Statements of Income (Loss) for these designated cash flow hedges was not material for the nine months ended September 30, 2024 and 2023, respectively. The net asset (liability) fair value of these contracts was $ 1 and $(2) as of September 30, 2024 and December 31, 2023, respectively.

Summary of Derivative Instruments Gains (Losses)

Derivative gains and (losses) affect the income statement based on whether such derivatives are designated as hedges of underlying exposures. The following is a summary of derivative gains (losses).

Designated Derivative Instruments Gains (Losses)

The following table provides a summary of gains (losses) on derivative instruments in cash flow hedging relationships:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Derivative Gain (Loss) Recognized in OCI (Effective Portion)				
Foreign exchange contracts - forwards and options	$ 5	$ (2)	$ (3)	$ (17)
Location of Derivative Losses (Gains) Reclassified from AOCL to Income (Effective Portion)				
Cost of sales	$ —	$ (4)	$ (8)	$ (18)
Interest expense	(1)	1	—	3
Total	$ (1)	$ (3)	$ (8)	$ (15)

As of September 30, 2024, a net after-tax gain of $ 2 was recorded in Accumulated other comprehensive loss associated with our cash flow hedging activity. The entire balance is expected to be reclassified into Net income within the next 12 months, providing an offsetting economic impact against the underlying anticipated transactions.

Non-Designated Derivative Instruments Gains (Losses)

Non-designated derivative instruments are primarily instruments used to hedge foreign currency-denominated assets and liabilities. They are not designated as hedges since there is a natural offset for the remeasurement of the underlying foreign currency-denominated asset or liability. The net (liability) asset fair value of these contracts was $(2) and $ 5 as of September 30, 2024 and December 31, 2023, respectively.

The following table provides a summary of gains and (losses) on non-designated derivative instruments:

		Three Months Ended September 30,		Nine Months Ended September 30,	
Derivatives NOT Designated as Hedging Instruments	**Location of Derivative (Loss) Gain**	2024	2023	2024	2023
Foreign exchange contracts – forwards	Other expenses, net – Currency (losses) gains, net	$ (1)	$ 8	$ (15)	$ (25)

Currency losses, net were $ 2 and $ 6 for the three months ended September 30, 2024 and 2023, respectively, and $ 15 and $ 22 for nine months ended September 30, 2024 and 2023, respectively. Net currency gains and losses include the mark-to-market adjustments of the derivatives not designated as hedging instruments and the related cost of those derivatives as well as the remeasurement of foreign currency-denominated assets and liabilities and are included in Other expenses, net.

Note 15 – Fair Value of Financial Assets and Liabilities

The following table represents assets and liabilities measured at fair value on a recurring basis. The basis for the measurement at fair value in all cases is Level 2 – Significant Other Observable Inputs.

	September 30, 2024	December 31, 2023
Assets		
Derivatives	$ 4	$ 11
Deferred compensation plan investments in mutual funds	14	14
Total	$ 18	$ 25
Liabilities		
Derivatives	$ 5	$ 8
Deferred compensation plan liabilities	13	13
Total	$ 18	$ 21

We utilize the income approach to measure the fair value for our derivative assets and liabilities. The income approach uses pricing models that rely on market observable inputs such as yield curves, currency exchange rates and forward prices, and therefore are classified as Level 2.

Fair value for our deferred compensation plan investments in mutual funds is based on quoted market prices for those funds. Fair value for deferred compensation plan liabilities is based on the fair value of investments corresponding to employees' investment selections.

Summary of Other Financial Assets and Liabilities

The estimated fair values of our other financial assets and liabilities were as follows:

	September 30, 2024		December 31, 2023	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Cash and cash equivalents	$ 521	$ 521	$ 519	$ 519
Accounts receivable, net	821	821	850	850
Short-term debt and current portion of long-term debt	519	519	567	567
Long-term Debt				
Xerox Holdings Corporation	1,633	1,413	1,497	1,410
Xerox Corporation	1,079	942	1,096	1,023
Xerox - Other Subsidiaries[(1)]	40	40	117	117
Long-term debt	$ 2,752	$ 2,395	$ 2,710	$ 2,550

(1) Represents subsidiaries of Xerox Corporation

The fair value amounts for Cash and cash equivalents and Accounts receivable, net, approximate carrying amounts due to the short maturities of these instruments. The fair value of Short-term debt, including the current portion of long-term debt, and Long-term debt was estimated based on the current rates offered to us for debt of similar maturities (Level 2). The difference between the fair value and the carrying value represents the theoretical net premium or discount we would pay or receive to retire all debt at such date.

Note 16 – Employee Benefit Plans

The components of Net periodic benefit cost and other changes in plan assets and benefit obligations were as follows:

	Three Months Ended September 30,					
	Pension Benefits					
	U.S. Plans		Non-U.S. Plans		Retiree Health	
Components of Net Periodic Benefit Costs:	2024	2023	2024	2023	2024	2023
Service cost	$ —	$ —	$ 2	$ 1	$ —	$ 1
Interest cost	27	28	46	47	2	2
Expected return on plan assets	(23)	(24)	(49)	(55)	—	—
Recognized net actuarial loss (gain)	4	4	16	3	(3)	(3)
Amortization of prior service cost (credit)	—	—	2	2	(4)	(4)
Recognized settlement loss	7	4	—	—	—	—
Defined benefit plans	15	12	17	(2)	(5)	(4)
Defined contribution plans	4	5	6	4	n/a	n/a
Net Periodic Benefit Cost (Credit)	19	17	23	2	(5)	(4)
Other Changes in Plan Assets and Benefit Obligations Recognized in Other Comprehensive Income (Loss):						
Net actuarial gain[1]	(15)	(30)	—	(1)	—	—
Prior service cost	—	—	—	—	—	—
Amortization of net actuarial (loss) gain	(11)	(8)	(15)	(3)	3	3
Amortization of net prior service (cost) credit	—	—	(2)	(2)	4	4
Total Recognized in Other Comprehensive Income (Loss)[2]	(26)	(38)	(17)	(6)	7	7
Total Recognized in Net Periodic Benefit Cost (Credit) and Other Comprehensive Income (Loss)	$ (7)	$ (21)	$ 6	$ (4)	$ 2	$ 3

	Nine Months Ended September 30,					
	Pension Benefits					
	U.S. Plans		Non-U.S. Plans		Retiree Health	
Components of Net Periodic Benefit Costs:	2024	2023	2024	2023	2024	2023
Service cost	$ —	$ —	$ 4	$ 3	$ —	$ 1
Interest cost	82	82	136	140	6	7
Expected return on plan assets	(69)	(73)	(145)	(162)	—	—
Recognized net actuarial loss (gain)	14	11	47	8	(9)	(9)
Amortization of prior service cost (credit)	—	—	6	5	(11)	(11)
Recognized settlement loss	17	16	—	—	—	—
Defined benefit plans	44	36	48	(6)	(14)	(12)
Defined contribution plans	12	14	17	14	n/a	n/a
Net Periodic Benefit Cost (Credit)	56	50	65	8	(14)	(12)
Other Changes in Plan Assets and Benefit Obligations Recognized in Other Comprehensive Income:						
Net actuarial (gain) loss[1]	(9)	7	—	(49)	(1)	(5)
Prior service cost	—	—	—	36	—	—
Amortization of net actuarial (loss) gain	(31)	(27)	(46)	(8)	9	9
Amortization of prior service (cost) credit	—	—	(6)	(5)	11	11
Total Recognized in Other Comprehensive Income (Loss)[2]	(40)	(20)	(52)	(26)	19	15
Total Recognized in Net Periodic Benefit Cost (Credit) and Other Comprehensive Income	$ 16	$ 30	$ 13	$ (18)	$ 5	$ 3

(1) The net actuarial (gain) loss for U.S. Pension Plans primarily reflects (i) the remeasurement of our primary U.S. pension plans as a result of the payment of periodic settlements and (ii) adjustments for the actuarial valuation results based on the January 1st plan census data. The 2023 non-U.S. net actuarial gain reflects remeasurements related to the Pension Plan amendments in the U.K. in second quarter 2023. The Retiree Health plan's net actuarial gain reflects adjustments for the actuarial valuation results based on the January 1st plan census data.

(2) Amounts represent the pre-tax effect included within Other Comprehensive Income (Loss). Refer to Note 19 - Other Comprehensive Income (Loss) for related tax effects and the after-tax amounts.

Pension Plan Amendment

In January 2024, the pension board of our Netherlands benefit pension plan transferred the plan's assets and projected benefit obligation (PBO) to a single general pension fund. In addition to the transition, the indexation target was increased from 75 % of price inflation to 100 % of price inflation. This plan amendment resulted in an increase of approximately $ 47 (approximately EUR 44 million) in the PBO for this Collective Defined Contribution (CDC) plan, approximately 6 % of the plan PBO as of December 31, 2023. From a Company risk perspective, this CDC plan operates just like a frozen defined contribution plan. Although the Company's risk has been mitigated, under U.S. GAAP this CDC plan does not meet the definition of a defined contribution plan and therefore continues to be accounted for as a defined benefit plan.

Contributions

The following table summarizes cash contributions to our defined benefit pension plans and retiree health benefit plans:

	Nine Months Ended September 30,		Year Ended December 31,	
	2024	2023	Estimated 2024	2023
U.S. plans	$ 83	$ 43	$ 100	$ 53
Non-U.S. plans	20	20	30	28
Total Pension plans	103	63	130	81
Retiree Health	11	12	20	21
Total Retirement plans	$ 114	$ 75	$ 150	$ 102

Approximately $ 77 of the estimated 2024 contributions for our U.S. plans are for our tax-qualified defined benefit plans.

Note 17 – Shareholders’ Equity of Xerox Holdings

(shares in thousands)

The shareholders' equity information presented below reflects the consolidated activity of Xerox Holdings.

	Common Stock[1]	Additional Paid-in Capital	Treasury Stock	Retained Earnings	AOCL[2]	Xerox Holdings Shareholders’ Equity	Non-controlling Interests	Total Equity
Balance at June 30, 2024	$ 124	$ 1,114	$ —	$ 4,810	$ (3,687)	$ 2,361	$ 4	$ 2,365
Comprehensive (loss) income, net	—	—	—	(1,205)	173	(1,032)	—	(1,032)
Cash dividends declared - common[3]	—	—	—	(31)	—	(31)	—	(31)
Cash dividends declared - preferred[4]	—	—	—	(4)	—	(4)	—	(4)
Stock option and incentive plans, net	—	9	—	—	—	9	—	9
Balance at September 30, 2024	$ 124	$ 1,123	$ —	$ 3,570	$ (3,514)	$ 1,303	$ 4	$ 1,307

	Common Stock[1]	Additional Paid-in Capital	Treasury Stock	Retained Earnings	AOCL[2]	Xerox Holdings Shareholders’ Equity	Non- controlling Interests	Total Equity
Balance at June 30, 2023	$ 157	$ 1,607	$ —	$ 5,057	$ (3,437)	$ 3,384	$ 8	$ 3,392
Comprehensive income (loss), net	—	—	—	49	(67)	(18)	—	(18)
Cash dividends declared - common[3]	—	—	—	(32)	—	(32)	—	(32)
Cash dividends declared - preferred[4]	—	—	—	(4)	—	(4)	—	(4)
Stock option and incentive plans, net	—	12	—	—	—	12	—	12
Payments to acquire treasury stock, including fees	—	—	(553)	—	—	(553)	—	(553)
Transactions with noncontrolling interests	—	—	—	—	—	—	1	1
Balance at September 30, 2023	$ 157	$ 1,619	$ (553)	$ 5,070	$ (3,504)	$ 2,789	$ 9	$ 2,798

	Common Stock[1]	Additional Paid-in Capital	Treasury Stock	Retained Earnings	AOCL[2]	Xerox Holdings Shareholders’ Equity	Non-controlling Interests	Total Equity
Balance at December 31, 2023	$ 123	$ 1,114	$ —	$ 4,977	$ (3,676)	$ 2,538	$ 10	$ 2,548
Comprehensive (loss) income, net	—	—	—	(1,300)	162	(1,138)	—	(1,138)
Cash dividends declared - common[3]	—	—	—	(96)	—	(96)	—	(96)
Cash dividends declared - preferred[4]	—	—	—	(11)	—	(11)	—	(11)
Purchases of capped calls[5]	—	(17)	—	—	—	(17)	—	(17)
Stock option and incentive plans, net	1	26	—	—	—	27	—	27
Transactions with noncontrolling interests	—	—	—	—	—	—	(5)	(5)
Distributions to noncontrolling interests	—	—	—	—	—	—	(1)	(1)
Balance at September 30, 2024	$ 124	$ 1,123	$ —	$ 3,570	$ (3,514)	$ 1,303	$ 4	$ 1,307

	Common Stock[1]	Additional Paid-in Capital	Treasury Stock	Retained Earnings	AOCL[2]	Xerox Holdings Shareholders' Equity	Non-controlling Interests	Total Equity
Balance at December 31, 2022	$ 156	$ 1,588	$ —	$ 5,136	$ (3,537)	$ 3,343	$ 10	$ 3,353
Comprehensive income, net	—	—	—	59	33	92	—	92
Cash dividends declared - common[3]	—	—	—	(114)	—	(114)	—	(114)
Cash dividends declared - preferred[4]	—	—	—	(11)	—	(11)	—	(11)
Stock option and incentive plans, net	1	31	—	—	—	32	—	32
Cancellation of treasury stock	—	—	(553)	—	—	(553)	—	(553)
Transactions with noncontrolling interests	—	—	—	—	—	—	1	1
Distributions to noncontrolling interests	—	—	—	—	—	—	(2)	(2)
Balance at September 30, 2023	$ 157	$ 1,619	$ (553)	$ 5,070	$ (3,504)	$ 2,789	$ 9	$ 2,798

(1) Common Stock has a par value of $ 1 per share.

(2) Refer to Note 19 - Other Comprehensive Income (Loss) for the components of AOCL.

(3) Cash dividends declared on common stock for the three and nine months ended September 30, 2024 and 2023 were $ 0.25 per share, respectively, and $ 0.75 per share, respectively.

(4) Cash dividends declared on preferred stock for the three and nine months ended September 30, 2024 and 2023 were $ 20.00 per share, respectively, and $ 60.00 per share, respectively.

(5) Refer to Note 13 - Debt for additional information related to the purchases of capped calls in connection with the issuance of Xerox Holdings Corporation's $ 400 of 3.75 % Convertible Senior Notes due 2030.

Common Stock and Treasury Stock

The following is a summary of the changes in Common and Treasury stock shares:

	Common Stock Shares	Treasury Stock Shares
Balance at December 31, 2023	123,144	—
Stock based compensation plans, net	1,041	—
Balance at March 31, 2024	124,185	—
Stock based compensation plans, net	134	—
Balance at June 30, 2024	124,319	—
Stock based compensation plans, net	44	—
Balance at September 30, 2024	124,363	—

Note 18 – Shareholder's Equity of Xerox

The shareholder's equity information presented below reflects the consolidated activity of Xerox.

