

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

FORM 10-Q

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the Quarterly Period Ended March 31, 2024
OR
☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
Commission File No. 000-22490



FORWARD AIR CORPORATION

(Exact name of registrant as specified in its charter)

Tennessee				62-1120025	
(State or other jurisdiction of incorporation)				(I.R.S. Employer Identification No.)	
1915 Snapps Ferry Road	Building N	Greeneville	TN	37745	
(Address of principal executive offices)				(Zip Code)	

Registrant's telephone number, including area code: (423) 636-7000

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, \$0.01 par value	FWRD	The Nasdaq Stock Market LLC

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See definition of "large accelerated filer", "accelerated filer", "smaller reporting company", and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☐ 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. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes ☐ No ☒

The number of shares outstanding of the registrant's common stock, \$0.01 par value, as of May 13, 2024 was 26,438,420 .

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Part I. Financial Information
Financial Statements
Item 1. (Unaudited).

Forward Air Corporation
Condensed Consolidated Balance Sheets
(unaudited and in thousands, except share and per share amounts)

	March 31, 2024	December 31, 2023
Assets		
Current assets:		
Cash and cash equivalents	\$ 152,042	\$ 121,969
Restricted cash and restricted cash equivalents	20,228	39,604
Accounts receivable, less allowance of \$ 3,644 in 2024 and \$ 2,206 in 2023	351,813	153,267
Other receivables	1,539	5,408
Prepaid expenses	39,512	25,682
Other current assets	4,299	1,098
Total current assets	569,433	347,028
Noncurrent restricted cash equivalents	—	1,790,500
Property and equipment, net of accumulated depreciation and amortization of \$ 263,856 in 2024 and \$ 250,185 in 2023	327,706	258,095
Operating lease right-of-use assets	334,262	111,552
Goodwill	1,379,180	278,706
Other acquired intangibles, net of accumulated amortization of \$ 145,141 in 2024 and \$ 127,032 in 2023	1,264,428	134,789
Other assets	84,251	58,863
Total assets	\$ 3,959,260	\$ 2,979,533
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable	\$ 130,646	\$ 45,430
Accrued expenses	118,955	62,948
Other current liabilities	73,461	71,727
Current portion of debt and finance lease obligations	28,134	12,645
Current portion of operating lease liabilities	93,645	44,344
Total current liabilities	444,841	237,094
Finance lease obligations, less current portion	34,306	26,736
Long-term debt, less current portion	1,664,107	—
Long-term debt held in escrow	—	1,790,500
Operating lease liabilities, less current portion	246,956	71,598
Liabilities under tax receivable agreement	13,270	—
Other long-term liabilities	45,536	47,144
Deferred income taxes	177,806	42,200
Shareholders' equity:		
Preferred stock, \$ 0.01 par value: Authorized shares - 5,000,000 ; no shares issued or outstanding in 2024 and 2023	—	—
Preferred stock, Class B, \$ 0.01 par value: Authorized shares - 15,000 ; issued and outstanding shares - 4,435 in 2024 and none in 2023	—	—
Preferred stock, Class C, \$ 0.01 par value: Authorized shares - 10,000 ; issued and outstanding shares - 1,210 in 2024 and none in 2023	—	—
Common stock, \$ 0.01 par value: Authorized shares - 50,000,000 ; issued and outstanding shares - 26,438,420 in 2024 and 25,670,663 in 2023	265	257
Additional paid-in capital	508,675	283,684
Retained earnings	417,282	480,320
Accumulated other comprehensive loss	(151)	—
Total Forward Air shareholders' equity	926,071	764,261
Noncontrolling interest	406,367	—
Total shareholders' equity	1,332,438	764,261
Total liabilities and shareholders' equity	\$ 3,959,260	\$ 2,979,533

The accompanying notes are an integral part of the condensed consolidated financial statements.

Forward Air Corporation
Condensed Consolidated Statements of Operations and Comprehensive (Loss) Income
(unaudited and in thousands, except per share amounts)

	Three Months Ended	
	March 31, 2024	March 31, 2023
Operating revenue	\$ 541,813	\$ 357,709
Operating expenses:		
Purchased transportation	277,015	145,171
Salaries, wages and employee benefits	128,867	66,647
Operating leases	38,803	24,073
Depreciation and amortization	31,786	12,372
Insurance and claims	12,881	13,258
Fuel expense	5,246	5,686
Other operating expenses	112,947	43,306
Total operating expenses	607,545	310,513
(Loss) income from continuing operations	(65,732)	47,196
Other income and expenses:		
Interest expense, net	(40,753)	(2,355)
Foreign exchange loss	(668)	—
Other income, net	9	—
Total other expense	(41,412)	(2,355)
(Loss) income before income taxes	(107,144)	44,841
Income tax (benefit) expense	(18,350)	10,937
Net (loss) income from continuing operations	(88,794)	33,904
Income from discontinued operation, net of tax	—	2,464
Net (loss) income	(88,794)	36,368
Net loss attributable to noncontrolling interest	(27,082)	—
Net (loss) income attributable to Forward Air	\$ (61,712)	\$ 36,368
Basic net (loss) income per share attributable to Forward Air:		
Continuing operations	\$ (2.81)	\$ 1.28
Discontinued operations	—	0.09
Net (loss) income per basic share	\$ (2.81)	\$ 1.37
Diluted net (loss) income per share attributable to Forward Air:		
Continuing operations	\$ (2.81)	\$ 1.27
Discontinued operations	—	0.09
Net (loss) income per diluted share	\$ (2.81)	\$ 1.37
Dividends per share	\$ —	\$ 0.24
Net (loss) income	\$ (88,794)	\$ 36,368
Other comprehensive (loss) income:		
Foreign currency translation adjustments	(151)	—
Comprehensive (loss) income	(88,945)	36,368
Comprehensive loss attributable to noncontrolling interest	(27,082)	—
Comprehensive (loss) income attributable to Forward Air	\$ (61,863)	\$ 36,368

The accompanying notes are an integral part of the condensed consolidated financial statements.

Forward Air Corporation
Condensed Consolidated Statements of Cash Flows
(unaudited and in thousands)

	Three Months Ended	
	March 31, 2024	March 31, 2023
Operating activities:		
Net (loss) income from continuing operations	\$ (88,794)	\$ 33,904
Adjustments to reconcile net (loss) income of continuing operations to net cash (used in) provided by operating activities of continuing operations		
Depreciation and amortization	31,786	12,372
Share-based compensation expense	1,567	2,906
Provision for revenue adjustments	1,038	1,098
Deferred income tax expense	2,945	1,857
Other	4,169	(1,091)
Changes in operating assets and liabilities, net of effects from the purchase of acquired businesses:		
Accounts receivable	(20,495)	16,397
Other receivables	5,367	—
Other current and noncurrent assets	(7,104)	10,910
Accounts payable and accrued expenses	17,802	(17,514)
Net cash (used in) provided by operating activities of continuing operations	(51,719)	60,839
Investing activities:		
Proceeds from sale of property and equipment	849	1,815
Purchases of property and equipment	(4,970)	(6,519)
Purchase of a business, net of cash acquired	(1,565,242)	(56,567)
Other	(89)	—
Net cash used in investing activities of continuing operations	(1,569,452)	(61,271)
Financing activities:		
Repayments of finance lease obligations	(4,562)	(2,086)
Proceeds from credit facility	—	45,000
Payments on credit facility	(80,000)	—
Payment of debt issuance costs	(60,591)	—
Payment of earn-out liability	(12,247)	—
Payments of dividends to shareholders	—	(6,345)
Repurchases and retirement of common stock	—	(50,491)
Payment of minimum tax withholdings on share-based awards	(1,326)	(4,292)
Contributions from subsidiary held for sale	—	4,852
Net cash used in financing activities of continuing operations	(158,726)	(13,362)
Effect of exchange rate changes on cash	94	—
Net decrease in cash, cash equivalents, restricted cash, and restricted cash equivalents from continuing operations	(1,779,803)	(13,794)
Cash from discontinued operation:		
Net cash provided by operating activities of discontinued operation	—	5,154
Net cash used in investing activities of discontinued operation	—	(270)
Net cash used in financing activities of discontinued operation	—	(4,884)
Net decrease in cash, cash equivalents, restricted cash and restricted cash equivalents	(1,779,803)	(13,794)
Cash, cash equivalents and restricted cash equivalents at beginning of period of continuing operations	1,952,073	45,822
Cash at beginning of period of discontinued operation	—	—
Net decrease in cash, cash equivalents, restricted cash and restricted cash equivalents	(1,779,803)	(13,794)
Less: cash at end of period of discontinued operation	—	—
Cash, cash equivalents, restricted cash and restricted cash equivalents at end of period of continuing operations	\$ 172,270	\$ 32,028

Forward Air Corporation
Consolidated Statements of Cash Flows
(In thousands)

	Three Months Ended	
	March 31, 2024	March 31, 2023
Reconciliation of cash, cash equivalents, restricted cash and restricted cash equivalents:		
Cash and cash equivalents	\$ 152,042	\$ 32,028
Restricted cash and restricted cash equivalents	20,228	—
Noncurrent restricted cash equivalents	—	—
Total cash, cash equivalents, restricted cash and restricted cash equivalents shown in the statement of cash flow:	<u>\$ 172,270</u>	<u>\$ 32,028</u>
Non-Cash Transactions:		
Equipment acquired under finance leases	\$ 1,936	\$ 5,842

The accompanying notes are an integral part of the condensed consolidated financial statements.

Forward Air Corporation
Condensed Consolidated Statements of Shareholders' Equity
(unaudited and in thousands)

	Common Stock		Preferred Stock - Class B Amount		Preferred Stock - Class C Amount		Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Retained Earnings	Noncontrolling Interest	Total Shareholders' Equity
	Shares	Amount	Shares	Amount	Shares	Amount					
Balance at December 31, 2023	25,671	\$ 257	—	\$ —	—	\$ —	\$ 283,684	\$ —	\$ 480,320	\$ —	\$ 764,261
Net loss	—	—	—	—	—	—	—	—	(61,712)	(27,082)	(88,794)
Foreign currency translation adjustments	—	—	—	—	—	—	—	(151)	—	—	(151)
Shares issued - acquisition	700	7	4	—	1	—	223,425	—	—	433,449	656,881
Share-based compensation expense	—	—	—	—	—	—	1,567	—	—	—	1,567
Payment of minimum tax withholdings on share-based awards	(33)	—	—	—	—	—	—	—	(1,326)	—	(1,326)
Issuance of share-based awards	100	1	—	—	—	—	(1)	—	—	—	—
Balance at March 31, 2024	26,438	\$ 265	4	\$ —	1	\$ —	\$ 508,675	\$ (151)	\$ 417,282	\$ 406,367	\$ 1,332,438

	Common Stock		Additional Paid-in Capital	Retained Earnings	Total Shareholders' Equity
	Shares	Amount			
Balance at December 31, 2022	26,462	\$ 265	\$ 270,855	\$ 436,124	\$ 707,244
Net income	—	—	—	36,368	36,368
Share-based compensation expense	—	—	3,149	—	3,149
Payment of dividends to shareholders	—	—	4	(6,349)	(6,345)
Payment of minimum tax withholdings on share-based awards	(40)	—	—	(4,292)	(4,292)
Repurchases and retirement of common stock	(474)	(5)	—	(50,486)	(50,491)
Issuance of share-based awards	105	1	(1)	—	—
Balance at March 31, 2023	26,053	\$ 261	\$ 274,007	\$ 411,365	\$ 685,633

The accompanying notes are an integral part of the condensed consolidated financial statements.

Forward Air Corporation
Notes to Condensed Consolidated Financial Statements
(unaudited and in thousands, except per share data)
March 31, 2024

1. Description of Business and Basis of Presentation

Basis of Presentation and Principles of Consolidation

Forward Air Corporation and its subsidiaries ("Forward Air " or the "Company") is a leading asset-light freight and logistics company. The Company has three reportable segments: Expedited Freight, Intermodal and Omni Logistics. The Company conducts business in North America, Europe, and Asia.

The Expedited Freight segment provides expedited regional, inter-regional and national less-than-truckload ("LTL ") and truckload services. Expedited Freight also offers customers local pick-up and delivery and other services including shipment consolidation and deconsolidation, warehousing, customs brokerage and other handling services.

The Intermodal segment provides first- and last-mile high value intermodal container drayage services both to and from seaports and railheads. Intermodal also offers dedicated contract and container freight station ("CFS ") warehouse and handling services.

The Omni Logistics segment provides a full suite of global logistics services. Services include air and ocean freight consolidation and forwarding, custom brokerage, warehousing and distribution, time-definite transportation services and other supply chain solutions.

The Company's condensed consolidated financial statements include Forward Air Corporation and its wholly-owned and majority owned domestic and foreign subsidiaries. Intercompany accounts and transactions have been eliminated in consolidation.

In the fourth quarter of 2023, the Company held interests in two wholly-owned subsidiaries of Omni Newco, LLC ("Omni"), GN Bondco, LLC and GN Loanco, LLC, that were considered Variable Interest Entities ("VIEs"). VIEs are legal entities in which equity investors do not have sufficient equity at risk for the entity to independently finance its activities, or as a group, the holders of the equity investment at risk lack the power through voting or similar rights to direct the activities of the entity that most significantly impact its economic performance, or do not have the obligation to absorb the expected losses of the entity or the right to receive expected residual returns of the entity. Consolidation of a VIE is required if a reporting entity is the primary beneficiary of the VIE.

Interests in these VIEs are evaluated to determine if the Company is the primary beneficiary. This evaluation gives appropriate consideration to the design of the entity and the variability that the entity was designed to create and pass along, the relative power of each party, and to the Company's obligation to absorb losses or receive residual returns of the entity. The Company concluded that the VIEs should be consolidated as of December 31, 2023 because the Company had (i) the power to direct the activities that most significantly impact the economic performance of the VIE and (ii) the obligation to absorb losses and the right to receive benefits, which could potentially be significant. On January 25, 2024 ("the Closing"), the Company completed the acquisition of Omni Newco, LLC ("the Omni Acquisition") pursuant to the Agreement and plan of Merger, dated as of August 10, 2023 (the "Merger Agreement") and amended by Amendment No. 1, dated as of January 22, 2024 (the "Amended Merger Agreement"). The VIEs were acquired as part of the Omni Acquisition and assumed into the Company's consolidated subsidiaries as of March 31, 2024. Refer to Note 4, *Acquisitions*, for additional disclosures regarding the Company's previously held VIEs.

The condensed consolidated financial statements of the Company have been prepared in conformity with U.S. generally accepted accounting principles ("GAAP") for interim financial information and the rules and regulations of the Securities and Exchange Commission (the "SEC"). In the opinion of management, the accompanying unaudited condensed consolidated financial statements reflect all adjustments, which are of a normal recurring nature necessary to present fairly the Company's financial position, results of operations, and cash flows for the periods presented. These condensed consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements and the notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2023. Results for interim periods are not necessarily indicative of the results for the year.

Forward Air Corporation
Notes to Condensed Consolidated Financial Statements
(unaudited and in thousands, except per share data)
March 31, 2024

Foreign Currency

Foreign currency amounts attributable to foreign operations have been translated into United States dollars. Assets and liabilities are translated to United States dollars at period-end exchange rates and income and expense items are translated at average rates of exchange prevailing during the period. Translation adjustments are included in "Accumulated other comprehensive loss" in stockholders' equity within the Condensed Consolidated Balance Sheets and gains and losses, which result from foreign currency transactions, are included in the Condensed Consolidated Statements of Operations and Comprehensive (Loss) Income.

Restricted Cash

As of March 31, 2024, the Company had restricted cash in the amount of \$ 20,228 related to letters of credit, which guarantee the Company's obligations for potential claims exposure for insurance coverage.

2. Revenue Recognition

Revenue is recognized when the Company satisfies the performance obligation by the delivery of a shipment in accordance with contractual agreements, bills of lading ("BOLs") and general tariff provisions. The amount of revenue recognized is measured as the consideration the Company expects to receive in exchange for those services pursuant to a contract with a customer. A contract exists once the Company enters into a contractual agreement with a customer. The Company does not recognize revenue in cases where collectability is not probable, and defers recognition until collection is probable or payment is received.

The Company generates revenue from the delivery of a shipment and the completion of related services. Revenue for the delivery of a shipment is recorded over time to coincide with when customers simultaneously receive and consume the benefits of the delivery services. Accordingly, revenue billed to a customer for the transportation of freight are recognized over the transit period as the performance obligation to the customer is satisfied. The Company determines the transit period for a shipment based on the pick-up date and the delivery date, which may be estimated if delivery has not occurred as of a reporting period. The determination of the transit period and how much of it has been completed as of a given reporting date may require the Company to make judgments that impact the timing of revenue recognized. For delivery of shipments with a pick-up date in one reporting period and a delivery date in another reporting period, the Company recognizes revenue based on relative transit time in each reporting period. A portion of the total revenue to be billed to the customer after completion of a delivery is recognized in each reporting period based on the percentage of total transit time that has been completed at the end of the applicable reporting period. Upon delivery of a shipment or related service, customers are billed according to the applicable payment terms. Related services are a separate performance obligation and include accessorial charges such as terminal handling, storage, equipment rentals and customs brokerage.

Revenue is classified based on the line of business as the Company believes that best depicts the nature, timing and amount of revenue and cash flows. For all lines of business, the Company records revenue on a gross basis as it is the principal in the transaction as the Company has discretion to determine the amount of consideration. Additionally, the Company has the discretion to select drivers and other vendors for the services provided to customers. These factors, discretion in the amount of consideration and the selection of drivers and other vendors, support revenue recognized on a gross basis.

Forward Air Corporation
Notes to Condensed Consolidated Financial Statements
(unaudited and in thousands, except per share data)
March 31, 2024

3. Discontinued Operation

As previously disclosed, in December 2023, the Company made a decision to divest of the Final Mile business and the sale was completed on December 20, 2023. As a result, the results of operations of Final Mile, have been presented under the caption "Income from discontinued operations, net of tax" in the Consolidated Statement of Operations for the three months ended March 31, 2023.

Summarized Discontinued Operation Financial Information

A summary of the results of operations classified as a discontinued operation, net of tax, in the Condensed Consolidated Statement of Operations for the three months ended March 31, 2023 is as follows:

	Three Months Ended
	March 31, 2023
Operating revenue	\$ 69,357
Operating expenses:	
Purchased transportation	40,046
Salaries, wages and employee benefits	12,873
Operating leases	3,175
Depreciation and amortization	1,263
Insurance and claims	524
Fuel expense	98
Other operating expenses	8,065
Total operating expenses	66,044
Income from discontinued operation before income taxes	3,313
Income tax expense	849
Income from discontinued operation, net of tax	\$ 2,464

4. Acquisitions

Expedited Freight Acquisition

In January 2023, the Company acquired certain assets of Land Air Express, Inc. ("Land Air") for \$ 56,567 . Land Air, headquartered in Bowling Green, Kentucky, offers a variety of less-than-truckload services including guaranteed, standard, exclusive, same day, hot shot and pickup and delivery, and operates in over 25 terminals across the United States. The acquisition of Land Air is expected to accelerate the expansion of the Company's national terminal footprint, particularly in the middle part of the United States, and strategically position the Company to better meet the current and future needs of customers. The acquisition was funded using cash flow from operations and proceeds from the Company's credit facility. The results of Land Air have been included in the Condensed Consolidated Financial Statements as of and from the date of acquisition. The associated goodwill has been included in the Company's Expedited Freight reportable segment.

Forward Air Corporation
Notes to Condensed Consolidated Financial Statements
(unaudited and in thousands, except per share data)
March 31, 2024

Acquisition of Omni

On January 25, 2024, the Company completed the Omni Acquisition pursuant to the Merger Agreement, and amended by the Amended Merger Agreement. Omni Newco, LLC ("Omni"), headquartered in Dallas, Texas, is an asset-light, high-touch logistics and supply chain management company with customer relationships in high-growth end markets. Omni delivers domestic and international freight forwarding, fulfillment services, customs brokerage, distribution, and value-added services for time-sensitive freight to U.S.-based customers operating both domestically and internationally. Pursuant to the Amended Merger Agreement, through a series of transactions involving the Company's direct and indirect subsidiaries (collectively, with the other transactions contemplated by the Amended Merger Agreement and the other Transaction Agreements referred to therein, the "Transactions"), acquired Omni for a combination of (a) \$ 100,499 in cash and (b) (i) common equity consideration representing 5,135 shares of the Company's outstanding common stock, par value \$ 0.01 per share on an as-converted and as-exchanged basis (the "Common Equity Consideration") and (ii) non-voting, convertible perpetual preferred equity consideration representing, if the Company's shareholders give the Conversion Approval (as defined below), an additional 8,880 shares of common stock on an as-exchanged basis (the "Convertible Preferred Equity Consideration"). The Common Equity Consideration represents, as of the Closing and before any Conversion Approval, approximately 16.5 % of the Company's common stock, on a fully diluted, as-exchanged basis. If the Company's shareholders approve the conversion of the Convertible Preferred Equity Consideration to Forward Common Stock in accordance with the listing rules of NASDAQ (the "Conversion Approval"), the Common Equity Consideration and the Convertible Preferred Equity Consideration together will represent, as of the Closing, 35.0 % of the Company's common stock on a fully diluted and as-exchanged basis.

Prior to the consummation of the Transactions, the Company completed a restructuring, pursuant to which, among other things, the Company contributed all of its operating assets to Clue Opco LLC, a newly formed subsidiary of the Company ("Opco"). Opco has been structured as an umbrella partnership C corporation through which the existing direct and certain indirect equityholders of Omni ("Omni Holders"), as of Closing, hold (i) a portion of the Common Equity Consideration in the form of units of Opco designated as "Class B Units" ("Opco Class B Units") and corresponding Series B Preferred Units (as defined below) and (ii) a portion of the Convertible Preferred Equity Consideration in the form of units of Opco designated as "Series C-2 Preferred Units" ("Opco Series C-2 Preferred Units"). Effective as of the Closing, the Company operates its business through Opco, which indirectly holds all of the assets and operations of the Company and Omni. Opco is governed by an amended and restated limited liability company agreement of Opco that became effective at the Closing ("Opco LLCA").

The portion of the transaction consideration paid to Omni Holders that is Common Equity Consideration consists of (a) shares of the Company's common stock and (b) Opco Class B Units and corresponding Series B Preferred Units that are exchangeable at the option of the holders thereof into shares of the Company's common stock pursuant to the Opco LLCA. The portion of the transaction consideration paid to Omni Holders that is Convertible Preferred Equity Consideration consists of (a) Series C Preferred Units that will automatically convert into shares of the Company's common stock upon the receipt of the Conversion Approval and (b) Opco Series C-2 Preferred Units that are economically equivalent to Series C Preferred Units and will automatically convert into Opco Class B Units and corresponding Series B Preferred Units upon receipt of the Conversion Approval pursuant to the Opco LLCA. If the Conversion Approval is obtained, the Convertible Preferred Equity Consideration will convert into (i) the Company's common stock and (ii) Opco Class B Units and corresponding Series B Preferred Units.

In connection with the Transactions, the Company has agreed to use its reasonable best efforts to obtain the Conversion Approval at the first annual meeting of the Company's shareholders following the Closing. If the Company does not obtain the Conversion Approval at such annual meeting, then, so long as any Series C Preferred Units remain outstanding, the Company has agreed to continue to use its reasonable best efforts to obtain the Conversion Approval at each annual meeting of shareholders thereafter until the Conversion Approval is obtained.

Forward Air Corporation
Notes to Condensed Consolidated Financial Statements
(unaudited and in thousands, except per share data)
March 31, 2024

At the Closing, the Company, Opco, Omni Holders and certain other parties entered into a tax receivable agreement (the "Tax Receivable Agreement"), which sets forth the agreement among the parties regarding the sharing of certain tax benefits realized by the Company as a result of the Transactions. Pursuant to the Tax Receivable Agreement, the Company is generally obligated to pay certain Omni Holders 83.5 % of (a) the total tax benefit that the Company realizes as a result of increases in tax basis in Opco's assets resulting from certain actual or deemed distributions and the future exchange of units of Opco for shares of securities of the Company (or cash) pursuant to the Opco LLCA, (b) certain pre-existing tax attributes of certain Omni Holders that are corporate entities for tax purposes, (c) the tax benefits that the Company realizes from certain tax allocations that correspond to items of income or gain required to be recognized by certain Omni Holders, and (d) other tax benefits attributable to payments under the Tax Receivable Agreement.

As of December 31, 2023, the Company consolidated the activities of GN Bondco, LLC (VIE) and GN Loanco, LLC (VIE) with the proceeds from the Notes and New Term Loan recorded in "Noncurrent restricted cash equivalents" and the corresponding long-term debt recorded in "Long-term debt held in escrow" on the Condensed Consolidated Balance Sheets. Pursuant to the Merger Agreement, the Company deposited the appropriate funds into escrow on behalf of GN Bondco, LLC and GN Loanco, LLC in connection with the interest accrued through the Closing Date. For the interest funded but unpaid as of December 31, 2023, the corresponding amounts were recorded in "Restricted cash equivalents" and "Accrued expenses" on the Condensed Consolidated Balance Sheets. Additionally, while held in escrow, the proceeds from the Notes and New Term Loan were invested in a liquid, short-term instrument. The receivable for the interest earned through December 31, 2023 was recorded in "Restricted cash equivalents" and "Other receivables" on the Condensed Consolidated Balance Sheets.

At the Closing, the funds held in escrow were released, the aforementioned VIEs were dissolved, and the proceeds were distributed to the Company to affect the Transactions. The Notes and New Term Loans are discussed in Note 7, Indebtedness.

The Omni Acquisition enables the Company to provide a differentiated service offering and expanded geographic footprint to customers. In addition, the combination of these complementary businesses positions the Company to deliver integrated global supply chain solutions for customers' most service-sensitive logistics needs. Goodwill recognized related to the preliminary purchase price represents planned operational synergies, expanded geographic reach of our services, and strategic market positioning. The results of Omni have been included in the Condensed Consolidated Financial Statements as of and from the date of acquisition. The associated goodwill has been included in the Omni reportable segment and is not expected to be deductible for tax purposes.

