

A modern office interior with large windows, people working at a table, and a digital display on the wall. The scene is brightly lit with overhead lights and natural light from the windows. A person is walking in the foreground, slightly out of focus. The overall atmosphere is professional and collaborative.

Earnings Presentation

Q2 2024 Results

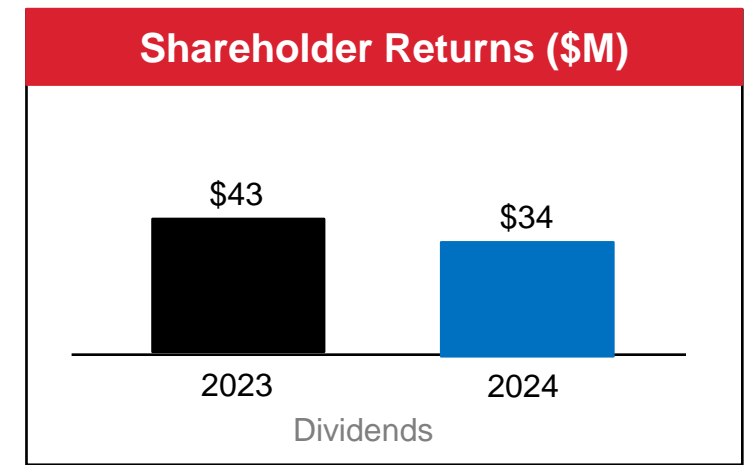
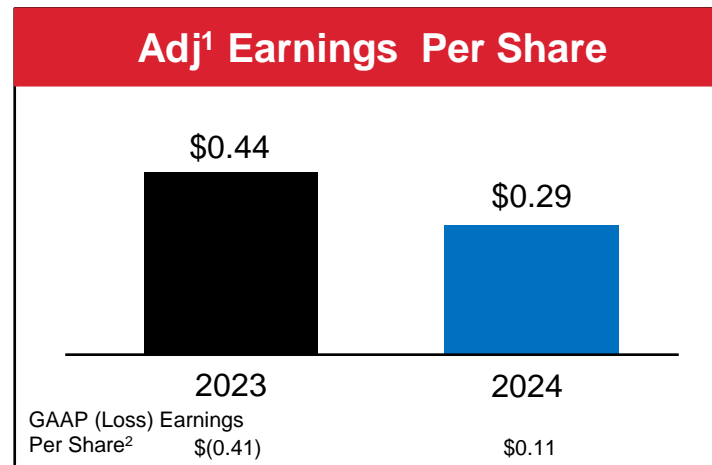
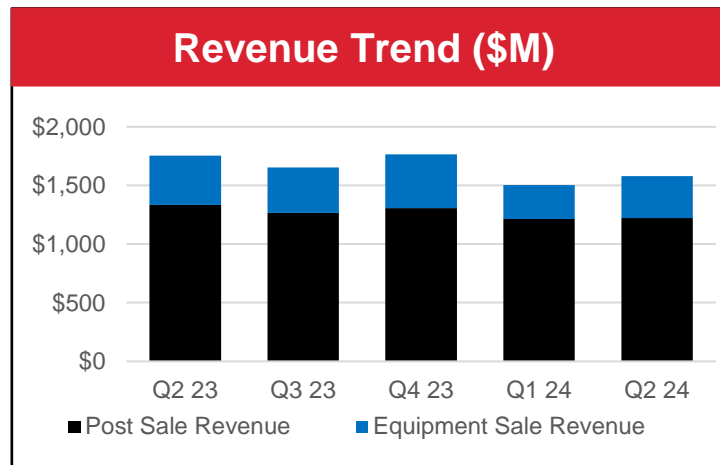
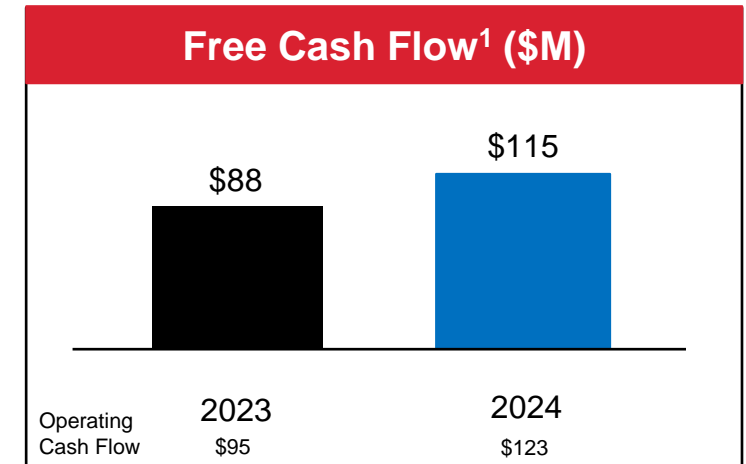
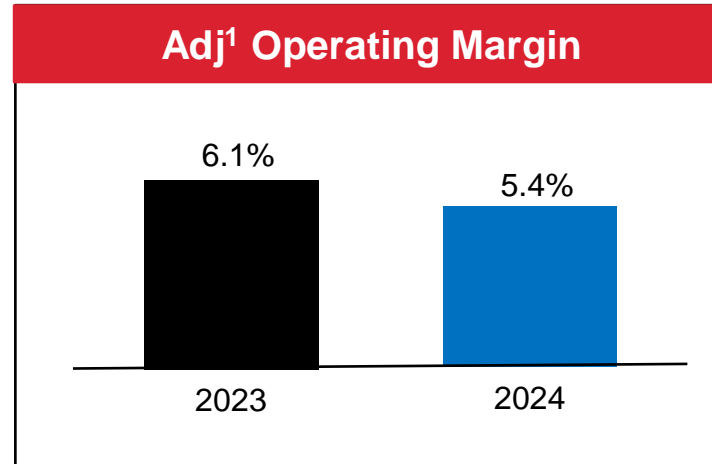
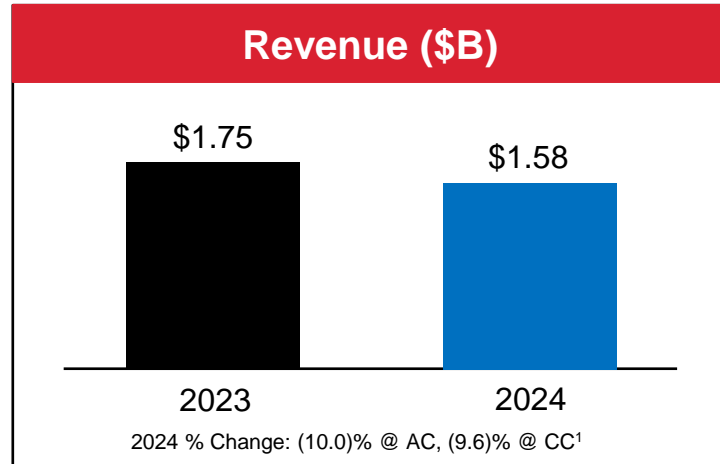
July 25, 2024

