

REFINITIV

# DELTA REPORT

## 10-Q

HUBG - HUB GROUP, INC.

10-Q - MARCH 31, 2024 COMPARED TO 10-Q - SEPTEMBER 30, 2023

The following comparison report has been automatically generated

**TOTAL DELTAS 1441**

<span style="color: yellow;">█</span>	CHANGES	168
<span style="color: pink;">█</span>	DELETIONS	950
<span style="color: green;">█</span>	ADDITIONS	323

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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, DC 20549

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FORM 10-Q

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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 quarterly period ended September 30, 2023 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: 0-27754

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**HUB GROUP, INC.**

(Exact name of registrant as specified in its charter)

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Delaware

36-4007085

(State or other jurisdiction of incorporation or organization)

(I.R.S. Employer Identification No.)

2001 Hub Group Way

Oak Brook, Illinois 60523

(Address, including zip code, of principal executive offices)

(630) 271-3600

(Registrant's telephone number, including area code)

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

Title of each class	Trad ing	Name of each exchange on which registered
bol(s)		
Class A Common Stock, par value <span style="background-color: pink;">\$.01</span> <span style="background-color: green;">\$0.01</span> per share	HUB	NASDAQ

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes  No

Indicate by check mark if Registrant is not required to file reports pursuant to  
Section 13 or Section 15(d) of the Act. Yes  No

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

Large Accelerated Filer  Accelerated Filer  Non-Accelerated Filer  Smaller Reporting Company  Emerging Growth Company

Indicate by check mark whether the registrant has filed a report on and attests to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit

report 20

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing

reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by

any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b).

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

On October 27, 2023 April 26, 2024, the registrant had 31,191,969 61,741,180 outstanding shares of Class A common stock, par value \$.01 per share, and 574,903 outstanding shares of Class B common stock, par value \$.01 per share.

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## HUB GROUP, INC.

### TABLE OF CONTENTS

Pa ge
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#### PART I. Financial Information

##### Item 1. Item 1. Financial Statements

Condensed Consolidated Balance Sheets – September 30,  
2023 March 31, 2024 (unaudited) and December 31,  
2022 December 31, 2023

3

<u>Unaudited Condensed Consolidated Statements of Income and Comprehensive Income – Three and Nine Months Ended September 30, 2023 March 31, 2024 and 2022 2023</u>	4
<u>Unaudited Condensed Consolidated Statements of Stockholders' Equity – Three and Nine Months Ended September 30, 2023 March 31, 2024 and 2022 2023</u>	5
<u>Unaudited Condensed Consolidated Statements of Cash Flows – Nine Three Months Ended September 30, 2023 March 31, 2024 and 2022 2023</u>	6
<u>Notes to Unaudited Condensed Consolidated Financial Statements</u>	7
<u>Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	11 12
<u>Item 3. Quantitative and Qualitative Disclosures about Market Risk</u>	17
<u>Item 4. Controls and Procedures</u>	17
<u>PART II. Other Information</u>	17
<u>Item 1. Legal Proceedings</u>	17
<u>Item 1A. Risk Factors</u>	17
<u>Item 2. Unregistered Sales of Equity Securities and Use of Proceeds</u>	17
<u>Item 3. Defaults Upon Senior Securities</u>	18
<u>Item 4. Mine Safety Disclosures</u>	18
<u>Item 5. Other Information</u>	18
<u>Item 6. Exhibits</u>	18

**PART I. FINANCIAL INFORMATION****Item 1. Financial Statements****HUB GROUP, INC.****CONDENSED CONSOLIDATED BALANCE SHEETS**

(in thousands, except share amounts)

ASSETS	Septemb	Decem
	er 30,	ber 31,
	2023	2022
(unaudited)		
d)		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	400,68	286,6
	\$ 6	\$ 42
Accounts receivable trade, net	630,79	716,1
	4	90
Other receivables	5,590	3,967
		16,98
Prepaid taxes	19,095	7
		32,91
Prepaid expenses and other current assets	26,649	4
<b>TOTAL CURRENT ASSETS</b>	<b>1,082,8</b>	<b>1,056</b>

Restricted investments	19,809	18,06
		5
Property and equipment, net	789,84	783,6
	2	83
Right-of-use assets - operating leases	193,69	102,1
	8	14
Right-of-use assets - financing leases	3,142	1,194
Other intangibles, net	177,03	197,3
	2	86
Goodwill	629,77	629,4
	2	02
Other assets		21,53
	22,023	7
<b>TOTAL ASSETS</b>	<b>2,918,1</b>	<b>2,810</b>
	<b>\$ 32</b>	<b>\$ ,081</b>
	<b>=====</b>	<b>=====</b>

#### LIABILITIES AND STOCKHOLDERS' EQUITY

##### CURRENT LIABILITIES:

Accounts payable trade	345,45	344,7
	\$ 1	\$ 51
Accounts payable other		15,56
	15,368	3
Accrued payroll		66,66
	26,088	9
Accrued other	124,86	132,3
	0	24
Lease liability - operating leases		29,54
	39,688	7
Lease liability - financing leases	2,060	1,175
Current portion of long-term debt	102,77	101,7
	3	41
<b>TOTAL CURRENT LIABILITIES</b>	<b>656,28</b>	<b>691,7</b>
	<b>8</b>	<b>70</b>

Long-term debt	243,83	240,7
	4	24
Non-current liabilities		43,50
	48,496	5
Lease liability - operating leases	165,22	78,55
	9	7
Lease liability - financing leases	997	-
	174,22	155,9
Deferred taxes	0	23
 STOCKHOLDERS' EQUITY:		
Preferred stock: \$.01 par value; 2,000,000 shares authorized; no shares issued or outstanding in 2023 and 2022	-	-
Common stock		
Class A: \$.01 par value; 97,337,700 shares authorized; 41,312,185 shares issued in both 2023 and 2022; 31,188,571 shares outstanding in 2023 and 32,646,621 shares outstanding in 2022.	413	413
Class B: \$.01 par value; 662,300 shares authorized; 574,903 shares issued and outstanding in both 2023 and 2022.	6	6
Additional paid-in capital	220,24	208,1
	7	65
Purchase price in excess of predecessor basis, net of tax benefit of \$10,306	(15,4	(15,4
	(15,458)	58)
Retained earnings	1,920,3	1,781
	25	,582
Accumulated other comprehensive loss	(167)	(214)
Treasury stock; at cost, 10,123,614 shares in 2023 and 8,665,564 shares in 2022.	(496,29	(374,
	8)	892)
TOTAL STOCKHOLDERS' EQUITY	1,629,0	1,599
	68	,602

	<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>\$ 2,918,132</b>	<b>\$ 2,810,081</b>
		<b>March 31, 2024</b>	<b>Decem ber 31, 2023</b>
		<b>(unaudited)</b>	
<b>ASSETS</b>			
CURRENT ASSETS:			
Cash and cash equivalents	195,362	187,270	
Accounts receivable trade, net	588,957	600,197	
Accounts receivable other	4,940	3,358	
Prepaid taxes		17,331	
Prepaid expenses and other current assets	10,078	41,089	
	<u>28,621</u>	<u>9</u>	
<b>TOTAL CURRENT ASSETS</b>	<b>827,958</b>	<b>849,245</b>	
Restricted investments		20,763	
Property and equipment, net	777,209	791,692	
Right-of-use assets - operating leases	209,171	210,742	
Right-of-use assets - financing leases	2,152	2,522	
Other intangibles, net	295,943	304,607	
Goodwill	735,460	733,695	
Other non-current assets		22,781	
	<u>22,984</u>	<u>1</u>	

<b>TOTAL ASSETS</b>	<b>\$ 2,891,2</b>	<b>\$ 2,936</b>
	<b>70</b>	<b>,047</b>
<b>=====</b>		
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable trade	320,91	349,3
	\$ 9	\$ 78
Accounts payable other		14,47
	18,179	1
Accrued payroll		21,73
	31,964	1
Accrued other	126,47	121,2
	5	53
Lease liability - operating leases		44,69
	45,775	0
Lease liability - financing leases	1,253	1,579
Current portion of long-term debt	104,03	105,1
	5	08
<b>TOTAL CURRENT LIABILITIES</b>	<b>648,60</b>	<b>658,2</b>
	0	10
Long-term debt	230,77	245,5
	5	74
Other non-current liabilities		55,28
	52,932	7
Lease liability - operating leases	175,48	177,6
	1	99
Lease liability - financing leases	823	865
Deferred taxes	160,44	163,7
	3	67
<b>STOCKHOLDERS' EQUITY:</b>		

Preferred stock, \$.01 par value; 2,000,000 shares authorized; no shares issued or outstanding in 2024 and 2023.	-	-
Common stock		
Class A: \$.01 par value; 97,337,700 shares authorized; 72,303,228 shares issued in 2024 and 75,524,189 shares issued in 2023; 61,847,444 shares outstanding in 2024 and 62,200,921 shares outstanding in 2023.	723	755
Class B: \$.01 par value; 662,300 shares authorized; 574,903 shares issued and outstanding in 2024 and 2023.	6	6
Additional paid-in capital	208,96	209,8
	4	30
Retained earnings	1,968,3	1,949
	61	,110
Accumulated other comprehensive loss	(137)	(129)
Treasury stock; at cost, 10,455,784 shares in 2024 and 13,323,268 shares in 2023.	(555,70	(524,
	1)	927)
	1,622,2	1,634
TOTAL STOCKHOLDERS' EQUITY	16	,645
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	2,891,2	2,936
EQUITY	\$ 70	\$ ,047

See notes to unaudited condensed consolidated financial statements.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF**

**INCOME**

**OF INCOME AND COMPREHENSIVE INCOME**

(in thousands, except per share amounts)

	Three Months Ended		Nine Months Ended		Three Months Ended	
	September	September	September	September	March 31,	
	30, 202	202	30, 202	202	2024	2023
Operating revenue	1, 0 2 4, 8 3	1, 3 5 5, 4 0	3, 2 1 7, 5 6	4, 5 9 8 8 \$ 5	1, 0 5 4, 9 \$ 7	4, 0 5 4, 9 \$ 999,493
Operating expenses:						
Purchased transportation and warehousing	1, 7 7 2, 6 5 0	2, 0 2 3, 0 5 2	3, 0 8 1, 2 9 9	3, 0 8 1, 2 9 9	740,172	866,931

	1	1	4	3		
	3	3	1	9		
Salaries and benefits	8,	7,	7,	5,		
	5	6	7	9		
	0	6	5	0		
	3	6	7	4	144,497	137,431
				1		
Depreciation and amortization	3	3	0	9		
	6,	3,	6,	7,		
	0	5	8	0		
	6	4	9	7		
	5	2	9	5	38,331	35,449
	1	1	3	3		
Insurance and claims	1,	7,	6,	7,		
	6	6	0	5		
	8	1	4	5		
	1	5	1	3	12,618	12,683
	2	3	7	9		
General and administrative	4,	4,	6,	3,		
	1	3	4	8		
e	4	8	4	1		
	6	2	5	9	27,234	25,541
				(2		
Gain on sale of assets, net		(8	(5	1,		
	(7	,5	,5	0		
	6	8	9	9		
	5)	8)	9)	7)	(498)	(3,975)
				1,	3,	3,
				9	2	0
Total operating expenses	8	3	3	8		
	2,	7,	4,	4,		
	2	6	7	5		
	8	6	3	5		
	0	9	3	3	962,354	1,074,060

	1	1	3			
	4	1	8	7		
Operating	2,	7,	2,	0,		
income	5	7	8	4		
	5	3	2	3		
	5	8	9	4	37,139	78,205
Other income						
(expense):						
	(3	(2	(9	(5		
Interest	,5	,1	,6	,3		
expense	3	9	2	0		
	7)	0)	3)	1)	(3,899)	(2,970)
	2,		6,			
Interest	8		3			
income	3	4	0	5		
	8	0	2	0	1,393	1,377
	(1	(3		(4		
Other, net	8	8	(8	4		
	8)	4)	1)	6)	(170)	38
			(2	(3	(5	
Total other	(8	,5	,4	,6		
expense, net	8	3	0	9		
	7)	4)	2)	7)	(2,676)	(1,555)
	1	1	3			
Income	4	1	7	6		
before	1,	5,	9,	4,		
provision for	6	2	4	7		
income taxes	6	0	2	3		
	8	4	7	7	34,463	76,650

	1	2	4	8		
Provision for income taxes	1, 2 0 9	7, 8 7 9	0, 6 8 4	7, 0 6 3		
					7,410	14,870
					1	2
Net income	3 0, 4 5 9	8 7, 3 2 5	3 8, 7 4 3	7 6 7 4		
					27,053	61,780
Other comprehensive income:						
Foreign currency translation	(3 1)	(3 5)	4 7	(3 1)		
adjustments					(8)	34
					1	2
Total comprehensive income	3 0, 4 2	8 7, 2 9	3 8, 7 9	7 6 4		
					\$ 27,045	\$ 61,814
	\$ 8	\$ 0	\$ 0	\$ 3		
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Basic earnings per common share	0. 9	2. 6	4. 3	8. 2		
	\$ 8	\$ 3	\$ 5	\$ 9	\$ 0.44	\$ 0.95

Diluted	0.	2.	4.	8.			
earnings per	9	6	3	2			
common	\$ 7	\$ 1	\$ 1	\$ 1	\$ 0.44	\$ 0.94	
share							
Basic							
weighted	3	3	3	3			
average	1,	3,	1,	3,			
number of	1	1	9	4			
shares	3	4	0	8			
outstanding	9	5	8	0	61,325	65,098	
Diluted	3	3	3	3			
weighted	1,	3,	2,	3,			
average	4	5	2	8			
number of	9	2	0	0			
shares	3	1	8	7	61,666	65,676	
outstanding							

See notes to unaudited condensed consolidated financial statements.