	Additional Paid-in Capital	Retained Earnings	AOCL[(1)]	Xerox Shareholder's Equity	Non- controlling Interests	Total Equity
Balance at June 30, 2024	$ 3,473	$ 2,796	$ (3,687)	$ 2,582	$ 4	$ 2,586
Comprehensive (loss) income, net	—	(1,204)	173	(1,031)	—	(1,031)
Dividends declared to parent	—	(35)	—	(35)	—	(35)
Transfers from parent	4	—	—	4	—	4
Balance at September 30, 2024	$ 3,477	$ 1,557	$ (3,514)	$ 1,520	$ 4	$ 1,524

	Additional Paid-in Capital	Retained Earnings	AOCL[(1)]	Xerox Shareholder's Equity	Non- controlling Interests	Total Equity
Balance at June 30, 2023	$ 3,708	$ 3,351	$ (3,437)	$ 3,622	$ 8	$ 3,630
Comprehensive income (loss), net	—	49	(67)	(18)	—	(18)
Dividends declared to parent	—	(34)	—	(34)	—	(34)
Transfers to parent	(550)	—	—	(550)	—	(550)
Transactions with noncontrolling interests	—	—	—	—	1	1
Balance at September 30, 2023	$ 3,158	$ 3,366	$ (3,504)	$ 3,020	$ 9	$ 3,029

	Additional Paid-in Capital	Retained Earnings	AOCL[(1)]	Xerox Shareholder's Equity	Non- controlling Interests	Total Equity
Balance at December 31, 2023	$ 3,485	$ 2,959	$ (3,676)	$ 2,768	$ 10	$ 2,778
Comprehensive (loss) income, net	—	(1,298)	162	(1,136)	—	(1,136)
Dividends declared to parent	—	(104)	—	(104)	—	(104)
Transfers to parent	(8)	—	—	(8)	—	(8)
Transactions with noncontrolling interests	—	—	—	—	(5)	(5)
Distributions to noncontrolling interests	—	—	—	—	(1)	(1)
Balance at September 30, 2024	$ 3,477	$ 1,557	$ (3,514)	$ 1,520	$ 4	$ 1,524

	Additional Paid-in Capital	Retained Earnings	AOCL[(1)]	Xerox Shareholder's Equity	Non- controlling Interests	Total Equity
Balance at December 31, 2022	$ 3,693	$ 3,427	$ (3,537)	$ 3,583	$ 10	$ 3,593
Comprehensive income, net	—	59	33	92	—	92
Dividends declared to parent	—	(120)	—	(120)	—	(120)
Transfers to parent	(535)	—	—	(535)	—	(535)
Transactions with noncontrolling interests	—	—	—	—	1	1
Distributions to noncontrolling interests	—	—	—	—	(2)	(2)
Balance at September 30, 2023	$ 3,158	$ 3,366	$ (3,504)	$ 3,020	$ 9	$ 3,029

(1) Refer to Note 19 - Other Comprehensive Income (Loss) for the components of AOCL.

Note 19 – Other Comprehensive Income (Loss)

Other Comprehensive Income (Loss) is comprised of the following:

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2024		2023		2024		2023	
	Pre-tax	Net of Tax	Pre-tax	Net of Tax	Pre-tax	Net of Tax	Pre-tax	Net of Tax
Translation Adjustments Gains (Losses)	$ 197	$ 192	$ (123)	$ (123)	$ 145	$ 140	$ 19	$ 19
Unrealized Gains (Losses)								
Changes in fair value of cash flow hedges gains (losses)	5	3	(2)	(2)	(3)	(3)	(17)	(15)
Changes in cash flow hedges reclassed to earnings[(1)]	1	2	3	3	8	7	15	15
Net Unrealized Gains (Losses)	6	5	1	1	5	4	(2)	—
Defined Benefit Plans Gains (Losses)								
Net actuarial/prior service gains	15	12	31	23	10	8	11	8
Prior service amortization[(2)]	(2)	(2)	(2)	(2)	(5)	(4)	(6)	(4)
Actuarial loss amortization/settlement[(2)]	23	26	8	7	68	60	26	20
Other (losses) gains[(3)]	(60)	(60)	27	27	(46)	(46)	(10)	(10)
Changes in Defined Benefit Plans (Losses) Gains	(24)	(24)	64	55	27	18	21	14
Other Comprehensive Income (Loss)	179	173	(58)	(67)	$ 177	$ 162	$ 38	$ 33

(1) Reclassified to Cost of sales and interest expense - refer to Note 14 - Financial Instruments for additional information regarding our cash flow hedges.

(2) Reclassified to Total Net Periodic Benefit Cost - refer to Note 16 - Employee Benefit Plans for additional information.

(3) Primarily represents currency impact on cumulative amount of benefit plan net actuarial losses and prior service credits in AOCL.

Accumulated Other Comprehensive Loss (AOCL)

AOCL is comprised of the following:

	September 30, 2024	December 31, 2023
Cumulative translation adjustments	$ (1,906)	$ (2,046)
Other unrealized gains (losses), net	1	(3)
Benefit plans net actuarial losses and prior service credits	(1,609)	(1,627)
Total Accumulated Other Comprehensive Loss	$ (3,514)	$ (3,676)

Note 20 – (Loss) Earnings per Share

(shares in thousands)

The following table sets forth the computation of basic and diluted (loss) earnings per share of Xerox Holdings Corporation's common stock:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Basic (Loss) Earnings per Share				
Net (Loss) Income	$ (1,205)	$ 49	$ (1,300)	$ 59
Accrued dividends on preferred stock	(4)	(4)	(11)	(11)
Adjusted Net (loss) income available to common shareholders	$ (1,209)	$ 45	$ (1,311)	$ 48
Weighted average common shares outstanding	124,344	157,132	124,149	156,914
Basic (Loss) Earnings per Share	$ (9.71)	$ 0.29	$ (10.55)	$ 0.31
Diluted (Loss) Earnings per Share				
Net (Loss) Income	$ (1,205)	$ 49	$ (1,300)	$ 59
Accrued dividends on preferred stock	(4)	(4)	(11)	(11)
Adjusted Net (loss) income available to common shareholders	$ (1,209)	$ 45	$ (1,311)	$ 48
Weighted average common shares outstanding	124,344	157,132	124,149	156,914
Common shares issuable with respect to:				
Stock options	—	—	—	—
Restricted stock and performance shares	—	1,761	—	1,305
Convertible preferred stock	—	—	—	—
Adjusted weighted average common shares outstanding	124,344	158,893	124,149	158,219
Diluted (Loss) Earnings per Share	$ (9.71)	$ 0.28	$ (10.55)	$ 0.30

The following securities were not included in the computation of diluted earnings per share as they were either contingently issuable shares or shares that if included would have been anti-dilutive:

	Three Months 2024	Three Months 2023	Nine Months 2024	Nine Months 2023
Stock options	155	245	155	245
Restricted stock and performance shares	7,973	5,233	7,973	5,688
Convertible preferred stock	6,742	6,742	6,742	6,742
Convertible notes[(1)]	19,196	—	19,196	—
Total Anti-Dilutive Securities	34,066	12,220	34,066	12,675
Dividends per Common Share	$ 0.25	$ 0.25	$ 0.75	$ 0.75

(1) *Refer to Note 13 - Debt for additional information related to the issuance of Xerox Holdings Corporation's $ 400 of 3.75 % Convertible Senior Notes due 2030.*

Note 21 – Contingencies and Litigation

Legal Matters

We are involved in a variety of claims, lawsuits, investigations and proceedings concerning: securities law; governmental entity contracting; servicing and procurement law; intellectual property law; environmental law; employment law; the Employee Retirement Income Security Act (ERISA); and other laws and regulations. We determine whether an estimated loss from a contingency should be accrued by assessing whether a loss is deemed probable and can be reasonably estimated. We assess our potential liability by analyzing our litigation and regulatory matters using available information. We develop our views on estimated losses in consultation with outside counsel handling our defense in these matters, which involves an analysis of potential results, assuming a combination of litigation and settlement strategies. Should developments in any of these matters cause a change in our determination as to an unfavorable outcome and result in the need to recognize a material accrual, or should any of these matters result in a final adverse judgment or be settled for significant amounts, they could have a material adverse effect on our results of operations, cash flows and financial position in the period or periods in which such change in determination, judgment or settlement occurs.

Brazil Contingencies

Our Brazilian operations have received or been the subject of numerous governmental assessments related to indirect and other taxes. The tax matters principally relate to claims for taxes on the internal transfer of inventory, municipal service taxes on rentals and gross revenue taxes. We are disputing these tax matters and intend to vigorously defend our positions. Based on the opinion of legal counsel and current reserves for those matters deemed probable of loss, we do not believe that the ultimate resolution of these matters will materially impact our results of operations, financial position or cash flows. Below is a summary of our Brazilian tax contingencies:

	September 30, 2024	December 31, 2023
Tax contingency - unreserved	$ 345	$ 375
Escrow cash deposits	22	24
Surety bonds	94	104
Letters of credit	11	22
Liens on Brazilian assets	—	—

The decrease in the unreserved portion of the tax contingency, inclusive of any related interest, was primarily due to currency, partially offset by interest. With respect to the unreserved tax contingency, the majority has been assessed by management as being remote as to the likelihood of ultimately resulting in a loss to the Company. In connection with the above proceedings, customary local regulations may require us to make escrow cash deposits or post other security of up to half of the total amount in dispute, as well as, additional surety bonds and letters of credit, which include associated indexation. Generally, any escrowed amounts would be refundable and any liens on assets would be removed to the extent the matters are resolved in our favor. We are also involved in certain disputes with contract and former employees. Exposures related to labor matters are not material for the periods presented. We routinely assess all these matters as to the probability of ultimately incurring a liability against our Brazilian operations and record our best estimate of the ultimate loss in situations where we assess the likelihood of an ultimate loss as probable.

Litigation

Miami Firefighters' Relief & Pension Fund v. Icahn, et al.:

On December 13, 2019, alleged shareholder Miami Firefighters' Relief & Pension Fund (Miami Firefighters) filed a derivative complaint in New York State Supreme Court, New York County on behalf of Xerox Holdings Corporation (Xerox Holdings) against Carl Icahn and his affiliated entities High River Limited Partnership and Icahn Capital LP (the Icahn defendants), Xerox Holdings, and all then-current Xerox Holdings directors (the Directors). Xerox Holdings was named as a nominal defendant in the case but no monetary damages are sought against it. Miami Firefighters alleges: breach of fiduciary duty of loyalty against the Icahn defendants; breach of contract against the Icahn defendants (for purchasing HP stock in violation of Icahn's confidentiality agreement with Xerox Holdings); unjust enrichment against the Icahn defendants; and breach of fiduciary duty of loyalty against the Directors (for any consent to the Icahn defendants' purchases of HP common stock while Xerox Holdings was considering acquiring HP). Miami Firefighters seeks a judgment of breach of fiduciary duties against the Icahn defendants and the Directors, and disgorgement to Xerox Holdings of profits Icahn Capital and High River earned from trading in HP stock. This action was consolidated with a similar action brought by Steven J. Reynolds against the same parties in the same court. Miami Firefighters' counsel has been designated as lead counsel in the consolidated action.

Claims asserted against the Directors were later dismissed.

In December 2021, the Xerox Holdings Board approved the formation of a Special Litigation Committee (SLC) to investigate and evaluate Miami Firefighters' claims and determine the course of action that would be in the best interests of the Company and its shareholders. The SLC concluded that the claims were without merit and pursuing them would not be in the best interest of Xerox or its shareholders. The parties have reached a stipulation of settlement that has been preliminarily approved by the court.

Guarantees

We have issued or provided approximately $ 222 of guarantees as of September 30, 2024 in the form of letters of credit or surety bonds issued to i) support certain insurance programs; ii) support our obligations related to the Brazil contingencies; iii) support our obligations related to our U.K. pension plans; and iv) support certain contracts, primarily with public sector customers, which require us to provide a surety bond as a guarantee of our performance of contractual obligations.

In general, we would only be liable for the amount of these guarantees in the event we, or one of our direct or indirect subsidiaries whose obligations we have guaranteed, defaulted in performing our obligations under each contract; the probability of which we believe is remote. We believe that our capacity in the surety markets as well as under various credit arrangements (including our Credit Facility) is sufficient to allow us to respond to future requests for proposals that require such credit support.

Note 22 – Subsequent Events

We have evaluated subsequent events through November 4, 2024, which is the date the financial statements were issued.

Acquisition of ITsavvy

On October 15, 2024, Xerox Corporation (Xerox) entered into a Securities Purchase Agreement (the Purchase Agreement) with ITsavvy Holdings, LLC (the Seller) and ITsavvy Acquisition Company, Inc. (the Company). The Purchase Agreement provides, among other things, that, subject to the terms and conditions set forth therein, Xerox will purchase from the Seller all of the issued and outstanding equity securities of the Company.

The Purchase Agreement provides for a purchase price of $ 400 , consisting of (i) a $ 180 cash payment at closing, (ii) a $ 110 secured promissory note to be issued by Xerox to the Seller at closing (the 2025 Note), and (iii) another $ 110 secured promissory note to be issued by Xerox to the Seller at closing (the 2026 Note and, together with the 2025 Note, the Notes), all subject to certain customary pre- and post-closing adjustments and escrow arrangements.

Each of the Notes will have a principal amount of $ 110 . The 2025 Note will have a maturity date of October 8, 2025 and the 2026 Note will have a maturity date of January 30, 2026. Pursuant to the 2025 Note, Xerox shall pay to the Seller $ 27.5 within five business days of each of January 1, 2025, April 1, 2025, July 1, 2025, and October 1, 2025. To the extent not previously paid, each of the Notes shall be paid in full in cash on their respective maturity date. The Notes will not bear interest. Notwithstanding the foregoing, the Notes will be subject to prepayment in the event of a “Disposition Event,” as defined in each of the Notes, and customary events of default. Each of the Notes will be subordinated in lien priority to certain outstanding indebtedness of Xerox. Each of the Notes will be secured by a security interest in substantially all of the assets of Xerox Holding Corporation (Holdings), Xerox and certain subsidiaries of Xerox. Holdings and certain subsidiaries of Xerox will be guarantors under each of the Notes.

The Purchase Agreement contains certain representations, warranties, and covenants of each of the parties, including covenants by the Company relating to the operation of the Company’s business prior to the closing. Xerox has obtained representation and warranty insurance, which provides coverage for certain breaches of representations and warranties, subject to certain terms and conditions. The Seller has agreed to indemnify Xerox for losses arising out of specified matters, subject to certain limitations.

The consummation of the transaction is subject to the satisfaction of customary closing conditions, including the termination or expiration of the waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 and the absence of any law or judgment preventing the closing. The obligation to consummate the transaction by Xerox, on the one hand, and by the Seller and the Company, on the other hand, is also subject to the accuracy of the other’s representations and warranties contained in the Purchase Agreement (subject, with specified exceptions, to customary materiality standards) and the performance of the other's covenants and agreements in all material respects. Xerox's obligation to consummate the transaction is further subject to a condition that, since the date of the Purchase Agreement, there has not been a "Material Adverse Effect," as defined in the Purchase Agreement. The parties have agreed to certain efforts obligations to promptly obtain the antitrust approvals required for the transaction. Xerox expects to close the transaction in the fourth quarter of 2024.

The Purchase Agreement provides termination rights for Xerox and the Seller under certain circumstances, including, subject to certain conditions, an uncured material breach by the other party or if the transaction is not consummated by January 31, 2025, subject to an automatic extension to March 31, 2025 if the antitrust-related conditions have not been satisfied by such date.

Canadian Forward Flow Agreement

In October 2024, the Company entered into a finance receivables funding agreement with De Lage Landen Financial Services Canada Inc. (DLL), pursuant to which the Company can offer for sale, and DLL may purchase, certain eligible pools of finance receivables structured as "true sales at law" and bankruptcy remote transfers and we have received an opinion to that effect from outside counsel.

