

Non-GAAP Financial Measures

The schedule below presents adjusted EBITDA excluding investment income, which represents a non-GAAP financial measure, for Corporate. We provide a reconciliation of this measure to the most directly comparable measure calculated in accordance with United States generally accepted accounting principles ("GAAP"). We believe that presenting adjusted EBITDA excluding investment income improves the comparability of our operating results from period to period by removing the impact of investment income 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 adjusted EBITDA excluding investment income differently and, therefore, our measures may not be comparable to similarly titled measures of other companies. Adjusted EBITDA excluding investment income should only be used as a supplemental measure of our operating performance.

XPO, Inc.
Reconciliation of Adjusted EBITDA Excluding Investment Income for Corporate
(Unaudited)
(In millions)

	Three Months Ended	
	September 30, 2024	September 30, 2023
Revenue	\$ -	\$ -
Salaries, wages and employee benefits	4	4
Insurance and claims	-	4
Depreciation and amortization	1	-
Transaction and integration costs	12	7
Restructuring costs	1	-
Operating loss	<u>\$ (18)</u>	<u>\$ (15)</u>
Other income (expense) ⁽¹⁾	9	1
Depreciation expense	1	-
Transaction and integration costs	12	7
Restructuring costs	1	-
Adjusted EBITDA	<u>\$ 5</u>	<u>\$ (7)</u>
Investment income ⁽²⁾	9	-
Adjusted EBITDA, excluding investment income	<u>\$ (4)</u>	<u>\$ (7)</u>

Amounts may not add due to rounding.

¹ Other income (expense) consists of foreign currency gain (loss) and other income (expense), which is primarily comprised of investment income in 2024.

² Represents gain from a past investment in a private company which was sold during the third quarter of 2024.

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 trailing twelve months ended September 30, 2024 and June 30, 2024, and the year ended December 31, 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 September 30, 2024	As of June 30, 2024	As of December 31, 2023	
Reconciliation of Net Debt				
Total debt	\$ 3,411	\$ 3,394	\$ 3,404	
Less: Cash and cash equivalents	378	250	412	
Net debt	<u>\$ 3,033</u>	<u>\$ 3,144</u>	<u>\$ 2,992</u>	
	Trailing Twelve Months Ended September 30, 2024	Trailing Twelve Months Ended June 30, 2024	Year Ended December 31, 2023	
Reconciliation of Net Leverage				
Net debt	\$ 3,033	\$ 3,144	2,992	
Adjusted EBITDA	\$ 1,228	\$ 1,173	996	
Net leverage	<u>2.5x</u>	<u>2.7.x</u>	<u>3.0x</u>	
	Trailing Twelve Months Ended September 30, 2024	Nine Months Ended September 30, 2024	Year Ended December 31, 2023	Nine Months Ended September 30, 2023
Reconciliation of Net Income from Continuing Operations to Adjusted EBITDA				
Net income from continuing operations	\$ 370	\$ 312	\$ 192	\$ 134
Debt extinguishment loss	2	-	25	23
Interest expense	212	170	168	126
Income tax provision	80	60	68	48
Depreciation and amortization expense	479	365	432	318
Litigation matter ⁽¹⁾	8	-	8	-
Transaction and integration costs	50	39	58	47
Restructuring costs	26	17	44	35
Other	-	-	1	1
Adjusted EBITDA	<u>\$ 1,228</u>	<u>\$ 964</u>	<u>\$ 996</u>	<u>\$ 732</u>
	Trailing Twelve Months Ended June 30, 2024	Six Months Ended June 30, 2024	Year Ended December 31, 2023	Six Months Ended June 30, 2023
Reconciliation of Net Income from Continuing Operations to Adjusted EBITDA				
Net income from continuing operations	\$ 361	\$ 217	\$ 192	\$ 48
Debt extinguishment loss	2	-	25	23
Interest expense	197	114	168	85
Income tax provision	71	20	68	17
Depreciation and amortization expense	463	239	432	208
Litigation matter ⁽¹⁾	8	-	8	-
Transaction and integration costs	45	26	58	39
Restructuring costs	24	14	44	34
Other	1	-	1	-
Adjusted EBITDA	<u>\$ 1,173</u>	<u>\$ 631</u>	<u>\$ 996</u>	<u>\$ 454</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.

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	
	September 30, 2024	June 30, 2024
Revenue (excluding fuel surcharge revenue)	\$ 1,055	\$ 1,064
Fuel surcharge revenue	195	208
Revenue	1,251	1,272
Salaries, wages and employee benefits	642	639
Purchased transportation	58	68
Fuel, operating expenses and supplies ⁽¹⁾	231	236
Operating taxes and licenses	17	16
Insurance and claims	21	20
Losses on sales of property and equipment	3	1
Depreciation and amortization	89	86
Restructuring costs	-	1
Operating income	188	203
Operating ratio ⁽²⁾	85.0%	84.1%
Amortization expense	9	9
Restructuring costs	-	1
Adjusted operating income	\$ 198	\$ 214
Adjusted operating ratio ⁽³⁾	84.2%	83.2%
Depreciation expense	80	77
Pension income	6	6
Adjusted EBITDA ⁽⁴⁾	\$ 284	\$ 297

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 ratio

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