

Risk Factors Comparison 2025-02-24 to 2024-02-23 Form: 10-K

Legend: **New Text** ~~Removed Text~~ Unchanged Text **Moved Text** Section

You should carefully consider the following risk factors as well as the other information included, and risks described, in other sections of this combined Form 10-K, including under the headings “ Cautionary Statement Regarding Forward- Looking Statements,” “ Legal Proceedings,” and “ Management’ s Discussion and Analysis of Financial Condition and Results of Operations ” and in our Consolidated Financial Statements and the related notes thereto. Any of the following risks could materially and adversely affect our business, financial condition, or results of operations. The selected risks described below, however, are not the only risks facing us. Additional risks and uncertainties not currently known to us or those we currently view to be immaterial may also materially and adversely affect our business, financial condition, or results of operations.

Summary of Principal Risk Factors Our business is subject to change, risks, and uncertainties, as described herein. The risks factors that the Company considers material include, but are not limited to, the following: **Company- Specific Risk Factors** • **Our business, results of operations, cash flow, and financial condition are affected by global macroeconomic conditions; • Our profitability is dependent on our ability to obtain adequate pricing for our products and services and to improve our cost structure; • We have outsourced a significant portion of our manufacturing operations and increasingly rely on third- party manufacturers, subcontractors, and suppliers; • We may not achieve the expected benefits of our restructuring and transformation plans, including Reinvention; and • Our level of indebtedness could adversely affect our financial condition and reduce our financial flexibility.** **Regulatory Risk Factors** • **The international nature of our business subjects us to a number of risks, including unfavorable political, regulatory, and tax conditions in foreign countries; and • Tariffs or other restrictions on foreign imports could negatively impact our financial performance.** **General Risk Factors** • **Our business, results of operations and financial condition may be negatively impacted by legal and regulatory matters; and • Our failure to maintain an adequate system of internal control over financial reporting, could adversely affect our ability to accurately report our results.** **Risks Related to our Pending Acquisition of Lexmark** • **The Lexmark acquisition may not be completed and the equity purchase agreement may be terminated in accordance with its terms; • The Lexmark acquisition may present certain risks to our business and operations prior to the closing and, if consummated, after the closing; and • We will incur a substantial amount of indebtedness in connection with the financing of the Lexmark Acquisition.**

Our business, results of operations, cash flow, and financial condition are affected by global macroeconomic conditions. Global macroeconomic developments, including conflicts throughout the world, may adversely affect our business and financial results. Our business and financial performance depend on worldwide economic conditions, which affect the demand for our products and services in the markets we serve as well as the cost and availability of inputs to our business. Prolonged or more severe economic weakness and uncertainty, including economic slowdowns or recessions, global market volatility, rising inflation and interest rates, employment, and other adverse economic conditions, may result in decreased demand for our products and services, logistical and supply- related challenges, and increased difficulty with financial forecasting. Moreover, the global macroeconomy has a significant impact on interest rates, borrowing costs, and availability and cost of capital, all of which could have an adverse impact on our business. In addition, inflation may adversely affect customers’ financing costs, cash flows, and profitability, which could adversely impact their operations and our ability to collect receivables. Rising interest rates could have a dampening effect on overall economic activity and / or the financial condition of our customers, either or **Xerox 2024 Annual Report 10Legal Sign- off 2. 24. 25** both of which could negatively affect customer demand for our products and our customers’ ability to repay obligations to us. These conditions may result in reduced consumer and business confidence and spending in many countries, a tightening in the credit markets, a reduced level of liquidity in many financial markets, high volatility in credit, fixed income and equity markets, currency exchange rate fluctuations, and global economic uncertainty. In addition, longer term disruptions in the capital and credit markets could adversely affect our access to liquidity needed for our business. If financial institutions that have extended credit commitments to us are adversely affected by the conditions of the U. S. and international capital markets, they may become unable to fund borrowings under their credit commitments to us, which could have an adverse impact on our financial condition and our ability to borrow additional funds, if needed, for working capital, capital expenditures, acquisitions, research and development and other corporate purposes. The global supply chain has experienced and may continue to experience pronounced disruptions impacting service providers, logistics, and the flow, cost, and availability of supplies and products. Our business depends on its timely supply of equipment, services, and related products to meet the technical and volume requirements of our customers. Shortages of parts, materials, and services needed to manufacture and service our products, as well as delays and unpredictability of shipments due to transportation interruptions, have adversely impacted, and may continue to adversely impact, our suppliers’ ability to meet our requirements, and in turn our ability to meet our customers’ needs. Moreover, supply chain constraints may continue to increase costs of logistics and parts for our products, which costs we may not be able to pass on to our customers. We may experience further disruptions to our manufacturing operations, supply chain, and / or distribution channels in the future, and these disruptions may be prolonged. We are subject to foreign currency exchange and interest rate volatility in our business. Our future revenues, costs and results of operations could be significantly affected by changes in foreign currency exchange rates- particularly the euro, the British pound, and the Japanese yen. We use currency derivative contracts to hedge foreign currency- denominated assets, liabilities, and anticipated transactions. This practice is intended to mitigate or reduce volatility in the results of our foreign operations but does not **completely** eliminate such volatility. We do not hedge the translation effect of international revenues and expenses that are denominated in currencies other than the

