

Xerox Holdings Financial Model
(unaudited)

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

	2024					2025	
	Q1	Q2	Q3	Q4	FY	Q1	
Sales	523	611	588	656	2,378	557	
Services, maintenance, rentals and other	979	967	940	957	3,843	900	
Total Revenues	1,502	1,578	1,528	1,613	6,221	1,457	
Cost of Revenue							
Cost of sales	340	387	390	445	1,562	382	
Cost of services, maintenance, rentals and other	719	671	643	666	2,699	649	
Total Cost of Revenue	1,059	1,058	1,033	1,111	4,261	1,031	
Gross Profit							
Sales gross profit	183	224	198	211	816	175	
Services, maintenance and rentals gross profit	260	296	297	291	1,144	251	
Gross Profit	443	520	495	502	1,960	426	
Research, development & engineering	49	50	45	47	191	42	
Bad Debt Expense	15	10	10	7	42	9	
Selling, administrative and general exp. (Excl Bad Debts)	382	383	360	370	1,495	369	
Total Selling, administrative and general exp.	397	393	370	377	1,537	378	
Non-financing interest expense	26	31	31	31	119	33	
Aggregate Exchange losses	11	2	2	-	15	-	
All other, net	7	-	10	7	24	35	
Total Other, net	44	33	43	38	158	68	
Goodwill impairment	-	-	1,058	-	1,058	-	
Restructuring and related costs	39	12	56	5	112	(1)	
Amortization of intangible assets	10	10	10	43	73	10	
Divestitures	54	(3)	-	(4)	47	(4)	
Total Costs and Expenses	1,652	1,553	2,615	1,617	7,437	1,524	
(Loss) Income before Income Taxes	(150)	25	(1,087)	(4)	(1,216)	(67)	
Income Taxes	(37)	7	118	17	105	23	
Net (Loss) Income	(113)	18	(1,205)	(21)	(1,321)	(90)	
Less: Preferred stock dividends, net	(4)	(3)	(4)	(3)	(14)	(4)	
Net (Loss) Income attributable to Common Shareholders	(117)	15	(1,209)	(24)	(1,335)	(94)	
Preferred Dividends/	- Basic	4	3	4	3	14	4
Other	- Diluted **	4	3	4	3	14	4
Weighted Average Shares	- Basic	124	124	124	124	124	125
	- Diluted **	124	124	124	124	124	125

**Xerox Holdings Financial Model
(unaudited)**

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

		2024					2025
		Q1	Q2	Q3	Q4	FY	Q1
Earnings Per Share							
	Total Basic (Loss) Earnings per Share	(0.94)	0.12	(9.71)	(0.20)	(10.75)	(0.75)
	Total Diluted (Loss) Earnings per Share	(0.94)	0.11	(9.71)	(0.20)	(10.75)	(0.75)
Key Ratios - GAAP:							
Gross Margins	- Sales	35.0%	36.7%	33.7%	32.2%	34.3%	31.4%
	- Services/Maintenance/Rentals/Other	26.6%	30.6%	31.6%	30.4%	29.8%	27.9%
	- Total	29.5%	33.0%	32.4%	31.1%	31.5%	29.2%
SAG as a % of Revenue		26.4%	24.9%	24.2%	23.4%	24.7%	25.9%
Tax Rate		24.7%	28.0%	-10.9%	-425.0%	-8.6%	-34.3%
Ending Xerox Employment		18,700	18,100	17,300	16,800	16,800	16,800

