**UNITED STATES**
**SECURITIES AND EXCHANGE COMMISSION**
**Washington, D.C. 20549**

# FORM 8-K

**CURRENT REPORT**
**Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

Date of Report (date of earliest event reported): **February 14, 2023**

**GXO LOGISTICS, INC.**
(Exact name of registrant as specified in its charter)

| | | |
|---|---|---|
| **Delaware**<br>(State or other jurisdiction of incorporation) | **001-40470**<br>(Commission File Number) | **86-2098312**<br>(IRS Employer Identification No.) |
| **Two American Lane**<br>**Greenwich, Connecticut**<br>(Address of principal executive offices) | | **06831**<br>(Zip Code) |

Registrant's telephone number, including area code: **(203) 489-1287**

**Not Applicable**
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

| Title of each class | Trading Symbol | Name of each exchange on which registered |
|---|---|---|
| Common stock, par value $0.01 per share | GXO | New York Stock Exchange |

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).
Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

**Item 7.01. Regulation FD Disclosure**

On February 14, 2023, GXO Logistics, Inc. (the "Company") released a slide presentation expected to be used by the Company in connection with certain future investor presentations. A copy of the slide presentation is attached as Exhibit 99.1 to this Current Report on Form 8-K.

The slide presentation should be read together with the Company's filings with the Securities and Exchange Commission, including the Annual Report on Form 10-K for the fiscal year ended December 31, 2022.

The information furnished pursuant to this Item 7.01, including Exhibit 99.1, shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934 (the "Exchange Act") or otherwise subject to the liabilities under that Section and shall not be deemed to be incorporated by reference into any filing of the Company under the Securities Act of 1933 or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

**Item 9.01. Financial Statements and Exhibits**
(d) The following exhibits are being filed herewith:

| Exhibit No. | Description |
|---|---|
| 99.1 | Investor Presentation, dated February 14, 2023 |
| 104 | Cover Page Interactive Data File (embedded within the Inline XBRL document) |

**SIGNATURE**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized on this.

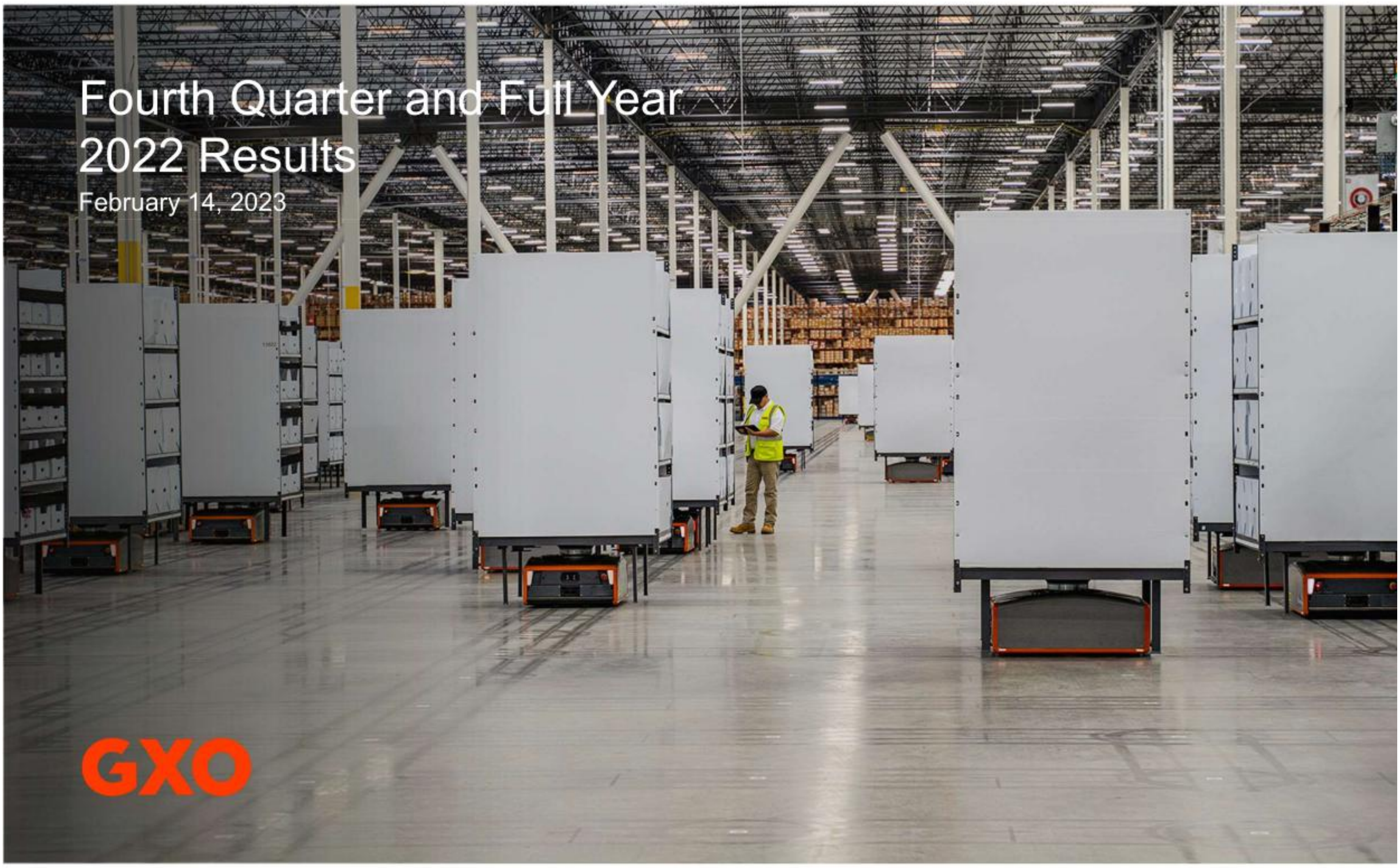
Dated: February 14, 2023

**GXO LOGISTICS, INC.**

| | |
|---|---|
| By: | /s/ Baris Oran |
| Name: | Baris Oran |
| Title: | Chief Financial Officer |

# Fourth Quarter and Full Year 2022 Results

February 14, 2023



# Disclaimer

**Non-GAAP Financial Measures**

As required by the rules of the Securities and Exchange Commission ("SEC"), we provide reconciliations of the non-GAAP financial measures contained in this presentation to the most directly comparable measure under GAAP, which are set forth in the financial tables included in the attached appendix.