U. S. dollar. Although the use of hedging transactions limits our downside risk, their use may also limit future revenues. **If** ~~Xerox 2023 Annual Report 10~~ we fail to successfully develop new and existing products, technologies, and service offerings, we may be unable to retain current customers and gain new customers and our revenues would decline. We operate in an environment of significant competition, driven by rapid technological developments, changes in industry standards, and demands of customers to become more efficient. Our primary competitors are exerting increased competitive pressure in targeted areas and are entering new markets, and ~~our~~ emerging competitors ~~are~~ **may introducing introduce** new technologies and **business models, or other innovations**. Our competitors include large international companies, some of which have significant financial resources and compete with us globally to provide document processing products and services in each of the markets we serve. We compete primarily on the basis of technology, performance, price, quality, reliability, brand, distribution, and customer service and support. Our future success is largely dependent upon our ability to compete in the markets we currently serve, to promptly and effectively react to changing technologies and customer expectations, and to expand into additional market segments. To remain competitive, we must develop or acquire new services, applications and products and periodically enhance our existing offerings. If we are unable to compete successfully through existing new sales channels, including new partnerships, we could lose market share and important customers to our competitors, and such loss could materially adversely affect our results of operations and financial condition. The process of developing new high- technology products, software, services, and solutions **and** enhancing existing hardware and software products, services, and solutions is complex, costly, and uncertain, and any failure by us to accurately anticipate customers' changing needs and emerging technological trends could significantly harm our market share, results of operations, and financial condition. These changing market trends are also opening ~~up~~ new, adjacent, and ancillary markets for our products, services, and software, which requires us to accurately anticipate our customers' changing needs and emerging technological trends. Our business model requires us to commit resources before knowing whether our initiatives will result in products that are commercially successful and generate the revenues required to provide desired returns. In addition, our sales strategy requires us to simplify our coverage model and expand into adjacent markets with new products, services, and technology such as **integrated IT infrastructure solutions, Intelligent Document Processing, managed IT multi- channel client communication Services services**, and other workplace productivity solutions. Our ability to develop or acquire new products, services, and technologies for these adjacent markets through new or existing partners may require the investment of significant resources ~~but which~~ may not lead to the successful development of new technologies, products, or services. **Xerox 2024 Annual Report 11** Our digital services strategy involves developing and deploying essential products and services that address the productivity challenges of a hybrid workplace and distributed workforce. We also expect to extend our IT and digital services presence in the mid- market through organic and inorganic investments. Our future success depends on our ability to make the investments and commit the necessary resources to execute ~~on~~ our business strategy in this highly competitive market. Despite this investment, the process of developing new products, services, and technologies is inherently complex and uncertain, and there are a number of risks to which we are subject, including the risk that our products, services, or technologies will not successfully satisfy our customers' needs, conform to evolving preferences or technologies, or gain market acceptance, which could adversely affect our results of operations and financial condition ~~As part of our Reinvention, we also implemented a new business-unit led organizational structure to closely align our product development and sales teams with the economic buyers of our products~~. Our business and financial performance could suffer if we do not manage the risks associated with our services businesses properly. The success of our **Managed Print and Digital** services business (such as our managed print services, digital services, and other workforce and IT Services solutions) depends to a significant degree on attracting, retaining, and maintaining or increasing the level of revenues from our customers. Our standard services agreements are generally renewable at a customer' s option and / or subject to cancellation rights, with or without penalties for early termination. We may not be able to retain or renew services contracts with our customers, or our customers may reduce the scope of the services they contract for. Factors that may influence contract termination, non- renewal, or reduction include **reduced print usage**, business downturns, dissatisfaction with our services or products, our retirement or lack of support for our products and services, our customers selecting alternative technologies, and the cost of our services as compared to our competitors. We may not be able to replace the revenue and earnings from lost customers or reductions in services. Although our services agreements may include penalties for early termination, these penalties may not fully cover our investments in these businesses. In addition, the pricing and other terms of certain services agreements require us to make estimates and assumptions at the time we enter into these contracts that could differ from actual results. Any increased or ~~Xerox 2023 Annual Report 11~~ unexpected costs or unanticipated delays in connection with the performance of these contracts, which may increase as services become more customized, could make these agreements less profitable or unprofitable. As a result, we may not generate the revenues, profits or cash flows we may have anticipated from our services business within the expected timelines, if at all. Our profitability is dependent upon our ability to obtain adequate pricing for our products and services and to improve our cost structure. Our success depends on our ability to obtain adequate pricing for our products and services that will provide a reasonable return to our shareholders. Changes in ~~the~~ market **conditions**, including **tariffs**, inflation, interest rates, foreign currency exchange movements, and global supply chain disruptions, may exert pressure on the margins we obtain for our products and services. Cost- reduction and pricing actions we undertake may not prove sufficient to offset the adverse impacts of such market conditions. Our ability to sustain and improve profit margins is dependent on a number of factors, including geography mix, our ability to continue to improve the cost efficiency of our operations, our ability to sustain pricing increases across our portfolio of products and services in a competitive and inflationary environment, our success in diversifying our suite of products and services, the additional costs imposed by supply chain disruptions, the proportion of high- end, mid and entry- level equipment sales, and IT ~~services~~ **Solutions- related** equipment **sales** (**i. e.**, product and services mix), ~~the trend in our~~ post- sale revenue **growth trends** and our ability to successfully complete information technology initiatives. If any of these factors adversely materialize or if we are unable to achieve and maintain

productivity or efficiency improvements, our ability to offset labor cost inflation, potential materials cost increases and competitive price pressures would be impaired, all of which could adversely affect our results of operations and financial condition. **Supply chain disruptions and interest rate increases have increased the cost of materials and components required to manufacture our products, transportation of components and products, and labor associated with all steps of the supply chain.** We continually review our operations with a view towards reducing our cost structure, including reducing our employee base, exiting certain businesses and / or geographies, seeking more favorable terms in our current and future supply contracts, improving process and system efficiencies, and outsourcing some internal functions. ~~In addition, supply chain disruptions and interest rate increases have increased the cost of materials and components required to manufacture our products, transportation of components and products, and labor associated with all steps of the supply chain.~~ If we are unable to control the cost of and obtain adequate pricing for our products and services or if our cost-cutting efforts negatively impact our business, it could materially adversely affect our results of operations and financial condition. **Xerox 2024 Annual Report 12** We have outsourced a significant portion of our manufacturing operations and increasingly rely on third-party manufacturers, subcontractors, and suppliers. We have outsourced a significant portion of our manufacturing operations to third parties, such as FUJIFILM Business Innovation Corp. (formerly Fuji Xerox Co., Ltd.). In the normal course of business, we regularly reevaluate our relationships with these third parties and have discussions with other third parties in order to maintain competitive tension and seek more optimal terms. There is no guarantee that such discussions will lead to better arrangements, and our existing suppliers could react negatively to any alternative arrangements we seek to negotiate with other third parties. In addition, we could incur significant costs in order to transition from one third-party manufacturing partner to another. **We have experienced, and may continue to experience, cost increases from our third-party manufacturing partners and we may not be able to pass on all such cost increases to our customers. We** face the risk that our third-party manufacturing partners may not be able to develop or manufacture products satisfying all of our requirements, quickly respond to changes in customer demand, and obtain supplies and materials necessary for the manufacturing process. In addition, in the normal course of business and exacerbated by supply chain disruptions, our partners may experience labor shortages and / or disruptions, transportation cost increases, materials cost increases, and / or manufacturing cost increases that could lead to higher prices for our products and / or lower reliability of our products. Further, since certain third parties to whom we have outsourced manufacturing are also our competitors in the print market, or may become competitors in the future, we could experience product disruption as a result of competitive pressures that increase the cost of the products supplied. **If we face product shortages** any of these risks were to be realized, ~~and similar~~ **or cost increases and are unable to transition to third parties -** party manufacturing relationships could not be established and / or successfully transitioned to, we could experience supply interruptions, **experience lower profit margins** or increases in costs that might result in our being unable to meet customer demand for our products, damage our relationships with our customers, and reduce our market share, all of which could materially adversely affect our results of operations and financial condition. In addition, in our services business, we may partner with other parties, including software and hardware vendors, to provide the complex solutions required by our customers. Therefore, our ability to deliver the solutions and ~~Xerox 2023 Annual Report 12~~ provide the services required by our customers is dependent on both our and our partners' ability to meet our customers' requirements and schedules. If we or our partners fail to deliver services or products as required and on time, our ability to complete the contract may be adversely affected, which may have an adverse impact on our revenue and profits. We may be unable to attract and retain key personnel while our business model undergoes significant changes. Xerox is undergoing significant changes in our business model and, accordingly, current and prospective employees may experience uncertainty about their future and may have other opportunities available to them given the competitive labor market. ~~That uncertainty was further increased by Xerox's recently announced a 15 percent targeted workforce reduction.~~ Our success is dependent, among other things, on our ability to attract, develop and retain highly qualified senior management and other key employees. Competition for key personnel is intense, and our ability to attract and retain key personnel is dependent on a number of factors, including prevailing market conditions and compensation packages offered by companies competing for the same talent. Our ability to do so also depends on how well we maintain a strong corporate culture and corporate brand that is attractive to employees. Hiring and training of new employees has been adversely impacted by global economic uncertainty, the tight labor market caused by low unemployment, and changes to office environments and workplace trends precipitated by COVID- 19. The departure of existing key employees or the failure of potential key employees to accept employment with Xerox, despite our recruiting efforts, could have a material adverse impact on our business, financial condition, and operating results. We may not achieve the expected benefits of our restructuring and transformation plans, including Reinvention, ~~and which~~ may adversely affect our business. We engage in restructuring actions, as well as other transformation efforts, **such as Reinvention**, in order to reduce our cost structure, manage cash flow, achieve operating efficiencies, and align our business to fit with our operating plan. In addition, these actions are expected to simplify our organizational structure, upgrade our IT infrastructure and redesign our business processes. As a result of **these** our restructuring initiatives, we may experience a loss of continuity, loss of accumulated knowledge and / or inefficiency during transitional periods. Transformation and restructuring may require a significant amount of time and focus from both management and other employees, which may divert attention from operating and growing our business. The wide-ranging nature and number of actions underway at any point in time may become difficult for the organization to satisfactorily manage and implement, as these actions may have impacts across the organization, processes and systems that are not apparent by individual project but may have unintended consequences in the aggregate. Furthermore, the expected savings associated with these initiatives may be offset to some extent by business disruption during the implementation phase as well as investments in new processes and systems until such time as the initiatives are fully implemented and stabilized. **Xerox 2024 Annual Report 13 Moreover, we are adopting new pricing strategies, distribution models, and changes in our partner models. The market may not respond as expected to such actions. Changes in our pricing structure or approach may not align with customer**

