

**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**

For the transition period from _____ to _____
Commission File Number: **001-38054**

Schneider National, Inc.
(Exact Name of Registrant as Specified in Its Charter)

Wisconsin
(State of Incorporation)

39-1258315
(IRS Employer Identification No.)

3101 South Packerland Drive
Green Bay Wisconsin 54313
(Address of Registrant's Principal Executive Offices and Zip Code)
(920) 592-2000
(Registrant's Telephone Number, Including Area Code)

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

Title of each class	Trading symbol	Name of each exchange on which registered
Class B common stock, no par value	SNDR	New York Stock Exchange

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 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 the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

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 ☒

As of April 25, 2024, the registrant had 83,029,500 shares of Class A common stock, no par value, outstanding and 92,545,898 shares of Class B common stock, no par value, outstanding.

SCHNEIDER NATIONAL, INC.
QUARTERLY REPORT ON FORM 10-Q
For the Quarter Ended March 31, 2024
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GLOSSARY OF TERMS

3PL	Provider of outsourced logistics services. In logistics and supply chain management, it means a company's use of third-party businesses, the 3PL(s), to outsource elements of the company's distribution, fulfillment, and supply chain management services.
ASC	Accounting Standards Codification
Board	Board of Directors
ChemDirect	Fortem Invenio, Inc.
CODM	Chief Operating Decision Maker
EBITDA	Earnings Before Interest, Taxes, Depreciation, and Amortization
GAAP	United States Generally Accepted Accounting Principles
IPO	Initial Public Offering
KPI	Key Performance Indicator
M&A	Mergers and Acquisitions
M&M	M&M Transport Services, LLC
MLS	Midwest Logistics Systems, Ltd. and affiliated entities holding assets comprising substantially all of its business
MLSI	Mastery Logistics Systems, Inc.
NASDAQ	National Association of Securities Dealers Automated Quotations
PSU	Performance-based Restricted Stock Unit
RSU	Restricted Stock Unit
rTSR	Relative Total Shareholder Return
SEC	United States Securities and Exchange Commission
Term SOFR	The CME Term SOFR Reference Rate administered by CME Group Benchmark Administration Limited
TuSimple	TuSimple Holdings, Inc. (formerly TuSimple (Cayman) Limited)
U.S.	United States

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This report contains forward-looking statements within the meaning of the safe harbor provisions of the United States Private Securities Litigation Reform Act of 1995. These forward-looking statements reflect the Company's current expectations, beliefs, plans, or forecasts with respect to, among other things, future events and financial performance and trends in the business and industry. The words "may," "will," "could," "should," "would," "anticipate," "estimate," "expect," "project," "intend," "plan," "believe," "prospects," "potential," "budget," "forecast," "continue," "predict," "seek," "objective," "goal," "guidance," "outlook," "effort," "target," and similar words, expressions, terms, and phrases, generally identify forward-looking statements, which speak only as of the date the statements were made. Forward-looking statements involve estimates, expectations, projections, goals, forecasts, assumptions, risks, and uncertainties. Readers are cautioned that a forward-looking statement is not a guarantee of future performance and that actual results could differ materially from those contained in the forward-looking statement.

The risks, uncertainties, and other factors that could cause or contribute to actual results differing materially from those expressed or implied by the forward-looking statements include, but are not limited to, the following: inflation, both in the U.S. and globally; our ability to successfully manage operational challenges and disruptions, as well as related federal, state, and local government responses arising from future pandemics; economic and business risks inherent in the truckload and transportation industry, including inflation, freight cycles, and competitive pressures pertaining to pricing, capacity, and service; our ability to effectively manage truck capacity brought about by cyclical driver shortages and successfully execute our yield management strategies; our ability to maintain key customer and supply arrangements (including dedicated arrangements) and to manage disruption of our business due to factors outside of our control, such as natural disasters, acts of war or terrorism, disease outbreaks, or pandemics; volatility in the market valuation of our investments in strategic partners and technologies; our ability to manage and effectively implement our growth and diversification strategies and cost saving initiatives; our dependence on our reputation and the Schneider brand and the potential for adverse publicity, damage to our reputation, and the loss of brand equity; risks related to demand for our service offerings; risks associated with the loss of a significant customer or customers; capital investments that fail to match customer demand or for which we cannot obtain adequate funding; fluctuations in the price or availability of fuel, the volume and terms of diesel fuel purchase agreements, our ability to recover fuel costs through our fuel surcharge programs, and potential changes in customer preferences (e.g. truckload vs. intermodal services) driven by diesel fuel prices; fluctuations in the value and demand for our used Class 8 heavy-duty tractors and trailers; our ability to attract and retain qualified drivers and owner-operators; our reliance on owner-operators to provide a portion of our truck fleet; our dependence on railroads in the operation of our intermodal business; service instability, availability, and/or increased costs from third-party capacity providers used by our business; changes in the outsourcing practices of our third-party logistics customers; difficulty in obtaining material, equipment, goods, and services from our vendors and suppliers; variability in insurance and claims expenses and the risks of insuring claims through our captive insurance company; the impact of laws and regulations that apply to our business, including those that relate to the environment, taxes, associates, owner-operators, and our captive insurance company; changes to those laws and regulations; and the increased costs of compliance with existing or future federal, state, and local regulations; political, economic, and other risks from cross-border operations and operations in multiple countries; risks associated with financial, credit, and equity markets, including our ability to service indebtedness and fund capital expenditures and strategic initiatives; negative seasonal patterns generally experienced in the trucking industry during traditionally slower shipping periods and winter months; risks associated with severe weather and similar events; significant systems disruptions, including those caused by cybersecurity events and firmware defects; exposure to claims and lawsuits in the ordinary course of business; our ability to adapt to new technologies and new participants in the truckload and transportation industry; our ability to implement our plans to meet our greenhouse gas reduction goals; and those risks and uncertainties discussed in (1) our most recently filed Annual Report on Form 10-K in (a) Part I, Item 1A. "Risk Factors," (b) Part II, Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations," and (c) Part II, Item 8. "Financial Statements and Supplementary Data: Note 13, Commitments and Contingencies," (2) this Quarterly Report on Form 10-Q in (a) Part I, Item 2. "Management's Discussion and Analysis of Financial Condition and Results of Operations," (b) Part I, Item 1. "Financial Statements: Note 12, Commitments and Contingencies," and (c) Part II, Item 1A. "Risk Factors," and (3) other factors discussed in filings with the SEC by the Company. The Company undertakes no obligation to publicly release any revision to its forward-looking statements to reflect events or circumstances after the date of this Report.

WHERE TO FIND MORE INFORMATION

The SEC maintains a website at www.sec.gov that contains reports, proxy and information statements, and other information that the Company files electronically with the SEC. These documents are also available to the public from commercial document retrieval services and at the "Investors" section of our website at www.schneider.com. Information disclosed or available on our website shall not be deemed incorporated into, or to be a part of, this Report.

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

SCHNEIDER NATIONAL, INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (Unaudited)

(in millions, except per share data)

	Three Months Ended March 31,	
	2024	2023
Operating revenues	\$ 1,319.0	\$ 1,428.7
Operating expenses:		
Purchased transportation	508.7	563.1
Salaries, wages, and benefits	355.1	337.8
Fuel and fuel taxes	107.7	113.0
Depreciation and amortization	102.8	91.8
Operating supplies and expenses—net	153.6	147.9
Insurance and related expenses	31.1	24.7
Other general expenses	31.3	35.8
Total operating expenses	1,290.3	1,314.1
Income from operations	28.7	114.6
Other expenses (income):		
Interest income	(0.8)	(2.1)
Interest expense	4.0	4.4
Other expenses (income)—net	0.8	(17.0)
Total other expense (income)—net	4.0	(14.7)
Income before income taxes	24.7	129.3
Provision for income taxes	6.2	31.3
Net income	18.5	98.0
Other comprehensive income (loss):		
Foreign currency translation adjustment—net	—	0.3
Net unrealized gains (losses) on marketable securities—net of tax	(0.2)	0.5
Total other comprehensive income (loss)—net	(0.2)	0.8
Comprehensive income	\$ 18.3	\$ 98.8
Weighted average shares outstanding	176.0	178.2
Basic earnings per share	\$ 0.11	\$ 0.55
Weighted average diluted shares outstanding	176.6	179.1
Diluted earnings per share	\$ 0.10	\$ 0.55

See notes to consolidated financial statements (unaudited).