GXO's non-GAAP financial measures in this presentation include: adjusted earnings before interest, taxes, depreciation and amortization ("adjusted EBITDA"), adjusted EBITDA margin, pro forma adjusted EBITDA, pro forma adjusted EBITDA margin, adjusted earnings before interest, taxes and amortization ("adjusted EBITA"), adjusted
net of income taxes paid, adjusted EBITA margin, pro forma adjusted EBITA, pro forma adjusted EBITA margin, adjusted net income attributable to GXO and adjusted earnings per share (basic and diluted) ("adjusted EPS"), free cash flow, organic revenue, organic revenue growth, net leverage, net debt and return on invested capital ("R

We believe that the above adjusted financial measures facilitate analysis of our ongoing business operations because they exclude items that may not be reflective of, or are unrelated to, GXO's core operating performance, and may assist investors with comparisons to prior periods and assessing trends in our underlying businesses. Oth
companies may calculate these non-GAAP financial measures differently, and therefore our measures may not be comparable to similarly titled measures used by other companies. GXO's non-GAAP financial measures should only be used as supplemental measures of our operating performance.

Adjusted EBITDA, pro forma adjusted EBITDA, adjusted EBITA, pro forma adjusted EBITA, adjusted net income attributable to GXO and adjusted EPS include adjustments for transaction and integration costs, as well as restructuring costs and other adjustments as set forth in the financial tables included in the attached appendix. Transa
integration adjustments are generally incremental costs that result from an actual or planned acquisition, divestiture or spin-off and may include transaction costs, consulting fees, retention awards, internal salaries and wages (to the extent the individuals are assigned full-time to integration and transformation activities) and certain costs r
integrating and separating IT systems. Restructuring costs primarily relate to severance costs associated with business optimization initiatives.

Pro forma adjusted EBITDA and pro forma adjusted EBITA include adjustments for allocated corporate expenses and public company standalone costs. Allocated corporate expenses are those expenses that were allocated to our combined financial statements on a carve-out basis in accordance with U.S. GAAP. Public company standa
are estimated costs of operating GXO as a public standalone company following its spin-off from XPO Logistics, Inc. effective as of August 2, 2021 and represents the midpoint of our estimated corporate costs.

We believe that free cash flow is an important measure of our ability to repay maturing debt or fund other uses of capital that we believe will enhance stockholder value. We calculate free cash flow as net cash provided by operating activities less payment for purchases of property and equipment plus proceeds from sale of property and e
We believe that adjusted EBITDA, adjusted EBITDA margin, pro forma adjusted EBITDA, pro forma adjusted EBITDA margin, adjusted EBITA, adjusted EBITA, net of income taxes paid, adjusted EBITA margin, pro forma adjusted EBITA and pro forma adjusted EBITA margin improve comparability from period to period by removing the i
our capital structure (interest and financing expenses), asset base (depreciation and amortization), tax impacts and other adjustments as set out in the attached tables, which management has determined are not reflective of core operating activities and thereby assist investors with assessing trends in our underlying businesses. We belie
adjusted net income attributable to GXO and adjusted EPS improve the comparability of our operating results from period to period by removing the impact of certain costs and gains, which management has determined are not reflective of our core operating activities, including amortization of acquisition-related intangible assets. We bel
organic revenue and organic revenue growth are important measures because they exclude the impact of foreign currency exchange rate fluctuations, revenue from acquired businesses and revenue from deconsolidated operations. We believe that net leverage and net debt are important measures of our overall liquidity position and are
by removing cash and cash equivalents from our total debt and net debt as a ratio of our adjusted EBITDA. We calculate ROIC as our adjusted EBITA, net of income taxes paid, divided by invested capital. We believe ROIC provides investors with an important perspective on how effectively GXO deploys capital and use this metric interna
high-level target to assess overall performance throughout the business cycle.

Management uses these non-GAAP financial measures in making financial, operating and planning decisions and evaluating GXO's ongoing performance.

With respect to our financial targets for (i) 2023 organic revenue growth, adjusted EBITDA, free cash flow, and adjusted diluted EPS and (ii) 2027 adjusted EBITDA reconciliation of these non-GAAP measures to the corresponding GAAP measures is not available without unreasonable effort due to the variability and complexity of the reco
items described above that we exclude from these non-GAAP target measures. The variability of these items may have a significant impact on our future GAAP financial results and, as a result, we are unable to prepare the forward-looking statements of income and cash flows, prepared in accordance with GAAP, that would be required t
such a reconciliation.

**Non-GAAP Valuation Measure**

Adjusted EBITDAR is a valuation measure that is not specified in GAAP. Adjusted EBITDAR excludes rent expense from adjusted EBITDA and is useful to management and investors in evaluating GXO's relative performance because adjusted EBITDAR considers the performance of GXO's operations, excluding decisions made with res
capital investment, financing and other non-recurring charges. Adjusted EBITDAR is also a measure commonly used by management, research analysts and investors to value companies in the logistics industry. Since adjusted EBITDAR excludes interest expense and rent expense, it allows research analysts and investors to compare th
different companies without regard to differences in capital structures and leasing arrangements. As such, our presentation of Adjusted EBITDAR should not be construed as a financial performance or operating measure.

With respect to our target for full-year 2023 adjusted EBITDAR, a reconciliation of this non-GAAP measure to the corresponding GAAP measure is not available without unreasonable effort due to the variability and complexity of the reconciling items described above that we exclude from this non-GAAP target measure. The variability of t
may have a significant impact on our future GAAP financial results and, as a result, we are unable to prepare the forward-looking statement of income, prepared in accordance with GAAP, that would be required to produce such a reconciliation.

**Forward-Looking Statements**

This presentation includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements, including our 2023 fi
targets for organic revenue growth, adjusted EBITDA, adjusted diluted EPS and free cash flow; expected incremental revenue impact of new customer contracts in 2023 and 2024; our 2023 valuation target for adjusted EBITDAR; our 2027 financial targets for revenue and adjusted EBITDA; and our goals of (i) 80% global operations usin
lightning by 2025, (ii) 80% global landfill diversion rate by 2025, (iii) 50% renewable energy in global operations by 2030, (iv) reducing greenhouse gas emissions (Scopes 1&2) by 30% by 2030 vs. 2019 baseline, and (v) being 100% carbon neutral (Scopes 1&2) by 2040. In some cases, forward-looking statements can be identified by th
forward-looking terms such as "anticipate," "estimate," "believe," "continue," "could," "intend," "may," "plan," "potential," "predict," "should," "will," "expect," "objective," "projection," "forecast," "goal," "guidance," "outlook," "effort," "target," "trajectory" or the negative of these terms or other comparable terms. However, the absence of these wo
not mean that the statements are not forward-looking. These forward-looking statements are based on certain assumptions and analyses made by the company in light of its experience and its perception of historical trends, current conditions and expected future developments, as well as other factors the company believes are appropria
circumstances.