4

#### HUB GROUP, INC.

#### UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF

#### STOCKHOLDERS' EQUITY

(in thousands, except share amounts)

Class A &		Accu mulat ed		
B		Add		
Common	Stock	al	Other	Treasury

	Sha res	Paid -in	Reta ined	Comp rehen sive	Stock			
	Am							
	Issu ed	ou nt	Capi tal	Earn ings	Inco me	Sha res	Amo unt	Total
Balance	76,			1,7		(9,		
Decembe r 31, 2022	09 9,0	7 6	19 2,3	81, 58		65 6,0	(37 4,8	1,5 99, \$ 602
Stock tendered for payments of withholdin g taxes related to awards vested					(19 1,0 28)	(7, 60 6)		
Issuance of restricted stock awards, net of forfeitures				(7, 29 2)	41 9,0 56	7,2 606)		
Share- based compens ation expense			5,2 38			5,2 38		
Net income				61, 78 0		61, 780		

Foreign	-	-	-	-	34	-	-	34
currency								
translatio								
n								
adjustme								
nt								
	76,				1,8			(9,
<b>Balance</b>	<b>09</b>	<b>7</b>	<b>19</b>	<b>43,</b>		<b>42</b>	<b>(37</b>	<b>1,6</b>
<b>March</b>	<b>9,0</b>	<b>6</b>	<b>0,3</b>	<b>36</b>		<b>8,0</b>	<b>5,2</b>	<b>59,</b>
<b>31, 2023</b>	<b>92</b>	<b>\$ 1</b>	<b>\$ 11</b>	<b>\$ 2</b>	<b>\$ (180)</b>	<b>16)</b>	<b>\$ 06)</b>	<b>\$ 048</b>
	<u>  </u>	<u>  </u>	<u>  </u>	<u>  </u>	<u>  </u>	<u>  </u>	<u>  </u>	<u>  </u>
<b>Balance</b>	<b>76,</b>			<b>1,9</b>		<b>(13</b>		
<b>Decembe</b>	<b>09</b>	<b>7</b>	<b>20</b>	<b>49,</b>		<b>,32</b>	<b>(52</b>	<b>1,6</b>
<b>r 31,</b>	<b>9,0</b>	<b>6</b>	<b>9,8</b>	<b>11</b>		<b>3,2</b>	<b>4,9</b>	<b>34,</b>
<b>2023</b>	<b>92</b>	<b>\$ 1</b>	<b>\$ 30</b>	<b>\$ 0</b>	<b>\$ (129)</b>	<b>68)</b>	<b>\$ 27)</b>	<b>\$ 645</b>
Adjustme	(3,							
nt related	22					3,2		
to stock	0,9	(3				20,		
split	61)	2)	32	-	-	961	-	-
Stock								
tendered								
for								
payments								
of								
withholdin								
g taxes								
related to				(18	(8,			
awards				6,0	48	(8,		
vested	-	-	-	-	-	67)	6)	486)
Purchase								
of				(58	(25	(25		
treasury				7,9	,75	,75		
stock	-	-	-	-	-	28)	6)	6)

Federal	-	-	-	-	-	-	(1,)	(1,)
excise tax							47	470
on							0	
purchase								
d treasury								
stock								
Issuance								
of								
restricted								
stock								
awards,		(4,					42	
net of		93					0,5	4,9
forfeitures	-	-	8)	-	-	-	18	38
Share-								
based								
compens								
ation		4,0						4,0
expense	-	-	40	-	-	-	-	40
		(7,						
Dividends			62					(7,
paid	-	-	-	6)	-	-	-	626)
Dividends			(17					(17
accrued	-	-	-	6)	-	-	-	6)
		27,						
Net			05					27,
income	-	-	-	3	-	-	-	053
Foreign								
currency								
translatio								
n								
adjustme								
nt	-	-	-	-	-	(8)	-	(8)
	72,			1,9		(10)		
<b>Balance</b>	<b>87</b>	<b>7</b>	<b>20</b>	<b>68,</b>	<b></b>	<b>,45</b>	<b>(55</b>	<b>1,6</b>
<b>March</b>	<b>8,1</b>	<b>2</b>	<b>8,9</b>	<b>36</b>	<b></b>	<b>5,7</b>	<b>5,7</b>	<b>22,</b>
<b>31, 2024</b>	<b>31</b>	<b>\$ 9</b>	<b>\$ 64</b>	<b>\$ 1</b>	<b>\$ (137)</b>	<b>84)</b>	<b>\$ 01)</b>	<b>\$ 216</b>

See notes to unaudited **condensed** consolidated financial statements.

**45**

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**HUB GROUP, INC.**

**UNAUDITED CONSOLIDATED STATEMENTS OF**

**STOCKHOLDERS' EQUITY**

**(in thousands, except per share amounts)**

	Purc	
	hase	
	Pric	
	e	
		Acc
	in	umu
Class A	Exce	late
& B	ss of	d
	Addi	Pred
Common	tiona	eces
		Oth
Stock	i	sor
		er
		Treasury

Shar es	Paid -in Net	Basi s, Net	Reta ined	Com preh ensi ve	Stock
<b>A</b>					
Issu ed 41, 887	ou nt 1	Capi tal 195, \$ 9	of Tax (15, \$ 603	Earn ings 4,98 \$ 458)	Inco me (\$ 20 \$ 3 (\$ 215))
Balance June 30, 2022	,08	1	195, \$ 9	1,61 \$ 3 \$ 3)	(26 44, \$ 55) \$ 189
Stock withheld for payments of withholding taxes	-	-	-	-	(89 2) (63) (63)
Purchase of treasury stock	-	-	-	-	(94) (75) (75)
Purchase of treasury stock from related party	-	-	-	-	(43) (34) (34) 0,1 0,76 0,76 21) 7) 7)
Issuance of restricted stock awards, net of forfeitures	-	-	2,31 8	-	(2, 31 901) 8) -
Share-based compensation expense	-	-	4,73 6	-	4,7 - 36
Net income	-	-	-	25	87,3 - 325
Foreign currency translation adjustment	-	-	-	-	(35) - (35)

<b>Balance</b>	<b>41,</b>	<b>\$ 4</b>	<b>\$202,</b>	<b>\$ (15,)</b>	<b>\$1,70</b>	<b>\$ (23)</b>	<b>(8,6)</b>	<b>\$ (37)</b>	<b>\$1,5</b>
<b>September 30,</b>	<b>887</b>	<b>1</b>	<b>657</b>	<b>458</b>	<b>2,30</b>	<b>8</b>	<b>35,</b>	<b>2,3</b>	<b>17,</b>
<b>2022</b>	<b>,08</b>	<b>9</b>			<b>8</b>		<b>626</b>	<b>03</b>	<b>385</b>
					<b>8</b>				
	<b>41,</b>								
	<b>887</b>	<b>4</b>			<b>1,88</b>		<b>(9,9</b>	<b>(47</b>	<b>1,6</b>
<b>Balance June 30,</b>	<b>,08</b>	<b>1</b>	<b>214,</b>	<b>(15,</b>	<b>9,86</b>	<b>(13</b>	<b>10,</b>	<b>8,3</b>	<b>10,</b>
<b>2023</b>	<b>8</b>	<b>\$ 9</b>	<b>\$ 356</b>	<b>\$ 458)</b>	<b>\$ 7</b>	<b>\$ 6)</b>	<b>177)</b>	<b>\$12)</b>	<b>\$736</b>
Stock withheld for									
payments of							<b>(2,3</b>	<b>(18</b>	<b>(18</b>
withholding taxes	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(24)</b>	<b>5)</b>	<b>5)</b>
							<b>(20</b>	<b>(17</b>	<b>(17</b>
Purchase of							<b>8,3</b>	<b>,32</b>	<b>,32</b>
treasury stock	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(30)</b>	<b>6)</b>	<b>6)</b>
Issuance of									
restricted stock									
awards, net of							<b>(2,7</b>	<b>(47</b>	
forfeitures	<b>-</b>	<b>-</b>	<b>475</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>83)</b>	<b>5)</b>	<b>-</b>
Share-based									
compensation			<b>5,41</b>						<b>5,4</b>
expense	<b>-</b>	<b>-</b>	<b>6</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>16</b>
							<b>30,4</b>		<b>30,</b>
Net income	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>59</b>	<b>-</b>	<b>-</b>
									<b>459</b>
Foreign currency									
translation									
adjustment	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(31)</b>	<b>-</b>	<b>-</b>
	<b>41,</b>							<b>(10,</b>	
<b>Balance</b>	<b>887</b>	<b>4</b>			<b>1,92</b>		<b>123</b>	<b>(49</b>	<b>1,6</b>
<b>September 30,</b>	<b>,08</b>	<b>1</b>	<b>220,</b>	<b>(15,</b>	<b>0,32</b>	<b>(16</b>	<b>,61</b>	<b>6,2</b>	<b>29,</b>
<b>2023</b>	<b>8</b>	<b>\$ 9</b>	<b>\$ 247</b>	<b>\$ 458)</b>	<b>\$ 5</b>	<b>\$ 7)</b>	<b>4)</b>	<b>\$98)</b>	<b>\$068</b>
	<b>41,</b>								
<b>Balance</b>	<b>887</b>	<b>4</b>			<b>1,42</b>		<b>(7,3</b>	<b>(25</b>	<b>1,3</b>
<b>December 31,</b>	<b>,08</b>	<b>1</b>	<b>189,</b>	<b>(15,</b>	<b>4,63</b>	<b>(20</b>	<b>,17,</b>	<b>8,3</b>	<b>40,</b>
<b>2021</b>	<b>8</b>	<b>\$ 9</b>	<b>\$ 256</b>	<b>\$ 458)</b>	<b>\$ 4</b>	<b>\$ 7)</b>	<b>058)</b>	<b>\$30)</b>	<b>\$314</b>

Stock withheld for	-	-	-	-	-	-	(69.)	(5.)	(5.)
payments of							132	77	778
withholding taxes							8		
							(94)	(75)	(75)
Purchase of							5,4	,00	,00
treasury stock	-	-	-	-	-	-	97)	0)	0)
Purchase of							(43	(34	(34
treasury stock from							0,1	,76	,76
related party	-	-	-	-	-	-	21)	7)	7)
Issuance of									
restricted stock							126		
awards, net of							(1,5	,18	1,5
forfeitures	-	-	-	72)	-	-	-	2	72
Share-based									
compensation							14,9		14,
expense	-	-	-	73	-	-	-	-	973
								277	
							277,		,67
Net income	-	-	-	-	-	-	674	-	-
Foreign currency									4
translation									
adjustment	-	-	-	-	-	-	(31)	-	(31)
								41,	
Balance	887	4			1,70		(8,6	(37	1,5
September 30,	,08	1	202,	(15,	2,30	(23	35,	2,3	17,
2022	8	\$ 9	\$ 657	\$ 458)	\$ 8	\$ 8)	626)	\$ 03)	\$ 385
	41,								
Balance	887	4			1,78		(8,6	(37	1,5
December 31,	,08	1	208,	(15,	1,58	(21	65,	4,8	99,
2022	8	\$ 9	\$ 165	\$ 458)	\$ 2	\$ 4)	564)	\$ 92)	\$ 602
Stock withheld for							(10	(8,	
payments of							0,5	00	(8,
withholding taxes	-	-	-	-	-	-	33)	3)	003)

Purchase of	-	-	-	-	-	-	(1.5)	(11)	(11)
treasury stock							31	7.3	7.3
							755	52	52
<b>Issuance of</b>									
restricted stock							174		
awards, net of			(3.9)				,23	3.9	
forfeitures	-	-	49)	-	-	-	8	49	-
<b>Share-based</b>									
compensation			16.0				16,		
expense	-	-	31	-	-	-	-	031	
							138		
			138,					,74	
Net income	-	-	-	-	743	-	-	-	3
<b>Foreign currency</b>									
translation									
adjustment	-	-	-	-	-	47	-	-	47
	41,						(10,		
<b>Balance</b>	<b>887</b>	<b>4</b>		<b>1.92</b>		<b>123</b>	<b>(49</b>	<b>1.6</b>	
<b>September 30,</b>	<b>,08</b>	<b>1</b>	<b>220,</b>	<b>(15,</b>	<b>0.32</b>	<b>(16</b>	<b>,61</b>	<b>6.2</b>	<b>29,</b>
<b>2023</b>	<b>8</b>	<b>\$ 9</b>	<b>\$ 247</b>	<b>\$ 458)</b>	<b>\$ 5</b>	<b>\$ 7)</b>	<b>4)</b>	<b>\$ 98)</b>	<b>\$ 068</b>

Note: Some

amounts may not

foot due to

rounding.