The finance receivables funding agreement has an initial term of five years , with automatic one-year extensions thereafter, unless terminated by either the Company or DLL. The Company will be paid a commission on lease receivables sold and will continue to service the lease receivables under the finance receivables funding agreement. If the portfolio performs above a certain level of incremental service, a fee can be earned annually.

In October 2024, the Company sold approximately CAD 89 million in principal balances of lease receivables under this finance receivables funding agreement.

ITEM 2 — MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Throughout the Management’s Discussion and Analysis (MD&A) that follows, references to “Xerox Holdings” refer to Xerox Holdings Corporation and its consolidated subsidiaries, while references to “Xerox” refer to Xerox Corporation and its consolidated subsidiaries. References herein to “we,” “us,” “our,” and the “Company” refer collectively to both Xerox Holdings and Xerox unless the context suggests otherwise. References to "Xerox Holdings Corporation" refer to the stand-alone parent company and do not include its subsidiaries. References to "Xerox Corporation" refer to the stand-alone company and do not include its subsidiaries.

Xerox Holdings' primary direct operating subsidiary is Xerox and Xerox reflects nearly all of Xerox Holdings' operations. Accordingly, the following MD&A primarily focuses on the operations of Xerox and is intended to help the reader understand Xerox's business and its results of operations and financial condition. The MD&A is provided as a supplement to, and should be read in conjunction with, the Condensed Consolidated Financial Statements and the accompanying notes. Throughout this MD&A, references are made to various notes in the Condensed Consolidated Financial Statements which appear in Item 1 of this combined Quarterly Report on Form 10-Q (this Form 10-Q), and the information contained in such notes is incorporated by reference into the MD&A in the places where such references are made.

Xerox Holdings' other direct subsidiary is Xerox Ventures LLC, which was established solely to invest in startups and early/mid-stage growth companies aligned with the Company’s innovation focus areas and targeted adjacencies. At December 31, 2023 Xerox Ventures, LLC held investments of $26 million. In January 2024, Myriad Ventures Fund I LP (Myriad) was established, and the investments held by Xerox Ventures, LLC were transferred to Myriad, which will continue to be fully consolidated by Xerox Holdings. At September 30, 2024 Myriad had investments of approximately $41 million. Due to its immaterial nature, and for ease of discussion, Xerox Ventures LLC's results are included within the following discussion.

Currency Impact

To understand the trends in the business, we believe that it is helpful to analyze the impact of changes in the translation of foreign currencies into U.S. Dollars on revenue and expenses. We refer to this analysis as "constant currency," “currency impact” or “the impact from 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 the local country currency. We do not hedge the translation effect of revenues or expenses denominated in currencies where the local currency is the functional currency. 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.

Overview

In the third quarter of 2024, the benefits of Reinvention drove improved financial results, albeit at a slower pace than expected. Third quarter 2024 included a second consecutive period of moderating revenue declines, year over year improvements in adjusted[1] operating income and income margin, and more than 100 percent free cash flow[2] conversion from adjusted[1] operating income. Further, the pending acquisition of ITsavvy is expected to improve our mix of revenue from complementary, value-added businesses with higher underlying rates of revenue growth.

Equipment sales of $339 million in the third quarter 2024 declined 12.2% in actual and constant currency [1], as compared to the third quarter 2023. The effects of fluctuations in backlog[3] in the prior and current years and other Reinvention actions drove approximately 4.0-percentage points of the year-over-year decline. The remainder of the decline primarily reflects the delayed global launch of two new products, lower-than-expected improvements in sales force productivity, delays in the timing of installations associated with Hurricane Helene, unfavorable mix, and a large Production equipment sale in the prior year. Total equipment installations increased approximately 17.0% year-over-year, due to growth in entry level equipment.

Post-sale revenue of $1.2 billion declined 6.1% in actual currency, or 5.7% in constant currency [1], as compared to third quarter 2023. The decline was primarily due to lower outsourcing and service revenue, intentional reductions in non-strategic revenue, and the effects of geographic simplification. Excluding non-strategic effects, post sale revenue decreased low-single digits.

Pre-tax loss of approximately $1.1 billion for the third quarter 2024 decreased by approximately $1.2 billion as compared to pre-tax income of $64 million in the third quarter 2023. Third quarter 2024 includes a pre-tax, non-cash goodwill impairment charge of $1.1 billion ($1.0 billion after-tax) or $8.16 per diluted share. As a result of a sustained market capitalization below our book value and current results, in the third quarter 2024 we performed a quantitative assessment of Goodwill. Although operating results and related cash flows are expected to sequentially improve in the fourth quarter 2024, and in 2025, we see greater risk to our previous outlooks and estimates, at least in the near term. This impact and the resulting effect on discounted future cash flows, continued to negatively impact the Company's valuation resulting in the goodwill impairment charge for the third quarter 2024. The decrease associated with this charge was partially offset by an increase in adjusted[1] operating income.

Adjusted[1] operating income increased by $12 million as compared to third quarter 2023, reflecting lower Selling, administrative and general expenses associated with actions taken to simplify our organization, Research, development and engineering expenses (RD&E), and partially offset by lower equipment and post sale revenue and associated gross profits.

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(1) Refer to the "Non-GAAP Financial Measures" section for an explanation of the non-GAAP financial measure.

(2) Free cash flow is defined as Net cash provided by operating activities less capital expenditures.

(3) Order backlog is measured as the value of unfulfilled sales orders, shipped and non-shipped, received from our customers waiting to be installed, including orders with future installation dates. It includes printing devices as well as IT hardware associated with our IT services offerings.

Goodwill - Quantitative Impairment Evaluation

We assess Goodwill for impairment at least annually during the fourth quarter and whenever events or changes in circumstances indicate that the carrying value may not be recoverable. During the third quarter 2024, we identified events and conditions that required a quantitative assessment of Goodwill. Refer to **Note 1 - Basis of Presentation** in the Condensed Consolidated Financial Statements for additional information regarding the assessment of Goodwill.

Valuation Allowance

During the third quarter 2024, a valuation allowance was recorded primarily related to certain deferred tax assets in a non-U.S tax jurisdiction. Refer to **Note 1 - Basis of Presentation** in the Condensed Consolidated Financial Statements for additional information regarding the valuation allowance.

Divestitures

In March 2024, Xerox completed the sales of its direct business operations in Argentina and Chile to Grupo Datco. **Refer to Note 6 - Divestitures** in the Condensed Consolidated Financial Statements for additional information regarding these sales.

2024 Review

Total revenue of $1.53 billion for third quarter 2024 decreased 7.5% from third quarter 2023, which included a 0.2-percentage point unfavorable impact from currency. Total revenue of $4.61 billion for the nine months ended September 30, 2024 decreased 10.0% as compared to the prior year period, with no impact from currency.

Net (loss) income and adjusted[1] Net income were as follows:

(in millions)	Three Months Ended September 30, 2024	2023	B/(W)	Nine Months Ended September 30, 2024	2023	B/(W)
Net (Loss) Income	$ (1,205)	$ 49	$ (1,254)	$ (1,300)	$ 59	$ (1,359)
Adjusted[(1)] Net income	34	77	(43)	86	231	(145)

(1) Refer to the "Non-GAAP Financial Measures" section for an explanation of the non-GAAP financial measure.

Third quarter 2024 Net (loss) was $(1,205) million as compared to the third quarter 2023 Net income of $49 million. The decrease in Net income of $1,254 million primarily reflects the after-tax non-cash Goodwill impairment charge of $1,015 million ($1,058 million pre-tax) in the third quarter 2024, as well as lower revenue and gross profit, higher Other expenses, net, which included the impacts of higher non-service retirement-related costs, higher Restructuring and related costs, net, and higher Income tax expense. These negative impacts were partially offset by lower Selling, administrative and general expenses and Research, development and engineering expenses (RD&E). Third quarter 2024 Adjusted[1] Net income of $34 million decreased $43 million as compared to the prior year period, primarily reflecting lower revenue and gross profit, as well as higher Other expenses, net, and Income tax expense. These negative impacts were partially offset by lower Selling, administrative and general expenses, and RD&E.

Net (loss) for the nine months ended September 30, 2024 was $(1,300) million as compared to the prior year period Net income of $59 million. The decrease in Net income of $1,359 million primarily reflects the after-tax non-cash Goodwill impairment charge of $1,015 million ($1,058 million pre-tax) in the third quarter 2024, as well as lower revenue and gross profit, higher Other expenses, net, which included the impacts of higher non-service retirement-related costs, higher Income tax expense, higher Restructuring and related costs, net, the loss from divestitures of certain direct business operations in Latin America, and the exit of certain production print manufacturing operations. These negative impacts were partially offset by lower Selling, administrative and general expenses and lower RD&E. Adjusted[1] Net income for the nine months ended September 30, 2024 of $86 million decreased $145 million as compared to the prior year period, primarily reflecting lower revenue and gross profit, as well as higher Other expenses, net. These negative impacts were partially offset by lower Selling, administrative and general expenses, lower RD&E, and lower Income tax expense.

(1) Refer to the "Non-GAAP Financial Measures" section for an explanation of the non-GAAP financial measure.

The following is a summary of our segments - **Print and Other** and **Xerox Financial Services (XFS)**:

(in millions)	Three Months Ended September 30, 2024	2023	% Change	Nine Months Ended September 30, 2024	2023	% Change
Revenue						
Print and Other	$ 1,457	$ 1,575	(7.5)%	$ 4,395	$ 4,885	(10.0)%
XFS	88	98	(10.2)%	268	301	(11.0)%
Intersegment Elimination[(1)]	(17)	(21)	(19.0)%	(55)	(65)	(15.4)%
Total Revenue	$ 1,528	$ 1,652	(7.5)%	$ 4,608	$ 5,121	(10.0)%
Profit						
Print and Other	$ 67	$ 64	4.7 %	$ 181	$ 271	(33.2)%
XFS	13	4	nm	17	22	(22.7)%
Total Profit	$ 80	$ 68	17.6 %	$ 198	$ 293	(32.4)%

(1) Reflects revenue, primarily commissions and other payments, made by the XFS segment to the Print and Other segment for the lease of Xerox equipment placements.

Cash flows from operating activities during the nine months ended September 30, 2024 was a source of $160 million and decreased $137 million as compared to the prior year period, primarily related to lower net income as well as higher payments for accrued compensation, pension contributions, and restructuring, partially offset by net proceeds of approximately $511 million from the on-going sales of finance receivables under the finance receivables funding agreement, as well as lower finance receivable originations, and improvements in cash for working capital[1].

Cash used in investing activities during the nine months ended September 30, 2024 was $26 million, reflecting capital expenditures of $27 million, $11 million related to the impact of the deconsolidation of an entity that is now accounted for using the equity method of accounting, and $16 million for investments in noncontrolling interests, all of which was partially offset by net cash proceeds of approximately $20 million from the sale of assets, and $7 million from the sales of our business operations in Argentina and Chile.

Cash used in financing activities during the nine months ended September 30, 2024 was $149 million reflecting net payments of approximately $658 million on Senior Notes due in 2024 and 2025, $211 million on secured financing arrangements, $18 million for debt issuance costs, and $21 million on the Term Loan B facility. Partially offsetting payments on debt were proceeds from the issuance of Senior Notes during first quarter 2024 of approximately $900 million. Dividend payments were $107 million and purchases of capped calls were $23 million in connection with the issuance of Convertible Senior Notes.

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(1) Working capital, net reflects Accounts receivable, Billed portion of finance receivables, Inventories and Accounts payable.

Revenue guidance was reduced from a decline of 5% to 6% in constant currency [1] to a decline of about 10% in constant currency [1], reflecting the incremental effects of intentional reductions in non-strategic revenue and lower equipment revenue associated with the delayed global launch of two new products and lower-than-expected improvements in sales force productivity. Adjusted [1] operating income guidance was reduced from at least 6.5% to about 5.0%, reflecting the effects of gross profit declines associated with the decline in revenue guidance, and to a lesser extent, delays in the implementation of certain cost reduction initiatives to 2025. Operating cash flows are now expected to be to be within a range of $490 million to $540 million, versus prior guidance of at least $600 million, reflecting the after-tax effects of the reduction in adjusted[1] operating income guidance. We now expect capital expenditures to be approximately $40 million, as compared to previous guidance of approximately $50 million.

Due to lower-than-expected revenue in 2024, we no longer expect to grow adjusted [1] operating income $300 million above 2023 levels by 2026. However, we continue to expect growth in adjusted[1] operating income and a return to double-digit adjusted [1] operating income margin over the course of our Reinvention.

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(1) Refer to the “Non-GAAP Financial Measures” section for an explanation of the non-GAAP financial measure.

Financial Review

Revenues

(in millions)	Three Months Ended September 30, 2024	Three Months Ended September 30, 2023	% Change	CC % Change	Nine Months Ended September 30, 2024	Nine Months Ended September 30, 2023	% Change	CC % Change	% of Total Revenue 2024	% of Total Revenue 2023
Equipment sales	$ 339	$ 386	(12.2)%	(12.2)%	$ 985	$ 1,197	(17.7)%	(17.7)%	21 %	23 %
Post sale revenue	1,189	1,266	(6.1)%	(5.7)%	3,623	3,924	(7.7)%	(7.7)%	79 %	77 %
Total Revenue	$ 1,528	$ 1,652	(7.5)%	(7.3)%	$ 4,608	$ 5,121	(10.0)%	(10.0)%	100 %	100 %
Reconciliation to Condensed Consolidated Statements of (Loss) Income):										
Sales	$ 588	$ 644	(8.7)%	(8.3)%	$ 1,722	$ 1,999	(13.9)%	(13.9)%		
Less: Supplies, paper and other sales	(249)	(258)	(3.5)%	(2.3)%	(737)	(802)	(8.1)%	(8.1)%		
Equipment sales	$ 339	$ 386	(12.2)%	(12.2)%	$ 985	$ 1,197	(17.7)%	(17.7)%		
Services, maintenance and rentals	$ 902	$ 962	(6.2)%	(6.1)%	$ 2,768	$ 2,975	(7.0)%	(7.0)%		
Add: Supplies, paper and other sales	249	258	(3.5)%	(2.3)%	737	802	(8.1)%	(8.1)%		
Add: Financing	38	46	(17.4)%	(17.6)%	118	147	(19.7)%	(19.9)%		
Post sale revenue	$ 1,189	$ 1,266	(6.1)%	(5.7)%	$ 3,623	$ 3,924	(7.7)%	(7.7)%		
Segments										
Print and Other	$ 1,457	$ 1,575	(7.5)%		$ 4,395	$ 4,885	(10.0)%		95 %	95 %
Xerox Financial Services (XFS)	88	98	(10.2)%		268	301	(11.0)%		6 %	6 %
Intersegment elimination[(1)]	(17)	(21)	(19.0)%		(55)	(65)	(15.4)%		(1)%	(1)%
Total Revenue[(2)]	$ 1,528	$ 1,652	(7.5)%		$ 4,608	$ 5,121	(10.0)%		100 %	100 %

CC - See "Currency Impact" section for a description of Constant Currency.

(1) Reflects revenue, primarily commissions and other payments, made by the XFS segment to the Print and Other segment for the lease of Xerox equipment placements.

(2) Refer to Note 4 - Segment Reporting in the Condensed Consolidated Financial Statements for additional information regarding our reportable segments.