These forward-looking statements are subject to known and unknown risks, uncertainties and assumptions that may cause actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by such forward-looking statemen
that might cause or contribute to a material difference include, but are not limited to, the risks discussed in our filings with the SEC and the following: impact of the COVID-19 pandemic; economic conditions generally; supply chain challenges, including labor shortages; our ability to align our investments in capital assets, including equipm
warehouses, to our customers' demands; our ability to successfully integrate and realize anticipated synergies, cost savings and profit improvement opportunities with respect to acquired companies; unsuccessful acquisitions or other risks or developments that adversely affect our financial condition and results; our ability to develop and
suitable information technology systems and prevent failures in or breaches of such systems; our indebtedness; our ability to raise debt and equity capital; litigation; labor matters, including our ability to manage our subcontractors, and risks associated with labor disputes at our customers' facilities and efforts by labor organizations to org
employees; risks associated with defined benefit plans for our current and former employees; our inability to attract or retain necessary talent; the increased costs associated with labor; fluctuations in currency exchange rates; fluctuations in fixed and floating interest rates; seasonal fluctuations; issues related to our intellectual property rig
governmental regulation, including environmental laws, trade compliance laws, as well as changes in international trade policies and tax regimes; governmental or political actions, including the United Kingdom's exit from the European Union; natural disasters, terrorist attacks or similar incidents, including the conflict between Russia and
material disruption of the company's operations; the inability to achieve the level of revenue growth, cash generation, cost savings, improvement in profitability and margins, fiscal discipline, or strengthening of competitiveness and operations anticipated or targeted; the impact of potential cyber-attacks and information technology or data
breaches; the inability to implement technology initiatives successfully; our ability to achieve our Environmental, Social and Governance goals; and a determination by the IRS that the distribution or certain related spin-off transactions should be treated as taxable transactions.

All forward-looking statements set forth in this presentation are qualified by these cautionary statements and there can be no assurance that the actual results or developments anticipated by us will be realized or, even if substantially realized, that they will have the expected consequences to or effects on us or our business or operations.
looking statements set forth in this presentation speak only as of the date hereof, and we do not undertake any obligation to update forward-looking statements to reflect subsequent events or circumstances, changes in expectations or the occurrence of unanticipated events, except to the extent required by law.

# Presenters

**Malcolm Wilson**
Chief Executive Officer

**Baris Oran**
Chief Financial Officer

**Mark Manduca**
Chief Investment Officer

**Bill Fraine**
Chief Commercial Offic

# Highlights

| | 4Q 2022 | FY 2022 |
|---|---|---|
| **Revenue** | $2.5 billion | $9.0 billion |
| **Organic revenue growth**[1] | 7.5% | 15.4% |
| **Net income**[2] | $46 million | $197 million |
| **Adjusted EBITDA**[1] | $205 million | $728 million |
| **Operating cash flow** | $226 million | $542 million |
| **Free cash flow**[1] | $141 million | $240 million |

(1) Refer to the 'Non-GAAP Financial Measures' and 'Non-GAAP Valuation Measures' section on slide 2 and Appendix for related information
(2) Net income attributable to GXO
(3) Based off closing December 31 2022 FX rates of 1.21 GBPUSD and 1.07 EURUSD
(4) Based on 2021 FX rates
(5) Adjusted EBITDAR is a valuation measure that is not specified in GAAP. Adjusted EBITDAR is commonly used by management, research analysts and Investors to value companies in the logistics industry. Adjusted EBITDAR should not be construed as a financial performance or operating measure

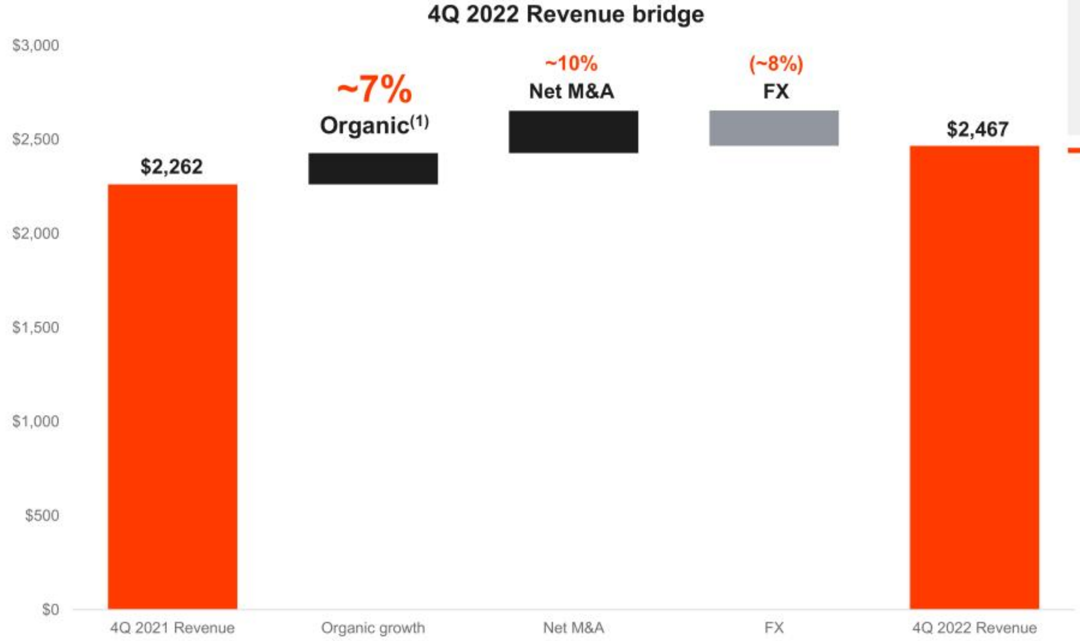
GXO



- New business wins in 4Q expected to
$182 million of annualized revenue[3].
- $661 million of new FY 2023 revenue
through 4Q 2022, equivalent to 7%
YoY revenue growth[3].
- 4Q 2022 Adjusted EBITDA of $205 m
compared to $167 million in 4Q 2021.
EBITDA of $728 million in FY 2022 co
to pro forma Adjusted EBITDA of $63
FY 2021[1].
- 2022 Adjusted EBITDAR of $1,646 m
- Diluted EPS $0.39 in 4Q 2022. Adjus
Diluted EPS of $0.83 in 4Q 2022, con
$0.73 in 4Q 2021[1]. FY 2022 Adjuste
EPS $2.85 compared to $2.09 in FY 2
- Free cash flow $141 million in 4Q 202
compared to $137 million in 4Q 2021
million in FY 2022 compared to $216
FY 2021[1].
- Operating return on invested capital
well above target 30%[1].
- Announced 2027 financial targets of ~
billion of revenue and ~$1.6 billion of
EBITDA at investor day in January 20