***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)

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

	2024					2025
	Q1	Q2	Q3	Q4	FY	Q1
Revenues						
Sales	523	611	588	656	2,378	557
Services, maintenance, rentals and other	979	967	940	957	3,843	900
Total Revenues	1,502	1,578	1,528	1,613	6,221	1,457
Cost of Revenue						
Cost of sales	340	386	390	438	1,554	377
Cost of services, maintenance, rentals and other	683	664	643	666	2,656	647
Total Cost of Revenue	1,023	1,050	1,033	1,104	4,210	1,024
Gross Profit						
Sales gross profit	183	225	198	218	824	180
Services, maintenance and rentals gross profit	296	303	297	291	1,187	253
Gross Profit	479	528	495	509	2,011	433
Research, development & engineering	49	50	45	47	191	42
Bad Debt Expense	15	10	10	7	42	9
Selling, administrative and general exp. (Excl Bad Debts)	382	383	360	351	1,476	360
Total Selling, administrative and general exp.	397	393	370	358	1,518	369
Non-financing interest expense	26	31	31	31	119	33
Aggregate Exchange losses	11	2	2	-	15	-
All other, net	(13)	(3)	-	-	(16)	(1)
Total Other, net	24	30	33	31	118	32
Total Costs and Expenses	1,493	1,523	1,481	1,540	6,037	1,467
Income (Loss) before Income Taxes	9	55	47	73	184	(10)
Income Taxes	(2)	14	13	24	49	(6)
Net Income (Loss)	11	41	34	49	135	(4)
Earnings (Loss) Per Share						
Operations:	0.06	0.29	0.25	0.36	0.97	(0.06)
Preferred Dividends - Adjusted EPS **	-	-	-	-	-	-
Adjusted Earnings per Share	0.06	0.29	0.25	0.36	0.97	(0.06)
Adjusted Weighted Average Shares **	125	126	126	127	126	126

Key Ratios - Adjusted:

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

	2024					2025
	Q1	Q2	Q3	Q4	FY	Q1
Gross Margins						
- Sales	35.0%	36.8%	33.7%	33.2%	34.7%	32.3%
- Services/Maintenance/Rentals/Other	30.2%	31.3%	31.6%	30.4%	30.9%	28.1%
- Total	31.9%	33.5%	32.4%	31.6%	32.3%	29.7%
Adjusted Operating Margin	-6.2%	5.4%	6.4%	6.4%	4.9%	1.5%
SAG as a % of Revenue	26.4%	24.9%	24.2%	22.2%	24.4%	25.3%
Adjusted Effective Tax Rate	-22.2%	25.5%	27.7%	32.9%	26.6%	60.0%
Non-GAAP Adjustments:						
Goodwill Impairment	-	-	1,058	-	1,058	-
Restructuring and related costs	39	12	56	5	112	(1)
Amortization of intangible assets	10	10	10	43	73	10
Non-service retirement-related costs	23	26	25	6	80	18
Transaction and related costs	-	-	-	7	7	3
Reinvention costs	-	-	-	12	12	6
(Gain) Loss on extinguishment of debt	(3)	-	-	1	(2)	-
Divestitures	54	(3)	-	(4)	47	(4)
Commitment Fee expense	-	-	-	-	-	18
Insurance Settlement	-	(23)	(15)	-	(38)	-
Inventory impact related to the exit of certain Production Print manufacturing operations	36	8	-	7	51	7
Tax on adjusted items	(35)	(7)	105	(7)	56	29
Total Non-GAAP Adjustments	124	23	1,239	70	1,456	86

***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.*

Xerox Holdings Financial Model
(unaudited)

(in \$ millions)	2024					2025	2025 QOQ CC % Change
	Q1	Q2	Q3	Q4	FY	Q1	Q1
Revenue							
Entry	45	56	53	60	214	43	(4.2)%
Mid-range	193	235	224	260	912	198	3.9%
High-end	47	60	57	68	232	40	(14.9)%
Other	5	5	5	5	20	3	(40.0)%
Total Equipment Revenue	290	356	339	393	1,378	284	(0.7)%

Installs

Entry

Color	(37)%	(13)%	(4)%	20%	(11)%	18%
B&W	(47)%	(9)%	34%	31%	(2)%	39%

Mid-range

Color	(18)%	(12)%	3%	5%	(5)%	11%
B&W	(28)%	(29)%	(11)%	(5)%	(19)%	(11)%

High-end

Color	(42)%	(22)%	(22)%	(13)%	(25)%	(19)%
B&W	(22)%	(24)%	29%	(42)%	(15)%	(67)%

CC = Constant Currency