# Non-GAAP Financial Measures

## Q2 2025 Results

July 31, 2025

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# Non-GAAP Financial Measures

We have reported our financial results in accordance with generally accepted accounting principles (GAAP). In addition, we have discussed our financial results using the non-GAAP measures described below. We believe these non-GAAP measures allow investors to better understand the trends in our business and to better understand and compare our results. Management regularly uses our supplemental non-GAAP financial measures internally to understand, manage and evaluate our business and make operating decisions. These non-GAAP measures are among the primary factors management uses in planning for and forecasting future periods. Compensation of our executives is based in part on the performance of our business based on these non-GAAP measures. Accordingly, we believe it is necessary to adjust several reported amounts, determined in accordance with GAAP, to exclude the effects of certain items as well as their related income tax effects.

However, these non-GAAP financial measures should be viewed in addition to, and not as a substitute for, the Company's reported results prepared in accordance with GAAP. Our non-GAAP financial measures are not meant to be considered in isolation or as a substitute for comparable GAAP measures and should be read only in conjunction with our Condensed Consolidated Financial Statements prepared in accordance with GAAP.

A reconciliation of the estimated post-acquisition impact on Adjusted Net Income and EPS, Adjusted Operating Income and Margin, and Free Cash Flow to the closest GAAP financial measures, Net Income (loss), EPS, Pre-tax Margin, and Operating Cash Flow, is not provided. GAAP measures for those periods are not available without unreasonable effort, in part as the timing of synergies and costs to achieve synergies related to the acquisitions are not available at this time.

- Adjusted Net Income and EPS (Restructuring and related costs, net, Amortization of intangible assets, and other discrete, unusual or infrequent items);
- Adjusted Operating Income and Margin (Costs and expenses noted above as adjustments for our Adjusted Net Income and EPS measure, as well as amounts included in Other expenses, net, which are primarily non-financing interest expense and certain other non-operating costs and expenses, and other discrete, unusual or infrequent items);
- Free Cash Flow (Capital expenditures).

Reconciliations of the non-GAAP financial measures below to the most directly comparable financial measures calculated and presented in accordance with GAAP are set forth below.

Adjusted Earnings Measures
- Adjusted Net Income and Earnings per share (Adjusted EPS)
- Adjusted Effective Tax Rate

The above measures were adjusted for the following items:

- Restructuring and related costs, net: Restructuring and related costs, net include restructuring and asset impairment charges as well as costs associated with our transformation programs beyond those normally included in restructuring and asset impairment charges. Restructuring consists of costs primarily related to severance and benefits paid to employees pursuant to formal restructuring and workforce reduction plans. Asset impairment includes costs incurred for those assets sold, abandoned or made obsolete as a result of our restructuring actions, exiting from a business or other strategic business changes. Additional costs for our transformation programs are primarily related to the implementation of strategic actions and initiatives and include third-party professional service costs as well as one-time incremental costs. All of these costs can vary significantly in terms of amount and frequency based on the nature of the actions as well as the changing needs of the business. Accordingly, due to that significant variability, we will exclude these charges since we do not believe they provide meaningful insight into our current or past operating performance nor do we believe they are reflective of our expected future operating expenses as such charges are expected to yield future benefits and savings with respect to our operational performance.

- Amortization of intangible assets: The amortization of intangible assets is driven by our acquisition activity which can vary in size, nature and timing as compared to other companies within our industry and from period to period. The use of intangible assets contributed to our revenues earned during the periods presented and will contribute to our future period revenues as well. Amortization of intangible assets will recur in future periods

- Non-service retirement-related costs: Our defined benefit pension and retiree health costs include several elements impacted by changes in plan assets and obligations that are primarily driven by changes in the debt and equity markets as well as those that are predominantly legacy in nature and related to employees who are no longer providing current service to the Company (e.g. retirees and ex-employees). These elements include (i) interest cost, (ii) expected return on plan assets, (iii) amortization of prior plan amendments, (iv) amortized actuarial gains/losses and (v) the impacts of any plan settlements/curtailments. Accordingly, we consider these elements of our periodic retirement plan costs to be outside the operational performance of the business or legacy costs and not necessarily indicative of current or future cash flow requirements. This approach is consistent with the classification of these costs as non-operating in Other expenses, net. Adjusted earnings will continue to include the service cost elements of our retirement costs, which is related to current employee service as well as the cost of our defined contribution plans.

