

Xerox Holdings Financial Model
(unaudited)

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

	2025					2026
	Q1	Q2	Q3	Q4	FY	Q1
Sales	557	665	993	1,068	3,283	920
Services, maintenance, rentals and other	900	911	968	960	3,739	926
Total Revenues	1,457	1,576	1,961	2,028	7,022	1,846
Cost of Revenue						
Cost of sales	382	480	788	717	2,367	600
Cost of services, maintenance, rentals and other	649	645	728	732	2,754	697
Total Cost of Revenue	1,031	1,125	1,516	1,449	5,121	1,297
Gross Profit						
Sales gross profit	175	185	205	351	916	320
Services, maintenance and rentals gross profit	251	266	240	228	985	229
Gross Profit	426	451	445	579	1,901	549
Research, development & engineering	42	43	74	71	230	64
Bad Debt Expense	9	15	9	6	39	5
Selling, administrative and general exp. (Excl Bad Debts)	369	353	468	425	1,615	425
Total Selling, administrative and general exp.	378	368	477	431	1,654	430
Non-financing interest expense	33	55	80	80	248	84
Aggregate Exchange losses	-	1	5	6	12	5
All other, net	35	24	20	21	100	(36)
Total Other, net	35	25	25	27	112	(31)
Restructuring and related costs	(1)	10	59	(2)	66	45
Amortization of intangible assets	10	10	30	33	83	30
Divestitures	(4)	-	-	-	(4)	-
Total Costs and Expenses	1,524	1,636	2,261	2,089	7,510	1,919
Loss before Income Taxes	(67)	(60)	(300)	(61)	(488)	(73)
Income Taxes	23	46	460	12	541	32
Net Loss	(90)	(106)	(760)	(73)	(1,029)	(105)
Less: Preferred stock dividends, net	(4)	(3)	(4)	(3)	(14)	(4)
Net Loss attributable to Common Shareholders	(94)	(109)	(764)	(76)	(1,043)	(109)

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		2025					2026
		Q1	Q2	Q3	Q4	FY	Q1
Preferred Dividends/	- Basic	4	3	4	3	14	4
Other	- Diluted **	4	3	4	3	14	4
Weighted Average Shares	- Basic	125	126	127	128	126	129
	- Diluted **	125	126	127	128	126	129
Loss Per Share							
	Total Basic Loss per Share	(0.75)	(0.87)	(6.01)	(0.60)	(8.25)	(0.84)
	Total Diluted Loss per Share	(0.75)	(0.87)	(6.01)	(0.60)	(8.25)	(0.84)
Key Ratios - GAAP:							
Gross Margins	- Sales	31.4%	27.8%	20.6%	32.9%	27.9%	34.8%
	- Services/Maintenance/Rentals/Other	27.9%	29.2%	24.8%	23.8%	26.3%	24.7%
	- Total	29.2%	28.6%	22.7%	28.6%	27.1%	29.7%
SAG as a % of Revenue		25.9%	23.4%	24.3%	21.3%	23.6%	23.3%
Tax Rate		-34.3%	-76.7%	-153.3%	-19.7%	-110.9%	-43.8%
Ending Xerox Employment		16,800	16,600	26,300	24,600	24,600	22,900

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

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

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

Revenues	
Sales	
Services, maintenance, rentals and other	
Total Revenues	
Cost of Revenue	
Cost of sales	
Cost of services, maintenance, rentals and other	
Total Cost of Revenue	
Gross Profit	
Sales gross profit	
Services, maintenance and rentals gross profit	
Gross Profit	
Research, development & engineering	
Bad Debt Expense	
Selling, administrative and general exp. (Excl Bad Debts)	
Total Selling, administrative and general exp.	
Non-financing interest expense	
Aggregate Exchange losses	
All other, net	
Total Other, net	
Total Costs and Expenses	
(Loss) Income before Income Taxes	
Income Taxes	
Net (Loss) Income	
(Loss) Earnings Per Share	
Operations:	
Preferred Dividends - Adjusted EPS **	
Adjusted (Loss) Earnings per Share	
Adjusted Weighted Average Shares **	

