

Xerox Holdings Financial Model
(unaudited)

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

	2023					2024			
	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	YTD
Sales	659	696	644	721	2,720	523	611	588	1,722
Services, maintenance and rentals	1,004	1,009	962	1,000	3,975	937	929	902	2,768
Financing	52	49	46	44	191	42	38	38	118
Total Revenues	1,715	1,754	1,652	1,765	6,886	1,502	1,578	1,528	4,608
Cost of Revenue									
Cost of sales	425	452	435	466	1,778	340	387	390	1,117
Cost of services, maintenance, and rentals	665	671	651	677	2,664	692	642	617	1,951
Cost of financing	36	34	30	30	130	27	29	26	82
Total Cost of Revenue	1,126	1,157	1,116	1,173	4,572	1,059	1,058	1,033	3,150
Gross Profit									
Sales gross profit	234	244	209	255	942	183	224	198	605
Services, maintenance and rentals gross profit	339	338	311	323	1,311	245	287	285	817
Financing gross profit	16	15	16	14	61	15	9	12	36
Gross Profit	589	597	536	592	2,314	443	520	495	1,458
Research, development & engineering	64	57	52	56	229	49	50	45	144
Bad Debt Expense	(8)	15	10	11	28	15	10	10	35
Selling, administrative and general exp. (Excl Bad Debts)	415	418	406	429	1,668	382	383	360	1,125
Total Selling, administrative and general exp.	407	433	416	440	1,696	397	393	370	1,160
Non-financing interest expense	14	12	14	28	68	26	31	31	88
Aggregate Exchange losses	11	5	6	6	28	11	2	2	15
All other, net	(5)	14	(38)	8	(21)	7	-	10	17
Total Other, net	20	31	(18)	42	75	44	33	43	120
Goodwill impairment	-	-	-	-	-	-	-	1,058	1,058
Restructuring and related costs	2	23	10	132	167	39	12	56	107
Amortization of intangible assets	11	10	12	10	43	10	10	10	30
Divestitures	-	-	-	-	-	54	(3)	-	51
PARC Donation	-	132	-	-	132	-	-	-	-
Total Costs and Expenses	1,630	1,843	1,588	1,853	6,914	1,652	1,553	2,615	5,820
Income (Loss) before Income Taxes	85	(89)	64	(88)	(28)	(150)	25	(1,087)	(1,212)
Income Taxes	14	(28)	15	(30)	(29)	(37)	7	118	88
	-	-	-	-	-	-	-	-	-
Net Income (Loss)	71	(61)	49	(58)	1	(113)	18	(1,205)	(1,300)
Less: Preferred stock dividends, net	(4)	(3)	(4)	(3)	(14)	(4)	(3)	(4)	(11)

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		2023					2024			
		Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	YTD
Net Income (Loss) attributable to Common Shareholders		67	(64)	45	(61)	(13)	(117)	15	(1,209)	(1,311)
Preferred Dividends/ Other	- Basic	4	3	4	3	14	4	3	4	11
	- Diluted **	4	3	4	3	14	4	3	4	11
Weighted Average Shares	- Basic	157	157	157	123	149	124	124	124	124
	- Diluted **	157	157	157	123	149	124	124	124	124
Earnings Per Share										
Total Basic Earnings (Loss) per Share		0.43	(0.41)	0.29	(0.50)	(0.09)	(0.94)	0.12	(9.71)	(10.55)
Total Diluted Earnings (Loss) per Share		0.43	(0.41)	0.28	(0.50)	(0.09)	(0.94)	0.11	(9.71)	(10.55)
Key Ratios - GAAP:										
Gross Margins	- Sales	35.5%	35.1%	32.5%	35.4%	34.6%	35.0%	36.7%	33.7%	35.1%
	- Services/Maintenance/Rentals	33.8%	33.5%	32.3%	32.3%	33.0%	26.1%	30.9%	31.6%	29.5%
	- Financing	30.8%	30.6%	34.8%	31.8%	31.9%	35.7%	23.7%	31.6%	30.5%
	- Total	34.3%	34.0%	32.4%	33.5%	33.6%	29.5%	33.0%	32.4%	31.6%
SAG as a % of Revenue		23.7%	24.7%	25.2%	24.9%	24.6%	26.4%	24.9%	24.2%	25.2%
Tax Rate		16.5%	31.5%	23.4%	34.1%	103.6%	24.7%	28.0%	-10.9%	-7.3%
Ending Xerox Employment		20,300	20,300	20,100	20,100	20,100	18,700	18,100	17,300	17,300

**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 and rentals	
Financing	
Total Revenues	
Cost of Revenue	
Cost of sales	
Cost of services, maintenance and rentals	
Cost of financing	
Total Cost of Revenue	
Gross Profit	
Sales gross profit	
Services, maintenance and rentals gross profit	
Financing 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	
PARC Donation	
Aggregate Exchange losses	
All other, net	
Total Other, net	
Total Costs and Expenses	
Income before Income Taxes	
Income Taxes	
Income from Operations	
Net Income	
Earnings Per Share	
Operations:	
Preferred Dividends - Adjusted EPS **	
Adjusted 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