expectations or industry standards, leading to reduced demand or customer dissatisfaction. If we fail to achieve some or all of the expected benefits of our restructuring and transformation plans, it could have a material adverse effect on our competitive position, business, financial condition, results of operations and cash flows. **Our Among our** ~~Reinvention~~ **entails initiatives is** the implementation of a new **Enterprise Resource Planning (“ ERP ”) system. ERP implementations are complex, labor- intensive and time- consuming projects and involve substantial expenditures on system software and implementation activities. The ERP system is critical to our ability to provide important information to our management, obtain and deliver products, provide services and customer support, send invoices and track payments, fulfill contractual obligations, accurately maintain books and records, provide accurate, timely and reliable reports on our financial and operating results, and otherwise operate our business . ERP implementations also require transformation** ~~unit led operating model and the central coordination of internal business and financial processes through in order to reap the benefits of the ERP system. Any such implementation involves risks inherent in the conversion to a new Global~~ **ERP, including loss of information and potential disruption to our normal operations. The implementation and maintenance of the new ERP system has required, and will continue to require, the investment of significant financial and human resources, the re- engineering of processes of our Business-business Services organization , and the attention of many employees who would otherwise be focused on other aspects of our business. Our results of operations could be adversely affected if we experience time delays or cost overruns during the ERP implementation process, or if we are unable to reap the benefits we expect from the ERP system. Any material deficiencies in the design and implementation of the new ERP system could also result in potentially materially higher costs than we had incurred previously and could adversely affect our ability to operate our business and otherwise negatively impact our financial reporting and internal controls. Any of these consequences could have a material adverse effect on our results of operations and financial condition** . As part of our efforts to streamline operations and reduce costs, we have offshored and outsourced certain of our operations, services and other functions through arrangements with third parties (e. g., TCS and HCL) and we will continue to evaluate additional offshoring or outsourcing possibilities in the future. If our outsourcing partners fail to perform their obligations in a timely manner or at satisfactory quality levels or if we are unable to attract or retain sufficient personnel with the necessary skill sets to meet our offshoring or outsourcing needs, the quality of our services, products, and operations, as well as our reputation, could suffer. In addition, much of our offshoring takes place in developing countries and as a result may also be subject to geopolitical uncertainty. Diminished service quality from offshoring and outsourcing could have an adverse material impact to our operating results due to service interruptions and negative customer reactions. Our government contracts are subject to termination rights, audits, and investigations, which, if exercised, could negatively impact our reputation and reduce our ability to compete for new contracts. A significant portion of our revenue is derived from contracts with U. S. federal, state and local governments and their agencies, as well as international governments and their agencies. Government entities typically finance projects through appropriated funds. While these projects are often planned and executed as multi- year projects, government entities usually reserve the right to change the scope of or terminate these projects for lack of approved funding and / or at their convenience. Changes in government or political developments, including budget deficits, ~~Xerox 2023 Annual Report 13~~ **shortfalls or uncertainties, government spending reductions (e. g., Congressional sequestration of funds under the Budget Control Act of 2011), government shutdowns, or other debt or funding constraints, could result in lower governmental sales and in our projects being reduced in price or scope or terminated altogether, which also could limit our recovery of incurred costs, reimbursable expenses and profits on work completed prior to the termination. Additionally, government agencies routinely audit government contracts. If the government finds that we charged them inappropriate pricing, we could be required to refund or reimburse the government, and there is the possibility of paying fines and penalties. If the government discovers improper or illegal activities or contractual non- compliance in the course of audits or investigations, we may be subject to various civil and criminal penalties and administrative sanctions, including termination of contracts, forfeiture of profits, suspension of payments, fines and suspensions or debarment from doing business with the government. Any resulting penalties or sanctions could have a material adverse effect on our business, financial condition, results of operations and cash flows. Further, the negative publicity that arises from findings in such audits or investigations could have an adverse effect on our reputation and reduce our ability to compete for new contracts and could also have a material adverse effect on our business, financial condition, results of operations and cash flow. Additionally, our business with the U. S. government, direct or indirect, is subject to specific laws and regulations with numerous and unique compliance requirements relating to formation, administration and performance of U. S. **Xerox 2024 Annual Report 14** federal or federally funded contracts. These requirements, which may increase or change over time, may increase our performance and compliance costs thereby reducing our margins, which could have an adverse effect on our financial condition. Violations or other failures to comply with these laws, regulations or other compliance requirements could lead to terminations for default, suspension or debarment from U. S. government contracting or subcontracting for a period of time or other adverse actions. Such laws, regulations or other compliance requirements include those related to procurement integrity, export control, U. S. government security and information security regulations, supply chain and sourcing requirements and restrictions, employment practices, protection of criminal justice data, protection of the environment, accuracy of records, proper recording of costs, foreign corruption, Trade Agreements Act, Buy America Act, other domestic content requirements, and the False Claims Act. Our ability to fund our customer financing activities at economically competitive levels depends on our ability to ~~borrow~~ **source capital** and the cost of ~~borrowing capital~~ in the credit markets. The long- term viability and profitability of our financing business is dependent, in part, on our ability to borrow against or sell leases and the cost of borrowing in the credit markets. This ability and cost, in turn, is dependent on (i) our credit rating, which is currently non- investment grade according to credit rating agency assessments that are subject to periodic reviews and can change following a review and (ii) credit market volatility, **which is impacted by global macroeconomic developments such as** the war in Ukraine, conflicts in the Middle East -, and other global macroeconomic**

