

Xerox Holdings Financial Model
(unaudited)

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

	2019					2020					2021		
	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY	Q1	Q2	YTD
Sales	724	800	784	919	3,227	565	460	651	773	2,449	602	670	1,272
Services, maintenance and rentals	1,393	1,402	1,335	1,465	5,595	1,236	949	1,061	1,101	4,347	1,053	1,067	2,120
Financing	63	61	60	60	244	59	56	55	56	226	55	56	111
Total Revenues	2,180	2,263	2,179	2,444	9,066	1,860	1,465	1,767	1,930	7,022	1,710	1,793	3,503
Cost of Revenue													
Cost of sales	450	539	503	605	2,097	387	338	476	541	1,742	420	468	888
Cost of services, maintenance, and rentals	821	806	771	790	3,188	731	533	611	658	2,533	651	658	1,309
Cost of financing	32	33	33	33	131	30	30	29	32	121	28	28	56
Total Cost of Revenue	1,303	1,378	1,307	1,428	5,416	1,148	901	1,116	1,231	4,396	1,099	1,154	2,253
Gross Profit													
Sales gross profit	274	261	281	314	1,130	178	122	175	232	707	182	202	384
Services, maintenance and rentals gross profit	572	596	564	675	2,407	505	416	450	443	1,814	402	409	811
Financing gross profit	31	28	27	27	113	29	26	26	24	105	27	28	55
Gross Profit	877	885	872	1,016	3,650	712	564	651	699	2,626	611	639	1,250
Research, development & engineering	92	88	100	93	373	84	76	76	75	311	74	79	153
Bad Debt Expense	13	12	13	8	46	74	13	16	13	116	10	3	13
Selling, administrative and general exp. (Excl Bad Debts)	533	505	497	504	2,039	467	413	428	427	1,735	438	431	869
Total Selling, administrative and general exp.	546	517	510	512	2,085	541	426	444	440	1,851	448	434	882
Non-financing interest expense	28	26	27	24	105	21	18	30	30	99	24	24	48
Aggregate Exchange losses / (gains)	2	-	4	1	7	2	2	-	(1)	3	2	1	3
All other, net	9	12	(32)	(17)	(28)	-	(13)	(45)	1	(57)	(22)	(24)	(46)
Total Other, net	39	38	(1)	8	84	23	7	(15)	30	45	4	1	5
Restructuring and related costs	112	37	27	53	229	41	3	20	29	93	17	12	29
Amortization of intangible assets	15	11	9	10	45	11	10	13	22	56	15	14	29
Transaction and related costs	-	4	4	4	12	17	7	(6)	-	18	-	-	-
Total Costs and Expenses	2,107	2,073	1,956	2,108	8,244	1,865	1,430	1,648	1,827	6,770	1,657	1,694	3,351
Income before Income Taxes & Equity Income	73	190	223	336	822	(5)	35	119	103	252	53	99	152
Income Taxes	(10)	50	66	73	179	(1)	8	29	28	64	14	9	23
Equity in net income of unconsolidated affiliates	2	2	1	3	8	2	-	-	2	4	-	1	1
Income from Continuing Operations	85	142	158	266	651	(2)	27	90	77	192	39	91	130
Income from discontinued operations, net of tax	51	42	64	553	710	-	-	-	-	-	-	-	-
Net Income	136	184	222	819	1,361	(2)	27	90	77	192	39	91	130
Less: Income from continuing operations attributable to noncontrolling interests	1	1	1	-	3	-	-	-	-	-	-	-	-
Less: Income from discontinued operations attributable to noncontrolling interests	2	2	0	1	5	-	-	-	-	-	-	-	-
Net Income Attributable to Xerox Holdings	133	181	221	818	1,353	(2)	27	90	77	192	39	91	130
Amounts Attributable to Xerox Holdings													
Continuing operations	84	141	157	266	648	(2)	27	90	77	192	39	91	130
Discontinued operations	49	40	64	552	705	-	-	-	-	-	-	-	-
Net Income Attributable to Xerox Holdings	133	181	221	818	1,353	(2)	27	90	77	192	39	91	130