See notes to unaudited consolidated financial statements.

5

#### HUB GROUP, INC.

#### UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF

#### CASH FLOWS

(in thousands)

Three  
Months  
Ended

	Nine Months Ended		March	
	September 30,		31,	
	2023	2022	24	23
Cash flows from operating activities:				
			2	6
			7	1
Net income			,	,
			0	7
			5	8
	\$ 138,743	\$ 277,674	\$ 3	\$ 0
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization	136,775	111,413		
Impairment of right-of-use asset	2,012	5,361		
			4	4
			9	5
Depreciation and amortization of intangibles and right-of-use assets			,	,
			6	8
			0	1
			5	0
			(	
			3	4
Deferred taxes			,	,
			0	9
			2	0
	18,832	(1,427)	5)	1
Compensation expense related to share-based compensation plans	16,031	14,973		
Gain on sale of assets	(5,599)	(21,097)		
Changes in operating assets and liabilities:				

	4	5
Non-cash share-based compensation expense	,	,
	0	2
	4	3
	0	8
	(	
	3	
Gain on sale of assets, net	(	,
	4	9
	9	7
	8)	5)
Changes in operating assets and liabilities, net of acquisition:		
Restricted investments		(
		1
		,
	3	1
	7	2
(1,744)	7,368	0 2)
		1
		9
		8
Accounts receivable, net	,	,
	6	9
	5	5
83,664	(55,994)	2 1
		7
		7
Prepaid taxes	,	,
	2	6
	5	0
(2,108)	(1,408)	3 5

		1	1
		2	3
Prepaid expenses and other current assets		,	,
		4	6
		6	1
	6,161	6,818	8 7
Other assets	(2,515)	(3,381)	
		(	(
Other non-current assets		8	6
		8	5
		0)	3)
		(	(
Accounts payable		2	1
		4	7
		,	,
		7	7
		5	0
	516	(21,169)	5) 5)
			(
Accrued expenses		1	4
		1	0
		,	,
		4	0
		6	6
	(46,243)	41,165	2 5)
			(
Non-current liabilities		1	(
		2	5
		,	,
		2	0
		2	0
	(21,848)	(9,825)	9) 7)

		8	8
		0	9
Net cash provided by operating activities		,	,
		5	3
		1	7
	322,677	350,471	6 5
<hr/>			
Cash flows from investing activities:			
		1	
		3	0
Proceeds from sale of equipment		,	,
		4	1
		4	7
	20,208	33,994	2 2
		(	(
		1	2
Purchases of property and equipment		7	6
		,	,
		5	8
	(105,66	(157,66	2 4
	7)	4)	4) 5)
Cash provided by (used in) acquisitions		(102,66	
	108	1)	
<hr/>			
Acquisitions, net of cash acquired		1	
		0	
		-	8
Net cash used in investing activities		(	(
		1	1
		4	6
		,	,
		0	5
	(226,33	8 6	
	(85,351)	1)	2) 5)
<hr/>			
Cash flows from financing activities:			

		(	(
		2	2
		7	9
Repayments of long-term debt	,	,	
		4	2
		2	3
		2)	7)
		(	
		2	
		5	
Purchase of treasury stock	,	,	
		7	
	(117,35	5	
	2)	(75,000)	6) -
Repayments of long-term debt	(80,965)	(81,905)	
		(	(
		8	7
Stock withheld for payments of withholding taxes	,	,	
		4	6
		8	0
	(8,003)	(5,778)	6) 6)
		(	
		7	
Dividends paid	,	,	
		6	
		2	
		6)	-
		(	(
		6	8
Finance lease payments	0	8	
	(2,097)	(1,582)	6) 8)

		1	2
		1	0
		,	,
Proceeds from issuance of debt		5	8
		5	3
	85,107	127,017	0 1
Purchase of treasury stock from related party	-	(34,767)	( (
		5	1
		8	6
Net cash used in financing activities		,	,
		3	9
	(123,31	4	0
	0)	(72,015)	6) 0
Effect of exchange rate changes on cash and cash equivalents	28	12	4 8
			1
			5
Net increase in cash and cash equivalents			8 5
			,
		0	9
		9	2
	\$ 114,044	\$ 52,137	2 8
			1 2
			8 8
Cash and cash equivalents beginning of the period			7 6
			,
		2	6
		7	4
	\$ 286,642	\$ 159,784	0 2

		1	3
		9	4
		5	2
Cash and cash equivalents end of		,	,
the period		3	5
		6	7
	\$ 400,686	\$ 211,921	\$ 2 \$ 0
	<hr/>	<hr/>	<hr/>

Supplemental disclosures of cash

paid for:

Interest	\$ 9,547	\$ 5,840
Income taxes	\$ 23,260	\$ 96,165

Supplemental disclosures of cash

flow:

	3	3
	,	,
Interest paid	9	3
	8	2
	\$ 3	\$ 0
	(	
	1	1
	,	,
Income taxes (received) paid	4	2
	4	9
	\$ 2)	\$ 0

See notes to unaudited **condensed** consolidated financial statements.

**HUB GROUP, INC.**  
**NOTES TO UNAUDITED **CONDENSED****  
**CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 1. Interim Financial Statements**

Our accompanying unaudited **condensed** consolidated financial statements of Hub Group, Inc. (the "Company," "Hub," "we," "us" or "our") have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in annual financial statements have been omitted pursuant to those rules and regulations. However, we believe that the disclosures contained herein are adequate to make the information presented not misleading.

The financial statements reflect, in our opinion, all material adjustments (which include only normal recurring adjustments) necessary to fairly present our financial position as of **September 30, 2023** **March 31, 2024** and results of operations for the three and nine months ended **September 30, 2023** **March 31, 2024** and **2022** **2023**.

These unaudited **condensed** consolidated financial statements and notes thereto should be read in conjunction with the **condensed** consolidated financial statements and notes thereto included in our Annual Report on Form 10-K for the year ended **December 31, 2022** **December 31, 2023** (the "2022" "2023 10-K"). Results of operations in interim periods are not

necessarily indicative of results to be expected for a full year due partially to seasonality.

**Reclassifications:**

On January 4, 2024, the Company announced a two-for-one stock split of the Company's Class A and Class B common stock. The stock split was implemented in the form of a distribution of one additional Class A share for each share outstanding. The record date for the stock split was as of the close of business on January 16, 2024. The Company distribution date of the additional shares was January 26, 2024. As a result of the stock split, the number of authorized shares remained unchanged. Additionally, the par value per share of the common stock remains unchanged. All other share amounts in our condensed consolidated balance sheets, condensed consolidated statements of income and comprehensive income, condensed consolidated statements of stockholders' equity and related footnote disclosures have been adjusted and presented as though the stock split had occurred as of the earliest period presented.

On February 22, 2024, the Board declared a quarterly cash dividend of \$0.125 per share on the Company's Class A and Class B common stock. The dividend was paid on March 27, 2024 to stockholders of record as of March 8, 2024. The declaration and payment of the quarterly cash dividend was subject to the approval of the Board at its sole discretion and in compliance with applicable laws and regulations.

In October 2023, the Board authorized the purchase of up to \$250 million of our Class A Common Stock pursuant to a share repurchase program. During the three months ended March 31, 2024, we purchased 587,928 shares for approximately \$26 million.

Due to presentation changes made in our condensed consolidated **income** statement of shareholders' equity, certain prior year amounts have been reclassified to conform with the current year presentation.

## NOTE 2. Earnings Per Share

The following is a reconciliation of our earnings per share (in thousands, except for per share data):

	Three Months Ended September 30, 2022		Nine Months Ended September 30, 2022		Three Months Ended, March 31, 2024		Three Months Ended, March 31, 2023	
	2022	2022	2022	2022	2024	2023	2023	2023
Net income	\$ 59	\$ 25	\$ 3	\$ 4				
Net income for basic and diluted earnings per share					\$ 27,053	\$ 61,780		
Weighted average shares outstanding	31	33	31	33				
- basic	,1	,1	,9	,4				
	39	45	08	80	61,325	65,098		
Dilutive effect of restricted stock	35	37	30	32				
	4	6	0	7	341	578		

Weighted average shares outstanding	31 ,4	33 ,5	32 ,2	33 ,8		
- diluted	93	21	08	07	61,666	65,676
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Earnings per share -	0.	2.	4.	8.		
basic	\$ 98	\$ 63	\$ 35	\$ 29	\$ 0.44	\$ 0.95
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Earnings per share -	0.	2.	4.	8.		
diluted	\$ 97	\$ 61	\$ 31	\$ 21	\$ 0.44	\$ 0.94
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

7

### NOTE 3. Acquisitions

#### *Forward Air Final Mile Acquisition*

On December 20, 2023, we acquired 100% of the equity interest of Forward Air Final Mile (“FAFM”). FAFM provides residential last mile delivery services and installation of big and bulky goods, with a focus on appliances, throughout the United States. Total consideration for the transaction was \$261 million paid from cash on hand. The financial results of FAFM, since the date of acquisition, are included in our Logistics segment.

The FAFM acquisition expanded our final mile services to include the delivery and installation of appliances. FAFM provides residential last mile delivery services through a non-asset business model, working with a network of over 350 carriers throughout the country.

The initial accounting for the acquisition of FAFM is incomplete as we, with the support of our valuation specialist, are in the process of finalizing the fair market value calculations of the acquired net assets. In addition, the Company is in the process of preparing and reviewing the applicable future cash flows used in determining the purchase accounting. Finally, certain post-closing activities outlined in the acquisition agreement remain incomplete. As a result, the amounts recorded in the condensed consolidated financial statements related to the FAFM acquisition are preliminary and the measurement period remains open.

The following table summarizes the preliminary allocation of the total consideration to the assets acquired and liabilities assumed as of the date of the acquisition (in thousands):

	<b>December 20, 2023</b>
Accounts receivable trade	\$ 28,574
Prepaid expenses and other current assets	2,305
Property and equipment	2,793
Right-of-use assets - operating leases	15,003
Other intangibles	134,456
Goodwill	105,687
Other assets	173
<b>Total assets acquired</b>	<b>\$ 288,991</b>
Accounts payable trade	\$ 155
Accounts payable other	2,177
Accrued payroll	1,271
Accrued other	9,449
Lease liability - operating leases short-term	6,145
Other long-term liabilities	19
Lease liability - operating leases long-term	8,857
<b>Total liabilities assumed</b>	<b>\$ 28,073</b>
<b>Total consideration</b>	<b>\$ 260,918</b>

Cash paid	\$	260,918
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The FAFM acquisition was accounted for as a purchase business combination in accordance with ASC 805 "Business Combinations." Assets acquired and liabilities assumed were recorded in the accompanying condensed consolidated balance sheet at their estimated fair values as of December 20, 2023 with the remaining unallocated purchase price recorded as goodwill. The goodwill recognized in the FAFM acquisition was primarily attributable to potential expansion and future development of the acquired business.

Tax history and attributes are not inherited in an equity purchase of this kind, however, the goodwill and other intangibles recognized in this purchase will be fully tax deductible over a period of 15 years.

The components of "Other intangibles" listed in the above table as of the acquisition date are preliminarily estimated based on prior final mile acquisitions as follows (in thousands):

8

	Estimated			
	Accumula		Balance	
	ted		at	Useful
	Amortizati	March 31,		
	Amount	on	2024	Life
Customer	127,73			
relationships	\$ 3	\$ 2,484	\$ 125,249	15 years
Developed				
technology	\$ 6,723	\$ 490	\$ 6,233	4 years

The above intangible assets are amortized using the straight-line method. Amortization expense related to this acquisition for the three months ended March 31, 2024 was \$2.5 million. The

intangible assets have a remaining weighted average useful life of approximately 14.15 years.

Amortization expense related to FAFM for the next five years is as follows (in thousands):

	<b>Total</b>
2024 (Remainder of year)	\$ 7,647
2025	10,196
2026	10,196
2027	10,126
2028	8,516

FAFM's actual results are included in our condensed consolidated financial statements since the acquisition date of December 20, 2023. The following unaudited pro forma condensed consolidated results of operations present the effects of FAFM as though it had been acquired as of January 1, 2023 (in thousands, except for per share amounts):

	<b>Three Months Ended</b>	
	<b>March 31, 2023</b>	
Revenue	\$	1,221,622
Net income	\$	61,814
Earnings per share		
Basic	\$	0.95
Diluted	\$	0.94

The unaudited pro forma condensed consolidated results for the annual periods were prepared using the acquisition method of accounting and are based on the historical financial information of Hub and FAFM. The historical financial information has been adjusted to give effect to the pro forma adjustments that are: (i) directly attributable to the acquisition, (ii) factually supportable and (iii) expected to have a continuing impact on the combined results. The unaudited pro forma condensed consolidated results are not necessarily indicative of what our condensed consolidated results of operations actually

would have been had we completed the FAFM acquisition as of January 1, 2023.