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

2025					2026
Q1	Q2	Q3	Q4	FY	Q1
557	665	993	1,068	3,283	920
900	911	968	960	3,739	926
1,457	1,576	1,961	2,028	7,022	1,846
377	474	679	711	2,241	595
647	641	716	725	2,729	691
1,024	1,115	1,395	1,436	4,970	1,286
180	191	314	357	1,042	325
253	270	252	235	1,010	235
433	461	566	592	2,052	560
42	43	74	69	228	64
9	15	9	6	39	5
360	344	418	415	1,537	419
369	359	427	421	1,576	424
33	55	80	80	248	84
-	1	5	6	12	5
(1)	(15)	-	(1)	(17)	(1)
(1)	(14)	5	5	(5)	4
1,467	1,558	1,981	2,011	7,017	1,862
(10)	18	(20)	17	5	(16)
(6)	95	(47)	25	67	35
(4)	(77)	27	(8)	(62)	(51)
(0.06)	(0.64)	0.20	(0.10)	(0.60)	(0.43)
-	-	-	-	-	-
(0.06)	(0.64)	0.20	(0.10)	(0.60)	(0.43)
125	126	129	128	126	129

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

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

	2025					2026
	Q1	Q2	Q3	Q4	FY	Q1
Key Ratios - Adjusted:						
Gross Margins						
- Sales	32.3%	28.7%	31.6%	33.4%	31.7%	35.3%
- Services/Maintenance/Rentals/Other	28.1%	29.6%	26.0%	24.5%	27.0%	25.4%
- Total	29.7%	29.3%	28.9%	29.2%	29.2%	30.3%
Adjusted Operating Margin	1.5%	3.7%	3.3%	5.0%	3.5%	3.9%
SAG as a % of Revenue	25.3%	22.8%	21.8%	20.8%	22.4%	23.0%
Adjusted Effective Tax Rate	60.0%	527.8%	235.0%	147.1%	1340.0%	-218.8%
Non-GAAP Adjustments:						
Restructuring and related costs	(1)	10	59	(2)	66	45
Amortization of intangible assets	10	10	30	33	83	30
Non-service retirement-related costs	18	19	20	21	78	21
Transaction and related costs	3	6	47	3	59	4
Transformation costs	6	3	3	5	17	2
Purchase accounting adjustments to fixed assets	-	-	16	13	29	11
Purchase accounting adjustments to inventory	-	-	102	-	102	-
Loss (Gain) on extinguishment of debt	-	4	-	1	5	(56)
Divestitures	(4)	-	-	-	(4)	-
Commitment Fee expense	18	4	-	-	22	-
Escrow interest	-	12	-	-	12	-
Inventory impact related to the exit of certain Production Print manufacturing operations	7	10	3	4	24	-
Tax on adjusted items	29	(49)	507	(13)	474	(3)
Total Non-GAAP Adjustments	86	29	787	65	967	54

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

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(unaudited)**

(in \$ millions)

	2025				2026	
	Q1	Q2	Q3	Q4	FY	Q1
Revenue						
Entry	43	51	119	168	381	135
Mid-range	198	235	222	258	913	198
High-end	40	44	39	52	175	40
Other	3	6	3	7	19	5
Total Equipment Revenue	284	336	383	485	1,488	378
Installs*						
Entry						
Color	18%	(4)%	(33)%	(16)%	(9)%	(37)%
B&W	39%	(18)%	(27)%	(4)%	(13)%	17%
Total	33%	(14)%	(28)%	(7)%	(0)	(2)%
Mid-range						
Color	11%	0%	7%	(15)%	3%	(19)%
B&W	(11)%	(23)%	(15)%	(18)%	(16)%	(22)%
Total	5%	(6)%	2%	(16)%	(2)%	(20)%
High-end						
Color	(19)%	(16)%	(31)%	(21)%	(21)%	35%
B&W	(67)%	(73)%	(97)%	(83)%	(83)%	(76)%
Total	(23)%	(20)%	(40)%	(24)%	(27)%	31%

Notes:

* Installs - Q2 2025 and prior Y/Y growth rates consist of legacy Xerox only. Q3 2025 and beyond include Xerox and Lexmark.