Purchase Price of Omni

The sources of the preliminary purchase price consideration are as follows:

	Omni
Cash	\$ 100,499
Liabilities under tax receivable agreement	13,270
Common shares	32,795
Series B preferred shares (each issued with a corresponding Opco class B unit)	207,880
Series C preferred shares	56,713
Opco C-2 preferred units	359,493
Extinguishment of Omni's indebtedness	1,543,003
Preliminary purchase price	\$ 2,313,653

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Fair Value of Assets Acquired and Liabilities Assumed

Assets acquired and liabilities assumed as of the acquisition date are presented in the following table:

	Land Air January 31, 2023	Omni January 25, 2024
Tangible assets:		
Cash	\$ —	\$ 78,260
Accounts receivable	—	181,570
Property and equipment	738	75,292
Other assets	—	35,639
Operating lease right-of-use assets	—	234,025
Total tangible assets	738	604,786
Intangible assets:		
Customer relationships	35,200	1,062,729
Non-compete agreements	—	42,509
Trademarks and other	—	42,510
Goodwill	20,629	1,100,474
Total intangible assets	55,829	2,248,222
Total assets acquired	56,567	2,853,008
Liabilities assumed:		
Current liabilities	—	156,408
Finance lease obligations	—	14,606
Operating lease liabilities	—	234,025
Other liabilities	—	643
Deferred income taxes	—	133,673
Total liabilities assumed	—	539,355
Net assets acquired	\$ 56,567	\$ 2,313,653

The preliminary purchase price for Omni has been allocated to assets acquired and liabilities assumed based on the Company's best estimates and assumptions using the information available as of the acquisition date through the date of this filing. As a part of the Omni Acquisition, the interest in Opco not owned by Company was valued to be \$ 433,449 on January 25, 2024 and is disclosed in the Condensed Consolidated Statements of Shareholders' Equity. Due to the timing of the Closing, the Company continues to evaluate the impact of this acquisition on its Condensed Consolidated Financial Statements. The primary areas of the acquisition accounting that are not yet finalized include, but are not limited to, the following: (1) finalizing the review and valuation of the acquired tangible and intangible assets and liabilities (including the models, key assumptions, inputs, and estimates) and (2) finalizing the identification of the tangible and intangible assets acquired and liabilities assumed and identified. Actual values may differ (possibly materially) when final information becomes available that differs from our current estimates. We believe that the information gathered to date provides a reasonable basis for estimating the preliminary fair values of assets acquired and liabilities assumed. The Company expects to finalize the valuation as soon as practicable, but no later than one year from the acquisition date.

For the three months ended March 31, 2024, the Company recorded \$ 58,226 of transactions and integration costs incurred in connection with the Omni Acquisition. The transaction and integration costs were recorded in "Other operating expenses" in the Condensed Consolidated Statements of Operations.

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The preliminary estimated useful life of acquired intangible assets as of the acquisition date are summarized in the following table:

	Estimated Useful Lives	
	Land Air	Omni
Customer relationships	15 years	12 years
Non-compete agreements	—	5 years
Trademarks and other	—	5 years

Supplemental Pro Forma Information

The following table represents the pro forma financial information as if Omni had been included in the consolidated results of the Company since January 1, 2023 (unaudited and in thousands):

	Three Months Ended	
	March 31, 2024	March 31, 2023
Pro forma revenue	\$ 623,813	\$ 701,600
Pro forma net loss from continuing operations	(154,345)	(41,436)

The pro forma financial information adjusts the revenue and net loss for amortization of the intangible assets and the fair value adjustments of the assets acquired in connection with the Omni Acquisition as if the closing had occurred on January 1, 2023.

5. Goodwill and Intangible Assets

Goodwill

Changes in the carrying amount of goodwill during the three months ended March 31, 2024 are summarized as follows:

	Expedited Freight	Intermodal	Omni Logistics	Consolidated
Balance as of December 31, 2023	\$ 141,720	\$ 136,986	\$ —	\$ 278,706
Acquisition	—	—	1,100,474	1,100,474
Balance as of March 31, 2024	<u>\$ 141,720</u>	<u>\$ 136,986</u>	<u>\$ 1,100,474</u>	<u>\$ 1,379,180</u>

The Company's accumulated goodwill impairment is \$ 25,686 related to impairment charges the Company recorded during 2016 pertaining to its Truckload Services reporting unit. The Truckload Services reporting unit operates within the Expedited Freight reportable segment.

Goodwill is tested for impairment on an annual basis and more often if indications of impairment exist. The Company conducts its annual impairment analyses as of June 30 each year. There have been no indicators of impairment during the three months ended March 31, 2024.

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Other Intangible Assets

Changes in the carrying amount of acquired intangible assets during the three months ended March 31, 2024 are summarized as follows:

	Gross Carrying Amount			
	Customer Relationships ¹	Non-Compete Agreements	Trade Names	Total
Balance as of December 31, 2023	\$ 253,914	\$ 6,407	\$ 1,500	\$ 261,821
Acquisition	1,062,729	42,509	42,510	1,147,748
Balance as of March 31, 2024	<u>\$ 1,316,643</u>	<u>\$ 48,916</u>	<u>\$ 44,010</u>	<u>\$ 1,409,569</u>

	Accumulated Amortization			
	Customer Relationships ¹	Non-Compete Agreements	Trade Names	Total
Balance as of December 31, 2023	\$ 118,993	\$ 6,539	\$ 1,500	\$ 127,032
Amortization expense	15,243	1,449	1,417	18,109
Balance as of March 31, 2024	<u>\$ 134,236</u>	<u>\$ 7,988</u>	<u>\$ 2,917</u>	<u>\$ 145,141</u>

¹ Carrying value as of March 31, 2024 and December 31, 2023 is inclusive of \$ 16,501 of accumulated impairment.

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6. Stock Incentive Plans

Stock Incentive Plan

The Company recorded share-based compensation expense as follows for the three months ended March 31, 2024 and 2023:

	Three Months Ended	
	March 31, 2024	March 31, 2023
Salaries, wages and employee benefits - continuing operations	\$ 1,217	\$ 2,567
Salaries, wages and employee benefits - discontinued operation	—	243
Total share-based compensation expense	<u>\$ 1,217</u>	<u>\$ 2,810</u>

In May 2016, the Company adopted the 2016 Omnibus Incentive Compensation Plan (the "Omnibus Plan") for the issuance of up to 2,000 common shares to employees. As of March 31, 2024, approximately 137 shares remain available for grant under the Omnibus Plan.

Stock Options

Certain executives are eligible to receive grants of stock options. Stock options vest over a three-year period from the date of grant. Share-based compensation expense associated with these awards is amortized ratably over the vesting period. The Company estimates the fair value of the grants using the Black-Scholes option-pricing model.

Stock option transactions during the three months ended March 31, 2024 were as follows:

	Stock Options	Weighted-Average Exercise Price
Outstanding as of January 1	370	\$ 76.83
Granted	—	—
Exercised	—	—
Forfeited	(83)	73.02
Outstanding as of March 31	<u>287</u>	<u>\$ 77.93</u>

As of March 31, 2024, the total share-based compensation expense related to unvested stock options not yet recognized was \$ 750 , and the weighted-average period over which it is expected to be recognized is approximately two years .

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Restricted Shares

The Company's primary long-term incentive plan is a restricted share award plan that entitles employees to receive shares of the Company's common stock subject to vesting requirements based on continued employment. Shares granted under the restricted share award plan are restricted from sale or transfer until vesting, and the restrictions lapse in three equal installments beginning one year after the date of grant. Dividends are paid in cash on a current basis throughout the vesting period. Share-based compensation expense associated with these awards is amortized ratably over the requisite service period. All forfeitures are recognized as incurred.

Restricted share transactions during the three months ended March 31, 2024 were as follows:

	Restricted Shares	Weighted-Average Grant Date Fair Value
Outstanding as of January 1	133	\$ 104.87
Granted	360	33.46
Vested	(62)	98.36
Forfeited	(13)	99.84
Outstanding as of March 31	<u>418</u>	<u>\$ 44.41</u>

As of March 31, 2024, the total share-based compensation expense related to restricted shares not yet recognized was \$ 17,293 , and the weighted-average period over which it is expected to be recognized is approximately two years .

Performance Awards

Performance awards are based on achieving certain financial targets, such as targets for earnings before interest, taxes, depreciation and amortization, and the Company's total shareholder return as compared to the total shareholder return of a selected peer group, as determined by the Board of Directors ("Board"). Performance targets are set at the beginning of each three-year measurement period. Share-based compensation expense associated with these awards is amortized ratably over the vesting period. Depending on the financial target, the compensation expense is determined based on the projected assessment of the level of performance that will be achieved. The Company estimates the fair value of the grants with a financial target based on the Company's total shareholder return using a Monte Carlo simulation model.

Performance award transactions during the three months ended March 31, 2024 were as follows assuming target levels of performance:

	Performance Awards	Weighted-Average Grant Date Fair Value
Outstanding as of January 1	61	\$ 105.88
Granted	116	7.62
Additional shares awarded based on performance	14	91.33
Earned	(39)	89.34
Forfeited or unearned	(23)	115.17
Outstanding as of March 31	<u>129</u>	<u>\$ 19.15</u>

As of March 31, 2024, the total share-based compensation expense related to unearned performance awards not yet recognized, assuming the Company's current projected assessment of the level of performance that will be achieved, was \$ 1,644 , and the weighted-average period over which it is expected to be recognized is approximately two years .

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Employee Stock Purchase Plan

Under the 2005 Employee Stock Purchase Plan (the "ESPP"), the Company is authorized to issue up to a remaining 302 shares of common stock to employees. These shares may be issued at a price equal to 90 % of the lesser of the market value on the first day or the last day of each six-month purchase period. Common stock purchases are paid for through periodic payroll deductions and/or up to two large lump sum contributions.

Director Restricted Shares

Under the Amended and Restated Non-Employee Director Stock Plan (the "Amended Plan"), approved in May 2007 and further amended in February 2013 and January 2016, up to 360 of common shares may be issued. As of March 31, 2024, approximately 45 shares remain available for grant under the Amended Plan. Under the Amended Plan, each non-employee director receives an annual grant of restricted shares of the Company's common stock. The restricted shares vest on the earlier of (a) the day immediately prior to the first annual shareholder meeting that occurs after the grant date or (b) one year after the grant date.

Director restricted share transactions during the three months ended March 31, 2024 were as follows:

	Director Restricted Shares	Weighted-Average Grant Date Fair Value
Outstanding as of January 1	14	\$ 96.10
Granted	2	38.46
Vested	—	—
Forfeited	—	—
Outstanding as of March 31	<u>16</u>	<u>\$ 89.69</u>

For the three months ended March 31, 2024 and 2023, the Company recorded \$ 350 and \$ 339, respectively, of share-based compensation expense associated with these grants. As of March 31, 2024, the total share-based compensation expense related to the restricted shares not yet recognized was \$ 179, and the weighted-average period over which it is expected to be recognized is approximately less than one year.

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7. Indebtedness

Long-term debt consisted of the following as of March 31, 2024 and December 31, 2023:

	March 31, 2024	December 31, 2023
Term Loan, expiring 2030 ¹	\$ 1,045,000	\$ —
Senior Secured Notes, maturing 2031 ¹	725,000	—
Debt issuance discount	(58,551)	—
Debt issuance costs ²	(36,092)	—
	1,675,357	—
Less: Current portion of long-term debt	(11,250)	—
Total long-term debt, less current portion	<u>\$ 1,664,107</u>	<u>\$ —</u>

¹ On December 31, 2023 the debt instruments and related proceeds were consolidated but were restricted under an escrow agreement contingent upon the Closing of the Omni Acquisition.

² Debt issuance costs of \$ 11,275 related to the Revolving Credit Facility are recorded in Other Assets.

Senior Secured Notes

In order to finance a portion of the cash consideration payable for the Omni Acquisition and the costs and expenses incurred in connection with the transaction, GN Bondco, LLC, a wholly owned subsidiary of Omni, (the "Escrow Issuer" and consolidated VIE) completed a private offering of \$ 725,000 aggregate principal amount of its 9.5 % senior secured notes due 2031 (the "Notes") in a transaction exempt from registration under the Securities Act. As of December 31, 2023, the Notes were included in Long-term debt held in escrow on the Condensed Consolidated Balance Sheets. Upon the Closing, Opco assumed the Escrow Issuer's obligations under the Notes. The Notes bear interest at a rate of 9.5 % per annum, payable semiannually in cash in arrears on April 15 and October 15 of each year, commencing April 15, 2024. The Notes were issued at 98.0 % of the face amount and will mature on October 15, 2031. Notes were issued pursuant to an indenture dated as of October 2, 2023, between the Escrow Issuer and U.S. Bank Trust Company, National Association, as trustee and notes collateral agent.

The Notes are guaranteed on a senior secured basis in an aggregate principal amount in excess of \$ 100,000 . Prior to October 15, 2026, Opco may redeem some or all of the Notes at any time and from time to time at a redemption price equal to 100.000 % of the principal amount thereof plus the applicable "make-whole" premium, plus accrued and unpaid interest, if any, to, but excluding, the redemption date. On or after October 15, 2026, Opco may redeem some or all of the Notes at the following prices (expressed as a percentage of principal), plus in each case accrued and unpaid interest, if any, to, but excluding, the redemption date: (a) in the case of a redemption occurring during the 12-month period commencing October 15, 2026, at a redemption price of 104.750 %; (b) in the case of a redemption occurring during the 12-month period commencing on October 15, 2027, at a redemption price of 102.375 %; and (c) in the case of a redemption occurring on or after October 15, 2028, at a redemption price of 100.000 %. In addition, at any time prior to October 15, 2026, Opco may redeem up to 40.000 % of the original aggregate principal amount of the Notes in an amount not to exceed the amount of net cash proceeds from one or more equity offerings at a redemption price equal to 109.5 % of the principal amount thereof, plus accrued and unpaid interest, if any, to, but excluding, the redemption date. Upon the occurrence of a "change of control", Opco will be required to offer to repurchase all of the outstanding principal amount of the Notes at a purchase price of 101.000 % of the principal amount thereof, plus accrued and unpaid interest, if any, to, but excluding, the date of repurchase.

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Senior Secured Term Loan Facility

In order to finance a portion of the cash consideration payable for the Omni Acquisition and the costs and expenses incurred in connection with the transaction, GN Loanco, LLC, a wholly owned subsidiary of Omni, (the "Escrow Loan Borrower" and consolidated VIE), entered into a credit agreement (the "Credit Agreement") with Citibank, N.A., as administrative agent and collateral agent and as initial term loan lender on December 19, 2023. Pursuant to the Credit Agreement, the Escrow Loan Borrower obtained senior secured term B loans in an aggregate principal amount of \$ 1,125,000 (the "New Term Loans") and the ability to draw down up to \$ 400,000 under a line of credit (the "Revolving Credit Facility").

The New Term Loans bear interest based, at Opco's election, on (a) SOFR plus an applicable margin or (b) the base rate plus an applicable margin. The base rate is equal to the highest of the following: (i) the prime rate; (ii) 0.50 % above the overnight federal funds rate; and (iii) the one-month Term SOFR plus 1.00 %. The applicable margin for Term SOFR loans is 4.50 % and the applicable margin for base rate loans is 3.50 %. The New Term Loans are subject to customary amortization of 1.00 % per year. The New Term Loans were issued at 96.0 % of the face amount and will mature on December 19, 2030.

No borrowings under the Revolving Credit Facility were made in connection with the Omni Acquisition. The Revolving Credit Facility will mature on January 25, 2029. Loans made under the Revolving Credit Facility bear interest based, at Opco's election, on (a) SOFR plus an applicable margin or (b) the base rate plus an applicable margin. Until delivery of a compliance certificate in respect of the fiscal quarter ending June 30, 2024, the applicable margin for SOFR loans is 4.25 % and the applicable margin for base rate loans is 3.25 %. Thereafter, the applicable margin can range from 3.75 % to 4.25 % for SOFR loans and from 2.75 % to 3.25 % for base rate loans, in each case depending on Opco's first lien net leverage ratio, as set forth in the Credit Agreement. Upon closing of the Omni Acquisition, Opco assumed the Escrow Loan Borrower's obligations under the Credit Agreement, which were further secured by certain guarantors. Opco's obligations under the Credit Agreement are guaranteed on a senior secured basis by the Company and each of Opco's existing and future domestic subsidiaries (subject to customary exceptions).

On February 12, 2024, Opco and the parties to the Credit Agreement entered into Amendment No. 2 ("Amendment No. 2") to the Credit Agreement, which (a) modifies the financial performance covenant in the Credit Agreement by temporarily increasing the 4.50 :1.00 maximum consolidated first lien net leverage ratio permitted by the covenant to (i) 6.00 :1.00 (for the second and third quarters of 2024), (ii) 5.50 :1.00 (for the fourth quarter of 2024), (iii) 5.25 :1.00 (for the first quarter of 2025), (iv) 5.00 :1.00 (for the second quarter of 2025) and (v) 4.75 :1.00 (for the third quarter of 2025) and (b) reduces the revolving credit commitments available under the Credit Agreement from an aggregate principal amount of \$ 400,000 to an aggregate principal amount of \$ 340,000 . If the financial performance covenant is not met, the Company will lose access to the Revolving Credit Facility. Amendment No. 2 also amends certain other terms of the Credit Agreement.

Prior to the effectiveness of Amendment No. 2, on February 12, 2024, Opco repaid \$ 80,000 aggregate principal amount of the New Term Loans outstanding under the Credit Agreement, together with all accrued and unpaid interest thereon.

Both the Notes and Revolving Credit Facility contain covenants that, among other things, restrict the ability of the Company, without the approval of the required lenders, to engage in certain mergers, consolidations, asset sales, dividends and stock repurchases, investments, and other transactions or to incur liens or indebtedness in excess of agreed thresholds, as set forth in the credit agreement. As of the date of this report, the Company was in compliance with these aforementioned covenants. The Revolving Credit Facility's terms also include a financial covenant which requires the Company to maintain a specific leverage ratio with a measurement date starting on June 30, 2024.

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Former Credit Facility

In September 2017, the Company entered into a five-year senior unsecured revolving credit facility (the "Facility") with a maximum aggregate principal amount of \$ 150,000 , with a sublimit of \$ 30,000 for letters of credit and a sublimit of \$ 30,000 for swing line loans. The maturity date of the Facility was September 29, 2022. In April 2020, the Company entered into the first amendment to the Facility, which increased the maximum aggregate principal amount to \$ 225,000 . The Facility could have been increased by up to \$ 25,000 to a maximum aggregate principal amount of \$ 250,000 pursuant to the terms of the amended credit agreement, subject to the lenders' agreement to increase their commitments or the addition of new lenders extending such commitments. In July 2021, the Company entered into the second amendment to the Facility, which extended the maturity date to July 20, 2026 and changed the interest rate options available under the Facility. In December 2021, the Company entered into the third amendment to the Facility, which increased the amount available for borrowing under the Facility to \$ 450,000 , consisting of a \$ 300,000 revolving line of credit and a term loan of \$ 150,000 . In connection with the third amendment, the Company borrowed \$ 150,000 under the term loan and simultaneously repaid \$ 150,000 on the revolving line of credit from the borrowings received. Under the third amendment, the Facility could have been increased by up to \$ 75,000 to a maximum aggregate principal amount of \$ 525,000 pursuant to the terms of the amended credit agreement, subject to the lenders' agreement to increase their commitments or the addition of new lenders extending such commitments. Such increases to the Facility could have been in the form of additional revolving credit loans, term loans or a combination thereof, and were contingent upon there being no events of default under the Facility.

As of December 31, 2023 the Company had no outstanding borrowings under this credit facility. No borrowings were made under this credit facility prior to the extinguishment upon the Closing.

Letters of Credit

The Company had an arrangement under the Facility to issue letters of credit, which guarantee the Company's obligations for potential claims exposure for insurance coverage. As of December 31, 2023, outstanding letters of credit totaled \$ 19,834 .

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8. Net (Loss) Income Per Share

Basic net income per common share is computed by dividing net income by the weighted-average number of common shares outstanding during each period. Restricted shares have non-forfeitable rights to dividends and as a result, are considered participating securities for purposes of computing net income per common share pursuant to the two-class method. Diluted net income per common share assumes the exercise of outstanding stock options and the vesting of performance share awards using the treasury stock method when the effects of such assumptions are dilutive.

A reconciliation of net income attributable to Forward Air and weighted-average common shares outstanding for purposes of calculating basic and diluted net income per share during the three months ended March 31, 2024 and 2023 is as follows:

	Three Months Ended	
	March 31, 2024	March 31, 2023
Numerator:		
Net (loss) income from continuing operations	\$ (61,712)	\$ 33,904
Net income from discontinued operation	—	2,464
Net (loss) income attributable to Forward Air	(61,712)	36,368
Dividends allocated to Opco C-2 Preferred Units	(11,867)	—
Income allocated to participating securities from continuing operations	—	(172)
Income allocated to participating securities from discontinued operation	—	(13)
Income allocated to participating securities	—	(185)
Numerator for basic and diluted net (loss) income per share for continuing operations	\$ (73,579)	\$ 33,732
Numerator for basic and diluted net income per share for discontinued operation	\$ —	\$ 2,451
Denominator:		
Denominator for basic net (loss) income per share - weighted-average number of common shares outstanding	26,217	26,350
Dilutive stock options and performance share awards	—	129
Denominator for diluted net (loss) income per share - weighted-average number of common shares and common share equivalents outstanding	26,217	26,479
Basic net (loss) income per share attributable to Forward Air:		
Continuing operations	\$ (2.81)	\$ 1.28
Discontinued operation	—	0.09
Net (loss) income per basic share	\$ (2.81)	\$ 1.37
Diluted net (loss) income per share attributable to Forward Air:		
Continuing operations	\$ (2.81)	\$ 1.27
Discontinued operation	—	0.09
Net (loss) income per diluted share ¹	\$ (2.81)	\$ 1.37

¹Rounding may impact summation of amounts.

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The number of shares that were not included in the calculation of net income per diluted share because to do so would have been anti-dilutive for the three months ended March 31, 2024 and 2023 are as follows:

	Three Months Ended	
	March 31, 2024	March 31, 2023
Anti-dilutive stock options	287	112
Anti-dilutive performance shares	12	18
Anti-dilutive restricted shares and deferred stock units	181	74
Total anti-dilutive shares	480	204

9. Income Taxes

The Company is taxed as a C corporation and is subject to federal and state income taxes. The Company's sole material asset is Opco, which is a limited liability company that is taxed as a partnership for federal and certain state and local income tax purposes. Opco's net taxable income and related tax credits, if any, are passed through to its partners and included in the partner's tax returns. The income tax burden on the earnings taxed to the noncontrolling interest holders is not reported by the Company in its condensed consolidated financial statements. As a result, the Company's effective tax rate differs materially from the statutory rate. For the three months ended March 31, 2024 and 2023, the Company recorded an income tax benefit of \$ 18,350 and income tax expense of \$ 10,937 , respectively. The effective tax rate of 17.1 % for the three months ended March 31, 2024 varied from the statutory United States federal income tax rate of 21.0% primarily due to the effect of the noncontrolling interest, non-deductible executive compensation, excess tax benefits realized on share-based awards, partially offset by state income taxes, net of the federal benefit, and foreign taxes. The effective tax rate of 24.3 % for the three months ended March 31, 2023 varied from the statutory United States federal income tax rate of 21.0% primarily due to the effect of state income taxes, net of the federal benefit, and non-deductible executive compensation, partially offset by excess tax benefits realized on share-based awards.

The Company recognizes income tax benefits from uncertain tax positions where the realization of the ultimate benefit is uncertain. As of both March 31, 2024 and December 31, 2023, the Company had \$ 153 of unrecognized income tax benefits, all of which would affect the Company's effective tax rate if recognized. As of both March 31, 2024 and December 31, 2023, the Company had accrued interest and penalties related to unrecognized tax benefits of \$ 82 . With a few exceptions, the Company is no longer subject to U.S. federal, state and local, or Canadian examinations by tax authorities for years before 2017.

The Company also maintains a valuation allowance to reserve against its state net operating loss carryforwards of \$ 395 . A valuation allowance is established when it is more likely than not that some portion or all of the deferred tax assets will not be realized. The Company assessed the likelihood that its deferred tax assets would be recovered from estimated future taxable income and available tax planning strategies. In making this assessment, all available evidence was considered including economic climate, as well as reasonable tax planning strategies. The Company believes it is more likely than not that it will realize its remaining net deferred tax assets, net of the valuation allowance, in future years.

In connection with the Omni Acquisition, the Company entered into a Tax Receivable Agreement with certain Omni Holders. As of March 31, 2024, the Company recorded a Tax Receivable Agreement liability of approximately \$ 13,270 , after concluding that such Tax Receivable Agreement payments would be probable based on estimates of future taxable income over the term of the Tax Receivable Agreement. The determination of the Tax Receivable Agreement liability requires the Company to make judgments in estimating the amount of tax attributes as of the date of exchanges (such as cash to be received by the Company on a hypothetical sale of assets and allocation of gain or loss to the Company at the time of the exchanges taking into consideration partnership tax rules). The amounts payable under the Tax Receivable Agreement will also vary depending upon a number of factors, including tax rates in effect, as well as the amount, character, and timing of the taxable income of Opco in the future and the expected realization of tax benefits with respect to deferred tax assets related to tax attributes subject to Tax Receivable Agreement, which may result in a valuation allowance recorded against the deferred tax assets. If other tax attributes subject to the Tax Receivable Agreement are determined to be payable, additional Tax Receivable Agreement liabilities may be considered probable at that time.

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10. Fair Value of Financial Instruments

The Company categorizes its assets and liabilities into one of three levels based on the assumptions used in valuing the asset or liability. Estimates of fair value financial assets and liabilities are based on a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. Observable inputs (highest level) reflect market data obtained from independent sources, while unobservable inputs (lowest level) reflect internally developed market assumptions. In accordance with this guidance, fair value measurements are classified under the following hierarchy:

- Level 1 - Quoted prices in active markets for identical assets or liabilities.
- Level 2 - Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; and model-derived valuations in which all significant inputs are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3 - Model-derived valuations in which one or more significant inputs are unobservable.