#### **NOTE 4. Segment Reporting**

As we

We have continued to expand our service offerings and diversify our business, we have also made changes to the financial information that our CEO, who has been identified as our Chief Operating Decision Maker (CODM), uses to make operating and capital decisions. Beginning with the first quarter of 2023, we concluded that we had two reportable segments: Intermodal and Transportation Solutions ("ITS") and Logistics which are based primarily on the services each segment provides. Results for the three and nine months ended September 30, 2023 have been recast below to conform with the current period presentation. Our ITS segment includes our asset-light business lines: intermodal and dedicated trucking. Our Logistics segment includes our non-asset business lines: managed transportation, truck brokerage, final mile, consolidation, warehousing and fulfillment.

7

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*Intermodal and Transportation Solutions.* Our Intermodal and Transportation Solutions segment offers high service, nationwide door-to-door intermodal transportation, providing value, visibility and reliability in both transcontinental and local lanes by combining rail transportation with local trucking. This segment includes our trucking operations which provides our customers with local pickup and delivery (referred to as "drayage") as well as high service local and regional trucking transportation using equipment dedicated to their needs. We arrange for the movement of our customers' freight in one of our approximately 50,000 containers. We contract with railroads to provide transportation for the long-haul portion of the shipment between rail terminals. Drayage between origin or destination and rail terminals are provided by our own trucking operations

and third parties with whom we contract. Our dedicated service operation offers fleets of equipment and drivers to each customer on a contract basis, as well as the management and infrastructure to operate according to the customer's high service expectations. As of **September 30, 2023** **March 31, 2024**, our trucking transportation operation consisted of approximately 2,300 tractors, **3,100** **2,900** employee drivers and **4,400** **4,300** trailers. We also contract for services with approximately **480** **400** independent owner-operators.

9

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*Logistics.* Our Logistics segment offers a wide range of services including transportation management, freight brokerage services, shipment optimization, load consolidation, mode selection, carrier management, load planning and execution, warehousing, fulfillment, cross-docking, consolidation services and final mile delivery. These services include a full range of trucking transportation services, including dry van, expedited, less-than-truckload, refrigerated and flatbed, all of which is provided by third party carriers with whom we contract. We also leverage proprietary technology along with collaborative relationships with third party service providers to deliver cost savings and performance-enhancing supply chain services to our clients. Our transportation management offering also serves as a source of volume for our ITS segment.

Separate balance sheets are not prepared by segment, and as a result, assets are not separately identifiable or presented by segment. Our CEO uses consolidated asset information to make capital decisions.

The following tables summarize our financial and operating data by segment (in thousands):

Three Months	Nine Months
Ended	Ended

Operating Revenue	September 30,		September 30,	
	2023	2022	2023	2022
Intermodal and				
Transportation	595,30	856,00	1,919	2,507,
Solutions	\$ 8	\$ 1	\$ ,189	\$ 722
Logistics	460,30	525,17	1,382	1,614,
	9	8	,999	775
Inter-segment	(30,78	(25,77	(84,6	(67,5
eliminations	2)	2)	26)	10)
Total operating revenue	1,024,	1,355,	3,217	4,054,
	\$ 835	\$ 407	\$ ,562	\$ 987
	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>

Operating Income	Three Months		Nine Months	
	Ended		Ended	
	September 30,		September 30,	
	2023	2022	2023	2022
Intermodal and				
Transportation			94,63	273,0
Solutions	\$ 13,484	\$ 86,772	\$ 9	\$ 69
Logistics	29,071	30,966	88,19	97,36
	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>
Total operating income	117,73		182,8	370,4
	\$ 42,555	\$ 8	\$ 29	\$ 34
	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>

Depreciation and	Three Months		Nine Months	
	Ended		Ended	
	September 30,		September 30,	
	2023	2022	2023	2022
Amortization				

Intermodal and Transportation Solutions	\$ 27,493	\$ 26,020	\$ 81,75	\$ 75,77
Logistics			25,14	21,29
	8,572	7,522	8	7
Total depreciation and amortization			106,8	97,07
	\$ 36,065	\$ 33,542	\$ 99	\$ 5

#### Three Months Ended

Operating Revenue	March 31,	
	2024	2023
Intermodal and Transportation Solutions		
Solutions	\$ 552,033	\$ 709,249
Logistics	480,224	469,141
Inter-segment eliminations	(32,764)	(26,125)
		1,152,26
Total operating revenue	\$ 999,493	\$ 5

#### Three Months Ended

Operating Income	March 31,	
	2024	2023
Intermodal and Transportation Solutions		
Solutions	\$ 13,031	\$ 49,379
Logistics	24,108	28,826
Total operating income	\$ 37,139	\$ 78,205

#### Three Months Ended

Depreciation and Amortization	March 31,	
	2024	2023
Intermodal and Transportation Solutions		
Solutions	\$ 27,049	\$ 27,142
Logistics	11,282	8,307
Total depreciation and amortization	\$ 38,331	\$ 35,449

Separate balance sheets are not presented by segment to our Chief Operating Decision Maker ("CODM"). Our CODM uses consolidated asset information to make capital decisions.

#### NOTE 4.5. Fair Value Measurement

The carrying value of cash and cash equivalents, accounts receivable and accounts payable approximated fair value as of **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023**. As of **September 30, 2023** **March 31, 2024**, the fair value of the Company's fixed-rate borrowings was **\$8.9** **3.1** million less than the historical carrying value of **\$346.6** **334.8** million. As of **December 31, 2022** **December 31, 2023**, the fair value of the Company's fixed-rate borrowings was **\$11.7** **1.4** million less than the historical carrying value of **\$342.5** **350.7** million. The fair value of the fixed-rate borrowings was estimated using an income approach based on current interest rates available to the Company for borrowings on similar terms and maturities.

8

We consider as cash equivalents all highly liquid instruments with an original maturity of three months or less. As of **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023**, our cash and temporary investments were with high quality financial institutions in demand deposit accounts, savings accounts, checking accounts, **certificates of deposits** and money market accounts.

Restricted investments included **\$19.8** **20.4** million and **\$18.1** **20.8** million as of **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023**, respectively, of mutual funds **and other security investments** which are reported at fair value. These investments relate to our non-qualified deferred compensation plan and insurance deposits.

Our assets and liabilities measured at fair value are based on valuation techniques **that** **which** consider prices and other

relevant information generated by market transactions involving identical or comparable assets and liabilities. These valuation methods are based on either quoted market prices (Level 1) or inputs, other than quoted prices in active markets, which that are observable either directly or indirectly (Level 2), or unobservable inputs (Level 3). Cash and cash equivalents, accounts receivable, accounts payable and mutual funds accounts receivable and accounts payable related liabilities are defined as "Level 1," while long-term debt is defined as "Level 2" of the fair value hierarchy in the Fair Value Measurements and Disclosures Topic of the Codification.

10

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#### **NOTE 5.6. Long-Term Debt and Financing Arrangements**

In February 2022, we entered into a five-year, \$350 million unsecured credit agreement (the "Credit Agreement"). Borrowings under the Credit Agreement generally bear interest at a variable rate equal to (i) the secured overnight financing rate (published by the Federal Reserve Bank of New York, "SOFR"), plus a specified margin based on the term of such borrowing, plus a specified margin based upon Hub's total net leverage ratio (as defined in the Credit Agreement) (the "Total Net Leverage Ratio"), or (ii) the base rate (which is the highest of (a) the administrative agent's prime rate, (b) the federal funds rate plus 0.50% or (c) the sum of 1% and one-month SOFR) plus a specified margin based upon the Total Net Leverage Ratio. The specified margin for SOFR loans varies from 100.0 to 175.0 basis points per annum. The specified margin for base rate loans varies from 0.0 to 75.0 basis points per annum. Hub must also pay (1) a commitment fee ranging from 10.0 to 25.0 basis points per annum (based upon the Total Net Leverage

Ratio) on the aggregate unused commitments and (2) a letter of credit fee ranging from 100.0 to 175.0 basis points per annum (based upon the Total Net Leverage Ratio) on the undrawn amount of letters of credit.

We have standby letters of credit that expire in 2023 and 2024. As of September 30, 2023, March 31, 2024 and December 31, 2022 December 31, 2023, our letters of credit totaled were \$0.9 0.8 million and \$43.4 0.9 million, respectively.

As of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, we had no borrowings under the our Credit Agreement and our unused and available borrowings were \$349.1 349.2 million and \$306.6 349.1 million, respectively. We were in compliance with the financial covenants in our debt covenants agreement as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023.

We have entered into various Equipment Notes ("Notes") for the purchase of tractors, trailers, containers and refrigeration units. The Notes are secured by the underlying equipment financed in the agreements.

9

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Our outstanding Notes are as follows (in thousands):

	September 30, 2023	Decembe r 31, 2022
Interim funding for equipment received and expected to be converted to an equipment note in subsequent year;		
interest paid at a variable rate	\$ 34,322	\$ 6,137

Secured Equipment Notes due on various dates in 2028 commencing on various dates in 2023; interest is paid monthly at a fixed annual rate between 5.21% and 6.30%	48,836	-
Secured Equipment Notes due on various dates in 2027 commencing on various dates in 2022 and 2023; interest is paid monthly at a fixed annual rate between 2.07% and 5.82%	155,746	177,295
Secured Equipment Notes due on various dates in 2026 commencing on various dates in 2021; interest is paid monthly at a fixed annual rate between 1.48% and 2.41%	63,109	78,359
Secured Equipment Notes due on various dates in 2025 commencing on various dates in 2020; interest is paid monthly at a fixed annual rate between 1.51% and 1.80%	32,675	43,955
Secured Equipment Notes due on various dates in 2024 commencing on various dates in 2017, 2019 and 2020; interest is paid monthly at a fixed annual rate between 2.50% and 3.59%	10,729	20,751
Secured Equipment Notes due on various dates in 2023 commencing on various dates from 2016 to 2019; interest is paid monthly at a fixed annual rate between 2.70% and 4.10%	1,190	15,968

	346,607	342,465
Less current portion	(102,773)	(101,741)
Total long-term debt	<u>\$ 243,834</u>	<u>\$ 240,724</u>

	Decembe	
	March 31,	r 31,
	2024	2023
Interim funding for equipment received and expected to be converted to an equipment note in a subsequent period; interest paid at a variable rate	\$ 707	\$ 3,265
Secured Equipment Notes due on various dates in 2029 commencing on various dates in 2024; interest is paid monthly at a fixed annual rate between 5.73% and 6.14%	14,106	-
Secured Equipment Notes due on various dates in 2028 commencing on various dates in 2023; interest is paid monthly at a fixed annual rate between 5.21% and 6.32%	100,180	105,744
Secured Equipment Notes due on various dates in 2027 commencing on various dates in 2022 and 2023; interest is paid monthly at a fixed annual rate between 2.07% and 6.45%	137,746	147,192

Secured Equipment Notes due on various dates in 2026 commencing on various dates in 2021; interest is paid monthly at a fixed annual rate between 1.48% and 2.41%	52,804	55,797
Secured Equipment Notes due on various dates in 2025 commencing on various dates in 2020; interest is paid monthly at a fixed annual rate between 1.51% and 1.80%	24,827	30,930
Secured Equipment Notes due on various dates in 2024 commencing on various dates in 2017, 2019 and 2020; interest is paid monthly at a fixed annual rate between 2.58% and 3.40%	4,440	7,754
<b>Total debt</b>	<b>334,810</b>	<b>350,682</b>
<b>Less current portion of long-term debt</b>	<b>(104,035)</b>	<b>(105,108)</b>
<b>Total long-term debt</b>	<b>\$ 230,775</b>	<b>\$ 245,574</b>

#### **NOTE 6.7. Legal Matters**

The Company is involved in certain claims and pending litigation arising from the normal conduct of business, including putative class-action lawsuits involving employment related claims. Based on management's present knowledge, management does not believe that any potential unrecorded loss contingencies arising from these pending matters are likely to have a material adverse effect on the Company's overall financial position, operating results, or cash flows after taking into account any existing accruals for settlements or losses determined to be probable and estimable. However, actual

outcomes could be material to the Company's financial position, operating results, or cash flows for any particular period.

**NOTE 7. Subsequent Event**

In October 2023, our Board of Directors (the "Board") authorized the purchase of up to \$250 million of our Class A Common Stock pursuant to a share repurchase program that replaces prior share repurchase programs. Under the Program, the shares may be repurchased in the open market or in privately negotiated transactions, from time to time subject to market and other conditions. The approved share repurchase program does not obligate us to repurchase any dollar amount or number of shares, and the program may be modified, suspended, or discontinued at any time.<sup>11</sup>

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

**Forward-Looking Statements Information**

Statements in this section and other parts of this Quarterly Report on Form 10-Q that are not historical facts are forward-looking statements, provided pursuant to the safe harbor established under the Private Securities Litigation Reform Act of 1995. These forward-looking statements are not guarantees of future performance and involve risks, uncertainties and other factors that might cause the actual performance of the Company to differ materially from those expressed or implied by this discussion and, therefore, should be viewed with caution. Further information on the risks that may affect the Company's

business is included in filings it makes with the SEC from time to time, including those discussed under the "Risk Factors" section in the **2022** **2023** 10-K and subsequent filings. The Company assumes no obligation to update any such forward-looking statements.