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SCHNEIDER NATIONAL, INC.
CONSOLIDATED BALANCE SHEETS (Unaudited)
(in millions, except share data)

	March 31, 2024	December 31, 2023
Assets		
Current Assets:		
Cash and cash equivalents	\$ 67.3	\$ 102.4
Marketable securities	56.9	57.2
Trade accounts receivable—net of allowance of \$13.4 million and \$15.0 million, respectively	573.9	575.7
Other receivables	47.5	61.9
Current portion of lease receivables—net of allowance of \$1.0 million	89.3	93.3
Inventories—net	91.9	117.9
Prepaid expenses and other current assets	144.3	102.5
Total current assets	1,071.1	1,110.9
Noncurrent Assets:		
Property and equipment:		
Transportation equipment	3,879.2	3,781.0
Land, buildings, and improvements	227.3	226.1
Other property and equipment	184.2	180.2
Total property and equipment	4,290.7	4,187.3
Less accumulated depreciation	1,649.7	1,605.6
Net property and equipment	2,641.0	2,581.7
Lease receivables	133.9	130.2
Internal use software and other noncurrent assets	401.1	402.7
Goodwill	331.7	331.7
Total noncurrent assets	3,507.7	3,446.3
Total Assets	\$ 4,578.8	\$ 4,557.2
Liabilities and Shareholders' Equity		
Current Liabilities:		
Trade accounts payable	\$ 274.6	\$ 241.3
Accrued salaries, wages, and benefits	68.4	66.7
Claims accruals—current	88.0	89.2
Current maturities of debt and finance lease obligations	209.4	104.5
Other current liabilities	103.3	104.5
Total current liabilities	743.7	606.2
Noncurrent Liabilities:		
Long-term debt and finance lease obligations	96.6	197.6
Claims accruals—noncurrent	102.3	92.7
Deferred income taxes	587.4	595.7
Other noncurrent liabilities	106.8	108.2
Total noncurrent liabilities	893.1	994.2
Total Liabilities	1,636.8	1,600.4
Commitments and Contingencies (Note 12)		
Shareholders' Equity:		
Preferred shares, no par value, 50,000,000 shares authorized, no shares issued or outstanding	—	—
Class A common shares, no par value, 250,000,000 shares authorized, 83,029,500 shares issued and outstanding	—	—
Class B common shares, no par value, 750,000,000 shares authorized, 95,927,043 and 95,796,669 shares issued, and 92,844,330 and 92,931,242 shares outstanding, respectively	—	—
Additional paid-in capital	1,591.8	1,595.2
Retained earnings	1,433.7	1,431.9
Accumulated other comprehensive loss	(3.6)	(3.4)
Treasury stock at cost (3,068,034 and 2,505,267 shares)	(79.9)	(66.9)
Total Shareholders' Equity	2,942.0	2,956.8
Total Liabilities and Shareholders' Equity	\$ 4,578.8	\$ 4,557.2

See notes to consolidated financial statements (unaudited).

SCHNEIDER NATIONAL, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)
(in millions)

	Three Months Ended March 31,	
	2024	2023
Operating Activities:		
Net income	\$ 18.5	\$ 98.0
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	102.8	91.8
Gains on sales of property and equipment—net	(1.8)	(12.3)
Proceeds from lease receipts	15.8	19.3
Deferred income taxes	(8.3)	18.7
Long-term incentive and share-based compensation expense	1.2	4.8
(Gains) losses on investments in equity securities—net	0.1	(17.6)
Other noncash items—net	0.3	—
Changes in operating assets and liabilities:		
Receivables	16.3	52.5
Other assets	(48.0)	(51.3)
Payables	(7.0)	(13.7)
Claims reserves and receivables—net	8.4	0.8
Other liabilities	(0.7)	(7.9)
Net cash provided by operating activities	97.6	183.1
Investing Activities:		
Purchases of transportation equipment	(123.3)	(143.1)
Purchases of other property and equipment	(12.0)	(12.5)
Proceeds from sale of property and equipment	23.4	34.7
Proceeds from sale of off-lease inventory	11.6	7.1
Purchases of lease equipment	(1.7)	(20.9)
Proceeds from marketable securities	—	2.0
Purchases of marketable securities	—	(8.8)
Investments in equity securities and equity method investment	(0.1)	(5.0)
Investment in note receivable	—	(10.0)
Net cash used in investing activities	(102.1)	(156.5)
Financing Activities:		
Proceeds under revolving credit agreements	30.0	—
Payments under revolving credit agreements	(25.0)	—
Payments of debt and finance lease obligations	(1.1)	(0.8)
Dividends paid	(16.5)	(15.7)
Repurchases of common stock	(13.0)	—
Other financing activities	(5.0)	(6.0)
Net cash used in financing activities	(30.6)	(22.5)
Net increase (decrease) in cash and cash equivalents	(35.1)	4.1
Cash and Cash Equivalents:		
Beginning of period	102.4	385.7
End of period	\$ 67.3	\$ 389.8
Additional Cash Flow Information:		
Noncash investing and financing activity:		
Transportation and lease equipment purchases in accounts payable	\$ 49.0	\$ 80.1
Dividends declared but not yet paid	17.1	16.8
Sale of assets in exchange for notes receivable	1.5	—
Cash paid during the period for:		
Interest	4.8	3.2
Income taxes—net of refunds	0.5	1.8

SCHNEIDER NATIONAL, INC.
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY (Unaudited)
(in millions, except per share data)

	Common Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock	Total
Balance—December 31, 2022	\$ —	\$ 1,584.4	\$ 1,257.8	\$ (5.0)	\$ —	\$ 2,837.2
Net income	—	—	98.0	—	—	98.0
Other comprehensive income	—	—	—	0.8	—	0.8
Share-based compensation expense	—	5.1	—	—	—	5.1
Dividends declared at \$0.09 per share of Class A and Class B common shares	—	—	(16.4)	—	—	(16.4)
Share issuances	—	0.1	—	—	—	0.1
Exercise of employee stock options	—	0.1	—	—	—	0.1
Shares withheld for employee taxes	—	(6.1)	—	—	—	(6.1)
Balance—March 31, 2023	—	\$ 1,583.6	\$ 1,339.4	\$ (4.2)	\$ —	\$ 2,918.8
Balance—December 31, 2023	\$ —	\$ 1,595.2	\$ 1,431.9	\$ (3.4)	\$ (66.9)	\$ 2,956.8
Net income	—	—	18.5	—	—	18.5
Other comprehensive loss	—	—	—	(0.2)	—	(0.2)
Share-based compensation expense	—	1.5	—	—	—	1.5
Dividends declared at \$0.095 per share of Class A and Class B common shares	—	—	(16.7)	—	—	(16.7)
Repurchases of common stock	—	—	—	—	(13.0)	(13.0)
Exercise of employee stock options	—	1.5	—	—	—	1.5
Shares withheld for employee taxes	—	(6.4)	—	—	—	(6.4)
Balance—March 31, 2024	—	\$ 1,591.8	\$ 1,433.7	\$ (3.6)	\$ (79.9)	\$ 2,942.0

See notes to consolidated financial statements (unaudited).

SCHNEIDER NATIONAL, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

1. GENERAL

Nature of Operations

Schneider National, Inc. and its subsidiaries (together “Schneider,” the “Company,” “we,” “us,” or “our”) are among the largest providers of surface transportation and logistics solutions in North America. We offer a multimodal portfolio of services and an array of capabilities and resources that leverage artificial intelligence, data science, and analytics to provide innovative solutions that coordinate the timely, safe, and effective movement of customer products. The Company offers truckload, intermodal, and logistics services to a diverse customer base throughout the continental U.S., Canada, and Mexico.

Principles of Consolidation and Basis of Presentation

The accompanying unaudited interim consolidated financial statements have been prepared in conformity with GAAP and the rules and regulations of the SEC applicable to quarterly reports on Form 10-Q. Therefore, these consolidated financial statements and footnotes do not include all disclosures required by GAAP for annual financial statements and should be read in conjunction with the consolidated financial statements and related notes included in our Annual Report on Form 10-K for the year ended December 31, 2023. Financial results for an interim period are not necessarily indicative of the results for a full year. All intercompany transactions have been eliminated in consolidation.

In the opinion of management, these statements reflect all adjustments (consisting only of normal, recurring adjustments) necessary for the fair presentation of our financial results for the interim periods presented.

New Accounting Pronouncements

On November 27, 2023, the FASB issued ASU 2023-07, *Segment Reporting (Topic 280), Improvements to Reportable Segment Disclosures*. This ASU provides additional guidance on reportable segment disclosures, including information on significant segment expenses and other items provided to the CODM by reportable segment and the title and position of the CODM. Additionally, annual segment disclosures currently reported under ASC 280 are now required for all interim periods. This standard is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024, with early adoption permitted. We are currently evaluating the impacts of the new standard.

On December 14, 2023, the FASB issued ASU 2023-09, *Income Taxes (Topic 740), Improvements to Income Tax Disclosures*. This ASU expands the disclosures related to rate reconciliations by requiring entities to disclose items meeting a quantitative threshold and eight categories. The standard is effective for fiscal years beginning after December 15, 2024 with early adoption permitted. We do not believe that this standard will have a material effect on our consolidated financial statements or disclosures.

2. ACQUISITIONS

M&M Transport Services, LLC

On August 1, 2023 (“Acquisition Date”), we acquired 100% of the membership interest in M&M for \$ 243.8 million, inclusive of cash and other working capital adjustments. M&M is a dedicated trucking company located primarily in New England with nearly 500 tractors and 1,900 trailers which we believe complements our dedicated operations.

The acquisition of M&M was accounted for under the acquisition method of accounting, which requires that assets acquired and liabilities assumed be recognized on the consolidated balance sheets at their fair value as of the Acquisition Date. These inputs represent Level 3 measurements in the fair value hierarchy and required significant judgments and estimates at the time of valuation. Fair value estimates of acquired transportation equipment were based on an independent appraisal, giving consideration to the highest and best use of the assets with key assumptions based on the market approach. The assistance of an independent third-party valuation firm was used to determine the estimated fair values and useful lives of finite-lived intangible assets including customer relationships and trademarks. Valuation methods used were the multi-period excess earnings method and relief from royalty method for customer relationships and trademarks, respectively. Non-compete agreements were recorded based on amount paid at closing.

The excess of the purchase price over the estimated fair values of assets acquired and liabilities assumed was recorded as goodwill within the Truckload reporting segment. The goodwill is attributable to expected synergies and growth opportunities within our dedicated business and is expected to be deductible for tax purposes.

Acquisition-related costs, which consist of fees incurred for advisory, legal, and accounting services were not material and were included in other general expenses in the Company's consolidated statements of comprehensive income for the three months ended March 31, 2024.