Third quarter 2024 total revenue decreased 7.5% as compared to third quarter 2023, and included a 0.2-percentage point adverse impact from currency, while total revenue for the nine months ended September 30, 2024 decreased 10.0%, with no impact from currency. The decrease in equipment sales revenue at constant currency[1] for the three months ended September 30, 2024 was primarily attributable to a delay in the global launch of two new products, lower-than-expected improvements in sales productivity, unfavorable mix, and a large production equipment sale in the third quarter 2023. Equipment sales revenue for the three months ended September 30, 2024 was also impacted by the effects of backlog fluctuations in the current and prior year quarters, and non-strategic reductions in revenue, including geographic simplification. For the nine months ended September 30, 2024, equipment sales revenue was primarily impacted by lower-than-expected improvements in sales productivity and unfavorable mix, as well as the effects of backlog fluctuations in the current and prior year quarters, and non-strategic reductions in revenue, including geographic simplification.

Third quarter 2024 Post sale revenue decreased at constant currency [1] due to a decline in contractual print services [2] revenue, driven by lower service and outsourcing revenue, and reductions in lower margin IT endpoint device placements. These negative impacts were partially offset by higher supplies revenue and digital and managed IT services revenue. For the nine months ended September 30, 2024, Post sale revenue decreased at constant currency[1] primarily due to the decline in Contractual print services [2] driven by lower service and outsourcing revenue, and reductions in lower margin IT endpoint device placements, as well as the termination of Fuji royalty income and PARC revenue, lower paper sales, lower Finance income, and the effects of geographic simplification. These negative impacts were partially offset by higher supplies revenue and digital and managed IT services revenue.

Total revenue for the three and nine months ended September 30, 2024 reflected the following:

Post sale revenue

Post sale revenue reflects revenues from Contractual print services [2], supplies and financing. These revenues are associated not only with the population of devices in the field, which is affected by installs and removals, but also by the page volumes generated from the usage of such devices and the revenue per printed page. Post sale revenue also includes transactional IT hardware sales and other Managed IT services, as well as gains and commissions, and servicing revenue on the sale of finance receivables.

Post sale revenue decreased 6.1% as compared to third quarter 2023, which included a 0.4-percentage point adverse impact from currency, while Post sale revenue decreased 7.7% for the nine months ended September 30, 2024 as compared to the prior year period, with no impact from currency. Post sale revenue reflected the following:

- **Services, maintenance and rentals** revenue includes maintenance revenue (including bundled supplies), print, digital and managed IT services revenue from our Services offerings, rentals and other revenues. For the three months ended September 30, 2024, these revenues decreased 6.2% as compared to third quarter 2023, which included a 0.1-percentage point adverse impact from currency, while for the nine months ended September 30, 2024 these revenues decreased 7.0% as compared to the prior year period, with no impact from currency. The decline at constant currency[1] for both the three and nine months ended September 30, 2024, respectively, was primarily due to Contractual print services[2] declines. Contractual print services[2] revenue declined mid-single digits for the three and nine months ended September 30, 2024 as compared to the respective prior year periods, driven by lower outsourcing and service revenue, which includes the effects of geographic simplification, which were partially offset by higher digital and IT managed services, as well as gains, commissions, and servicing revenue on sales of finance receivables. The decline for the nine months ended September 30, 2024 was also driven by the termination of Fuji royalty income and PARC revenue.
- **Supplies, paper and other sales** revenue includes unbundled supplies, IT hardware and other sales. For the three months ended September 30, 2024, these revenues decreased 3.5% as compared to third quarter 2023, including a 1.2-percentage point adverse impact from currency, while for the nine months ended September 30, 2024 the revenues decreased 8.1% as compared to the prior year period with no impact from currency. The decline at constant currency[1] for both the three and nine months ended September 30, 2024, respectively, primarily reflected lower sales of non-strategic, lower margin IT endpoint device placements and paper sales, as well as the effects of geographic simplification. The decline in both periods was partially offset by higher supplies revenue.
- **Financing** revenue is generated from direct and indirect financing of Xerox equipment. These revenues decreased 17.4% as compared to third quarter 2023, including a 0.2-percentage point benefit from currency. Financing revenue for the nine months ended September 30, 2024 decreased 19.7% as compared to the prior year period, including a 0.2-percentage point benefit from currency. The decline at constant currency[1] for both the three and nine months ended September 30, 2024, respectively, reflects a continued reduction of the average finance receivables balance in 2024 as a result of the sales of finance receivables in recent quarters to HPS Investment Partners (HPS), as well as lower originations. Finance receivables are approximately $630 million lower as of September 30, 2024 when compared with September 30, 2023.

Equipment sales revenue

Equipment sales revenue decreased 12.2% as compared to third quarter 2023, with no impact from currency. The decrease in constant currency [1] was primarily attributable to a delay in the global launch of two new products, lower-than-expected improvements in sales productivity, unfavorable mix, and a large production equipment sale in the prior year. Equipment sales revenue was also impacted by the effects of backlog fluctuations in the current and prior year quarters, and non-strategic reductions in revenue, including geographic simplification. Revenue declined across all product groups, and was most pronounced in Mid-range, driven by declines in entry production color products.

For the nine months ended September 30, 2024 Equipment sales revenue decreased 17.7%, with no impact from currency. The decrease in constant currency[1] was primarily impacted by lower-than-expected improvements in sales productivity, unfavorable mix, as well as the effects of backlog fluctuations in the current and prior year quarters, and non-strategic reductions in revenue, including offering and geographic simplification. Revenue declined across all product groups, and was most pronounced in Mid-range, driven by declines in A3 color multi-function printers.

See **Segment Review - Print and Other** below for additional discussion on Equipment sales revenue.

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(1) Refer to the "Non-GAAP Financial Measures" section for an explanation of the non-GAAP financial measure.

(2) Includes revenues from Services, maintenance and rentals.

Costs, Expenses and Other Income

Summary of Key Financial Ratios

The following is a summary of key financial ratios used to assess our performance:

(in millions)	Three Months Ended September 30, 2024	Three Months Ended September 30, 2023	B/(W)	Nine Months Ended September 30, 2024	Nine Months Ended September 30, 2023	B/(W)
Gross Profit	$ 495	$ 536	$ (41)	$ 1,458	$ 1,722	$ (264)
RD&E	45	52	7	144	173	29
SAG	370	416	46	1,160	1,256	96
Equipment Gross Margin	28.5 %	31.0 %	(2.5) pts.	31.4 %	34.3 %	(2.9) pts.
Post sale Gross Margin	33.5 %	32.9 %	0.6 pts.	31.7 %	33.4 %	(1.7) pts.
Total Gross Margin	32.4 %	32.4 %	— pts.	31.6 %	33.6 %	(2.0) pts.
RD&E as a % of Revenue	2.9 %	3.1 %	0.2 pts.	3.1 %	3.4 %	0.3 pts.
SAG as a % of Revenue	24.2 %	25.2 %	1.0 pts.	25.2 %	24.5 %	(0.7) pts.
Pre-tax (Loss) Income	$ (1,087)	$ 64	$ (1,151)	$ (1,212)	$ 60	$ (1,272)
Pre-tax (Loss) Income Margin	(71.1)%	3.9 %	(75.0) pts.	(26.3)%	1.2 %	(27.5) pts.
Adjusted[(1)] Operating Income	$ 80	$ 68	$ 12	$ 198	$ 293	$ (95)
Adjusted[(1)] Operating Income Margin	5.2 %	4.1 %	1.1 pts.	4.3 %	5.7 %	(1.4) pts.

(1) Refer to the "Non-GAAP Financial Measures" section for an explanation of the non-GAAP financial measure.

Gross Margin

Third quarter 2024 gross margin of 32.4% was flat as compared to third quarter 2023, primarily reflecting lower revenue and gross profit, higher transportation costs, as well as unfavorable equipment mix and lower print volumes. These impacts were offset by the benefits associated with recent cost and productivity actions, and favorable currency.

Gross margin for the nine months ended September 30, 2024 of 31.6% decreased by 2.0-percentage points as compared to the prior year period, reflecting lower revenue and gross profit, primarily due to charges associated with the exit of certain production print manufacturing operations, which had a 1.0-percentage point unfavorable impact on gross margin, as well as higher transportation and product costs, an unfavorable equipment mix and lower print volumes. These impacts were partially offset by the benefits associated with recent cost and productivity actions and favorable currency.

Third quarter 2024 Equipment gross margin of 28.5% decreased by 2.5-percentage points as compared to third quarter 2023, reflecting lower revenue and gross profit, higher transportation costs, and the release of a tariff accrual in the prior year period. These impacts were partially offset by favorable currency.

Equipment gross margin for the nine months ended September 30, 2024 of 31.4% decreased by 2.9-percentage points as compared to the prior year period, reflecting lower revenue and gross profit, higher product and transportation costs, and the release of a tariff accrual in the prior year period. These impacts were partially offset by favorable currency.

Third quarter 2024 Post sale gross margin of 33.5% increased by 0.6-percentage points as compared to third quarter 2023, reflecting the benefits associated with recent Reinvention-related cost and productivity actions and favorable currency. These benefits were partially offset by lower revenue and gross profit, including lower page volumes.

Post sale gross margin for the nine months ended September 30, 2024 of 31.7% decreased by 1.7-percentage points as compared to the prior year period, reflecting lower revenue and gross profit, including lower page volumes, and charges associated with the Company's Reinvention, primarily related to the exit of certain production print manufacturing operations, which had a 1.2-percentage point unfavorable impact on gross margin. Higher transportation costs also adversely impacted gross margin. These impacts were partially offset by the benefits associated with recent cost and productivity actions and favorable currency.

Research, Development and Engineering Expenses (RD&E)

(in millions)	Three Months Ended September 30, 2024	2023	Change	Nine Months Ended September 30, 2024	2023	Change
R&D	$ 33	$ 38	$ (5)	$ 108	$ 132	$ (24)
Sustaining engineering	12	14	(2)	36	41	(5)
Total RD&E Expenses	$ 45	$ 52	$ (7)	$ 144	$ 173	$ (29)

Third quarter 2024 RD&E as a percentage of revenue of 2.9% decreased 0.2-percentage points as compared to third quarter 2023, primarily due to lower revenues and lower RD&E.

RD&E as a percentage of revenue for the nine months ended September 30, 2024 of 3.1% decreased by 0.3-percentage points as compared to the prior year period, primarily due to the strategic decision to donate PARC in second quarter 2023.

Third quarter 2024 RD&E of $45 million decreased $7 million as compared to third quarter 2023. For the nine months ended September 30, 2024 RD&E of $144 million decreased $29 million as compared to the prior year period.

The decrease, as compared to the respective prior year periods, was primarily due to productivity and cost savings related to the Company's Reinvention, the spin-off, exit, or shutdown of certain other RD&E related activities or businesses, and the corresponding reduction in real estate. The lower spending in innovation reflects decisions which provide greater focus and financial flexibility to pursue growth opportunities adjacent to our core operations within Print, Digital and IT Services. The decrease for the nine months ended September 30, 2024 also reflected the strategic decision to donate PARC in second quarter 2023.

Selling, Administrative and General Expenses (SAG)

Third quarter 2024 SAG as a percentage of revenue of 24.2% decreased by 1.0-percentage points as compared to third quarter 2023, primarily due to lower revenue, as well lower selling and other administrative and general expenses.

Third quarter 2024 SAG of $370 million decreased by $46 million as compared to third quarter 2023, primarily reflecting productivity and cost savings related to the Company's Reinvention, and lower incentive compensation expenses.

SAG as a percentage of revenue for the nine months ended September 30, 2024 of 25.2% increased by 0.7-percentage points as compared to the prior year period, primarily due to lower revenue, as well as higher bad debt expense, which were partially offset by lower selling and other administrative and general expenses.

SAG for the nine months ended September 30, 2024 of $1,160 million decreased by $96 million as compared to the prior year period, primarily reflecting productivity and cost savings related to the Company's Reinvention, as well as, lower incentive compensation expense, lower IT, litigation, and advertising costs, and the strategic decision to donate PARC in the prior year. These favorable impacts were partially offset by higher bad debt expense and unfavorable currency.

The bad debt provision for the third quarter 2024 of $10 million was flat as compared to the third quarter 2023, and includes a reserve release of approximately $8 million due in part to a lower finance receivables balance, as a result of sales of finance receivables in recent quarters to HPS Investment Partners, mostly offset by an increased provision for aged accounts receivables.

The bad debt provision for nine months ended September 30, 2024 of $35 million, increased by $18 million as compared to the prior year period. The increase reflects a reserve release in the prior year period of approximately $12 million due to a favorable reassessment of the credit exposure on a large customer receivable balance, as well as an increased provision for aged accounts receivables in the current year, both of which were offset by a reserve release of approximately $8 million, in the current year, due in part to a lower finance receivables balance, as a result of sales of finance receivables in recent quarters to HPS Investment Partners.

We continue to monitor developments in future economic conditions, and as a result, our reserves may need to be updated in future periods. As of September 30, 2024, on a trailing twelve-month basis, bad debt expense (excluding the reserve release in the third quarter 2024) was approximately 1.6% of total receivables, as compared to approximately 1.0% for the prior year comparable period, primarily due to a lower finance receivables balance, as well the reserve release of approximately $8 million in third quarter 2024.

Refer to Note 7 - Accounts Receivable, Net and Note 8 - Finance Receivables, Net in the Condensed Consolidated Financial Statements for additional information regarding our bad debt provision.

Restructuring and Related Costs, Net

We incurred Restructuring and related costs, net of $56 million for the third quarter 2024, as compared to $10 million for the third quarter 2023, and $107 million for the nine months ended September 30, 2024, as compared to $35 million in the prior year period. Charges incurred during 2024 are associated with strategic actions taken as a result of the Company's Reinvention, primarily related to optimizing operations, the exit of certain production print manufacturing operations, and geographic simplification.

Third quarter 2024 actions impacted several functional areas, with approximately 65% focused on gross margins improvements, approximately 30% focused on SAG reductions, and the remainder focused on RD&E optimization. Third quarter 2023 actions impacted several functional areas, with approximately 80% focused on SAG reductions and approximately 20% focused on RD&E optimization.

The Restructuring and related costs, net reserve balance for all programs as of September 30, 2024 was $132 million, of which $112 million is expected to be paid over the next twelve months.

Refer to Note 11 - Restructuring Programs in the Condensed Consolidated Financial Statements for additional information regarding our restructuring programs.

Worldwide Employment

Worldwide employment was approximately 17,300 as of September 30, 2024, a decrease of approximately 2,800 from December 31, 2023. The decrease primarily relates to the Company's Reinvention, which includes the effects of workforce reduction decisions announced in January 2024, as well as net attrition (attrition net of gross hires).

Other Expenses, Net

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in millions)	2024	2023	2024	2023
Non-financing interest expense	$ 31	$ 14	$ 88	$ 40
Interest income	(3)	(3)	(10)	(12)
Non-service retirement-related costs	25	4	74	14
Gains on sales of businesses and assets	(2)	(35)	(3)	(37)
Currency losses, net	2	6	15	22
Tax indemnification - Conduent	—	(7)	—	(7)
Transaction related costs, net	(15)	—	(38)	—
(Gain) loss on early extinguishment of debt	—	—	(3)	3
Gain on release of contingent consideration	—	—	(5)	—
All other expenses, net	5	3	2	10
Other expenses, net	$ 43	$ (18)	$ 120	$ 33

Non-Financing Interest Expense

Third quarter 2024 non-financing interest expense of $31 million was $17 million higher than third quarter 2023. Non-financing interest expense for the nine months ended September 30, 2024 of $88 million was $48 million higher than the prior year period. The respective increase in both periods is primarily due to higher interest rates on new debt issued in the first quarter of 2024, partially offset by a lower average debt balance as a result of the repayment of Senior Notes in 2022 and in the first quarter 2023.