xerox™

Forward-Looking Statements

This presentation and other written or oral statements made from time to time by management contain “forward looking statements” as defined in the Private Securities Litigation Reform Act of 1995. The words “anticipate”, “believe”, “estimate”, “expect”, “intend”, “will”, “should”, “targeting”, “projecting”, “driving” and similar expressions, as they relate to us, our performance and/or our technology, are intended to identify forward-looking statements. These statements reflect management’s current beliefs, assumptions and expectations and are subject to a number of factors that may cause actual results to differ materially. Such factors include but are not limited to: Global macroeconomic conditions, including inflation, slower growth or recession, delays or disruptions in the global supply chain, higher interest rates, and wars and other conflicts, including the current conflict between Russia and Ukraine; our ability to succeed in a competitive environment, including by developing new products and service offerings and preserving our existing products and market share as well as repositioning our business in the face of customer preference, technological, and other change, such as evolving return-to-office and hybrid working trends; failure of our customers, vendors, and logistics partners to perform their contractual obligations to us; our ability to attract, train, and retain key personnel; execution risks around our Reinvention; the risk of breaches of our security systems due to cyber, malware, or other intentional attacks that could expose us to liability, litigation, regulatory action or damage our reputation; our ability to obtain adequate pricing for our products and services and to maintain and improve our cost structure; changes in economic and political conditions, trade protection measures, licensing requirements, and tax laws in the United States and in the foreign countries in which we do business; the risk that multi-year contracts with governmental entities could be terminated prior to the end of the contract term and that civil or criminal penalties and administrative sanctions could be imposed on us if we fail to comply with the terms of such contracts and applicable law; interest rates, cost of borrowing, and access to credit markets; risks related to our indebtedness; the imposition of new or incremental trade protection measures such as tariffs and import or export restrictions; funding requirements associated with our employee pension and retiree health benefit plans; changes in foreign currency exchange rates; the risk that our operations and products may not comply with applicable worldwide regulatory requirements, particularly environmental regulations and directives and anti-corruption laws; the outcome of litigation and regulatory proceedings to which we may be a party; laws, regulations, international agreements and other initiatives to limit greenhouse gas emissions or relating to climate change, as well as the physical effects of climate change; and other factors as set forth from time to time in the Company’s Securities and Exchange Commission filings, including the Company’s Annual Report on Form 10-K for the year ended December 31, 2023. The Company intends these forward-looking statements to speak only as of the date of this presentation and does not undertake to update or revise them as more information becomes available, except as required by law.

Q2 2024 Key Financial Measures



¹ Adjusted measures, Free Cash Flow and Constant Currency (CC): see Non-GAAP Financial Measures. ² Q2 2023 GAAP loss per share includes the net after-tax PARC donation charge of \$92 million (\$132 million pre-tax), or \$0.58 per share.

Strategic Priorities for 2024



Strengthen Core Businesses

- Re-align products, services and distribution with the needs of economic buyers of today's hybrid workplace
- Business unit-led operating model to drive incremental Print, Digital and IT services penetration with existing and prospective clients
- Pursue strategic market share gains by increasing Print client TAM, indirect channel reach and improving cost to serve



Structural Cost Improvements

- Leverage newly-formed Global Business Services (GBS) organization to drive enterprise-wide efficiencies and technology-enabled productivity gains
- Optimize global routes-to-market, leveraging partners over direct distribution where reach and regional profitability can be improved
- Narrow offerings to focus on products and services with greatest levels of competitive differentiation



Balanced Capital Allocation

- Optimize free cash flow¹ generation through working capital efficiencies and forward flow finance receivable funding program
- Maintain \$1/share dividend and pay down existing debt obligations as they come due
- Invest in projects or acquisitions with high rates of return on invested capital

4 ¹ Free Cash Flow: see Non-GAAP Financial Measures

Reinvention: Financial Algorithm

Savings Unlocks and Q2 Progress

Geographic Simplification

- Transitioned Ecuador/Peru to indirect distribution model
- Evaluating optimal mix of direct versus indirect distribution, by country, across Western and Eastern Europe

Offering Simplification

- Consolidated Production manufacturing globally
- Evaluating optimal alignment of product portfolio by client segment and route to market