The following table summarizes the preliminary purchase price allocation for M&M, including any adjustments during the measurement period.

Recognized amounts of identifiable assets acquired and liabilities assumed (in millions)	August 1, 2023		Adjusted	
	Opening Balance		August 1, 2023	
	Sheet	Adjustments	Opening Balance	sheet
Cash and cash equivalents	\$ 3.6	\$ —	\$ 3.6	
Trade accounts receivable—net of allowance	15.1	—	15.1	
Prepaid expenses and other current assets	3.0	—	3.0	
Net property and equipment	77.8	—	77.8	
Internal use software and other noncurrent assets	56.9	0.5	57.4	
Goodwill	104.6	(1.1)	103.5	
Total assets acquired	261.0	(0.6)	260.4	
Trade accounts payable	1.4	—	1.4	
Accrued salaries, wages, and benefits	5.3	—	5.3	
Claims accruals—current	1.8	—	1.8	
Other current liabilities	4.2	(1.3)	2.9	
Other noncurrent liabilities	5.2	—	5.2	
Total liabilities assumed	17.9	(1.3)	16.6	
Net assets acquired	\$ 243.1	\$ 0.7	\$ 243.8	

The above adjustments made during the measurement period were primarily related to working capital, accrued taxes, and intangible assets. No material adjustments were made during the three months ended March 31, 2024, and although we may adjust provisional amounts through July 31, 2024, we do not anticipate any material adjustments.

Certain amounts recorded in connection with the acquisition are still considered preliminary as we continue to gather the necessary information to finalize our fair value estimates and provisional amounts. Provisional amounts include items related to deferred taxes and indemnification assets and liabilities.

The following unaudited pro forma revenues give effect to the acquisition had it been effective January 1, 2023. Combined unaudited pro forma operating revenues of the Company and M&M would have been approximately \$1,459.5 million during the three months ended March 31, 2023, and our earnings for the same period would not have been materially different.

3. LEASES

As Lessee

We lease real estate and equipment under operating and finance leases. Our real estate operating leases include operating centers, distribution warehouses, offices, and drop yards. Our non-real estate operating and finance leases include transportation, office, yard, warehouse, and other equipment, in addition to truck washes. The majority of our leases include an option to extend the lease, and a small number include an option to terminate the lease early, which may include a termination payment.

In conjunction with our acquisition of M&M, the Company entered into nine related party leases. The leases are for the use of shop, warehouse, office, and drop yard locations throughout the country. The leases run through 2026 and the related lease payments are not material.

Additional information related to our leases is as follows:

(in millions)	Three Months Ended March 31,	
	2024	2023
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows for operating leases	\$ 9.7	\$ 9.0
Operating cash flows for finance leases	0.1	0.1
Financing cash flows for finance leases	1.1	0.8
Right-of-use assets obtained in exchange for new lease liabilities		
Operating leases	\$ 9.3	\$ 14.0
Finance leases	—	0.3

As of March 31, 2024, we had signed leases that had not yet commenced totaling \$ 3.8 million. These leases will commence during the remainder of 2024 and have lease terms of two to seven years.

As Lessor

We finance various types of transportation-related equipment for independent third parties under lease contracts, which are generally for one to three years and are accounted for as sales-type leases with fully guaranteed residual values. Our leases contain an option for the lessee to return, extend, or purchase the equipment at the end of the lease term for the guaranteed contract residual amount. This contract residual amount is estimated to approximate the fair value of the equipment. Lease payments primarily include base rentals and guaranteed residual values.

As of March 31, 2024 and December 31, 2023, investments in lease receivables were as follows:

(in millions)	March 31, 2024	December 31, 2023
Future minimum payments to be received on leases	\$ 166.4	\$ 161.8
Guaranteed residual lease values	100.8	103.9
Total minimum lease payments to be received	267.2	265.7
Unearned income	(44.0)	(42.2)
Net investment in leases	\$ 223.2	\$ 223.5

Prior to entering a lease contract, we assess the credit quality of the potential lessee using credit checks and other relevant factors, ensuring that the inherent credit risk is consistent with our existing lease portfolio. Given our leases have fully guaranteed residual values and we can take possession of the transportation-related equipment in the event of default, we do not categorize net investment in leases by different credit quality indicators upon origination. We monitor our lease portfolio weekly by tracking amounts past due, days past due, and outstanding maintenance account balances, including performing subsequent credit checks as needed. Our net investment in leases with any portion past due as of March 31, 2024 was \$61.6 million, which includes both current and future lease payments. Lease payments on our lease receivables are generally due on a weekly basis and are classified as past due when the weekly payment is not received by its due date. As of March 31, 2024, our lease payments past due were \$3.2 million.

The table below provides additional information on our sales-type leases. Revenue and cost of goods sold are recorded in operating revenues and operating supplies and expenses—net in the consolidated statements of comprehensive income, respectively.

(in millions)	Three Months Ended March 31,	
	2024	2023
Revenue	\$ 57.9	\$ 60.8
Cost of goods sold	(50.8)	(51.4)
Operating profit	\$ 7.1	\$ 9.4
Interest income on lease receivable	\$ 7.7	\$ 9.4

4. REVENUE RECOGNITION

Disaggregated Revenues

The majority of our revenues are related to transportation and have similar characteristics. Beginning on August 1, 2023, M&M revenues are included within Transportation revenues, consistent with the remainder of our Truckload segment. The following table summarizes our revenues by type of service.

Disaggregated Revenues (in millions)	Three Months Ended March 31,	
	2024	2023
Transportation	\$ 1,217.4	\$ 1,317.0
Logistics Management	50.6	49.8
Other	51.0	61.9
Total operating revenues	<u>\$ 1,319.0</u>	<u>\$ 1,428.7</u>

Quantitative Disclosure

The following table provides information related to transactions and expected timing of revenue recognition for performance obligations that are fixed in nature and relate to contracts with terms greater than one year as of the date shown.

Remaining Performance Obligations (in millions)	March 31, 2024
Expected to be recognized within one year	
Transportation	\$ 28.6
Logistics Management	14.0
Expected to be recognized after one year	
Transportation	34.4
Logistics Management	10.1
Total	<u>\$ 87.1</u>

This disclosure does not include revenues related to performance obligations that are part of a contract with an original expected duration of one year or less, nor does it include expected consideration related to performance obligations for which the Company elects to recognize revenue in the amount it has a right to invoice (e.g., usage-based pricing terms).

The following table provides information related to contract balances associated with our contracts with customers as of the dates shown.

Contract Balances (in millions)	March 31, 2024	December 31, 2023
Other current assets—Contract assets	\$ 27.7	\$ 23.7
Other current liabilities—Contract liabilities	—	—

We generally receive payment within 40 days of completion of performance obligations. Contract assets in the table above relate to revenue in transit at the end of the reporting period. Contract liabilities relate to amounts customers paid in advance of the associated services.

Non-monetary Consideration

Occasionally we provide freight movements to customers in exchange for non-monetary services. The fair value of non-monetary consideration on these freight movements is included in operating revenues on the consolidated statements of comprehensive income and consists primarily of transportation equipment. There was no revenue recorded for freight movements in exchange for non-monetary consideration for the three months ended March 31, 2024 and 2023.

5. FAIR VALUE

Fair value is the estimated price that would be received to sell an asset or paid to transfer a liability. Inputs to valuation techniques used to measure fair value fall into three broad levels (Levels 1, 2, and 3) as follows:

Level 1—Observable inputs that reflect quoted prices for identical assets or liabilities in active markets that we have the ability to access at the measurement date.

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Level 2—Observable inputs, other than quoted prices included in Level 1, for the asset or liability or prices for similar assets and liabilities.

Level 3—Unobservable inputs reflecting the reporting entity's estimates of the assumptions that market participants would use in pricing the asset or liability (including assumptions about risk).

Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

The table below sets forth the Company's financial assets that are measured at fair value on a recurring, monthly basis in accordance with ASC 820.

(in millions)	Level in Fair Value Hierarchy	Fair Value	
		March 31, 2024	December 31, 2023
Equity investment in TuSimple ⁽¹⁾	1	\$ 0.2	\$ 0.3
Marketable securities ⁽²⁾	2	56.9	57.2

(1) Our equity investment in TuSimple is classified as Level 1 in the fair value hierarchy as shares of TuSimple's Class A common stock are traded on an Over the Counter ("OTC") market beginning February 8, 2024 and the NASDAQ prior to that date. See Note 6, *Investments*, for additional information.

(2) Marketable securities are classified as Level 2 in the fair value hierarchy as they are valued based on quoted prices for similar assets in active markets or quoted prices for identical or similar assets in markets that are not active. See Note 6, *Investments*, for additional information.

The fair value of the Company's debt was \$181.9 million and \$183.2 million as of March 31, 2024 and December 31, 2023, respectively. The carrying value of the Company's debt was \$185.0 million as of March 31, 2024 and December 31, 2023. The fair value of our debt was calculated using a fixed rate debt portfolio with similar terms and maturities, which is based on the borrowing rates available to us in the applicable period. This valuation used Level 2 inputs.

The recorded values of cash, trade accounts receivable, lease receivables, trade accounts payable, and amounts outstanding under revolving credit agreements approximate fair values.

As part of the acquisition of M&M on August 1, 2023, certain assets acquired and liabilities assumed were recorded at their fair values as of the acquisition date. Refer to Note 2, *Acquisitions*, for further details.

6. INVESTMENTS

Marketable Securities

Our marketable securities are classified as available-for-sale and carried at fair value in current assets on the consolidated balance sheets. While our intent is to hold our securities to maturity, sudden changes in the market or our liquidity needs may cause us to sell certain securities in advance of their maturity date.