When non-financing interest is combined with financing interest expense (Cost of financing) for the three months ended September 30, 2024, total interest expense increased by $13 million as compared to third quarter 2023, while for the nine months ended September 30, 2024, total interest expense of $170 million increased by $30 million from the prior year period. The respective increase in both periods reflects the impact of higher interest rates on new debt partially offset by a lower average debt balance, due in part to the reduction of the average finance receivables balance, due to the sales of finance receivables to HPS Investment Partners, as well as lower originations.

Refer to Note 13 - Debt in the Condensed Consolidated Financial Statements for additional information regarding debt activity and interest expense.

Non-Service Retirement-Related Costs

Third quarter 2024 non-service retirement-related costs of $25 million were $21 million higher than the third quarter 2023, while non-service retirement-related costs of $74 million for the nine months ended September 30, 2024 were $60 million higher than the prior year period. The respective increase in both periods is primarily due to an increase in actuarial losses subject to amortization, as well as a decrease in the expected return on plan assets.

Refer to Note 16 - Employee Benefit Plans in the Condensed Consolidated Financial Statements for additional information regarding service and non-service retirement-related costs.

Gains on sales of businesses and assets

For the three and nine months ended September 30, 2024, gains on sales of businesses and assets decreased $33 million and $34 million, respectively, as compared to their respective prior year periods, due to the sales of non-core surplus business assets in the prior year period.

Currency losses, net

For the three and nine months ended September 30, 2024, currency losses, net decreased $4 million and $7 million, respectively, as compared to their respective prior year periods, primarily due to the prior period sales of our Russian subsidiary, and our direct business operations in Argentina.

Tax Indemnification - Conduent

Third quarter 2023 credit represents the reversal of a payable to Conduent of an IRS refund Xerox was expected to receive with the settlement of a pre-separation unrecognized tax position. The matter was resolved during the third quarter 2023 and both the receivable from the IRS and the payable to Conduent were no longer required. The reversal of the offsetting IRS refund receivable is recorded as a charge in Income tax expense.

Transaction and related costs, net

Transaction and related costs, net primarily reflect costs from third party providers for professional services associated with certain major or strategic M&A projects. For the three and nine months ended September 30, 2024, Transaction and related costs, net reflect insurance proceeds related to a legal settlement, for the reimbursement of certain legal and other professional costs, associated with a past potential merger.

(Gain) loss on early extinguishment of debt

The (gain) on early extinguishment of debt of $(3) million for the nine months ended September 30, 2024 reflects a $(4) million (gain) on the repayment of Senior Notes (via tender offer) in the first quarter of 2024, partially offset by a loss of approximately $1 million on the write-off of deferred debt issuance costs.

The loss on early extinguishment of debt of $3 million for the nine months ended September 30, 2023 related to the early repayment on secured borrowings and the termination of our $250 million Credit Facility prior to entering into our 5-year Asset Based Lending (ABL) Facility.

Gain on release of contingent consideration

The gain on the release of contingent consideration of $5 million for the nine months ended September 30, 2024 reflects a reserve release related to earn-out provisions which were not met, in connection with a prior acquisition.

Pre-tax (Loss) Income Margin

Third quarter 2024 pre-tax (loss) margin of (71.1)% increased 75.0-percentage points, as compared to third quarter 2023 pre-tax income margin of 3.9%. The increase was due to the pre-tax non-cash goodwill impairment charge of $1,058 million, as a result of a sustained market capitalization below our book value, current results and expected future projections. In addition, the pre-tax (loss) margin also reflects lower revenue and associated gross profit, higher Restructuring and related costs, net, as well as higher Other expenses, net. These impacts were partially offset by lower Selling, administrative and general expenses.

Pre-tax (loss) margin of (26.3)% for the nine months ended September 30, 2024 increased 27.5-percentage points, as compared to the prior year period pre-tax income margin of 1.2%. The increase was primarily due to the pre-tax goodwill non-cash impairment charge of $1,058 million recorded in the third quarter 2024. In addition, the pre-tax (loss) margin also reflects lower revenues and associated gross profit, higher Restructuring and related costs, net, the divestitures of certain direct business operations in Latin America, the exit of certain production print manufacturing operations, as well as higher Other expense, net. These impacts were partially offset by the PARC donation charge in 2023, as well as lower Selling, administrative and general expenses, and lower RD&E expenses.

Adjusted[1] Operating Margin

Third quarter 2024 adjusted[1] operating income margin of 5.2% increased by 1.1-percentage points as compared to third quarter 2023, primarily reflecting the benefits from Reinvention related cost and productivity actions, lower Selling, administrative and general expenses, including lower incentive compensation expenses, favorable currency, and the spin-off, exit, or shutdown of certain other RD&E related activities or businesses. These benefits were partially offset by lower revenue and lower gross profit, and higher transportation costs.

Adjusted[1] operating income margin of 4.3% for the nine months ended September 30, 2024 decreased by 1.4-percentage points as compared to prior year period, reflecting lower revenue and lower gross profit, which included higher transportation and product costs, and the termination of Fuji royalty income, as well as higher bad debt expense. These impacts were partially offset by lower Selling, administrative and general expenses, including lower incentive compensation expenses, and the benefits from Reinvention related cost and productivity actions, benefits from the strategic decision to donate PARC in second quarter 2023, and the spin-off, exit, or shutdown of certain other RD&E related activities or businesses.

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(1) Refer to the Adjusted Operating Income and Margin reconciliation table in the "Non-GAAP Financial Measures" section.

Income Taxes

Third quarter 2024 effective tax rate was (10.9)%. This rate was lower than the U.S. federal statutory tax rate of 21% but resulted in a tax expense, primarily due to the goodwill impairment charge, the establishment of a valuation allowance on certain deferred tax assets including not benefiting related current year losses as well as the geographical mix of earnings. On an adjusted[1] basis, third quarter 2024 effective tax rate was 27.7%, which was higher than the U.S. federal statutory tax rate of 21% primarily due to not benefiting certain current year losses and the geographical mix of adjusted earnings, partially offset by the redetermination of certain unrecognized tax positions.

Third quarter 2023 effective tax rate was a 23.4%, which is higher than the U.S. federal statutory tax rate of 21%, primarily due to the geographical mix of earnings, partially offset by the tax benefits due to redetermination of certain unrecognized tax positions upon conclusion of several audits, and the remeasurement of deferred tax assets. On an adjusted[1] basis, third quarter 2023 effective tax rate was 7.2%, which is lower than the U.S. federal statutory tax rate of 21%, primarily due to a tax rate benefit of approximately 15% related to the redetermination of certain unrecognized tax positions upon the conclusion of several audits, as well as the remeasurement of deferred tax assets, partially offset by the geographical mix of adjusted earnings.

The effective tax rate for the nine months ended September 30, 2024 was (7.3)%. This rate was lower than the U.S. federal statutory tax rate of 21% but resulted in a tax expense, primarily due to the goodwill impairment charge, the establishment of a valuation allowance on certain deferred tax assets including not benefiting related current year losses and the geographical mix of earnings, partially offset by the redetermination of certain unrecognized tax positions. On an adjusted[1] basis, the effective tax rate for the nine months ended September 30, 2024 was 22.5%, which was higher than the U.S. federal statutory tax rate of 21% primarily due to not benefiting certain current year losses and the geographical mix of adjusted earnings, partially offset by the redetermination of certain unrecognized tax positions.

The effective tax rate for the nine months ended September 30, 2023 was a 1.7% and includes the loss on the PARC donation as well as the associated tax benefits. Excluding this impact, the effective tax rate was 21.5%. On an adjusted[1] basis, the effective tax rate for the nine months ended September 30, 2023 was 14.4%. The adjusted[1] effective tax rate was lower than the U.S. federal statutory tax rate of 21% primarily due to a tax rate benefit of approximately 7% related to the redetermination of certain unrecognized tax positions upon the conclusion of several audits, as well as the change in tax filing positions and the remeasurement of deferred tax assets, partially offset by the geographical mix of adjusted earnings.

The effective tax rate is based on nonrecurring events as well as recurring factors, including the taxation of foreign income. In addition, the effective tax rate will change based on discrete or other nonrecurring events that may not be predictable.

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(1) Refer to the Adjusted Effective Tax Rate reconciliation table in the "Non-GAAP Financial Measures" section.

Net (Loss) Income

Third quarter 2024 Net (Loss) was $(1,205) million, or $(9.71) per diluted share, which includes an after-tax non-cash goodwill impairment charge of approximately $1,015 billion (approximately $1,058 billion pre-tax), or $8.16 per diluted share. In addition, third quarter 2024 includes a tax expense charge of $161 million, or $1.29 per diluted share, related to the establishment of a valuation allowance against certain non-U.S. tax jurisdiction deferred tax assets to reflect their realizability. On an adjusted[1] basis, Net Income was $34 million, or $0.25 per diluted share.

Third quarter 2023 Net income was $49 million, or $0.28 per diluted share. On an adjusted [1] basis, Net Income was $77 million, or $0.46 per diluted share.

Net (Loss) for the nine months ended September 30, 2024 was $(1,300) million, or $(10.55) per diluted share, which includes an after-tax non-cash goodwill impairment charge of approximately $1,015 billion (approximately $1,058 billion pre-tax), or $8.16 per diluted share. In addition, 2024 includes a tax expense charge of $161 million, or $1.29 per diluted share, related to the establishment of a valuation allowance against certain non-U.S. tax jurisdiction deferred tax assets to reflect their realizability. On an adjusted[1] basis, Net Income was $86 million, or $0.60 per diluted share.

Net Income for the nine months ended September 30, 2023 was $59 million, or $0.30 per diluted share, which included the net after-tax PARC donation charge of $92 million ($132 million pre-tax), or $0.58 per diluted share. On an adjusted[1] basis, Net Income was $231 million, or $1.39 per diluted share.

Refer to Note 20 - (Loss) Earnings per Share in the Condensed Consolidated Financial Statements for additional information regarding the calculation of basic and diluted (loss) earnings per share.

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(1) Refer to the Adjusted Net Income and EPS reconciliation table in the "Non-GAAP Financial Measures" section. For the calculations of basis and diluted (loss) earnings per share, refer to Note 20 - (Loss) Earnings per Share in the Notes to the Condensed Consolidated Financial Statements.

Other Comprehensive Income (Loss)

Third quarter 2024 Other Comprehensive Income, Net was $173 million and included the following: i) net translation adjustment gains of $192 million reflecting the strengthening of all of our major foreign currencies against the U.S. Dollar during the quarter; ii) $5 million of net unrealized gains; and iii) $24 million of net losses from the changes in defined benefit plans primarily reflecting the negative impact of currency, partially offset by the amortization of actuarial losses, as well as actuarial gains. This compares to Other Comprehensive Loss, Net of $67 million for the third quarter 2023, which included the following: i) net translation adjustment losses of $123 million reflecting the weakening of our major foreign currencies against the U.S. Dollar during the quarter; ii) $55 million of net gains from the changes in defined benefit plans primarily due to due to net actuarial gains, the positive impact of currency, and the amortization of actuarial losses; and iii) $1 million of net unrealized gains.

Other Comprehensive Income, Net for the nine months ended September 30, 2024 was $162 million and included the following: i) net translation adjustment gains of $140 million reflecting the strengthening of the British Pound and the Euro against the U.S. Dollar; ii) $18 million of net gains from the changes in defined benefit plans primarily reflecting the amortization of actuarial losses, as well as actuarial gains, partially offset by the negative impact of currency; and iii) $4 million of net unrealized gains. This compares to Other Comprehensive Income, Net for the nine months ended September 30, 2023 of $33 million, which included the following: i) net translation adjustment gains of $19 million reflecting the strengthening of most of our major foreign currencies against the U.S. Dollar; and ii) $14 million of net gains from the changes in defined benefit plans primarily due primarily due to net actuarial gains as well as the amortization of actuarial losses, partially offset by the adverse impact of currency and plan remeasurements.

Refer to Note 19 - Other Comprehensive Income (Loss) in the Condensed Consolidated Financial Statements for the components of Other Comprehensive Income (Loss), Note 14 - Financial Instruments in the Condensed Consolidated Financial Statements for additional information regarding unrealized gains (losses), net, and Note 16 - Employee Benefit Plans in the Condensed Consolidated Financial Statements for additional information regarding net changes in our defined benefit plans.

Reportable Segments

Our business is organized to ensure we focus on efficiently managing operations while serving our customers and the markets in which we operate. We have two operating and reportable segments – **Print and Other** and **Xerox Financial Services (XFS)**. Refer to Note 4 - Segment Reporting in the Condensed Consolidated Financial Statements for additional information regarding our reportable segments.

Segment Review

(in millions)	Three Months Ended September 30, External Revenue	Intersegment Revenue[(1)]	Total Segment Revenue	% of Total Revenue	Segment Profit	Segment Margin[(2)]
2024						
Print and Other	$ 1,440	$ 17	$ 1,457	94 %	$ 67	4.7 %
XFS	88	—	88	6 %	13	14.8 %
Total	$ 1,528	$ 17	$ 1,545	100 %	$ 80	5.2 %
2023						
Print and Other	$ 1,554	$ 21	$ 1,575	94 %	$ 64	4.1 %
XFS	98	—	98	6 %	4	4.1 %
Total	$ 1,652	$ 21	$ 1,673	100 %	$ 68	4.1 %

(in millions)	Nine Months Ended September 30, External Revenue	Intersegment Revenue[(1)]	Total Segment Revenue	% of Total Revenue	Segment Profit	Segment Margin[(2)]
2024						
Print and Other	$ 4,340	$ 55	$ 4,395	94 %	$ 181	4.2 %
XFS	268	—	268	6 %	17	6.3 %
Total	$ 4,608	$ 55	$ 4,663	100 %	$ 198	4.3 %
2023						
Print and Other	$ 4,820	$ 65	$ 4,885	94 %	$ 271	5.6 %
XFS	301	—	301	6 %	22	7.3 %
Total	$ 5,121	$ 65	$ 5,186	100 %	$ 293	5.7 %

(1) Reflects revenue, primarily commissions and other payments, made by the XFS segment to the Print and Other segment for the lease of Xerox equipment placements.

(2) Segment margin based on external revenue only.

Print and Other

Print and Other includes the design, development and sale of document management systems, solutions and services as well as associated technology offerings including Digital and IT services and software.

Revenue

(in millions)	Three Months Ended September 30, 2024	2023	% Change	Nine Months Ended September 30, 2024	2023	% Change
Equipment sales	$ 335	$ 381	(12.1)%	$ 971	$ 1,180	(17.7)%
Post sale revenue	1,105	1,173	(5.8)%	3,369	3,640	(7.4)%
Intersegment revenue [(1)]	17	21	(19.0)%	55	65	(15.4)%
Total Print and Other Revenue	$ 1,457	$ 1,575	(7.5)%	$ 4,395	$ 4,885	(10.0)%

(1) Reflects revenue, primarily commissions and other payments, made by the XFS segment to the Print and Other segment for the lease of Xerox equipment placements.

