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 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

- Net (Loss) Income and Earnings per share (EPS)
- Effective Tax Rate
- 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 such as 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.
- Other discrete, unusual or infrequent items: We exclude these items, when applicable, given their discrete, unusual or infrequent nature and their impact on our results for the period.

- Goodwill impairment
- Transaction and related costs, net
- Contract termination costs
- Accelerated share vesting - stock compensation expense associated with the accelerated vesting of all outstanding equity awards, according to the terms of the award agreement, in connection with the passing of Xerox Holding's former CEO.
- Loss on extinguishment of debt
Non-GAAP Financial Measures

Adjusted Operating (Loss) Income and Margin
We calculate and utilize adjusted operating (loss) income and margin measures by adjusting our reported pre-tax (loss) income and margin amounts. In addition to the costs and expenses noted as adjustments for our adjusted earnings measures, adjusted operating (loss) 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.

Constant Currency
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.
Net (Loss) Income and EPS Reconciliation

<table>
<thead>
<tr>
<th></th>
<th>Three Months Ended September 30, 2022</th>
<th>Three Months Ended September 30, 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Net (Loss) Income</td>
<td>Diluted EPS</td>
</tr>
<tr>
<td>Reported (1)</td>
<td>$ (383)</td>
<td>$ (2.48)</td>
</tr>
<tr>
<td>Adjustments:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Goodwill impairment</td>
<td>412</td>
<td></td>
</tr>
<tr>
<td>Restructuring and related costs</td>
<td>22</td>
<td></td>
</tr>
<tr>
<td>Amortization of intangible assets</td>
<td>10</td>
<td></td>
</tr>
<tr>
<td>Non-service retirement-related costs</td>
<td>(7)</td>
<td></td>
</tr>
<tr>
<td>Income tax on adjustments (2)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Adjusted</td>
<td>$ 33</td>
<td>$ 0.19</td>
</tr>
<tr>
<td>Dividends on preferred stock used in adjusted EPS calculation (3)</td>
<td>$ 4</td>
<td>$ 4</td>
</tr>
<tr>
<td>Weighted average shares for adjusted EPS (3)</td>
<td>157</td>
<td>182</td>
</tr>
<tr>
<td>Fully diluted shares at end of period (4)</td>
<td>157</td>
<td></td>
</tr>
</tbody>
</table>

(1) Net (loss) income and EPS attributable to Xerox Holdings. Third quarter 2022 Net loss and EPS include an after-tax non-cash goodwill impairment charge of $395 million or $2.54 per share.

(2) Refer to Effective Tax Rate reconciliation.

(3) For those periods that include the preferred stock dividend, the average shares for the calculations of diluted EPS exclude the 7 million shares associated with Xerox Holdings Corporation's Series A Convertible preferred stock.

(4) Common shares outstanding at September 30, 2022 and potential dilutive common shares used for the calculation of adjusted diluted EPS for the third quarter 2022. Excludes shares associated with our Series A convertible preferred stock, all of which were anti-dilutive for the third quarter 2022.
## Effective Tax Rate Reconciliation

<table>
<thead>
<tr>
<th></th>
<th>Pre-Tax (Loss) Income</th>
<th>Income Tax Expense</th>
<th>Effective Tax Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>** Reported (1) **</td>
<td>$ (380)</td>
<td>$ 3</td>
<td>(0.8%)</td>
</tr>
<tr>
<td>Goodwill Impairment</td>
<td>412</td>
<td>17</td>
<td></td>
</tr>
<tr>
<td>Other Non-GAAP Adjustments (2)</td>
<td>25</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>** Adjusted (3) **</td>
<td>$ 57</td>
<td>$ 24</td>
<td>42.1%</td>
</tr>
</tbody>
</table>

(1) Pre-Tax (loss) income and income tax expense (benefit)

(2) Refer to 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 Reported Pre-Tax (Loss) Income under ASC 740, which employs an annual effective tax rate method to the results.
# Operating (Loss) Income and Margin Reconciliation