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		2019					2020					2021		
		Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY	Q1	Q2	YTD
Preferred Dividends/ Other	- Basic	4	3	4	3	14	4	3	4	3	14	4	3	7
	- Diluted **	-	-	-	-	-	4	3	4	3	14	4	3	7
Weighted Average Shares	- Basic	229	224	220	215	222	213	213	211	200	209	196	187	191
	- Diluted **	233	235	231	227	233	213	213	213	202	211	198	187	191
Earnings Per Share	- Basic:													
	Continuing operations	0.35	0.62	0.70	1.22	2.86	(0.03)	0.11	0.41	0.37	0.85	0.18	0.47	0.64
	Discontinued operations	0.22	0.17	0.29	2.56	3.17	-	-	-	-	-	-	-	-
	<u>Total Basic Earnings (Loss) per Share</u>	<u>0.57</u>	<u>0.79</u>	<u>0.99</u>	<u>3.78</u>	<u>6.03</u>	<u>(0.03)</u>	<u>0.11</u>	<u>0.41</u>	<u>0.37</u>	<u>0.85</u>	<u>0.18</u>	<u>0.47</u>	<u>0.64</u>
	- Diluted:													
	Continuing operations	0.34	0.60	0.68	1.17	2.78	(0.03)	0.11	0.41	0.36	0.84	0.18	0.46	0.64
	Discontinued operations	0.21	0.17	0.28	2.44	3.02	-	-	-	-	-	-	-	-
	<u>Total Diluted Earnings (Loss) per Share</u>	<u>0.55</u>	<u>0.77</u>	<u>0.96</u>	<u>3.61</u>	<u>5.80</u>	<u>(0.03)</u>	<u>0.11</u>	<u>0.41</u>	<u>0.36</u>	<u>0.84</u>	<u>0.18</u>	<u>0.46</u>	<u>0.64</u>
Key Ratios - GAAP:														
Gross Margins	- Sales	37.8%	32.6%	35.8%	34.2%	35.0%	31.5%	26.5%	26.9%	30.0%	28.9%	30.2%	30.1%	30.2%
	- Services/Maintenance/Rentals	41.1%	42.5%	42.2%	46.1%	43.0%	40.9%	43.8%	42.4%	40.2%	41.7%	38.2%	38.3%	38.3%
	- Financing	49.2%	45.9%	45.0%	45.0%	46.3%	49.2%	46.4%	47.3%	42.9%	46.5%	49.1%	50.0%	49.5%
	- Total	40.2%	39.1%	40.0%	41.6%	40.3%	38.3%	38.5%	36.8%	36.2%	37.4%	35.7%	35.6%	35.7%
SAG as a % of Revenue		25.0%	22.8%	23.4%	20.9%	23.0%	29.1%	29.1%	25.1%	22.8%	26.4%	26.2%	24.2%	25.2%
Tax Rate		-13.7%	26.3%	29.6%	21.7%	21.8%	20.0%	22.9%	24.4%	27.2%	25.4%	26.4%	9.1%	15.1%
Ending Xerox Employment***		30,900	27,900	27,600	27,000	27,000	26,300	26,100	25,500	25,100	25,100	24,600	24,000	24,000

*Amounts have been revised to reflect discontinued operations reporting for FX and XIP.

**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.

*** Revised headcount at December 31, 2020 of 25,150 from 24,700 (as previously reported) due to redefinition of full-time equivalent employee.