Any unrealized gains and losses, net of tax, are included as a component of accumulated other comprehensive income on the consolidated balance sheets, unless we determine that the amortized cost basis is not recoverable. If we determine that the amortized cost basis of the impaired security is not recoverable, we recognize the credit loss by increasing the allowance for those losses. We did not have an allowance for credit losses on our marketable securities as of March 31, 2024 or December 31, 2023. Cost basis is determined using the specific identification method.

The following table presents the maturities and values of our marketable securities as of the dates shown.

(in millions, except maturities in months)	Maturities	March 31, 2024		December 31, 2023	
		Amortized Cost	Fair Value	Amortized Cost	Fair Value
U.S. treasury and government agencies	5 to 83 months	\$ 25.0	\$ 22.7	\$ 24.9	\$ 22.9
Corporate debt securities	1 to 109 months	19.9	19.2	20.0	19.2
State and municipal bonds	3 to 175 months	15.5	15.0	15.5	15.1
Total marketable securities		\$ 60.4	\$ 56.9	\$ 60.4	\$ 57.2

Equity Investments without Readily Determinable Fair Values

The Company's primary strategic equity investments without readily determinable fair values include Platform Science, Inc., a provider of telematics and fleet management tools; MLSI, a transportation technology development company; and ChemDirect, a business-to-business digital marketplace for the chemical industry. These investments are being accounted for under ASC 321, *Investments - Equity Securities*, using the measurement alternative, and their combined values as of March 31, 2024 and December 31, 2023 were \$121.8 million. If the Company identifies observable price changes for identical or similar securities of the same issuer, the equity security is measured at fair value as of the date the observable transaction occurred using Level 3 inputs. In addition to our investment in MLSI, we also hold a \$10.0 million note receivable from MLSI as of March 31, 2024 and 2023. The note was funded during the first quarter of 2023, is subject to interest over its term, and matures in March 2030.

As of March 31, 2024, our cumulative upward adjustments were \$ 72.0 million. The following table summarizes the activity related to these equity investments during the periods presented.

(in millions)	Three Months Ended March 31,	
	2024	2023
Investment in equity securities	\$ —	\$ 5.0
Upward adjustments ⁽¹⁾	—	17.7

(1) Our updated investment value in 2023 was determined using a hybrid backsolve method, a valuation approach incorporating both IPO and M&A scenarios to estimate the value based on recently issued shares.

Equity Investments with Readily Determinable Fair Values

In 2021, the Company purchased a \$5.0 million non-controlling interest in TuSimple, a global self-driving technology company. Upon completion of its IPO in April 2021, our investment in TuSimple was converted into Class A common shares and is now being accounted for under ASC 321, *Investments - Equity Securities*. Our pre-tax net losses were not material for the three months ended March 31, 2024 and 2023. See Note 5, *Fair Value*, for additional information on the fair value of our investment in TuSimple.

Equity Method Investment

In the second quarter of 2023, the Company invested \$ 5.0 million consisting primarily of internal use software and cash in exchange for a 50% non-controlling ownership interest in Scope 23 LLC, an entity that provides a platform for shippers to track and manage their greenhouse gas emissions. Our interest is being accounted for under ASC 323, *Investments - Equity Method and Joint Ventures*. For the three months ended March 31, 2024, activity was not material. The carrying value of our investment was \$4.9 million as of March 31, 2024.

All of our equity investments, as well as our note receivable from MLSI, are included in internal use software and other noncurrent assets on the consolidated balance sheets. Gains or losses on our equity investments are recognized within other expenses (income)—net on the consolidated statements of comprehensive income.

7. GOODWILL AND OTHER INTANGIBLE ASSETS

Goodwill represents the excess of the purchase price of acquisitions over the fair value of the identifiable net assets acquired. Our goodwill balance as of March 31, 2024 and December 31, 2023 was \$331.7 million and was comprised of \$ 317.5 million and \$14.2 million in our Truckload and Logistics segments, respectively. As of both March 31, 2024 and December 31, 2023, our Truckload segment had accumulated goodwill impairment charges of \$34.6 million.

The identifiable finite lived intangible assets listed below are included in internal use software and other noncurrent assets on the consolidated balance sheets and relate to the acquisitions of MLS and M&M. The weighted-average amortization period is 15.0 years for customer relationships and trademarks and 5.0 years for non-compete agreements for a total weighted-average amortization period of 13.9 years. Refer to Note 2, *Acquisitions*, for further details.

(in millions)	March 31, 2024			December 31, 2023		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Customer relationships	\$ 43.5	\$ 2.5	\$ 41.0	\$ 43.5	\$ 1.8	\$ 41.7
Trademarks	10.9	1.7	9.2	10.9	1.5	9.4
Non-compete agreements	5.4	0.8	4.6	5.4	0.4	5.0
Total intangible assets	<u>\$ 59.8</u>	<u>\$ 5.0</u>	<u>\$ 54.8</u>	<u>\$ 59.8</u>	<u>\$ 3.7</u>	<u>\$ 56.1</u>

Amortization expense for intangible assets was \$ 1.3 million and \$ 0.3 million for the three months ended March 31, 2024 and 2023, respectively.

Estimated future amortization expense related to intangible assets is as follows:

(in millions)	March 31, 2024
Remaining 2024	\$ 3.7
2025	5.0
2026	5.0
2027	5.1
2028	4.6
2029 and thereafter	31.4
Total	<u>\$ 54.8</u>

8. DEBT AND CREDIT FACILITIES

As of March 31, 2024 and December 31, 2023, debt included the following:

(in millions)	March 31, 2024	December 31, 2023
Unsecured senior notes: principal maturities ranging from 2024 through 2028; interest payable in semiannual installments through the same timeframe; weighted average interest rate of 3.86% and 3.68% for 2024 and 2023, respectively.	\$ 185.0	\$ 185.0
Credit agreement: matures November 2027; variable rate interest payments due monthly based on the Term SOFR; weighted-average interest rate of 6.44% and 6.43% for 2024 and 2023, respectively.	40.0	45.0
Receivables purchase agreement: matures July 2024; variable rate interest payments due monthly based on the Term SOFR; weighted-average interest rate of 6.28% and 6.28% 2024 and 2023, respectively.	70.0	60.0
Total debt and credit facilities	295.0	290.0
Current maturities	(205.0)	(100.0)
Long-term debt	<u>\$ 90.0</u>	<u>\$ 190.0</u>

Our Credit Agreement (the "2022 Credit Facility") provides borrowing capacity of \$ 250.0 million and allows us to request an additional increase in total commitment by up to \$150.0 million, for a total potential commitment of \$ 400.0 million through November 2027. The agreement also provides a sublimit of \$100.0 million to be used for the issuance of letters of credit. Balances are included within long-term debt and finance lease obligations on the consolidated balance sheets. Standby letters of credit under this agreement amounted to \$0.4 million as of March 31, 2024 and December 31, 2023, and were primarily related to the requirements of certain of our real estate leases.

We also have a Receivables Purchase Agreement (the "2021 Receivables Purchase Agreement"), which allows us to borrow funds against qualifying trade receivables at rates based on one-month Term SOFR up to \$150.0 million and provides for the issuance of standby letters of credit through July 2024. Borrowings under this agreement are included within current maturities of debt and finance lease obligations on the consolidated balance sheets. As of March 31, 2024 and December 31, 2023, standby letters of credit under this agreement amounted to \$73.9 million and \$81.4 million, respectively, and were primarily related to the requirements of certain of our insurance obligations.

Our combined available capacity under our Credit Agreement and our Receivables Purchase Agreement as of March 31, 2024 was \$ 215.6 million.

9. INCOME TAXES

Our effective income tax rate was 25.0% and 24.2% for the three months ended March 31, 2024 and 2023, respectively. In determining the quarterly provision for income taxes, we use an estimated annual effective tax rate adjusted for discrete items. This rate is based on our expected annual income, statutory tax rates, and best estimates of nontaxable and nondeductible income and expense items.

10. COMMON EQUITY

Earnings Per Share

The following table sets forth the computation of basic and diluted earnings per share for the three months ended March 31, 2024 and 2023, respectively.

	Three Months Ended March 31,	
	2024	2023
<i>(in millions, except per share data)</i>		
Numerator:		
Net income available to common shareholders	\$ 18.5	\$ 98.0
Denominator:		
Weighted average common shares outstanding	176.0	178.2
Dilutive effect of share-based awards and options outstanding	0.6	0.9
Weighted average diluted common shares outstanding ⁽¹⁾	176.6	179.1
Basic earnings per common share	\$ 0.11	\$ 0.55
Diluted earnings per common share	0.10	0.55

(1) Weighted average diluted common shares outstanding may not sum due to rounding.

The calculation of diluted earnings per share excluded 0.1 million and 0.5 million share-based awards and options that had an anti-dilutive effect for the three months ended March 31, 2024, and 2023, respectively.

Common Shares Outstanding

As of both March 31, 2024 and December 31, 2023, we had 83,029,500 shares of Class A common stock outstanding. There were no changes to the number of shares of Class A common stock outstanding for the three months ended March 31, 2024 and 2023.

The following table shows changes to our Class B common shares outstanding for the three months ended March 31, 2024 and 2023.