## EXECUTIVE SUMMARY

We are a leading supply chain solutions provider in North America that offers comprehensive transportation and logistics management services focused on reliability, visibility and value for our customers. Our service offerings include a full range of freight transportation and logistics services, some of which are provided by assets we own and operate, and some of which are provided by third parties with whom we contract. Our services include intermodal, truckload, less-than-truckload, flatbed, temperature-controlled, dedicated and regional trucking. Other services include full outsource logistics solutions, transportation management services, freight consolidation, warehousing and fulfillment, final mile delivery, parcel and international services.

We service a large and diversified customer base in a broad range of industries, including retail, consumer products and durable goods. We believe our strategy to offer multi-modal supply chain management solutions serves to strengthen and deepen our relationships with our customers and allows us to provide a more cost effective and higher service solution.

Beginning in first quarter 2023, we have two reportable segments - Intermodal and Transportation Solutions, and Logistics, which are based primarily on the services each segment provides. Results for the three and nine months ended September 30, 2022, have been recast to conform with the current period presentation.

*Intermodal and Transportation Solutions.* Our Intermodal and Transportation Solutions segment offers high service, nationwide door-to-door intermodal transportation, providing value, visibility and reliability in both transcontinental and local lanes by combining rail transportation with local trucking. This segment includes our trucking operations which provides our

customers with local pickup and delivery as well as high service local and regional trucking transportation using equipment dedicated to their needs. In 2023, the first quarter of 2024, approximately 77% of our drayage services was provided by our own fleet. We arrange for the movement of our customers' freight in one of our approximately 50,000 containers. We contract with railroads to provide transportation for the long-haul portion of the shipment between rail terminals. Drayage between origin or destination and rail terminals are provided by our own trucking operations and third parties with whom we contract. Our dedicated service operation offers fleets of equipment and drivers to each customer on a contract basis, as well as the management and infrastructure to operate according to the customer's high service expectations. As of September 30, 2023 March 31, 2024, our trucking transportation operation consisted of approximately 2,300 tractors, 3,100 2,900 employee drivers and 4,400 4,300 trailers. We also contract for services with approximately 480 400 independent owner-operators. These assets and contractual services are used to support drayage for our intermodal service offering and to serve our customers who require high service local and regional trucking transportation using equipment dedicated to their needs. Our dedicated service operation offers fleets of equipment and drivers to each customer on a contract basis, as well as the management and infrastructure to operate according to the customer's high service expectations.

*Logistics.* Our Logistics segment offers a wide range of non-asset-based services including transportation management, freight brokerage services, shipment optimization, load consolidation, mode selection, carrier management, load planning and execution, warehousing, fulfillment, cross-docking, consolidation services and final mile delivery. These services include Logistics includes our brokerage business which consists of a full range of trucking transportation services, including dry van, expedited, less-than-truckload ("LTL"), refrigerated and flatbed, all of which is provided by third party third-party carriers with whom we contract. We also

leverage proprietary technology along with collaborative relationships with third party third-party service providers to deliver cost savings and performance-enhancing supply chain services to our clients. Our transportation management offering also serves as a source of volume for our ITS segment. Many of the customers for these solutions are consumer goods companies who sell into the retail channel. Our final mile delivery offering provides residential final mile delivery and installation of appliances and big and bulky goods. Final mile operates through a network of independent service providers in company, customer and third-party facilities throughout the continental United States. Our business operates or has access to approximately 10 million 11 million square feet of warehousing and cross-dock space across North America, to which our customers ship their goods to be stored and distributed to destinations including residences, retail stores and other commercial locations. These services offer our customers shipment visibility, transportation cost savings, high service and compliance with retailers' increasingly stringent supply chain requirements.

In August 2022,

12

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On December 20, 2023, we acquired TAGG Logistics, LLC which enhanced our presence 100% of the equity interests of Forward Air Final Mile ("FAFM"). Total consideration for the transaction was approximately \$261 million in the consolidation and fulfillment space and added a complementary e-commerce offering to serve our customers' multimodal transportation and logistics needs. The acquisition added scale to our logistics segment. cash.

11

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We are focused on several yield margin enhancement projects including network optimization, matching of inbound and outbound loads, reducing empty miles, improving our recovery of accessorial costs, increasing our driver and asset utilization, reducing repositioning costs, providing holistic solutions and improving low profit freight. Hub's top 50 customers represent approximately 63% of revenue for the nine months ended September 30, 2023, while one customer accounted for more than 10% of our quarterly revenue for the nine months ended September 30, 2023, in both segments in both 2024 and 2023. We use various performance indicators to manage our business. We closely monitor operating cash flow, profit levels for our top customers. We also evaluate on-time customers, daily sales outstanding by customer account and vendor cost changes. On-time performance, customer service, cost per load and outstanding accounts receivable by customer. Vendor cost changes and vendor service levels are also monitored closely.

The following table includes the one customer that represented 10% or more of our quarterly revenue by segment for the three months ending March 31, 2024 and 2023, respectively:

Customer A	Three Months Ended	
	March 31,	
	2024	2023
ITS	19%	17%
Logistics	15%	10%
Total operating revenue	18%	14%

Uncertainties and risks to our outlook include the following: inflation, increased healthcare costs, a slowdown in consumer spending (driven by, among other factors, rising inflation, increases in interest rates, an economic recession and geopolitical concerns), a shift by consumers to spending on services at the expense of goods, an increase of retailers' inventory levels, the ability of customers to pay our accounts

receivable, a significant increase in transportation supply in the marketplace, aggressive pricing actions by our competitors and any inability to pass cost increases, such as transportation and warehouse costs, through to our customers, all of which could have a materially negative impact on our revenue, profitability and cash flow in 2023. Exiting of truckload capacity, retail inventory levels declining leading to restocking demand, a return of typical shipping peak season demands and a stronger used tractor market could have a materially positive impact on our revenue, profitability and cash flows in 2024.

## RESULTS OF OPERATIONS

**Three Months Ended September 30, 2023 March 31, 2024**

**Compared to the Three Months Ended September 30,**

**2022 March 31, 2023**

The following table summarizes our operating revenue by segment (in thousands):

Operating Revenue	Three Months Ended	
	September 30,	
	2023	2022
Intermodal and Transportation		
Solutions	\$ 595,308	\$ 856,001
Logistics	460,309	525,178
Inter-segment eliminations	(30,782)	(25,772)
Total operating revenue	\$ 1,024,835	\$ 1,355,407

The following table summarizes our operating income by segment (in thousands):

	Three Months		Three Months Ended	
	Ended	September 30,	March 31,	2023
Operating Income				
Operating Revenue				

Intermodal and	13,	86,7		
Transportation Solutions	\$ 484	\$ 72	\$ 552,033	\$ 709,249
Logistics	29,	30,9		
	071	66	480,224	469,141
Total operating income	42,	117,		
	\$ 555	\$ 738		
Inter-segment				
eliminations			(32,764)	(26,125)
Total operating revenue			\$ 999,493	\$ 1,152,265

Operating Income	Three Months Ended	
	March 31,	
	2024	2023
Intermodal and Transportation		
Solutions	\$ 13,031	\$ 49,379
Logistics	24,108	28,826
Total operating income	\$ 37,139	\$ 78,205

### Operating Revenue and Operating Income

Total consolidated operating revenue decreased **24%** **13%** to **\$1,025 million** **\$999 million** in **2023** **2024** from **\$1,355 million** **\$1,152 million** in **2022**. **2023**.

Intermodal and Transportation Solutions ("ITS") revenue decreased **30%** **22%** to **\$595 million** **\$552 million** primarily due to a **16%** decrease in intermodal volume due to low transportation demand and an oversupply of truckload carrier capacity, a **20%** decrease in intermodal revenue per load (primarily due to lower fuel revenue, lower accessorial revenue, price fuel prices declines and mix) and, a **6%** **10%** decline in dedicated revenues intermodal volume due to lost customers lower transportation demand, partially offset by a **1%** increase in dedicated revenue resulting from growth with of existing and new customers.

ITS operating income decreased to **\$13 million**, **2%** **2.4%** of revenue, as compared to **\$87 million** **\$49 million**, **10%** **7.0%** of

revenue, in

13

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the prior year due to lower customer rates, volume lower accessorial revenue, and accessorial lower volume. These headwinds were partially offset by lower drayage costs, rail expenses lower equipment costs and equipment lower accessorial costs. In third quarter 2023, we increased the portion of drayage handled on our own fleet to 78% as compared to 62% in the prior year.

Logistics revenue decreased 12% increased 2% to \$460 million \$480 million primarily driven due to the recent acquisition in final mile, partially offset by lower revenue per load in our brokerage service line and consolidation and fulfillment service lines. Brokerage revenue per load declined 17% due to lower pricing, fuel and customer mix partially offset by performance 1% growth in volume. Logistics operating income decreased to \$24 million, 5.0% of our managed transportation, consolidation and final mile service lines, as well as contribution from our fulfillment business. Brokerage volumes increased 5% compared to the prior year. Operating income was 6% of revenue, in both 2023 and 2022. Operating income was \$29 million as compared to \$31 million last year, as \$29 million, 6.1% of revenue, due to lower revenue was brokerage margins partially offset by lower purchased transportation costs and our yield management initiatives, recent acquisition in final mile.

12

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The following is a summary of operating results and certain items in the condensed consolidated statements of income as a percentage of revenue (in thousands): revenue:

Three Months Ended

September 30,						
	2023		2022			
Operating revenue	1,024,		1,355	100.0		
	\$ 835	100.0%	\$ ,407	%		
Operating expenses:						
Purchased						
transportation and	772,65		1,023			
warehousing	0	75.4%	,052	75.5%		
Salaries and benefits	138,50		137,6			
	3	13.5%	66	10.1%		
Depreciation and			33,54			
amortization	36,065	3.5%	2	2.5%		
Insurance and claims			17,61			
	11,681	1.1%	5	1.3%		
General and			34,38			
administrative	24,146	2.4%	2	2.5%		
Gain on sale of assets,			(8,58			
net	(765)	-0.1%	8)	-0.6%		
Total operating expenses	982,28		1,237			
	0	95.8%	,669	91.3%		
Operating income	\$ 42,555	4.2%	\$ 38	8.7%		
	117,7					
Three Months Ended						
	March 31,					
	2024		2023			
Operating revenue	999,49		1,152,2			
	\$ 3	100.0%	\$ 65	100.0%		
Operating expenses:						

Purchased transportation and warehousing	740,17	74.1%	866,93	75.2%
Salaries and benefits	144,49		137,43	
	7	14.4%	1	11.9%
Depreciation and amortization	38,331	3.8%	35,449	3.1%
Insurance and claims	12,618	1.3%	12,683	1.1%
General and administrative	27,234	2.7%	25,541	2.2%
Gain on sale of assets, net	(498)	0.0%	(3,975)	0.3%
Total operating expenses	962,35		1,074,0	
Operating income	37,139	3.7%	78,205	6.8%
Other income (expense):				
Interest expense	(3,899)	-0.4%	(2,970)	-0.2%
Interest income	1,393	0.1%	1,377	0.1%
Other, net	(170)	0.0%	38	0.0%
Total other expense, net	(2,676)	-0.3%	(1,555)	-0.1%
Income before provision for income taxes	34,463	3.4%	76,650	6.7%
Provision for income taxes	7,410	0.7%	14,870	1.3%
Net income	\$ 27,053	2.7%	\$ 61,780	5.4%

## **CONSOLIDATED OPERATING EXPENSES, OTHER EXPENSES AND INCOME TAXES**

### **Purchased Transportation and Warehousing**

Purchased transportation and warehousing costs decreased 24% 15% to \$773 million \$740 million in 2023 2024 from \$1,023 million \$867 million in 2022. 2023. As a percentage of revenue,

purchased transportation and warehousing costs decreased to 74.1% in 2024 from 75.2% in 2023.

Purchased transportation and warehousing costs declined as compared to the prior year due to lower volumes and reductions in third party carrier rail costs, equipment costs, repositioning costs and decreased use of third-party carriers for drayage in ITS. carrier costs.

## Salaries and Benefits

Salaries and benefits increased to \$139 million \$144 million in 2023 2024 from \$138 million \$137 million in 2022. 2023. As a percentage of revenue, salaries and benefits increased to 13.5% 14.4% in 2023 2024 from 10.1% 11.9% in 2022. 2023.

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The salaries and benefits increase of \$7 million was primarily due to \$19 million of incremental FAFM, which was acquired in December 2023, a \$5 million increase in incentive compensation expense related to growth of our driver and warehouse employees which includes a \$2 million increase in medical claims, as well as increased expenses resulting from TAGG, which incurred three months of expenses in 2023 as compared to just over one month of expenses in 2022. payroll tax expense. These increases were partially offset by an \$18 million reduction decreases in driver related expenses of \$5 million related to lower driver headcount, lower office employee compensation of \$4 million due to lower headcount, and lower incentive compensation expense. excluding FAFM, as well as a decrease in restricted stock expense of \$1 million.

14

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Headcount, which includes drivers, warehouse personnel and office employees, was 5,610 and 5,783 5,897, which includes 548 employees of FAFM, as of September 30, 2023 March 31,

2024 and 2022, 6,065 as of March 31, 2023, respectively. The decrease in headcount of office and warehouse employees was related primarily to drivers, partially offset by increases in office and warehouse employees due to the number of drivers as we have expanded the portion of drayage handled by our own fleet. FAFM acquisition.