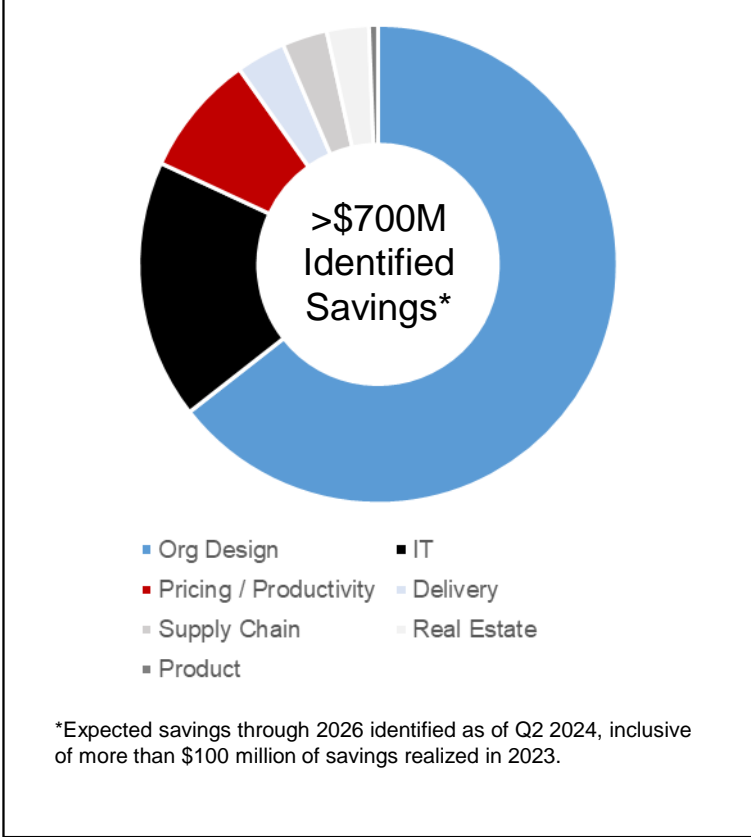
Operating Model Simplification

- Executed first phase of Global Business Services roadmap
- Signed agreements to transform operations through technology-led process improvements
- Redesigned transportation network

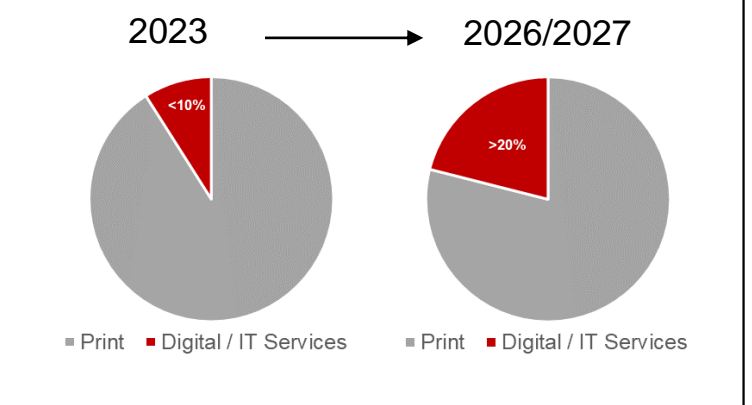
Geographic and offering simplification will result in short-term reductions in revenue and gross profit as actions are implemented. Gross profit reductions are expected to be more than offset by associated reductions in overhead expenses over time.



Estimated Gross Cost Savings



Estimated Revenue Mix Shift



Drivers of Digital & IT Services Revenue

- Organic growth, driven by healthy underlying rates of market growth and cross-sales opportunities to new and existing Print clients
- Inorganic growth, through opportunistic tuck-in acquisitions

Expected >\$300 million in adjusted¹ operating income improvement

¹ Adjusted measures: see Non-GAAP Financial Measures.



Frequently Asked Questions

Demand Update

Did you experience any lingering effects of disruption in Q2 associated with the organizational model changes made in Q1?

We are confident any disruption to sales associated with the recent change in operating model was transitory and confined to Q1. Our sales organization has adapted well to the new operating model, and the benefits of closer integration between sales, marketing, product development and delivery teams are materializing in financial results. Equipment order momentum continued in Q2, driving an improved trajectory in equipment revenue, even after adjusting for fluctuations in backlog and Reinvention impacts, and supplies revenue grew in Q2 and year-to-date. We expect favorable equipment order and pipeline trends, along with ongoing improvements in sales operations, new product launches and neutral backlog compares, to contribute to revenue growth in the second half of the year.

Revenue Guidance

To what extent was the reduction in revenue guidance attributable to underlying demand versus other strategic factors?

We lowered revenue guidance from a range of -3% to -5% in constant currency¹, to -5% to -6% in constant currency¹. The entirety of the reduction in revenue guidance is attributable to intentional reductions in non-strategic revenue, including incremental geographic simplification actions, the decision to exit the manufacturing of certain Production Print equipment and lower-than-expected revenue from financing income and low-margin IT hardware endpoint devices. The full-year outlook for Core revenue, which excludes the impact of backlog fluctuations, reductions in non-strategic revenue and other Reinvention impacts, is unchanged at roughly flat y/y.

Adj. Operating Income and Cash Flow Outlook

What factors drove the reduction in adjusted¹ operating income margin and free cash flow¹ guidance?

We lowered adjusted¹ operating income guidance by 100 basis points, from at least 7.5% to at least 6.5%. The reduction primarily reflects the effects of lowered revenue guidance, including incremental Reinvention impacts, as well as higher-than-expected freight and product costs. Over the course of Reinvention, reductions in non-strategic revenues, such as those associated with geographic simplification, are expected to improve total profitability and margin. However, the reductions in overhead costs associated with many geographic simplification actions implemented in 2024 will not be realized in the current year, delaying the net savings benefits associated with these actions to 2025. Free cash flow¹ was lowered from at least \$600 million to at least \$550 million, reflecting the after-tax reduction in adjusted¹ operating income guidance.

Reinvention Financial Targets

What gives you continued confidence in your ability to grow adjusted¹ operating income > \$300 million by the end of 2026?

We remain confident in our ability to improve adjusted¹ operating income by at least \$300 million from 2023 levels by the end of 2026, despite a reduction in the profit outlook for 2024. In Q2, we enhanced the management operating systems responsible for operationalizing reductions in costs through Reinvention. Through rigorous analysis, Xerox's Reinvention Office has identified more than \$700 million of gross cost savings initiatives to-date. Based on savings identifications and process improvements made thus far, we expect to deliver the three-year adjusted¹ operating income target even after accounting for the shift in certain markets from direct to indirect distribution, a narrowed Production equipment focus, the potential for erosion in our Core print business and ongoing reinvestment in our growth businesses.