2023					2024			
Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	YTD
659	696	644	721	2,720	523	611	588	1,722
1,004	1,009	962	1,000	3,975	937	929	902	2,768
52	49	46	44	191	42	38	38	118
1,715	1,754	1,652	1,765	6,886	1,502	1,578	1,528	4,608
425	452	435	466	1,778	340	385	390	1,115
665	671	651	677	2,664	656	636	617	1,909
36	34	30	30	130	27	29	26	82
1,126	1,157	1,116	1,173	4,572	1,023	1,050	1,033	3,106
234	244	209	255	942	183	226	198	607
339	338	311	323	1,311	281	293	285	859
16	15	16	14	61	15	9	12	36
589	597	536	592	2,314	479	528	495	1,502
64	57	52	56	229	49	50	45	144
(8)	15	10	11	28	15	10	10	35
415	418	406	429	1,668	382	383	360	1,125
407	433	416	440	1,696	397	393	370	1,160
14	12	14	28	68	26	31	31	88
-	-	-	-	-	-	-	-	-
11	5	6	6	28	11	2	2	15
(4)	-	(35)	(4)	(43)	(13)	(3)	-	(16)
21	17	(15)	30	53	24	30	33	87
1,618	1,664	1,569	1,699	6,550	1,493	1,523	1,481	4,497
97	90	83	66	336	9	55	47	111
15	18	6	10	49	(2)	14	13	25
82	72	77	56	287	11	41	34	86
82	72	77	56	287	11	41	34	86
0.49	0.44	0.46	0.43	1.82	0.06	0.29	0.25	0.60
-	-	-	-	-	-	-	-	-
0.49	0.44	0.46	0.43	1.82	0.06	0.29	0.25	0.64
158	158	159	125	151	125	126	126	126

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(unaudited)**

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

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

	2023					2024			
	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	YTD
Key Ratios - Adjusted:									
Gross Margins									
- Sales	35.5%	35.1%	32.5%	35.4%	34.6%	35.0%	37.0%	33.7%	35.2%
- Services/Maintenance/Rentals	33.8%	33.5%	32.3%	32.3%	33.0%	30.0%	31.5%	31.6%	31.0%
- Financing	30.8%	30.6%	34.8%	31.8%	31.9%	35.7%	23.7%	31.6%	30.5%
- Total	34.3%	34.0%	32.4%	33.5%	33.6%	31.9%	33.5%	32.4%	32.6%
Adjusted Operating Margin	6.9%	6.1%	4.1%	5.4%	5.6%	-6.2%	5.4%	5.2%	4.3%
SAG as a % of Revenue	23.7%	24.7%	25.2%	24.9%	24.6%	26.4%	24.9%	24.2%	25.2%
Adjusted Effective Tax Rate	15.5%	20.0%	7.2%	15.2%	14.6%	-22.2%	25.5%	27.7%	22.5%
Non-GAAP Adjustments:									
Goodwill Impairment	-	-	-	-	-	-	-	1,058	1,058
Restructuring and related costs	2	23	10	132	167	39	12	56	107
Amortization of intangible assets	11	10	12	10	43	10	10	10	30
Non-service retirement-related costs	(1)	11	4	5	19	23	26	25	74
PARC Donation	-	132	-	-	132	-	-	-	-
Loss (Gain) on extinguishment of debt	-	3	-	7	10	(3)	-	-	(3)
Divestitures	-	-	-	-	-	54	(3)	-	51
Tax indemnification - Conduent	-	-	(7)	-	(7)	-	-	-	-
Insurance Settlement	-	-	-	-	-	-	(23)	(15)	(38)
Inventory impact related to the exit of certain Production Print manufacturing operations	-	-	-	-	-	36	8	-	44
Tax on adjusted items	(1)	(46)	9	(40)	(78)	(35)	(7)	105	63
Total Non-GAAP Adjustments	11	133	28	114	286	124	23	1,239	1,386

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(unaudited)

(in \$ millions)	2023					2024				2024 QOQ CC % Change
	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	YTD	Q3
Revenue										
Entry	62	63	56	56	237	45	56	53	154	(4.4)%
Mid-range	252	270	260	302	1,084	193	235	224	652	(13.4)%
High-end	73	82	67	94	316	47	60	57	164	(15.1)%
Other	4	5	3	6	18	5	5	5	15	66.7%
Total Equipment Revenue	391	420	386	458	1,655	290	356	339	985	(12.2)%

Installs

Entry

Color	(9)%	(43)%	(52)%	(37)%	(37)%	(37)%	(13)%	(4)%	(20)%
B&W	(1)%	(5)%	(28)%	(28)%	(16)%	(47)%	(9)%	34%	(11)%

Mid-range

Color	26%	21%	(18)%	(14)%	0%	(18)%	(12)%	3%	(10)%
B&W	160%	16%	(10)%	(31)%	7%	(28)%	(29)%	(11)%	(24)%

High-end

Color	84%	8%	15%	15%	25%	(42)%	(22)%	(22)%	(30)%
B&W	(23)%	(8)%	(16)%	(17)%	(16)%	(22)%	(24)%	29%	(2)%

Notes:

CC = Constant Currency