Third quarter 2024 Print and Other segment revenue decreased 7.5% as compared to third quarter 2023, and Print and Other segment revenue decreased 10.0% for the nine months ended September 30, 2024 as compared to the prior year period. Print and Other segment revenue included the following:

Equipment sales revenue decreased 12.1% during the third quarter 2024 as compared to third quarter 2023, and was primarily attributable to a delay in the global launch of two new products, lower-than-expected improvements in sales productivity, unfavorable mix, and a large production equipment sale in the prior year. Equipment sales revenue was also impacted by the effects of backlog fluctuations in the current and prior year quarters, and non-strategic reductions in revenue, including geographic simplification. Revenue declined across all product groups, and was most pronounced in Mid-range, driven by declines in entry production color products.

Equipment sales revenue decreased 17.7% for the nine months ended September 30, 2024 as compared to the prior year period and was primarily impacted by unfavorable mix, as well as the effects of backlog fluctuations in the current and prior year quarters, non-strategic reductions in revenue, including offering and geographic simplification, and lower-than-expected improvements in sales productivity. Revenue declined across all product groups, and was most pronounced in Mid-range, driven by declines in A3 color multi-function printers.

Post sale revenue decreased 5.8% during the third quarter 2024 as compared to third quarter 2023, primarily due to the decline in contractual print services[1] revenue. Contractual print services[1] revenue declined mid-single digits as compared to third quarter 2023, driven by lower service and outsourcing revenue, as well as reductions in non-strategic, lower margin IT endpoint device placements, rental revenue and paper sales, as well as the effects of geographic simplification. These impacts were partially offset by higher supplies revenue and digital services revenue.

Post sale revenue decreased 7.4% for the nine months ended September 30, 2024 as compared to the prior year period. Contractual print services [1] revenue declined, driven by lower service and outsourcing revenue, as well as reductions in non-strategic, lower margin IT endpoint device placements and paper sales, as well as the termination of the Fuji royalty income and PARC revenue, and the effects of geographic simplification.

(1) Includes revenues from Services, maintenance and rentals.

Detail by product group is shown below.

(in millions)	Three Months Ended September 30, 2024	Three Months Ended September 30, 2023	% Change	CC % Change	Nine Months Ended September 30, 2024	Nine Months Ended September 30, 2023	% Change	CC % Change	% of Equipment Sales 2024	% of Equipment Sales 2023
Entry	$ 53	$ 56	(5.4)%	(4.4)%	$ 154	$ 181	(14.9)%	(14.6)%	16%	15%
Mid-range	224	260	(13.8)%	(13.4)%	652	782	(16.6)%	(16.6)%	66%	65%
High-end	57	67	(14.9)%	(15.1)%	164	222	(26.1)%	(26.2)%	17%	19%
Other	5	3	66.7%	66.7%	15	12	25.0%	25.0%	1%	1%
Equipment sales[(1)(2)]	$ 339	$ 386	(12.2)%	(12.2)%	$ 985	$ 1,197	(17.7)%	(17.7)%	100%	100%

CC - See "Currency Impact" section for a description of constant currency.

(1) Refer to the Products and Offerings Definitions section.

(2) Includes equipment sales related to the XFS segment of $4 million and $5 million for the three months ended September 30, 2024 and 2023, respectively, and $14 million and $17 million for the nine months ended September 30, 2024 and 2023, respectively.

The change at constant currency[1] reflected the effects of non-strategic reductions in revenue, including offering and geographic simplification, as well as the following:

- **Entry** - The decrease for the three months ended September 30, 2024 reflects declines in color and a mix toward black-and-white installs. The decrease for the nine months ended September 30, 2024 primarily reflects higher backlog reductions in the prior year period, as well as constraints in Entry, A4 devices during the first quarter of 2024.
- **Mid-range** - The decrease for the three months ended September 30, 2024 reflects declines in color, driven primarily by a mix within color toward lower-price A3 color devices. The decrease for the nine months ended September 30, 2024 reflects higher backlog reductions in the prior year period, as well as declines in color devices.
- **High-end** - The decrease for the three months ended September 30, 2024 was primarily due to lower color installations, and an unfavorable mix toward black-and-white. The decrease for the nine months ended September 30, 2024 was primarily due to higher backlog reductions in the prior year period, as well as lower an unfavorable mix toward black-and-white.

(1) Refer to the “Currency Impact” section for a description of constant currency.

Total Installs

Installs reflect new placements of devices only (i.e., measure does not take into account removal of devices which may occur as a result of contract renewals or cancellations). Revenue associated with equipment installations may be reflected up-front in Equipment sales or over time either through rental income or as part of our services revenues (which are both reported within our post sale revenues), depending on the terms and conditions of our agreements with customers. Installs include activity for Xerox and non-Xerox branded products installed by our XBS sales unit. Detail by product group (see ***Products and Offerings Definitions****)* is shown below.

Installs for the three months ended September 30, 2024 as compared to prior year period reflect the following:

Entry

- 4% decrease in entry color installs, driven by declines in Entry Color Printers, partially offset by growth in A4 Color MFPs.
- 34% increase in entry black-and-white installs, driven by growth in A4 Mono MFPs.

Mid-Range

- 3% increase in mid-range color installs driven by growth in A3 Color MFPs, partially offset by declines in Entry Production Color Low.
- 12% decrease in mid-range black-and-white installs driven primarily by A3 Mono MFPs.

High-End

- 22% decrease in high-end color installs primarily reflecting declines in Entry Production Color Mid and High.
- 29% increase in high-end black-and-white primarily reflecting growth in High End Cut Sheet products.

Installs for the nine months ended September 30, 2024 as compared to prior year period reflect the following:

Entry

- 20% decrease in entry color installs, with A4 Color MFPs driving the majority of the decline.
- 11% decrease in entry black-and-white installs, with Entry Mono printers driving the majority of the decline.

Mid-Range

- 10% decrease in mid-range color installs, driven primarily by declines in A3 Color MFPs.
- 24% decrease in mid-range black-and-white installs, driven primarily by A3 Mono MFPs.

High-End

- 30% decrease in high-end color installs primarily reflecting declines in Entry Production Color Mid.
- 2% decrease in high-end black-and-white reflecting declines in High End Cut Sheet products.

Products and Offerings Definitions

Our product groupings range from:

- **“Entry”**, which include A4 devices and desktop printers and multifunction devices that primarily serve small and medium workgroups/work teams.
- **“Mid-Range”**, which include A3 devices that generally serve large workgroup/work teams environments as well as products in the Light Production product groups serving centralized print centers, print for pay and lower volume production print establishments.
- **“High-End”**, which include production printing and publishing systems that generally serve the graphic communications marketplace and print centers in large enterprises.

Segment Margin

Third quarter 2024 Print and Other segment margin of 4.7% increased by 0.6-percentage points as compared to third quarter 2023, primarily due to lower Selling, administrative and general expenses, including lower incentive compensation expenses, as well as benefits of cost and productivity savings, higher supplies revenue and favorable currency. This activity was partially offset by lower revenue, higher transportation costs, and the release of a tariff-related accrual in the prior year period.

Print and Other segment margin of 4.2% for the nine months ended September 30, 2024 decreased 1.4-percentage points as compared to the prior year period. The decrease is primarily due to lower revenue, higher transportation and product costs, and higher bad debts expense. These adverse impacts were partially offset by lower Selling and other administrative and general expenses, and lower RD&E expense, as well as higher supplies revenue, favorable currency, and the benefits of cost and productivity savings.

Xerox Financial Services

Xerox Financial Services (XFS) represents a global financing solutions business, primarily enabling the sale of our equipment and services.

Revenue

	Three Months Ended September 30,			Nine Months Ended September 30,		
(in millions)	2024	2023	% Change	2024	2023	% Change
Equipment sales	$ 4	$ 5	(20.0)%	$ 14	$ 17	(17.6)%
Financing	38	46	(17.4)%	118	147	(19.7)%
Other Post sale revenue[1]	46	47	(2.1)%	136	137	(0.7)%
Total XFS Revenue	$ 88	$ 98	(10.2)%	$ 268	$ 301	(11.0)%

(1) Other Post sale revenue includes lease renewal and fee income as well as gains, commissions and servicing revenue associated with sold finance receivables.

Third quarter 2024 XFS segment revenue decreased 10.2% as compared to third quarter 2023, and for the nine months ended September 30, 2024 segment revenue decreased 11.0% as compared to the prior year period and reflected the following:

Financing revenue is generated from direct and indirectly financed Xerox equipment sale transactions. For the three months ended September 30, 2024, these revenues decreased 17.4% as compared to third quarter 2023, including a 0.2-percentage point benefit from currency. Financing revenue for the nine months ended September 30, 2024 decreased 19.7% as compared to the prior year period, including a 0.2-percentage point benefit from currency. The decline at constant currency[1] for both the three and nine months ended September 30, 2024, respectively, reflects a continued reduction of the average finance receivables balance in 2024 as a result of the sales of finance receivables in recent quarters to HPS Investment Partners (HPS), as well as lower originations. Finance receivables are approximately $630 million lower in September of 2024 as compared to September of 2023.

Other Post sale revenue decreased 2.1% as compared to third quarter 2023, and for the nine months ended September 30, 2024 decreased 0.7% as compared to the prior year period, as a result of the continued reduction of our average finance receivables balance. Other Post sale revenue includes gains, commissions and servicing revenue on sales of finance receivables under our finance receivables funding agreement, which were $10 and $7 for the three months ended September 30, 2024 and 2023, respectively, and $31 and $21 for the nine months ended September 30, 2024 and 2023, respectively.

(1) Refer to the "Currency Impact" section for a description of constant currency.

Segment Margin

Third quarter 2024 XFS segment margin of 14.8% increased 10.7-percentage points as compared to third quarter 2023. Segment profit for XFS was $9 million higher as compared to third quarter 2023 mainly due to lower Selling administrative and general expenses, as well as a lower bad debt provision, partially offset by lower revenues from reduced assets.

XFS segment margin of 6.3% for the nine months ended September 30, 2024 decreased 1.0-percentage points as compared to the prior year period. Segment profit for XFS was $5 million lower as compared to the prior year period mainly due to lower revenue from reduced assets and higher bad debt expense of $12 million as compared to the prior year period. These adverse impacts were partially offset by lower administrative and general expenses.

Capital Resources and Liquidity

The following is a summary of our liquidity position:

- As of September 30, 2024 and December 31, 2023, total cash, cash equivalents and restricted cash of Xerox Holdings Corporation were $590 million and $617 million, respectively, and apart from restricted cash of $69 million and $98 million at September 30, 2024 and December 31, 2023, respectively, was readily accessible for use. The decrease in total cash, cash equivalents and restricted cash of $27 million primarily reflects net cash used in financing activities of $149 million, as well as net cash used in investing activities of $26 million, both of which were partially offset by net cash provided by operating cash activities of $160 million.
- Total debt at September 30, 2024 was $3,271 million, of which $1,963 million is allocated to and supports the Company's finance assets. The remaining debt of $1,308 million is attributable to the non-financing business and increased from $849 million at December 31, 2023. Debt consists of senior unsecured notes, secured borrowings through the securitization of finance assets, and borrowings under a Term Loan B facility.
- In March 2024, Xerox Holdings Corporation issued $500 million of 8.875% Senior Notes due in 2029, as well as an aggregate $400 million of 3.75% Convertible Senior Notes due in 2030. In connection with the issuance of the 2030 Notes, the Company entered into privately negotiated capped call transactions, with the option counterparties, including certain of the initial purchasers of the 2030 Notes or their respective affiliates at a cost of approximately $23 million. A portion of the aggregate net proceeds were used to repay, via tender offer, approximately $84 million of the 3.80% Xerox Corporation Senior Notes due in 2024 and approximately $362 million of the 5.00% Xerox Holdings Corporation Senior Notes due in 2025. The remaining outstanding 3.80% Senior Notes that were not redeemed as part of the Senior Notes tender offer were repaid in May 2024. Approximately $388 million, which is the remaining portion of our 5.00% Senior Notes, is due in August 2025.
- In June 2024 we amended our ABL facility dated as of May 22, 2023, to (i) increase the commitments of the lenders under the ABL Credit Agreement from $300 million to $425 million and (ii) amend the excess availability used to trigger the fixed charge coverage ratio springing covenant from an amount equal to the greater of (A) $22.5 and (B) 10% of the Line Cap (the lesser of the aggregate amount of Revolving Commitments and the then-applicable Borrowing Base), to an amount equal to the greater of (A) $31.875 million and (B) 10% of the Line Cap. Refer to Note 13 - Debt in the Condensed Consolidated Financial Statements for additional information regarding debt activity.
- As of September 30, 2024, there were no borrowings or letters of credit outstanding under our ABL facility, under which we can borrow up to a maximum of $425 million. We were in full compliance with the covenants and other provisions of the ABL Facility.
- As a result of our lowered guidance, we now expect Operating cash flows for 2024 to be within a range of $490 million to $540 million, versus prior guidance of at least $600 million, reflecting the after-tax effects of the reduction in adjusted[1] operating income guidance. We now expect capital expenditures to be approximately $40 million, as compared to previous guidance of approximately $50 million.

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(1) Refer to the “Non-GAAP Financial Measures” section for an explanation of the non-GAAP financial measure.

Cash Flow Analysis

The following summarizes our cash, cash equivalents and restricted cash:

(in millions)	Nine Months Ended September 30, 2024	Nine Months Ended September 30, 2023	Change
Net cash provided by operating activities	$ 160	$ 297	$ (137)
Net cash (used in) provided by investing activities	(26)	3	(29)
Net cash used in financing activities	(149)	(819)	670
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(12)	(3)	(9)
Decrease in cash, cash equivalents and restricted cash	(27)	(522)	495
Cash, cash equivalents and restricted cash at beginning of period	617	1,139	(522)
Cash, Cash Equivalents and Restricted Cash at End of Period	$ 590	$ 617	$ (27)

Cash Flows from Operating Activities

Net cash provided by operating activities was $160 million for the nine months ended September 30, 2024. The $137 million decrease in operating cash from the prior year period was primarily due to the following:

- $88 million decrease in pre-tax income before depreciation and amortization, provisions, gains on sales of businesses and assets, divestitures, PARC donation, stock-based compensation, goodwill impairment charge, restructuring and related costs, net and non-service retirement-related costs.
- $186 million decrease from inventory primarily due to higher purchases related to a change in contractual terms with a large OEM vendor and decreased sales of equipment and supplies.
- $94 million decrease from accrued compensation due to the timing of payments of higher year-end accruals.
- $53 million decrease from higher restructuring and related payments.
- $39 million decrease from higher pension contributions.
- $147 million increase from accounts payable primarily due to the timing of supplier and vendor payments.
- $77 million increase from other current and long-term liabilities due to timing of payments.
- $65 million increase from accounts receivable primarily due to the timing of collections.
- $31 million increase due to lower placements of equipment on operating leases.

Cash Flows from Investing Activities

Net cash used in investing activities was $26 million for the nine months ended September 30, 2024. The $29 million change from the prior year period was primarily due to noncontrolling investments as part of our corporate venture capital fund and lower proceeds from the sale of assets.