- Transaction and related costs, net: Transaction and related costs, net are costs and expenses primarily associated with certain major or significant strategic M&A projects. These costs are primarily for third-party legal, accounting,

# Non-GAAP Financial Measures

- consulting and other similar type professional services as well as potential legal settlements that may arise in connection with those M&A transactions. These costs are considered incremental to our normal operating charges and were incurred or are expected to be incurred solely as a result of the planned transactions. Accordingly, we are excluding these expenses from our Adjusted Earnings Measures in order to evaluate our performance on a comparable basis.

- Discrete, unusual or infrequent items: We exclude these item(s), when applicable, given their discrete, unusual or infrequent nature and their impact on the comparability of our results for the period to prior periods and future expected trends.

  - Goodwill impairment
  - PARC donation
  - Divestitures
  - Loss (gain) on early extinguishment of debt
  - Inventory-related impact - exit of certain Production Print manufacturing operations
  - Tax indemnification – Conduent
  - Deferred tax valuation allowance
  - Reinvention-related costs
  - Income tax on goodwill impairment
  - Income tax on PARC donation
  - Commitment fee expense
  - Lexmark acquisition financing – escrow interest, net

Adjusted Operating Income and Margin
We calculate and utilize adjusted operating income and margin measures by adjusting our reported pre-tax income (loss) and margin amounts. In addition to the costs and expenses noted as adjustments for our adjusted earnings measures, adjusted operating income and margin also exclude the remaining amounts included in Other expenses, net, which are primarily non-financing interest expense and certain other non-operating costs and expenses. We exclude these amounts in order to evaluate our current and past operating performance and to better understand the expected future trends in our business.

Adjusted Gross Profit and Margin
We calculate non-GAAP gross Profit and Margin by excluding the inventory impact related to the exit of certain Production Print manufacturing operations, included in Cost of services, maintenance and rentals.

Adjusted EBITDA
Earnings before interest, taxes, depreciation and amortization adjusted for additional items, when applicable, given their discrete, unusual or infrequent nature and their impact on comparability of our results for the period to prior periods and future expected trends.

Adjusted Other Expenses, net
Other expenses, net adjusted to exclude non-service retirement-related costs as well as additional items, when applicable, given their discrete, unusual or infrequent nature and their impact on comparability of our results for the period to prior periods and future expected trends.

Constant Currency (CC)
To better understand trends in our business, we believe that it is helpful to adjust revenue to exclude the impact of changes in the translation of foreign currencies into U.S. dollars. We refer to this adjusted revenue as “constant currency.” This impact is calculated by translating current period activity in local currency using the comparable prior year period's currency translation rate. This impact is calculated for all countries where the functional currency is not the U.S. dollar. Management believes the constant currency measure provides investors an additional perspective on revenue trends. Currency impact can be determined as the difference between actual growth rates and constant currency growth rates.

Free Cash Flow
To better understand trends in our business, we believe that it is helpful to adjust operating cash flows by subtracting amounts related to capital expenditures. Management believes this measure gives investors an additional perspective on cash flow from operating activities in excess of amounts required for reinvestment. It provides a measure of our ability to fund acquisitions and pay dividends.



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# Adjusted Net Income (Loss) and EPS Reconciliation