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

Non-GAAP basis is adjusted to exclude restructuring and related costs, amortization of intangible assets, transaction and related costs, 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)

	2019					2020					2021		
	Q1 *	Q2 *	Q3 *	Q4	FY	Q1	Q2	Q3	Q4	FY	Q1	Q2	YTD
Revenues													
Sales	724	800	784	919	3,227	565	460	651	773	2,449	602	670	1,272
Services, maintenance and rentals	1,393	1,402	1,335	1,465	5,595	1,236	949	1,061	1,101	4,347	1,053	1,067	2,120
Financing	63	61	60	60	244	59	56	55	56	226	55	56	111
Total Revenues	2,180	2,263	2,179	2,444	9,066	1,860	1,465	1,767	1,930	7,022	1,710	1,793	3,503
Cost of Revenue													
Cost of sales	450	539	503	605	2,097	387	338	476	541	1,742	420	468	888
Cost of services, maintenance and rentals	821	806	771	790	3,188	731	533	611	658	2,533	651	658	1,309
Cost of financing	32	33	33	33	131	30	30	29	32	121	28	28	56
Total Cost of Revenue	1,303	1,378	1,307	1,428	5,416	1,148	901	1,116	1,231	4,396	1,099	1,154	2,253
Gross Profit													
Sales gross profit	274	261	281	314	1,130	178	122	175	232	707	182	202	384
Services, maintenance and rentals gross profit	572	596	564	675	2,407	505	416	450	443	1,814	402	409	811
Financing gross profit	31	28	27	27	113	29	26	26	24	105	27	28	55
Gross Profit	877	885	872	1,016	3,650	712	564	651	699	2,626	611	639	1,250
Research, development & engineering	92	88	100	93	373	84	76	76	75	311	74	79	153
Bad Debt Expense	13	12	13	8	46	74	13	16	13	116	10	3	13
Selling, administrative and general exp. (Excl Bad Debts)	533	505	497	504	2,039	467	413	428	427	1,735	438	431	869
Total Selling, administrative and general exp.	546	517	510	512	2,085	541	426	444	440	1,851	448	434	882
Non-financing interest expense	28	26	27	24	105	21	18	30	30	99	24	24	48
Aggregate Exchange losses / (gains)	2	-	4	1	7	2	2	-	(1)	3	2	1	3
All other, net	(4)	2	(22)	(10)	(34)	(4)	(5)	(32)	(16)	(57)	(2)	(2)	(4)
Total Other, net	26	28	9	15	78	19	15	(2)	13	45	24	23	47
Total Costs and Expenses	1,967	2,011	1,926	2,048	7,952	1,792	1,418	1,634	1,759	6,603	1,645	1,690	3,335
Income before Income Taxes & Equity Income	213	252	253	396	1,114	68	47	133	171	419	65	103	168
Income Taxes	56	67	69	99	291	20	11	28	51	110	18	10	28
Equity in Net Income of Unconsol. Affil.	2	2	1	3	8	2	-	-	2	4	-	1	1
Income from Continuing Operations	159	187	185	300	831	50	36	105	122	313	47	94	141
Less: Net Income attributable to Noncontrolling Interests	1	1	1	-	3	-	-	-	-	-	-	-	-
Net Income from Continuing Operations Attributable to Xerox Holdings	158	186	184	300	828	50	36	105	122	313	47	94	141

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

Non-GAAP basis is adjusted to exclude restructuring and related costs, amortization of intangible assets, transaction and related costs, 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)