<table>
<thead>
<tr>
<th></th>
<th>Three Months Ended</th>
<th>Three Months Ended</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>September 30, 2022</td>
<td>September 30, 2021</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Profit</th>
<th>Revenue</th>
<th>Margin</th>
<th>Profit</th>
<th>Revenue</th>
<th>Margin</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Reported (1)</strong></td>
<td>(380)</td>
<td>1,751</td>
<td>(21.7)%</td>
<td>84</td>
<td>1,758</td>
<td>4.8%</td>
</tr>
<tr>
<td><strong>Adjustments:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Goodwill impairment</td>
<td>412</td>
<td>-</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Restructuring and related costs</td>
<td>22</td>
<td>10</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amortization of intangible assets</td>
<td>10</td>
<td>13</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other expenses, net</td>
<td>1</td>
<td>(33)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Adjusted</strong></td>
<td>65</td>
<td>1,751</td>
<td>3.7%</td>
<td>74</td>
<td>1,758</td>
<td>4.2%</td>
</tr>
</tbody>
</table>

(1) Pre-tax (loss) income
# Free Cash Flow Reconciliation

<table>
<thead>
<tr>
<th>(in millions)</th>
<th>Three Months Ended</th>
<th></th>
<th>2022</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>September 30,</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Reported</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>$</td>
<td>(8)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>$</td>
<td>100</td>
</tr>
<tr>
<td><strong>Less: capital expenditures</strong></td>
<td></td>
<td></td>
<td>$</td>
<td>10</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>$</td>
<td>19</td>
</tr>
<tr>
<td><strong>Free Cash Flow</strong></td>
<td></td>
<td></td>
<td>$</td>
<td>(18)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>$</td>
<td>81</td>
</tr>
</tbody>
</table>

(1) Net cash (used in) provided by operating activities
Other Expenses, Net Reconciliation

<table>
<thead>
<tr>
<th>(in millions)</th>
<th>Three Months Ended September 30,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2022</td>
</tr>
<tr>
<td>Reported</td>
<td>$1</td>
</tr>
<tr>
<td>Less: non-service retirement-related costs</td>
<td>(7)</td>
</tr>
<tr>
<td>Adjusted</td>
<td>$8</td>
</tr>
</tbody>
</table>
# Net Income (Loss) and EPS Reconciliation - Historical

<table>
<thead>
<tr>
<th>Year Ended December 31, 2020</th>
<th>Q1-21</th>
<th>Q2-21</th>
<th>Q3-21</th>
<th>Q4-21</th>
<th>Year Ended December 31, 2021</th>
<th>Q1-22</th>
<th>Q2-22</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reported (^{(1)})</td>
<td>$192</td>
<td>$0.84</td>
<td>$39</td>
<td>$0.18</td>
<td>$91</td>
<td>$0.46</td>
<td>$90</td>
</tr>
<tr>
<td>Goodwill Impairment (^{(2)})</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>781</td>
<td>-</td>
<td>781</td>
</tr>
<tr>
<td>Restructuring and related costs, net</td>
<td>93</td>
<td>17</td>
<td>12</td>
<td>10</td>
<td>1</td>
<td>38</td>
<td>18</td>
</tr>
<tr>
<td>Amortization of intangible assets</td>
<td>56</td>
<td>15</td>
<td>14</td>
<td>13</td>
<td>55</td>
<td>-</td>
<td>11</td>
</tr>
<tr>
<td>Transaction and related costs, net</td>
<td>18</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Non-service retirement-related costs (^{(3)})</td>
<td>(29)</td>
<td>(20)</td>
<td>(22)</td>
<td>(22)</td>
<td>(25)</td>
<td>(89)</td>
<td>(7)</td>
</tr>
<tr>
<td>CEO Accelerated Share Vesting</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Loss on early extinguishment of debt</td>
<td>26</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Contract termination costs (^{(3)})</td>
<td>3</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>31</td>
<td>-</td>
<td>33</td>
</tr>
<tr>
<td>Income tax on adjustments (^{(4)})</td>
<td>(46)</td>
<td>(4)</td>
<td>(1)</td>
<td>(1)</td>
<td>(37)</td>
<td>(13)</td>
<td>(4)</td>
</tr>
<tr>
<td>Adjusted</td>
<td>$313</td>
<td>$1.41</td>
<td>$47</td>
<td>$0.22</td>
<td>$94</td>
<td>$0.47</td>
<td>$90</td>
</tr>
</tbody>
</table>

**Dividends on preferred stock used in adjusted EPS calculation**\(^{(4)}\)

- $14
- $4
- $3
- $4
- $4
- $3
- $14
- $4
- $3

**Weighted average shares for adjusted EPS**\(^{(5)}\)

- 211
- 198
- 189
- 182
- 173
- 185
- 156
- 156

---

\(^{(1)}\) Net Income (Loss) and EPS attributable to Xerox Holdings.