| (in millions, except per share amounts) | FY-23 Net Income | FY-23 EPS | Q1-24 Net (Loss) Income | Q1-24 EPS | Q2-24 Net Income | Q2-24 EPS | Q3-24 Net (Loss) Income | Q3-24 EPS | Q4-24 Net (Loss) Income | Q4-24 EPS | FY-24 Net (Loss) Income | FY-24 EPS | Q1-25 Net (Loss) | Q1-25 EPS | Q2-25 Net (Loss) | Q2-25 EPS |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Reported** [1] | $ 1 | $ (0.09) | $ (113) | $ (0.94) | $ 18 | $ 0.11 | $ (1,205) | $ (9.71) | $ (21) | $ (0.20) | $ (1,321) | $ (10.75) | $ (90) | $ (0.75) | $ (106) | $ (0.87) |
| Goodwill impairment | - | | - | | - | | 1,058 | | - | | 1,058 | | - | | - | |
| PARC donation | 132 | | - | | - | | - | | - | | - | | - | | - | |
| Inventory-related impact - exit of certain Production Print manufacturing operations [2] | - | | 36 | | 8 | | - | | 7 | | 51 | | 7 | | 10 | |
| Restructuring and related costs, net | 167 | | 39 | | 12 | | 56 | | 5 | | 112 | | (1) | | 10 | |
| Amortization of intangible assets | 43 | | 10 | | 10 | | 10 | | 43 | | 73 | | 10 | | 10 | |
| Divestitures | - | | 54 | | (3) | | - | | (4) | | 47 | | (4) | | - | |
| Non-service retirement-related costs | 19 | | 23 | | 26 | | 25 | | 6 | | 80 | | 18 | | 19 | |
| Transaction and related costs, net | - | | - | | (23) | | (15) | | 7 | | (31) | | 3 | | 6 | |
| Tax indemnification - Conduent | (7) | | - | | - | | - | | - | | - | | - | | - | |
| Loss (gain) on early extinguishment of debt | 10 | | (3) | | - | | - | | 1 | | (2) | | - | | 4 | |
| Reinvention-related costs | - | | - | | - | | - | | 12 | | 12 | | 6 | | 3 | |
| Commitment fee expense [3] | - | | - | | - | | - | | - | | - | | 18 | | 4 | |
| Income tax on goodwill impairment [4] | - | | - | | - | | (43) | | - | | (43) | | - | | - | |
| Income tax on PARC donation [4] | (40) | | - | | - | | - | | - | | - | | 9 | | - | |
| Deferred tax asset valuation allowance | - | | - | | - | | 161 | | 8 | | 169 | | 50 | | - | |
| Lexmark acquisition financing - escrow interest, net [5] | - | | - | | - | | - | | - | | - | | - | | 12 | |
| Income tax on adjustments [4] | (38) | | (35) | | (7) | | (13) | | (15) | | (70) | | (30) | | (49) | |
| **Adjusted** | $ 287 | $ 1.82 | $ 11 | $ 0.06 | $ 41 | $ 0.29 | $ 34 | $ 0.25 | $ 49 | $ 0.36 | $ 135 | $ 0.97 | $ (4) | $ (0.06) | $ (77) | $ (0.64) |
| Dividends on preferred stock used in adjusted EPS calculation [6] | | $ 14 | | $ 4 | | $ 3 | | $ 4 | | $ 3 | | $ 14 | | $ 4 | | $ 3 |
| Weighted average shares for adjusted EPS [6] | | 151 | | 125 | | 126 | | 126 | | 127 | | 126 | | 125 | | 126 |

*[1] Q2 2025 GAAP (Loss) per share includes $22 million ($17 million after-tax) of interest and financing-related charges, net, or $0.13 per share related to recently completed borrowings in support of the Lexmark acquisition financing, repayment of existing borrowings, and general corporate purposes; and $28 million of tax expense, or $0.22 per share, related to interest expense that was not deductible according to tax guidelines in place as of 6/30/25. Q1 2025 GAAP (Loss) per share includes a charge to tax expense related to the establishment of $59 million in valuation allowances, or $0.47 per share, and $14 million after-tax financing-related charges, or $0.11 per share, related to our recently completed debt offering. Full-year 2024 Net (Loss) and Diluted (Loss) per Share, include the following: Q1 2024 $129 million pre-tax ($100 million after-tax) Reinvention-related charge, or $0.81 per share, primarily related to the exit of certain Production Print manufacturing operations and geographic simplification; Q2 2024 GAAP $23 million ($17 million after-tax), or $0.14 per share, of insurance proceeds from a legal settlement; Q3 2024 pre-tax non-cash goodwill impairment charge of approximately $1.1 billion (approximately $1.0 billion after-tax), or $8.17 per share; Q4 2024 $37 million pre-tax ($28 million after-tax) write-off of intangibles, or $0.22 per share, and $19 million of pre-tax ($15 million after-tax) Reinvention-related and acquisition charges, or $0.12 per share. Full year 2024 also includes a Q3 2024 tax expense charge of $161 million, or $1.30 per share, related to the establishment of a valuation allowance against certain deferred tax assets to reflect their realizability. This adjustment was excluded due to its unique nature and significant impact which is not considered part of our core operations. Full year 2023 Net Income and Diluted (Loss) per Share includes a net pre-tax PARC donation charge of $132 million ($92 million after-tax), or $0.58 per share, and a $104 million pre-tax Restructuring and related costs, net charge ($78 million after-tax), or $0.52 per share, related to the Reinvention-related workforce reduction.*