Cash Flows from Financing Activities

Net cash used in financing activities was $149 million for the nine months ended September 30, 2024. The $670 million decrease in the use of cash from the prior year period was primarily due to the following:

- $541 million decrease from share repurchases.
- $124 million decrease from net debt activity. 2024 reflects proceeds of $500 million on Senior Notes and $400 million on Convertible Senior Notes offset by net payments of $658 million on Senior Notes, deferred debt issuance costs of $18 million from Senior Notes issuances, $211 million on secured financing arrangements and $21 million on the Term Loan B facility. The $658 million of net payments on Senior Notes includes $300 million on Senior Notes maturing in May 2024 and $362 million for the early redemption of 2025 Senior Notes offset by early redemption premium of $4 million. 2023 reflects net proceeds of $549 million from the Loan Facility, used to fund the share repurchase, and $213 million from the ABL Facility, which include debt issuance costs payments of $6 million and $7 million, respectively, and net proceeds of $52 million from the refinance of our Canadian secured loan. These borrowings were offset by payments of $644 million on secured financing arrangements and $300 million on Senior Notes. The $644 million of payments on secured financing arrangements includes the early repayment of $185 million U.S. secured borrowing.
- $24 million decrease from common stock dividends due to lower outstanding shares.
- $23 million increase from purchases of capped calls.

Refer to Note 13 - Debt in the Condensed Consolidated Financial Statements for additional information regarding debt activity.

Cash, Cash Equivalents and Restricted Cash

Refer to Note 12 - Supplementary Financial Information in the Condensed Consolidated Financial Statements for additional information regarding Cash, cash equivalents and restricted cash.

Operating Leases

We have operating leases for real estate and vehicles in our domestic and international operations, and for certain equipment in our domestic operations. Additionally, we have identified embedded operating leases within certain supply chain contracts for warehouses, primarily within our domestic operations. Our leases have remaining terms of up to ten years and a variety of renewal and/or termination options. As of September 30, 2024 and December 31, 2023, total operating lease liabilities were $177 million and $182 million, respectively.

Refer to Note 10 - Lessee in the Condensed Consolidated Financial Statements for additional information regarding our leases accounted for under lessee accounting.

Debt and Customer Financing Activities

The following summarizes our debt:

(in millions)	September 30, 2024	December 31, 2023
Xerox Holdings Corporation	$ 2,038	$ 1,500
Xerox Corporation	1,129	1,450
Xerox - Other Subsidiaries[1]	148	361
Subtotal - Principal debt balance	3,315	3,311
Debt issuance costs		
Xerox Holdings Corporation	(20)	(6)
Xerox Corporation	(11)	(12)
Xerox - Other Subsidiaries[1]	—	(1)
Subtotal - Debt issuance costs	(31)	(19)
Net unamortized premium	(13)	(15)
Total Debt	$ 3,271	$ 3,277

(1) Represents secured debt issued by subsidiaries of Xerox Corporation as part of the securitization of Finance Receivables.

Refer to Note 13 - Debt in the Condensed Consolidated Financial Statements for additional information regarding debt.

Finance Assets and Related Debt

The following represents our total finance assets, net associated with our lease and finance operations:

(in millions)	September 30, 2024	December 31, 2023
Total finance receivables, net[1]	$ 1,989	$ 2,510
Equipment on operating leases, net	255	265
Total Finance Assets, net[2]	$ 2,244	$ 2,775

(1) Includes (i) Billed portion of finance receivables, net, (ii) Finance receivables, net and (iii) Finance receivables due after one year, net as included in our Condensed Consolidated Balance Sheets.

(2) The change from December 31, 2023 includes a decrease of $11 million due to currency.

Our lease contracts permit customers to pay for equipment over time rather than at the date of installation; therefore, we maintain a certain level of debt (that we refer to as financing debt) to support our investment in these lease contracts, which are reflected in Total finance assets, net. For this financing aspect of our business, we maintain an assumed 7:1 leverage ratio of debt to equity as compared to our finance assets.

Based on this leverage, the following represents the breakdown of total debt between financing debt and core debt:

(in millions)	September 30, 2024	December 31, 2023
Finance receivables debt[1]	$ 1,740	$ 2,196
Equipment on operating leases debt	223	232
Financing debt	1,963	2,428
Core debt	1,308	849
Total Debt	$ 3,271	$ 3,277

(1) Finance receivables debt is the basis for our calculation of "Cost of financing" expense in the Condensed Consolidated Statements of Income (Loss).

Sales of Finance Receivables and Third Party Leasing Programs

Refer to Note 8 - Finance Receivables, Net and Note 22 - Subsequent Events in the Condensed Consolidated Financial Statements for additional information regarding our sales of finance receivables and our third party leasing programs.

Capital Market/Debt Activity

Refer to Note 13 - Debt in the Condensed Consolidated Financial Statements for additional information regarding our debt activity.

Liquidity and Financial Flexibility

We manage our worldwide liquidity using internal cash management practices, which are subject to i) the statutes, regulations and practices of each of the local jurisdictions in which we operate, ii) the legal requirements of the agreements to which we are a party, and iii) the policies and cooperation of the financial institutions we utilize to maintain and provide cash management services.

Our principal debt maturities are spread over the next five years as follows:

(in millions)	Xerox Holdings Corporation	Xerox Corporation	Xerox - Other Subsidiaries[1]	Total
2024 Q4	$ —	$ 7	$ 29	$ 36
2025	388	28	103	519
2026	—	41	16	57
2027	—	55	—	55
2028	750	55	—	805
2029 and thereafter	900	943	—	1,843
Total	$ 2,038	$ 1,129	$ 148	$ 3,315

(1) Represents secured debt issued by subsidiaries of Xerox Corporation as part of the securitization of Finance Receivables.

Refer to Note 13 - Debt in the Condensed Consolidated Financial Statements for additional information regarding debt.

Treasury Stock

Xerox Holdings Corporation made no open-market repurchases of its Common Stock during 2024.

Commitments

Technology

In the second quarter 2024, Xerox entered into a seven year agreement with Tata Consulting Services (TCS), for the purpose of consolidating Xerox's technology services to improve business outcomes, migrate legacy data centers to the cloud, deploy a cloud-based digital ERP platform to transform business processes, and incorporate generative artificial intelligence (GenAI) into operations to help drive sustainable growth. The agreement expands Xerox's existing partnership with TCS, who currently provides business processing outsourcing services in support of our global finance and accounting organization; there were no changes to the terms of the business processing outsourcing services agreement. Xerox can terminate the arrangement with 90 days notice, subject to payment of a termination fee.

In connection with the technology agreement with TCS, Xerox also entered into seven year agreements with both SAP Limited (SAP), who will provide Xerox with a cloud-based digital ERP platform, and Microsoft, who will provide their Azure cloud platform services.

In the second quarter 2024, Xerox entered into a five year agreement with Verizon Business Services (Verizon) to provide their Network as a Service (NaaS) solutions framework as part of Xerox's Reinvention. Under the terms of the agreement, Verizon will provide a secure network platform solution delivering network services to Xerox business locations globally.

Shared Service Arrangement

In the third quarter 2024, Xerox entered into an agreement with HCL Technologies Limited (HCL), to renew and extend the original shared services arrangement contract, entered into in 2019, in which HCL provides certain global administrative and support functions to Xerox. In addition to the existing shared services arrangement, HCL will support Xerox's Global Business Services (GBS) organization with professional services support, sales efficiency, and remote problem-solving. Xerox can terminate the arrangement at any time starting in July 2025, subject to payment of termination fees that decline over the term, or for cause.

The approximate aggregate spending commitments are as follows:

(in millions)	September 30, 2024	Agreement Term
HCL[1]	$ 590	5 Years
TCS[1]	490	7 Years
Microsoft	125	7 Years
SAP	50	7 Years
Verizon	85	5 Years

(1) Represents all contractual arrangements between Xerox and the vendor as of September 30, 2024.

Financial Risk Management

We are exposed to market risk from foreign currency exchange rates and interest rates, which could affect operating results, financial position and cash flows. We manage our exposure to these market risks through our regular operating and financing activities and, when appropriate, through the use of derivative financial instruments. We utilize derivative financial instruments to hedge economic exposures, as well as to reduce earnings and cash flow volatility resulting from shifts in market rates. We enter into limited types of derivative contracts, including interest rate swap agreements, interest rate caps, foreign currency spot, forward and swap contracts and net purchased foreign currency options to manage interest rate and foreign currency exposures. Our primary foreign currency market exposures include the Euro, U.K. Pound Sterling and Japanese Yen. The fair market values of all our derivative contracts change with fluctuations in interest rates and/or currency exchange rates and are designed so that any changes in their values are offset by changes in the values of the underlying exposures. Derivative financial instruments are held solely as risk management tools and not for trading or speculative purposes. The related cash flow impacts of all of our derivative activities are reflected as cash flows from operating activities.

We are required to recognize all derivative instruments as either assets or liabilities at fair value in the balance sheet. As permitted, certain of these derivative contracts have been designated for hedge accounting treatment. Certain of our derivatives that do not qualify for hedge accounting are effective as economic hedges. These derivative contracts are likewise required to be recognized each period at fair value and therefore do result in some level of volatility. The level of volatility will vary with the type and amount of derivative hedges outstanding, as well as fluctuations in the currency and interest rate markets during the period. The related cash flow impacts of all of our derivative activities are reflected as cash flows from operating activities.

By their nature, all derivative instruments involve, to varying degrees, elements of market and credit risk. The market risk associated with these instruments resulting from currency exchange and interest rate movements is expected to offset the market risk of the underlying transactions, assets and liabilities being hedged. We do not believe there is significant risk of loss in the event of non-performance by the counterparties associated with these instruments because these transactions are executed with a diversified group of major financial institutions. Further, our policy is to deal with counterparties having a minimum investment grade or better credit rating. Credit risk is managed through the continuous monitoring of exposures to such counterparties.

The current market events have not required us to materially modify or change our financial risk management strategies with respect to our exposures to interest rate and foreign currency risk. Refer to Note 14 – Financial Instruments in the Condensed Consolidated Financial Statements for further discussion and information on our financial risk management strategies.

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.

Reconciliations of these non-GAAP financial measures 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 (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, 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 charge
- Inventory-related impact - exit of certain production print manufacturing operations
- Divestitures
- PARC donation
- (Gain) loss on early extinguishment of debt
- Tax Indemnification - Conduent
- Deferred tax asset valuation allowance

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 above 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.

Constant Currency (CC)

Refer to "Currency Impact" for a discussion of this measure and its use in our analysis of revenue growth.

Adjusted Net Income and EPS reconciliation:

(in millions, except per share amounts)	Three Months Ended September 30, 2024 Net (Loss) Income	Three Months Ended September 30, 2024 Diluted EPS	Three Months Ended September 30, 2023 Net Income	Three Months Ended September 30, 2023 Diluted EPS	Nine Months Ended September 30, 2024 Net (Loss) Income	Nine Months Ended September 30, 2024 Diluted EPS	Nine Months Ended September 30, 2023 Net Income	Nine Months Ended September 30, 2023 Diluted EPS
Reported[1]	$ (1,205)	$ (9.71)	$ 49	$ 0.28	$ (1,300)	$ (10.55)	$ 59	$ 0.30
Adjustments:								
Goodwill impairment	1,058		—		1,058		—	
Inventory-related impact - exit of certain production print manufacturing operations[2]	—		—		44		—	
Restructuring and related costs, net	56		10		107		35	
Amortization of intangible assets	10		12		30		33	
Divestitures	—		—		51		—	
PARC donation	—		—		—		132	
Non-service retirement-related costs	25		4		74		14	
Transaction and related costs, net	(15)		—		(38)		—	
(Gain) loss on early extinguishment of debt	—		—		(3)		3	
Tax indemnification - Conduent	—		(7)		—		(7)	
Income tax on Goodwill impairment	(43)		—		(43)		—	
Income tax on PARC donation[3]	—		—		—		(40)	
Deferred tax asset valuation allowance[3]	161		—		161		—	
Income tax on adjustments[3]	(13)		9		(55)		2	
Adjusted	$ 34	$ 0.25	$ 77	$ 0.46	$ 86	$ 0.60	$ 231	$ 1.39
Dividends on preferred stock used in adjusted EPS calculation[4]		$ 4		$ 4		$ 11		$ 11
Weighted average shares for adjusted EPS[4]		126		159		126		158
Fully diluted shares at September 30, 2024[5]		126						

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(1) Net (Loss) Income and EPS. For the three and nine months ended September 30, 2024 Net (Loss) and EPS includes an after-tax non-cash goodwill impairment charge of approximately $1,015 million (approximately $1,058 million pre-tax), or $8.16 per diluted share. In addition, the three and nine months ended September 30, 2024 includes a tax expense charge of $161 million, or $1.29 per diluted 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.

(2) Reflects the reduction of inventory of approximately $0 and $38 and the cancellation of related purchase contracts of approximately $0 and $6, as a result of the exit of certain production print manufacturing operations during the three and nine months ended September 30, 2024, respectively.

(3) Refer to Adjusted Effective Tax Rate reconciliation.

(4) For those periods that include the preferred stock dividend, the average shares for the calculations of diluted EPS exclude the 7 million shares associated with our Series A convertible preferred stock.

(5) Reflects common shares outstanding at September 30, 2024, plus potential dilutive common shares used for the calculation of adjusted diluted EPS for the third quarter 2024. Excludes shares associated with our Series A convertible preferred stock, which were anti-dilutive for the third quarter 2024 and 2023, respectively.

Adjusted Effective Tax Rate reconciliation:

	Three Months Ended September 30,					
	2024			2023		
(in millions)	Pre-Tax (Loss) Income	Income Tax Expense	Effective Tax Rate	Pre-Tax Income	Income Tax Expense	Effective Tax Rate
Reported[1]	$ (1,087)	$ 118	(10.9)%	$ 64	$ 15	23.4 %
Goodwill impairment[2]	1,058	43		—	—	
Deferred tax asset valuation allowance[2]	—	(161)		—	—	
Non-GAAP Adjustments[2]	76	13		19	(9)	
Adjusted[3]	$ 47	$ 13	27.7 %	$ 83	$ 6	7.2 %

	Nine Months Ended September 30,					
	2024			2023		
(in millions)	Pre-Tax (Loss) Income	Income Tax Expense	Effective Tax Rate	Pre-Tax Income	Income Tax Expense	Effective Tax Rate
Reported[1]	$ (1,212)	$ 88	(7.3)%	$ 60	$ 1	1.7 %
Goodwill impairment[2]	1,058	43		—	—	
Deferred tax asset valuation allowance[2]	—	(161)		—	—	
PARC donation[2]	—	—		132	40	
Non-GAAP Adjustments[2]	265	55		78	(2)	
Adjusted[3]	$ 111	$ 25	22.5 %	$ 270	$ 39	14.4 %

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(1) Pre-tax (loss) income and Income tax expense. For the three and nine months ended September 30, 2024 Pre-tax (loss) includes a non-cash goodwill impairment charge of approximately $1,058 million (approximately $1,015 million after-tax).

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

(3) The tax impact on Adjusted Pre-tax income is calculated under the same accounting principles applied to the Reported Pre-tax (loss) income under ASC 740, which employs an annual effective tax rate method to the results.