# 4Q 2022: Revenue growth

(In millions USD)



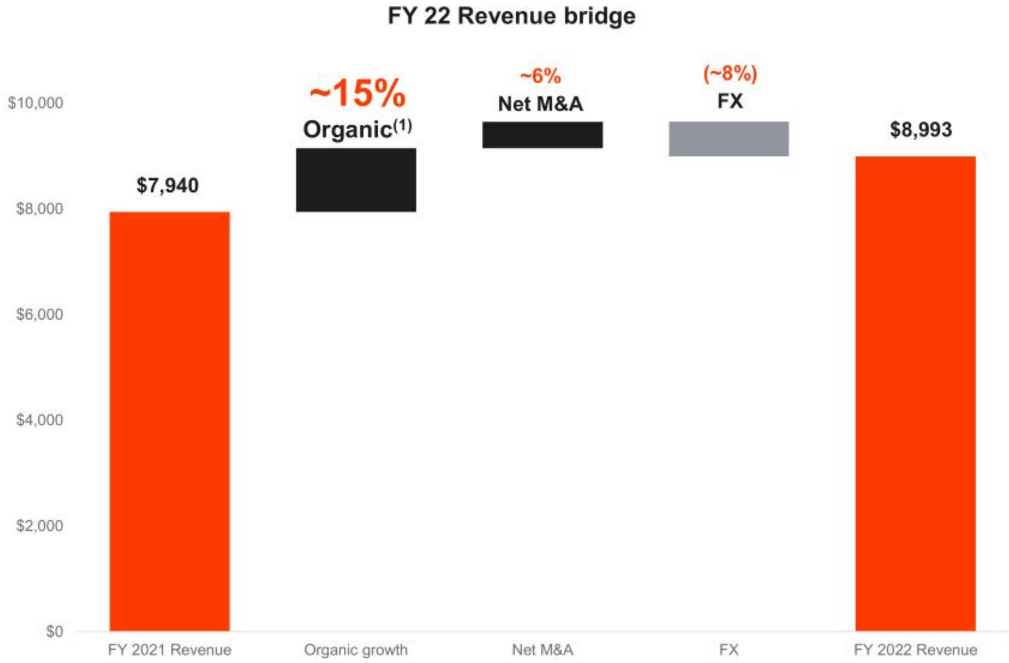

▲ ~9% Revenue growth

GXO

(1) Refer to the 'Non-GAAP Financial Measures' section on slide 2 and Appendix for related information

# FY 2022: Revenue growth

(In millions USD)



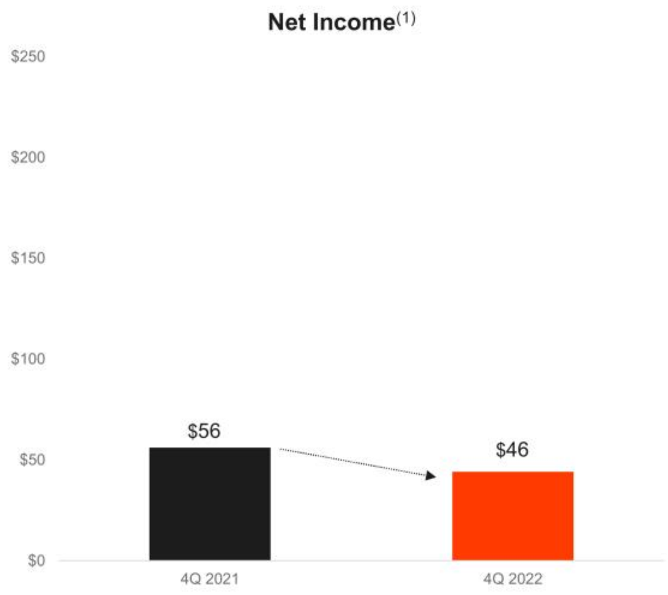

~13%
Revenue growth

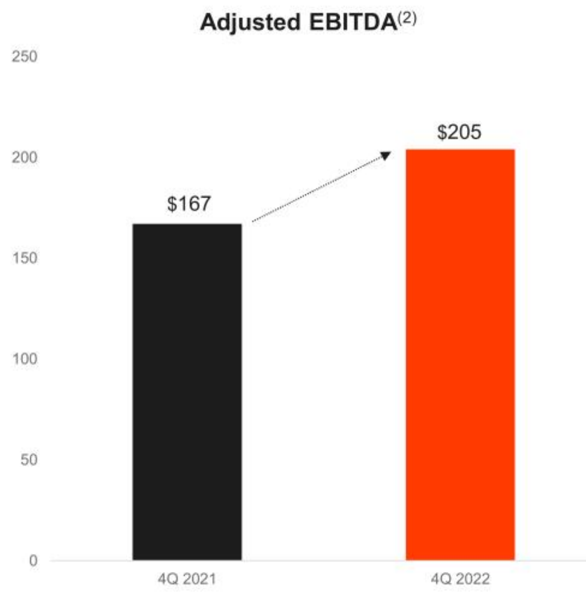
GXO

(1) Refer to the 'Non-GAAP Financial Measures' section on slide 2 and Appendix for related information.

# 4Q 2022: Solid profitability

(In millions USD)

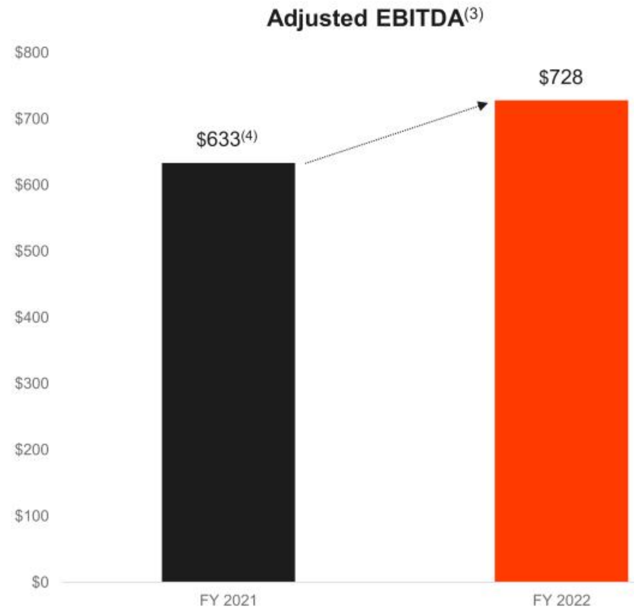



(1) Net Income attributable to GXO
(2) Refer to the 'Non-GAAP Financial Measures' section on slide 2 and Appendix for related information.

