Dear Shareholder,

Thank you for your investment and continued interest in Xerox. In this letter, I will provide updates on the execution of our three strategic priorities, Q1 2023 results and our 2023 guidance.

We continue our work on the development of a long-term plan for sustainable growth in profits. All the while, we remain focused on executing against our three strategic priorities for 2023: Client Success, Profitability and Shareholder Returns. In Q1, we made progress on each.

1) **Client Success**. It is clear from our market research and client conversations that the long-term success of Xerox will be closely tied to the enablement of positive business outcomes for our clients. In Q1, we launched a series of self-support applications that make our clients' employees more productive in a hybrid environment. We also extended our digital services offerings to the mid-market, providing clients in this market the same types of accounts payable, digital mail and intelligent document processing capabilities we provide to our largest clients. These types of innovative productivity solutions resulted in Xerox being named the "BLI 2023 Smart Workplace Software Line of the Year" by Keypoint Intelligence - for the fifth consecutive year - and are helping drive an expansion in clients' wallet share and TAM.

2) **Focus on Profitability**. We delivered another quarter of year-over-year growth in adjusted operating income margin and profits. Adjusted operating profits have benefitted of late from lower supply chain costs; but a significant portion of the improvement has come from operating efficiencies associated with the implementation of new technologies and specific actions taken to implement a more flexible cost base, including the donation of PARC to SRI International. For the year, we expect to deliver a low to mid-single digit rate of operating gross cost reductions. We believe this level of efficiencies can be sustained on an annual basis, driven by the culture of continuous improvement instilled by Project Own It in prior years.

3) **Shareholder Returns**. Our capital return policy of returning at least 50% of our free cash flow to shareholders is designed to provide shareholders a means of participating in our success. We will update investors on specific plans for distributing free cash flow, and excess cash, as it builds throughout the year. In Q1, we decided the most responsible use of cash was the paydown of $450 million of debt.

Recapping Q1 results, balanced execution across the company drove solid performance. Revenue grew in constant currency for the fourth consecutive quarter and adjusted operating profit margin once again expanded meaningfully year-over-year. Free cash flow also grew on a year-over-year basis, aided by the sale of finance receivables under FITTLE's new funding agreement with HPS. Improvement across all metrics reflected better product availability, continued resilience in demand for our products and services and rigorous operating discipline.

- Total revenue grew 5.5% in constant currency. Equipment revenue grew 27% in constant currency, driven by better product supply, favorable mix and pricing actions. Our backlog declined 27% quarter over quarter, to $179 million. Backlog remains elevated relative to historic levels but is expected to return to a more typical $100 to $125 million range by the end of Q2.

- Post sale revenue grew 0.5% in constant currency. Growth was driven by the benefits of recent acquisitions as well as by consumables and our portfolio of services. Importantly, Contractual Print & Digital Services, our largest and most stable source of revenue, has grown at a low single digit pace for five consecutive quarters, showing stability in a challenging operating environment.
- Adjusted operating margin improved 710 basis points year-over-year, reflecting improvements in revenue and product mix, lower logistics costs and bad debt expense and the benefits of price and cost actions taken in 2022.

We made no change to our revenue guidance of "flat to low single digit decline in constant currency". Unlike some of our technology peers, we are not seeing widespread signs of deterioration in demand. On the contrary, demand for our products and services remains resilient in the face of ongoing macroeconomic uncertainty. We believe this strength is attributable to our services-led approach to sales, the countercyclical nature of our Contractual Print & Digital Services business and the fact Office Print (unlike many other endpoint devices) is not facing difficult post-pandemic compares. Our revenue guidance range reflects a stable demand environment and includes a contingency for potential macroeconomic weakness.

We increased our adjusted operating income margin guidance from "at least 4.7%" to a range of 5.0% to 5.5%. Underpinning this increase was stronger-than-expected profit performance in Q1 and expected benefits from incremental operating efficiencies, partially offset by greater-than-expected unfavorable currency effects. As with revenue, a certain degree of macroeconomic uncertainty is reflected through the range of guided outcomes.

We maintained our free cash flow guidance of "at least $500 million". No changes were made to our assumption of free cash flow conversion, excluding finance receivable activity, of 90% to 100% of adjusted operating income. Free cash flow in Q1 benefitted from the receivable funding solution signed last year with an affiliate of HPS Investment Partners. For the quarter, close to 50% of finance lease originations were sold to this partner. We continue our efforts to secure receivable funding solutions that will cover a larger part of our remaining originations, which we expect would have a favorable impact on free cash flow for the year.

In summary, we started the year on strong footing. The operating discipline instilled by Project Own it in prior years, and other specific actions recently taken, are driving more margin improvement – and faster - than expected. Despite a challenging and fluid business environment, the resiliency of demand for our products and solutions, and a demonstrated ability to control costs leave us confident in our ability to achieve updated guidance.

I appreciate your continued investment in Xerox and look forward to future interactions.

Xavier Heiss, Chief Financial Officer