developments. ~~Enhanced~~ **Increased** credit market volatility has, among other things, increased the cost of borrowing and reduced access to debt and equity markets. We ~~primarily have historically fund-funded~~ our financing business through a combination of **sales and securitizations of finance receivables, capital markets offerings,** cash generated from operations ; **and** cash on hand ; ~~capital market offerings,~~ **. Our current sourcing strategy is centered on selling existing and newly originated sales and securitizations of finance receivables under long term arrangements with financing partners.** Our ability to continue to offer customer financing and be successful in the placement of equipment, software, and IT services with customers seeking to finance those transactions through Xerox is largely dependent on our ability to ~~obtain~~ **source** funding at a reasonable cost. If our credit rating ~~changes declines~~, the credit market becomes more volatile, or other events occur that reduce the demand for, or our **funding partners'** ability to provide at attractive rates on, customer financing, it may adversely impact our finance business and results of operations, however, there are alternative sources of funding available to the majority of our customers, which could reduce the overall impact to the broader Xerox business. ~~Our level of indebtedness could adversely affect our financial condition and reduce our financial flexibility.~~ As of December 31, ~~2023~~ **2024**, our total debt was \$ 3. ~~3~~ **4** billion, which primarily consisted of \$ 2. ~~4~~ **6** billion of Senior and Unsecured Debt and approximately \$ ~~900~~ **813** million of Secured Borrowings. In the future, we may incur additional indebtedness for organic or inorganic growth or otherwise. Our level of indebtedness could affect our flexibility and operations in several ways, including the following: • a significant portion of our cash flows could be used to service our indebtedness; • the covenants contained in the agreements governing our outstanding indebtedness may limit our ability to borrow additional funds, dispose of assets, pay dividends, and make certain investments; • our debt covenants may also affect our flexibility in planning for, and reacting to, changes in the economy and in our industry; • a high level of debt would increase our vulnerability to general adverse economic and industry conditions; ~~Xerox 2023 Annual Report 14~~ • a high level of debt may place us at a competitive disadvantage compared to our competitors that may be less leveraged and therefore may be able to take advantage of opportunities that our indebtedness would prevent us from pursuing; and • a high level of debt may impair our ability to obtain additional financing in the future for working capital, capital expenditures, debt service requirements, acquisitions, or general corporate or other purposes. In addition, revolving borrowings under our ABL (as defined below) and the term loans under our TLB (as defined below), and potentially other credit facilities we or our subsidiaries may enter into in the future, ~~will~~ **may** bear interest at variable rates. Increases in market interest rates could lead to higher debt service requirements associated with our variable - rate borrowings, if any. The effect of inflation on interest rates could increase our financing costs over time, either through near- term borrowings on our ABL and TLB, refinancing of our existing borrowings, or the issuance of new debt . In addition to our debt service obligations, our operations require substantial expenditures on a continuing basis. Our ability to make scheduled debt payments, to refinance our obligations with respect to our indebtedness and to fund capital and non - capital expenditures necessary to maintain the condition of our operating assets and properties, as well as to provide capacity for the growth of our business, depend on our financial and operating performance. We may not be able to generate sufficient cash flows to pay the interest on our debt, and future ~~Xerox 2024 Annual Report 15~~ working capital borrowings or debt or equity financing may not be available to pay or refinance such debt at attractive rates or at all. We need to maintain adequate liquidity in order to meet our operating cash flow requirements, repay maturing debt and meet other financial obligations, such as payment of dividends to the extent declared by our Board of Directors. If we fail to comply with the covenants contained in our various debt agreements, it may adversely affect our liquidity, results of operations, and financial condition. Our liquidity is a function of our cash on- hand and our ability to successfully generate cash flows from a combination of efficient operations and continuing operating improvements, access to capital markets and funding from third parties, which includes securitizations and sales of our finance receivables. We believe our liquidity (including operating and other cash flows that we expect to generate) will be sufficient to meet operating requirements as they arise; however, our ability to maintain sufficient liquidity going forward will be subject to the general liquidity of and on- going changes in the credit markets as well as general economic, financial, competitive, legislative, regulatory, and other market factors that are beyond our control. Our \$ ~~300~~ **425** million asset- based revolving credit agreement (the ABL), dated as of May 22, 2023, with Citibank, N. A., as administrative agent and collateral agent, and the lenders and issuing banks party thereto, ~~as amended~~, contains a fixed charge coverage ratio of 1x, as defined in the ABL, measured as of the last day of each fiscal quarter during which excess availability is less than an amount equal to the greater of (A) \$ ~~22~~ **31** . ~~5~~ **875** million and (B) 10 % of the Line Cap (the lesser of the aggregate amount of Revolving Commitments and the then- applicable Borrowing Base). Both the ABL and our \$ 550 million term loan B credit agreement, dated as of November 17, 2023, with Jefferies Finance LLC as administrative agent and collateral agent, and the lenders party thereto (the TLB), are supported by guarantees from us and certain US, Canadian ~~and~~ **English subsidiaries (and, within a specified period following the closing date of the TLB, certain German and Belgian subsidiaries)**, and by security interests in substantially all of our and such US, Canadian and English **, German and Belgian** subsidiaries' assets, subject to certain exceptions ~~(and, within a specified period following the closing date of the TLB, the finance lease receivables of such German and Belgian subsidiaries)~~. The ABL ~~and~~, **the TLB and the indenture governing our 2029 Notes** also impose ~~significant~~ operating and financial restrictions on us and may limit our ability to engage in acts that may be in our best interest, including restrictions on our ability to: pay dividends, make other distributions in respect of, or repurchase or redeem capital stock; incur additional indebtedness and guarantee indebtedness; prepay, redeem, or repurchase certain debt; make loans, investments, and other restricted payments; sell or otherwise dispose of assets; incur liens; enter into agreements restricting our subsidiaries' ability to pay dividends; consolidate, merge, or sell all or substantially all of our assets; make strategic acquisitions or investments; or enter into joint ventures. Failure to comply with material provisions or covenants in the ABL ~~and~~, **the TLB , the 2029 Notes** or our other debt agreements, including our secured financing agreements in connection with our securitization transactions and the indentures governing our outstanding notes, could have a material adverse effect on our liquidity, results of operations, and financial condition. A default under certain of our debt agreements may allow our creditors to accelerate the applicable obligations and result in the

acceleration of other obligations to which a cross- acceleration or cross- default provision applies. In addition, an event of default under the ABL and the TLB would permit the lenders thereunder to terminate all commitments to extend credit. Furthermore, if we were unable to repay the amounts due ~~Xerox 2023 Annual Report 15~~ and payable under the ABL and the TLB, the lenders could proceed against the collateral granted to them to secure the obligations under the ABL and the TLB. If any of our creditors accelerate the repayment of applicable indebtedness, we and our subsidiaries may not have sufficient assets to repay that indebtedness. Our credit rating or macroeconomic conditions, including the ~~interest rate~~ **credit market** environment, could impact **the terms and conditions associated with any** ~~our ability to continue to enter into receivables financing transactions at attractive prices or at all.~~ Any new indebtedness, ~~if available to us at all,~~ **and** may result in higher borrowing costs and may contain covenants that would place greater restrictions on how we can run our businesses and / or limit our ability to take certain actions that might otherwise be beneficial to the Company and / or its shareholders, customers, suppliers, partners, and / or lenders. Our financial condition and results of operations could be adversely affected by employee benefit- related funding requirements. We sponsor several defined benefit pension and retiree- health benefit plans throughout the world. We are required to make contributions to these plans to comply with minimum funding requirements imposed by laws governing these employee benefit plans. Although most of our major defined benefit plans have been amended to freeze current benefits and eliminate benefit accruals for future service, several plans remain unfunded (by design) or are under- funded. The projected benefit obligations for these benefit plans at December 31, ~~2023-2024~~ exceeded the value of the assets of those plans by approximately \$ 1. ~~2-1~~ billion. The current unfunded or underfunded status of these plans is a significant factor in determining the ongoing future contributions we will be required to make to these plans. Accordingly, we expect to have additional funding requirements in future years, and we may make additional, **Xerox 2024 Annual Report 16** voluntary contributions to the plans. Depending on our cash position at the time, any such funding or contributions to our defined benefit plans could impact our operating flexibility and financial position, including adversely affecting our cash flow for the quarter in which such funding or contributions are made. Weak macroeconomic conditions and related under- performance of asset markets could also lead to increases in our funding requirements. Our intellectual property rights are valuable, and any inability to protect them could reduce the value of our products, services, and brand. In developing new technologies and products and maintaining our product portfolio, we rely upon patent, copyright, trademark, and trade secret laws in the United States and similar laws in other countries, and a combination of confidentiality, license, assignment and other agreements with our employees, customers, suppliers and other parties, to establish and maintain our intellectual property rights in technology and products used in our operations. However, various events outside of our control may pose a threat to our intellectual property rights, as well as to our products and services. Monitoring and detecting any unauthorized access, use or disclosure of our intellectual property is difficult and costly and we cannot be certain that the protective measures we have implemented will completely prevent misuse. Our ability to enforce our intellectual property rights is subject to litigation risks and uncertainty as to the protection and enforceability of those rights in some countries. If we seek to enforce our intellectual property rights, we may be subject to claims that those rights are invalid or unenforceable, and others may seek counterclaims against us, which could have a negative impact on our business. Effective protection of intellectual property rights is expensive and difficult to maintain, both in terms of application and maintenance costs, as well as the costs of defending and enforcing those rights. Any action against our Company relating to our intellectual property rights, regardless of the outcome, could generate substantial costs and require significant involvement from our management team, which could adversely impact our results of operations and financial condition. If we are unable to enforce and protect intellectual property rights, or if they are circumvented, rendered obsolete, invalidated by the rapid pace of technological change, or stolen or misappropriated by employees or third parties, it could have an adverse impact on our competitive position and business. Changes in intellectual property laws or their interpretation may impact our ability to protect and assert our intellectual property rights, increase costs and uncertainties in the prosecution of patent applications or related enforcement actions, and diminish the value and competitive advantage conferred by our intellectual property assets. Negative publicity generated from intellectual property disputes could also harm our reputation and brand image. The efforts we have taken to protect our intellectual property rights may not be sufficient or effective, or existing agreements may be breached. It is possible that our intellectual property rights could be infringed, misappropriated, challenged, invalidated, or circumvented, which could allow others to use our intellectual property to our competitive detriment. Further, we routinely apply for patents to protect innovative ideas in our technology, but we may not always be successful in obtaining patent grants from these applications. We also pursue registration of copyrights, trademarks, and domain names in numerous jurisdictions, but doing so may not always be successful or cost- effective. The laws of certain countries may not protect our proprietary rights to the same extent as the laws of the United States and we may be unable to protect our proprietary technology adequately against unauthorized third- party copying or use, which could adversely affect our competitive position. In addition, some of our products rely on ~~Xerox 2023 Annual Report 16~~ technologies developed by third parties. We may not be able to obtain or to continue to obtain licenses and technologies from these third parties at all or on reasonable terms, or such third parties may demand cross- licenses to our intellectual property. If we fail to accurately anticipate and meet our customers' needs through the development of new products, technologies, and service offerings or if we fail to adequately protect our intellectual property rights, we could lose market share and customers to our competitors, which could materially adversely affect our results of operations and financial condition. Failure to meet **ESG-CSR** expectations or standards or achieve our **ESG-CSR** goals could adversely affect our business, results of operations, financial condition, or stock price. There has been ~~an increased~~ **a continued** focus from regulators and stakeholders on **corporate environmental, social responsibility, and governance (ESG-CSR)** matters, including greenhouse gas emissions and climate- related risks, ~~diversity, equity, and inclusion~~; responsible sourcing and supply chain; human rights and social responsibility; and corporate governance and oversight. In the European Union, the Corporate Sustainability Reporting Directive (CSRD) expands the scope of companies required to publicly report **ESG-CSR** - related information and defines the **ESG-CSR** - related information that companies are required to report in accordance with