*[2] Reflects inventory-related charges and the cancellation of related purchase contracts as a result of the exit of certain production print manufacturing operations.*

*[3] Primarily reflects fees associated with the recently completed private offering of $400 million in aggregate principal amount of 10.25% Senior Secured First Lien Notes and $400 million aggregate principal amount of 13.5% Senior Secured Second Lien Notes Due in 2031.*

*[4] Refer to Adjusted Effective Tax Rate Reconciliation.*

*[5] Reflects net interest expense on net proceeds received from debt issuances which were placed in escrow to fund the Lexmark Acquisition.*

*[6] For those periods that include the preferred stock dividend the average shares for the calculations of diluted EPS exclude 7 million shares associated with our Series A convertible preferred stock, as applicable.*

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# Adjusted Effective Tax Rate Reconciliation

| (in millions) | Q2-25 Pre-Tax (Loss) Income | Q2-25 Income Tax Expense | Q2-25 Effective Tax Rate | Q2-24 Pre-Tax Income | Q2-24 Income Tax Expense | Q2-24 Effective Tax Rate |
|---|---|---|---|---|---|---|
| **Reported** [1] | $ (60) | $ 46 | (76.7%) | $ 25 | $ 7 | 28.0% |
| Non-GAAP adjustments [2] | 78 | 49 | | 30 | 7 | |
| **Adjusted** [3] | $ 18 | $ 95 | 527.8% | $ 55 | $ 14 | 25.5% |

[1] *Pre-Tax (Loss) Income and Income Tax Expense.*

[2] *Refer to Adjusted Net (loss) Income and EPS reconciliations for details.*

[3] *The tax impact on the Adjusted Pre-Tax Income is calculated under the same accounting principles applied to the As Reported Pre-Tax (Loss) under ASC 740, which employs an annual effective tax rate method to the results.*



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# Adjusted Gross Profit and Margin Reconciliation

| (in millions) | Q2-25 | | Q2-24 | |
|---|---|---|---|---|
| **Revenue** [1] | $ 1,576 | | $ 1,578 | |
| Cost of revenue [1] | 1,125 | | 1,058 | |
| **Gross Profit and Margin** | 451 | 28.6% | 520 | 33.0% |
| **Adjustment:** | | | | |
| Inventory-related impact - exit of certain Production Print manufacturing operations | 10 | | 8 | |
| **Adjusted Gross Profit and Margin** | $ 461 | 29.3% | $ 528 | 33.5% |

[1] *Total revenues and cost of revenue*



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# Adjusted Gross Profit and Margin Reconciliation – Print and Other

| (in millions) | Q2-25 | | Q2-24 | |
|---|---|---|---|---|
| **Revenue** [1] | $ 1,366 | | $ 1,494 | |
| Cost of revenue [1] | 950 | | 987 | |
| **Gross Profit and Margin** | 416 | 30.5% | 507 | 33.9% |
| **Adjustment:** | | | | |
| Inventory-related impact - exit of certain Production Print manufacturing operations | 10 | | 8 | |
| **Adjusted Gross Profit and Margin** | $ 426 | 31.2% | $ 515 | 34.5% |

[1] *Print and Other revenues and cost of revenue*



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# Adjusted Operating Expenses

| (in millions) | Q2-25 | Q2-24 | B/(W) YOY |
|---|---|---|---|
| **Reported**[1] | $ 411 | $ 443 | 7.2% |
| Less: ITsavvy | 14 | - | |
| **Adjusted** | $ 397 | $ 443 | 10.5% |

[1] *Reflects Selling, administrative and general expenses (SAG), and Research, development and engineering expenses. ITsavvy operating expenses are comprised of SAG only.*