	Three Months Ended March 31,	
	2024	2023
Outstanding at beginning of period	92,931,242	94,993,144
Repurchases of common stock	(562,767)	—
Share issuances	659,784	633,860
Exercise of employee stock options	71,529	6,000
Shares withheld for employee taxes	(255,458)	(244,277)
Outstanding at end of period	92,844,330	95,388,727

In January 2023, our Board approved a share repurchase program under which the Company is authorized to repurchase up to \$ 150.0 million of its Class A and/or Class B common shares. The program does not obligate the Company to repurchase a minimum number of shares and is intended to help offset the dilutive effect of equity grants to employees over time. Under this program, the Company may repurchase shares in privately negotiated and/or open market transactions. As of March 31, 2024, the Company has repurchased \$79.2 million of the \$150.0 million authorized under the repurchase program.

Subsequent Event - Dividends Declared

In April of 2024, the Board of Directors declared a quarterly cash dividend for the second fiscal quarter of 2024 in the amount of \$ 0.095 per share to holders of our Class A and Class B common stock. The dividend is payable to shareholders of record at the close of business on June 7, 2024 and will be paid on July 9, 2024.

11. SHARE-BASED COMPENSATION

We grant various equity-based awards relating to Class B common stock to employees under our 2017 Omnibus Incentive Plan ("the Plan"). These awards have historically consisted of restricted shares, RSUs, performance-based restricted shares ("performance shares"), PSUs, and non-qualified stock options. Performance shares and PSUs granted are earned based on attainment of threshold performance of earnings and return on capital targets, in addition to a multiplier applied based on rTSR against peers over the performance period.

Share-based compensation expense was \$1.2 million and \$4.8 million for the three months ended March 31, 2024 and 2023, respectively. We recognize share-based compensation expense over the awards' vesting period. As of March 31, 2024, we had \$31.0 million of pre-tax unrecognized compensation cost related to outstanding share-based compensation awards expected to be recognized over a weighted average period of 2.2 years.

Equity-based awards granted during the first quarter of 2024 had a grant date fair value of \$ 23.6 million and are included in the table below. RSUs granted in 2024 vest ratably over a period of three years. No restricted shares, performance shares, or non-qualified stock options were granted during the first quarter of 2024.

2024 Grants	Number of Awards Granted	Weighted Average Grant Date Fair Value
RSUs	642,370	\$ 24.14
PSUs	302,841	26.77
Total grants	945,211	

The Monte-Carlo valuation model is used by the Company to determine the grant date fair value of PSUs, while the Company uses its stock price on the grant date as the fair value assigned to RSUs.

12. COMMITMENTS AND CONTINGENCIES

In the ordinary course of conducting our business, we become involved in certain legal matters and investigations including liability claims, taxes other than income taxes, contract disputes, employment, and other litigation matters. We accrue for anticipated costs to resolve matters that are probable and estimable. We believe the outcomes of these matters will not have a material impact on our business or our consolidated financial statements.

We record liabilities for claims against the Company based on our best estimate of expected losses. The primary claims arising for the Company through its trucking, intermodal, and logistics operations consist of accident-related claims for personal injury, collision, and comprehensive compensation, in addition to workers' compensation, property damage, cargo, and wage and benefit claims. We maintain excess liability insurance with licensed insurance carriers for liability in excess of amounts we self-insure, which serves to largely offset the Company's liability associated with these claims, with the exception of wage and benefit claims for which we self-insure. We review our accruals periodically to ensure that the aggregate amounts of our accruals are appropriate at any period after consideration of available insurance coverage. Although we expect that our claims accruals will continue to vary based on future developments, assuming that we are able to continue to obtain and maintain excess liability insurance coverage for such claims, we do not anticipate that such accruals will, in any period, materially impact our operating results.

As of March 31, 2024, our firm commitments to purchase transportation equipment totaled \$ 138.2 million.

During the first quarter of 2022, the Company recorded a \$ 5.2 million charge as a result of an adverse audit assessment by a state tax authority over the applicability of sales tax for prior periods on rolling stock equipment used within that state. The Company filed a request for appeal of the audit assessment with the state jurisdiction, and during the second quarter of 2023, a ruling was made in favor of the state resulting in an additional \$2.9 million in interest and penalties being recorded by the Company. The Company filed a petition request with the state Appellate Tax Board in January 2024. Both the initial charge and the additional interest and penalties incurred are recorded within operating supplies and expenses—net on the consolidated statements of comprehensive income.

13. SEGMENT REPORTING

We have three reportable segments – Truckload, Intermodal, and Logistics – which are based primarily on the services each segment provides.

As of January 1, 2023, our operating segments within the Truckload reportable segment were VTL, Bulk, and MLS. As a result of expanding our dedicated business through recent acquisitions, in the fourth quarter of 2023, we reorganized the operating segments within Truckload into Dedicated, which includes MLS and M&M; Van Network; and Bulk. The three operating segments are aggregated because they have similar economic characteristics with our other Truckload operating segments and meet the other aggregation criteria described in ASC 280. Dedicated provides truckload services primarily focused on freight with consistent routes often based on long-term contracts, Van Network consists of irregular routes, and Bulk delivers key inputs for manufacturing processes, such as specialty chemicals using specialty trailers.

The CODM reviews revenues for each segment without the inclusion of fuel surcharge revenues. For segment purposes, any fuel surcharge revenues earned are recorded as a reduction of the segment's fuel expenses. Income from operations at the segment level reflects the measure presented to the CODM for each segment.

Separate balance sheets are not prepared by segment, and as a result, assets are not separately identifiable by segment. All transactions between reportable segments are eliminated in consolidation.

Substantially all of our revenues and assets were generated or located within the U.S.

The following tables summarize our segment information. Inter-segment revenues within Other include revenues from insurance premiums charged to other segments for workers' compensation, auto, and other types of insurance. Inter-segment revenues included in Other revenues below were \$25.1 million and \$18.2 million for the three months ended March 31, 2024 and 2023, respectively.

Revenues by Segment (in millions)	Three Months Ended March 31,	
	2024	2023
Truckload	\$ 538.1	\$ 537.0
Intermodal	247.2	266.1
Logistics	324.9	382.2
Other	94.3	92.2
Fuel surcharge	155.9	179.2
Inter-segment eliminations	(41.4)	(28.0)
Operating revenues	\$ 1,319.0	\$ 1,428.7

Income from Operations by Segment (in millions)	Three Months Ended March 31,	
	2024	2023
Truckload	\$ 14.9	\$ 62.6
Intermodal	7.0	30.0
Logistics	5.4	18.5
Other	1.4	3.5
Income from operations	\$ 28.7	\$ 114.6

Depreciation and Amortization by Segment (in millions)	Three Months Ended March 31,	
	2024	2023
Truckload	\$ 75.3	\$ 67.2
Intermodal	13.5	13.1
Logistics	—	0.1
Other	14.0	11.4
Depreciation and amortization	\$ 102.8	\$ 91.8

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis should be read in conjunction with the accompanying consolidated financial statements and related notes and our Annual Report on Form 10-K for the year ended December 31, 2023.

INTRODUCTION

Company Overview

We are a transportation and logistics services company providing a multimodal portfolio of truckload, intermodal, and logistics solutions. Our diversified portfolio of complementary service offerings enables us to serve our customers' varied transportation needs and to allocate capital in a manner that seeks to maximize returns across all market cycles and economic conditions. We continually monitor our performance and market conditions to ensure appropriate allocation of capital and resources to grow our businesses, while optimizing returns across reportable segments. Our strong balance sheet, scalable platform, and experienced operations team are supportive of our acquisition strategy, which includes acquiring high-quality businesses that meet our disciplined selection criteria to enhance our service offerings and broaden our customer base.

Our truckload services consist of over the road freight transportation via dry van, bulk, temperature-controlled, and flat-bed trailers across either network or dedicated configurations. Freight is transported and delivered by our company-employed drivers in company trucks and by owner-operators with company-owned trailers and executed through long-haul or regional services, including customized solutions for high-value and time-sensitive loads throughout North America.

Our intermodal services consist of door-to-door container on flat car service through a combination of rail and dray transportation, in association with our rail providers. Our intermodal business uses company-owned containers, chassis, and trucks with primarily company dray drivers, augmented by third-party dray capacity.

Our logistics services consist of asset-light freight brokerage (including both traditional brokerage and Power Only services which leverage our nationwide company-owned trailer pools to match third-party capacity with customer demand), supply chain (including 3PL), warehousing, and import/export services. Our logistics business provides value-added services using both our assets and third-party capacity, augmented by our trailing assets, to manage and move our customers' freight.

Our success depends on our ability to balance our transportation network and efficiently and effectively manage our resources in the delivery of truckload, intermodal, and logistics services to our customers. Resource requirements vary with customer demand, which may be subject to seasonal or general economic conditions. We believe that our ability to properly select freight and adapt to changes in customer transportation needs allows us to efficiently deploy resources and make capital investments in trucks, trailers, containers, and chassis or obtain qualified third-party capacity at reasonable prices.

Consistent with the transportation industry, our business can be seasonal across each of our segments, which generally translates to our reported revenues being the lowest in the first quarter and highest in the fourth quarter. Operating expenses tend to be higher in the winter months, primarily due to colder weather, which causes higher maintenance expense and higher fuel consumption from increased idle time.

RESULTS OF OPERATIONS

Non-GAAP Financial Measures

In this section of our report, we present the following non-GAAP financial measures: (1) revenues (excluding fuel surcharge), (2) adjusted income from operations, (3) adjusted operating ratio, (4) adjusted net income, (5) adjusted EBITDA, and (6) free cash flow. We also provide reconciliations of these measures to the most directly comparable financial measures calculated and presented in accordance with GAAP.