## Depreciation and Amortization

Depreciation and amortization expense increased to \$36 million in 2024 from \$34 million in 2023. This increase was related primarily due to increased technology, container tractor and warehouse equipment depreciation expense as well as the amortization of intangibles related to the acquisition of TAGG. FAFM, which was acquired in December 2023. This expense, as a percentage of revenue, increased to 3.5% in 2024 from 2.5% in 2023. Depreciation expense includes transportation equipment, technology investments, leasehold improvements, warehouse equipment, office equipment and building improvements.

## Insurance and Claims

Insurance and claims expense decreased to \$12 million remained consistent at \$13 million in 2023 from \$18 million in 2022. This decrease was primarily due to less claim expenses related to both auto liability and workers compensation claims in 2023. These expenses, as a percentage of revenue, decreased from 1.1% in 2023 to 1.3% in 2024.

## General and Administrative

General and administrative expenses decreased to \$24 million in 2023 from \$34 million in 2022. These expenses, as a percentage of revenue, decreased to 2.4% in 2023 from 2.5% in 2022.

This expense decrease was primarily due to higher expenses resulting from an impairment charge of a right-of-use

asset, higher use tax expense and higher legal expense. These decreases were partially offset by higher rent expense and increased expenses resulting from TAGG, which incurred three months of expenses in 2023 as compared to just over one month of expenses in 2022.

13

### **Gain on Sale of Assets, Net**

Net gains on the sale of equipment decreased to \$1 million in 2023 from \$9 million in 2022. This decrease resulted from both less units sold and a lower average gain per unit sold in 2023 as compared to 2022.

### **Other Income (Expense)**

Interest expense increased to \$4 million in 2023 from \$2 million in 2022 due primarily to higher interest rates on our debt and higher debt balances. This expense increase was partially offset by increased interest income of \$3 million in 2023 due to higher interest rates on our cash balance and higher cash balances. These changes resulted in Other Expense decreasing to \$1 million in 2023 from \$3 million in 2022.

### **Provision for Income Taxes**

The provision for income taxes decreased to \$11 million in 2023 from \$28 million in 2022 due a decrease in pre-tax income. We provided for income taxes using an effective rate of 26.9% in 2023 and an effective rate of 24.2% in 2022. The third quarter 2023 effective tax rate of 26.9% was adversely affected by a reduction in the expected use of state income tax credits and larger permanent differences in 2023.

### ***Nine Months Ended September 30, 2023 Compared to the Nine Months Ended September 30, 2022***

The following table summarizes our operating revenue by segment (in thousands):

**Nine Months Ended**

Operating Revenue	September 30,	
	2023	2022
Intermodal and Transportation		
Solutions	\$ 1,919,189	\$ 2,507,722
Logistics	1,382,999	1,614,775
Inter-segment eliminations	(84,626)	(67,510)
Total operating revenue	<u>\$ 3,217,562</u>	<u>\$ 4,054,987</u>

The following table summarizes our operating income by segment (in thousands):

Operating Income	Nine Months Ended	
	September 30,	
	2023	2022
Intermodal and Transportation		
Solutions	\$ 94,639	\$ 273,069
Logistics	88,190	97,365
Total operating income	<u>\$ 182,829</u>	<u>\$ 370,434</u>

Total consolidated operating revenue decreased 21% to \$3,218 million in 2023 from \$4,055 million in 2022.

Intermodal and Transportation Solutions (“ITS”) revenue decreased 23% to \$1,919 million primarily due to a 15% decrease in intermodal volume due to low transportation demand and an oversupply of truckload carrier capacity, a 12% decrease in intermodal revenue per load (primarily due to lower price, fuel prices and mix) and a 3% decline in dedicated revenues due to lost customers partially offset by growth with existing and new customers.

ITS operating income decreased to \$95 million, 5% of revenue, as compared to \$273 million, 11% of revenue in the prior year due to lower volume, lower customer rates, higher equipment costs and lower surcharges and accessorial income. These headwinds were partially offset by lower drayage costs as we increased the portion of drayage handled on our own fleet to 77% in the first nine months of 2023 as compared to

61% in the prior year, as well as an improvement in profitability at our Dedicated service line.

Logistics revenue decreased 14% to \$1,383 million primarily driven by lower revenue per load in our brokerage service line and lower managed transportation service line revenue, partially offset by an increase in fulfillment revenue. Brokerage volumes increased 1% compared to the prior year. Operating income was 6% of revenue in both 2023 and 2022. Operating income was \$88 million as compared to \$97 million last year, as lower revenue was partially offset by lower purchased transportation costs and our yield management initiatives.

14

The following is a summary of operating results and certain items in the consolidated statements of income as a percentage of revenue (in thousands):

	Nine Months Ended				
	September 30,				
	2023		2022		
Operating revenue	3,217,		4,054	100.0	
	\$ 562	100.0%	\$ ,987	%	
Operating expenses:					
Purchased transportation and warehousing	2,403,		3,081		
	190	74.7%	,299	76.0%	
Salaries and benefits	417,75		395,9		
	7	13.0%	04	9.8%	
Depreciation and amortization	106,89		97,07		
	9	3.3%	5	2.4%	
Insurance and claims		37,55			
	36,041	1.1%	3	0.9%	
General and administrative	76,445	2.4%	9	2.3%	

Gain on sale of assets, net	(5,599)	-0.2%	(21,0)	-0.5%
			97	
Total operating expenses	3,034,		3,684	
	733	94.3%	,553	90.9%
Operating income	182,82		370,4	
	\$ 9	5.7%	\$ 34	9.1%
	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>

## **CONSOLIDATED OPERATING EXPENSES**

### **Purchased Transportation and Warehousing**

Purchased transportation and warehousing costs decreased 22% to \$2,403 million in 2023 from \$3,081 million in 2022.

Purchased transportation and warehousing costs declined as compared to prior year due to lower volumes, reductions in third party carrier costs and decreased use of third-party carriers for drayage in ITS.

### **Salaries and Benefits**

Salaries and benefits increased to \$418 million in 2023 from \$396 million in 2022. As a percentage of revenue, salaries and benefits increased to 13.0% in 2023 from 9.8% in 2022.

This increase was primarily due to \$78 million of incremental expense related to growth of our driver and warehouse employees which includes a \$4 million increase in medical claims, as well as increased expenses resulting from TAGG, which incurred nine months of expenses in 2023 as compared to just over four months of expenses in 2022. These increases were partially offset by a \$56 million reduction in office employee compensation due to lower headcount and lower incentive compensation expense.

### **Depreciation and Amortization**

Depreciation and amortization expense increased to \$107 million in 2023 from \$97 million in 2022. This increase was primarily due to increased container, tractor and warehouse equipment depreciation expense as well as the amortization of

intangibles related to the acquisition of TAGG. This expense, as a percentage of revenue, increased to 3.3% in 2023 from 2.4% in 2022. Depreciation expense includes transportation equipment, technology investments, leasehold improvements, warehouse equipment, office equipment and building improvements.

### **Insurance and Claims**

Insurance and claims expense decreased to \$36 million in 2023 from \$38 million in 2022. This decrease was primarily due to less claim expenses related to both auto liability and workers compensation claims \$26 million in 2023. These expenses, as a percentage of revenue, increased to 1.1% in 2023 2.7% in 2024 from 0.9% in 2022 2.2% in 2023.

### **General and Administrative**

General The increase in general and administrative expenses decreased to \$76 million in 2023 from \$94 million in 2022. These expenses, as a percentage of revenue, increased to 2.4% in 2023 from 2.3% in 2022.

This expense decrease was primarily due to decreases FAFM, which was acquired in legal and acquisition-related expenses, use tax expense, professional services expense including IT software expense, less impairment of a right-of-use asset, bad debt expense and outside sales commissions, December 2023, partially offset by higher rent expense, increased expenses resulting from TAGG, which incurred nine months of expenses a decrease in 2023 as compared to just over one month of expenses in 2022 and higher temporary labor recruiting expense.

### **Gain on Sale of Assets, Net**

Net gains on the sale of equipment decreased to \$6 million \$0.5 million in 2023 2024 from \$21 million \$4 million in 2022 2023. This decrease resulted from both less units sold and a lower average gain per unit sold in 2023 2024 as compared to 2022.

2023.

### Other Income (Expense), Net

Other Expense increased to \$3 million in 2024 from \$2 million in 2023. Interest expense increased to \$10 million \$4 million in 2023 2024 from \$5 million \$3 million in 2022 2023 due primarily to higher interest rates on our debt and higher average debt balances. This expense increase was partially offset by increased interest. Interest income of \$6 million remained consistent at \$1 million in 2023 due to higher interest rates on our cash balance both 2024 and higher cash balances. These changes resulted in Other Expense decreasing to \$3 million in 2023 from \$6 million in 2022, 2023.

### Provision for Income Taxes

The provision for income taxes decreased to \$41 million \$7 million in 2023 2024 from \$87 million \$15 million in 2022 due a decrease in pre-tax income. 2023. We provided for income taxes using an effective rate of 22.7% 21.5% in 2023 2024 and an effective rate of 23.9% 19.4% in 2022, 2023. The lower first quarter 2024 effective tax rate of 21.5% exceeded the rate from 2023 as we received a one-time benefit from amending state tax returns in 2023 resulted primarily from a change in state apportionment methodology. 2023.

### LIQUIDITY AND CAPITAL RESOURCES

Our financing and liquidity strategy is to fund operating cash payments and future dividends through cash received from the provision of services, cash on hand, and to a lesser extent, from cash received from the sale of equipment. As of September 30, 2023 March 31, 2024, we had \$401 million \$195 million of cash and cash equivalents and \$20 million of restricted investments. We generally fund our purchases of transportation equipment through the issuance of secured, fixed rate Equipment Notes. In

prior years, we have funded our business acquisitions from cash on hand. Payments for our other investing activities, such as the construction of our office buildings and our capitalized technology investments, have been funded by cash on hand or cash flows from operations. Cash used in financing activities, including the purchase of treasury stock, has been funded by cash from operations or cash on hand. We have not historically used our Credit Facility to fund our operating, investing, or financing cash needs, though it is available to fund future cash requirements as needed. Based on past performance and current expectations, we believe cash on hand and cash received from the provision of services, along with our Credit Facility and other potential financing sources, will provide us the necessary capital to fund transactions and achieve our planned growth for the next twelve months and the foreseeable future.

Cash provided by operating activities for the nine<sup>three</sup> months ended September 30, 2023 March 31, 2024 was \$323 million \$81 million, which resulted primarily from net income of \$139 million plus \$27 million, non-cash charges of \$168 million and \$51 million plus changes in operating assets and liabilities of \$16 million \$3 million.

Cash provided by operating activities totaled \$323 million \$81 million in 2023 2024 compared to \$350 million \$89 million in 2022. The \$28 million \$8 million decrease in cash flow was primarily due to a decrease decreases in net income of \$139 million \$35 million and non-cash charges of \$1 million, partially offset by an increase in non-cash charges of \$59 million and an increase in the change in of assets and liabilities of \$52 million \$28 million.

Net cash used in investing activities for the **nine** **three** months ended **September 30, 2023** **March 31, 2024** was **\$85 million** **\$14 million** which **included** **resulted** from capital expenditures of **\$106 million** **\$18 million**, partially offset by proceeds from the sale of equipment of **\$20 million** **\$4 million**. Capital expenditures of **\$106 million** **\$18 million** related primarily to tractors of **\$50 million**, containers of **\$34 million** **\$11 million**, technology investments of **\$11 million** **\$4 million**, containers of **\$2 million**, warehouse equipment of **\$9 million** **\$1 million** and the remainder for leasehold improvements of **\$2 million**.

Capital expenditures decreased by approximately **\$52 million** **\$9 million** in **2023** **2024** as compared to **2022**. The **2023** **2024** decrease was due primarily to decreased container purchases of **\$39 million**, less spend on our corporate headquarters tractors of **\$17 million** **\$4 million**, containers of **\$3 million** and technology investments of **\$8 million**. These decreases were partially offset by more purchases of warehouse equipment of **\$9 million**, tractors of **\$2 million** and the remainder related to leasehold improvements in **2023**.

In **2023**, **2024**, we estimate capital expenditures will range from **\$140 million** **\$45 million** to **\$150 million** **\$65 million**. This range is lower than the estimate we disclosed in our **2022** **10-K** of **\$170 million** to **\$190 million**, as we have reduced our planned purchase of containers in **2023**. We expect transportation equipment **Expected** purchases to range from **\$116 million** to **\$124 million** **include** replacement tractors, technology projects and technology and other investments will range from **\$24 million** to **\$26 million**. **warehouse equipment**. We plan to fund these expenditures with a combination of cash and debt.

Net cash used in financing activities for the **nine** **three** months ended **September 30, 2023** **March 31, 2024** was **\$123 million** **\$58 million** which includes cash used for the repayments of long-term debt of **\$27 million**, purchase of treasury stock of **\$117 million**, repayments of long-term debt of **\$81 million** **\$26 million**, cash used for stock tendered for payments of withholding taxes of **\$8 million**, dividends paid of **\$8 million** and finance lease payments of **\$2 million** **\$1 million**, partially offset

by the proceeds from the issuance of debt of \$85 million \$12 million. Debt incurred in 2023 2024 was used to fund the purchase of transportation equipment.