Assets and liabilities measured at fair value on a recurring basis as of March 31, 2024 and December 31, 2023 are summarized below:

	As of March 31, 2024			
	Level 1	Level 2	Level 3	Total
Liabilities under tax receivable agreement	\$ —	\$ —	\$ 13,270	\$ 13,270

	As of December 31, 2023			
	Level 1	Level 2	Level 3	Total
Liabilities under tax receivable agreement	\$ —	\$ —	\$ —	\$ —

Cash, cash equivalents and restricted cash, accounts receivable, other receivables and accounts payable are valued at their carrying amounts in the Company's Condensed Consolidated Balance Sheets, due to the immediate or short-term maturity of these financial instruments.

As of March 31, 2024, the estimated fair value of the Company's finance lease obligation, based on current borrowing rates, was \$50,943, compared to its carrying value of \$51,190. As of December 31, 2023, the estimated fair value of the Company's finance lease obligation, based on current borrowing rates, was \$38,926, compared to its carrying value of \$39,381.

The carrying value of the long-term debt approximates fair value based on the borrowing rates currently available for a loan with similar terms and average maturity.

11. Shareholders' Equity

Series B Preferred Stock

Pursuant to Articles of Amendment to the Restated Charter of the Company filed with the Secretary of State of the State of Tennessee at the Closing (the "Charter Amendment"), the Company established the terms of a new series of preferred stock of the Company designated as "Series B Preferred Stock" (the "Series B Preferred Stock"), and, at the Closing, certain Omni Holders received fractional units (the "Series B Preferred Units") each representing one one-thousandth of a share of the Company Series B Preferred Stock. Each Series B Preferred Unit will, together with a corresponding Opco Class B Unit, be exchangeable at the option of the holder thereof into one share of the Company's common stock.

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Holders of Series B Preferred Units and holders of the Company's common stock will vote together as a single class on all matters to be voted on by the Company's shareholders, subject to limited exceptions. Each holder of record of Series B Preferred Units is entitled to cast one vote for each such unit.

Pursuant to the Charter Amendment, the Series B Preferred Units have a liquidation preference of \$ 0.01 per unit and are not entitled to receive any dividends independent of their corresponding Opco Class B Units. A Series B Preferred Unit and its corresponding Opco Class B Unit may only be transferred together as a single, combined unit.

Series C Preferred Stock

Pursuant to the Charter Amendment, the Company established the terms of a new series of convertible preferred stock of the Company designated as "Series C Preferred Stock" (the "Series C Preferred Stock"), and, at Closing, certain Omni Holders received fractional units (each, a "Series C Preferred Unit") each representing one one-thousandth of a share of Series C Preferred Stock. The liquidation preference of Series C Preferred Unit is equal to \$ 110.00 per unit, subject to adjustment for any in-kind payment of the Annual Coupon as described below (the "Liquidation Preference"). In addition, the Series C Preferred Units accrue on each anniversary of issuance a cumulative annual dividend (without any interim accrual) equal to the product of (a) the 14.0 % rate fixed at Closing multiplied by (b) the Liquidation Preference (the "Annual Coupon"). The Annual Coupon will be paid, at the Company's option, in cash or in-kind by automatically increasing the Liquidation Preference in an equal amount.

Commencing on the sixth anniversary of the Closing (and, thereafter, only during the 60 -day period following any anniversary of the Closing), the Series C Preferred Units will be callable at the Company's option in whole (and not in part), at a call price per Series C Preferred Unit equal to (a) the product of (i) the greater of (A) the outstanding liquidation preference of such Series C Preferred Unit and (B) the product of (x) the number of shares of the Company's common stock into which such Series C Preferred Unit would be convertible upon the receipt of the Conversion Approval, and (y) the 20 -day volume-weighted average price per share of the Company's common stock during a defined period prior to the call, and (ii) 103 %, plus (b) the amount of all declared and unpaid dividends in respect of such Series C Preferred Unit.

The Company has deemed the Series C Preferred Units to be permanent equity and expects them to be converted at least within one year from the Closing of the Omni Acquisition.

Cash Dividends

During each quarter of 2023, the Board declared and the Company paid a quarterly cash dividend of \$ 0.24 per common share. No dividends were declared in the first quarter of 2024.

Stock Repurchase Program

On February 5, 2019, the Board approved a stock repurchase plan authorizing the repurchase of up to 5,000 shares of the Company's common stock (the "2019 Repurchase Plan"). The 2019 Repurchase Plan expires when the shares authorized for repurchase are exhausted or the 2019 Repurchase Plan is canceled.

During the three months ended March 31, 2024, the Company did not repurchase any shares of common stock through open market transactions. During the three months ended March 31, 2023, the Company repurchased through open market transactions 474 shares of common stock for \$ 50,491 , or an average of \$ 105.38 per share. All shares received were retired upon receipt, and the excess of the purchase price over the par value per share was recorded to "Retained Earnings" in the Condensed Consolidated Balance Sheets.

As of March 31, 2024, the remaining shares permitted to be repurchased under the 2019 Repurchase Plan were approximately 1,349 shares.

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12. Commitments and Contingencies

Contingencies

On September 26, 2023, Rodney Bell, Michael A. Roberts and Theresa Woods, three shareholders of the Company, filed a complaint (the "Shareholder Complaint") against the Company and certain of its directors and officers in the Third District Chancery Court sitting in Greeneville, Tennessee. The Shareholder Complaint alleges, among other things, that the Company's shareholders have the right to vote on certain transactions contemplated by the Merger Agreement and sought an injunction against the consummation of the transaction until a shareholder vote was held. The court initially granted a temporary restraining order enjoining the transactions contemplated by the Merger Agreement but later dissolved it on October 25, 2023. Thereafter and as described below, on January 25, 2024, the parties to the Amended Merger Agreement completed the Omni Acquisition. On May 2, 2024, Plaintiff Michael Roberts, together with the Cambria County Employees Retirement System filed a stipulation and proposed order seeking leave of court to file an amended class action complaint seeking damages, among other forms of relief. The proposed amended complaint, like the earlier complaints, challenges the Company's determination not to subject the Omni Acquisition to a stockholder vote. The Defendants disagree with the allegations of the proposed amended complaint and will defend the matter if and when an amended complaint is filed.

The Company is party to various legal claims and actions incidental to its business, including claims related to vehicle liability, workers' compensation, property damage and employee medical benefits. The Company accrues for the uninsured portion of contingent losses from these and other pending claims when it is both probable that a liability has been incurred and the amount of loss can be reasonably estimated. Based on the knowledge of the facts, the Company believes the resolution of claims and pending litigation, taking into account existing reserves, will not have a material adverse effect on the condensed consolidated financial statements. Moreover, the results of complex legal proceedings are difficult to predict, and the Company's view of these matters may change in the future as the litigation and related events unfold.

Insurance coverage provides the Company with primary and excess coverage for claims related to vehicle liability, workers' compensation, property damage and employee medical benefits.

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For vehicle liability, the Company retains a portion of the risk. Below is a summary of the Company's risk retention on vehicle liability insurance coverage maintained by the Company up to \$ 10,000 (in thousands):

	Company Risk Retention	Frequency	Layer	Policy Term
Expedited Freight¹				
LTL business	\$ 5,000	Occurrence/Accident ¹	\$ 0 to \$ 5,000	10/1/2023 to 10/1/2024
Truckload business	\$ 5,000	Occurrence/Accident ¹	\$ 0 to \$ 5,000	10/1/2023 to 10/1/2024
LTL, Truckload and Intermodal businesses	\$ 5,000	Policy Term Aggregate ²	\$ 5,000 to \$ 10,000	10/1/2023 to 10/1/2024
Intermodal				
	\$ 1,000	Occurrence/Accident ¹	\$ 0 to \$ 1,000	10/1/2023 to 10/1/2024

¹ For each and every accident/incident, the Company is responsible for damages and defense up to these amounts, regardless of the number of claims associated with any accident/incident.

² During the Policy Term, the Company is responsible for damages and defense within the stated Layer up to the stated, aggregate amount of Risk Retention before insurance will continue.

Also, from time to time, when brokering freight, the Company may face claims for the "negligent selection" of outside, contracted carriers that are involved in accidents, and the Company maintains third-party liability insurance coverage with a \$ 100 deductible per occurrence for most of its brokered services. The Company maintains workers' compensation insurance with a self-insured retention of \$ 500 per occurrence.

Insurance coverage in excess of the self-insured retention limit is an important part of the Company's risk management process. The Company accrues for the costs of the uninsured portion of pending claims within the self-insured retention based on the nature and severity of individual claims and historical claims development trends. The Company believes the recorded reserves are sufficient for all incurred claims up to the self-insured retention limits, including an estimate for claims incurred but not reported. However, estimating the number and severity of claims, as well as related judgment or settlement amounts is inherently difficult, and the Company may fail to establish sufficient insurance reserves and adequately estimate for future insurance claims. Since the ultimate resolution of outstanding claims as well as claims incurred but not reported is uncertain, it is possible that the reserves recorded for these losses could change materially in the near term. Although, an estimate cannot be made of the range of additional loss that is at least reasonably possible.

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13. Segment Reporting

The Company has three reportable segments: Expedited Freight, Intermodal and Omni Logistics. The Company evaluates segment performance based on income from operations. Segment results include intersegment revenues and shared costs. Costs related to the corporate headquarters, shared services and shared assets, such as trailers, are allocated to each segment based on usage. Shared assets are not allocated to each segment, but rather the shared assets, such as trailers, are allocated to the Expedited Freight segment. Corporate includes revenues and expenses as well as assets that are not attributable to any of the Company's reportable segments.

The accounting policies applied to each segment are the same as those described in the Summary of Significant Accounting Policies as disclosed in Note 1 to the Annual Report on Form 10-K for the year ended December 31, 2023, except for certain self-insurance loss reserves related to vehicle liability and workers' compensation. Each segment is allocated an insurance premium and deductible that corresponds to the self-insured retention limit for that particular segment. Any self-insurance loss exposure beyond the deductible allocated to each segment is recorded in Corporate.

Segment results from operations for the three months ended March 31, 2024 and 2023 are as follows:

Three Months Ended March 31, 2024						
	Expedited Freight	Intermodal	Omni Logistics	Corporate	Eliminations	Consolidated
External revenues	\$ 260,753	\$ 56,222	\$ 224,838	\$ —	\$ —	\$ 541,813
Intersegment revenues	12,542	70	—	—	(12,612)	—
Depreciation	9,013	2,066	2,598	—	—	13,677
Amortization	1,277	2,561	14,271	—	—	18,109
Income (loss) from operations	19,498	3,586	(28,585)	(60,231)	—	(65,732)
Purchases of property and equipment	1,262	1,522	2,186	—	—	4,970

Three Months Ended March 31, 2023						
	Expedited Freight	Intermodal	Omni Logistics	Corporate	Eliminations	Consolidated
External revenues	\$ 269,547	\$ 88,162	\$ —	\$ —	\$ —	\$ 357,709
Intersegment revenues	30	7	—	—	(37)	—
Depreciation	6,668	2,186	—	—	—	8,854
Amortization	958	2,560	—	—	—	3,518
Income (loss) from operations	29,685	11,203	—	6,308	—	47,196
Purchases of property and equipment	6,343	176	—	—	—	6,519

Total Assets						
	Expedited Freight	Intermodal	Omni Logistics	Corporate	Eliminations	Consolidated
As of March 31, 2024	\$ 661,183	\$ 264,203	\$ 2,799,145	\$ 234,740	\$ (11)	\$ 3,959,260
As of December 31, 2023	661,270	270,421	—	2,047,901	(59)	2,979,533

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Revenue from the individual services within the Expedited Freight segment for the three months ended March 31, 2024 and 2023 are as follows:

	Three Months Ended	
	March 31, 2024	March 31, 2023
Expedited Freight revenues:		
Network	\$ 214,493	\$ 205,931
Truckload	37,055	41,744
Other	21,747	21,902
Total	<u>\$ 273,295</u>	<u>\$ 269,577</u>

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Overview

We are a leading asset-light freight provider of transportation services, including LTL, truckload and intermodal drayage services and freight brokerage and supply chain services across North America, Europe, and Asia. We offer premium services that typically require precision execution, such as expedited transit, delivery during tight time windows and special handling. We utilize an asset-light strategy to minimize our investments in equipment and facilities and to reduce our capital expenditures.

Our services are classified into three reportable segments: Expedited Freight, Intermodal and Omni Logistics.

Our Expedited Freight segment provides expedited regional, inter-regional and national LTL services. Expedited Freight also offers customers local pick-up and delivery and other services including truckload, shipment consolidation and deconsolidation, warehousing, customs brokerage and other handling. We plan to grow our LTL geographic footprint through greenfield start-ups as well as through acquisitions.

Our Intermodal segment provides first- and last-mile high value intermodal container drayage services both to and from seaports and railheads. Intermodal also offers dedicated contract and CFS warehouse and handling services, and in select locations, linehaul and LTL services. We plan to grow our Intermodal geographic footprint through acquisitions as well as through greenfield start-ups where no suitable acquisition is available.

Our Omni Logistics segment provides a full suite of global logistics services. Services include air and ocean freight consolidation and forwarding, customs brokerage, warehousing and distribution, time-definite transportation services and other supply chain solutions.

Our operations, particularly our network of hubs and terminals, represent substantial fixed costs. Consequently, our ability to increase our earnings depends in significant part on our ability to increase the amount of freight and the revenue per pound or shipment for the freight shipped or moved through our network. Additionally, our earnings depend on the growth of other services, such as LTL pickup and delivery, which will allow us to maintain revenue growth in a challenging freight environment. We continue to focus on creating synergies across our services, particularly with services offered in our Expedited Freight reportable segment. Synergistic opportunities include the ability to share resources, in particular our fleet resources.

We monitor and analyze a number of key operating statistics in order to manage our business and evaluate our financial and operating performance. These key operating statistics are defined below and are referred to throughout the discussion of the financial results of our Expedited Freight and Intermodal reportable segments. Our key operating statistics should not be interpreted as better measurements of our results than income from operations as determined under GAAP.

Within our Expedited Freight reportable segment, our primary revenue focus is to increase density, which is shipment and tonnage growth within our existing LTL network. Increases in density allow us to maximize our asset utilization and labor productivity, which we measure over many different functional areas of our operations including linehaul load factor and door pounds handled per hour. In addition to our focus on density and operating efficiencies, it is critical for us to obtain an appropriate yield, which is measured as revenue per hundredweight, on the shipments we handle to offset our cost inflation and support our ongoing investments in capacity and technology. Revenue per hundredweight is also a commonly-used indicator for general pricing trends in the LTL industry and can be influenced by many other factors, such as changes in fuel surcharges, weight per shipment and length of haul. Therefore, changes in revenue per hundredweight may not necessarily indicate actual changes in underlying base rates. We regularly monitor the components of our pricing, including base freight rates, accessorial charges and fuel surcharges. The fuel surcharge is generally designed to offset fluctuations in the cost of the petroleum-based products used in our operations and is indexed to diesel fuel prices published by the U.S. Department of Energy. The impact of fuel on our results of operations depends on the relationship between the applicable surcharge, the fuel efficiency of our Company drivers, and the load factor achieved by our operation. Fluctuations in fuel prices in either direction could have a positive or negative impact on our margins, particularly in our LTL business where the weight of a shipment subject to the fuel surcharge on a given trailer can vary materially. We believe our yield management process focused on account level profitability, and ongoing improvements in operating efficiencies, are both key components of our ability to grow profitably.

The key operating statistics necessary to understand the operating results of our Expedited Freight reportable segment are described below in more detail:

Tonnage - Total weight of shipments in pounds. The level of freight tonnage is affected by economic cycles and conditions, customers' business cycles, changes in customers' business practices and capacity in the truckload market.

Weight Per Shipment - Total pounds divided by the number of shipments. Fluctuations in weight per shipment can indicate changes in the mix of freight we receive from our customers, as well as changes in the number of units included in a shipment. Generally, increases in weight per shipment indicate higher demand and overall increased economic activity. Changes in weight per shipment can also be influenced by shifts between LTL and other modes of transportation, such as truckload, in response to capacity, service and pricing issues. Fluctuations in weight per shipment generally have an inverse effect on our revenue per hundredweight, as a decrease in weight per shipment will typically cause an increase in revenue per hundredweight.

Revenue Per Hundredweight - Network revenue per every 100 pounds of shipment weight. Our LTL transportation services are generally priced based on weight, commodity, and distance. Our pricing policies are reflective of the services we provide, and can be influenced by competitive market conditions. Changes in the freight profile factors such as average shipment size, average length of haul, freight density, and customer and geographic mix can impact the revenue per hundredweight. Fuel surcharges and intercompany revenue between Network and Truckload are included in this measurement.

Revenue Per Shipment - Network revenue divided by the number of shipments. Fuel surcharges and intercompany revenue between Network and Truckload are included in this measurement.

Average Length of Haul - Total miles between origin and destination service centers for all shipments, with miles based on the size of shipments. Length of haul is used to analyze our tonnage and pricing trends for shipments with similar characteristics. Changes in length of haul generally have a direct effect on our revenue per hundredweight, as an increase in length of haul will typically cause an increase in revenue per hundredweight.

Within our Intermodal reportable segment, our primary revenue focus is to increase the number of shipments. The key operating statistic necessary to understand the operating results of our Intermodal reportable segment is described below in more detail:

Drayage Revenue Per Shipment - Intermodal revenue divided by the number of drayage shipments. Revenue derived from container freight station warehouse and handling, and linehaul and LTL services is excluded from this measurement. Fuel surcharges and accessorial charges are included in this measurement.

Trends and Developments

Economy

Our business is highly susceptible to changes in economic conditions. Our products and services are directly tied to the production and sale of goods and, more generally, to the global economy. Participants in the transportation industry have historically experienced cyclical fluctuations in financial results due to economic recessions, downturns in the business cycles of customers, volatility in the prices charged by third-party carriers, interest rate fluctuations and other U.S. and global macroeconomic developments. During economic downturns, reductions in overall demand for transportation services will likely reduce demand for our services and exert downward pressure on our rates and margins. In periods of strong economic growth, overall demand may exceed the available supply of transportation resources. While this may present an opportunity to increase economies of scale in our network and enhanced pricing and margins, these benefits may be lessened by increased network congestion and operating inefficiencies.

Like other providers of freight transportation services, our business has been impacted by the macroeconomic conditions of the past year. International trade is influenced by many factors, including economic and political conditions in the United States and abroad, currency exchange rates, laws and policies relating to tariffs, trade restrictions and foreign investment. Periodically, governments consider a variety of changes to tariffs and impose trade restrictions. We cannot predict the outcome of changes in tariffs, or interpretations, and trade restrictions and the effects they will have on our business. Doing business in foreign locations also subjects us to a variety of risks and considerations not normally encountered by domestic enterprises. In addition to being influenced by governmental policies, our business may also be negatively affected by political developments and changes in government personnel or policies in the United States and other countries, as well as economic turbulence, political unrest and security concerns in the nations and on the trade shipping lanes in which we conduct business and the future impact that these events may have on international trade.

Our ability to provide services to our customers is highly dependent on good working relationships with a variety of entities, including airlines, ocean carrier lines and ground transportation providers. We consider our current working relationships with these entities to be satisfactory. However, changes in the financial stability and operating capabilities and capacity of asset-based carriers, capacity allotments available from carriers could affect our business in unpredictable ways. When the market experiences seasonal peaks or any sort of disruption, the carriers often increase their pricing suddenly. This carrier behavior creates pricing volatility that could impact our ability to maintain historical profitability.

The global economic and trade environments remain uncertain, including inflation remaining higher than historical levels, greater volatility in oil prices and high interest rates. Starting in the second quarter of 2022 and continuing through most of 2023, we saw a slowdown in the global economy and a softening of customer demand resulting in declines in rates. As demand remains soft, available transportation capacity continues to exceed demand. These conditions could result in further declines in rates in 2024. We also expect that pricing volatility will continue as carriers adapt to lower demand, changing fuel prices, security risks and react to governmental trade policies and other regulations.

Fuel

We depend heavily upon the availability of adequate diesel fuel supplies, and recently, fuel availability and prices have fluctuated significantly. Fuel availability and prices can be impacted by factors beyond our control, such as natural or manmade disasters, adverse weather conditions, political events, economic sanctions imposed against oil-producing countries or specific industry participants, disruptions or failure of technology or information systems, price and supply decisions by oil producing countries and cartels, terrorist activities, armed conflict, tariffs, sanctions, other changes to trade agreements and world supply and demand imbalance. Through our fuel surcharge programs, we have been able to mitigate the impact of fluctuations in fuel prices. Our fuel surcharge rates are set weekly based on the national average for fuel prices as published by the U.S. Department of Energy and our fuel surcharge table. In periods of changing fuel prices, our fuel surcharges vary by different degrees and may not fully offset fuel price fluctuations or may result in higher than expected increases in revenue. Fuel shortages, changes in fuel prices, and the potential volatility in fuel surcharge revenue may impact our results of operations and overall profitability. Fuel surcharge revenue as a percentage of operating revenues decreased to 11.7% for the quarter ended March 31, 2024 compared to 18.0% for the quarter ended March 31, 2023 as a result of the inclusion of Omni in the results for the quarter ended March 31, 2024.

Recent Events and Factors Affecting Comparability**Omni Acquisition**

On January 25, 2024, we acquired Omni Newco, LLC ("Omni Logistics") for a combination of (a) \$100 million in cash and (b) (i) common equity consideration representing 5,135 shares of our common stock on an as-converted and as-exchanged basis and (ii) non-voting, convertible perpetual preferred equity consideration representing, if our shareholders approve, an additional 8,880 shares of our common stock on an as-exchanged basis ("Omni Acquisition").

See Note 4, Acquisitions, to our Condensed Consolidated Financial Statements for more information about our acquisitions

Omni Logistics revenues and segment income from January 25, 2024 through March 31, 2024 are included in our condensed consolidated statements of comprehensive (loss) income for the three months ended March 31, 2024. The changes in our results of operations for the three months ended March 31, 2024 as compared to the three months ended March 31, 2023 are partially driven by the inclusion of the results of operations of Omni Logistics. The following table sets forth the financial data of our Omni Logistics segment for the three months ended March 31, 2024 (unaudited and in thousands):

	Three Months Ended	
	March 31, 2024	Percent of Revenue
Operating revenue	\$ 224,838	100.0 %
Operating expenses:		
Purchased transportation	144,424	64.2
Salaries, wages and employee benefits	48,775	21.7
Operating leases	19,127	8.5
Depreciation and amortization	16,869	7.5
Insurance and claims	2,053	0.9
Fuel expense	304	0.1
Other operating expenses	21,871	9.8
Total operating expenses	253,423	112.7
Loss from operations	\$ (28,585)	(12.7) %

Results from Operations

The following table sets forth our consolidated financial data for the three months ended March 31, 2024 and 2023 (unaudited and in thousands):

	Three Months Ended			
	March 31, 2024	March 31, 2023	Change	Percent Change
Operating revenues:				
Expedited Freight	\$ 273,295	\$ 269,577	\$ 3,718	1.4 %
Intermodal	56,292	88,169	(31,877)	(36.2)
Omni Logistics	224,838	—	224,838	—
Eliminations and other operations	(12,612)	(37)	(12,575)	33,986.5
Operating revenues	541,813	357,709	184,104	51.5
Operating expenses:				
Purchased transportation	277,015	145,171	131,844	90.8
Salaries, wages and employee benefits	128,867	66,647	62,220	93.4
Operating leases	38,803	24,073	14,730	61.2
Depreciation and amortization	31,786	12,372	19,414	156.9
Insurance and claims	12,881	13,258	(377)	(2.8)
Fuel expense	5,246	5,686	(440)	(7.7)
Other operating expenses	112,947	43,306	69,641	160.8
Total operating expenses	607,545	310,513	297,032	95.7
Income (loss) from continuing operations:				
Expedited Freight	19,498	29,685	(10,187)	(34.3)
Intermodal	3,586	11,203	(7,617)	(68.0)
Omni Logistics	(28,585)	—	(28,585)	—
Other Operations	(60,231)	6,308	(66,539)	(1,054.8)
(Loss) income from continuing operations	(65,732)	47,196	(112,928)	(239.3)
Other income and expenses:				
Interest expense, net	(40,753)	(2,355)	(38,398)	1,630.5
Foreign exchange loss	(668)	—	(668)	—
Other income, net	9	—	9	—
Total other expense	(41,412)	(2,355)	(39,057)	1,658.5
(Loss) income before income taxes	(107,144)	44,841	(151,985)	(338.9)
Income tax (benefit) expense	(18,350)	10,937	(29,287)	(267.8)
Net (loss) income from continuing operations	(88,794)	33,904	(122,698)	(361.9)
Income from discontinued operation, net of tax	—	2,464	(2,464)	(100.0)
Net (loss) income	(88,794)	36,368	(125,162)	(344.2)
Net loss attributable to noncontrolling interest	(27,082)	—	(27,082)	—
Net (loss) income attributable to Forward Air	\$ (61,712)	\$ 36,368	\$ (98,080)	(269.7)%

Operating Revenues

Operating revenues increased \$184,104, or 51.5%, to \$541,813 for the three months ended March 31, 2024 compared to \$357,709 for the three months ended March 31, 2023. The increase was primarily due to the inclusion of \$224,838 from the Omni Logistics segment and an increase in our Expedited Freight segment of \$3,718 due to increased Network revenue, offset by a decrease from our Intermodal segment of \$31,877. The results for our reportable segments are discussed in detail in the following sections.

Operating Expenses

Operating expenses increased \$297,032, or 95.7%, to \$607,545 for the three months ended March 31, 2024 compared to \$310,513 for the three months ended March 31, 2023. The increase was primarily due to the inclusion of the \$253,423 of operating expenses from the Omni Logistics segment and a \$13,905 increase in operating expenses from the Expedited Freight segment, partially offset by a \$24,260 decrease in operating expenses from the Intermodal segment. Purchased transportation expense is our largest expense which includes our independent contractor fleet owners and owner-operators, who lease their equipment to our motor carriers ("Leased Capacity Providers"), third-party motor carriers and capacity secured by transportation intermediaries, while Company-employed drivers are included in salaries, wages and employee benefits.