Financial Results Summary

(in millions, except per share data)

P&L Measures	Q2 2024	B/(W) YOY	% Change YOY	P&L Ratios	Q2 2024	B/(W) YOY
Revenue	\$ 1,578	\$ (176)	(10.0)% AC (9.6)% CC ¹	Gross Margin – Adjusted ¹	33.5%	(50) bps
Operating Income – Adjusted ¹	85	(22)	(21)%	RD&E %	3.2%	0 bps
Other Expenses, net – Adjusted ¹	30	(13)	(76)%	SAG %	24.9%	(20) bps
Net Income ²	18	79	NM	Operating Margin – Adjusted ¹	5.4%	(70) bps
Net Income – Adjusted ¹	41	(31)	(43)%	Tax Rate – Adjusted ¹	25.5%	(550) bps
GAAP Earnings per Share ²	0.11	0.52	NM			
Earnings per Share – Adjusted ¹	0.29	(0.15)	(34)%			

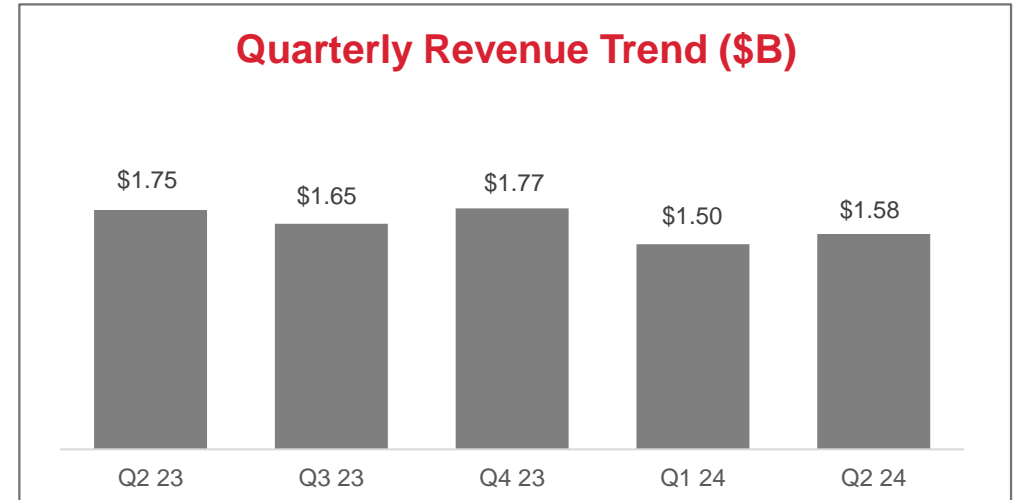
¹ Adjusted Measures and Constant Currency (CC): see Non-GAAP Financial Measures. Q2 2024 adjusted tax rate increase reflects the redetermination of certain unrecognized tax positions. ² Q2 2023 GAAP (Loss) per share included the net after-tax PARC donation charge of \$92 million (\$132 million pre-tax), or \$0.58 per share.

Revenue

(in millions)	% Change YOY			
	Q2 2024	% Total	AC	CC ¹
Equipment	\$356	23%	(15.2)%	(14.9)%
Post Sale	\$1,222	77%	(8.4)%	(7.9)%
Total Revenue	\$1,578	100%	(10.0)%	(9.6)%

Impacts to YOY change in Total Revenue:

Fluctuations in backlog	~3.0%
Reductions in non-strategic revenue	~2.0%
Other Reinvention actions	~1.5%



Q2 Installs & CC¹ Equipment Revenue B/(W) YOY

	Color	B&W	Total Installs	CC ¹ Equipment Revenue
Entry	(13)%	(9)%	(10)%	(11)%
Mid-Range	(12)%	(29)%	(17)%	(13)%
High-End	(22)%	(24)%	(23)%	(27)%
Total	(12)%	(11)%	(12)%	(15)%

Impact of PY reduction in backlog, geographic simplification & other strategic actions

~(14)%

¹ Constant Currency (CC): see Non-GAAP Financial Measures

Cash Flow

(in millions)	Q2 2024	Q2 2023
Pre-tax Income (Loss)	\$25	(\$89)
Non-Cash Add-Backs ¹	123	119
Restructuring Payments	(31)	(8)
Pension Contributions	(27)	(15)
Working Capital, net ²	(133)	(248)
Change in Finance Assets ³	161	210
PARC Donation	-	132
Other ⁴	5	(6)
Cash provided by Operations	123	95
Cash used in Investing	(2)	(5)
Cash used in Financing	(336)	(220)
Ending Cash, Cash Equivalents and Restricted Cash ⁵	551	569
Free Cash Flow⁶	115	88

¹ Non-cash add-backs include depreciation & amortization (including equipment on operating lease), provisions, stock-based compensation, non-service retirement-related costs, restructuring and asset impairment charges and gain on sales of businesses and assets (as applicable). ² Working Capital, net includes accounts receivable, accounts payable and inventory. ³ Includes equipment on operating leases (excluding its related depreciation) and finance receivables. ⁴ Includes other current and long-term assets and liabilities, accrued compensation, derivative assets and liabilities, other operating, net, distributions from net income of unconsolidated affiliates and taxes. ⁵ Includes restricted cash of \$66 million in Q2 2024 and \$92 million in Q2 2023.

⁶ Free Cash Flow: see Non-GAAP Financial Measures.