	2019					2020					2021		
	Q1 *	Q2 *	Q3 *	Q4	FY	Q1	Q2	Q3	Q4	FY	Q1	Q2	YTD
Earnings Per Share													
Continuing Operations:	0.66	0.79	0.80	1.33	3.55	0.21	0.15	0.48	0.58	1.41	0.22	0.47	0.69
Preferred Dividends - Adjusted EPS **	-	-	-	-	-	-	-	-	-	-	-	-	-
Adjusted Earnings per Share	0.66	0.79	0.80	1.33	3.55	0.21	0.15	0.48	0.58	1.41	0.22	0.47	0.69
Adjusted Weighted Average Shares **	240	235	231	227	233	216	216	213	209	211	198	189	198
Key Ratios - Adjusted:													
Gross Margins													
- Sales	37.8%	32.6%	35.8%	34.2%	35.0%	31.5%	26.5%	26.9%	30.0%	28.9%	30.2%	30.1%	30.2%
- Services/Maintenance/Rentals	41.1%	42.5%	42.2%	46.1%	43.0%	40.9%	43.8%	42.4%	40.2%	41.7%	38.2%	38.3%	38.3%
- Financing	49.2%	45.9%	45.0%	45.0%	46.3%	49.2%	46.4%	47.3%	42.9%	46.5%	49.1%	50.0%	49.5%
- Total	40.2%	39.1%	40.0%	41.6%	40.3%	38.3%	38.5%	36.8%	36.2%	37.4%	35.7%	35.6%	35.7%
Adjusted Operating Margin	11.0%	12.4%	12.0%	16.8%	13.1%	4.7%	4.2%	7.4%	9.5%	6.6%	5.2%	7.0%	6.1%
SAG as a % of Revenue	25.0%	22.8%	23.4%	20.9%	23.0%	29.1%	29.1%	25.1%	22.8%	26.4%	26.2%	24.2%	25.2%
Adjusted Effective Tax Rate	26.3%	26.6%	27.3%	25.0%	26.1%	29.4%	23.4%	21.1%	29.8%	26.3%	27.7%	9.7%	16.7%
Non-GAAP Adjustments:													
Restructuring and related costs	112	37	27	53	229	41	3	20	29	93	17	12	29
Amortization of intangible assets	15	11	9	10	45	11	10	13	22	56	15	14	29
Non-service retirement-related costs	13	10	(2)	(3)	18	1	(8)	(13)	(9)	(29)	(20)	(22)	(42)
Contract termination costs - IT service provider	-	-	(8)	(4)	(12)	3	-	-	-	3	-	-	-
Transaction and related costs	-	4	4	4	12	17	7	(6)	-	18	-	-	-
Loss on extinguishment of debt	-	-	-	-	-	-	-	-	26	26	-	-	-
Tax on adjusted items	(31)	(17)	(7)	(22)	(77)	(21)	(3)	1	(23)	(46)	(4)	(1)	(5)
US Tax Act	(35)	-	4	(4)	(35)	-	-	-	-	-	-	-	-
Total Non-GAAP Adjustments	74	45	27	34	180	52	9	15	45	121	8	3	11

*Amounts have been revised to reflect discontinued operations reporting for FX and XIP.

**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
(unaudited)**

(in \$ millions)	2019					2020*					2021			2021 YOY CC % Change	2021 YOY CC % Change
	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY	Q1	Q2	YTD	Q2	YTD
Revenue															
Entry	53	52	49	63	217	48	44	66	70	228	68	69	137	54.0%	44.5%
Mid-range	302	350	344	408	1,404	206	195	276	309	986	238	276	514	37.0%	24.8%
High-end	89	97	96	139	421	67	67	72	119	325	70	80	150	14.4%	8.3%
Other	4	5	5	6	20	4	4	5	12	25	5	4	9	0.0%	0.0%
Total Equipment Revenue	448	504	494	616	2,062	325	310	419	510	1,564	381	429	810	34.0%	23.9%
Installs (1)															
Entry A4 MFPs															
Color	10%	(12)%	10%	(2)%	0.3%	(19)%	(33)%	(9)%	(22)%	(21)%	9%	19%	13%		
B&W	(2)%	1%	(6)%	(9)%	(4)%	3%	(8)%	54%	28%	20%	97%	63%	71%		
Mid-range															
Color	(7)%	(12)%	2%	(8)%	(7)%	(26)%	(42)%	(19)%	(20)%	(26)%	11%	62%	35%		
B&W	(19)%	(9)%	(20)%	(19)%	(17)%	(16)%	(35)%	(20)%	(16)%	(22)%	13%	36%	24%		
High-end															
Color	(14)%	1%	12%	(12)%	(4)%	(50)%	(55)%	(39)%	(26)%	(42)%	46%	27%	36%		
B&W	(12)%	(33)%	(22)%	8%	(14)%	(30)%	(2)%	(13)%	(6)%	(13)%	18%	47%	33%		

Notes:

(1) Entry installations exclude OEM sales; Mid-range and High-end color

* Restated

CC = Constant Currency