\(^{(2)}\) Fourth quarter and full-year 2021 Net (loss) and EPS include an after-tax non-cash goodwill impairment charge of $750 million ($781 million pre-tax) or $4.38 and $4.08 per share, respectively.

\(^{(3)}\) Reflects contract termination costs - IT Services in 2020 and the termination of a product supply agreement in the first quarter of 2022.

\(^{(4)}\) For those periods that exclude the preferred stock dividend the average shares for the calculations of diluted EPS include 7 million shares associated with Xerox Holdings Corporation's Series A convertible preferred stock, as applicable.
### Operating Income (Loss) and Margin Reconciliation - Historical

<table>
<thead>
<tr>
<th>Year Ended December 31, 2020</th>
<th>Q1-21</th>
<th>Q2-21</th>
<th>Q3-21</th>
<th>(Loss) Q4-21</th>
<th>Year Ended December 31, 2021</th>
<th>Q1-22</th>
<th>Q2-22</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit</td>
<td>Profit Revenue Margin</td>
<td>Profit Revenue Margin</td>
<td>Profit Revenue Margin</td>
<td>Profit Revenue Margin</td>
<td>Profit Revenue Margin</td>
<td>Profit Revenue Margin</td>
<td>Profit Revenue Margin</td>
</tr>
<tr>
<td><strong>Reported</strong></td>
<td>$252  $7,022 3.6%</td>
<td>$53  $1,710 3.1%</td>
<td>$99  $1,793 5.5%</td>
<td>$84  $1,758 4.8%</td>
<td>$(711) $1,777 (40.0%)</td>
<td>$(475) $7,038 (6.7%)</td>
<td>$(89) $1,668 (5.3%)</td>
</tr>
<tr>
<td>Adjustments:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Goodwill impairment</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>781</td>
<td>781</td>
<td>-</td>
</tr>
<tr>
<td>Restructuring and related costs, net</td>
<td>93</td>
<td>17</td>
<td>12</td>
<td>10</td>
<td>(1)</td>
<td>38</td>
<td>18</td>
</tr>
<tr>
<td>Amortization of intangible assets</td>
<td>56</td>
<td>15</td>
<td>14</td>
<td>13</td>
<td>13</td>
<td>55</td>
<td>11</td>
</tr>
<tr>
<td>Transaction and related costs, net</td>
<td>18</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>CEO Accelerated Share Vesting</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>21</td>
</tr>
<tr>
<td>Other expenses, net</td>
<td>45</td>
<td>4</td>
<td>1</td>
<td>(33)</td>
<td>4</td>
<td>(24)</td>
<td>57</td>
</tr>
<tr>
<td><strong>Adjusted</strong></td>
<td>$464  $7,022 6.6%</td>
<td>$89  $1,710 5.2%</td>
<td>$126 $1,793 7.0%</td>
<td>$74  $1,758 4.2%</td>
<td>$375 $1,777 4.8%</td>
<td>$375 $7,038 5.3%</td>
<td>$35  $1,668 (0.2%)</td>
</tr>
</tbody>
</table>

(1) Pre-Tax Income (Loss).
## Free Cash Flow Reconciliation – Historical

<table>
<thead>
<tr>
<th></th>
<th>Year Ended</th>
<th></th>
<th></th>
<th></th>
<th>Year Ended</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(in millions)</td>
<td>December 31, 2020</td>
<td>Q1-21</td>
<td>Q2-21</td>
<td>Q3-21</td>
<td>Q4-21</td>
<td>December 31, 2021</td>
</tr>
<tr>
<td>Reported(1)</td>
<td></td>
<td>$548</td>
<td>$117</td>
<td>$214</td>
<td>$100</td>
<td>$198</td>
<td>$629</td>
</tr>
<tr>
<td>Less: capital expenditures</td>
<td></td>
<td>74</td>
<td>17</td>
<td>16</td>
<td>19</td>
<td>16</td>
<td>68</td>
</tr>
<tr>
<td>Free Cash Flow</td>
<td></td>
<td>$474</td>
<td>$100</td>
<td>$198</td>
<td>$81</td>
<td>$182</td>
<td>$561</td>
</tr>
</tbody>
</table>