The \$51 million \$41 million increase in cash used in financing activities for 2023 2024 versus 2022 2023 was primarily due to a decrease in proceeds from the issuance of debt of \$42 million, an increase in the purchase of treasury stock of \$7 million \$26 million, less proceeds from the issuance of debt of \$9 million and an increase in cash dividends paid for stock related to employee withholding taxes of \$8 million, partially offset by a decrease in repayments of long-term debt of \$2 million.

As a result of anticipated favorable unfavorable timing differences, primarily related to depreciation and compensation, we expect our cash paid for income taxes in 2023 2024 to be less than exceed our income tax expense.

See Note 5 6 of the condensed consolidated financial statements for details related to interest rates and commitment fees.

We have standby letters of credit that expire in 2023 and 2024. As of September 30, 2023 both March 31, 2024 and December 31, 2022 December 31, 2023, our letters of credit were \$1 million and \$43 million, respectively.

16

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As of September 30, 2023 At March 31, 2024, and December 31, 2022 December 31, 2023, we had no borrowings under the our Credit Agreement and our unused and available borrowings were \$349 million and \$307 million, respectively. We were in compliance with the financial covenants in our debt covenants agreement as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023.

We are continually evaluating the possible effects of current economic conditions and reasonable and supportable economic forecasts in operational cash flows, including the risks of declines in the overall freight market and our customers' liquidity

and ability to pay. We are monitoring working capital on a daily basis and are in frequent communications with our customers.

We do not have any off-balance sheet transactions, arrangements, obligations (including contingent obligations) or liabilities.

#### **CRITICAL ACCOUNTING POLICIES AND ESTIMATES**

Refer to the company's 2023 Annual Report on Form 10-K for a complete discussion regarding our critical accounting policies and estimates. As of March 31, 2024, there were no material changes to our critical accounting policies and estimates.

16

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#### **Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES**

##### **ABOUT MARKET RISK**

There have been no material changes in our market risk as of September 30, 2023 March 31, 2024 from that presented in our 2022 2023 10-K.

#### **Item 4. CONTROLS AND PROCEDURES**

(a) *Disclosure Controls and Procedures.* As of September 30, 2023 March 31, 2024, an evaluation was carried out under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of our disclosure controls and procedures (as such term is defined in Exchange Act Rule 13a-15(e)). Based upon this evaluation, the Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of September 30, 2023 March 31, 2024.

(b) *Changes in Internal Control over Financial Reporting.*  
There have been no changes in our internal control over

financial reporting (as such term is defined in Exchange Act Rule 13a-15(f)) during the fiscal quarter ended **September 30, 2023** **March 31, 2024** that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

On December 20, 2023, we completed the acquisition of Forward Air Final Mile ("FAFM"). We are currently integrating processes, employees, technologies and operations. Management will continue to evaluate our internal controls over financial reporting as we complete our integration.

## PART II. Other Information

### Item 1. Legal Proceedings

For information regarding legal proceedings, see Note **67** "Legal Matters" to the **Condensed** Consolidated Financial Statements included in **Part I**, Item 1. "Financial Statements."

### Item 1A. Risk Factors

Investing in shares of our stock involves certain risks, including those identified and described in Part I, Item 1A of our **2022** **2023** 10-K under the heading "Risk Factors." When any one or more of these risks materialize from time to time, the Company's business and stock price can be materially and adversely affected. There have been no material changes to the Company's risk factors since the **2022** **2023** Form 10-K.

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

In October 2022, the Board authorized the purchase of up to \$200 million of our Class A Common Stock pursuant to a share repurchase program (the "2022 Program"). Under the 2022 Program, the shares may be repurchased in the open market or in privately negotiated transactions, from time to time subject to market and other conditions. The approved share repurchase program does not obligate us to repurchase any dollar amount.

or number of shares and the program may be modified, suspended or discontinued at any time. We purchased 1,531,755 shares for \$117.3 million under this authorization during the first nine months of 2023. The 2022 Program was terminated in October 2023 in conjunction with the authorization of the 2023 Program.

In October 2023, the Board authorized the purchase of up to \$250 million of our Class A Common Stock pursuant to a share repurchase program (the “2023 Program”), which replaces the 2022 Program. Under the 2023 Program, the shares may be repurchased in the open market or in privately negotiated transactions, from time to time subject to market and other conditions. The approved share repurchase program does not obligate us to repurchase any dollar amount or number of shares and the program may be modified, suspended or discontinued at any time.

17

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During the three months ended March 31, 2024, we purchased 587,928 shares for approximately \$26 million under the 2023 Program.

We During the three months ended March 31, 2024, we purchased 2,324 186,067 shares for \$0.2 million during the third quarter of 2023 approximately \$8.5 million related to withholding upon vesting of restricted stock.

The table below includes information on a monthly basis regarding shares purchased under the 2023 Program and the number of shares delivered to us to satisfy the mandatory tax withholding requirement upon vesting of restricted stock during the third first quarter of 2023. These shares 2024. Shares delivered to us to satisfy the mandatory tax withholding requirement upon vesting of restricted stock do not reduce the repurchase authority under the 2022 2023 Program.

Maximum Value
---------------

	of				
	Total		Total	Shares that May	
	Number of	Average	Number of	Yet	
				Shares Purchased as	Be Purchased Under
	Shares	Price Paid	Part of the		the 2022 Program
	Purchased	Per Share	2022 Program		(in 000's)
July 2023	993	\$ 79.78	-	\$	100,000
August 2023	209,603	\$ 83.12	208,330	\$	82,678
September 2023	58	\$ 79.33	-	\$	82,678
Total	210,654	\$ 83.11	208,330	\$	82,678

	Maximum Value of				
	Total		Total	Shares that	
	Number of	Average	Number of	May Yet	
				Shares	Be Purchased
	Number of		Purchased as		Under
	Shares	Price Paid	Part of the Publicly Announced Plan		the Program
Purchased		Per Share	(in 000's)		
January 2024	184,786	\$ 45.62	-	\$	223,589
February 2024	470,073	\$ 44.06	468,792	\$	202,933

March	119,136	\$ 42.71	119,136	\$ 197,845
2024	_____	_____	_____	_____
Total	773,995	\$ 44.23	587,928	\$ 197,845

17

### Item 3. Defaults Upon Senior Securities

Not applicable.

### Item 4. Mine Safety Disclosures

Not applicable.

### Item 5. Other Information

None of the Company's directors or officers adopted, modified or terminated a Rule 10b5-1 trading arrangement or a non-Rule 10b5-1 trading arrangement during the Company's fiscal quarter ended **September 30, 2023** **March 31, 2024**, as such terms are defined under Item 408(a) of Regulation S-K.

### Item 6. Exhibits INDEX TO EXHIBITS

#### Exhibit

#### No. Nu

#### mber

#### Description

#### Exhibit

3.1 [Certificate of Incorporation of Hub Group, Inc.](#)

[\(Amended as of June 26, 2023\) \(incorporated by](#)

[reference to Exhibit 3.1 to the Registrant's quarterly](#)

[report on Form 10-Q filed August 4, 2023\).](#)

31.1 [Rule 13a-14\(a\) Certification of Phillip D. Yeager, Chief Executive Officer](#)

31.2 Rule 13a-14(a) Certification of Geoffrey F. DeMartino, Kevin W. Beth, Chief Financial Officer.

32.1 Section 1350 Certifications Certification of Phillip D. Yeager and Geoffrey F. DeMartino, Kevin W. Beth, Chief Executive Officer and Chief Financial Officer, respectively.

101 **Inline XBRL Document Set**

Interactive data files for the unaudited consolidated financial statements and accompanying notes in Part 1, Item 1, "Financial Statements" of this Hub Group, Inc.'s Quarterly Report on Form 10-Q for the quarter ended March 31, 2024, formatted in Inline XBRL: (i) the Condensed Consolidated Balance Sheets (unaudited); (ii) the Unaudited Condensed Consolidated Statements of Income and Comprehensive Income; (iii) the Unaudited Condensed Consolidated Statements of Stockholders' Equity; (iv) the Unaudited Condensed Consolidated Statements of Cash Flows (unaudited); and (v) the Notes to Unaudited Condensed Consolidated Financial Statements. XBRL Instance Document-the XBRL Instance Document does not appear in the Interactive Data file because its XBRL tags are embedded within the Inline XBRL document.

104 **Inline XBRL for the**

The cover page of this from Hub Group, Inc.'s Quarterly Report on Form 10-Q for the quarter ended March 31, 2024 (formatted in Inline XBRL and included in the exhibit 101 Inline XBRL Document Set. Exhibit 101).

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**SIGNATURE**

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

HUB GROUP, INC.

DA /s/ Geoffrey F.

TE: November May 3, 2023 DeMartino

Geoffrey F. DeMartino  
Executive Vice  
President, Chief  
Financial  
Officer and Treasurer  
(Principal Financial  
Officer)

2024 /s/ Kevin W. Beth

Kevin W. Beth  
Executive Vice  
President, Chief  
Accounting  
Financial Officer and  
Treasurer  
(Principal Financial  
Officer)

/s/ Brent M. Rhodes

Brent M. Rhodes  
Executive Vice  
President, Chief  
Accounting Officer

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**Exhibit 3.1**

**CERTIFICATE OF INCORPORATION**

**OF**

**HUB GROUP, INC.**

**FIRST:** The name of the Corporation is Hub Group, Inc.

**SECOND:** The address of the Corporation's registered office in the State of Delaware is 1209 Orange Street, in the City of Wilmington, County of New Castle. The name of its registered agent at such address is The Corporation Trust Company.

**THIRD:** The nature of the business or purpose to be conducted or promoted by the Corporation is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of the State of Delaware.

**FOURTH:**

Section 1. Authorized Stock. The total number of shares of capital stock which the Corporation shall have authority to issue is 100,000,000 consisting of 97,337,700 shares of Class A Common Stock with a par value of \$0.01 per share ("Class A Common Stock"), 662,300 shares of Class B Common Stock with a par value of \$0.01 per share ("Class B Common Stock") and 2,000,000 shares of Preferred Stock with a par value of \$0.01 per share ("Preferred Stock"). The number of authorized shares of any class of stock of the Corporation may be increased or decreased by the affirmative vote of the holders of a majority of the votes of the Corporation entitled to be cast, voting together as a single class.

Section 2. Liquidation. Subject to any preferential rights in favor of any class of Preferred Stock, upon liquidation or dissolution of the Corporation, each issued and outstanding share of Class A Common Stock and each issued and outstanding share of Class B Common Stock shall be entitled to participate pro rata in the assets of the Corporation remaining after payment of, or adequate provision for, all known debts and liabilities of the Corporation.

Section 3. Class A Common Stock Voting Rights. Each issued and outstanding share of Class A Common Stock shall entitle the holder thereof to one vote on all matters presented for a vote of stockholders.

Section 4. Class B Common Stock.

A. Voting. Subject to the provisions for adjustment as set forth in Section 4(e) of this Article FOURTH, each issued and outstanding share of Class B Common Stock shall entitle the holder thereof to twenty (20) votes on all matters presented for a vote of stockholders and, except as required by applicable law, such shares shall be voted together with all issued and outstanding shares of Class A Common Stock as a single class.

B. Dividends. Each issued and outstanding share of Class B Common Stock shall entitle the holder thereof to receive, when and as declared by the Board of Directors, out of funds legally available therefor, a dividend equal to the dividend which each share of Class A Common Stock entitles

the holder thereof to receive when and as declared by the Board of Directors out of funds legally available therefor. If a dividend or distribution payable in shares of Class B Common Stock is declared by the Board of Directors in respect of the outstanding shares of Class B Common Stock, the Board of Directors shall declare a simultaneous dividend or distribution payable in shares of Class A

Common Stock in respect of the outstanding shares of Class A Common Stock. The Corporation shall not effect any subdivision, consolidation, reclassification or other change in the shares of Class B Common Stock unless the Corporation shall simultaneously effect an equivalent subdivision, reclassification or other change in the shares of Class A Common Stock.

**C Conversion.** Each issued and outstanding share of Class B Common Stock shall, at any time and from time to time, at the option of, and without cost to, the holder thereof, be convertible into a share of Class A Common Stock. Upon any such conversion, the shares of Class B Common Stock surrendered in connection with such conversion shall be cancelled and may not be reissued.

**D Transfer.** Upon any Transfer of shares of Class B Common Stock (other than a Transfer to a Permitted Transferee), the shares of Class B Common Stock so transferred shall automatically and without any further action by the Corporation be converted into an equivalent number of shares of Class A Common Stock. Upon any such conversion, the shares of Class B Common Stock surrendered in connection with such conversion shall be cancelled. For purposes of this Certificate of Incorporation, the term "Transfer" shall mean any transaction by which a holder of Class B Common Stock purports to assign shares of Class B Common Stock to another individual, corporation, proprietorship, firm, partnership, limited partnership, trust, association or other entity and shall include a sale, assignment, gift, bequest, pledge, encumbrance, hypothecation, mortgage or any other disposition by law or otherwise. For purposes of this Certificate of Incorporation, the term "Permitted Transferee" shall mean Phillip C. Yeager, the descendants

(whether natural or adopted) of Phillip C. Yeager, the spouse of Phillip C. Yeager or any descendant (whether natural or adopted) of Phillip C. Yeager, an estate of any of the foregoing, any trust for the primary benefit of any one or more of the foregoing and any corporation, proprietorship, firm, partnership, limited partnership, trust, association or other entity, all of the outstanding equity securities of which are owned by any one or more of the foregoing.