# FY 2022: Solid profitability

(In millions USD)

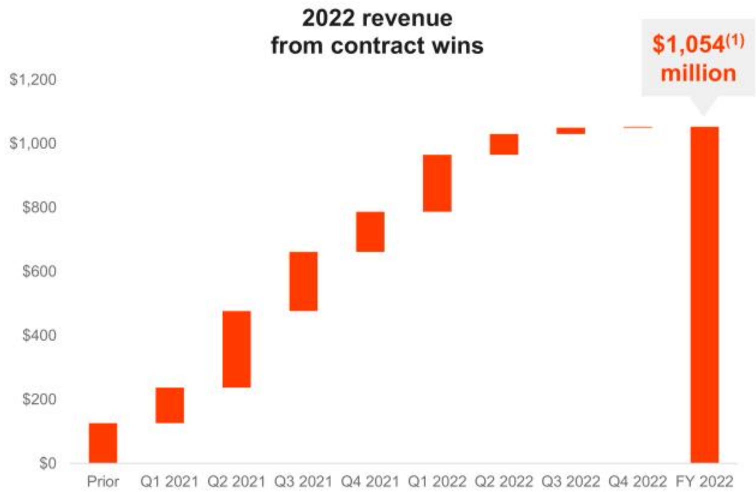

(1) Net Income attributable to GXO
(2) FY 2021 net income attributable to GXO includes a positive $42 million one-time tax benefit
(3) Refer to the 'Non-GAAP Financial Measures' section on slide 2 and Appendix for related information.
(4) Pro forma for FY 2021

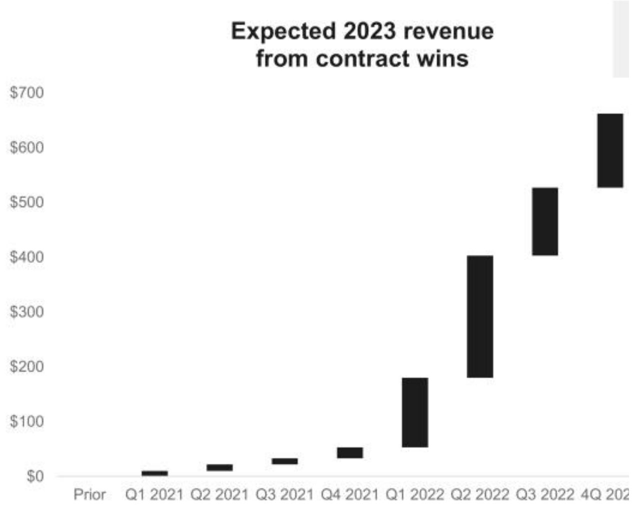
# Recent wins and expansions

| | | |
|---|---|---|
| Barilla The Italian Food Company. Since 1877. | bigblue | BOEING |
| Carrefour | FARFETCH | Intermarché |
| KINGFISHER | LIDL | |
| Rapha. | Shark NINJA | Wrangler |

# New contract wins underpin 2022 and 2023 revenue growth

(In millions USD)



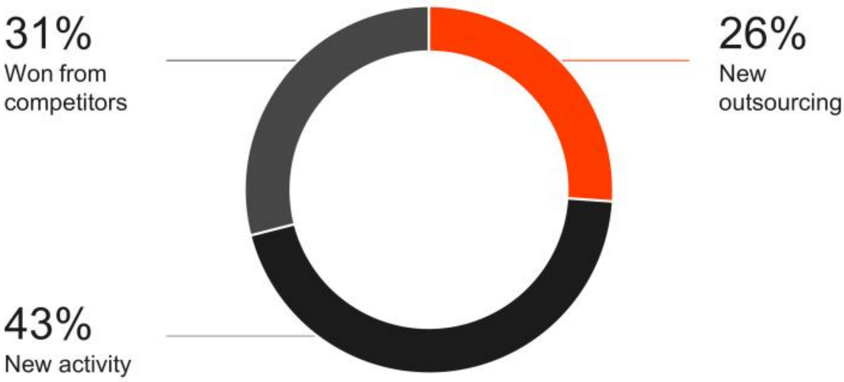




$177 million of revenue from contract wins secured for 2024[2]

(1) Based off 2022 average FX rates of 1.23 GBPUSD and 1.05 EURUSD
(2) Based off closing December 31 2022 FX rates of 1.21 GBPUSD and 1.07 EURUSD

# 2022 contract wins by source

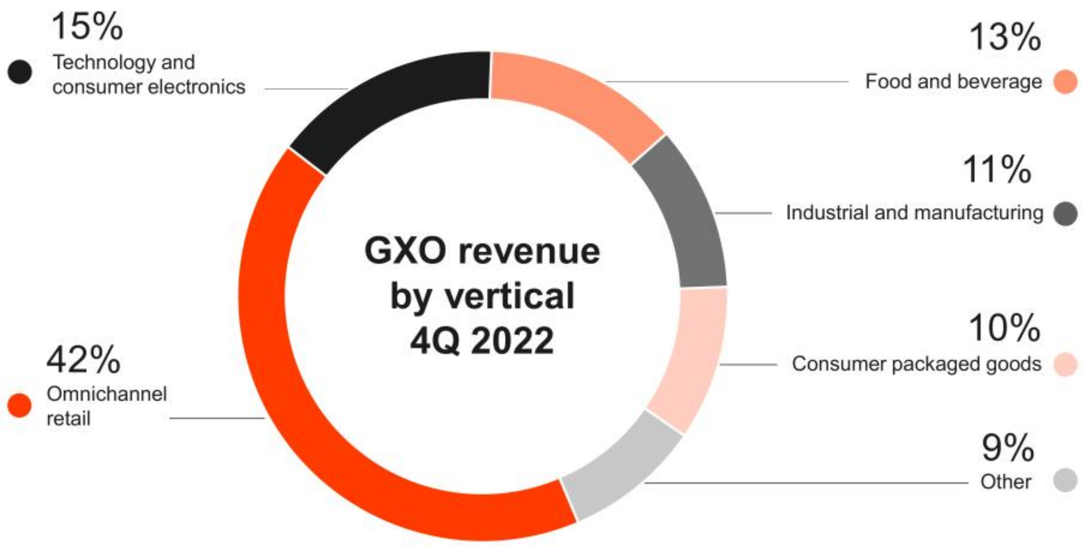
**2022 new business wins**[1]