(1) Net cash provided by operating activities.
# 2021 Quarterly Segment Results

<table>
<thead>
<tr>
<th></th>
<th>External Net Revenue (in millions)</th>
<th>Intersegment Net Revenue (1)</th>
<th>Total Segment Revenue (in millions)</th>
<th>% of Total Revenue</th>
<th>Segment Profit (in millions)</th>
<th>Segment Margin (2)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Q1 2021</strong></td>
<td>Print and Other: $1,533</td>
<td>$48</td>
<td>$1,581</td>
<td>90%</td>
<td>$71</td>
<td>4.6%</td>
</tr>
<tr>
<td></td>
<td>Financing (FITTLE): $177</td>
<td>3</td>
<td>180</td>
<td>10%</td>
<td>18</td>
<td>10.2%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$1,710</td>
<td>$51</td>
<td>$1,761</td>
<td>100%</td>
<td>$89</td>
<td>5.2%</td>
</tr>
<tr>
<td><strong>Q2 2021</strong></td>
<td>Print and Other: $1,619</td>
<td>$53</td>
<td>$1,672</td>
<td>90%</td>
<td>$111</td>
<td>6.9%</td>
</tr>
<tr>
<td></td>
<td>Financing (FITTLE): $174</td>
<td>3</td>
<td>177</td>
<td>10%</td>
<td>15</td>
<td>8.6%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$1,793</td>
<td>$56</td>
<td>$1,849</td>
<td>100%</td>
<td>$128</td>
<td>7.0%</td>
</tr>
<tr>
<td><strong>Q3 2021</strong></td>
<td>Print and Other: $1,590</td>
<td>$46</td>
<td>$1,636</td>
<td>91%</td>
<td>$50</td>
<td>3.1%</td>
</tr>
<tr>
<td></td>
<td>Financing (FITTLE): $168</td>
<td>3</td>
<td>171</td>
<td>9%</td>
<td>24</td>
<td>14.3%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$1,758</td>
<td>$49</td>
<td>$1,807</td>
<td>100%</td>
<td>$74</td>
<td>4.2%</td>
</tr>
<tr>
<td><strong>Q4 2021</strong></td>
<td>Print and Other: $1,613</td>
<td>$46</td>
<td>$1,659</td>
<td>91%</td>
<td>$61</td>
<td>3.8%</td>
</tr>
<tr>
<td></td>
<td>Financing (FITTLE): $164</td>
<td>3</td>
<td>167</td>
<td>9%</td>
<td>25</td>
<td>15.2%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$1,777</td>
<td>$49</td>
<td>$1,826</td>
<td>100%</td>
<td>$86</td>
<td>4.8%</td>
</tr>
<tr>
<td><strong>2021</strong></td>
<td>Print and Other: $6,355</td>
<td>$193</td>
<td>$6,548</td>
<td>90%</td>
<td>$293</td>
<td>4.6%</td>
</tr>
<tr>
<td></td>
<td>Financing (FITTLE): $683</td>
<td>12</td>
<td>695</td>
<td>10%</td>
<td>82</td>
<td>12.0%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$7,038</td>
<td>$205</td>
<td>$7,243</td>
<td>100%</td>
<td>$375</td>
<td>5.3%</td>
</tr>
</tbody>
</table>

(1) Reflects net revenue, primarily commissions and other payments, made by the Financing segment (FITTLE) to the Print and Other segment for the lease of Xerox equipment placements.

(2) Segment margin based on external net revenue only.
Free Cash Flow – Guidance

<table>
<thead>
<tr>
<th>(in millions)</th>
<th>FY 2022</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating Cash Flow</strong>&lt;sup&gt;(1)&lt;/sup&gt;</td>
<td>At least $180</td>
</tr>
<tr>
<td>Less: capital expenditures</td>
<td>55</td>
</tr>
<tr>
<td><strong>Free Cash Flow</strong></td>
<td>At least $125</td>
</tr>
</tbody>
</table>

<sup>(1)</sup>Net cash provided by operating activities

NOTE: Free cash flow guidance excludes the second quarter 2022 payment of a one-time product supply contract termination charge taken in the first quarter 2022.