Income from Continuing Operations and Segment Operations

Income from operations decreased \$112,928, or 239.3%, to a \$65,732 loss for the three months ended March 31, 2024 compared to a \$47,196 of income for the three months ended March 31, 2023. The decrease was primarily due to a decrease in Other Operations of \$66,539, Omni Logistics segment of \$28,585, Expedited Freight segment of \$10,187, and Intermodal segment of \$7,617.

Interest Expense, net

Interest expense, net was \$40,753 for the three months ended March 31, 2024 compared to \$2,355 for the three months ended March 31, 2023. The increase in interest expense was primarily due to an increase in the average interest rate during the first quarter of 2024 on higher borrowings outstanding as compared to the same period in 2023. In connection with the acquisition of Omni Logistics, the outstanding borrowings increased in the first quarter of 2024. The weighted-average interest rate on the outstanding borrowings were 9.58% and 5.96% during the three months ended March 31, 2024 and 2023, respectively.

Income Taxes on a Continuing Basis

The effective tax rate for the three months ended March 31, 2024 was 17.1% compared to 24.3% for the three months ended March 31, 2023. The effective tax rate varied from the statutory United States federal rate of 21% in the first quarter of 2024 primarily due to the effect of the noncontrolling interest, non-deductible executive compensation, excess tax benefits realized on share-based awards, partially offset by state income taxes, net of the federal benefit, and foreign taxes. The effective tax rate varied from the statutory United States federal rate of 21% in the first quarter of 2023 primarily due to the effect of state income taxes, net of the federal benefit, and non-deductible executive compensation, partially offset by excess tax benefits realized on share-based awards.

Income from Discontinued Operations, net of Tax

Income from discontinued operations, net of tax decreased \$2,464 or 100% for the three months ended March 31, 2024. The decrease was due to the sale of our Final Mile business in December 2023.

Net (Loss) Income

As a result of the foregoing factors, net income decreased \$125,162, or 344.2%, to a \$88,794 loss for the three months ended March 31, 2024 compared to \$36,368 income for the three months ended March 31, 2023.

Expedited Freight - Three Months Ended March 31, 2024 compared to Three Months Ended March 31, 2023

The following table sets forth the financial data of our Expedited Freight segment for the three months ended March 31, 2024 and 2023 (unaudited and in thousands):

	Three Months Ended					
	March 31, 2024	Percent of Revenue	March 31, 2023	Percent of Revenue	Change	Percent Change
Operating revenues:						
Network ¹	\$ 214,493	78.5 %	\$ 205,931	76.4 %	\$ 8,562	4.2 %
Truckload	37,055	13.6	41,744	15.5	(4,689)	(11.2)
Other	21,747	7.9	21,902	8.1	(155)	(0.7)
Total operating revenues	273,295	100.0	269,577	100.0	3,718	1.4
Operating expenses:						
Purchased transportation	127,760	46.7	125,194	46.4	2,566	2.0
Salaries, wages and employee benefits	62,553	22.9	55,918	20.7	6,635	11.9
Operating leases	14,982	5.5	15,738	5.8	(756)	(4.8)
Depreciation and amortization	10,290	3.8	7,626	2.8	2,664	34.9
Insurance and claims	10,652	3.9	9,219	3.4	1,433	15.5
Fuel expense	2,581	0.9	2,513	0.9	68	2.7
Other operating expenses	24,979	9.2	23,684	9.0	1,295	5.5
Total operating expenses	253,797	92.9	239,892	89.0	13,905	5.8
Income from operations	\$ 19,498	7.1 %	\$ 29,685	11.0 %	\$ (10,187)	(34.3)%

¹ Network revenue is comprised of all revenue, including linehaul, pickup and/or delivery, and fuel surcharge revenue, excluding accessorial and Truckload revenue.

Expedited Freight Operating Statistics				
	Three Months Ended			
	March 31, 2024	March 31, 2023	Percent Change	
Business days	64	64	— %	
Tonnage ^{1,2}				
Total pounds	684,995	629,080	8.9	
Pounds per day	10,703	9,829	8.9	
Shipments ^{1,2}				
Total shipments	828	817	1.4	
Shipments per day	12.9	12.8	1.4	
Weight per shipment	827	770	7.4	
Revenue per hundredweight ³	\$ 31.32	\$ 33.36	(6.1)	
Revenue per hundredweight, ex fuel ³	\$ 24.15	\$ 25.75	(6.2)	
Revenue per shipment ³	\$ 259.14	\$ 256.89	0.9	
Revenue per shipment, ex fuel ³	\$ 199.78	\$ 198.30	0.7	

¹ In thousands

² Excludes accessorial and Truckload products

³ Includes intercompany revenue between the Network and Truckload revenue streams

Operating Revenues

Expedited Freight operating revenues increased \$3,718, or 1.4%, to \$273,295 for the three months ended March 31, 2024 from \$269,577 for the three months ended March 31, 2023. The increase was primarily due to increased Network revenue, partially offset by decreased Truckload revenue. Network revenue increased due to a 8.9% increase in pounds per day, offset by a 6.2% decrease in revenue per hundredweight excluding fuel as compared to the same period in 2023. The increase in tonnage reflects an increase in weight per shipment of 7.4% on 1.4% more shipments per day. The increase in shipments is due to higher demand for our services while the increase in weight per shipment was the result of more dense freight in our network driven by a change in the mix of services provided to customers. Fuel surcharge revenue increased \$1,286, or 2.7% as a result of the increased tonnage in our Network, partially offset by a decline in the average price of fuel as compared to the same period in 2023. Truckload revenue decreased \$4,689, primarily due to challenged market conditions that led to decreased customer demand for our services. Other revenue, which includes accessorial revenue, warehousing and terminal handling, decreased \$155.

Purchased Transportation

Expedited Freight purchased transportation increased \$2,566, or 2.0%, to \$127,760 for the three months ended March 31, 2024 from \$125,194 for the three months ended March 31, 2023. Purchased transportation was 46.7% of Expedited Freight operating revenues for the three months ended March 31, 2024 compared to 46.4% for the same period in 2023. Expedited Freight purchased transportation includes Leased Capacity Providers and third-party motor carriers and transportation intermediaries, while Company-employed drivers are included in salaries, wages and employee benefits. The increase in purchased transportation was primarily due to higher volumes in Network, and the change in the mix of freight capacity purchased from Leased Capacity Providers, third-party motor carriers and transportation intermediaries and Company-employed drivers for Network and Truckload services. For the three months ended March 31, 2024, 65.5%, 30.0% and 4.5% of our freight capacity was purchased from Leased Capacity Providers, third-party motor carriers and transportation intermediaries and Company-employed drivers, respectively, for Network and Truckload. This compares to 71.1%, 24.8% and 4.1%, respectively, in the same period in 2023.

Salaries, Wages and Employee Benefits

Expedited Freight salaries, wages and employee benefits increased \$6,635, or 11.9%, to \$62,553 for the three months ended March 31, 2024 from \$55,918 for the three months ended March 31, 2023. Salaries, wages and employee benefits were 22.9% of Expedited Freight operating revenues for the three months ended March 31, 2024 compared to 20.7% for the same period in 2023. The increase in salaries, wages and employee benefits expense was primarily due to an increase in Company-employed drivers in response to the higher volumes, an increase in the reserve for incentive compensation and an increase in salaries and wages as compared to the same period in 2023.

Operating Leases

Expedited Freight operating leases decreased \$756, or 4.8%, to \$14,982 for the three months ended March 31, 2024 from \$15,738 for the three months ended March 31, 2023. Operating leases were 5.5% of Expedited Freight operating revenues for the three months ended March 31, 2024 compared to 5.8% for the same period in 2023. The decrease in operating lease expense was primarily due to fewer equipment leases in the first quarter of 2024 as compared to the same period in 2023.

Depreciation and Amortization

Expedited Freight depreciation and amortization increased \$2,664, or 34.9%, to \$10,290 for the three months ended March 31, 2024 from \$7,626 for the three months ended March 31, 2023. Depreciation and amortization was 3.8% of Expedited Freight operating revenues for the three months ended March 31, 2024 compared to 2.8% for the same period in 2023. The increase in depreciation and amortization expense was primarily due to an increase in equipment depreciation in the first quarter of 2024 as compared to the same period in 2023 as the result of purchasing and placing in service new equipment in the second half of 2023 and 2024.

Insurance and Claims

Expedited Freight insurance and claims increased \$1,433, or 15.5%, to \$10,652 for the three months ended March 31, 2024 from \$9,219 for the three months ended March 31, 2023. Insurance and claims was 3.9% of Expedited Freight operating revenues for the three months ended March 31, 2024 compared to 3.4% for the same period in 2023. The increase in insurance and claims expense was primarily due to an increase in equipment repairs and vehicle liability claims in the first quarter of 2024 as compared to the same period in 2023. See additional discussion over the consolidated change in self-insurance reserves in the "Other Operations" section below.

Fuel Expense

Expedited Freight fuel expense increased \$68, or 2.7%, to \$2,581 for the three months ended March 31, 2024 from \$2,513 for the three months ended March 31, 2023. Fuel expense was 0.9% of Expedited Freight operating revenues for the three months ended March 31, 2024 compared to 0.9% and for the same period in 2023. Expedited Freight fuel expense increased primarily due to additional miles driven by Company-employed drivers, partially offset by a decrease in the average price of fuel in the first quarter of 2024 as compared to the same period in 2023.

Other Operating Expenses

Expedited Freight other operating expenses increased \$1,295, or 5.5%, to \$24,979 for the three months ended March 31, 2024 from \$23,684 for the three months ended March 31, 2023. Other operating expenses were 9.2% of Expedited Freight operating revenues for the three months ended March 31, 2024 compared to 9.0% for the same period in 2023. Other operating expenses include contract labor, equipment maintenance, facility expenses, legal and professional fees, and other over-the-road costs. The increase in other operating expenses was primarily due to an increase in software license and subscription fees, partially offset by a decrease in maintenance and repair expense, professional fees, and contract labor in the first quarter of 2024 as compared to the same period in 2023.

Income from Operations

Expedited Freight income from operations decreased \$10,187, or 34.3%, to \$19,498 for the three months ended March 31, 2024 compared to \$29,685 for the three months ended March 31, 2023. Income from operations was 7.1% of Expedited Freight operating revenues for the three months ended March 31, 2024 compared to 11.0% for the same period in 2023. The decrease in income from operations as a percentage of operating revenues was driven by decreased revenue per hundredweight excluding fuel on increased tonnage, the change in the mix of freight capacity purchased from Leased Capacity Providers, third-party motor carriers and transportation intermediaries and Company-employed drivers for Network and Truckload, and increased operating expenses for the three months ended March 31, 2024 compared to the same period in 2023.

Intermodal - Three Months Ended March 31, 2024 compared to Three Months Ended March 31, 2023

The following table sets forth the financial data of our Intermodal segment for the three months ended March 31, 2024 and 2023 (unaudited and in thousands):

	Three Months Ended					
	March 31, 2024	Percent of Revenue	March 31, 2023	Percent of Revenue	Change	Percent Change
Operating revenues	\$ 56,292	100.0 %	\$ 88,169	100.0 %	\$ (31,877)	(36.2)%
Operating expenses:						
Purchased transportation	17,443	31.0	20,014	22.7	(2,571)	(12.8)
Salaries, wages and employee benefits	15,082	26.8	18,914	21.5	(3,832)	(20.3)
Operating leases	4,692	8.3	8,335	9.5	(3,643)	(43.7)
Depreciation and amortization	4,627	8.2	4,746	5.4	(119)	(2.5)
Insurance and claims	2,606	4.6	2,349	2.7	257	10.9
Fuel expense	2,361	4.2	3,173	3.6	(812)	(25.6)
Other operating expenses	5,895	10.5	19,435	21.9	(13,540)	(69.7)
Total operating expenses	52,706	93.6	76,966	87.3	(24,260)	(31.5)
Income from operations	\$ 3,586	6.4 %	\$ 11,203	12.7 %	\$ (7,617)	(68.0)%

Intermodal Operating Statistics

	Three Months Ended		
	March 31, 2024	March 31, 2023	Percent Change
Drayage shipments	62,659	72,465	(13.5)%
Drayage revenue per shipment	\$ 822	\$ 1,136	(27.6)%

Operating Revenues

Intermodal operating revenues decreased \$31,877, or 36.2%, to \$56,292 for the three months ended March 31, 2024 from \$88,169 for the three months ended March 31, 2023. The decrease in operating revenues was primarily due to a 13.5% decrease in drayage shipments and a decrease in drayage revenue per shipment of 27.6% as compared to the same period in 2023. The decrease in drayage shipments and lower accessorial revenues to support customers was primarily due to the challenged market conditions that led to decreased customer demand for our services in the first quarter of 2024 as compared to the same period in 2023. In addition, fuel surcharge revenue decreased \$2,135, or 21.4%, as a result of the decline in the average price of fuel and fewer drayage shipments.

Purchased Transportation

Intermodal purchased transportation decreased \$2,571, or 12.8%, to \$17,443 for the three months ended March 31, 2024 from \$20,014 for the three months ended March 31, 2023. Purchased transportation was 31.0% of Intermodal operating revenues for the three months ended March 31, 2024 compared to 22.7% for the same period in 2023. Intermodal purchased transportation includes Leased Capacity Providers and third-party motor carriers, while Company-employed drivers are included in salaries, wages and employee benefits. The decrease in purchased transportation was primarily due to fewer drayage shipments and the change in the mix of freight capacity purchased from Leased Capacity Providers, third-party motor carriers and Company-employed drivers compared to the same period in 2023.

Salaries, Wages and Employee Benefits

Intermodal salaries, wages and employee benefits decreased \$3,832, or 20.3%, to \$15,082 for the three months ended March 31, 2024 compared to \$18,914 for the three months ended March 31, 2023. Salaries, wages and employee benefits were 26.8% of Intermodal operating revenues for the three months ended March 31, 2024 compared to 21.5% for the same period in 2023. The decrease in salaries, wages and employee benefits expense was primarily due to a decrease in the reserve for incentive compensation and fewer Company-employed drivers and office employees in response to the lower volumes, as compared to the same period in 2023.

Operating Leases

Intermodal operating leases decreased \$3,643, or 43.7%, to \$4,692 for the three months ended March 31, 2024 compared to \$8,335 for the three months ended March 31, 2023. Operating leases were 8.3% of Intermodal operating revenues for the three months ended March 31, 2024 compared to 9.5% for the same period in 2023. The decrease in operating leases expense was primarily due to lower equipment expense incurred to support decreased accessorial revenues in the first quarter of 2024 as compared to the same period in 2023.

Depreciation and Amortization

Intermodal depreciation and amortization decreased \$119, or 2.5%, to \$4,627 for the three months ended March 31, 2024 from \$4,746 for the three months ended March 31, 2023. Depreciation and amortization was 8.2% of Intermodal operating revenues for the three months ended March 31, 2024 compared to 5.4% for the same period in 2023. The decrease in depreciation and amortization expense was primarily due to the lower amount of depreciable equipment in the first quarter of 2024 as compared to the same period in 2023.

Insurance and Claims

Intermodal insurance and claims increased \$257, or 10.9%, to \$2,606 for the three months ended March 31, 2024 from \$2,349 for the three months ended March 31, 2023. Insurance and claims were 4.6% of Intermodal operating revenues for the three months ended March 31, 2024 compared to 2.7% for the same period in 2023. The increase in insurance and claims expense was primarily due to an increase in vehicle liability claims, partially offset by decreased equipment repairs in the first quarter of 2024 as compared to the same period in 2023. See additional discussion over the consolidated change in self-insurance reserves in the "Other Operations" section below.

Fuel Expense

Intermodal fuel expense decreased \$812, or 25.6%, to \$2,361 for the three months ended March 31, 2024 from \$3,173 for the three months ended March 31, 2023. Fuel expense was 4.2% of Intermodal operating revenues for the three months ended March 31, 2024 compared to 3.6% for the same period in 2023. Intermodal fuel expense decreased due to fewer miles driven by Company-employed drivers and a decrease in the average price of fuel in the first quarter of 2024 as compared to the same period in 2023.

Other Operating Expenses

Intermodal other operating expenses decreased \$13,540, or 69.7%, to \$5,895 for the three months ended March 31, 2024 from \$19,435 for the three months ended March 31, 2023. Other operating expenses were 10.5% of Intermodal operating revenues for the three months ended March 31, 2024 compared to 21.9% for the same period in 2023. Other operating expenses include contract labor, equipment maintenance, facility expenses, legal and professional fees, and accessorial storage costs. The decrease in other operating expenses was partially due to lower accessorial storage costs incurred as a result of decreased accessorial revenues, contract labor, maintenance and repairs expense and warehouse supplies in the first quarter of 2024 as compared to the same period in 2023.

Income from Operations

Intermodal income from operations decreased \$7,617, or 68.0%, to \$3,586 for the three months ended March 31, 2024 compared to \$11,203 for the three months ended March 31, 2023. Income from operations was 6.4% of Intermodal operating revenues for the three months ended March 31, 2024 compared to 12.7% for the same period in 2023. The decrease in income from operations as a percentage of operating revenues was primarily due to lower drayage revenue per shipment on fewer drayage shipments, partially offset by the a change in mix of freight capacity purchased from Leased Capacity Providers, third-party motor carriers, and Company-employed drivers.

Other Operations - Three Months Ended March 31, 2024 compared to Three Months Ended March 31, 2023

Other operations included a \$60,231 operating loss during the three months ended March 31, 2024 compared to \$6,308 of operating income during the three months ended March 31, 2023. The change in the operating loss was primarily due to \$58,226 of professional fees incurred for transaction and integration costs in connection with the acquisition of Omni, partially offset by a decrease in the reserves for vehicle liability claims. The decrease in the self-insurance reserves for vehicle liability claims was due to the favorable loss development factor of historical claims.

Critical Accounting Policies

The discussion and analysis of our financial condition and results of operations are based on our Condensed Consolidated Financial Statements, which have been prepared in conformity with United States generally accepted accounting principles ("GAAP"). The preparation of these financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosures of contingent assets and liabilities at the date of the financial statements and expenses during the reporting period. On an ongoing basis, management evaluates estimates, including those related to allowance for doubtful accounts and revenue adjustments, deferred income taxes and uncertain tax positions, goodwill, other intangible and long-lived assets, and self-insurance loss reserves. Management bases these estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances. Actual results may differ from those estimates under different assumptions or conditions. A description of critical accounting policies and related judgments and estimates that affect the preparation of the Condensed Consolidated Financial Statements is set forth in the Annual Report on Form 10-K for the year-ended December 31, 2023.

Liquidity and Capital Resources

We have historically financed our working capital needs, including capital expenditures, with available cash, cash flows from operations and borrowings under our credit facility. In the first quarter of 2024, our credit facility was repaid and extinguished in tandem with the acquisition of Omni. We believe that borrowings under our Revolving Credit Facility (defined below) and our New Term Loans (defined below), together with available cash and internally generated funds, will be sufficient to support our working capital, capital expenditures and debt service requirements over the next twelve months. In addition, we frequently utilize operating leases to acquire revenue equipment.

Senior Secured Notes

In order to finance a portion of the cash consideration payable for the Omni Acquisition and the costs and expenses incurred in connection therewith, GN Bondco, LLC, a Delaware limited liability company and wholly owned subsidiary of Omni Newco, LLC (the "Escrow Issuer" and consolidated VIE at December 31, 2023) launched a private offering of \$725,000 aggregate principal amount of its 9.5% senior secured notes due 2031 (the "Notes"), in a transaction exempt from registration under the Securities Act. Upon the closing of the Omni Acquisition, Clue Opco, LLC, a newly formed subsidiary, ("Opco") assumed the Escrow Issuer's obligations under the Notes. The Notes bear interest at a rate of 9.5% per annum, payable semiannually in cash in arrears on April 15 and October 15 of each year, commencing April 15, 2024. The Notes were issued at 98.0% of the face amount and will mature on October 15, 2031. The Notes were issued pursuant to an indenture, dated as of October 2, 2023, between the Escrow Issuer and U.S. Bank Trust Company, National Association, as trustee and notes collateral agent.

The Notes are guaranteed on a senior secured basis in an aggregate principal amount in excess of \$100,000. Prior to October 15, 2026, Opco may redeem some or all of the Notes at any time and from time to time at a redemption price equal to 100.000% of the principal amount thereof plus the applicable "make-whole" premium, plus accrued and unpaid interest, if any, to, but excluding, the redemption date. On or after October 15, 2026, Opco may redeem some or all of the Notes at the following prices (expressed as a percentage of principal), plus in each case accrued and unpaid interest, if any, to, but excluding, the redemption date: (a) in the case of a redemption occurring during the 12-month period commencing October 15, 2026, at a redemption price of 104.750%; (b) in the case of a redemption occurring during the 12-month period commencing on October 15, 2027, at a redemption price of 102.375%; and (c) in the case of a redemption occurring on or after October 15, 2028, at a redemption price of 100.000%. In addition, at any time prior to October 15, 2026, Opco may redeem up to 40.000% of the original aggregate principal amount of the Notes in an amount not to exceed the amount of net cash proceeds from one or more equity offerings at a redemption price equal to 109.5 % of the principal amount thereof, plus accrued and unpaid interest, if any, to, but excluding, the redemption date. Upon the occurrence of a "change of control", Opco will be required to offer to repurchase all of the outstanding principal amount of the Notes at a purchase price of 101.000% of the principal amount thereof, plus accrued and unpaid interest, if any, to, but excluding, the date of repurchase.

Senior Secured Term Loan Facility

In order to finance a portion of the cash consideration payable for the Omni Acquisition and the costs and expenses incurred in connection therewith, GN Loanco, LLC, a Delaware limited liability company and wholly owned subsidiary of Omni Newco, LLC (the "Escrow Loan Borrower" and consolidated VIE at December 31, 2023), entered into a credit agreement (the "Credit Agreement") with Citibank, N.A., as administrative agent and collateral agent and as initial term loan lender. Pursuant to the Credit Agreement, the Escrow Loan Borrower obtained senior secured term B loans in an aggregate principal amount of \$1,125,000 (the "New Term Loans") and the ability to draw down up to \$400,000 under a line of credit (the "Revolving Credit Facility"). The New Term Loans bear interest based, at Opco's election, on (a) SOFR plus an applicable margin or (b) the base rate plus an applicable margin. The base rate is equal the highest of the following: (i) the prime rate; (ii) 0.50% above the overnight federal funds rate; and (iii) the one-month SOFR plus 1.00%. The applicable margin for SOFR loans is 4.50% and the applicable margin for base rate loans is 3.50%. The New Term Loans are subject to customary amortization of 1.00% per year. The New Term Loans were issued at 96.0% of the face amount and will mature on December 19, 2030.

No borrowings under the Revolving Credit Facility were made in connection with the Omni Acquisition. The Revolving Credit Facility will mature on January 25, 2029. Loans made under the Revolving Credit Facility bear interest based, at Opco's election, on (a) SOFR plus an applicable margin or (b) the base rate plus an applicable margin. Until delivery of a compliance certificate in respect of the fiscal quarter ending June 30, 2024, the applicable margin for SOFR loans is 4.25% and the applicable margin for base rate loans is 3.25%. Thereafter, the applicable margin can range from 3.75% to 4.25% for SOFR loans and from 2.75% to 3.25% for base rate loans, in each case depending on Opco's first lien net leverage ratio, as set forth in the Credit Agreement. Upon the closing of the Omni Acquisition, Opco assumed the Escrow Loan Borrower's obligations under the Credit Agreement, which were further secured by certain guarantors. Opco's obligations under the Credit Agreement are guaranteed on a senior secured basis by us and each of Opco's existing and future domestic subsidiaries (subject to customary exceptions).

On January 25, 2024, the date of the Omni Acquisition, both GN Bondco, LLC and GN Loanco, LLC ceased operations and their debt and related funds were transferred to Opco, a consolidated subsidiary of us.

On February 12, 2024, Opco and the parties to the Credit Agreement entered into Amendment No. 2 ("Amendment No. 2") to the Credit Agreement, which (a) modifies the financial performance covenant in the Credit Agreement by temporarily increasing the 4.50:1.00 maximum consolidated first lien net leverage ratio permitted by the covenant to (i) 6.00:1.00 (for the second and third quarters of 2024), (ii) 5.50:1.00 (for the fourth quarter of 2024), (iii) 5.25:1.00 (for the first quarter of 2025), (iv) 5.00:1.00 (for the second quarter of 2025) and (v) 4.75:1.00 (for the third quarter of 2025) and (b) reduces the revolving credit commitments available under the Credit Agreement from an aggregate principal amount of \$400,000 to an aggregate principal amount of \$340,000. Amendment No. 2 also amends certain other terms of the Credit Agreement in connection with the foregoing. Prior to the effectiveness of Amendment No. 2 on February 12, 2024, Opco repaid \$80,000 aggregate principal amount of the New Term Loans outstanding under the Credit Agreement, together with all accrued and unpaid interest thereon.

Both the Notes and Revolving Credit Facility contain covenants that, among other things, restrict the ability of us, without the approval of the required lenders, to engage in certain mergers, consolidations, asset sales, dividends and stock repurchases, investments, and other transactions or to incur liens or indebtedness in excess of agreed thresholds, as set forth in the credit agreement. The Revolving Credit Facility's terms also include a financial covenant which requires us to maintain a specific leverage ratio. As of the date of this report, we were in compliance with all aforementioned covenants.

Tax Receivable Agreement

In connection with the Omni Acquisition, we, Opco, Omni Holders and certain other parties entered into a tax receivable agreement (the "Tax Receivable Agreement"), which sets forth the agreement among the parties regarding the sharing of certain tax benefits realized by us as a result of the Omni Acquisition. Pursuant to the Tax Receivable Agreement, we are generally obligated to pay certain Omni Holders 83.5% of (a) the total tax benefit that we realize as a result of increases in tax basis in Opco's assets resulting from certain actual or deemed distributions and the future exchange of units of Opco for shares of securities of us (or cash) pursuant to Opco's operating agreement that became effective as of the Closing, (b) certain pre-existing tax attributes of certain Omni Holders that are corporate entities for tax purposes, (c) the tax benefits that we realize from certain tax allocations that correspond to items of income or gain required to be recognized by certain Omni Holders, and (d) other tax benefits attributable to payments under the Tax Receivable Agreement. Payment obligations under the Tax Receivable Agreement rank pari passu with all unsecured obligations but senior to any future tax receivable or similar agreement entered into by us.