(1) Excludes the Clipper acquisition

# Diversified revenue in 4Q 2022





GXO

# Resilient business model with flexible cost structure

## High revenue visibility

- ~$2.1 billion sales pipeline(1)
- $661 million of incremental revenue in 2023 from new contract wins(2)
- ~5-year average contract duration for contracts closed in 2022
- Mid-to-high 90s revenue retention rate since spin

## Inflation pass-through

- ~45% of revenue from 'open book' (cost-plus) contracts(3)
- Remainder of closed book/hybrid contracts typically include inflation escalators and protections

## Stable earnings structure

- High exposure to predictable contract structures
- Minimum volume guarantees
- ~76% variable costs vs. ~24% fixed costs(4)
- ~27% of total labor costs relates to third party staffing(3)

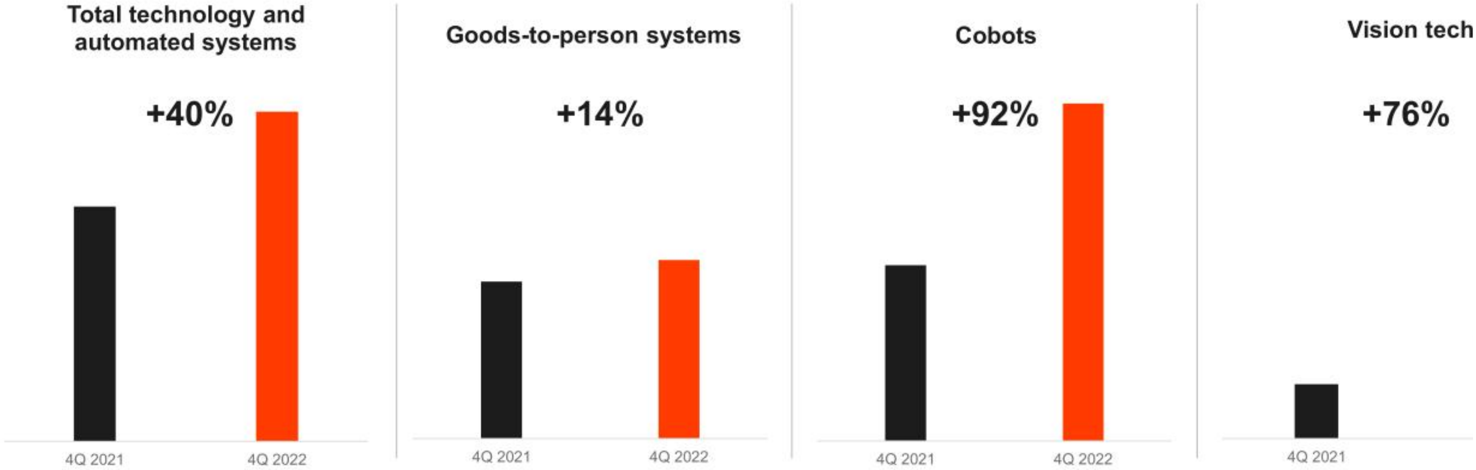
## Countercyclical F

- Approximately two-thi of capex relates to growth projects
- Working capital invest linked to growth

(1) Based off closing December 31 2022 FX rates of 1.21 GBPUSD and 1.07 EURUSD
(2) Based off closing December 31 2022 FX rates of 1.21 GBPUSD and 1.07 EURUSD, excludes Clipper
(3) Based on 4Q 2022,
(4) Based on direct operating expenses, sales, general and administrative expenses, and depreciation expense and based on FY 2022

# Accelerating automation and adaptive technology leadership

~30% of 4Q 2022 revenue is from automated sites




Accelerating technology deployment is driving revenue growth

# FY Balance sheet and free cash flow

## Balance sheet

**Total debt**[1]

$1,806 million

Paid down $50 million of debt ahead of schedule

**Net debt**[2]

$1,311 million

Mostly fixed-rate borrowings

**Net leverage**[2]

1.8x

Investment grade rated

## Cash flow

**Cash flow from operations**

$542 million

**FY 2021:** $455 million

**Free cash flow**[2]

$240 million

**FY 2021:** $216 million

~50% of capex spend in last 12 months is technolog

GXO

(1) Includes finance leases and other debt of $164 million at December 31, 2022.
(2) Refer to the 'Non-GAAP Financial Measures' section on slide 2 and Appendix for related information

# FY 2023 guidance[1]

| | |
|---|---|
| **Organic revenue growth[2]** | 6% – 8% |
| **Adjusted EBITDA[2]** | $700 – $730 million |
| **Adjusted EBITDA[2] to free cash flow conversion** | ~30% |
| **Adjusted diluted EPS[2]** | $2.30 – $2.50 |
| **Adjusted EBITDAR[3]** | $1.675 – $1.725 billion |

(1) Our guidance reflects current foreign currency exchange rates
(2) Refer to the 'Non-GAAP Financial Measures' and 'Non-GAAP Valuation Measures' section on slide
(3) Adjusted EBITDAR is a valuation measure that is not specified in GAAP. Adjusted EBITDAR is commonly used by management, research analysts and Investors to value companies in the logistics industry. Adjusted EBITDAR should not be construed as a financial performance or operating measure

## Environmental

| 30% | 80% | 100% | 80% | 5 |
|---|---|---|---|---|
| GHG emissions (Scopes 1&2) reduction by 2030 vs. 2019 baseline | Global landfill diversion rate by 2025 | Carbon neutral (Scopes 1&2) by 2040 | Global operations using LED lighting by 2025 | Renewa global |
| **2021: GHG reduced 3% in absolute terms** | **2021: 79% of waste diverted from landfill** | **2021: GHG intensity (gCO2e/$m) reduced 24%** | **2021: LED penetration at 47%** | **22% i proportio energy u** |

## Social

Being an **employer of choice** and creating a **safe workplace** is critical to reducing turnover and increasing productivity.