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# Adjusted Operating Income and Margin Reconciliation

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

[1] *Net Income (Loss)*

[2] *Reflects inventory-related charges and the cancellation of related purchase contracts as a result of the exit of certain production print manufacturing operations.*

[3] *Includes non-service retirement-related costs.*

[4] *Q2 2025 includes $21 million of financing-related charges, net, related to recently completed borrowings in support of the Lexmark acquisition financing, repayment of existing borrowings, and general corporate purposes.*



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# Adjusted EBITDA and Margin Reconciliation

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

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[1] *Net Income (Loss)*

[2] *Other expenses, net, primarily includes non-financing interest expense and certain other non-operating costs, expenses, gains and losses.*

[3] *Excludes amortization of customer contract costs*

[4] *EBITDA includes Financing Revenues and Cost of financing, for all periods presented as these amounts are associated with our XFS segment.*

[5] *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.*

[6] *Reflects inventory-related charges and the cancellation of related purchase contracts as a result of the exit of certain production print manufacturing operations.*

[7] *EBITDA & Adj. EBITDA included above are internal measures used by Management to assess performance. The amounts and related calculation are different than consolidated EBITDA determined as part of our Credit Facility financial maintenance covenants.*

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# Free Cash Flow Reconciliation

| (in millions) | FY-23 | Q1-24 | Q2-24 | Q3-24 | Q4-24 | FY-24 | Q1-25 | Q2-25 |
|---|---|---|---|---|---|---|---|---|
| **Reported**[1] | $686 | ($79) | $123 | $116 | $351 | $511 | ($89) | ($11) |
| Less: capital expenditures | 37 | 10 | 8 | 9 | 17 | 44 | 20 | 19 |
| **Free Cash Flow** | $649 | ($89) | $115 | $107 | $334 | $467 | ($109) | ($30) |

[1] *Net cash provided by (used in) operating activities.*



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# Other Expenses, net Reconciliation

| (in millions) | Q2-25 | Q2-24 |
|---|---|---|
| **Reported** [1] | $ 80 | $ 33 |
| Less: Non-service retirement-related costs | 19 | 26 |
| Less: Loss (Gain) on early extingushment of debt | 4 | - |
| Less: Transaction related costs, net | - | (23) |
| Less: Commitment fee expense | 4 | - |
| Less: Escrow interest | 12 | - |
| **Adjusted** | $ 41 | $ 30 |

[1] *Other expenses, net*



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# Unaudited Lexmark Historical Financial Results

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

*[1] Total revenue includes sales of equipment and supplies to Xerox of $257 million in 2024 and $81 million in H1 2025; [2] Adjusted EBITDA and Adjusted Operating Income included above are internal measures used by Management to assess performance; [3] Preliminary*



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# Pro Forma Revenue

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

[1] *Reflects revenue from January 1, 2024 through November 19, 2024*



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# Pro Forma Adjusted EBITDA

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

[1] *Inclusive of Lexmark and ITsavvy*



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# Adjusted Operating Income and Margin – Guidance

| | FY 2025 | | |
|---|---|---|---|
| **(in millions)** | **Profit** | **Revenue (CC)** [2, 3] | **Margin** |
| **Estimated** [1] | ~$(197) | ~$7,300 | ~(2.7)% |
| **Adjustments:** | | | |
| Restructuring and related costs, net | 50 | | |
| Amortization of intangible assets | 50 | | |
| Other expenses, net [4] | 427 | | |
| **Adjusted** [5] | ~$330 | ~$7,300 | ~4.5% |

[1] *Pre-tax (loss) and revenue.*

[2] *Full-year revenue growth is estimated at 16-17% in constant currency. Revenue of $7.3 bilion reflects the high end of the guidance range.*

[3] *See "Constant Currency" in the Non-GAAP Financial Measures section for a description of constant currency.*

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

[4] *Adjusted pre-tax income reflects the adjusted operating margin guidance of ~4.5%.*



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# Free Cash Flow – Guidance

| (in millions) | FY 2025 |
|---|---|
| **Operating Cash Flow**[1] | ~$345 |
| Less: capital expenditures | 95 |
| **Free Cash Flow** | ~$250 |

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



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