European Sustainability Reporting Standards (ESRS). Additionally, **in October** on March 21, 2022-2023, the SEC released its **Proposed Rules to Enhance and subsequently in 2024 Standardize Climate-Related Disclosures for Investors**, **California enacted** which, if adopted as a **series of laws** final rule, would require **requiring** companies **with revenues of over \$ 1 billion who conduct business in California** to include certain climate-related disclosures --- **disclose** in their **Scope 1** registration statements and periodic reports, **2 & 3** including disclosure of their direct and indirect greenhouse **Greenhouse** gas emissions **and provide other relevant disclosures related to carbon offsets**. Other mandatory **ESG-CSR** related disclosures include the Conflict Minerals Reporting in the U. S., Transparency in Supply Chain Act in California, the Modern Slavery Act in the UK **Xerox 2024 Annual Report 17** and Canada, and the Law on Child Labour Due Diligence in The Netherlands. There are also a number of voluntary reporting schemes that provide a framework to report **ESG-CSR** related information. In 2021, Xerox voluntarily announced its 2040 net zero goal to meet growing expectations of companies to reduce GHG emissions. Xerox recognizes these goals are subject to risks and uncertainties depending on global climate change, economic conditions, and other factors outside of our control. Xerox also recognizes transitional risks associated with changes in voluntary standards and customer preferences in connection with concerns about climate change. If Xerox is unable to offer products that are as energy efficient as our competitors, there is a risk of reduced demand for our products and reduced market share. Inability, or a perception of inability, to achieve progress toward our environmental goals could adversely impact our business or damage our reputation. Damage to our reputation may reduce demand for our products and services and thus have an adverse effect on our future financial results and our stock price, as well as require additional resources to rebuild our reputation. Given our commitment to **ESG-CSR**, we actively engage external and internal stakeholders to manage these issues and have established and publicly announced certain goals, commitments, and targets which we may refine or even expand further in the future. These goals, commitments, and targets reflect our current plans and aspirations and are not guarantees that we will be able to achieve them. Evolving stakeholder expectations and our efforts and ability to manage these issues, provide updates on them, and accomplish our goals, commitments, and targets present numerous operational, regulatory, reputational, financial, legal, and other risks, any of which may be outside of our control or could have a material adverse impact on our business, including on our reputation and stock price. Further, there is uncertainty around the accounting standards, corporate social responsibility, and climate-related disclosures associated with emerging laws and reporting requirements and the related costs to comply with the emerging regulations. Our failure or perceived failure to achieve our **ESG-CSR** goals, maintain **ESG-CSR** practices, or comply with emerging **ESG-CSR** regulations that meet evolving regulatory or stakeholder expectations could harm our reputation, adversely impact our ability to attract and retain customers and talent, and expose us to increased scrutiny from the investment community and enforcement authorities. Increased focus and activism on **ESG-CSR** topics may hinder our access to capital, as investors may reconsider their capital investment as a result of their assessment of our **ESG-CSR** practices. Our reputation also may be harmed by the perceptions that our stakeholders have about our action or inaction with regards to **ESG-CSR** related issues. Damage to our reputation and loss of brand equity may cause customers to choose to stop purchasing our products and services, purchase products and services from another company or a competitor, or refuse to renew existing contracts, ultimately reducing demand for our products and services and thus have an adverse effect on our future financial results and stock price, as well as require additional resources to rebuild our reputation. **Xerox 2023 Annual Report 17 Regulatory Risk Factors** The international nature of our business subjects us to a number of risks, including foreign exchange and interest rate risk and unfavorable political, regulatory, and tax conditions in foreign countries. A significant portion of our revenue is generated from operations outside of the United States, and we manufacture or acquire many of our products and / or their components outside the United States. As a result of the global nature of our operations, our business performance and results of operations may be adversely affected by a number of factors, including: • uncertain global economic and political developments that may impact business conditions and demands; • global trade issues including changes in, and uncertainties with respect to, trade and export regulatory requirements, trade policies and sanctions restrictions, tariffs, and international trade disputes; • evolving positions taken by governmental agencies regarding possible national economic and / or security issues posed by the development, sale, or export of certain products and technologies; • political instability, natural disasters, regional or global health epidemics, social unrest, terrorism, acts of war or other geopolitical turmoil; • variations among, and weakness and / or changes in, local, regional, national or international laws and regulations, including contract, intellectual property, data privacy, data protection and cybersecurity, labor, tax, and import / export laws, and the interpretation and application of such laws and regulations; • challenges to effective management of a diverse workforce with different experience levels, languages, cultures, customs, business practices and worker expectations, and differing employment practices and labor issues across multiple countries around the world; • impacts of climate change on our operations and those of our customers and suppliers; • challenges in hiring, retention, and integration of workers in multiple countries around the world; and • the increasing need for a mobile workforce to work in or travel to different regions. **Xerox 2024 Annual Report 18** If our future revenues, costs, and results of operations are significantly affected by economic or political conditions abroad and we are unable to effectively hedge these risks, they could materially adversely affect our results of operations and financial condition. **Our business, results of operations and financial condition may be negatively impacted by a potential increase in the cost of our products as a result of new or incremental trade protection measures, such as increased import tariffs or import or export restrictions or the revocation or material modification of trade agreements. The new U. S. administration has considered and announced potential tariffs on imports from Canada, Mexico and China as well as other jurisdictions. Although the ultimate scope and timing of any such tariffs or other measures is indeterminate they could have a significant impact on our financial condition and results of operations. Changes in U. S. and international trade policy and resultant retaliatory countermeasures, including imposition of increased tariffs, quotas, or duties by affected countries and trading partners are difficult to predict and may adversely affect our business.** We operate globally and changes in tax laws could adversely affect our results. We are subject to income taxes in the United States and foreign jurisdictions. Significant judgment is required to