- Grow at GXO participation driving **~10% increase in retention**
- First **GXO Belonging Week** celebrated in January 2023

DIVERSITY FIRST 2023 TOP 50 COMPANIES FOR DIVERSIT

## Governance

- **Global Risk Committee** enhances Enterprise Risk Management
- **Cybersecurity** controls and operating processes align to **ISO27001**
- **Board of Directors** is 50% **female** and 75% **independent**



AMERICA'S MOST RESPONSIBLE COMPANIES 2022 Newsweek statista

MSCI ESG RATINGS AA

| CCC | B | BB | BBB | A | AA | AAA |
|---|---|---|---|---|---|---|

# Appendix

**GXO Logistics, Inc.**
**Reconciliation of Net Income to Adjusted EBITDA and Adjusted EBITDA Margin**
**(Unaudited)**

| | Three Months Ended December 31, | | Year Ended December 31, | | |
|---|---|---|---|---|---|
| *(In millions)* | 2022 | 2021 | 2022 | 2021 | |
| | | | | | (Pro forma)[1] |
| Net income attributable to GXO | $ 46 | $ 56 | $ 197 | $ 153 | $ 162 |
| Net income attributable to noncontrolling interest | — | 1 | 3 | 8 | 8 |
| Net income | $ 46 | $ 57 | $ 200 | $ 161 | $ 170 |
| Interest expense, net | 10 | 5 | 29 | 21 | 25 |
| Income tax expense (benefit) | 13 | 13 | 64 | (8) | (5) |
| Depreciation and amortization expense | 87 | 76 | 329 | 335 | 335 |
| Transaction and integration costs | 4 | 17 | 61 | 99 | 99 |
| Restructuring costs and other | 18 | (1) | 32 | 4 | 4 |
| Unrealized (gain) loss on foreign currency options and other | 27 | — | 13 | (1) | (1) |
| Adjusted EBITDA[2] | $ 205 | $ 167 | $ 728 | $ 611 | $ 627 |
| Allocated corporate expense[3] | | | | | 29 |
| Public company standalone cost[4] | | | | | (23) |
| Pro forma adjusted EBITDA[1][2] | | | | | $ 633 |
| | | | | | |
| Revenue | $ 2,467 | $ 2,262 | $ 8,993 | $ 7,940 | $ 7,940 |
| Adjusted EBITDA margin[5] | 8.3% | 7.4% | 8.1% | 7.7% | 8.0% |

(1) Pro forma as prepared under combined financial statements for all periods before August 2, 2021, includes allocated expenses from XPO, Inc. ("XPO") Corporate.

(2) See the "Non-GAAP Financial Measures" section for additional information.

(3) Excludes the impact of adjusted items and allocated interest expense, income tax, depreciation and amortization from XPO Corporate.

(4) Estimated costs of operating GXO as a standalone public company.

(5) Adjusted EBITDA margin is calculated as adjusted EBITDA divided by revenue.

**GXO Logistics, Inc.**
**Reconciliation of Net Income to Adjusted EBITA and Adjusted EBITA Margin**
**(Unaudited)**

| *(In millions)* | Three Months Ended December 31, 2022 | Three Months Ended December 31, 2021 | Year Ended December 31, 2022 | Year Ended December 31, 2021 | Year Ended December 31, 2021 (Pro forma)[1] |
|---|---|---|---|---|---|
| Net income attributable to GXO | $ 46 | $ 56 | $ 197 | $ 153 | $ 162 |
| Net income attributable to noncontrolling interest | — | 1 | 3 | 8 | 8 |
| Net income | $ 46 | $ 57 | $ 200 | $ 161 | $ 170 |
| Interest expense, net | 10 | 5 | 29 | 21 | 25 |
| Income tax expense (benefit) | 13 | 13 | 64 | (8) | (5) |
| Amortization expense | 20 | 17 | 68 | 61 | 61 |
| Transaction and integration costs | 4 | 17 | 61 | 99 | 99 |
| Restructuring costs and other | 18 | (1) | 32 | 4 | 4 |
| Unrealized (gain) loss on foreign currency options and other | 27 | — | 13 | (1) | (1) |
| Adjusted EBITA[2] | $ 138 | $ 108 | $ 467 | $ 337 | $ 353 |
| Depreciation expense[3] | | | | | 15 |
| Allocated corporate expense[4] | | | | | 29 |
| Public company standalone cost[5] | | | | | (23) |
| Pro forma adjusted EBITA[1][2] | | | | | $ 374 |
| | | | | | |
| Revenue | $ 2,467 | $ 2,262 | $ 8,993 | $ 7,940 | $ 7,940 |
| Adjusted EBITA margin[6] | 5.6% | 4.8% | 5.2% | 4.2% | 4.7% |

(1) Pro forma as prepared under combined financial statements for all periods before August 2, 2021, includes allocated expenses from XPO Corporate.
(2) See the “Non-GAAP Financial Measures” section for additional information.
(3) Allocated depreciation from XPO Corporate for all periods prior to August 2, 2021.
(4) Excludes the impact of adjusted items and allocated interest expense, income tax, depreciation and amortization from XPO Corporate.
(5) Estimated costs of operating GXO as a standalone public company.
(6) Adjusted EBITA margin is calculated as adjusted EBITA divided by revenue.

## GXO Logistics, Inc.
## Reconciliation of Net Income to Adjusted Net Income and Adjusted Net Income Per Share
## (Unaudited)

| | Three Months Ended December 31, | | Year Ended December 31, | |
|---|---|---|---|---|
| *(Dollars in millions, shares in thousands, except per share amounts)* | 2022 | 2021 | 2022 | 2021 |
| Net income attributable to GXO | $ 46 | $ 56 | $ 197 | $ 153 |
| Amortization expense | 20 | 17 | 68 | 61 |
| Transaction and integration costs | 4 | 17 | 61 | 99 |
| Restructuring costs and other | 18 | (1) | 32 | 4 |
| Unrealized (gain) loss on foreign currency options and other | 27 | — | 13 | (1) |
| Income tax associated with the adjustments above[1] | (16) | (5) | (36) | (32) |
| Discrete and other tax-related adjustments[2] | — | — | — | (42) |
| Adjusted net income attributable to GXO[3] | $ 99 | $ 84 | $ 335 | $ 242 |
| | | | | |
| Adjusted basic earnings per share[3] | $ 0.83 | $ 0.73 | $ 2.86 | $ 2.11 |
| Adjusted diluted earnings per share[3] | $ 0.83 | $ 0.73 | $ 2.85 | $ 2.09 |
| | | | | |
| Weighted-average common shares outstanding: | | | | |
| Basic | 118,658 | 114,647 | 117,050 | 114,632 |
| Diluted | 119,126 | 115,695 | 117,616 | 115,597 |
| | | | | |
| Aggregated tax of all non-tax related adjustments reflected above: | | | | |
| Amortization expense | $ (5) | $ (2) | $ (16) | $ (11) |
| Transaction and integration costs | — | (3) | (9) | (20) |
| Restructuring costs and other | (5) | — | (8) | (1) |
| Unrealized (gain) loss on foreign currency options and other | (6) | — | (3) | — |
| Total income tax associated with the adjustments above | $ (16) | $ (5) | $ (36) | $ (32) |

(1) The income tax rate applied to items is based on the GAAP annual effective tax rate, excluding discrete items and contributions- and margin-based taxes. A portion of the transaction costs is not deductible.