Segment Results

Revenue and Profit

(in millions)	Q2 2024			
	Print & Other	XFS ¹	Intersegment Eliminations ²	Total Xerox
Total Revenue	\$ 1,508	\$ 89	\$ (19)	\$ 1,578
Segment Profit	\$ 81	\$ 4	\$ -	\$ 85
Segment Margin ³	5.4%	4.5%		5.4%

	B/(W) YoY		
	Print & Other	XFS ¹	Total Xerox
Total Revenue	(10)%	(12)%	(10)%
Segment Profit	(24)%	NM	(21)%
Segment Margin (bps) ³	(110)	NM	(70)

Financing Assets and Debt

(in billions)	Q2 2024		Q1 2024	
Equipment on Operating Leases	\$ 0.25	\$ 0.26	\$ 0.26	\$ 0.26
XFS Finance Receivables	\$ 2.06	\$ 2.26	\$ 2.26	\$ 2.26
Total Finance Assets	\$ 2.31	\$ 2.52	\$ 2.52	\$ 2.52
Financing Allocated Debt	\$ 2.02	\$ 2.20	\$ 2.20	\$ 2.20

Xerox Financial Services (XFS): Key Performance Indicators

- XFS finance receivables: \$2.1 billion, ~9% lower Q/Q due primarily to the run-off of existing finance receivables and lower originations
- TTM originations sold to HPS: 45%
- TTM Net Loan Loss Rate: 1.3%

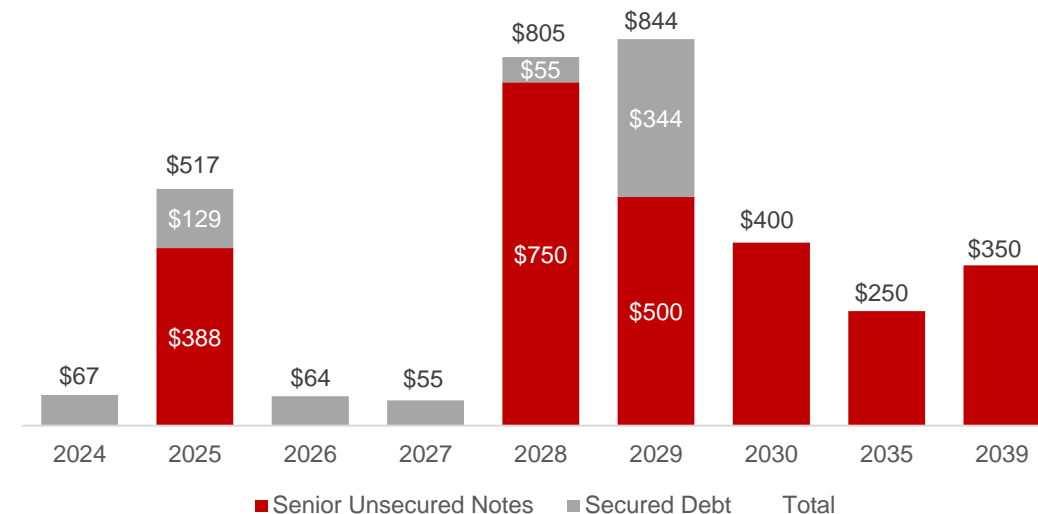
Note: ¹ Xerox Financial Services (XFS) (formerly FITTLE). ² Reflects revenue, primarily commissions and other payments, made by the XFS segment to the Print and Other segment, for the lease of Xerox equipment placements. ³ Segment margin based on external revenue only.

Capital Structure

Debt and Cash

(in billions)	Q2 2024	Q1 2024
Total Debt	(\$3.3)	(\$3.6)
Less: Financing Allocated Debt	\$2.0	\$2.2
Core Debt	(\$1.3)	(\$1.4)
Less: Cash ¹	\$0.6	\$0.8
Net Core Debt	(\$0.7)	(\$0.6)
Total Debt to TTM Adj. ² EBITDA	6.1x	6.4x
Net Core Debt to TTM Adj. ² EBITDA	1.4x	1.1x

Debt Maturity Ladder³ (\$M)

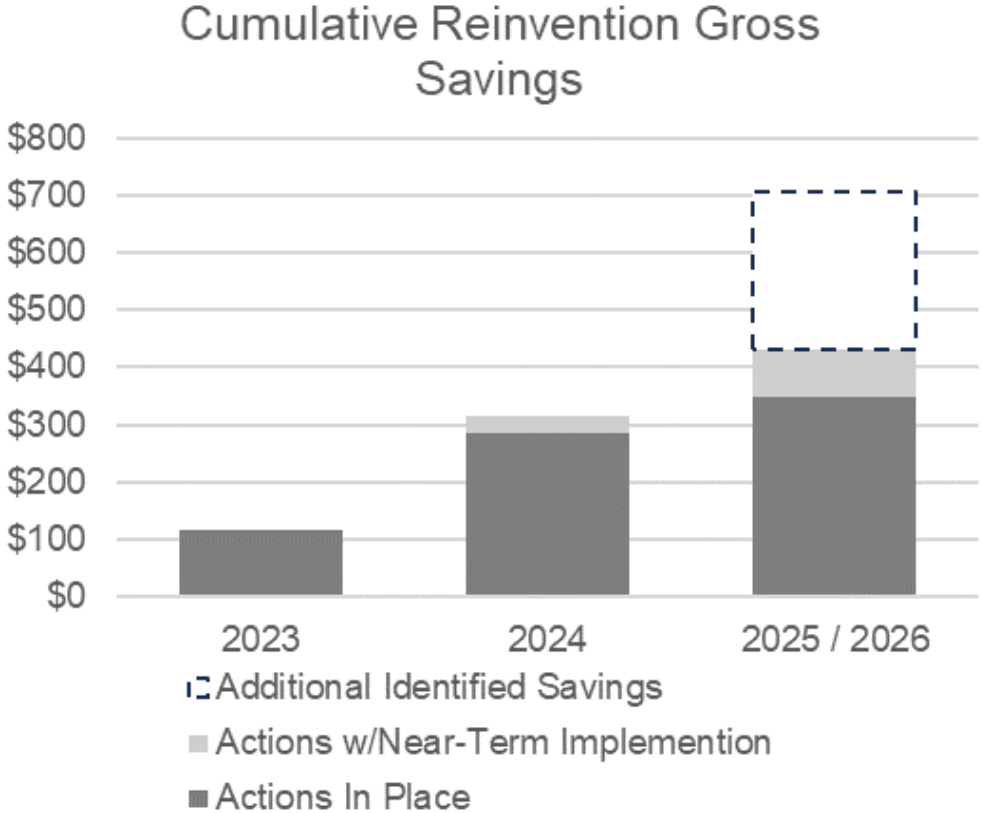


- Core debt of \$1.3B with ending cash¹ of \$0.6B.
- In Q2, repaid remaining \$217M of 2024 Senior Notes.
- Remaining 2025 Senior Notes are the only unsecured maturity until 2028.