determine and estimate worldwide tax liabilities. Our provision for income taxes and effective tax rates could be affected by numerous factors, including changes in applicable tax laws, interpretations of applicable tax laws, amount and composition of pre- tax income in jurisdictions with differing tax rates, and valuation of deferred tax assets. We monitor U. S. and non- U. S. tax law changes that may adversely impact our overall tax costs. From time to time, proposals have been made and / or legislation has been introduced to change tax rates, as well as related tax laws, regulations or interpretations thereof, by various jurisdictions, or to limit tax treaty benefits which, if enacted or implemented could materially increase our tax costs and / or our effective tax rate and could have a material adverse impact on our financial condition and results of operations. The international tax environment continues to change as a result of both coordinated actions by governments and unilateral measures designed by individual countries, both intended to tackle concerns over base erosion and profit shifting (BEPS) and perceived international tax avoidance techniques. The Organization for Economic Cooperation and Development (OECD) is issuing guidelines that are different, in some respects, than long- standing international tax principles. This includes the development of an inclusive framework that is based on a two- pillar approach. In December 2022, the EU Member States formally adopted the EU’ s Pillar Two Directive, which generally provides for a global minimum tax rate of at least 15 %. Various countries in which we operate in have implemented legislation, effective January 1, 2024. Based on the currently enacted legislation, **we do the Company does** not expect Pillar Two to have a material impact on **our its consolidated** financial statements. However, we will continue to monitor any impact to Xerox as countries continue to amend their tax law to adopt certain parts of the OECD guidelines. Taxation at the country, state, provincial or municipal level also may be subject to review and potential override by regional, federal, national, or other government authorities. In addition, we continue to be subject to examination of our income tax returns by the United States Internal Revenue Service and other tax authorities around the world. We currently are, and expect to ~~Xerox 2023 Annual Report 18~~ continue to be, subject to numerous federal, state, local and foreign taxes relating to income, sales & use, value- added (VAT), and other tax liabilities. While we have established reserves based on assumptions and estimates that we believe are reasonably sufficient to cover such liabilities, any adverse outcome of a review or audit, or changes in tax laws, could have an adverse impact on our financial position and results of operations if the reserves prove to be insufficient. We are subject to breaches of our security systems, cyber- attacks, and service interruptions, which could expose us to liability, litigation, regulatory action and damage our reputation. We have implemented and maintain security ~~systems~~ measures and safeguards, which we believe to be reasonable, to protect our information systems and **our** confidential information, including personal information, and that of our customers, clients and suppliers that is held or processed by us, against unauthorized access or disclosure and to prevent, detect, contain, respond to, and mitigate security- related threats and potential incidents. We undertake ongoing improvements to **ensure** the security of our systems, connected devices, and information- sharing products in order to minimize potential vulnerabilities, in accordance with industry and regulatory standards. Despite such efforts, our safeguards may fail or we may be subject to breaches of our security resulting in unauthorized access to our facilities or information systems and the information we are trying to protect. Moreover, our business or operations may be affected in the event our customers, clients and suppliers experience data security incidents, cyber- attacks or extended interruptions of their services or systems. Our operations depend on the use of various information systems, including those that may have reached their end- of- life, and may contain unpatched vulnerabilities. Unpatched vulnerabilities in our systems and the utilization of end- of- life systems may expose us to increased cybersecurity risks, including unauthorized access, data breaches, and operational disruptions. The **Xerox 2024 Annual Report 19** absence of vendor support for end- of- life systems may impede our ability to promptly address and remediate security issues, potentially leading to extended downtime, data breaches, and financial losses. Additionally, the third- party software, or applications we utilize may possess inherent vulnerabilities or design, manufacturing, or operational defects when implemented intentionally or unintentionally in a manner that could compromise **the** security of our information systems. Increased adoption of remote work has also increased possible attack surfaces on our information systems. The techniques used to obtain unauthorized access are constantly changing, are becoming increasingly sophisticated and often are not recognized until after an exploitation of information has occurred. Therefore, we may be unable to anticipate these techniques or implement sufficient preventative measures **, or to timely detect and remediate harms caused by such techniques**. Threat actors regularly attempt and, from time to time, have been successful in breaching our security controls, to gain access to our information and infrastructure through various techniques, including phishing, ransomware, account compromise, and other targeted attacks. The Company has retained and, in the future, may retain third- party experts to assist with the containment of and response to security incidents and, in coordination with law enforcement, with the investigation of such incidents. The Company has incurred, and expects to continue to incur, costs, including to retain such third- party experts, in connection with such incidents. We may also find it necessary to make significant further investments to protect this information and our infrastructure. These investments, and costs we incur in connection with security incidents, could be material. While we do not believe **any** cybersecurity incidents **to date** have resulted in any material impact on our business, operations or financial results or our ability to service our customers or run our business, ~~past and future~~ incidents resulting in unauthorized access to our facilities or information systems, or those of our suppliers, or accidental loss or disclosure of proprietary or confidential information about us, our clients or our customers could result in, among other things, a total shutdown of our systems that would disrupt our ability to conduct business or pay vendors and employees, violations of applicable privacy and other **data protection** laws, significant legal and financial exposure, damage to our reputation, and a loss of investor confidence in our security measures. Additional impacts from cybersecurity incidents could include remediation costs to our customers or business partners, such as liability for stolen assets or information, repairs of system damage, and incentives for continued business; increased cybersecurity protection costs, which may include the costs of making organizational changes, deploying additional personnel, resources and security technologies, training employees, and engaging third- party experts and consultants; lost revenue resulting from the unauthorized use of proprietary information or the failure to retain or attract business partners following an incident; increased insurance premiums; and damage to the Company’ s