(2) Initial recognition of a deferred tax asset in connection with the spin-off.

(3) See the "Non-GAAP Financial Measures" section for additional information.

**GXO Logistics, Inc.**
**Other Reconciliations**
**(Unaudited)**

Reconciliation of Cash Flows from Operating Activities to Free Cash Flow:

| *(In millions)* | Three Months Ended December 31, 2022 | Three Months Ended December 31, 2021 | Year Ended December 31, 2022 | Year Ended December 31, 2021 |
|---|---|---|---|---|
| Net cash provided by operating activities | $ 226 | $ 204 | $ 542 | $ 455 |
| Payment for purchases of property and equipment | (103) | (70) | (342) | (250) |
| Proceeds from sale of property and equipment | 18 | 3 | 40 | 11 |
| Free Cash Flow[(1)(2)] | $ 141 | $ 137 | $ 240 | $ 216 |

(1) See the "Non-GAAP Financial Measures" section for additional information.

(2) Free cash flow conversion is calculated as free cash flow divided by adjusted EBITDA, expressed as a percentage.

Reconciliation of Revenue to Organic Revenue:

| *(In millions)* | Three Months Ended December 31, 2022 | Three Months Ended December 31, 2021 | Year Ended December 31, 2022 | Year Ended December 31, 2021 |
|---|---|---|---|---|
| Revenue | $ 2,467 | $ 2,262 | $ 8,993 | $ 7,940 |
| Revenue from acquired business | (250) | — | (569) | — |
| Revenue from deconsolidation | — | (24) | (20) | (92) |
| Foreign exchange rates | 188 | — | 653 | — |
| Organic revenue[(1)] | $ 2,405 | $ 2,238 | $ 9,057 | $ 7,848 |
| | | | | |
| Revenue growth[(2)] | 9.1 % | | 13.3 % | |
| Organic revenue growth[(1)(3)] | 7.5 % | | 15.4 % | |

(1) See the "Non-GAAP Financial Measures" section for additional information.

(2) Revenue growth is calculated as the change in year-over year revenue growth, expressed as a percentage of 2021 revenue.

(3) Organic revenue growth is calculated as the change in year-over-year organic revenue, expressed as a percentage of 2021 organic revenue.

**GXO Logistics, Inc.**
**Liquidity Reconciliations**
**(Unaudited)**

Reconciliation of Total Debt and Net Debt:

| *(In millions)* | | December 31, 2022 |
|---|---|---|
| Short-term debt | $ | 67 |
| Long-term debt | | 1,739 |
| Total Debt | $ | 1,806 |
| Less: Cash and cash equivalents | | (495) |
| Net debt(1) | $ | 1,311 |

(1) See the "Non-GAAP Financial Measures" section for additional information.

Reconciliation of Total debt to Net Income attributable to GXO Ratio:

| *(In millions)* | | December 31, 2022 |
|---|---|---|
| Total debt | $ | 1,806 |
| Net income attributable to GXO | $ | 197 |
| Debt to net income attributable to GXO ratio | | 9.2x |

Reconciliation of Net Leverage Ratio:

| *(In millions)* | | December 31, 2022 |
|---|---|---|
| Net debt | $ | 1,311 |
| Adjusted EBITDA(1) | $ | 728 |
| Net leverage ratio(1) | | 1.8x |

(1) See the "Non-GAAP Financial Measures" section for additional information.

**GXO Logistics, Inc.**
**Operating Return on Invested Capital**
**(Unaudited)**

| *(In millions)* | | Year Ended December 31, 2022 |
|---|---|---|
| Adjusted EBITA[1] | $ | 467 |
| Cash paid for income taxes | | (111) |
| Adjusted EBITA[1], net of income taxes paid | $ | 356 |

(1) See the “Non-GAAP Financial Measures” section for additional information.

| | Year Ended December 31, | | | | | |
|---|---|---|---|---|---|---|
| *(In millions)* | | 2022 | | 2021 | | Average |
| Total Assets | $ | 9,219 | $ | 7,271 | $ | 8,245 |
| Less: Cash and equivalents | | (495) | | (333) | | (414) |
| Less: Total long-term assets | | (6,791) | | (5,172) | | (5,982) |
| Plus: Property and equipment, net | | 960 | | 863 | | 912 |
| Less: Total current liabilities | | (2,532) | | (2,329) | | (2,431) |
| Plus: Short-term borrowings and obligations under finance leases | | 67 | | 34 | | 51 |
| Plus: Current operating lease liabilities | | 560 | | 453 | | 507 |
| Invested Capital | $ | 988 | $ | 787 | $ | 888 |
| | | | | | | |
| Ratio of Return on Invested Capital[1][2] | | | | | | 40.1% |

(1) The ratio of return on invested capital is calculated as the trailing twelve months adjusted EBITA, net of income taxes paid, divided by invested capital.

(2) See the “Non-GAAP Financial Measures” section for additional information.

**GXO Logistics, Inc.**
**Operating Return on Invested Capital**
**(Unaudited)**

| *(In millions)* | | Year Ended December 31, 2021 |
|---|---|---|
| Adjusted EBITA[(1)(2)] | $ | 374 |
| Cash paid for income taxes | | (75) |
| Adjusted EBITA[(1)(2)], net of income taxes paid | $ | 299 |

(1) Pro forma as prepared under combined financial statements for all periods before August 2, 2021, includes allocated expenses from XPO Corporate.

(2) See the "Non-GAAP Financial Measures" section for additional information.

| | Year Ended December 31, | | | | | |
|---|---|---|---|---|---|---|
| *(In millions)* | | 2021 | | 2020 | | Average |
| Total Assets | $ | 7,271 | $ | 6,548 | $ | 6,910 |
| Less: Cash and equivalents | | (333) | | (328) | | (331) |
| Less: Total long-term assets | | (5,172) | | (4,712) | | (4,942) |
| Plus: Property and equipment, net | | 863 | | 770 | | 817 |
| Less: Total current liabilities | | (2,329) | | (1,738) | | (2,034) |
| Plus: Short-term borrowings and obligations under finance leases | | 34 | | 58 | | 46 |
| Plus: Current operating lease liabilities | | 453 | | 332 | | 393 |
| Invested Capital | $ | 787 | $ | 930 | $ | 859 |
| | | | | | | |
| Ratio of Return on Invested Capital[(1)(2)] | | | | | | 34.8% |

(1) The ratio of return on invested capital is calculated as the trailing twelve months adjusted EBITA, net of income taxes paid, divided by invested capital.

(2) See the "Non-GAAP Financial Measures" section for additional information.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