¹ Cash, cash equivalents and restricted cash. ² Adjusted Measures: see Non-GAAP Financial Measures. ³ Total debt does not include the effect of deferred issuance costs, discounts and premiums which totaled \$47 million as of June 30, 2024.

Reinvention: Financial Implications

Estimated Reinvention Gross Cost Savings



Targeted Reinvention Outcomes (2026)*

Adjusted¹ EPS: >\$3.00

Adjusted¹ EBITDA: >\$900 million

Cumulative FCF¹: >\$1.5 billion
(2024-2026)

**Financial outcomes above assume \$300 million of adjusted¹ operating income improvement above 2023 levels, or nearly \$700 million of adjusted¹ operating income by the end of 2026*

¹ Adjusted Measures and Free Cash Flow (FCF): see Non-GAAP Financial Measures.



2024 Full-Year Guidance

Guidance

- **Revenue:** Decline of 5% to 6% in constant currency¹
- **Adjusted¹ Operating Margin:** At least 6.5%
- **Free Cash Flow¹:** At least \$550 million

Revenue: Assumes growing Print demand and growth in Digital and IT Services in the second half of the year. The guided decline in full-year revenue is affected by the following: around 200 basis points of headwind from prior-year backlog reduction and 350 basis points from the reduction of certain non-strategic revenue, including lower sales of paper, financing income and Reinvention actions.

Adjusted¹ Operating Margin: Full-year improvement of greater than 90 basis points, driven primarily by operating efficiencies enabled by Reinvention actions.

Free Cash Flow¹: Year-over-year reduction driven by improvements in operating profit, offset by cash restructuring costs and higher pension contributions.

¹ Adjusted measures, Free Cash Flow and Constant Currency (CC): see Non-GAAP Financial Measures.



Appendix

Operating Trends

	2022	2023				2024		
(in millions, except EPS)	FY	Q1	Q2	Q3	Q4	FY	Q1	Q2
Total Revenue	\$7,107	\$1,715	\$1,754	\$1,652	\$1,765	\$6,886	\$1,502	\$1,578
<i>% Change</i>	1.0%	2.8%	0.4%	(5.7)%	(9.1)%	(3.1)%	(12.4)%	(10.0)%
<i>CC¹ % Change</i>	4.8%	5.5%	0.5%	(7.4)%	(10.6)%	(3.3)%	(13.2)%	(9.6)%
Adj¹ Operating Margin	3.9%	6.9%	6.1%	4.1%	5.4%	5.6%	2.2%	5.4%
GAAP (Loss) EPS²	(\$2.15)	\$0.43	(\$0.41)	\$0.28	(\$0.50)	(\$0.09)	(\$0.94)	\$0.11
Adj¹ EPS	\$1.12	\$0.49	\$0.44	\$0.46	\$0.43	\$1.82	\$0.06	\$0.29
Operating Cash Flow	\$159	\$78	\$95	\$124	\$389	\$686	(\$79)	\$123
Free Cash Flow¹	\$102	\$70	\$88	\$112	\$379	\$649	(\$89)	\$115

¹ Adjusted measures, Free Cash Flow, and Constant Currency (CC): see Non-GAAP Financial Measures. ² FY2022 GAAP (Loss) per share include an after-tax non-cash goodwill impairment charge of \$395 million, or \$2.54 per share. Both Q2 2023 and FY 2023 GAAP (Loss) per share include the after-tax PARC donation charge of \$92 million, or \$0.58 per share. Both Q4 2023 and FY 2023 GAAP (Loss) per share include an after-tax Restructuring and related costs, net charge of \$78 million, or \$0.62 per share, related to the previously announced workforce reduction. Q1 2024 GAAP (Loss) per share includes after-tax, Project Reinvention related charges of approximately \$100 million, or \$0.80 per share.



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.

Reconciliations of these non-GAAP financial measures 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, 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
 - Contract termination costs – product supply

Non-GAAP Financial Measures

- Accelerated share vesting - in connection with the passing of Xerox Holdings Corporation's former CEO.
- Loss on early extinguishment of debt
- Tax Indemnification – Conduent
- Inventory-related impact - exit of certain Production Print manufacturing operations
- Divestitures

Adjusted Operating Income (Loss) and Margin

We calculate and utilize adjusted operating income (loss) 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 (loss) 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, dividends and share repurchase.

A reconciliation of the estimated three-year target of Adjusted Net Income and EPS, Adjusted Operating Income and Margin, Adjusted EBITDA, 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 because certain incremental costs related to the Reinvention, as well as costs and expenses noted below, 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);
- Adjusted EBITDA (Restructuring and related costs, net, Stock-based compensation, and other discrete, unusual or infrequent items);
- Free Cash Flow (Capital expenditures).