**E** Adjustments. In the event that the Corporation shall at any time (i) declare any dividend on the outstanding shares of Class A Common Stock payable in shares of Class A Common Stock, (ii) subdivide the outstanding shares of Class A Common Stock or (iii) combine the outstanding shares of Class A Common Stock into a smaller number of share, then in each such case the number of votes per share to which holders of shares of Class B Common Stock were entitled immediately

prior to such event shall be adjusted by multiplying such number by a fraction, the numerator of which is the number of shares of Class A Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Class A Common Stock that were outstanding immediately prior to such event. Similar adjustments shall be made to the amount of dividends and amounts to be received upon liquidation or dissolution to which the holders of Class B Common Stock are entitled upon the occurrence of any of the events described in the preceding sentence.

**F. Merger, Consolidation, etc.** In any merger, consolidation or business combination to which the Corporation is a party, holders of Class A Common Stock and Class B Common Stock, shall

receive the same kind and amount of consideration as that received by holders of the other class; provided, however, that in any such transaction in which holders of Class A Common Stock and Class B Common Stock are to receive shares of capital stock in another entity, the terms of the shares to be received by holders of Class B Common Stock may differ from the terms of the shares to be received by holders of Class A Common Stock only as to voting rights and only to the extent that voting rights differ between shares of Class A Common Stock and Class B Common Stock under this Certificate of Incorporation.

**Section 5. Preferred Stock.** The Board of Directors is authorized, subject to limitations prescribed by law, to provide for the issuance of the Preferred Stock in series, and by filing a certificate pursuant to the applicable law of the State of Delaware, to establish from time to time the number of shares to be included in each such series, and to fix the designation, powers, preferences and rights of the shares of each such series and the qualifications, limitations or restrictions thereof. The authority of the Board of Directors with respect to each series shall include, but not be limited to, determination of the following:

- A The number of shares constituting that series and the distinctive designation of that series;
- B The rate of dividend, if any, and whether (and if so, on what terms and conditions) dividends shall be cumulative (and, if so, whether unpaid dividends shall compound or accrue interest) or shall be payable in preference or in any other relation to the dividends payable on any other class or classes of stock or any other series of the Preferred Stock;
- C Whether that series shall have voting rights in addition to the voting rights provided by law and, if so, the terms and extent of such voting rights;
- D Whether the shares shall be issued with the privilege of conversion or exchange and, if so, the

terms and conditions of such conversion or exchange (including, without limitation, the price or prices or the rate or rates of conversion or exchange or any terms for adjustment thereof);

- E Whether the shares may be redeemed and, if so, the terms and conditions on which they may be redeemed (including, without limitation, the dates upon or after which they may be redeemed and the price or prices at which they may be redeemed, which price or prices may be different in different circumstances or at different redemption dates);
- F The amounts, if any, payable upon the shares in the event of voluntary liquidation, dissolution or winding up of the Corporation in preference of shares of any other class or series and whether the shares shall be entitled to participate generally in distributions on the Common Stock under such circumstances;
- G The amounts, if any, payable under the shares thereof in the event of involuntary liquidation, dissolution or winding up of the Corporation in preference of shares of any other class or series and whether the shares shall be entitled to participate generally in distributions on the Common Stock under such circumstances;
- H Sinking fund provisions, if any, for the redemption or purchase of the shares (the term "sinking fund" being understood to include any similar fund, however designated); and
- I Any other relative rights, preferences, limitations and powers of that series.

**Section 6. Certificate of Incorporation and Bylaws.** All persons who shall acquire stock in the Corporation shall acquire the same subject to the provisions of this Certificate of Incorporation and the Bylaws of the Corporation, as each may be amended from time to time.

**FIFTH:** The name and mailing address of the sole incorporator of the Corporation is as follows:

Michael J. Perlowski

Mayer, Brown & Platt

190 South LaSalle Street  
Chicago, Illinois 60603

**SIXTH:** The number of directors of the Corporation shall be fixed from time to time by the vote of a majority of the entire Board of Directors, but such number shall in no case be less than three (3) nor more than twelve (12). Any such determination made by the Board of Directors shall continue in effect unless and until changed by the Board of Directors, but no such changes shall affect the term of any director then in office.

**SEVENTH:** Advance notice of nominations for the election of directors, other than nominations by the Board of Directors or a committee thereof, shall be given to the Corporation in the manner provided in the Bylaws.

**EIGHTH:** Except as otherwise required by law, special meetings of the stockholders of the Corporation may be called only by (i) the Board of Directors pursuant to a resolution approved by the affirmative vote of a majority of the directors then in

office, (ii) the Chairman of the Board of the Corporation, if one is elected, (iii) the Chief Executive Officer of the Corporation or (iv) the holders of capital stock of the Corporation having at least a majority of the votes which could be cast by the holders of all shares of capital stock of the Corporation. Only those matters set forth in the notice of the special meeting may be considered or acted upon at such special meeting, unless otherwise provided by law.

**NINTH:** In addition to any other consideration which the Board of Directors may lawfully take into account, in determining whether to take or refrain from taking corporate action on any matter, including proposing any matter to the stockholders of the Corporation, the Board of Directors may take into account the long-term as well as short-term interests of the Corporation and its stockholders (including the possibility that these interests

may be best served by the continued independence of the Corporation), customers, employees and other constituencies of the Corporation and its subsidiaries, including the effect upon communities in which the Corporation and its subsidiaries do business.

**TENTH:** The Corporation is to have perpetual existence.

**ELEVENTH:**

Section 1. Liability of Directors and Officers. A director or officer of this Corporation shall not be liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director or officer, except to the extent such exemption from liability or limitation thereof is not permitted under the General Corporation Law of the State of Delaware as the same exists or may hereafter be amended. Any repeal or modification of the foregoing paragraph shall not adversely affect any right or protection of a director or officer of the Corporation existing hereunder with respect to any act or omission occurring prior to such repeal or modification.

Section 2. Indemnification. The Corporation shall indemnify, and advance expenses to, in accordance with the Bylaws of the Corporation, to the fullest extent permitted from time to time by the General Corporation Law of the State of Delaware or any other applicable laws as presently or hereafter in effect, any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (including, without limitation, an action by or in the right of the Corporation), by reason of his acting as a director or officer of the Corporation (and the Corporation, in the discretion of the Board of Directors, may so indemnify a person by reason of the fact that he is or was an employee or agent of the Corporation or is or was serving at the request of the Corporation in any other capacity for or on behalf of the Corporation) against any liability or expense actually and reasonably incurred by

such person in respect thereof; provided, however, the Corporation shall be required to indemnify an officer or director in connection with an action, suit or proceeding (or part thereof) initiated by such person only if such action, suit or proceeding (or part thereof) was authorized by the Board of Directors of the Corporation. Such indemnification is not exclusive of any other right to

indemnification provided by law or otherwise. The right to indemnification conferred by this Section 2 shall be deemed to be a contract between the Corporation and each person referred to herein.

Section 3. Payment of Claims. If a claim under Section 2 of this ARTICLE ELEVENTH is not paid in full by the Corporation within thirty days, the claimant may at any time thereafter bring suit against the Corporation to recover the unpaid amount of the claim and, if successful in whole or in part, the claimant shall be entitled to be paid also the expense of prosecuting such claim. It shall be a defense to any such action (other than an action brought to enforce a claim for expenses incurred in defending any proceeding in advance of its final disposition where any undertaking required by the Bylaws of the Corporation has been tendered to the Corporation) that the claimant has not met the standards of conduct which make it permissible under the General Corporation Law of the State of Delaware and Section 2 of this ARTICLE ELEVENTH for the Corporation to indemnify the claimant for the amount claimed, but the burden of proving such defense shall be on the Corporation. Neither the failure of the Corporation (including its Board of Directors, independent legal counsel, or its stockholders) to have made a determination prior to the commencement of such action that indemnification of the claimant is proper in the circumstances because he or she has met the applicable standard of conduct set forth in the General Corporation Law of State of Delaware, nor an actual determination by

the Corporation (including its Board of Directors, independent legal counsel, or its stockholders) that the claimant has not met such applicable standard of conduct, shall be a defense to the action or create a presumption that the claimant has not met the applicable standard of conduct.

**Section 4. Non-Exclusivity.** The right to indemnification and the payment of

expenses incurred in defending a proceeding in advance of its final disposition conferred in this ARTICLE ELEVENTH shall not be exclusive of any other right which any person may have or hereafter acquire under any statute, provision of this Certificate of Incorporation, bylaw, agreement, contract, vote of stockholders or disinterested directors, or otherwise.

**Section 5. Insurance.** The Corporation may purchase and maintain insurance on

behalf of any person who is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the Corporation would have the power to indemnify him against such liability under the provisions of this ARTICLE ELEVENTH, the General Corporation Law of the State of Delaware, or otherwise.

**Section 6. Effect of Amendment.** No amendment to or repeal of all or any part of this ARTICLE ELEVENTH shall adversely affect any right or protection existing at the time of such repeal or amendment.

**TWELFTH:** In furtherance and not in limitation of the powers conferred by statute, the Board of Directors is

expressly authorized to make, adopt, alter, amend or  
repeal the Bylaws of the Corporation.

**THIRTEENTH:** Meetings of the stockholders may be held  
at such places, within or  
without the State of Delaware, as may be designated by  
or in the manner provided in the Bylaws. The books of the  
Corporation may be kept (subject to the provisions of any  
law or regulation) outside the State of Delaware at such  
place or places as may be designated from time to time by  
the Board of Directors or in the Bylaws of the Corporation.  
Elections of directors need not be by written ballot unless  
the Bylaws of the Corporation shall so provide.

**FOURTEENTH:** The Corporation reserves the right to  
amend, alter, change or  
repeal any provision contained in this Certificate of  
Incorporation, in the manner now or hereafter prescribed  
by statute, and all rights conferred upon stockholders  
herein are granted subject to this reservation. No repeal,  
alteration or amendment of this Certificate of Incorporation  
shall be made unless the same is first approved by the  
Board of Directors of the Corporation pursuant to a  
resolution adopted by the affirmative vote of a majority of  
the directors then in office and thereafter approved by the  
stockholders. For purpose of the foregoing sentence and  
in addition to any other vote required by law, the  
affirmative vote of the holders of shares of capital stock  
having at least two-thirds of the votes which could be cast  
by the holders of all shares of capital stock entitled to vote  
thereupon (or such greater proportion as may be required  
by law), voting together as a single class, at a duly  
constituted meeting of stockholders called expressly for  
such purposes, shall be required to repeal, alter or amend  
any provisions of, or adopt any provision inconsistent with,  
Sections 4 or 5 of Article FOURTH or Articles SIXTH,  
SEVENTH, EIGHTH or NINTH or this Article  
FOURTEENTH.

## Exhibit 31.1

### CERTIFICATION

I, Phillip D. Yeager, certify that:

1. I have reviewed this report on Form 10-Q of Hub Group, 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 period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

- d. disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting and;
- 5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of 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: November 3, 2023 May 3,  
2024

/s/ Phillip D. Yeager  
\_\_\_\_\_  
Name: Phillip D. Yeager  
Title: Vice Chairman of the  
Board of Directors,  
President and Chief  
Executive Officer

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### Exhibit 31.2

#### CERTIFICATION

I, Geoffrey F. DeMartino, Kevin W. Beth, certify that:

1. I have reviewed this report on Form 10-Q of Hub Group, 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 period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially

affect, the registrant's internal control over financial reporting and;

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

- 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
- 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: November 3, 2023 May 3,

2024

/s/ Geoffrey F. DeMartino Kevin  
W. Beth  
\_\_\_\_\_  
Name: Geoffrey F.  
DeMartino Kevin W. Beth  
Title: Executive Vice President,  
Chief Financial Officer  
and Treasurer (Principal  
Financial and Accounting  
Officer)

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**Exhibit 32.1**

Certification Pursuant to Section 906 of the Sarbanes-Oxley Act  
of 2002

The following statement is provided by the undersigned to accompany the Form 10-Q for the quarter ended **September 30, 2023** **March 31, 2024** of Hub Group, Inc. pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350) and shall not be deemed filed pursuant to any provision of the Exchange Act of 1934 or any other securities law.

Each of the undersigned certifies that the foregoing Report on Form 10-Q fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934 (15 U.S.C. 78m) and that the information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of Hub Group, Inc.

Date: **November 3, 2023** **May 3, 2024**

<u>/s/ Phillip D. Yeager</u>	<u>W. Beth</u>
Phillip D. Yeager	<b>Geoffrey F. DeMartino</b> <b>Kevin W.</b>
Vice Chairman of the Board of Directors,	Executive Vice President, Chief Financial Officer and Treasurer
President and Chief Executive Officer	Chief (Principal Financial Officer and Accounting Officer)
Hub Group, Inc.	Hub Group, Inc.

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