Management believes the use of each of these non-GAAP measures assists investors in understanding our business by (1) removing the impact of items from our operating results that, in our opinion, do not reflect our core operating performance, (2) providing investors with the same information our management uses internally to assess our core operating performance, and (3) presenting comparable financial results between periods. In addition, in the case of revenues (excluding fuel surcharge), we believe the measure is useful to investors because it isolates volume, price, and cost changes directly related to industry demand and the way we operate our business from the external factor of fluctuating fuel prices and the programs we have in place to manage such fluctuations. Fuel-related costs and their impact on our industry are important to our results of operations, but they are often independent of other, more relevant factors affecting our results of operations and our industry. Free cash flow is used

as a measure to assess overall liquidity and does not represent residual cash flow available for discretionary expenditures as it excludes certain mandatory expenditures such as repayment of maturing debt.

Although we believe these non-GAAP measures are useful to investors, they have limitations as analytical tools and may not be comparable to similar measures disclosed by other companies. You should not consider the non-GAAP measures in this report in isolation or as substitutes for, or alternatives to, analysis of our results as reported under GAAP. The exclusion of unusual or infrequent items or other adjustments reflected in the non-GAAP measures should not be construed as an inference that our future results will not be affected by unusual or infrequent items or by other items similar to such adjustments. Our management compensates for these limitations by relying primarily on our GAAP results in addition to using the non-GAAP measures.

Enterprise Summary

The following table includes key GAAP and non-GAAP financial measures for the consolidated enterprise. Adjustments to arrive at non-GAAP measures are made at the enterprise level, with the exception of fuel surcharge revenues, which are not included in segment revenues.

(in millions, except ratios)	Three Months Ended March 31,	
	2024	2023
Operating revenues	\$ 1,319.0	\$ 1,428.7
Revenues (excluding fuel surcharge) ⁽¹⁾	1,163.1	1,249.5
Income from operations	28.7	114.6
Adjusted income from operations ⁽²⁾	30.0	114.6
Operating ratio	97.8 %	92.0 %
Adjusted operating ratio ⁽³⁾	97.4 %	90.8 %
Net income	\$ 18.5	\$ 98.0
Adjusted net income ⁽⁴⁾	19.5	98.0
Adjusted EBITDA ⁽⁵⁾	130.7	223.4
Cash flow from operations	97.6	183.1
Free cash flow ⁽⁶⁾	(14.3)	62.2

(1) We define "revenues (excluding fuel surcharge)" as operating revenues less fuel surcharge revenues, which are excluded from revenues at the segment level. Included below is a reconciliation of operating revenues, the most closely comparable GAAP financial measure, to revenues (excluding fuel surcharge).

(2) We define "adjusted income from operations" as income from operations, adjusted to exclude material items that do not reflect our core operating performance. Included below is a reconciliation of income from operations, which is the most directly comparable GAAP measure, to adjusted income from operations. Excluded items for the periods shown are explained in the table and notes below.

(3) We define "adjusted operating ratio" as operating expenses, adjusted to exclude material items that do not reflect our core operating performance, divided by revenues (excluding fuel surcharge). Included below is a reconciliation of operating ratio, which is the most directly comparable GAAP measure, to adjusted operating ratio. Excluded items for the periods shown are explained below under our explanation of "adjusted income from operations."

(4) We define "adjusted net income" as net income, adjusted to exclude material items that do not reflect our core operating performance. Included below is a reconciliation of net income, which is the most directly comparable GAAP measure, to adjusted net income. Excluded items for the periods shown are explained below under our explanation of "adjusted income from operations."

(5) We define "adjusted EBITDA" as net income, adjusted to exclude net interest expense, our provision for income taxes, depreciation and amortization, and certain items that do not reflect our core operating performance. Included below is a reconciliation of net income, which is the most directly comparable GAAP measure, to adjusted EBITDA.

(6) We define "free cash flow" as net cash provided by operating activities less net cash used for capital expenditures.

Revenues (excluding fuel surcharge)

(in millions)	Three Months Ended March 31,	
	2024	2023
Operating revenues	\$ 1,319.0	\$ 1,428.7
Less: Fuel surcharge revenues	155.9	179.2
Revenues (excluding fuel surcharge)	\$ 1,163.1	\$ 1,249.5

Adjusted income from operations

(in millions)	Three Months Ended March 31,	
	2024	2023
Income from operations	\$ 28.7	\$ 114.6
Intangible asset amortization ⁽¹⁾	1.3	—
Adjusted income from operations	\$ 30.0	\$ 114.6

(1) Amortization expense related to intangible assets acquired through recent business acquisitions. As we finalized our purchase accounting adjustments related to intangible assets, and to better reflect our ongoing operations, we made the decision to exclude the related amortization expense from non-GAAP earnings beginning in the fourth quarter of 2023.

Adjusted operating ratio

(in millions, except ratios)	Three Months Ended March 31,	
	2024	2023
Total operating expenses	\$ 1,290.3	\$ 1,314.1
Divide by: Operating revenues	1,319.0	1,428.7
Operating ratio	97.8 %	92.0 %
Total operating expenses	\$ 1,290.3	\$ 1,314.1
Adjusted for:		
Fuel surcharge revenues	(155.9)	(179.2)
Intangible asset amortization	(1.3)	—
Adjusted total operating expenses	\$ 1,133.1	\$ 1,134.9
Operating revenues	\$ 1,319.0	\$ 1,428.7
Less: Fuel surcharge revenues	155.9	179.2
Revenues (excluding fuel surcharge)	\$ 1,163.1	\$ 1,249.5
Adjusted operating ratio	97.4 %	90.8 %

Adjusted net income

(in millions)	Three Months Ended March 31,	
	2024	2023
Net income	\$ 18.5	\$ 98.0
Intangible asset amortization	1.3	—
Income tax effect of non-GAAP adjustments ⁽¹⁾	(0.3)	—
Adjusted net income	\$ 19.5	\$ 98.0

(1) Our estimated tax rate on non-GAAP items is determined annually using the applicable consolidated federal and state effective tax rate, modified to remove the impact of tax credits and adjustments that are not applicable to the specific items. Due to differences in the tax treatment of items excluded from non-GAAP income, as well as the methodology applied to our estimated annual tax rates as described above, our estimated tax rate on non-GAAP items may differ from our GAAP tax rate and from our actual tax liabilities.

Adjusted EBITDA

		Three Months Ended March 31,	
		2024	2023
(in millions)			
Net income	\$	18.5	98.0
Interest expense, net		3.2	2.3
Provision for income taxes		6.2	31.3
Depreciation and amortization		102.8	91.8
Adjusted EBITDA	\$	130.7	223.4

Free cash flow

		Three Months Ended March 31,	
		2024	2023
(in millions)			
Net cash provided by operating activities	\$	97.6	183.1
Net capital expenditures		(111.9)	(120.9)
Free cash flow	\$	(14.3)	62.2

Three Months Ended March 31, 2024 Compared to Three Months Ended March 31, 2023

Enterprise Results Summary

Enterprise net income decreased \$79.5 million, approximately 81%, in the first quarter of 2024 compared to the same quarter in 2023, primarily due to a \$85.9 million decrease in income from operations and an \$18.7 million unfavorable change to total other expenses (income)—net driven by lower gains on our equity investments. In the three months ended March 31, 2024, the Company recognized pre-tax net losses of \$0.1 million compared to \$17.6 million in pre-tax net gains on our equity investments during the three months ended March 31, 2023. These items were partially offset by the corresponding \$25.1 million decrease in the provision for income taxes.

Adjusted net income decreased \$78.5 million, approximately 80%.

Components of Enterprise Net Income

Enterprise Revenues

Enterprise operating revenues decreased \$109.7 million, approximately 8%, in the first quarter of 2024 compared to the same quarter in 2023.

Factors contributing to the decrease include:

- a \$57.3 million decrease in Logistics segment revenues (excluding fuel surcharge) driven by decreased revenue per order resulting from continued challenges in the freight environment and a decline in volume within our brokerage business;
- a \$23.3 million decrease in fuel surcharge revenues primarily related to decreased fuel prices;
- and an \$18.9 million decrease in Intermodal segment revenues (excluding fuel surcharge) due to reduced revenue per order.

Enterprise revenues (excluding fuel surcharge) decreased \$86.4 million, approximately 7%.

Enterprise Income from Operations and Operating Ratio

Enterprise income from operations decreased \$85.9 million, approximately 75%, in the first quarter of 2024 compared to the same quarter in 2023, primarily due to a decrease in net revenue per order in Logistics, revenue per order in Intermodal, and revenue per truck per week in Truckload resulting from ongoing pricing pressures. The revenue impacts of volume declines within our brokerage business and Intermodal were driven by continued downward pressure on industry demand. A reduction in gains on equipment sales and ongoing inflationary impacts also contributed to the decrease. These factors were partially offset by an increase in Truckload volumes driven by dedicated growth, including the M&M acquisition, and declines in purchased transportation costs, performance-based incentive compensation, equipment rental expense, and rail expense.

Adjusted income from operations decreased \$84.6 million, approximately 74%.

Enterprise operating ratio (operating expenses as a percentage of operating revenues) increased on both a GAAP and adjusted basis when compared to the first quarter of 2023.

Enterprise Operating Expenses

Key operating expense fluctuations are described below.