Adjusted Net (Loss) Income and EPS Reconciliation

(in millions, except per share amounts)	FY-22		Q1-23		Q2-23		Q3-23		Q4-23		FY-23		Q1-24		Q2-24	
	Net (Loss) Income	EPS	Net Income	EPS	Net (Loss) Income	EPS	Net Income	EPS	Net (Loss) Income	EPS	Net Income	EPS	Net (Loss) Income	EPS	Net Income	EPS
Reported ⁽¹⁾	\$ (322)	\$ (2.15)	\$ 71	\$ 0.43	\$ (61)	\$ (0.41)	\$ 49	\$ 0.28	\$ (58)	\$ (0.50)	\$ 1	\$ (0.09)	\$ (113)	\$ (0.94)	\$ 18	\$ 0.11
Goodwill Impairment	412		-		-		-		-		-		-		-	
PARC Donation	-		-		132		-		-		132		-		-	
Inventory-related impact - exit of certain Production Print manufacturing operations	-		-		-		-		-		-		36		8	
Restructuring and related costs, net	65		2		23		10		132		167		39		12	
Amortization of intangible assets	42		11		10		12		10		43		10		10	
Divestitures	-		-		-		-		-		-		54		(3)	
Non-service retirement-related costs	(12)		(1)		11		4		5		19		23		26	
Transaction and related costs, net	-		-		-		-		-		-		-		(23)	
Tax indemnification - Conduent	-		-		-		(7)		-		(7)		-		-	
Accelerated Share Vesting	21		-		-		-		-		-		-		-	
Loss (gain) on early extinguishment of debt	5		-		3		-		7		10		(3)		-	
Contract termination costs - product supply	33		-		-		-		-		-		-		-	
PARC donation income tax ⁽²⁾	-		-		(40)		-		-		(40)		-		-	
Income tax on adjustments ⁽²⁾	(55)		(1)		(6)		9		(40)		(38)		(35)		(7)	
Adjusted	\$ 189	\$ 1.12	\$ 82	\$ 0.49	\$ 72	\$ 0.44	\$ 77	\$ 0.46	\$ 56	\$ 0.43	\$ 287	\$ 1.82	\$ 11	\$ 0.06	\$ 41	\$ 0.29
Dividends on preferred stock used in adjusted EPS calculation ⁽³⁾	\$ 14		\$ 4		\$ 3		\$ 4		\$ 3		\$ 14		\$ 4		\$ 3	
Weighted average shares for adjusted EPS ⁽³⁾		157		158		158		159		125		151		125		126

⁽¹⁾ Net (Loss) Income and EPS.

⁽²⁾ Refer to Adjusted Effective Tax Rate Reconciliation.

⁽³⁾ 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.

Adjusted Effective Tax Rate Reconciliation

(in millions)	Q2-24			Q2-23		
	Pre-Tax Income	Income Tax Expense	Effective Tax Rate	Pre-Tax (Loss) Income	Income Tax (Benefit) Expense	Effective Tax Rate
Reported ⁽¹⁾	\$ 25	\$ 7	28.0%	\$ (89)	\$ (28)	31.5%
PARC Donation ⁽²⁾	-	-		132	40	
Non-GAAP Adjustments ⁽²⁾	30	7		47	6	
Adjusted ⁽³⁾	<u>\$ 55</u>	<u>\$ 14</u>	<u>25.5%</u>	<u>\$ 90</u>	<u>\$ 18</u>	<u>20.0%</u>

⁽¹⁾ Pre-Tax Income (Loss) and Income Tax expense (benefit).

⁽²⁾ Refer to Adjusted Net 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 Income (Loss) under ASC 740, which employs an annual effective tax rate method to the results.

Adjusted Gross Profit and Margin Reconciliation

(in millions)	Q2-24		Q2-23	
Revenue ⁽¹⁾	\$ 1,578		\$ 1,754	
Cost of revenue ⁽¹⁾	<u>1,058</u>		<u>1,157</u>	
Gross Profit and Margin	520	33.0%	597	34.0%
Adjustment:				
Inventory-related impact - exit of certain Production Print manufacturing operations	8		-	
Adjusted Gross Profit and Margin	<u>\$ 528</u>	33.5%	<u>\$ 597</u>	34.0%

⁽¹⁾ Total revenues and cost of revenue

Adjusted Operating Income and Margin Reconciliation

(in millions)	FY-22			Q1-23			Q2-23			Q3-23			Q4-23			FY-23		
	(Loss) Profit	Revenue	Margin	Profit	Revenue	Margin	(Loss) Profit	Revenue	Margin	Profit	Revenue	Margin	(Loss) Profit	Revenue	Margin	Profit	Revenue	Margin
Reported ⁽¹⁾	\$ (322)	\$7,107		\$ 71	\$1,715		\$ (61)	\$1,754		\$ 49	\$1,652		\$ (58)	\$1,765		\$ 1	\$6,886	
Income tax (benefit) expense	(3)			14			(28)			15			(30)			(29)		
Pre-tax (loss) income	\$ (325)	\$7,107	(4.6%)	\$ 85	\$1,715	5.0%	\$ (89)	\$1,754	(5.1%)	\$ 64	\$1,652	3.9%	\$ (88)	\$1,765	(5.0%)	\$ (28)	\$6,886	(0.4%)
Adjustments:																		
Goodwill impairment	412			-			-			-			-			-		
PARC donation	-			-			132			-			-			132		
Restructuring and related costs, net	65			2			23			10			132			167		
Amortization of intangible assets	42			11			10			12			10			43		
Accelerated Share Vesting	21			-			-			-			-			-		
Other expenses, net	60			20			31			(18)			42			75		
Adjusted	\$ 275	\$7,107	3.9%	\$ 118	\$1,715	6.9%	\$ 107	\$1,754	6.1%	\$ 68	\$1,652	4.1%	\$ 96	\$1,765	5.4%	\$ 389	\$6,886	5.6%

⁽¹⁾ Net (Loss) Income.

Adjusted Operating Income and Margin Reconciliation (continued)

(in millions)	Q1-24			Q2-24		
	(Loss) Profit	Revenue	Margin	Profit	Revenue	Margin
Reported ⁽¹⁾	\$ (113)	\$1,502		\$ 18	\$1,578	
Income tax (benefit) expense	(37)			7		
Pre-tax (loss) income	<u>\$ (150)</u>	<u>\$1,502</u>	(10.0%)	<u>\$ 25</u>	<u>\$1,578</u>	1.6%
Adjustments:						
Inventory-related impact - exit of certain Production Print manufacturing operations	36			8		
Restructuring and related costs, net	39			12		
Amortization of intangible assets	10			10		
Divestitures	54			(3)		
Other expenses, net	<u>44</u>			<u>33</u>		
Adjusted	<u>\$ 33</u>	<u>\$1,502</u>	2.2%	<u>\$ 85</u>	<u>\$1,578</u>	5.4%

⁽¹⁾ Net (Loss) Income.