The term of the Tax Receivable Agreement will continue until all such tax benefits have been utilized or expired unless we elect to terminate the Tax Receivable Agreement early (or it is terminated early due to a change of control or insolvency event with respect to us or a material breach by us of a material obligation under the Tax Receivable Agreement).

Upon such an early termination, we will be required to make a payment equal to the present value of the anticipated future payments to be made by it under the Tax Receivable Agreement (based upon certain assumptions and deemed events set forth in the Tax Receivable Agreement). In the event of a change of control, under certain circumstances, we may elect to pay the early termination payment over a period of 15 years, with the payments increased to reflect the time value of money.

Cash Flows

Continuing Operations

Net cash used in operating activities of continuing operations was \$51,719 for the three months ended March 31, 2024 compared to net cash provided by operating activities of \$60,839 for the three months ended March 31, 2023. The increase in net cash used in operating activities was primarily due to the change in net income from operations after consideration of non-cash items and the increase in accounts receivable and other current and noncurrent assets, partially offset by the change in accounts payable and accrued expenses.

Net cash used in investing activities was \$1,569,452 for the three months ended March 31, 2024 compared to \$61,271 for the three months ended March 31, 2023. Capital expenditures for the first three months of 2024 were \$4,970, which primarily related to the purchase of technology and operating equipment. Capital expenditures for the first three months of 2023 were \$6,519, which primarily related to the purchase of technology and operating equipment. Investing activities of continuing operations for the first three months of 2024 included the Omni Acquisition for a preliminary purchase price of \$2,313,653, while investing activities for the first three months of 2023 included the acquisition of Land Air Express, Inc for a preliminary purchase price of \$56,567.

Net cash used in financing activities of continuing operations was \$158,726 for the three months ended March 31, 2024 compared to \$13,362 for the three months ended March 31, 2023. The change in the net cash used in financing activities of continuing operations was primarily due to the payment of debt issuance costs, payments on the New Term Loans, and payment of an earn-out liability.

Discontinued Operation

Net cash provided by operating activities of discontinued operation was \$— for the three months ended March 31, 2024 compared to \$5,154 for the three months ended March 31, 2023. The change in net cash provided by operating activities of discontinued operation was primarily related to a decrease in net income of discontinued operation after consideration of non-cash items. The sale of Final Mile was completed on December 20, 2023.

Net cash used in investing activities of discontinued operation was \$— for the three months ended March 31, 2024 compared to \$270 for the three months ended March 31, 2023. The change in the net cash used in investing activities of discontinued operation was due to the sale of Final Mile on December 20, 2023.

Net cash used in financing activities of discontinued operation was \$— for the three months ended March 31, 2024 compared to \$4,884 for the three months ended March 31, 2023. The change in the net cash used in financing activities of discontinued operation was due to decreased contributions to the parent. The sale of Final Mile was completed on December 20, 2023.

Stock Repurchase Program

During the three months ended March 31, 2024, we did not repurchase any shares of our common stock. During the three months ended March 31, 2023, we repurchased 474 shares of our common stock for approximately \$50,491 through open market transactions. All shares received were retired upon receipt, and the excess of the purchase price over the par value per share was recorded to "Retained Earnings" in our Condensed Consolidated Balance Sheets.

Forward-Looking Statements

This report contains “forward-looking statements,” as defined in Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). Forward-looking statements are statements other than historical information or statements of current condition and relate to future events or our future financial performance. Some forward-looking statements may be identified by use of such terms as “believes,” “anticipates,” “intends,” “plans,” “estimates,” “projects” or “expects.” In this Form 10-Q, forward-looking statements include, but are not limited to, any statements regarding In this Form 10-Q, forward-looking statements include, but are not limited to, any statements regarding: (i) any projections of earnings, revenues, other financial items or related accounting treatment, or cost reduction measures, including any impact of the Omni Acquisition on our financial statements; (ii) future performance, including any expectations about our ability to increase shipments; (iii) our ability to maintain compliance with the covenants of our indebtedness instruments; (iv) our expectations regarding our ability to recognize synergies as a result of the Omni Acquisition; (v) our yield management process, any improvements in operating efficiencies and our ability to create synergies across our services; (vi) fuel shortages, changes in fuel prices and volatility in fuel surcharge revenue, and the impact on our business; (vii) consumer demand and inventory levels, and the impact on freight volumes; (viii) future insurance, claims and litigation and any associated estimates or projections; (ix) our ability to accelerate the expansion of the Company’s terminal footprint; (x) certain tax and accounting matters, including the impact on our financial statements and our ability realize remaining net deferred tax assets; (xi) intended expansion through acquisitions or greenfield startups, and the impact of any such acquisition on our business; (xii) our ability to use key performance metrics to gauge growth strategies; (xiii) future business, economic conditions or performance, as well as industry projections; (xiv) competition, including our specific advantages, the capabilities of our segments, including the integration of services and our geographic location; (xv) expectations regarding new vessel deliveries; (xvi) expectations regarding plans, strategies, and objectives of management for future operations, including the Grow Forward strategy; (xvii) the Company’s ability to finalize the valuation in connection with assets acquired and liabilities assumed in connection with the Omni Acquisition; and (xviii) any belief and any statements of assumptions underlying any of the foregoing.

Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. The following is a list of factors, among others, that could cause actual results to differ materially from those contemplated by the forward-looking statements: economic factors such as recessions, inflation, higher interest rates and downturns in customer business cycles, the outcome and related impact of the Omni Acquisition, continued weakening of the freight environment, future debt and financing levels, the outcome of any legal proceedings related to the Omni Acquisition, our substantial indebtedness, our ability to manage our growth and ability to grow, in part, through acquisitions while being able to successfully integrate such acquisitions, our ability to secure terminal facilities in desirable locations at reasonable rates, more limited liquidity than expected which limits our ability to make key investments, the creditworthiness of our customers and their ability to pay for services rendered, our inability to maintain our historical growth rate because of a decreased volume of freight or decreased average revenue per pound of freight moving through our network, the availability and compensation of qualified Leased Capacity Providers and freight handlers as well as contracted, third-party motor carriers needed to serve our customers’ transportation needs, our inability to manage our information systems and inability of our information systems to handle an increased volume of freight moving through our network, the occurrence of cybersecurity risks and events, market acceptance of our service offerings, claims for property damage, personal injuries or workers’ compensation, enforcement of and changes in governmental regulations, environmental, tax, insurance and accounting matters, the handling of hazardous materials, changes in fuel prices, loss of a major customer, increasing competition and pricing pressure, our dependence on our senior management team and the potential effects of changes in employee status, seasonal trends, the occurrence of certain weather events, restrictions in our charter and bylaws, the cost of new equipment, the impact and efficacy of our disclosure controls and procedures, and the risks described in our Annual Report on Form 10-K for the year ended December 31, 2023. As a result of the foregoing, no assurance can be given as to future financial condition, cash flows or results of operations. We undertake no obligation to update or revise any forward looking statements, whether as a result of new information, future events or otherwise.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

Interest Rate Risk

During the quarter, we engaged in strategic refinancing activities which involved the issuance of new debt instruments and the extinguishment of existing obligations. Both the New Term Loans and Revolving Credit Facility are exposed to variable interest rates. Borrowings outstanding under our New Term Loans was approximately \$1,045,000 as of March 31, 2024 and bears interest at variable rates. No borrowings were outstanding under our Revolving Credit Facility as of March 31, 2024. A hypothetical increase in our New Term Loans borrowing rates of 150 basis points would have increased our quarterly interest expense by approximately \$4,003 and would have decreased our quarterly cash flow from operations by approximately \$4,003.

Foreign Currency Risk

Omni Logistics conducts business in many different countries and currencies. Our business often results in billings issued in a country and currency that differs from that where the expenses related to the service are incurred. In the ordinary course of business, we create numerous intercompany transactions and may have receivables, payables and currencies that are not denominated in the local functional currency. This brings foreign exchange risk to our earnings. The principal foreign exchange risks to which we are exposed include Chinese Yuan, Euro, Mexican Peso, Singapore Dollar and Taiwan Dollar. Most of our transactions are denominated in the U.S. dollar, our functional currency, and the U.S. Dollar fluctuations relative to the other currencies in which we transact business does not have a significant effect on our operating income. We currently do not use derivative financial instruments to manage foreign currency risk.

For other quantitative and qualitative disclosures about market risks, see "Quantitative and Qualitative Disclosures about Market Risk" in Item 7A of Part II of our Annual Report on Form 10-K for the year ended December 31, 2023.

Item 4. Controls and Procedures.

Disclosure Controls and Procedures

We maintain controls and procedures designed to ensure that we are able to collect the information required to be disclosed in the reports we file with the Securities and Exchange Commission ("SEC"), and to process, summarize and disclose this information within the time periods specified in the rules of the SEC. Based on an evaluation of our disclosure controls and procedures as of the end of the period covered by this report conducted by management, with the participation of the Chief Executive Officer and Chief Financial Officer, the Chief Executive Officer and Chief Financial Officer believe that these controls and procedures are effective to ensure that we are able to collect, process and disclose the information we are required to disclose in the reports we file with the SEC within the required time periods.

Changes in Internal Control

There has been no change in our internal control over financial reporting identified in connection with the evaluation required by paragraph (d) of Exchange Act Rules 13a-15 or 15d-15 that occurred during our last fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting, except for the Omni Acquisition. During the quarter ended March 31, 2024, we completed the Omni Acquisition resulting in Omni's controls included within our internal control over financial reporting. Subsequent to the Omni Acquisition, we have begun integration and controls assessment activities. In accordance with the SEC's published guidance, because we acquired these operations during the fiscal year, we plan to exclude these operations from our efforts to comply with Section 404 Rules for fiscal 2024.

Part II. Other Information

Item 1. Legal Proceedings.

On September 26, 2023, Rodney Bell, Michael A. Roberts and Theresa Woods, three of our shareholders, filed a complaint (the "Shareholder Complaint") against us and certain of its directors and officers in the Third District Chancery Court sitting in Greeneville, Tennessee. The Shareholder Complaint alleges, among other things, that our shareholders have the right to vote on certain transactions contemplated by the Merger Agreement and sought an injunction against the consummation of the transaction until a shareholder vote was held. The court initially granted a temporary restraining order enjoining the transactions contemplated by the Merger Agreement but later dissolved it on October 25, 2023. Thereafter and as described below, on January 25, 2024, the parties to the Amended Merger Agreement completed the Omni Acquisition. On May 2, 2024, Plaintiff Michael Roberts, together with the Cambria County Employees Retirement System filed a stipulation and proposed order seeking leave of court to file an amended class action complaint seeking damages, among other forms of relief. The proposed amended complaint, like the earlier complaints, challenges our determination not to subject the Omni Acquisition to a stockholder vote. The Defendants disagree with the allegations of the proposed amended complaint and will defend the matter if and when an amended complaint is filed.

From time to time, we are also a party to other litigation incidental to and arising in the normal course of our business, most of which involves claims for personal injury and property damage related to the transportation and handling of freight, or workers' compensation. We accrue for the uninsured portion of contingent losses from these and other pending claims when it is both probable that a liability has been incurred and the amount of loss can be reasonably estimated. Based on the knowledge of the facts, we believe the resolution of such incidental claims and pending litigation, taking into account existing reserves, will not have a material adverse effect on our business, financial condition or results of operations. However, the results of complex legal proceedings are difficult to predict, and our view of these matters may change in the future as the litigation and related events unfold. For information regarding our insurance program and legal proceedings, see Note 12, Commitments and Contingencies in the Notes to our Condensed Consolidated Financial Statements (unaudited) set forth in Part 1 of this report.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

Issuer Purchases of Equity Securities

The Company did not repurchase any of its equity securities during the three months ended March 31, 2024.

Item 3. Defaults Upon Senior Securities.

Not applicable.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

Rule 10b5-1 Trading Plans

During the three months ended March 31, 2024, no director or officer of the Company adopted or terminated a "Rule 10b5-1 trading arrangement" or "non Rule 10b5-1 trading arrangement" as each term is defined in Item 408(a) of Regulation S-K.

Item 6. Exhibits.

No.	Exhibit
3.1	Restated Charter of the registrant (incorporated herein by reference to Exhibit 3 to the registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on May 28, 1999 (File No. 0-22490))
3.2	Amended and Restated Bylaws of the registrant (incorporated herein by reference to Exhibit 3.2 to the registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2022 filed with the Securities and Exchange Commission on March 1, 2023)
3.3	Articles of Amendment to the Restated Charter of the registrant (incorporated herein by reference to Exhibit 3.1 to the registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on January 31, 2024)
10.1	Release and Separation Agreement, by and between the registrant and Thomas Schmitt, dated March 19, 2024
10.2	Shawn Stewart Employment Agreement dated as of April 28, 2024
10.3	Participation and Restrictive Covenants Agreement, by and between the registrant and Shawn Stewart, dated April 22, 2024
10.4	Term Sheet for Opco LLC Agreement
31.1	Certification of Principal Executive Officer Pursuant to Exchange Act Rule 13a-14(a) (17 CFR 240.13a-14(a))
31.2	Certification of Principal Financial Officer Pursuant to Exchange Act Rule 13a-14(a) (17 CFR 240.13a-14(a))
32.1	Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2	Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS	The instance document does not appear in the interactive data file because its XBRL tags are embedded within the inline XBRL document.
101.SCH	XBRL Taxonomy Extension Schema
101.CAL	XBRL Taxonomy Extension Calculation Linkbase
101.DEF	XBRL Taxonomy Extension Definition Linkbase
101.LAB	XBRL Taxonomy Extension Label Linkbase
101.PRE	XBRL Taxonomy Extension Presentation Linkbase
104	Cover Page Interactive File (formatted in Inline XBRL and contained in Exhibit 101).

Signatures

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 thereunto duly authorized.

May 15, 2024

Forward Air Corporation
By: /s/ Shawn Stewart
Shawn Stewart
Chief Executive Officer
(Principal Executive Officer and Duly Authorized Officer)

May 15, 2024

Forward Air Corporation
By: /s/ Rebecca J. Garbrick
Rebecca J. Garbrick
Chief Financial Officer and Treasurer
(Principal Financial Officer, Principal Accounting Officer, and Duly Authorized Officer)

RELEASE AND SEPARATION AGREEMENT

This Release and Separation Agreement ("Agreement" or "Release") is entered into between Thomas Schmitt ("Employee"), and **FORWARD AIR CORPORATION** ("Forward") on behalf of itself, its parent, affiliates, subsidiaries, (current and former), successors, predecessors, assigns, and any and all other related persons, firms, corporations and other legal entities and any and all of their respective officers, agents, employees, shareholders, directors and managers (current and former) (herein singularly and collectively called the "Company").

WHEREAS, Employee and the Company are party to the Employment Agreement and Participation and Restrictive Covenants Agreement, entered into as of June 6, 2018 and May 27, 2022, respectively (the "Employment Agreement" and the "Restrictive Covenants Agreement", respectively);

WHEREAS, Employee participates in the Company's Executive Severance and Change in Control Plan (the "Severance Plan");

WHEREAS, Employee and the Company agree that Employee has undergone a Company-initiated Involuntary Termination (as defined in the Severance Plan); and

WHEREAS, Employee and the Company have agreed that Employee would and did remain an employee without a formal title through February 9, 2024 to ensure a smooth transition period.

NOW THEREFORE, in consideration of the promises made herein, the Company and Employee hereby agree as follows:

1. Transition Work, Payment of Accrued Wages, Vested Benefits, COBRA, and Amounts Otherwise Required by Law. Beginning on February 6, 2024, Employee will be removed from the position of President and Chief Executive Officer and will no longer be a member of the Board. The last day of Employee's employment with the Company (the "Termination Date") was on February 9, 2024, and that, regardless of whether Employee signs this Agreement:

(a) The Company shall pay Employee's regular wages, earned and certified 2023 annual bonus in the amount of \$123,080, and other compensation due, less all applicable withholding and payroll taxes, through the Termination Date, and these amounts shall be paid no later than the first scheduled pay day following the Termination Date.

(b) Employee shall be eligible for all fringe benefits in which Employee participated through the Termination Date, and as otherwise provided pursuant to the terms of any applicable benefit plans.

(c) Employee shall receive notice of Employee's right to elect continued coverage under the Company's group health care plan in accordance with the provisions of the Consolidated Omnibus Budget and Reconciliation Act ("COBRA"), provided that Employee has coverage under such group health plan.

(d) The Company shall pay Employee any amounts otherwise required by law, less any applicable withholding and payroll taxes, no later than the first scheduled pay day following the Termination Date.

2. Severance and Consideration.

(a) In addition to the amounts the Company shall pay Employee under Paragraph 1 of this Agreement, the Company, as consideration for this Agreement, agrees to pay Employee, and subject to the Release becoming effective and irrevocable pursuant to Paragraph 8 (such date, the “Release Effective Date”) (i) \$1,810,000, less required deductions, which represents 104 weeks of pay at Employee’s current salary, which shall be paid in equal installments for a period of twenty-four (24) months in accordance with Section 2 of the Restrictive Covenants Agreement, plus (ii) subject to Employee’s eligibility for and timely election of COBRA coverage under the applicable Company plans, the amount of COBRA premium assistance for a period of twenty four (24) months (as contemplated by the Severance Plan), to be paid in a lump sum on the Company’s first normal payroll date following the Release Effective Date, plus (iii) an annual incentive amount based on actual performance in respect of the 2024 fiscal year, subject to certification by the Board in February 2025, equal to the product of (I) the actual annual incentive amount that would have been payable to Employee had Employee remained employed by the Company through the payment date applicable to then-current employees, and (II) a fraction, the numerator of which equals forty (40) days and the denominator of which is three hundred and sixty-six (366) days, which resulting amount shall be paid in a lump-sum payment at the same time as other amounts under such annual incentive are paid to participating executive officers of the Company (but not later than March 15, 2025), plus (iv) \$20,000 in respect of the required outplacement service amount under the Severance Plan, to be paid in a lump sum on the Company’s first normal payroll date following the Release Effective Date.

(b) Additionally, subject to the Release becoming effective and irrevocable pursuant to Paragraph 8, (i) Employee’s EBITDA and TSR performance share awards granted in 2021, which are otherwise scheduled to vest on or around March 14, 2024 and for which the Compensation Committee of the Board certified performance in February of 2024, shall accelerate and vest on the Termination Date at the actual level of performance as certified by the Compensation Committee of the Board and shall otherwise remain subject to their original terms and conditions and (ii) any of Employee’s stock options that, as of the Termination Date, have vested pursuant to their terms shall remain exercisable until the earlier of (x) their original Expiration Date, as set forth in such award agreements, and (y) five (5) years from the Termination Date. At Employee’s request, an illustrative estimate of the general treatment of Employee’s vested equity-based awards is attached hereto as Annex A, which has been modeled based on information available to the Company (including the assumption of Employee’s compliance with this Agreement and the Release becoming effective and irrevocable pursuant to Paragraph 8) and which shall not constitute a guarantee by the Company of any specific number of awards set forth therein.

(c) In no event shall Employee be obligated to seek or obtain other employment after the date of termination, or take any other action by way of mitigation of the amounts payable to Employee under any of the provisions of this Agreement, and such amounts shall not be reduced, whether or not Employee obtains other employment.

(d) The payments set forth in this Paragraph 2 are subject to applicable withholding and payroll taxes. Employee acknowledges that but for Employee’s execution of this Agreement, Employee would not be entitled to the amounts being paid to Employee under this Paragraph 2.

3. Termination of Benefits. As of the Termination Date and except to the extent Employee is otherwise eligible or qualified to participate, Employee shall cease to be an active participant under the Company’s medical, retirement, or other benefit plans, pursuant to the terms of those plans, subject to any

rights to elect continued coverage under COBRA or applicable state or local law. No additional benefits shall accrue to Employee and Employee waives any claim to such benefits beyond the Termination Date, with the exception of any participation rights the law precludes Employee from waiving by agreement.

4. **Return of Property.** Employee and Forward will comply with Section 4 of the Restrictive Covenants Agreement regarding the return of property and materials; provided that Employee may retain his Company-provided iPhone, iPad and two BlackBerry devices (the “retained devices”); provided further that all Company-owned information has been removed from each retained device and any and all related backups and external storage (whether cloud-based or physical media).

5. **Neutral Reference.** If contacted by a bona fide potential subsequent employer, Company’s Human Resources Department shall provide a neutral reference only for Employee, stating dates of employment and position held.

6. **Release.**

(a) Employee, individually, and on behalf of Employee’s heirs, executors, administrators, and assigns, agrees not to sue, acquits, releases, and forever discharges the Company, as collectively defined above, of and from all actions and causes of action, suits, debts, claims, and demands which may legally be waived by private agreement, in law or in equity, which Employee ever had, or may now have, with respect to any aspect of Employee’s employment by, and/or separation of employment from, the Company, whether known or unknown to Employee at the time of execution of this Agreement, including, but not limited to, claims for breach of contract (express or implied), personal injury, defamation and wrongful discharge; claims based on any oral or written agreements or promises, contract, constitutional provision, common law, public policy, and tort; claims for retaliation, and/or discrimination or harassment in employment; and claims for compensatory, actual, special, consequential, reliance, punitive, exemplary and/or other damages for personal injuries, pain and suffering, emotional distress, health care expenses, back pay, front pay, separation pay, wages, benefits, attorney’s fees, costs, interest or other monies, from the beginning of time through the date that Employee signs this Agreement with the exceptions of: (i) any action the law precludes Employee from waiving by agreement; (ii) any claim that the Company breached its commitments under this Agreement; (iii) any claim relating to directors’ and officers’ liability insurance coverage or any right of indemnification under the Company’s organizational documents or otherwise; (iv) Employee’s rights as an equity or security holder in the Company or its Affiliates; (v) Employee’s rights under any equity awards that survive termination of employment; or (vi) Employee’s rights to accrued benefits only under any retirement plan that is “qualified” under Section 401(a) of the Internal Revenue Code of 1986.

(b) Employee agrees that, with the exception of any action the law precludes Employee from waiving by agreement, Employee’s covenants and releases, as set forth in this Agreement, include a waiver of any and all rights or remedies under any present and/or future federal, state, local or foreign statute, law and/or regulation, including, but not limited to: state and U.S. Constitutions; state common law; Title VII of the Civil Rights Act of 1964; the Civil Rights Act of 1866; the Civil Rights Act of 1991; the Americans with Disabilities Act; the Equal Pay Act; the Family and Medical Leave Act; the Employee Retirement Income Security Act; the Age Discrimination in Employment Act; the Older Workers Benefit Protection Act; the Genetic Information Non-Discrimination Act; the Occupational Safety and Health Act; the National Labor Relations Act; the federal Worker Adjustment and Retraining Notification Act; the Consolidated Omnibus Budget Reconciliation Act; the False Claims Act; and any similar federal, state or local statute or law applicable to Employee’s employment, all as amended. This Agreement is

also intended to and shall release the Company from any and all wage and hour related claims arising out of or in any way connected with Employee's employment with the Company, to the maximum extent permitted by federal and state law. Nothing in this Agreement, the Employment Agreement or the Restrictive Covenants Agreement shall prevent Employee from the disclosure of confidential information or trade secrets that: (i) is made; (x) in confidence to a federal, state or local government official, either directly or indirectly, or to an attorney; and (y) solely for the purpose of reporting or investigating a suspected violation of law; or (ii) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal; or (iii) is permitted under the terms and conditions contained in the Restrictive Covenants Agreement. In the event that Employee files a lawsuit alleging retaliation by the Company for reporting a suspected violation of law, Employee may disclose confidential information or trade secrets related to the suspected violation of law or alleged retaliation to Employee's attorney and use the confidential information or trade secrets in the court proceeding if Employee or Employee's attorney: (i) files any document containing confidential information or trade secrets under seal; and (ii) does not disclose the confidential information or trade secrets, except pursuant to court order. The Company provides this notice in compliance with the Defend Trade Secrets Act of 2016. Additionally, nothing in this Agreement, the Employment Agreement or the Restrictive Covenants Agreement is intended to limit or restrict, and shall not be interpreted in any manner that limits or restricts, Employee from exercising any legally protected whistleblower rights (including pursuant to Section 21F of the Securities and Exchange Act of 1934 ("Section 21F")) or receiving an award for information provided to any government agency under any legally protected whistleblower rights. Notwithstanding anything herein to the contrary, nothing in or about this Agreement, the Employment Agreement or the Participation and Restrictive Covenants Agreement prohibits Employee from: (i) filing and, as provided for under Section 21F, maintaining the confidentiality of a claim with the U.S. Securities and Exchange Commission (the "SEC"); (ii) providing Confidential Information (as defined in the Participation and Restrictive Covenants Agreement) to the SEC, or providing the SEC with information that would otherwise violate Section 2 of the Participation and Restrictive Covenants Agreement, to the extent permitted by Section 21F; (iii) cooperating, participating or assisting in an SEC investigation or proceeding without notifying the Company; or (iv) receiving a monetary award as set forth in Section 21F.

(c) Employee intends that this Agreement shall bar each and every claim, demand and cause of action hereinabove specified, whether known or unknown to Employee at the time of execution of this Agreement, other than the Excluded Claims. As a result, Employee acknowledges that Employee might, in the future, discover claims or facts in addition to or different from those which Employee now knows or believes to exist with respect to the subject matters of this Agreement and which, if known or suspected at the time of executing this Agreement, may have materially affected this settlement. Nevertheless, Employee hereby waives any rights, claims, or causes of action that might become known as a result of such different or additional claims or facts.

(d) Nothing in this Agreement shall be construed to prohibit Employee from filing a charge with or participating in any investigation or proceeding conducted by any government agency, such as the Equal Employment Opportunity Commission or National Labor Relations Board. Notwithstanding the foregoing, with the exception of any relief the law precludes Employee from waiving by agreement, Employee agrees to waive Employee's right to recover monetary damages or other individual relief in any charge, complaint, demand, or lawsuit against the Company by Employee, anyone on behalf of Employee, any governmental agency, or any other third party.