- Purchased transportation decreased \$54.4 million, or 10%, quarter over quarter, primarily resulting from a decline in third-party carrier costs within Logistics due to lower brokerage volume and purchased transportation costs per order. Owner-operator purchased transportation costs also declined within Truckload due to a reduction in owner-operator capacity and lower rate per mile.
- Salaries, wages, and benefits increased \$17.3 million, or 5%, quarter over quarter, mainly due to driver wages and benefits related to the M&M acquisition along with an increase to driver headcount within Dedicated; partially offset by a decrease in performance-based incentive compensation.
- Fuel and fuel taxes for company trucks decreased \$5.3 million, or 5%, quarter over quarter, driven by a decrease in cost per gallon. A significant portion of fuel costs are recovered through our fuel surcharge programs.
- Depreciation and amortization increased \$11.0 million, or 12%, quarter over quarter, mainly due to additional depreciation expense incurred as a result of trailer and tractor growth within Dedicated, inflationary unit costs for new equipment, and incremental depreciation and amortization expense related to the M&M acquisition.
- Operating supplies and expenses—net increased \$5.7 million, or 4%, quarter over quarter, largely resulting from a decrease in gains on sales of equipment due to a decrease in average sales price. This was partially offset by a decrease in equipment rental expense driven by improved port fluidity and decreased ramp storage.
- Insurance expense increased \$6.4 million, or 26%, quarter over quarter, driven by an increase in auto liability insurance costs related to recent unfavorable claims severity.
- Other general expenses decreased \$4.5 million, or 13%, quarter over quarter, primarily related to decreased driver onboarding costs.

Total Other Expenses (Income)

Total other income decreased \$18.7 million in the first quarter of 2024 compared to the same quarter in 2023. This change was primarily the result of pre-tax net losses on our equity investments of \$0.1 million in the first quarter of 2024 compared to pre-tax net gains of \$17.6 million in the first quarter of 2023.

Income Tax Expense

Our provision for income taxes decreased \$25.1 million, or 80%, in the first quarter of 2024 compared to the same quarter in 2023, primarily due to lower taxable income. The effective income tax rate was 25.0% for the three months ended March 31, 2024 compared to 24.2% for the same quarter last year. Our provision for income taxes may fluctuate in future periods to the extent there are changes to tax laws and regulations.

Revenues and Income from Operations by Segment

The following tables summarize revenues and income from operations by segment.

Revenues by Segment <i>(in millions)</i>	Three Months Ended March 31,	
	2024	2023
Truckload	\$ 538.1	\$ 537.0
Intermodal	247.2	266.1
Logistics	324.9	382.2
Other	94.3	92.2
Fuel surcharge	155.9	179.2
Inter-segment eliminations	(41.4)	(28.0)
Operating revenues	<u>\$ 1,319.0</u>	<u>\$ 1,428.7</u>

Income from Operations by Segment <i>(in millions)</i>	Three Months Ended March 31,	
	2024	2023
Truckload	\$ 14.9	\$ 62.6
Intermodal	7.0	30.0
Logistics	5.4	18.5
Other	1.4	3.5
Income from operations	28.7	114.6
Adjustments:		
Intangible asset amortization	1.3	—
Adjusted income from operations	<u>\$ 30.0</u>	<u>\$ 114.6</u>

We monitor and analyze a number of KPIs to manage our business and evaluate our financial and operating performance.

Truckload

The following table presents our Truckload segment KPIs for the periods indicated, consistent with how revenues and expenses are reported internally for segment purposes. The two operations that make up our Truckload segment are as follows:

- **Dedicated** - Transportation services with equipment devoted to customers under long-term contracts.
- **Network** - Transportation services of one-way shipments.

	Three Months Ended March 31,	
	2024	2023
Dedicated		
Revenues (excluding fuel surcharge) ⁽¹⁾	\$ 341.4	\$ 303.0
Average trucks ^{(2) (3)}	6,721	5,948
Revenue per truck per week ⁽⁴⁾	\$ 3,963	\$ 3,980
Network		
Revenues (excluding fuel surcharge) ⁽¹⁾	\$ 196.2	\$ 234.1
Average trucks ^{(2) (3)}	4,163	4,474
Revenue per truck per week ⁽⁴⁾	\$ 3,676	\$ 4,089
Total Truckload		
Revenues (excluding fuel surcharge) ⁽⁵⁾	\$ 538.1	\$ 537.0
Average trucks ^{(2) (3)}	10,884	10,422
Revenue per truck per week ⁽⁴⁾	\$ 3,853	\$ 4,027
Average company trucks ⁽³⁾	9,166	8,477
Average owner-operator trucks ⁽³⁾	1,718	1,945
Trailers ⁽⁶⁾	47,880	44,499
Operating ratio ⁽⁷⁾	97.2 %	88.3 %

(1) Revenues (excluding fuel surcharge), in millions, exclude revenue in transit.

(2) Includes company and owner-operator trucks.

(3) Calculated based on beginning and end of month counts and represents the average number of trucks available to haul freight over the specified timeframe.

(4) Calculated excluding fuel surcharge and revenue in transit, consistent with how revenue is reported internally for segment purposes, using weighted workdays.

(5) Revenues (excluding fuel surcharge), in millions, include revenue in transit at the operating segment level and, therefore does not sum with amounts presented above.

(6) Includes entire fleet of owned trailers, including trailers with leasing arrangements between Truckload and Logistics.

(7) Calculated as segment operating expenses divided by segment revenues (excluding fuel surcharge) including revenue in transit and related expenses at the operating segment level.

Truckload revenues (excluding fuel surcharge) increased \$1.1 million, in the first quarter of 2024 compared to the same quarter in 2023. Rate per loaded mile decreased 3%, due to market conditions; this was partially offset by a 3% increase in volume, driven by dedicated growth.

Truckload income from operations decreased \$47.7 million, approximately 76%, in the first quarter of 2024 compared to the same quarter in 2023. In addition to the impact of rate per loaded mile, other items contributing to the decrease in income from operations include increases in salaries and wages expense primarily related to the M&M acquisition, decreases in gains on equipment sales, an increase in depreciation resulting from dedicated growth (including M&M) and inflationary unit costs for new equipment, and increased insurance expense. These items were partially offset by a decrease in owner-operator purchased transportation costs.

Intermodal

The following table presents the KPIs for our Intermodal segment for the periods indicated.

	Three Months Ended March 31,	
	2024	2023
Orders ⁽¹⁾	100,494	100,745
Containers	26,849	27,735
Trucks ⁽²⁾	1,413	1,536
Revenue per order ⁽³⁾	\$ 2,442	\$ 2,628
Operating ratio ⁽⁴⁾	97.2 %	88.7 %

(1) Based on delivered rail orders.

(2) Includes company and owner-operator trucks at the end of the period.

(3) Calculated using rail revenues excluding fuel surcharge and revenue in transit, consistent with how revenue is reported internally for segment purposes.

(4) Calculated as segment operating expenses divided by segment revenues (excluding fuel surcharge) including revenue in transit and related expenses at the operating segment level.

Intermodal revenues (excluding fuel surcharge) decreased \$18.9 million, approximately 7%, in the first quarter of 2024 compared to the same quarter in 2023, primarily due to a decrease in revenue per order of \$186, or 7%, driven by market conditions and freight mix.

Intermodal income from operations decreased \$23.0 million, approximately 77%, in the first quarter of 2024 compared to the same quarter in 2023.

Factors contributing to the decrease include the revenue impacts cited above, partially offset by a decrease in dray and rail-related costs.

Logistics

The following table presents the KPI for our Logistics segment for the periods indicated.

	Three Months Ended March 31,	
	2024	2023
Operating ratio ⁽¹⁾	98.3 %	95.2 %

(1) Calculated as segment operating expenses divided by segment revenues (excluding fuel surcharge) including revenue in transit and related expenses at the operating segment level.

Logistics revenues (excluding fuel surcharge) decreased \$57.3 million, approximately 15%, in the first quarter of 2024 compared to the same quarter in 2023. This was primarily due to a decrease in brokerage revenue per order and an 8% reduction in brokerage volume driven by market conditions, as well as lower port dray revenues.

Logistics income from operations decreased \$13.1 million, approximately 71%, in the first quarter of 2024 compared to the same quarter in 2023 due to the revenue impacts listed above, partially offset by a decrease in third-party carrier costs.

Other

Other income from operations decreased \$2.1 million in the first quarter of 2024 compared to the same quarter in 2023. Lower income from our leasing business was offset by a decrease in our performance-based incentive compensation.

LIQUIDITY AND CAPITAL RESOURCES

Our primary uses of cash are working capital requirements, capital expenditures, dividend payments, share repurchases, and debt service requirements. Additionally, we may use cash for acquisitions and other investing and financing activities. Working capital is required principally to ensure we are able to run the business and have sufficient funds to satisfy maturing short-term debt and operational expenses. Our capital expenditures consist primarily of transportation equipment and information technology.

Historically, our primary source of liquidity has been cash flow from operations. In addition, we have a \$250.0 million revolving credit facility maturing in November 2027 and a \$150.0 million receivables purchase agreement maturing in July 2024, for which our combined available capacity as of March 31, 2024 was \$215.6 million. Our revolving credit facility also

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allows us to request an additional increase in total commitment by up to \$150.0 million. We had maximum borrowings under the facilities of \$115.0 million during the three months ended March 31, 2024. We anticipate that cash generated from operations, together with amounts available under our credit facilities, will be sufficient to meet our requirements for the foreseeable future. To the extent additional funds are necessary to meet our long-term liquidity needs as we continue to execute our business strategy, we anticipate that we will obtain these funds through additional borrowings, equity offerings, or a combination of these potential sources of liquidity. Our ability to fund future operating expenses and capital expenditures, as well as our ability to meet future debt service obligations or refinance our indebtedness, will depend on our future operating performance, which will be affected by general economic, financial, and other factors beyond our control.

The following table presents our cash and cash equivalents, marketable securities, and outstanding debt and finance lease obligations as of the dates shown.

