

Non-GAAP Financial Measures

The schedule below presents net debt, net leverage and adjusted EBITDA, which represent non-GAAP financial measures. We provide reconciliations of these measures to the most directly comparable measures calculated in accordance with United States generally accepted accounting principles ("GAAP"). We believe that net debt and net leverage are important measures of our overall liquidity position and are calculated by removing cash and cash equivalents from our reported total debt and reporting net debt as a ratio of our reported adjusted EBITDA for the years ended December 31, 2024 and 2023. We believe that presenting adjusted EBITDA improves the comparability of our operating results from period to period by removing the impact of our capital structure (interest and financing expenses), asset base (depreciation and amortization), tax impacts and other adjustments as set out in the table that management has determined are not reflective of core operating activities and thereby assist investors with assessing trends in our underlying businesses. Other companies may calculate net leverage, net debt and adjusted EBITDA differently and, therefore, our measures may not be comparable to similarly titled measures of other companies. Net debt, net leverage and adjusted EBITDA should only be used as supplemental measures of our operating performance.

XPO, Inc.
Reconciliations of Net Debt, Net Leverage and Adjusted EBITDA
(Unaudited)
(In millions)

	As of	
	December 31, 2024	December 31, 2023
Reconciliation of Net Debt		
Total debt	\$ 3,387	\$ 3,404
Less: Cash and cash equivalents	246	412
Net debt	<u>\$ 3,141</u>	<u>\$ 2,992</u>
	Year Ended	
	December 31, 2024	December 31, 2023
Reconciliation of Net Leverage		
Net debt	\$ 3,141	2,992
Adjusted EBITDA	\$ 1,266	996
Net leverage	<u>2.5x</u>	<u>3.0x</u>
	Year Ended	
	December 31, 2024	December 31, 2023
Reconciliation of Net Income from Continuing Operations to Adjusted EBITDA		
Net income from continuing operations	\$ 387	\$ 192
Debt extinguishment loss	-	25
Interest expense	223	168
Income tax provision	86	68
Depreciation and amortization expense	490	432
Litigation matter ⁽¹⁾	-	8
Transaction and integration costs	53	58
Restructuring costs	27	44
Other	-	1
Adjusted EBITDA	<u>\$ 1,266</u>	<u>\$ 996</u>

Amounts may not add due to rounding.

¹ Relates to California Environmental Matters as described in Note 18 to the Company's Annual Report on Form 10-K for the year ended December 31,

Non-GAAP Financial Measures

The schedule below presents adjusted operating income and adjusted operating ratio, which represents a non-GAAP financial measure, for our North American Less-Than-Truckload segment. We provide a reconciliation of these measures to the most directly comparable measures calculated in accordance with United States generally accepted accounting principles ("GAAP"). We believe that presenting adjusted operating income and adjusted operating ratio improves the comparability of our operating results from period to period by removing the impact of certain transaction and integration costs and restructuring costs, as well as amortization expenses as set out in the table below, that management has determined are not reflective of core operating activities and thereby assist investors with assessing trends in our underlying businesses. Other companies may calculate adjusted operating income and adjusted operating ratio differently and, therefore, our measures may not be comparable to similarly titled measures of other companies. Adjusted operating income and adjusted operating ratio should only be used as a supplemental measure of our operating performance.

XPO, Inc.
Reconciliations of Adjusted Operating Income and Adjusted Operating Ratio for North American Less-Than-Truckload
(Unaudited)
(In millions)

	Three Months Ended			
	December 31, 2024	September 30, 2024	December 31, 2023	December 31, 2022
Revenue (excluding fuel surcharge revenue)	\$ 985	\$ 1,055	\$ 966	\$ 851
Fuel surcharge revenue	171	195	221	242
Revenue	1,156	1,251	1,187	1,093
Salaries, wages and employee benefits	621	642	602	546
Purchased transportation	44	58	83	106
Fuel, operating expenses and supplies ⁽¹⁾	218	231	238	242
Operating taxes and licenses	16	17	13	11
Insurance and claims	18	21	21	25
Losses on sales of property and equipment	(34)	3	2	(54)
Depreciation and amortization	89	89	77	64
Transaction and integration costs	-	-	-	1
Restructuring costs	5	-	2	-
Operating income	179	188	149	152
Operating ratio ⁽²⁾	84.5%	85.0%	87.4%	86.1%
Other income	-	-	1	-
Amortization expense	9	9	8	8
Transaction and integration costs	-	-	-	1
Restructuring costs	5	-	2	-
Gains on real estate transactions	(34)	-	-	(55)
Adjusted operating income	\$ 159	\$ 198	\$ 160	\$ 106
Adjusted operating ratio ⁽³⁾	86.2%	84.2%	86.5%	90.3%
Depreciation expense	80	80	69	56
Pension income	6	6	4	15
Gains on real estate transactions	34	-	-	55
Adjusted EBITDA ⁽⁴⁾	\$ 280	\$ 284	\$ 233	\$ 232

Amounts may not add due to rounding.

¹ Fuel, operating expenses and supplies includes fuel-related taxes

² Operating ratio is calculated as $(1 - (\text{operating income} / \text{revenue}))$ using the underlying unrounded amounts

³ Adjusted operating ratio is calculated as $(1 - (\text{adjusted operating income} / \text{revenue}))$ using the underlying unrounded amounts; adjusted operating margin is the inverse of adjusted operating

⁴ Adjusted EBITDA is used by our chief operating decision maker to evaluate segment profit (loss) in accordance with ASC 280