7. **Acknowledgements and Reporting.** Employee acknowledges and agrees that Employee: (a) has

been properly paid for all hours worked at the Company or will be so paid under the terms of this Agreement; (b) has not suffered any on-the job injury at the Company for which Employee has not already filed a claim; (c) has not suffered any unreported workplace injury at the Company through the Termination Date or re-aggravated any job injury Employee has already reported or for which Employee has already filed a worker's compensation claim; (d) has been properly provided any leave of absence at the Company because of Employee's or a family member's health condition; and, (e) has not been subjected to any improper treatment, conduct or actions by the Company due to or related to Employee's request for, or taking of, any leave of absence because of Employee's own or a family member's health condition.

8. Older Worker Benefits Protection Act and Age Release Acknowledgment.

(a) Employee understands and acknowledges that Employee has the right to consult with an attorney, and Employee acknowledges that Employee is hereby advised to consult with an attorney prior to executing this Release.

(b) Employee understands and acknowledges that for a period of at least twenty one (21) days from the date Employee receives this Release, Employee has the right to deliberate upon whether to sign this Release and agree to the terms of this Release. Employee also understands that any modifications, material or otherwise, made to this Release do not restart, extend or affect in any manner the original twenty-one (21) day deliberation period.

(c) Employee understands that, for this Release to be effective, Employee must sign and submit to the Company this Release within thirty five (35) days of Employee's receipt of the Release. This signed Release must be submitted to the Company via electronic mail to: aabel@forwardair.com.

(d) Employee understands that Employee is not waiving any claims that may arise after the execution of this Agreement under the ADEA.

(e) Employee understands that the severance payments under Paragraph 2 of this agreement exceed the amount to which Employee would have otherwise been entitled from the Company absent executing this Release.

(f) Employee declares that Employee freely and willingly gives this Release and was not forced in any manner to sign it. Employee understands that if Employee wishes to revoke this Release, Employee has seven (7) days from the date Employee signs the Release in which to make such a revocation, and the Release is not effective or enforceable until the seven (7) day revocation period has expired. Employee agrees that in order to make this revocation, Employee shall do so in writing, by delivering it via electronic mail to: aabel@forwardair.com.

(g) Employee acknowledges that Employee has received the Statement of Rights under the ADEA that is attached hereto.

9. Modification and Waiver. This Agreement shall not be changed, modified, terminated, canceled or amended except by a written instrument signed by Employee and the Company. The failure to exercise, or a delay in exercising, any right, remedy or power under this Agreement shall not operate as a waiver thereof, nor shall any single or partial exercise of any right, remedy or power under this Agreement preclude any other or further exercise thereof.

10. Severability. If any provision of this Agreement is judicially declared to be invalid or unenforceable for any reason, in whole or in part, only such provision or provisions shall be invalid or unenforceable without invalidating or rendering unenforceable or otherwise affecting the remaining provisions of this Agreement, which shall remain in full force and effect to the fullest extent permitted by law.

11. Headings. The headings used in this Agreement are descriptive only, are for the convenience of identifying provisions, and are not determinative of the meaning or effect of any provision.

12. Counterparts and Execution. This Agreement may be executed in one or more counterparts, all of which shall be considered one and the same agreement, binding on all parties, notwithstanding that all parties are not signatories to the same counterpart. Execution by facsimile or by an electronically transmitted signature shall be fully and legally binding on the parties.


13. Entire Agreement. With the exception of the Restrictive Covenants Agreement, which shall specifically survive this Agreement and remain in full force and effect, the parties agree that this Agreement constitutes the entire agreement between Employee and the Company regarding Employee's Company-initiated Involuntary Termination (as defined in the Severance Plan) and supersedes any previous agreement or understandings between them, whether written or oral.

[signature page to follow]

WHEREFORE, Employee and the Company have read all of the foregoing, understand the foregoing, and agree to all of the provisions contained in this Agreement.

FORWARD AIR CORPORATION

Thomas Schmitt

By 

Michael L. Hance
Interim Chief Executive Officer,
Chief Legal Officer and Secretary

Employee Signature

Date of Employee's Signature (invalid if signed
before the Termination Date)

STATEMENT OF RIGHTS UNDER THE ADEA

Note: This statement is being furnished to you in conjunction with an offer to provide you with extra benefits, to which you are not otherwise entitled, in exchange for, among other things, your agreement to release or waive claims under the Age Discrimination in Employment Act and certain other laws. Please read this statement carefully and acknowledge receipt on the enclosed Acknowledgment of Receipt form.

The Age Discrimination in Employment Act ("ADEA") (29 U.S.C. § 621 *et seq.*) prohibits an employer from discriminating against any employee age 40 or over because of that individual's age. The ADEA prohibits discrimination in all terms and conditions of employment, including hiring, promotions, transfers, demotions, salary or terminations.

The ADEA also provides employees and former employees with certain rights in connection with any release or waiver of claims under the ADEA. Specifically, in order for such a release or waiver to be valid, the waiver must be knowing and voluntary. A waiver may not be considered knowing and voluntary unless at a minimum:

- (1) The release or waiver must be part of an agreement between the individual and the employer that is written in a manner that can be understood by the individual or by an average individual eligible to participate. (29 U.S.C. § 626(f)(1)(A)).
- (2) The waiver must specifically refer to rights or claims arising under the ADEA. (29 U.S.C. § 626(f)(1)(B)).
- (3) The individual is not required to waive rights or claims that arise after the date the waiver is executed. (29 U.S.C. § 626(f)(1)(C)).
- (4) The individual may waive rights or claims only in exchange for consideration in addition to anything of value to which the individual is already entitled. (29 U.S.C. § 626(f)(1)(D)).
- (5) The individual must be advised in writing to consult with an attorney before signing the agreement. (29 U.S.C. § 626(f)(1)(E)).
- (6) The individual must be given a period of at least twenty one (21) days in which to consider the agreement. (29 U.S.C. § 626 (f)(1)(F)).
- (7) The agreement must provide for a period of at least seven (7) days after the agreement's execution in which the individual may revoke the agreement. Furthermore, the agreement must not become effective or enforceable until this revocation period has passed. (29 U.S.C. § 626(f)(1)(G)).
- (8) If a waiver is requested in connection with an exit incentive or other

employment termination program offered to a group or class of employees, the employer must inform the individual in writing in a manner calculated to be understood by the average individual eligible to participate as to:

- (a) any class, unit, or group of individuals covered by such program, any eligibility factors for such program, and any time limits applicable to such program; and
- (b) the job titles and ages of all individuals eligible or selected for the program, and the ages of all individuals in the same job classification or organizational unit who are not eligible or selected for the program. (29 U.S.C. § 626(f)(1)(H)).

This statement has been provided to you in conjunction with a request or offer for you to enter into an agreement that provides, among other things, that you release or waive your rights to make claims under the ADEA.

In conformance with the requirements set forth above, Forward Air Corporation and all of its parent companies, subsidiaries, divisions, related companies, affiliates, shareholders, directors, officers, managers, employees, agents, attorneys, successors and assigns (hereinafter collectively referred to as “FAS” or the “Company”) hereby:

- a. Advises you that you have the right to consult an attorney before you sign the Release & Separation Agreement (“Release”).
- b. Offers you thirty five (35) days from your receipt of the Release and this statement to consider and sign the Release. The Release must be returned to the Company’s Legal Department via electronic mail to: aabel@forwardair.com, with your signature no later than thirty five (35) days from the date you receive the Release. To be eligible for benefits under the employment termination program, you must sign the Release provided by the Company that is enclosed herewith.
- c. Allows you seven (7) days after the date you sign the Release to revoke the Release. If no revocation is made within that period, the Release will become effective and enforceable and you will become entitled to receive benefits under the employment termination program. If you revoke the Release, you will no longer be eligible for benefits under the program.

IF YOU DO NOT UNDERSTAND ANYTHING IN OR ABOUT THIS STATEMENT OF RIGHTS, THE PROPOSED AGREEMENT, OR THE RELEASE OR WAIVER OF RIGHTS CONTAINED IN THE PROPOSED AGREEMENT, PLEASE LET US KNOW SO THAT WE CAN PROVIDE CLARIFICATION. WE WILL ASSUME, AND ASK ANY COURT OR TRIER OF FACT TO ASSUME, THAT YOU HAVE UNDERSTOOD EVERYTHING ON WHICH CLARIFICATION HAS NOT BEEN SOUGHT.

This Statement of Rights Under the ADEA is yours to keep. Please direct all correspondence or inquiries to: Kyle Mitchin, Chief People Officer, at kmitchin@forwardair.com.

Annex A

T. Schmitt Vested Equity Table (*Estimate*) 3.15.24

STOCK OPTIONS:

	<u>Grant</u>	<u>Grant (Exercisable)</u>	<u>Forfeited</u>	<u>Grant \$</u>
9/1/2018	100,000	100,000	-	\$64.26
2/4/2020	35,918	35,918	-	\$65.96
2/2/2021	39,139	39,139	-	\$75.05
2/8/2022	33,122	22,081	11,041	\$106.29
2/7/2023	31,991	10,664	21,327	\$115.42

RSA AWARDS:

	<u>Type</u>	<u>Grant</u>	<u>Vested</u>	<u>Forfeited</u>
9/1/2018	RSA	25,000	25,000	-
2/4/2020	RSA	8,054	8,054	-
2/2/2021	RSA	9,577	9,577	-
2/8/2022	RSA	9,016	6,011	3,005
2/7/2023	RSA	11,018	3,673	7,345


PSA AWARDS:

	<u>Type</u>	<u>Grant (Attained)</u>	<u>Outstanding</u>	<u>Forfeited</u>
2/4/2020	PSA	9,246	-	-
2/4/2020	PSA	8,159	-	-
2/2/2021	PSA	17,100	-	-
3/15/2021	PSA	5,462	-	-
2/8/2022	PSA		7,529	7,529
2/7/2023	PSA		10,573	10,573

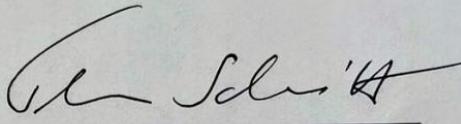
WHEREFORE, Employee and the Company have read all of the foregoing, understand the foregoing, and agree to all of the provisions contained in this Agreement.

FORWARD AIR CORPORATION

Thomas Schmitt

By 

Michael L. Hance
Interim Chief Executive Officer,
Chief Legal Officer and Secretary



Employee Signature

March 19th, 2024

Date of Employee's Signature (invalid if signed
before the Termination Date)

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (this “Agreement”) is made and entered into as of April 22, 2024, by and between FORWARD AIR CORPORATION, a Tennessee corporation (“Company”), and Mr. Shawn Stewart, an individual (“Executive”).

W I T N E S S E T H:

WHEREAS, the Board of Directors of the Company (the “Board”) desires to employ the Executive and to assure the Company of Executive’s employment with the Company and to compensate Executive for such employment;

WHEREAS, the Board has determined that this Agreement will reinforce and encourage Executive’s attention and dedication to the Company; and

WHEREAS, Executive is willing to make Executive’s services available to the Company on the terms and conditions hereinafter set forth.

NOW, THEREFORE, in consideration of the premises and mutual covenants set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are mutually acknowledged, the Company and Executive hereby agree as follows:

1. Definitions. In addition to other terms which may be defined elsewhere in this Agreement (including the preamble and recitals hereto), when used in this Agreement, the following terms shall have the following meanings:

- (a) “Base Salary” means the salary provided for in Section 4(a) hereof.
- (b) “Bonus Plan” means the Forward Air Annual Cash Incentive Plan.
- (c) “Cause” shall have the meaning given to it in Section 2.08 of the Severance Plan.
- (d) “Code” means the Internal Revenue Code of 1986, as amended.
- (e) “Commencement Date” means the first day of Executive’s employment with the Company, which is currently expected to be April 28, 2024.
- (f) “Incentive Plan” means the Forward Air Corporation 2016 Omnibus Incentive Plan, as amended from time to time, and any successor plan thereto.
- (g) “Related Entity” means any subsidiary of the Company and any business, corporation, partnership, limited liability company, or other entity designated by Board in which the Company or a subsidiary holds a substantial ownership interest, directly or indirectly.
- (h) “Restrictive Covenant Agreement” means the Participation and Restrictive Covenants Agreement that Executive will be signing on or about the effective date of this

Agreement and which is a condition to both participation in the Severance Plan and employment by the Company.

(i) “Severance Plan” means the Forward Air Corporation Executive Severance and Change In Control Plan, as amended and restated from time to time.

(j) “Term of Employment” means the period during which Executive shall be employed by the Company.

(k) “Termination Date” means the date on which the Term of Employment and Executive’s employment with the Company ends.

Any capitalized terms not defined in this Agreement shall have the meaning given to them in the Severance Plan and/or the Restrictive Covenant Agreement.

2. Employment.

(a) Employment and Term. The Company hereby agrees to employ Executive and Executive hereby agrees to serve the Company during the Term of Employment on the terms and conditions set forth herein.

(b) Duties of Executive. During the Term of Employment, Executive shall be employed as the Chief Executive Officer (“CEO”) of the Company. For as long as Executive remains the CEO of the Company, Executive shall also serve as a member of the Board without additional compensation. During the Term of Employment, Executive shall have such additional duties and responsibilities as assigned to Executive by the Board consistent with role as CEO. Executive shall faithfully and diligently perform all services and responsibilities for the Company. Executive shall devote substantially all of Executive’s business time, attention, and efforts to the performance of the duties under this Agreement, render such services to the best of Executive’s ability and, in any event, in a professional manner commensurate with the manner of executives in similar positions in companies of similar size and operations, and use best efforts to promote the best interests of the Company. Executive shall not engage in any other business or occupation during the Term of Employment, including, without limitation, any activity that (i) conflicts with the interests of the Company or any Related Entity, (ii) interferes with the proper and efficient performance of Executive’s duties for the Company, or (iii) interferes with the exercise of Executive’s judgment in the Company’s best interests, in each case without the express written approval of the Board. During the Term of Employment, it shall not be a violation of this Agreement for Executive to (1) serve on civic or charitable boards, with the consent of the Board, and (2) manage personal investments, including Executive’s investments in SPLR, LLC and SPLR Management, LLC, so long as such activities (individually or in the aggregate) do not interfere with the performance of Executive’s responsibilities as set forth in this Agreement. Following the first anniversary of the Commencement Date, Executive may serve on the board of one other business so long as the board service is first approved by the Company’s Corporate Governance and Nominating Committee.

(c) Travel. Executive recognizes and agrees that Executive’s position may require substantial travel to various locations during the Term of Employment.

(a) Place of Employment. During the Term of Employment, the Executive's principal place of employment will be based out of the Company's offices in Atlanta, Georgia and Dallas Texas, subject to travel for the business of the Company and its Related Entities.

3. Term of Employment. The Term of Employment is indefinite and Executive's employment with the Company is terminable-at-will. Pursuant to the terms and conditions of the Severance Plan and the Restrictive Covenant Agreement, Executive may be entitled to certain termination benefits upon a termination of the Term of Employment.

4. Compensation.

(a) Base Salary. Executive shall receive an initial Base Salary at the annual rate of \$900,000.00, with such Base Salary payable in installments consistent with the Company's normal payroll schedule, subject to applicable withholding and taxes, and pro-rated for partial years. During the Term of Employment, the Base Salary shall be reviewed at such time as the salaries of other executives of the Company are reviewed generally. If the Base Salary is adjusted, such adjustment to Base Salary shall be made for all purposes of this Agreement.

(b) Bonus Plan. Executive shall participate in the same Bonus Plan as the Company makes available to other executive employees of the Company which provides for certain annual bonuses based on Company and individual performance criteria as determined by the Board from time to time. Any such bonus shall be paid at such times and such amounts to be established by the Board from time to time, but no such bonus shall be paid later than two and one-half months following the fiscal year for which the bonus was earned. The target bonus will be set at 100% of Base Salary, pro-rated for partial years, and the maximum possible bonus is 200% of Base Salary, pro-rated for partial years. Executive has no particular right to receive a bonus, and Executive shall receive only such bonus, if any, as the Board may in its sole discretion determine in accordance with the performance criteria set by the Board. Target incentives do not constitute a promise of payment. Executive's actual bonus, if any, will depend on Company financial performance and the Board's assessment of Executive's individual performance. As with all Company plans and programs, the Company reserves the right to change or amend the terms of its incentive plans at any time or discontinue them in their entirety as the Company determines in its sole and absolute discretion.

(c) Signing Bonus. Following the Commencement Date, Executive shall receive a signing bonus of \$400,000.00, less applicable withholdings and taxes, with 50% due within 30 days following the Commencement Date and the remaining 50% to be paid within 30 days following 180 days following the Commencement Date. If the Term of Employment is terminated by the Company for Cause (as "Cause" is defined in Section 2.08 of the Severance Plan) or if Executive voluntarily terminates the Term of Employment, in each case, prior to the first anniversary of the Commencement Date, Executive will repay the full amount of the signing bonus within 30 days following the Termination Date.

(d) Equity Grants. The Company will grant the following equity awards to Executive, subject to the terms and conditions of the award agreements and/or grant notices governing such equity awards and with respect to the award granted under Section 4(d)(ii) hereof, subject to the terms and conditions of the Incentive Plan:

(i) Within 30 days following the Commencement Date, the Company will award Executive Company common stock equal to \$1,200,000.00, valued at the closing stock price on the day prior to the announcement date of the Executive's employment with the Company, which award will vest with respect to one-third (1/3rd) of the shares subject to the award on each of the first, second and third anniversaries of the award date, subject to the Executive's continued employment with the Company through the applicable vesting date. In addition, and at the same time, the Company will award Executive performance share units (PSUs) equal to \$1,800,000.00, valued at the closing stock price on the day prior to the announcement date of the Executive's employment with the Company, with the performance period ending on December 31, 2026, in alignment to the performance period of other executive officers of the Company and subject to the Executive's continuous employment through the applicable vesting date.

(ii) Beginning in 2025, Executive shall participate in the same incentive programs as other executive employees of the Company. Accordingly, in 2025, when the Company makes equity grants to other executive employees and provided Executive is still employed by the Company, Executive will receive an equity grant valued at approximately \$3,000,000.00 at the time of the grant. The grant will be designed similarly to the design used for other executive employees of the Company, including, among other things, the type of equity grant and the vesting terms of such grant.

(e) Reimbursement of Relocation Expense. Subject to the terms and conditions set forth in the Company's Relocation Policy the Company will reimburse Executive for the following relocation expenses upon receipt of invoices for such expenses: the reasonable cost of shipping Executive household goods to Executive's new home near the Company's headquarters; reasonable temporary housing and reasonable travel expenses for up to a six month period of time following the Commencement Date or as otherwise approved by the Board thereafter. The Company will gross-up the approved relocation reimbursement for taxes.

(f) Reimbursement of Business Expenses. Executive shall be reimbursed for reasonable business expenses which comply with all Company policies and which are incurred in the performance of Executive's job duties.

(g) Compensation Review. The Compensation Committee of the Company's Board will periodically review Executive's compensation, and in its sole discretion, make adjustments as it deems appropriate based upon Executive's performance, the Company's performance and other relevant market considerations.

(h) Legal Expenses. The Company shall reimburse the Executive for his reasonable legal expenses incurred in connection with the review and negotiation of this Agreement and the other ancillary documents referred to herein, in an amount not to exceed five thousand dollars (\$5,000) upon provision by the Executive of an invoice evidencing such legal fees within forty-five (45) days following the Commencement Date.

5. Benefit Programs. During the Term of Employment, Executive shall be entitled to participate in all retirement and health and welfare benefits plans as are presently and hereafter offered by Company to its executive employees, in each case, in accordance with the terms and

conditions of such benefits plans and to the extent Executive is eligible to participate. The benefit plans currently offered to Company executives include group medical, dental, vision, disability, and life insurance plans; an employee stock purchase plan; a 401(k) plan; and a flexible spending account plan. The Company reserves the right to amend, terminate, revise, or add to any such benefits plans or programs.

6. Termination.

(a) General. The Term of Employment and Executive's employment with the Company is terminable-at-will and may be terminated at any time by either party by giving notice of such termination to the other party. Upon any termination of the Term of Employment for any reason, Executive shall resign (and shall be deemed to have automatically and contemporaneously resigned, without any further act on the part of any person or entity) from any and all directorships, committee memberships, offices, and any other positions Executive holds with the Company or any of its subsidiaries or Related Entities. Upon any termination of the Term of Employment for any reason, whether in connection with a Change of Control (as defined in the Severance Plan) or otherwise, Executive's entitlement to termination benefits, if any, will be determined by the Severance Plan and Restrictive Covenant Agreement and Executive's continuing obligations to the Company following any termination of the Term of Employment will be governed by the Restrictive Covenant Agreement.

(b) Cooperation. Following the Term of Employment, Executive shall give assistance and cooperation willingly, upon reasonable advance notice with due consideration for Executive's other business or personal commitments, in any matter relating to Executive's position with the Company, or Executive's expertise or experience as the Company may reasonably request, including Executive's attendance and truthful testimony where deemed appropriate by the Company, with respect to any investigation or the Company's defense or prosecution of any existing or future claims or litigations or other proceedings relating to matters in which Executive was involved or potentially had knowledge by virtue of employment with the Company. To the extent permitted by law, the Company agrees that it shall promptly reimburse Executive for reasonable and documented expenses in connection with rendering assistance and/or cooperation under this Section 6(b) upon presentation of documentation for such expenses.

(c) Return of Company Property. Following the Termination Date, or upon the request of the Company, Executive shall return all Company property and information in Executive's possession, including, without limitation, all computer equipment (hardware and software), telephones, facsimile machines, cell phones and other communication devices, credit cards, office keys, security access cards, badges, identification cards, and all copies (including drafts) of any documentation or information (however stored) relating to the business of the Company, any of the Related Entities, and any of their respective customers, clients, or prospective customers and clients.

(d) Compliance with Section 409A.

(i) General. Both the Company and Executive intend that the benefits and rights to which Executive could be entitled pursuant to this Agreement comply with Section 409A of the Code and the Treasury Regulations and other guidance promulgated or issued

thereunder ("Section 409A"), to the extent that the requirements of Section 409A are applicable thereto, and the provisions of this Agreement shall be construed in a manner consistent with that intention. If either Executive or the Company believes, at any time, that any such benefit or right that is subject to Section 409A does not so comply, it shall promptly advise the other and each of the Company and Executive shall negotiate reasonably and in good faith to amend the terms of such benefits and rights such that they comply with Section 409A (with the most limited possible economic effect on Executive and on the Company).

(ii) Distributions on Account of Separation from Service. If and to the extent required to comply with Section 409A, no payment or benefit required to be paid under this Agreement on account of termination of Executive's employment shall be made unless and until Executive incurs a "separation from service" within the meaning of Section 409A.

(iii) Six-Month Delay for Specified Employees.

(A) If Executive is a "specified employee," then no payment or benefit that is payable on account of Executive's "separation from service," as that term is defined for purposes of Section 409A, shall be made before the date that is six months after Executive's "separation from service" (or, if earlier, the date of Executive's death) if and to the extent that such payment or benefit constitutes deferred compensation (or may be nonqualified deferred compensation) under Section 409A and such deferral is required to comply with the requirements of Section 409A. Any payment or benefit delayed by reason of the prior sentence shall be paid out or provided in a single lump sum at the end of such required delay period in order to catch up to the original payment schedule.

(B) For purposes of this provision, Executive shall be considered to be a "specified employee" if, at the time of Executive's separation from service, Executive is a "key employee," within the meaning of Section 416(i) of the Code, of the Company (or any person or entity with whom the Company would be considered a single employer under Section 414(b) or Section 414(c) of the Code) any stock in which is publicly traded on an established securities market or otherwise.

(iv) No Acceleration of Payments. Neither the Company nor Executive, individually or in combination, may accelerate any payment or benefit that is subject to Section 409A, except in compliance with Section 409A and the provisions of this Agreement, and no amount that is subject to Section 409A shall be paid before the earliest date on which it may be paid without violating Section 409A.

(v) Treatment of Each Installment as a Separate Payment. For purposes of applying the provisions of Section 409A to this Agreement, each separately identified amount to which Executive is entitled under this Agreement shall be treated as a separate payment. In addition, to the extent permissible under Section 409A, any series of installment payments under this Agreement shall be treated as a right to a series of separate payments.

(i) Taxable Reimbursements and In-Kind Benefits. Any reimbursements by the Company to the Executive of any eligible expenses under this Agreement that are not excludable from the Executive's income for Federal income tax purposes (the "Taxable

Reimbursements”) shall be made by no later than the last day of the taxable year of the Executive following the year in which the expense was incurred. The amount of any Taxable Reimbursements, and the value of any in-kind benefits to be provided to the Executive, during any taxable year of the Executive shall not affect the expenses eligible for reimbursement, or in-kind benefits to be provided, in any other taxable year of the Executive. The right to Taxable Reimbursement, or in-kind benefits, shall not be subject to liquidation or exchange for another benefit. The payment of any tax reimbursements or gross-ups under this Agreement must be made by no later than the end of the taxable year of the Executive following the taxable year of the Executive in which the Executive remits the related taxes.

(vi) No Guaranty of 409A Compliance. Notwithstanding the foregoing, the Company does not make any representation to Executive that the payments or benefits provided under this Agreement are exempt from, or satisfy, the requirements of Section 409A, and the Company shall have no liability or other obligation to indemnify or hold harmless Executive or any beneficiary of Executive for any tax, additional tax, interest or penalties that Executive or any beneficiary of Executive may incur in the event that any provision of this Agreement, or any amendment or modification thereof, or any other action taken with respect thereto, is deemed to violate any of the requirements of Section 409A.

7. Restrictive Covenants; Company Policies and Guidelines.

(a) Restrictive Covenants. As a condition to Executive’s employment by the Company, Executive shall execute the Restrictive Covenant Agreement presented to Executive with this Agreement.

(b) Recoupment Policy. All payments and benefits provided to Executive by the Company are subject to any policy (whether currently in existence or later adopted) established by the Company providing for clawback or recovery of amounts paid or benefits provided. The Company will make any determination for clawback or recovery in its sole discretion and in accordance with any applicable law or regulation.

(c) Stock Ownership Policy. Executive is required to comply with the Company’s Executive Stock Ownership and Retention Guidelines applicable to executive officers which generally requires Executive to own Company common stock during the Term of Employment which is valued at six times or more of Executive’s Base Salary. Executive will be required to hold at least 50% of any shares Executive receives by Company grant or through the exercise of any option to purchase Company stock until the ownership requirement is met.