competitiveness, stock price, and long-term shareholder value. In addition, cybersecurity risks and data security incidents could lead to unfavorable publicity, governmental inquiry and oversight, regulatory actions by federal, state and non-U.S. governmental authorities, litigation by affected parties and possible financial obligations for damages related to the theft or misuse of such information, any of which could have a material adverse effect on our profitability and cash flow. ~~Xerox 2023 Annual Report 19~~ We are subject to laws of the United States and foreign jurisdictions relating to the privacy and protection of personal information, and failure to comply with those laws could subject us to legal actions and negatively impact our operations. We receive, process, transmit and store information relating to identifiable individuals, both in our role as a technology provider and as an employer. As a result, we are subject to numerous privacy and data protection laws and regulations in the United States (both federal and state) and foreign jurisdictions. The global regulatory landscape regarding the protection of personal information is evolving **and increasingly complex**, and U.S. (federal and state) and foreign governments have enacted, and are considering further enacting, legislation and regulations related to privacy and data protection, ~~we~~. **We expect to see an increase in, or changes to, legislation the data protection and privacy laws, regulation regulations and standards in this area.** For example, the California Consumer Privacy Act of 2018 (CCPA), regulates businesses' processing of personal information, which is defined broadly enough to include online identifiers provided by individuals' devices, applications, and protocols (such as IP addresses, mobile application identifiers and unique cookie identifiers) and individuals' location data. The CCPA, which went into effect on January 1, 2020, instituted a new privacy framework **in the U.S.** for covered businesses by, among other requirements, establishing certain rights for consumers in California to protect their personal information (including rights of deletion of and access to personal information), imposing special rules on the collection of consumer data from minors, creating new notice obligations and new limits on the "sale" of personal information, and creating a new and potentially severe statutory damages framework for violations of the CCPA and for businesses that fail to implement reasonable security procedures and practices to prevent data breaches. The CCPA also offers the possibility for a consumer to recover statutory damages for certain violations and could expose our company to additional risks of individual and class-action lawsuits even though the statute's private right of action is limited in **Xerox 2024 Annual Report 20** scope. The California Privacy Rights Act of 2020 (CPRA), which took effect on January 1, 2023, amended and expanded upon the CCPA to impose additional notice, access, objection, limitation of use, nondiscrimination, and other obligations and restrictions with regards to the processing of sensitive data and the disclosure **(or "sharing")** of data to third parties, which does not constitute a "sale". Several other U.S. states have **also** enacted, **and more are considering enacting,** their own data privacy laws **similar to the CCPA**. These laws generally grant individuals a range of new privacy rights and protections relating to their personal data, and impose obligations on businesses processing such data. ~~Each~~ **The lack of harmonization among these -- the new existing and proposed laws and regulations** may create additional compliance costs for us and our industry partners, though efforts taken toward compliance with other privacy laws will likely be applicable to many elements of the newly enacted state statutes. Although we have attempted to mitigate certain risks posed by these laws, we cannot predict with certainty **which jurisdictions may enact new laws, or** the effect of these laws and their implementing regulations on our business. Laws governing personal data in Europe may have a similar effect on our Company. For example, the General Data Protection Regulation (GDPR) enhances data protection obligations for controllers of such data and for service providers processing the **personal data of individuals in the European Economic Area**. It also provides certain rights, such as access and deletion, to the individuals about whom the personal data relates. Non-compliance with the GDPR can trigger steep fines of up to the greater of EUR 20 million or 4% of total worldwide annual revenue. Continuing to maintain compliance with the requirements of the GDPR and other similar foreign laws, including monitoring and adjusting to rulings and interpretations by supervisory authorities and / or courts of competent jurisdiction, may affect our approach to compliance and requires significant ongoing time, resources and expense, as will the effort to monitor whether additional changes to our business practices and our backend configuration are needed, all of which may increase operating costs, or limit our ability to operate or expand our business. Furthermore, we are also subject to similar laws related to data protection in other jurisdictions, such as the Personal Information Protection and Electronic Documents Act (PIPEDA) in Canada, and the General Data Protection Law (LGDP) in Brazil. These laws and other obligations may be interpreted and applied in a manner that is inconsistent **across jurisdictions, or which do not align** with our existing data management practices or features of our systems and services. If so, we could be required to fundamentally change our business activities and practices or modify our products, which could have an adverse effect on our business. We may be unable to make such changes and modifications in a commercially reasonable manner or at all, and our ability to develop new products and features could be limited. Changes to existing laws, introduction of new laws in this area, ~~or~~ **failure to comply with existing laws that are applicable to us, or an increase in enforcement activity by governments or private parties** may subject us to, among other things, additional costs or changes to our business practices, liability for monetary damages, fines and / or criminal prosecution, unfavorable publicity or other reputational harm, restrictions on our ability to obtain and process information and allegations by our customers and clients that we have not performed our contractual obligations, any of which may have a material adverse effect on our profitability and cash flow. ~~The use~~ **Xerox 2023 Annual Report 20** ~~Tariffs or other restrictions on foreign imports could negatively impact our~~ **or anticipated use** financial performance. Our business, results of operations and financial condition may be negatively impacted **artificial intelligence (AI) technologies, including generative AI, by a us or third parties, may increase or create new regulatory or operational risks. AI technologies offer numerous potential benefits** increase in the cost of our products as a result of new or incremental trade protection measures, such as **increased import tariffs creating or increasing operational efficiencies, and we expect the use of AI and generative AI by us, third parties on or our behalf** import or export restrictions, or, **and the other market actors** revocation or material modification of trade agreements. Changes in U.S. and international trade policy and resultant retaliatory countermeasures, including **imposition of our competitors, to increased -- increase tariffs. However, quotas the deployment of such technologies also poses certain risks, including that they may be misused,** or duties by affected

countries and trading partners **the models or datasets on which the models are trained** difficult to predict and may adversely affect **be flawed or** **or business otherwise may function in an unexpected manner or lead to unexpected or unintended outcomes**. The U. S. government has **relative newness of the technology, the speed at which it is being adopted, and the paucity of laws, regulations or standards expressly and specifically governing its use increases these risks. Any such misuse or any deficiencies in, or failure of, the models or AI systems** could in the future impose trade barriers including tariffs, quotas, duties, or other restrictions on foreign imports, or restrictions on U. S. exports -- **expose us to legal**. The implementation of a border tax, tariff or higher customs duties on our **or products manufactured abroad regulatory risk, damage customer relationships** or components **cause reputational harm. Our competitors may also adopt AI or generative AI more quickly or more effectively** **that than** we import into the U. S., or any potential corresponding actions by other countries in which we do business, **which** could **cause competitive harm** negatively impact our financial performance. We are subject to numerous environmental laws, regulations, and procurement initiatives and failure to comply could result in substantial costs, including cleanup costs, fines, civil or criminal sanctions, third-party damage or personal injury claims, or limited market access. Continuing political and social attention to the issue of climate change has led to existing and proposed international agreements, as well as national, state, local, and foreign legislative, regulatory, and procurement initiatives directed at requiring companies to disclose and limit greenhouse gas emissions in the countries, states, and territories in which we operate. Laws, regulatory actions, international agreements, such as the Paris Agreement, and other **Xerox 2024 Annual Report 21** initiatives to address concerns about climate change and greenhouse gas emissions could negatively impact our business, results of operations, and financial condition, including, among other things, by limiting the availability of our products, increasing the cost to obtain or sell those products, and increasing our reporting **burden** and **cost of compliance disclosure expenses, or imposing taxes on us or our customers**. Though the ultimate impact of these and similar initiatives is not yet fully known, compliance with such proposed or newly adopted disclosure initiatives may incur significant costs. Our operations and our products are subject to environmental regulations in each of the jurisdictions in which we conduct our business and sell our products. **Various countries and jurisdictions have adopted, or are expected to adopt, restrictions Restrictions** on the types and amounts of chemicals that may be present in electronic equipment or other items that we use or sell **continue to proliferate, requiring substantial data gathering, analysis, and reporting throughout the supply chain**. Ongoing research and review of chemicals used in our products could lead to further restriction of common chemicals in office equipment and supplies. In the European Union **(EU), for example**, we are subject to "REACH" Regulation (Registration, Evaluation, Authorization and Restriction of Chemicals), a broad initiative that requires parties throughout the supply chain to register, assess, and disclose information regarding many chemicals in their products. Depending on the types, applications, forms, and uses of chemical substances in various products, REACH and similar regulatory programs in **the EU and** other jurisdictions could lead to restrictions and / or bans on certain chemical usage. In the United States, the Toxics Substances Control Act (TSCA) authorizes the U. S. Environmental Protection Agency to regulate and screen all chemicals produced or imported into the United States. Xerox continues its efforts toward monitoring and evaluating the applicability of these and numerous other **regulatory legislative** initiatives in a continuous effort to develop and enable compliance strategies. As these and similar initiatives and programs become regulatory requirements throughout the world and / or are adopted as public or private procurement requirements, we must comply. Failure to comply could result in the company being subject to potential liability and facing market access limitations that could have a material adverse effect on our operations and financial condition. Other potentially relevant regulatory initiatives throughout the world include various efforts to limit energy use in product manufacturing and other environment-related programs impacting products and operations, such as those associated with climate change accords, agreements, and regulations. For example, the **EU Ecodesign for Sustainable European Union's Energy-Related Products Directive Regulation (ERP-ESPR)** has led to the adoption of "implementing measures" or "voluntary agreements" that **require requires certain specified** classes of products to achieve certain design and / or performance standards, in connection with energy use and potentially other environmental parameters and impacts. **The A number of our products are already required to comply with ERP requirements and further regulations are being developed by the EU authorities. The ESPR is part of the** EU Circular Economy Action Plan (CEAP), **which** introduced legislative and non-legislative measures focusing on how products are designed, promoting circular economy processes, encouraging sustainable consumption, and ensuring waste is prevented. The implementation of the CEAP is expected to impact how companies prove environmental claims and the materials used, including chemicals and plastics, in products that are placed **in on** the EU market. Environmentally driven procurement requirements also voluntarily adopted by customers in the marketplace (e. g., U. S. EPA EnergyStar, EPEAT, and EU Green Public Procurement) are constantly evolving and becoming more stringent, presenting further market access challenges if our products fail to **comply conform**. **Xerox 2023 Annual Report 21** Various countries and jurisdictions have adopted, or are expected to adopt, requirements clarifying manufacturer roles and responsibilities related to the recovery of products that were placed on the market and remediation of by-products of the manufacturing process. For example, jurisdictions have adopted or are expected to adopt, programs that make producers of **certain goods (e. g., electrical goods, including computers and printers) and / or packaging materials** responsible for **certain labeling-related reporting, collection fees, recycling, treatment and disposal end-of-life management of these -- the recovered** products. If we are unable to **meet such " extended collect, recycle, treat and dispose of our products producer responsibility " (EPR) requirements** in a cost-effective manner **and in accordance with applicable requirements**, it could materially adversely affect our results of operations and financial condition. Further, Xerox is party to, or otherwise involved in, proceedings in a limited number of locations brought by **governmental authorities and other third parties** U. S. or state environmental agencies under the **federal Comprehensive Environmental Response, Compensation and Liability Act (CERCLA), known as " Superfund," or state laws- law equivalents**, in which the primary relief sought is the cost of past and / or future remediation **of contamination related to such sites, including impacts attributable to third parties, as well as at third-party sites to which we sent**

