GXO Logistics, Inc.: ***Benefit to free cash flow from trade receivables programs***

GXO Factoring & Supply Chain Financing

Principle: When the company sells receivables, it accelerates cash receipts, thereby increasing reported free cash flow.

Examples:

On 6/1, company generates an accounts receivable invoice of $100. If the receivable is outstanding at end of quarter (customer has not paid) and the company sells the receivable for cash consideration on 6/30, operating cash flows (and free cash flow) during the quarter have benefitted from the receivable sale.

By way of contrast, if the company sells the receivable on 6/1 and the customer remits payment on or before 6/30, the sale of the receivable has not benefitted free cash flow during the quarter because, absent the sale, operating cash flows would have reflected the cash receipt.

(Note, GXO has visibility to customer remittances post-sale as it functions as a servicer on behalf of receivable purchasers)

		Q1 2025	Q2 2025	Q3 2025	Q4 2025	Q1 2026	Q2 2026	Q3 2026
$m								
	Benefit (Reduction) to free cash flow from trade receivables programs	**(12)**	**90**	**(27)**	**(11)**	**4**	**10**	**16**
	Factoring & Supply Chain Financing Program							
	AMAPAC	123	115	138	113	189	115	155
	UK&I	184	212	212	162	214	183	224
	EUROPE	99	104	100	106	83	93	133
	Wincanton	196	361	227	341	114	270	111
A	Receivables sold in period	602	792	677	722	601	661	623
B	Cash consideration	598	787	673	718	597	658	620
C	Less: sold receivables due or collected within period	(99)	(198)	(111)	(167)	(43)	(93)	(38)
D	Cash consideration from prior sequential quarter	(511)	(499)	(589)	(562)	(551)	(555)	(565)
E	**Total cash impact of factoring programs (B + C + D)**	**(12)**	**90**	**(27)**	**(11)**	**4**	**10**	**16**
	Benefit (reduction) to free cash flow from trade receivables programs (E)	**(12)**	**90**	**(27)**	**(11)**	**4**	**10**	**16**
	Year-to-date benefit (reduction) to free cash flow from trade receivables programs	(12)	78	51	40	4	14	30

B With respect to trade receivables sold during the period indicated, represents cash received on sold receivables
Any difference between cash purchase price and gross amount of receivables sold represents the discount on sale of receivables and is recorded within interest expense

C Receivables sold with a due date intra quarter are excluded from cash impact

The examples above are for illustrative purposes only. Neither the Company's independent auditors, nor any other independent accountants, have compiled, examined or performed any procedures with respect to the examples, nor have they expressed any opinion or any other form of assurance on such examples.