(d) Code of Ethics. Executive is required to abide by the Company’s policies and procedures including, but not limited to, Forward Air’s Code of Business Conduct and Code of Ethics. Executive will be required to review, sign and return to the Company a Code of Ethics Acknowledgment Form.

(e) Ownership of Developments. All processes, concepts, techniques, inventions and works of authorship, including new contributions, improvements, formats, packages, programs, systems, formulations, compositions of matter, manufactured, developments, applications, and discoveries, and all copyrights, patents, trade secrets, or other intellectual

property rights associated therewith conceived, invented, made, developed, or created by Executive during the Term of Employment either during the course of performing work for the Company or its Related Entities, or their clients, or which are related in any manner to the business (commercial or experimental) of the Company or its Related Entities or their clients (collectively, the "Work Product") shall belong exclusively to the Company and its Related Entities and shall, to the extent possible, be considered a work made by Executive for hire for the Company and its Related Entities within the meaning of Title 17 of the United States Code. To the extent, the Work Product may not be considered work made by Executive for hire for the Company and its Related Entities, Executive agrees to assign, and automatically assign at the time of creation of the Work Product, without any requirement of further consideration, any right, title, or interest Executive may have in such Work Product. Upon the request of the Company, Executive shall take such further actions, including execution and delivery of instruments of conveyance, as may be appropriate to give full and proper effect to such assignment. Executive shall further: (i) promptly disclose the Work Product to the Company; (ii) assign to the Company or its assignee, without additional compensation, all patent or other rights to such Work Product for the United States and foreign countries; (iii) sign all papers necessary to carry out the foregoing; and (iv) give testimony in support of Executive's inventions, all at the sole cost and expense of the Company.

8. Representations and Warranties of Executive. Executive represents and warrants to the Company that:

- (a) Executive's employment will not conflict with or result in a breach of any agreement to which Executive is a party or otherwise may be bound;
- (b) Executive has not violated, and in connection with employment with the Company will not violate, any non-solicitation, non-competition, or other similar covenant or agreement of a prior employer by which Executive is or may be bound; and
- (c) In connection with Executive's employment with the Company, Executive will not use any confidential or proprietary information that Executive may have obtained in connection with employment with any prior employer.

9. Taxes. Anything in this Agreement to the contrary notwithstanding, all payments required to be made by the Company hereunder to Executive or Executive's estate or beneficiaries shall be subject to the withholding of such amounts relating to taxes as the Company may reasonably determine it should withhold pursuant to any applicable law or regulation. In lieu of withholding such amounts, in whole or in part, the Company may, in its sole discretion, accept other provisions for payment of taxes and withholding as required by law, provided it is satisfied that all requirements of law affecting its responsibilities to withhold have been satisfied.

10. Assignment. The Company shall have the right to assign this Agreement and its rights and obligations hereunder in whole or in part to any corporation or other entity with or into which the Company may hereafter merge or consolidate, or to which the Company may transfer all or substantially all of its assets. Executive may not assign or transfer this Agreement or any rights or obligations hereunder, except by will or the laws of descent and distribution, or as required to comply with the terms of a qualified domestic relations order.

11. Governing Law. This Agreement shall be governed by, and construed in accordance with, the laws of the State of Texas, without giving effect to any choice of law or conflict of law rules or provisions (whether of the State of Texas or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of Texas. The parties hereby agree that any dispute arising out of or related to this Agreement, Executive's employment or termination of employment with the Company or any Related Entity, any statutory or tort claims related to or arising out of Executive's employment or termination of employment with the Company or any Related Entity, Executive's participation on any board of directors or board of managers of the Company or any Related Entity, and Executive's equity interests in the Company or any Related Entity shall be filed in, and subject to the exclusive jurisdiction of, a state or federal court located in Dallas County, Texas. The parties hereby consent to the exclusive jurisdiction and venue of such courts for the litigation of all disputes and waive any claims of improper venue, lack of personal jurisdiction, or lack of subject matter jurisdiction as to any such disputes. Notwithstanding the foregoing, the Company may file an action in any court of its choosing seeking temporary, preliminary or permanent injunctive relief to prevent Executive from breaching or threatening to breach any of the covenants contained in Restrictive Covenant Agreement and may join in any such action any claims for damages or other relief as a result of Executive's breach or threatened breach of such covenants.

12. Entire Agreement. This Agreement, including the other agreements, policies, and plans referenced herein, constitutes the entire agreement between the parties hereto with respect to the subject matter hereof and, upon its effectiveness, shall supersede all prior agreements, understandings, and arrangements, both oral and written, between Executive and the Company (or any of its affiliates) with respect to such subject matter. This Agreement may not be modified in any way unless by a written instrument signed by both a representative of the Board and Executive.

13. Survival. The respective rights and obligations of the parties hereunder shall survive any termination of Executive's employment and the Term of Employment to the extent necessary to the intended preservation of such rights and obligations.

14. Notices. All notices required or permitted to be given hereunder shall be in writing and shall be personally delivered by courier, sent by registered or certified mail, return receipt requested or sent by confirmed facsimile or PDF transmission addressed as set forth herein. Notices personally delivered, sent by facsimile, PDF or sent by overnight courier shall be deemed given on the date of delivery and notices mailed in accordance with the foregoing shall be deemed given upon the earlier of receipt by the addressee, as evidenced by the return receipt thereof; or three days after deposit in the U.S. mail. Notice shall be sent (i) if to the Company, addressed to Forward Air Corporation, Attention: Board of Directors, and (ii) if to Executive, to the address as reflected on the payroll records of the Company, or to such other address as either party shall request by notice to the other in accordance with this provision.

15. Benefits; Binding Effect. This Agreement shall be for the benefit of and binding upon the parties hereto and their respective heirs, personal representatives, legal representatives, successors and, where permitted and applicable, assigns, including, without limitation, any successor to the Company, whether by merger, consolidation, sale of stock, sale of assets, or otherwise.

16. Right to Consult with Counsel; No Drafting Party. Executive acknowledges having read and considered all of the provisions of this Agreement carefully, and having had the opportunity to consult with counsel of Executive's choosing, and, given this, Executive agrees that the obligations created hereby are reasonable. Executive acknowledges the opportunity to negotiate any and all of these provisions and no rule of construction shall be used that would interpret any provision in favor of or against a party on the basis of who drafted the Agreement.

17. Indemnification. The Company shall, to the fullest extent permitted by law, promptly indemnify the Executive against all costs, charges, losses, expenses and liabilities incurred by Executive in connection with any actual, threatened or reasonably anticipated claim, suit, action or proceeding arising in connection with the Company or any Related Entity with respect to any time period prior to the Commencement Date. Any amount payable pursuant to this Section 17 shall be paid to Executive as soon as practicable but, in any event no later than two-and-a-half months following the end of the fiscal year in which a right to payment arises.

18. Severability. The invalidity of any one or more of the words, phrases, sentences, clauses, provisions, sections, or articles contained in this Agreement shall not affect the enforceability of the remaining portions of this Agreement or any part thereof; all of which are inserted conditionally on their being valid in law, and, in the event that any one or more of the words, phrases, sentences, clauses, provisions, sections, or articles contained in this Agreement shall be declared invalid, this Agreement shall be construed as if such invalid word or words, phrase or phrases, sentence or sentences, clause or clauses, provisions or provisions, section or sections, or article or articles had not been inserted. If such invalidity is caused by length of time or size of area, or both, the otherwise invalid provision will be considered to be reduced to the longest period or largest area, as applicable, which would cure such invalidity.

19. Waivers. The waiver by either party hereto of a breach or violation of any term or provision of this Agreement shall not operate nor be construed as a waiver of any subsequent breach or violation.

20. Damages Attorney's Fees. Nothing contained herein shall be construed to prevent the Company or Executive from seeking and recovering from the other damages sustained by either or both of them as a result of its or Executive's breach of any term or provision of this Agreement. In the event that either party hereto seeks to collect any damages resulting from, or the injunction of any action constituting, a breach of any of the terms or provisions of this Agreement, then the party found to be at fault shall pay all reasonable costs and attorneys' fees of the other.

21. Waiver of Jury Trial. Executive and Company hereby knowingly, voluntarily, and intentionally waive any right that they may have to a trial by jury in respect of any litigation based hereon, or arising out of, under or in connection with this Agreement and any agreement, document or instrument contemplated to be executed in connection herewith, or any course of conduct, course of dealing statements (whether verbal or written) or actions of any party hereto.

22. Section Headings. The article, section, and paragraph headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

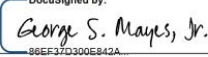
23. No Third-Party Beneficiary. Nothing expressed or implied in this Agreement is intended, or shall be construed, to confer upon or give any person other than the Company, the parties hereto, and their respective heirs, personal representatives, legal representatives, successors, and permitted assigns, any rights or remedies under or by reason of this Agreement.

24. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original but all of which together shall constitute one and the same instrument and agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

COMPANY:

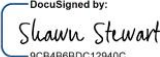
FORWARD AIR CORPORATION

By:  DocuSigned by:
96EF37D300E842A...

Name: George S. Mayes, Jr.

Title: Chairman of the Board of Directors

EXECUTIVE:

 DocuSigned by:
9CB4B6BDC12940C...
Shawn Stewart

PARTICIPATION AND RESTRICTIVE COVENANTS AGREEMENT

This PARTICIPATION AND RESTRICTIVE COVENANTS AGREEMENT (this "Agreement" or this "Restrictive Covenants Agreement") is entered into as of April 22, 2024, between Forward Air Corporation (the "Company") and Shawn Stewart (the "Executive") (jointly the "Parties") pursuant to which the Executive accepts participation in the Forward Air Corporation Executive Severance and Change in Control Plan (the "Severance Plan") subject to the terms and conditions thereof as amended from time to time. Capitalized terms not otherwise defined herein, shall have the meaning set forth in the Severance Plan.

REASONS FOR THIS AGREEMENT: During Executive's relationship with the Company, Executive has learned, will learn, or has or will have access to, important proprietary information related to the operations and business of Forward Air Corporation and its subsidiaries and affiliates (collectively, the "Company's Business"). Executive acknowledges that the proprietary customer, operations, financial, and business information that has been or will be learned or accessible has been and will be developed through the Company's expenditure of substantial effort, time and money; and together with relationships developed with customers and employees, could be used to compete unfairly with the Company. The Company's ability to sell its products and services on a competitive basis depends, in part, on its proprietary information and customer relationships, and the Company would not share this information, provide training or promote Executive's relationship with customers if the Company believed that it would be used in competition with the Company, which non-disclosure would cause Executive's performance and opportunities to suffer.

In consideration of employment or continued employment, participation in the Severance Plan and other valuable consideration, the receipt and sufficiency of which are acknowledged, the Company and Executive agree:

1. **DEFINITIONS:** For this Restrictive Covenants Agreement, the following terms shall have the meaning specified below:

(a) **PERSON:** Any individual, corporation, limited liability company, partnership, joint venture, association, unincorporated organization or other entity.

(b) **TERMINATION DATE:** The date of Executive's termination of employment from the Company, whether such termination is voluntary or involuntary, or with or without cause.

(c) **CUSTOMERS:** All customers and actively sought prospective customers of the Company with whom Executive had business contact, about whom Executive received Confidential Information, or whose business resulted in a commission or other payment being made to Executive during the Executive's employment with the Company.

(d) **CONFIDENTIAL INFORMATION:** "Confidential Information" as defined herein shall exclude company trade secrets and is defined as such other information not rising to the level of a trade secret, relating to the Company's customers, operation, finances, and business that derives value, actual or potential, from not being generally known to other Persons, including, but not limited to, technical or non-technical data, formulas, patterns, compilations (including compilations of customer information), programs (including fulfillment and marketing programs), devices, methods (including fulfillment methods), techniques, processes, financial data (including sales forecasts), or lists of actual or potential customers or suppliers (including identifying information about those customers), whether or not reduced to writing. Confidential Information includes information disclosed to the Company by third parties that the Company is obligated to maintain as confidential. Confidential Information does not include information that: (i) was generally known to the relevant public at the time of disclosure; (ii) was lawfully received by Executive from a third party; (iii) was known to Executive prior to receipt from the Company; or (iv) was independently developed by Executive or independent third parties; in each of the foregoing circumstances, this exception applies only if such public knowledge or possession by an independent third party was without breach by

Executive or any third party of any obligation of confidentiality or non-use, including but not limited to the obligations and restrictions set forth in this Agreement.

(e) TERRITORY: the term "Territory" as used in this Restrictive Covenants Agreement means the continental United States, Mexico and Canada, and any other territory, country or jurisdiction in which the Company or its affiliates is conducting business (or actively soliciting business) immediately prior to the termination of Executive's employment, which is the territory in which the Company conducts the Company Business and the territory in which Executive provides services to the Company. Executive acknowledges and agrees that the direct and indirect scope of Executive's duties and responsibilities and the breadth of the geography impacted by the Confidential Information to which the Executive may be exposed during Executive's employment with the Company are throughout the Territory.

(f) COMPETING BUSINESS: any Person (other than the Company but including Executive) marketing, selling, brokering, intermediating, facilitating and/or providing or offering less-than-truckload, truckload, intermodal, freight forwarding, value-added warehousing, dedicated line haul, dedicated contract carriage, logistics or final mile delivery services, various modes of air, ground and sea transportation services, with emphasis on distribution services, white glove deliveries and time-definite deliveries or any other goods or services identical to or reasonably substitutable for the goods and services offered by the Company.

2. TIMING OF SEVERANCE PAYMENTS: Notwithstanding anything in the Severance Plan to the contrary, the Severance Payment in the event of an Involuntary Termination pursuant to Section 4.01 of the Severance Plan shall be paid in equal installments for a period of twenty-four (24) months following the Executive's Termination Date and such payments shall commence no more than sixty days after the Termination of Employment, provided the applicable revocation period required for the release under Section 9.01 of the Severance Plan has expired at that time; and subject to Section 10.11(c) and Section 10.11(e) of the Severance Plan. If the sixty (60)-day period following the Termination Date crosses calendar years, if necessary to comply with Code Section 409A payment shall not commence until the second calendar year (the commencement date, "Payment Commencement Date"). Any payment of a Severance Payment that is so delayed shall be paid on the Payment Commencement Date.

3. TRADE SECRETS AND CONFIDENTIAL INFORMATION: Executive shall not use or disclose the Company's trade secrets during or after employment. Executive shall not use or disclose Confidential Information following the termination of employment for any reason, except in connection with his duties performed in accordance with his Employment Agreement or except with the prior written consent of the Chairman of the Board of the Company; provided, however, Executive may make disclosures required by a valid order or subpoena issued by a court or administrative agency of competent jurisdiction, in which event Executive will promptly notify the Company of such order or subpoena to provide the Company an opportunity to protect its interests.

4. RETURN OF PROPERTY AND MATERIALS: On the Termination Date or for any reason or at any time at the Company's request, Executive will deliver promptly to the Company all of the Company's property, including without limitation all materials, documents, plans, records, notes, or other papers and any copies, summaries or excerpts of any kind, and computerized or electronic media in any format whatsoever, and any Company access keys or key cards, identification or credit cards, computer or electronic hardware or software, in Executive's possession or control relating in any way to the Company's Business, which at all times shall be the property of the Company.

5. NON-SOLICITATION OF EMPLOYEES: During employment and for a period of twenty-four (24) months following his Termination Date (the "Restricted Period"), Executive will not **either on his own behalf or on behalf of any third party, except on behalf of the Company, directly or indirectly**, solicit or induce or in any manner attempt to solicit or induce, any person employed by the Company to leave

such employment, whether or not such employment is pursuant to a written contract with the Company or at will.

6. NON-SOLICITATION OF CUSTOMERS: During employment and the Restricted Period, Executive will not **either on his own behalf or on behalf of any other Person, except on behalf of the Company, directly or indirectly**, solicit Customers on behalf of a Competing Business or for the purpose of (i) providing or offering products or services identical to or reasonably substitutable for the products and services provided or offered by the Company, or (ii) lessening, in whole or in part, the Company's business or relationship with its Customers.

7. NON-COMPETITION: During employment and the Restricted Period, Executive will not, within the Territory, engage in a Competing Business, provide services to a Competing Business similar to those that Executive provided to the Company, become an officer or director of a Competing Business, or otherwise directly or indirectly, own, manage, operate, join, control, finance or participate in the ownership, management, operation, control, or financing of a Competing Business.

8. DISPARAGEMENT: Except to the extent allowed under applicable law, Executive agrees to refrain from making any false, misleading or disparaging statements about the Company or any subsidiary of the Company, including its products, services, management, financial condition, capabilities, employees, customers, or other aspects of its business, and from acting in a manner that reasonably may be viewed as detrimental to the Company or any subsidiary of the Company's best interests. "Disparaging" statements are those that impugn the character, honesty, integrity, morality, business acumen, or abilities of the individual or entity being disparaged. Executive further agrees that nothing in this paragraph shall be deemed to prohibit Executive from (i) generally describing Executive's work responsibilities at the Company when seeking future employment, (ii) engaging in activity protected by the National Labor Relations Act, including the right to discuss terms and conditions of employment with former co-workers, as applicable, or (iii) discussing or disclosing information about unlawful acts in the workplace, such as harassment or discrimination or any other conduct that Executive has reason to believe is unlawful. Nothing in this paragraph (or otherwise in this Agreement) is intended or shall be construed to suggest or imply that Executive cannot provide truthful information in response to a government investigation, a court and/or administrative agency-issued subpoena, or other valid legal process.

9. OWNERSHIP OF CONFIDENTIAL INFORMATION: The Executive hereby agrees that any and all improvements, inventions, discoveries, formulas, processes, methods, know-how, confidential data, trade secrets and other proprietary information (collectively "Work Product") within the scope of any business of the Company or any affiliate which the Executive may conceive or make or has conceived or made during his employment with the Company shall be and are the sole and exclusive property of the Company, and that the Executive shall, wherever requested to do so by the Company, at its expense, execute and sign any and all applications, assignments or other instruments and do all other things which the Company may deem necessary or appropriate (i) in order to apply for, obtain, maintain, enforce or defend letters patent of the United States or any foreign country for any Work Product, or (ii) in order to assign, transfer, convey or otherwise make available to the Company the sole and exclusive right, title and interest in and to any Work Product.

10. NO WAIVER: The failure of the Company to insist upon the performance of any of the terms and conditions in this Agreement, or the failure to prosecute any breach of any of the terms and conditions of this Agreement, shall not be construed thereafter as a waiver of any such terms or conditions. This entire Agreement shall remain in full force and effect as if no such forbearance or failure of performance had occurred.

11. DEFEND TRADE SECRETS ACT OF 2016. Executive is also hereby notified, in accordance with the Defend Trade Secrets Act of 2016, that he will not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that: (a) is made (i) in confidence to a federal, state or local government official, either directly or indirectly, or to an attorney; and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (b) is made in a complaint or other document that is filed under seal in a lawsuit or other proceeding. Executive represents and warrants he has been notified by this Agreement that if he files a lawsuit for retaliation by the Company for reporting a suspected violation of law, he may disclose the Company's trade secrets to his attorney and use the trade secret information in the court proceeding if he: (x) files any document containing the trade secret under seal; and (y) does not disclose the trade secret, except pursuant to court order.

12. INJUNCTIVE RELIEF: Executive understands that, in the event of a breach or threatened breach of this Agreement by Executive, the Company may suffer irreparable harm and will therefore be entitled to injunctive relief, without prior notice to Executive and without the posting of a bond or other guarantee, to enforce this Agreement. This provision is not a waiver of any other rights which the Company may have under this Agreement, including the right to recover attorneys' fees and costs to cover the expenses it incurs in seeking to enforce this agreement, as well as to any other remedies available to it, including money damages.

13. CONSTRUCTION: The Parties agree that the covenants set forth herein are reasonable with respect to their duration, geographical area and scope. If any provision of this Agreement is deemed or held to be illegal, invalid, or unenforceable under present or future laws effective during the Term hereof, this Agreement shall be considered divisible and inoperative as to such provision to the extent it is deemed to be illegal, invalid or unenforceable, and in all other respects this Agreement shall remain in full force and effect; provided, however, that if any provision of this Agreement is deemed or held to be illegal, invalid or unenforceable there shall be added hereto automatically a provision as similar as possible to such illegal, invalid or unenforceable provision as shall be legal, valid or enforceable; and provided further that if any provision of this Agreement is deemed or held to be illegal, invalid or unenforceable by any judicial body of competent jurisdiction, it shall have the power to reduce the scope, duration, or area of the term or provision, to delete specific words or phrases, or to replace any illegal, invalid or unenforceable term or provision with a term or provision that is valid and enforceable and that comes closest to expressing the intention of the illegal, invalid or unenforceable term or provision. Further, should any provision contained in this Agreement ever be reformed or rewritten by any judicial body of competent jurisdiction, such provision as so reformed or rewritten shall be binding upon the Executive and the Company.

(a) Executive agrees and acknowledges that the restrictions contained in this Agreement do not preclude Executive from earning a livelihood, nor do they unreasonably impose limitations on Executive's ability to earn a living. Executive agrees and acknowledges that the potential harm to the Company, and any of its subsidiaries and affiliates, of the non-enforcement of the provisions of this Agreement outweighs any potential harm to Executive of their enforcement by injunction or otherwise. Executive expressly acknowledges and agrees that each and every restraint imposed by the provisions of this Agreement is reasonable with respect to subject matter, activity restraints, time period and geographical area.

(b) In the event the parties litigate the enforceability of any of the provisions of this Agreement, the time period for the respective restrictive covenants shall be tolled until such litigation is resolved by final judgment, including any appeal.

(c) The language in all parts of this Agreement will be construed, in all cases, according to its fair meaning, and not for or against either Party hereto. The Parties acknowledge that each Party and its counsel have reviewed and revised this Agreement and that the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party will not be employed in the interpretation of this Agreement.

(d) The captions of the Paragraphs of this Agreement are for convenience of reference only and in no way define, limit or affect the scope or substance of any Paragraph of this Agreement.

14. FORUM SELECTION AND CHOICE OF LAW: This Agreement shall be interpreted, construed and governed by and under the laws of the State of Georgia, not including the choice of law rules thereof. Each party irrevocably (i) consents to the exclusive jurisdiction and venue of the courts located in Fulton County, Georgia in any and all actions arising under or relating to this Agreement, and (ii) waives any jurisdictional defenses (including personal jurisdiction and venue) to any such action.

15. INTEGRATION: This Agreement contains the entire agreement of the Parties hereto with respect to severance and supersedes and replaces all prior agreements, arrangements and understandings related thereto, whether written or oral; provided, however, that nothing herein modifies, supersedes, voids or otherwise alters the Executive's noncompetition, nonsolicitation and confidentiality obligations, set forth in any other surviving agreements or contractual obligations, which shall remain in full force and effect.

IN WITNESS WHEREOF, the Company and the Executive have executed this Restrictive Covenants Agreement as of the date first written above.

PARTICIPANT: SHAWN STEWART

/s/ Shawn Stewart

(signature)

Shawn Stewart

(print name)

FORWARD AIR CORPORATION:

/s/ Michael L. Hance

By: Michael L. Hance

Its: Interim Chief Executive Officer, Chief Legal Officer and Secretary

Pursuant to the Merger Agreement (as defined below), for so long as the definitive agreement constituting the amended and restated limited liability company agreement of Opco (as defined below) contemplated by Section 7.22(a)(i) of the Merger Agreement is not in effect, the Opco LLCA referred to in the Merger Agreement shall refer to the terms and conditions set forth on Exhibit C to the Merger Agreement. Accordingly, the term sheet set forth below is the Opco LLCA currently in effect.

EXHIBIT C

Term Sheet – Key Terms of Opco LLCA

The terms in this term sheet (the “Term Sheet”) sets forth certain terms and conditions of the Opco LLCA to be entered into among Forward Air Corporation, a Tennessee corporation (“Parent”), Central States Logistics, Inc., a wholly-owned subsidiary of Parent classified as a corporation for tax purposes (“Holdco”), Clue Opco LLC, a Delaware limited liability company (“Opco”), and certain of the current shareholders of Omni Newco, LLC (the “Company”, and such holders, the “Omni Holders”) as described in the Merger Agreement (and subject to their delivery of an executed Letter of Transmittal pursuant to the terms of the Merger Agreement) pursuant to the Merger Agreement, dated August 10, 2023, by and among Parent, Opco, Holdco, the Company and the Designated Representative (as defined therein) and the other parties thereto (as amended, the “Merger Agreement”) to which this Term Sheet is attached. Capitalized terms used and not otherwise defined herein shall have the meanings given to such terms in the Merger Agreement.