Adjusted EBITDA and Margin Reconciliation

(in millions)	FY-22			Q1-23			Q2-23			Q3-23			Q4-23			FY-23		
	(Loss) Profit	Revenue	Margin	Profit	Revenue	Margin	(Loss) Profit	Revenue	Margin	Profit	Revenue	Margin	(Loss) Profit	Revenue	Margin	Profit	Revenue	Margin
Reported ⁽¹⁾	\$ (322)	\$ 7,107		\$ 71	\$ 1,715		\$ (61)	\$ 1,754		\$ 49	\$ 1,652		\$ (58)	\$ 1,765		\$ 1	\$ 6,886	
Adjustments:																		
Other expenses, net ⁽²⁾	60			20			31			(18)			42			75		
Income tax (benefit) expense	(3)			14			(28)			15			(30)			(29)		
Depreciation and amortization ⁽³⁾	270			64			62			63			62			251		
Goodwill impairment	412			-			-			-			-			-		
EBITDA ⁽⁴⁾⁽⁶⁾	<u>\$ 417</u>	<u>\$ 7,107</u>	5.9%	<u>\$ 169</u>	<u>\$ 1,715</u>	9.9%	<u>\$ 4</u>	<u>\$ 1,754</u>	0.2%	<u>\$ 109</u>	<u>\$ 1,652</u>	6.6%	<u>\$ 16</u>	<u>\$ 1,765</u>	0.9%	<u>\$ 298</u>	<u>\$ 6,886</u>	4.3%
Adjustments:																		
Stock-based compensation	75			14			14			12			14			54		
Restructuring and related costs, net ⁽⁵⁾	65			2			23			10			132			167		
PARC donation	-			-			132			-			-			132		
Divestitures	-			-			-			-			-			-		
Adjusted EBITDA ⁽⁶⁾	<u>\$ 557</u>	<u>\$ 7,107</u>	7.8%	<u>\$ 185</u>	<u>\$ 1,715</u>	10.8%	<u>\$ 173</u>	<u>\$ 1,754</u>	9.9%	<u>\$ 131</u>	<u>\$ 1,652</u>	7.9%	<u>\$ 162</u>	<u>\$ 1,765</u>	9.2%	<u>\$ 651</u>	<u>\$ 6,886</u>	9.5%

⁽¹⁾ Net (Loss) Income

⁽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⁾ 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.

Adjusted EBITDA and Margin Reconciliation (continued)

(in millions)	Q1-24			Q2-24		
	(Loss) Profit	Revenue	Margin	Profit	Revenue	Margin
Reported ⁽¹⁾	\$ (113)	\$ 1,502		\$ 18	\$ 1,578	
Adjustments:						
Other expenses, net ⁽²⁾	44			33		
Income tax (benefit) expense	(37)			7		
Depreciation and amortization ⁽³⁾	59			59		
EBITDA ⁽⁴⁾⁽⁶⁾	<u>\$ (47)</u>	<u>\$ 1,502</u>	(3.1)%	<u>\$ 117</u>	<u>\$ 1,578</u>	7.4%
Adjustments:						
Stock-based compensation	12			17		
Restructuring and related costs, net ⁽⁵⁾	39			12		
Inventory-related impact - exit of certain Production Print manufacturing operations	36			8		
Divestitures	54			(3)		
Adjusted EBITDA ⁽⁶⁾	<u>\$ 94</u>	<u>\$ 1,502</u>	6.3%	<u>\$ 151</u>	<u>\$ 1,578</u>	9.6%

⁽¹⁾ Net (Loss) Income

⁽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⁾ 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.

Free Cash Flow Reconciliation

(in millions)	FY-22	Q1-23	Q2-23	Q3-23	Q4-23	FY-23	Q1-24	Q2-24
Reported⁽¹⁾	\$159	\$78	\$95	\$124	\$389	\$686	(\$79)	\$123
Less: capital expenditures	57	8	7	12	10	37	10	8
Free Cash Flow	<u>\$102</u>	<u>\$70</u>	<u>\$88</u>	<u>\$112</u>	<u>\$379</u>	<u>\$649</u>	<u>(\$89)</u>	<u>\$115</u>
Add: one-time contract termination charge - product supply	41	-	-	-	-	-	-	-
Free Cash Flow - Adjusted	<u>\$143</u>	<u>\$70</u>	<u>\$88</u>	<u>\$112</u>	<u>\$379</u>	<u>\$649</u>	<u>(\$89)</u>	<u>\$115</u>

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

Other Expenses, net Reconciliation

(in millions)	Q2-24	Q2-23
Reported	\$ 33	\$ 31
Less: Non-service retirement-related costs	26	11
Less: Gain on early extinguishment of debt	-	3
Less: Transaction and related costs, net	(23)	
Adjusted	\$ 30	\$ 17

Adjusted Operating Income and Margin – Guidance

(in millions)	FY 2024		
	Profit	Revenue (CC) ^(2, 3)	Margin
Estimated ⁽¹⁾	~(\$10)	~\$6,500	~(0.2)%
Adjustments:			
Restructuring and related costs, net	80		
Amortization of intangible assets	40		
Other expenses, net	315		
Adjusted ⁽⁴⁾	<u>~\$425</u>	<u>~\$6,500</u>	At least 6.5%

⁽¹⁾ Pre-tax income and revenue.

⁽²⁾ Full-year revenue is estimated to decline 5% to 6% in constant currency. Revenue of \$6.5 billion reflects the midpoint of the guidance range.

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

⁽⁴⁾ Adjusted pre-tax income reflects the adjusted operating margin guidance of at least 6.5%.

Free Cash Flow – Guidance

(in millions)	FY 2024
Operating Cash Flow⁽¹⁾	At least \$600
Less: capital expenditures	50
Free Cash Flow	At least \$550

(1) Net cash provided by operating activities.

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