Adjusted Operating Income and Margin reconciliation:

	Three Months Ended September 30,					
	2024			2023		
(in millions)	(Loss) Profit	Revenue	Margin	Profit	Revenue	Margin
Reported[1]	$ (1,205)	$ 1,528		$ 49	$ 1,652	
Income tax expense	118	—		15	—	
Pre-tax (loss) income	$ (1,087)	$ 1,528	(71.1)%	$ 64	$ 1,652	3.9 %
Adjustments:						
Goodwill impairment	1,058			—		
Restructuring and related costs, net	56			10		
Amortization of intangible assets	10			12		
Other expenses, net[3]	43			(18)		
Adjusted	$ 80	$ 1,528	5.2 %	$ 68	$ 1,652	4.1 %

	Nine Months Ended September 30,					
	2024			2023		
(in millions)	(Loss) Profit	Revenue	Margin	Profit	Revenue	Margin
Reported[1]	$ (1,300)	$ 4,608		$ 59	$ 5,121	
Income tax expense	88			1		
Pre-tax (loss) income	$ (1,212)	$ 4,608	(26.3)%	$ 60	$ 5,121	1.2 %
Adjustments:						
Goodwill impairment	1,058			—		
Inventory-related impact - exit of certain production print manufacturing operations[2]	44			—		
Restructuring and related costs, net	107			35		
Amortization of intangible assets	30			33		
Divestitures	51			—		
PARC donation	—			132		
Other expenses, net[3]	120			33		
Adjusted	$ 198	$ 4,608	4.3 %	$ 293	$ 5,121	5.7 %

(1) Net (Loss) Income. For the three and nine months ended September 30, 2024 Net (Loss) includes an after-tax non-cash goodwill impairment charge of approximately $1,015 million (approximately $1,058 million pre-tax), or $8.16 per diluted share. In addition, the three and nine months ended September 30, 2024 includes a tax expense charge of $161 million, or $1.29 per diluted 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.

(2) Reflects the reduction of inventory of approximately $0 and $38 and the cancellation of related purchase contracts of approximately $0 and $6, as a result of the exit of certain production print manufacturing operations during the three and nine months ended September 30, 2024, respectively.

(3) Includes non-service retirement-related costs.

ITEM 3 — QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The information set forth under the “Financial Risk Management” section of this Quarterly Report on Form 10-Q is hereby incorporated by reference in answer to this Item.

ITEM 4 — CONTROLS AND PROCEDURES

(a) Evaluation of Disclosure Controls and Procedures

Xerox Holdings Corporation

The management of Xerox Holdings Corporation evaluated, with the participation of its principal executive officer and principal financial officer, or persons performing similar functions, the effectiveness of its disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as of the end of the period covered by this report. Based on this evaluation, the principal executive officer and principal financial officer of Xerox Holdings Corporation have concluded that, as of the end of the period covered by this report, the disclosure controls and procedures of Xerox Holdings Corporation were effective to ensure that information required to be disclosed in the reports filed or submitted under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission’s rules and forms relating to Xerox Holdings Corporation, including its consolidated subsidiaries, and was accumulated and communicated to the management of Xerox Holdings Corporation, including the principal executive officer and principal financial officer, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

Xerox Corporation

The management of Xerox Corporation evaluated, with the participation of its principal executive officer and principal financial officer, or persons performing similar functions, the effectiveness of its disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as of the end of the period covered by this report. Based on this evaluation, the principal executive officer and principal financial officer of Xerox Corporation have concluded that, as of the end of the period covered by this report, the disclosure controls and procedures of Xerox Corporation were effective to ensure that information required to be disclosed in the reports that or submitted under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission’s rules and forms relating to Xerox Corporation, including its consolidated subsidiaries, and was accumulated and communicated to the management of Xerox Corporation, including the principal executive officer and principal financial officer, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

(b) Changes in Internal Controls

Xerox Holdings Corporation

As required by paragraph (d) of Rule 13a-15 under the Exchange Act, we evaluated changes in our internal control over financial reporting during the last fiscal quarter. There were no changes identified in our internal control over financial reporting that occurred during the last fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Xerox Corporation

As required by paragraph (d) of Rule 13a-15 under the Exchange Act, we evaluated changes in our internal control over financial reporting during the last fiscal quarter. There were no changes identified in our internal control over financial reporting that occurred during the last fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II — OTHER INFORMATION

ITEM 1 — LEGAL PROCEEDINGS

The information set forth under Note 21 – Contingencies and Litigation in the Condensed Consolidated Financial Statements of this Quarterly Report on Form 10-Q is incorporated by reference in answer to this item.

ITEM 1A — RISK FACTORS

Reference is made to the Risk Factors set forth in Part I, Item 1A of the combined Xerox Holdings Corporation and Xerox Corporation Annual Report on Form 10-K for the year ended December 31, 2023.

ITEM 2 — UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

(b) Issuer Purchases of Equity Securities during the Quarter ended September 30, 2024

Repurchases of Xerox Holdings Corporation's Common Stock, par value $1 per share, include the following:

Board Authorized Share Repurchase Program:

There were no repurchases of Xerox Holdings Corporation's Common Stock for the quarter ended September 30, 2024 pursuant to share repurchase programs authorized by Xerox Holdings' Board of Directors.

Repurchases Related to Stock Compensation Programs [1]:

	Total Number of Shares Purchased	Average Price Paid per Share[2]	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Approximate Dollar Value of Shares That May Yet Be Purchased Under the Plans or Programs
July 1 through 31	6,536	$ 11.58	n/a	n/a
August 1 through 31	27,019	10.14	n/a	n/a
September 1 through 30	—	—	n/a	n/a
Total	33,555			

(1) These repurchases are made under a provision in our restricted stock compensation programs for the indirect repurchase of shares through a net-settlement feature upon the vesting of shares in order to satisfy minimum statutory tax-withholding requirements.

(2) Exclusive of fees and expenses.

ITEM 3 — DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4 — MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5 — OTHER INFORMATION

Rule 10b5-1 Trading Plans

None of our directors or officers (as defined in Rule 16a-1(f) under the Exchange Act) adopted or terminated a Rule 10b5-1 trading arrangement or a non-Rule 10b5-1 trading arrangement (as defined in Item 408(c) of Regulation S-K) during the quarterly period covered by this report.

ITEM 6 — EXHIBITS

2.1	Securities Purchase Agreement by and among Xerox, the Seller and the Company, dated as of October 15, 2024 (including the form of the Notes).
	Incorporated by reference to Exhibit 10.1 to Xerox Holdings Corporation's Current Report on Form 8-K, dated October 17, 2024. See SEC File Number 001-39013.
3.1	Restated Certificate of Incorporation of Xerox Holdings Corporation as of May 19, 2022 (conformed copy).
	Incorporated by reference to Exhibit 3.1 to Xerox Holdings Corporation's Current Report on Form 8-K dated May 25, 2022. See SEC File Number 001-39013.
3.2	Restated Certificate of Incorporation of Xerox Corporation filed with the Department of State of New York on July 31, 2019.
	Incorporated by reference to Exhibit 3.2 to Xerox Corporation's Report on Form 8-K dated July 31, 2019. See SEC File Number 001-04471.
3.3	Amended and Restated By-Laws of Xerox Holdings Corporation dated February 17, 2022.
	Incorporated by reference to Exhibit 3(b)(2) to Xerox Holdings Corporation's and Xerox Corporation's combined Annual Report on Form 10-K for the fiscal year ended December 31, 2021. See SEC file Numbers 001-39013 and 001-04471.
3.4	Amended and Restated By-Laws of Xerox Corporation dated July 22, 2021.
	Incorporated by reference to Exhibit 3.3 to Xerox Holdings Corporation's and Xerox Corporation's combined Quarterly Report on Form 10-Q for the quarter ended June 30, 2021. See SEC File Numbers 001-39013 and 001-04471.
10.1	Termination of Consulting Services, dated December 29, 2023, by and between Xerox Holdings Corporation and Louie Pastor.
	Incorporated by reference to Exhibit 10.1 to Xerox Holdings Corporation's and Xerox Corporation's combined Current Report on Form 8-K dated December 29, 2023. See SEC File Number 001-39013.
10.2	Offer Letter, dated December 29, 2023, by and between Xerox Corporation and Louie Pastor.
	Incorporated by reference to Exhibit 10.2 to Xerox Holdings Corporation's and Xerox Corporation's combined Current Report on Form 8-K dated December 29, 2023. See SEC File Number 001-39013.
10.3	Form of Change in Control Severance Agreement, effective January 1, 2024, as approved by the Compensation Committee of the Board of Directors of Xerox Holdings Corporation.
	Incorporated by reference to Exhibit 10.3 to Xerox Holdings Corporation's and Xerox Corporation's combined Current Report on Form 8-K dated December 29, 2023. See SEC File Number 001-39013.
10.4	General Release, Non-Competition and Non-Solicitation Agreement, between Xerox Corporation and Joanne Collins Smee, dated January 10, 2024.
	Incorporated by reference to Exhibit 10.1 to Xerox Holdings Corporation's and Xerox Corporation's combined Current Report on Form 8-K dated January 10, 2024. See SEC File Number 001-39013.
10.5	Indenture, dated March 11, 2024 (the "Indenture"), among Xerox Holdings Corporation, as issuer, Xerox Corporation and Xerox Business Solutions, LLC, as guarantors, and U.S. Bank Trust Company, National Association, as trustee.
	Incorporated by reference to Exhibit 4.1 to Xerox Holdings Corporation's and Xerox Corporation's combined Current Report on Form 8-K dated March 11, 2024. See SEC File Number 001-39013.
10.6	Form of 3.75% Convertible Senior Note due 2030 (included in Exhibit 4.1).
	Incorporated by reference to Exhibit 4.2 to Xerox Holdings Corporation's and Xerox Corporation's combined Current Report on Form 8-K dated March 11, 2024. See SEC File Number 001-39013.
10.7	Indenture, dated March 20, 2024 (the "Indenture"), by and among Xerox Holdings Corporation, as issuer, Xerox Corporation and Xerox Business Solutions, LLC, as guarantors, and U.S. Bank Trust Company, National Association, as trustee.
	Incorporated by reference to Exhibit 4.1 to Xerox Holdings Corporation's and Xerox Corporation's combined Current Report on Form 8-K dated March 20, 2024. See SEC File Number 001-39013.
10.8	Form of 8.875% Senior Note due 2029 (included in Exhibit 4.1).
	Incorporated by reference to Exhibit 4.2 to Xerox Holdings Corporation's and Xerox Corporation's combined Current Report on Form 8-K dated March 20, 2024. See SEC File Number 001-39013.

10.9	Amendment No. 2 to Credit Agreement, dated as of June 10, 2024, by and among XEROX CORPORATION, a New York corporation, XEROX HOLDINGS CORPORATION, a New York corporation, the other Loan Parties party thereto, the 2024 Incremental Revolving Lenders party thereto and CITIBANK, N.A., as administrative agent and collateral agent. Incorporated by reference to Exhibit 10.1 to Xerox Holdings Corporation's and Xerox Corporation's combined Current Report on Form 8-K dated June 12, 2024. See SEC File Number 001-39013.
10.10	Xerox Holdings Corporation 2024 Equity and Performance Incentive Plan Incorporated by reference to Annex A to Xerox Holdings Corporation's Proxy Statement on Schedule 14A dated April 11, 2024. See SEC File Number 001-39013.
31(a)(1)	Certification of Xerox Holdings Corporation CEO pursuant to Rule 13a-14(a) or Rule 15d-14(a).
31(a)(2)	Certification of Xerox Corporation CEO pursuant to Rule 13a-14(a) or Rule 15d-14(a).
31(b)(1)	Certification of Xerox Holdings Corporation CFO pursuant to Rule 13a-14(a) or Rule 15d-14(a).
31(b)(2)	Certification of Xerox Corporation CFO pursuant to Rule 13a-14(a) or Rule 15d-14(a).
32(a)	Certification of Xerox Holdings Corporation CEO and CFO pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32(b)	Certification of Xerox Corporation CEO and CFO pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	Inline XBRL Instance Document
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Calculation Linkbase Document
101.LAB	Inline XBRL Taxonomy Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Presentation Linkbase Document
101.DEF	Inline XBRL Taxonomy Definition Linkbase Document
104	The Cover Page Interactive Data File from this Quarterly Report on Form 10-Q, (formatted as Inline XBRL and contained in Exhibit 101).

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, each registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized. The signatures for each undersigned shall be deemed to relate only to matters having reference to such company and its subsidiaries.

XEROX HOLDINGS CORPORATION
(Registrant)

By: /S/ MIRLANDA GECAJ

Mirlanda Gecaj Vice President and
Chief Accounting Officer
(Principal Accounting Officer)

Date: November 4, 2024

XEROX CORPORATION
(Registrant)

By: /S/ MIRLANDA GECAJ

Mirlanda Gecaj Vice President and
Chief Accounting Officer
(Principal Accounting Officer)

Date: November 4, 2024

EXHIBIT 31(a)(1)
Xerox Holdings Corporation

CEO CERTIFICATIONS

I, Steven J. Bandrowczak, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Xerox Holdings Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

November 4, 2024

/s/ STEVEN J. BANDROWCZAK

Steven J. Bandrowczak
Principal Executive Officer

CEO CERTIFICATIONS

I, Steven J. Bandrowczak, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Xerox Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

November 4, 2024

/s/ STEVEN J. BANDROWCZAK

Steven J. Bandrowczak
Principal Executive Officer

EXHIBIT 31(b)(1)
Xerox Holdings Corporation

CFO CERTIFICATIONS

I, Xavier Heiss, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Xerox Holdings Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

November 4, 2024

/S/ XAVIER HEISS

Xavier Heiss
Principal Financial Officer

EXHIBIT 31(b)(2)
Xerox Corporation

CFO CERTIFICATIONS

I, Xavier Heiss, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Xerox Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

November 4, 2024

/S/ XAVIER HEISS

Xavier Heiss
Principal Financial Officer

CERTIFICATION OF CEO AND CFO PURSUANT TO 18 U.S.C. § 1350, AS ADOPTED PURSUANT TO § 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Form 10-Q of Xerox Holdings Corporation, a New York corporation (the “Company”), for the quarter ended September 30, 2024, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), Steven J. Bandrowczak, Chief Executive Officer of the Company, and Xavier Heiss, Executive Vice President and Chief Financial Officer of the Company, each hereby certifies, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, to the best of his/her knowledge, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ STEVEN J. BANDROWCZAK

Steven J. Bandrowczak
Chief Executive Officer
November 4, 2024

/s/ XAVIER HEISS

Xavier Heiss
Chief Financial Officer
November 4, 2024

This certification accompanies this Report pursuant to § 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed filed by the Company for purposes of § 18 of the Securities Exchange Act of 1934, as amended.

A signed original of this written statement required by § 906 has been provided to Xerox Holdings Corporation and will be retained by Xerox Holdings Corporation and furnished to the Securities and Exchange Commission or its staff upon request.

EXHIBIT 32(b)
Xerox Corporation

CERTIFICATION OF CEO AND CFO PURSUANT TO 18 U.S.C. § 1350, AS ADOPTED PURSUANT TO § 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Form 10-Q of Xerox Corporation, a New York corporation (the “Company”), for the quarter ended September 30, 2024, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), Steven J. Bandrowczak, Chief Executive Officer of the Company, and Xavier Heiss, Executive Vice President and Chief Financial Officer of the Company, each hereby certifies, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, to the best of his/her knowledge, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ STEVEN J. BANDROWCZAK

Steven J. Bandrowczak
Chief Executive Officer
November 4, 2024

/s/ XAVIER HEISS

Xavier Heiss
Chief Financial Officer
November 4, 2024

This certification accompanies this Report pursuant to § 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed filed by the Company for purposes of § 18 of the Securities Exchange Act of 1934, as amended.

A signed original of this written statement required by § 906 has been provided to Xerox Corporation and will be retained by Xerox Corporation and furnished to the Securities and Exchange Commission or its staff upon request.