<u>Term</u>	<u>Description</u>
1. Capitalization:	<ul style="list-style-type: none">At Closing, Opco will have the following classes of authorized units (collectively, the “<u>Units</u>”). The Units will represent 100% of the equity interests of Opco. The Units will be designated as follows:<ul style="list-style-type: none"><u>Class A Units</u><ul style="list-style-type: none">Common units solely held by (1) Parent, issued pursuant to Section 7.18 of the Merger Agreement, and (2) Parent Merger Sub, issued pursuant to Section 2.05(a)(iv)(B) of the Merger AgreementNumber of Class A Units to equal at all times the number of shares of Parent Common Stock (see parity protections below)Not exchangeable or convertible

	<ul style="list-style-type: none"> ○ <u>Class B Units</u> <ul style="list-style-type: none"> ▪ Common units solely held as of Closing by the Omni Holders that held the Company in an “unblocked” form, including Management Holdings (and its successor Surviving Management Holdings) (collectively, the “<u>Rollover Holders</u>”), and to be issued pursuant to the Merger Agreement ▪ In order to provide holders of Class B Units with voting rights at Parent equivalent to the Parent Common Stock, each Class B Unit will be paired with a Parent Series B Preferred Unit to be issued pursuant to the Merger Agreement. Each Parent Series B Preferred Unit will be non-economic but will vote with Parent Common Stock and have one vote per unit ▪ Each Class B Unit, together with one Parent Series B Preferred Unit, will be exchangeable, from time to time at the election of a Rollover Holder, for, at the option of Holdco, (1) one share of Parent Common Stock or (2) cash paid from Holdco equal to the 5 trading day VWAP of a share of Parent Common Stock (the “<u>Common Stock Trading Price</u>”) ○ <u>Series C-1 Preferred Units</u> <ul style="list-style-type: none"> ▪ Economic equivalent of Parent Series C Preferred Units (including with respect to liquidation preference and preferred return), which is required to ensure the liquidation preference and preferred return on the Parent Series C Preferred Units will dilute all shareholders of Parent and all unitholders of Opco (including holders of Class B Units and Series C-2 Preferred Units) <i>pro rata</i> ▪ Solely held by Parent Merger Sub, issued pursuant to Section 2.05(a)(iv)(B) of the Merger Agreement ▪ Number of Series C-1 Preferred Units to equal at all times the number of Parent Series C Preferred Units (see parity protections below) ▪ After the Conversion Approval, Series C-1 Preferred Units will automatically convert to Class A Units on a one-for-one basis (as increased by any accrued and unpaid dividends of such Series C-1 Preferred Units) ○ <u>Series C-2 Preferred Units</u> <ul style="list-style-type: none"> ▪ Series C-2 Preferred Units to be economically equivalent to Series C-1 Preferred Units (and have an equivalent liquidation preference, accrue equivalent preferred return on the same basis and have other applicable terms and conditions as Parent Series C Preferred Units) and will be issued to Rollover Holders pursuant to the terms of the Merger Agreement. Without limiting the foregoing, following an exercise of the call right on the Parent Series C Preferred Units, Holdco will immediately effect a purchase of all the Series C-2 Preferred
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Term	Description
	<p>Units at the same time, based on the same price and otherwise on the same terms as the Parent Series C Preferred Units</p> <ul style="list-style-type: none"> ▪ Solely held as of Closing by the Rollover Holders ▪ Prior to the Conversion Approval, Series C-2 Preferred Units can be exchanged, at the election of a Rollover Holder, for the same number of Parent Series C Preferred Units, and such units shall have the same aggregate liquidation preference and dividend accrual (for the avoidance of doubt such Parent Series C Preferred Units shall have a deemed issuance date of the Closing Date such that there is no restart to the annual period for dividend accrual with respect thereto) as the Series C-2 Preferred Units being exchanged ▪ Immediately after the Conversion Approval, Series C-2 Preferred Units will automatically convert to Class B Units on a one-for-one basis (as increased by any accrued and unpaid dividends of such Series C-2 Preferred Units) and Parent will issue the holder thereof a corresponding number of Parent Series B Preferred Units on a one-for-one basis for each such Class B Unit ▪ In the event any such preferred return is paid in cash on Parent Series C Preferred Units (vs. increasing the Liquidation Preference thereof), the corresponding amount of preferred return on the Series C-2 Preferred Units shall likewise be paid in cash substantially simultaneous therewith <ul style="list-style-type: none"> • Capitalization of Opco immediately following (and given effect to) the Closing to be as determined pursuant to the Merger Agreement (as detailed above in this Term Sheet) • All distributions from Opco will be <i>pro rata</i> based on number of Units, subject to preferred return to Series C-1 Preferred Units and Series C-2 Preferred Units, including providing the Series C-1 Preferred Units and Series C-2 Preferred Units the same rights upon liquidation, dissolution and Reorganization (as defined in the Charter Amendment and Resolutions) as provided to the Parent Series C Preferred Units, <i>mutatis mutandis</i> • Parent shall have the right to cause Opco to issue additional Units of any class or series, including Class A Units and Class B Units, so long as, at all times Parent causes Parent and Opco to comply with the parity protections set forth below under Parity Protections
2. Exchange Rights:	<ul style="list-style-type: none"> • To exercise the exchange right, a Rollover Holder will provide written notice to Holdco, indicating the quantity and type of Units it would like to exchange (an “<u>Exchange Notice</u>”)

<u>Term</u>	<u>Description</u>
	<ul style="list-style-type: none"> • Within 2 business days following receipt of an Exchange Notice, Holdco shall give written notice to the Rollover Holder of its decision of whether to have the exchange be for Parent Common Stock or Parent Series C Preferred Units, as applicable (a “<u>Share Settlement</u>”), or, with respect to any Class B Units being exchanged, cash (and if no such election is made within such time period, the exchange shall be deemed to be for a Share Settlement) • Except as described below, a Share Settlement will take place no more than 5 business days following delivery of the Exchange Notice and an exchange for cash will take place no more than 10 business days following delivery of the Exchange Notice • Notwithstanding the foregoing, a Rollover Holder may condition the exchange (and effectiveness thereof) on (1) the closing of a third-party purchase for the sale of the shares or units of Parent stock received in the exchange, (2) the closing of an announced merger, consolidation or other transaction where the shares or units of Parent stock would be exchanged or converted, and/or (3) the closing of an underwritten distribution of the shares or units • If Holdco indicates an Exchange Notice will result in Share Settlement (and not an exchange for cash), a Rollover Holder can retract or delay such Exchange Notice by giving written notice of such retraction (i) for any reason within 3 business days of delivery of an Exchange Notice or (ii) at any time prior to the closing of the exchange for customary events, including a registration statement ceasing to be effective, Parent failing to supplement any required prospectus, Parent exercising a contractual right to defer, delay or suspend the filing or effectiveness of a registration statement, receipt of material non-public information preventing distribution of shares or units to be received upon exchange, a stop order relating to the registration statement, a material disruption in the securities markets, an injunction or other governmental restraint, Parent or Holdco failing to comply with its written obligations with respect to the exchange or the shares or units to be received upon the exchange, or the exchange would occur 3 business days or less prior to, or during, a black-out period; however, a Rollover Holder cannot so revoke or delay under this clause (ii) if it has controlled or materially influenced any facts, circumstances or person in connection therewith in order to provide such Rollover Holder with a basis for such delay or revocation • The right to exchange Units will be (1) subject to any applicable lock-up period to which the Rollover Holder is subject, customary procedural requirements and, subject to exceptions for exchanging all of a Rollover Holder’s remaining Units, minimum exchange amounts of 30,000 Class B Units and (2) limited to no more than two exchange exercises per calendar quarter per holder (the “<u>Exchange Limitations</u>”)

<u>Term</u>	<u>Description</u>
	<ul style="list-style-type: none"> • In connection with an exchange, Parent shall contribute to Holdco the shares or units for the Share Settlement (or cash, in the event of a cash settlement) the exchanging Rollover Holder is entitled to receive in such exchange and, upon an exchange / purchase of Class B Units, Parent shall cancel a number of Parent Series B Preferred Units held by such Rollover Holder corresponding to the Class B Units exchanged or purchased. Further, upon an exchange of Class B Units or Series C-2 Preferred Units with Holdco, such exchanged Class B Units or Series C-2 Preferred Units, as applicable, shall automatically be converted into the same number of Class A Units or Series C-1 Preferred Units, respectively, to be held by Holdco following such exchange • The Parent Common Stock and, if delivered following the first anniversary of the Closing, Parent Series C Preferred Units delivered in an exchange shall be listed on Nasdaq, and to the extent a registration statement is effective and available for such shares or units, registered under the Securities Act • Except as otherwise addressed or permitted pursuant to the Parity Protections below (and for the avoidance of doubt, without duplication thereof), the exchange rate between Units of Opco and shares or units of Parent shall be equitably adjusted in the event of any stock or unit split, reverse stock or unit split, stock or unit dividend or distribution, combination, reclassification, reorganization, recapitalization, merger, exchange or other transaction at one of Opco or Parent that is not accompanied by a substantively identical transaction at the other, in each case to the extent necessary to maintain the economic equivalency in the value surrendered for exchange and the value received • In the event of a Change of Control (as defined as a "Strategic Transaction" in the Shareholders Agreement), Holdco may elect to require all (and not less than all) holders of Class B Units (together with the corresponding number of Parent Series B Preferred Units) and Series C-2 Preferred Units to exchange all such units, which exchange shall be conditioned on and effective immediately prior to the consummation of the Change of Control and shall be settled for the identical consideration that a holder of a share of Parent Common Stock (in the case of holders of Class B Units) and Parent Series C Preferred Units (in the case of Series C-2 Preferred Units) receives pursuant to the Change of Control
3. Parity Protections; Transfer Restrictions:	<ul style="list-style-type: none"> • Parent (in its capacity as the manager of Opco) and Opco will be permitted and required to take any actions with respect to the Units required to maintain at all times a (1) one-to-one ratio between the number of Class A Units held by Parent and Holdco and the shares of Parent Common Stock, (2) one-to-one ratio between the number of Class B Units held by Rollover Holders and the number of Parent Series B Preferred Units and (3) one-to-one ratio between the number of Series C-1 Preferred Units held by Parent and Holdco and Parent Series C Preferred Units, subject to customary disregarded securities exceptions for purposes of

Term	Description
	<p>calculating such ratio related to (a) unvested restricted stock issued pursuant to an equity plan (for so long as they remain unvested) and employee options (until exercised or otherwise net settled), (b) treasury shares, (c) non-economic voting shares and (d) certain shares of preferred stock or other securities convertible into shares of Parent Common Stock (until converted, exercised or otherwise settled)</p> <ul style="list-style-type: none"> • The Opco LLC will contain customary provisions to ensure such one-to-one ratio is maintained, including in the event of (1) issuances of new or additional shares or units of Opco or Parent, including, in the case of Parent, Parent Common Stock and Parent Series C Preferred Units (and will contain requirements that any proceeds of such issuances by Parent be contributed to Opco in exchange for substantially the same consideration issued by Parent (including any proceeds from securities convertible into shares of Parent Common Stock (such as provided in clause (d) above) to the extent attributable to the conversion of such securities into shares of Parent Common Stock) no later than the date on which such shares or units are issued), (2) redemption (which shall be effected on “back to back” basis for the same price and property) and (3) equity splits, equity dividends or combinations (or similar events), in each case, subject to certain customary exceptions related to instituting a shareholder rights plan and Parent equity plans and the awards thereunder (but shall apply to the issuance of shares or units of Parent not later than the time of the conversion, exercise or settlement of such rights) or as otherwise provided or permitted in these Parity Protections • Any additional Units of Opco issued in connection with maintaining the one-to-one ratio will have substantially the same rights to dividends and distributions (including upon liquidation) and other economic rights as the corresponding shares or units of Parent • In addition, Opco LLC will contain customary provisions to ensure relative parity across classes of Units is maintained (e.g., an equity split, dividend, distribution, combination or similar event respecting one class of Units will be effected on like basis for each other class of Units) to ensure that in the event of any merger or “reclassification event” (as customarily defined) Rollover Holders would receive in any exchange the equivalent relative to other classes of Units of what they would have received prior to the merger or reclassification event, subject to adjustments permitted as provided in the next bullet for investment of excess Parent cash into Opco • Parent (or Holdco, as applicable) will have the right (but not the obligation) to reinvest any excess cash it receives from Opco or refunds with respect to taxes it is eligible to retain for additional Units of Opco based on 20 trading day VWAP of a share of Parent Common Stock, with either (i) a corresponding adjustment to the exchange ratio or (ii) stock split to Units or Parent Common Stock to ensure one-to-one parity

<u>Term</u>	<u>Description</u>
	<ul style="list-style-type: none"> • The Units will be subject to customary transfer restrictions, including restrictions on transfers (1) to persons other than Permitted Transferees (as defined in the Investor Rights Agreement), (2) that would adversely impact unit one-to-one parity, (3) that are not in accordance with the Shareholders Agreements and (4) that would result in the partnership being treated as a corporation under Section 7704 of the Internal Revenue Code of 1986, as amended (the “Code”) or that would materially increase the possibility of Opco becoming a “publicly traded partnership” within the meaning of Section 7704 of the Code; provided that (a) a pledge to or encumbrance by a bank or other institutional lender to secure a loan for borrowed money by a Rollover Member shall not constitute a transfer until the foreclosure thereof, (b) transfers in connection with the exchanges and conversions described above shall not be restricted and (c) transfers of the type permitted with respect to shares or units in Parent by the terms of the Investor Rights Agreement shall not be restricted in respect of Units, <i>mutatis mutandis</i> • For the avoidance of doubt, to facilitate the members of Surviving Management Holdings exercising their exchange rights, as provided in the Surviving Management Holdings LLCA, Surviving Management Holdings shall be entitled to distribute or transfer Class B Units or Series C-2 Preferred Units held by it to its members; provided that such Units are subject to an Exchange Notice and, and as a condition to such distribution or transfer, such Units are then exchanged by the recipient member of Surviving Management Holdings for Parent Common Stock or Parent Series C Preferred Units, as applicable (or cash in lieu thereof) substantially simultaneous therewith, pursuant to the exchange mechanics set forth above • The manager, with the consent of REP Omni Holdings, L.P. (not to be unreasonably withheld, conditioned or delayed), shall have the authority to cause mandatory exchanges with respect to members holding less than 0.3% of the Units in order to cause Opco to have no more than 100 “partners” if at any time (i) Opco has more 100 “partners”, within the meaning of Treasury Regulations Section 1.7704-1(h) (determined taking into account the rules of Treasury Regulations Section 1.7704-1(h)(3)) and (ii) there are not binding agreements by and among members and Opco and/or its assignees to sell interests in a manner that will not cause Opco to be classified as a “publicly traded partnership” within the meaning of Section 7704 of the Code that would cause the Company to have 100 or fewer “partners”, within the meaning of Treasury Regulations Section 1.7704-1(h) (determined taking into account the rules of Treasury Regulations Section 1.7704-1(h)(3)), upon the consummation of the transactions contemplated by such agreements (including, agreements to tender Units to Opco or one or more purchasers approved by the Opco); provided that, to the extent additional Units of Opco are issued after the Closing (other than to Parent, Holdco or a wholly-owned subsidiary of Parent), the Manager will cause mandatory exchanges with respect to such additional Units prior to causing mandatory exchanges with respect to any of the Units issued at Closing, unless it receives

<u>Term</u>	<u>Description</u>
	written consent of the Rollover Holders holding a majority of the Class B Units and Series C-2 Preferred Units (voting together on an as-converted basis as a single class) otherwise
4. Governance:	<ul style="list-style-type: none"> • All Units will be non-voting unless otherwise required by law and for certain voting rights related to customary protective provisions, including approving certain amendments, affiliate transactions not at arms' length and dissolution of the Opco • Parent will be appointed as the manager of Opco, with full power and authority to manage Opco and its business, including to effect asset dispositions, restructurings and business combinations, without approval of Opco's unit holders (but subject to any required Parent shareholder approvals, any protective rights of other Unitholders as described herein and the Parity Protections described above). The manager will be subject to the same fiduciary duties to Opco and the members that a director of a Delaware corporation would be subject to with respect to the corporation and its shareholders; provided that the decision to exercise Parent/Holdco's rights under "Exchange Rights" above and the "Termination Right" may be made by the manager in its sole discretion • The Parent and Holdco will conduct all business and activities through Opco and its subsidiaries, subject to customary exceptions related to being a public company and the reporting requirements related thereto and related to equity issuances and debt financing, so long as the proceeds of such issuances or financings are pushed down from Parent to Holdco to Opco as provided in the Parity Protections above • Parent, as the manager, with the consent of Rollover Holders holding a majority of the Class B Units and Series C-2 Preferred Units (voting together on an as-converted basis as a single class), can approve amendments to the Opco LLCA from time to time. Additionally, without the affirmative approval of the members holding a majority of the outstanding Units of the class or series so affected or the affirmative approval of the Person so affected, as applicable, Parent cannot approve any amendment that results in adverse changes in any material respect to (1) the rights, powers or duties of any holder of the Units (or any class or series thereof) in a manner disproportionate to any other holders of Units (or such same class or series thereof), (2) the amendment provisions of the Opco LLCA, (3) any provision expressly requiring the approval, consent or action of any Person so as to adversely affect such person or (4) certain other fundamental rights, including limitation on liability, distributions, indemnification, exchange rights, dissolution and permitted transfers

<u>Term</u>	<u>Description</u>
	<ul style="list-style-type: none"> In addition, the holders of Series C-2 Units will be afforded the same adjustments mechanics, protections and consent rights as are afforded to the holders of Parent Series C Preferred Units with respect to Parent, <i>mutatis mutandis</i>
5. Tax Matters:	<ul style="list-style-type: none"> Opco will be treated as a partnership for U.S. tax purposes and will take no action that will cause it to be treated as a corporation for U.S. tax purposes and Opco will otherwise cause each “flow-through” subsidiary as of the Closing to remain a “flow-through” subsidiary following the Closing Opco LLCA will include customary provisions governing the treatment of obligations of Opco relating to withholding taxes, composite tax returns, and elective or optional pass-through entity taxes Opco will make quarterly tax distributions to the holders in an amount sufficient for all holders (or their beneficial owners, as applicable) to pay their taxes attributable to income allocable from Opco or the Company (or any of their Subsidiaries) for the applicable taxable period (including taking account of any adjustment thereto as a result of an audit or other proceeding involving a taxing authority or the filing of an amended tax return), assuming such holders are subject to the highest maximum combined marginal federal, state and local income tax rate applicable to an individual or corporate resident of New York City, New York and taking into account the character of the applicable income, items under Sections 704(c) and 743(b) of the Code, the deduction under Section 250 of the Code and any obligation of Parent or Holdco to make payments under the TRA. Such tax distributions will be on a <i>pro rata</i> basis (based on the number of Units held as of the date of the relevant tax distribution) for all holders and for pre-closing tax periods of the Company will, for the avoidance of doubt, take into account tax distributions made by the Company prior to the Closing Date. Tax distributions will not count as “advances” against future distributions under the Opco LLCA. Subject to the foregoing (including that all tax distributions will be <i>pro rata</i>), in no event will Opco be required to make post-closing tax distributions to Rollover Holders with respect to any pre-closing tax period of the Company or a Company Subsidiary in an aggregate amount in excess of \$12.5 million Opco (and each subsidiary of Opco classified as a partnership) will, and will cause each “flow-through” subsidiary to, have in effect an election under Section 754 of the Code for the tax year that includes the closing date and each subsequent tax year unless otherwise approved with the consent of the Rollover Holders holding a majority of the Class B Units and Series C-2 Preferred Units (voting together on an as-converted basis as a single class). Opco will use commercially reasonable efforts to (1) ensure that all indebtedness that for U.S. federal income tax purposes is treated as indebtedness of Opco or an applicable subsidiary of Opco are nonrecourse liabilities within the meaning of Treasury Regulations Section 1.752-1(a)(2) (and will notify REP Omni Holdings, L.P. promptly if any such liabilities are not nonrecourse

Term	Description
	<p>liabilities within the meaning of Treasury Regulations Section 1.752-1(a)(2)) and (2) structure any changes to Opco's debt obligations, including debt prepayments, in a manner that minimizes the potential for gain recognized by a Rollover Member from a deemed distribution under Section 731 of the Code (including as a result of the application of Section 752(b) of the Code and the Treasury Regulations promulgated thereunder)</p> <ul style="list-style-type: none"> • Parent will serve as partnership representative and, subject to the express covenants in the Merger Agreement for taxable periods ending on or before the Closing and straddle periods, will, except as otherwise provided herein, (1) control the preparation of all tax returns, and the conduct of all tax proceedings, for Opco and its subsidiaries, and (2) make all tax elections for Opco and its subsidiaries in its good faith discretion (other than the applicable Section 704(c) method, which will be the remedial method for 2021 and earlier taxable years and the traditional method (without curative allocations) for 2022 and subsequent taxable years, including for the avoidance of doubt in connection with allocations resulting from or attributable to the revaluation made in connection with the transaction, in each case unless mutually otherwise agreed by Parent and the Rollover Holders holding a majority of the Class B Units and Series C-2 Preferred Units (voting together on an as-converted basis as a single class) • The partnership representative will use reasonable best efforts to notify REP Omni Holdings, L.P. in writing of the commencement of any audit or tax contest of Opco or any of its subsidiaries, with respect to a post-Closing tax period, the resolution of which would reasonably be expected to have a disproportionate and material adverse effect on the Rollover Holders (or their beneficial owners) within fifteen (15) days of it becoming aware of any such tax contest or audit. REP Omni Holdings, L.P. will be permitted, at their expense, to be present at, and participate in, any such tax contest or audit and the partnership representative shall consult with REP Omni Holdings, L.P. in good faith prior to any settlement of such tax contest or audit • Notwithstanding the foregoing, the Rollover Holders shall not be required to file amended income tax returns without the Rollover Holders' prior written consent (not to be unreasonably withheld, conditioned or delayed) • Opco shall not change or make any material tax election that would have an adverse and disproportionate effect on the Rollover Holders relative to its other members without the REP Omni Holdings, L.P.'s prior written consent (not to be unreasonably withheld, conditioned or delayed) • Within one hundred eighty (180) days after the end of each taxable year of Opco, Opco shall use reasonable best efforts to prepare and send, or to cause to be prepared and sent, to each Rollover Holder copies of such information as may be reasonably required for applicable U.S. tax reporting purposes and such other tax

Term	Description
	<p>information as a Rollover Holder may reasonably request. Upon the request of a Rollover Holder, Opco shall use reasonable best efforts to make available an estimate of taxable income of Opco allocated to such Rollover Holder for such taxable year within one hundred twenty (120) days following the end of the taxable year</p> <ul style="list-style-type: none"> • All refunds with respect to income taxes for any pre-closing tax period of the Parent (or Holdco or any other member of a consolidated or similar tax group of which Parent is the common parent (a “<u>Parent Group Member</u>”)) after the Closing shall be retained by Parent (or other Parent Group Member, as applicable). All refunds received by Parent (or any Parent Group Member) after the closing that are attributable to taxes paid by Opco or any of its subsidiaries shall be promptly transferred to Opco for no consideration, and no additional Units shall be issued to Parent or its subsidiaries in respect of any such transfer; provided that, for the avoidance of doubt, the foregoing shall not apply with respect to any taxes paid by Parent (or any Parent Group Member) via tax distributions made by Opco. Such transfers shall not constitute capital contributions and shall have no effect on the capital accounts of any holder • Parent (or any Parent Group Member) will not cause Opco or any of its subsidiaries to pay any tax obligations (other than payments of permitted tax distributions and obligations relating to withholding taxes, composite tax returns, and elective or optional pass-through entity taxes in accordance with the Opco LLCAs) of Parent (or any Parent Group Member) • Holdco will not, and Parent will cause Holdco not to, provide any services to Opco or its subsidiaries
6. Other Key Terms:	<ul style="list-style-type: none"> • No Rollover Holder shall be required to make any additional capital contribution • “Fair Market Value” of an asset for purposes of the Opco LLCAs (including in respect of distributions whether before or as part of liquidation) will mean the amount which would be received in an all-cash sale of such asset in an arms-length transaction with a willing unaffiliated third party (without liquidity or minority or similar discounts) and otherwise as customarily defined and shall be subject to an appraisal right of the Rollover Holders in the event of a dispute • At all times, Parent shall reserve and keep available out of its authorized but unissued shares or units (i) the number of shares or units, as applicable, of Parent Common Stock and Parent Series C Preferred Units as would be issuable upon exchange of all Units by all Rollover Holders (in all cases assuming both that the Conversion Approval occurs and that it does not occur) and (ii) the additional units of Parent Series B Preferred Units that would be issued in connection with the conversion of the Series C-2 Preferred Units to Class B Units as described above

<u>Term</u>	<u>Description</u>
	<ul style="list-style-type: none"> • All Class B Units, Parent Common Stock, Parent Series C Preferred Units and Parent Series B Preferred Units issued in connection with an exchange or conversion, as described herein, will, upon issuance, be validly issued, fully paid and non-assessable and free of Encumbrances (other than restrictions on the transfer of securities arising under federal and state securities Laws or as set forth in the Opco LLCA or the Shareholders Agreements, as applicable) and shall be exempted for purposes of Section 16(b) under the Exchange Act • Opco shall be the primary named insured under and pay for any insurance policy with respect to representations and warranties in the Merger Agreement, and Parent will assign or cause to be assigned to Opco all proceeds thereof not received by Opco without receiving any additional Units • Any Person having any rights under the Opco LLCA shall be entitled to seek to enforce such rights specifically (without posting a bond or other security), injunctions and other equitable remedies, without limiting other rights at law or equity, including the right to recover damages by reason of any breach and to exercise all other rights granted by law • Following the first date on which Rollover Holders own, on an aggregate basis, less than 5% of the Class A Units and Class B Units (treating the Series C-2 Preferred Units on an as-converted to Class B Unit basis) issued pursuant to the Merger Agreement, Parent will be entitled at its option to require all other holders of Units to exchange their respective Units for shares of Parent Common Stock or Parent Series C Preferred Units, as applicable (the "<u>Termination Right</u>")

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO EXCHANGE ACT RULE 13a-14(a) (17 CFR 240.13a-14(a))**

I, Shawn Stewart, certify that:

- 1 I have reviewed this quarterly report on Form 10-Q for the quarter ended March 31, 2024 of Forward Air Corporation;
- 2 Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3 Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4 The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5 The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 15, 2024

/s/ Shawn Stewart

Shawn Stewart
Chief Executive Officer

**CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO EXCHANGE ACT RULE 13a-14(a) (17 CFR 240.13a-14(a))**

I, Rebecca J. Garbrick, certify that:

- 1 I have reviewed this quarterly report on Form 10-Q for the quarter ended March 31, 2024 of Forward Air Corporation;
- 2 Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3 Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4 The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5 The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 15, 2024

/s/ Rebecca J. Garbrick

Rebecca J. Garbrick
Chief Financial Officer and Treasurer

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER

**PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Forward Air Corporation (the "Company") on Form 10-Q for the period ended March 31, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Shawn Stewart, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- 1 The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- 2 The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 15, 2024

/s/ Shawn Stewart

Shawn Stewart
Chief Executive Officer

A signed original of this written statement required by Section 906 has been provided to Forward Air Corporation and will be retained by Forward Air Corporation and furnished to the Securities and Exchange Commission or its staff upon request.

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER

PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Forward Air Corporation (the "Company") on Form 10-Q for the period ended March 31, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Rebecca J. Garbrick, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 15, 2024

/s/ Rebecca J. Garbrick

Rebecca J. Garbrick
Chief Financial Officer and Treasurer

A signed original of this written statement required by Section 906 has been provided to Forward Air Corporation and will be retained by Forward Air Corporation and furnished to the Securities and Exchange Commission or its staff upon request.