<i>(in millions)</i>	March 31, 2024	December 31, 2023
Cash and cash equivalents	\$ 67.3	\$ 102.4
Marketable securities	56.9	57.2
Total cash, cash equivalents, and marketable securities	<u>\$ 124.2</u>	<u>\$ 159.6</u>
Debt:		
Senior notes	\$ 185.0	\$ 185.0
Receivables purchase agreement	70.0	60.0
Credit agreement	40.0	45.0
Finance leases	11.0	12.1
Total debt	<u>\$ 306.0</u>	<u>\$ 302.1</u>

Debt

As of March 31, 2024, we were in compliance with all financial covenants under our credit agreements and the agreements governing our senior notes. See Note 8, *Debt and Credit Facilities*, for information about our financing arrangements.

Cash Flows

The following table summarizes the changes to our net cash flows provided by (used in) operating, investing, and financing activities for the periods indicated.

<i>(in millions)</i>	Three Months Ended March 31,	
	2024	2023
Net cash provided by operating activities	\$ 97.6	\$ 183.1
Net cash used in investing activities	(102.1)	(156.5)
Net cash used in financing activities	(30.6)	(22.5)

Three Months Ended March 31, 2024 Compared to Three Months Ended March 31, 2023

Operating Activities

Net cash provided by operating activities decreased \$85.5 million, approximately 47%, in the first three months of 2024 compared to the same period in 2023. The decrease was a result of a decrease in net income adjusted for various noncash items and an increase in cash used for working capital. Working capital changes were driven by a decrease in cash provided by trade accounts receivable which corresponds with the decrease in revenues, partially offset by a decrease in cash used for payables and other liabilities, along with an increase in claims reserves.

Investing Activities

Net cash used in investing activities decreased \$54.4 million, approximately 35%, in the first three months of 2024 compared to the same period in 2023. The decrease in cash used was primarily related to decreases in cash used for purchases of lease equipment, net capital expenditures, investment in notes receivable, purchases of marketable securities, and investments in equity securities.

Net Capital Expenditures

The following table sets forth our net capital expenditures for the periods indicated.

(in millions)	Three Months Ended March 31,	
	2024	2023
Purchases of transportation equipment	\$ 123.3	\$ 143.1
Purchases of other property and equipment	12.0	12.5
Proceeds from sale of property and equipment	(23.4)	(34.7)
Net capital expenditures	<u>\$ 111.9</u>	<u>\$ 120.9</u>

Net capital expenditures decreased \$9.0 million in the first three months of 2024 compared to the same period in 2023. The decrease was driven by a \$19.8 million decrease in purchases of transportation equipment mainly due to timing of purchases during the first quarter of 2023. Proceeds from sale of property and equipment decreased year over year primarily due to lower proceeds per sale.

Financing Activities

Net cash used in financing activities increased \$8.1 million, approximately 36%, in the first three months of 2024 compared to the same period in 2023 primarily due to \$13.0 million of treasury stock repurchases during the first three months of 2024, partially offset by \$5.0 million of net proceeds under revolving credit agreements.

Other Considerations that Could Affect Our Results, Liquidity, or Capital Resources

Factors that Could Result in a Goodwill Impairment

Goodwill is tested for impairment at least annually using the discounted cash flow, guideline public company, and guideline transaction methods, as applicable, to calculate the fair values of our reporting units. Key inputs used in the discounted cash flow approach include growth rates for sales and operating profit, perpetuity growth assumptions, and discount rates. Key inputs used in the guideline public company and guideline transaction methods include EBITDA valuation multiples of comparable companies and transactions. If interest rates rise or EBITDA valuation multiples of comparable companies and transactions decline, the calculated fair values of our reporting units will decrease, which could impact the results of our goodwill impairment tests.

We will perform our annual evaluation of goodwill for impairment as of October 31, 2024, with such analysis expected to be finalized during the fourth quarter. As part of our annual process of updating our goodwill impairment evaluation, we will assess the impact of current operating results and our resulting management actions to determine whether they have an impact on the long-term valuation of reporting units and the related recoverability of our goodwill.

Off-Balance Sheet Arrangements

As of March 31, 2024, we had no off-balance sheet arrangements that have, or are reasonably likely to have, a current or future material effect on our consolidated financial condition, results of operations, liquidity, capital expenditures, or capital resources.

Contractual Obligations

See the disclosure under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations — Contractual Obligations" in our Annual Report on Form 10-K for the year ended December 31, 2023 for our contractual obligations as of December 31, 2023. There were no material changes to our contractual obligations during the three months ended March 31, 2024.

CRITICAL ACCOUNTING ESTIMATES

We have reviewed our critical accounting policies and considered whether new critical accounting estimates or other significant changes to our accounting policies require additional disclosures. We have found that the disclosures made in our Annual Report on Form 10-K for the year ended December 31, 2023 are still current and that there have been no significant changes.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Our market risks have not changed significantly from the market risks discussed in the section entitled "Quantitative and Qualitative Disclosures about Market Risk" in Part II, Item 7A of our Annual Report on Form 10-K for the fiscal year ended December 31, 2023 as filed with the SEC on February 23, 2024.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Our management, including our Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended), as of the end of the period covered by this report. Based upon their evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures were effective as of the end of the period covered by this report.

Changes in Internal Control

There were no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934, as amended) during the fiscal quarter covered by this report that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

The Company is party to various lawsuits in the ordinary course of its business. For information relating to legal proceedings, see Note 12, *Commitments and Contingencies*, which is incorporated herein by reference.

ITEM 1A. RISK FACTORS

There have been no material changes from the risk factors disclosed in the Annual Report on Form 10-K for the year ended December 31, 2023.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

The following table sets forth information regarding the purchases of our equity securities made by or on behalf of us or any affiliated purchaser (as defined in Exchange Act Rule 10b-18) during the three months ended March 31, 2024.

Period	Total Number of Shares Purchased ⁽¹⁾	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs ⁽²⁾ (in millions)
January 1, 2024 - January 31, 2024	11,937	\$ 25.60	11,937	\$ 83.5
February 1, 2024 - February 29, 2024	391,102	24.44	173,858	79.3
March 1, 2024 - March 31, 2024	414,692	22.58	376,972	70.8
Total	817,731		562,767	

(1) Of the 817,731 shares purchased during the three months ended March 31, 2024, 254,964 represent shares of common stock that employees surrendered to satisfy withholding taxes related to the vesting of restricted stock, restricted stock units, and performance share units.

(2) On February 1, 2023, the Company announced that the Board approved a share repurchase program under which the Company is authorized to repurchase up to \$150.0 million of its Class A and/or Class B common shares over the next three years. The program does not obligate the Company to repurchase a minimum number of shares and is intended to help offset the dilutive effect of equity grants to employees over time. Under this program, the Company may repurchase shares in privately negotiated and/or open market transactions. As of March 31, 2024, the Company had \$70.8 million remaining available to repurchase.

Limitation Upon Payment of Dividends

The 2022 Credit Facility includes covenants limiting our ability to pay dividends or make distributions on our capital stock if a default exists under the 2022 Credit Facility or would be caused by giving effect to such dividend.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

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

Incorporated by Reference Herein

<u>Exhibit Number</u>	<u>Exhibit Description</u>	<u>Form</u>	<u>Exhibit</u>	<u>File No.</u>	<u>Filing Date</u>
31.1*	Certification pursuant to Rule 13a-14(a) or 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002				
31.2*	Certification pursuant to Rule 13a-14(a) or 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002				
32.1**	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002				
32.2**	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002				
101.INS*	XBRL Instance Document - 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 Document				
101.CAL*	XBRL Taxonomy Calculation Linkbase Document				
101.DEF*	XBRL Taxonomy Extension Definition Linkbase Document				
101.LAB*	XBRL Taxonomy Extension Labels Linkbase Document				
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document				
104*	The cover page from the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2023, formatted in Inline XBRL				

* Filed herewith.

** Furnished herewith.

+ Constitutes a management contract or compensatory plan or arrangement.

SIGNATURE

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

SCHNEIDER NATIONAL, INC.

Date: May 2, 2024

/s/ Darrell G. Campbell

Darrell G. Campbell

Executive Vice President and Chief Financial Officer

(Duly Authorized Officer and Principal Financial Officer)

**Certification of Chief Executive Officer Pursuant to Exchange Act Rule 13a-14(a),
as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Mark B. Rourke, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Schneider National, Inc.;
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 periods 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(s) 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 2, 2024

/s/ Mark B. Rourke

Mark B. Rourke

Chief Executive Officer and President

(Principal Executive Officer)

**Certification of Chief Financial Officer Pursuant to Exchange Act Rule 13a-14(a),
as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Darrell G. Campbell, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Schneider National, Inc.;
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 periods 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(s) 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 2, 2024

/s/ Darrell G. Campbell

Darrell G. Campbell

Executive Vice President and Chief Financial Officer

(Principal Financial Officer)

**Certification of Chief 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 on Form 10-Q of Schneider National, Inc. (the "Company"), for the quarterly period ended March 31, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Mark B. Rourke, Chief Executive Officer and President 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, to my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; 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 2, 2024

/s/ Mark B. Rourke

Mark B. Rourke

Chief Executive Officer and President

(Principal Executive Officer)

**Certification of Chief 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 on Form 10-Q of Schneider National, Inc. (the "Company"), for the quarterly period ended March 31, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Darrell G. Campbell, Executive Vice President and 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, to my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; 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 2, 2024

/s/ Darrell G. Campbell

Darrell G. Campbell

Executive Vice President and Chief Financial Officer

(Principal Financial Officer)