wastes. The nature of financial exposure depends on a variety of factors, including changes in laws, known contamination, and discovered contamination that was previously unknown. ~~General Risk~~ **Regulatory requirements related to sustainability reporting have been adopted in the EU that, due to our revenues and employee headcounts in the EU, apply or may apply to us when effective, including the EU Corporate Sustainability Reporting Directive (CSRD), EU Taxonomy, and the EU Corporate Sustainability Due Diligence Directive (CSDDD). The EU's CSRD introduces new compliance requirements that may impact our operations and financial reporting. The CSRD mandates detailed reporting on environmental, social, and governance Factors-factors, and requires an audit (assurance) of the reported information. Potential risks include increased compliance costs, operational challenges in data collection, reputational risk, and market access impacts. Xerox 2024 Annual Report 22**

The Lexmark acquisition may not be completed and the equity purchase agreement may be terminated in accordance with its terms. The closing of our acquisition of Lexmark remains subject to the satisfaction or waiver of certain closing conditions, including regulatory approvals and the approval of the shareholders of Ninestar Corporation, a shareholder of the seller. These conditions to the completion of the transaction, some of which are beyond the control of us and / or Lexmark, may not be satisfied or waived in a timely manner or at all; accordingly, the Lexmark acquisition may be delayed or not completed. Additionally, either we or Lexmark may terminate the equity purchase agreement under certain circumstances, subject to the payment of a "termination fee" in certain cases, including if the acquisition does not occur as a result of the failure to obtain the consent of the shareholders of Ninestar Corporation. In such circumstances, and subject to certain other conditions, Lexmark is required to reimburse us (in the case of failure to obtain consent from the shareholders of Ninestar Corporation), and we are required to reimburse Lexmark (in the case of our failure to obtain certain regulatory approvals) for up to \$ 30 million of documented out-of-pocket expenses. The Lexmark acquisition may present certain risks to our business and operations prior to the closing and, if consummated, after the closing. • Our business and operations are subject to various risks related to the Lexmark acquisition prior to closing, including: • our operations may be restricted by the terms of the equity purchase agreement, which may cause us to forgo otherwise beneficial business opportunities; • the proposed transaction may disrupt our current business plans and operations; • our management's attention may be directed toward the completion of the Lexmark acquisition and diverted away from our day-to-day business operations; • legal proceedings may be instituted against us, Lexmark or others following announcement of the proposed transaction; • we may incur significantly higher transaction costs than we currently anticipate, such as legal, financing and accounting fees, and other costs, fees, expenses and charges related to the Lexmark acquisition, whether or not the transaction is completed; and • the Lexmark acquisition may not be completed, which may have an adverse effect on our stock price and future business and financial results. In addition, in the event the Lexmark acquisition is consummated, certain risks may continue to exist after the closing of the Lexmark acquisition, including, among other things, risks that: • the future results of the combined company will suffer if the combined company does not effectively manage its operations following the closing of the transaction; • the parties may fail to successfully combine the businesses in a manner that permits the combined company to realize the benefits of the proposed transaction, including operational and financial opportunities and cost synergies; • Lexmark's liabilities and / or contractual or other obligations could be greater than expected; and • we may not be able to successfully integrate Lexmark's business with our business on a timely basis. We expect to finance the Lexmark Acquisition by incurring third-party indebtedness and issuing notes. We face risks associated with increases in overall indebtedness. We cannot guarantee that the combined business will be able to generate sufficient cash flow to service and repay this indebtedness, or that we will be able to refinance such indebtedness on favorable terms, or at all. If we are unable to service our indebtedness and fund our operations, we may be forced to, among other things, reduce or delay capital expenditures, seek additional capital, sell assets, or refinance our indebtedness. Any such action may not be successful, and we may be unable to service such indebtedness. Any of the above risks could have a material adverse effect on our business, financial condition, results of operation, cash flows and / or stock price. Xerox 2024 Annual Report 23

Our business, results of operations and financial condition may be negatively impacted by legal and regulatory matters. We have various contingent liabilities that are not reflected on our balance sheet, including those arising as a result of being involved in a variety of claims, lawsuits, investigations, and proceedings including as discussed in Note 20- Contingencies and Litigation in the Consolidated Financial Statements. Should developments in any of these matters cause a change in our determination as to an unfavorable outcome and result in the need to recognize a material accrual or materially increase an existing accrual, or should any of these matters result in a final adverse judgment or be settled for significant amounts above any existing accruals, it could have a material adverse effect on our results of operations, cash flows and financial position in the period or periods in which such change in determination, judgment or settlement occurs. Due to the international scope of our operations, we are subject to a complex system of commercial and trade regulations around the world. With respect to the war in Ukraine, in the first quarter 2022, we halted shipments to Russia and Belarus when sanctions were imposed, and we completed the sale of all Russian operations in 2023. Recent years have seen an increase in the development and enforcement of laws regarding trade compliance and anti-corruption, such as the U. S. Foreign Corrupt Practices Act and similar laws from other countries. Our numerous foreign subsidiaries, affiliates and joint venture partners are governed by laws, rules and business practices that differ from those of the U. S. The activities of these entities may not comply with U. S. or foreign laws or business practices or our Code of Business Conduct. Violations of these laws may result in severe criminal or civil sanctions, could disrupt our business, and result in an adverse effect on our reputation, business and results of operations or financial condition. We cannot predict the nature, scope or effect of future regulatory requirements to which our operations might be subject, our compliance with such requirements, or the manner in which existing laws might be administered or interpreted. Our failure to maintain an adequate system of internal control over financial reporting, could adversely affect our ability to accurately report our results. Management is responsible for establishing and maintaining adequate

internal control over financial reporting. Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with generally accepted accounting principles. A material weakness is a deficiency, or a combination of deficiencies, in our internal control over financial reporting that results in a reasonable possibility that a material misstatement of the annual or interim financial statements will not be prevented or detected on a timely basis. Effective internal controls are necessary for us to provide reliable financial reports and deter and detect any material fraud. If we cannot provide reliable financial reports or prevent material fraud, our reputation and operating results would be harmed. We maintained effective internal control over financial reporting as of December 31, ~~2023~~ **2024**, as further described in Part II “Item 9A — Controls and Procedures.” Our efforts to develop and maintain our internal controls and to remediate any material weaknesses in our controls may not be successful, and we may be unable to maintain adequate controls over our financial processes and reporting in the future, including future compliance with the obligations under Section 404 of the Sarbanes- Oxley Act of 2002. Any failure to develop or maintain effective controls, or difficulties encountered in their implementation, including those related to acquired businesses, or other effective improvement of our internal controls could harm our operating results. Ineffective internal controls could also cause investors to lose confidence in our reported financial information. ~~Xerox 2023 Annual Report 22~~