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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM 10-Q**

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

For the quarterly period ended June 30, 2024

**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 000-19969

**ARCBEST CORPORATION**

(Exact name of registrant as specified in its charter)

**Delaware**

(State or other jurisdiction of  
incorporation or organization)

**71-0673405**

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

**8401 McClure Drive  
Fort Smith, Arkansas 72916  
(479) 785-6000**

(Address, including zip code, and telephone number, including  
area code, of the registrant's principal executive offices)

**Not Applicable**

(Former name, former address and former fiscal year, if changed since last report.)

Securities registered pursuant to Section 12(b) of the Securities Exchange Act of 1934:

<u>Title of each class</u>	<u>Trading Symbol(s)</u>	<u>Name of each exchange on which registered</u>
Common Stock \$0.01 Par Value	ARCB	Nasdaq

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.  Yes  No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).  Yes  No

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

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

Emerging growth company

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).  Yes  No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

<u>Class</u>	<u>Outstanding at July 31, 2024</u>
Common Stock, \$0.01 par value	23,645,642 shares

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# ARCBEST CORPORATION

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**PART I.**  
**FINANCIAL INFORMATION**

**ITEM 1. FINANCIAL STATEMENTS**

**ARCBEST CORPORATION**  
**CONSOLIDATED BALANCE SHEETS**

	<u>June 30</u> <u>2024</u>	<u>December 31</u> <u>2023</u>
	<u>(Unaudited)</u>	
	(in thousands, except share data)	
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 215,590	\$ 262,226
Short-term investments	44,865	67,842
Accounts receivable, less allowances (2024 – \$8,788; 2023 – \$10,346)	429,511	430,122
Other accounts receivable, less allowances (2024 – \$654; 2023 – \$731)	11,846	52,124
Prepaid expenses	31,835	37,034
Prepaid and refundable income taxes	22,555	24,319
Other	11,011	11,116
<b>TOTAL CURRENT ASSETS</b>	<u>767,213</u>	<u>884,783</u>
<b>PROPERTY, PLANT AND EQUIPMENT</b>		
Land and structures	507,194	460,068
Revenue equipment	1,143,985	1,126,055
Service, office, and other equipment	326,633	319,466
Software	177,933	173,354
Leasehold improvements	27,675	24,429
	<u>2,183,420</u>	<u>2,103,372</u>
Less allowances for depreciation and amortization	1,212,381	1,188,548
<b>PROPERTY, PLANT AND EQUIPMENT, net</b>	<u>971,039</u>	<u>914,824</u>
<b>GOODWILL</b>	<u>304,753</u>	<u>304,753</u>
<b>INTANGIBLE ASSETS, net</b>	<u>94,740</u>	<u>101,150</u>
<b>OPERATING RIGHT-OF-USE ASSETS</b>	<u>186,779</u>	<u>169,999</u>
<b>DEFERRED INCOME TAXES</b>	<u>9,974</u>	<u>8,140</u>
<b>OTHER LONG-TERM ASSETS</b>	<u>74,031</u>	<u>101,445</u>
<b>TOTAL ASSETS</b>	<u>\$ 2,408,529</u>	<u>\$ 2,485,094</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 222,303	\$ 214,004
Income taxes payable	—	10,410
Accrued expenses	332,258	378,029
Current portion of long-term debt	58,615	66,948
Current portion of operating lease liabilities	32,674	32,172
<b>TOTAL CURRENT LIABILITIES</b>	<u>645,850</u>	<u>701,563</u>
<b>LONG-TERM DEBT, less current portion</b>	<u>144,972</u>	<u>161,990</u>
<b>OPERATING LEASE LIABILITIES, less current portion</b>	<u>185,637</u>	<u>176,621</u>
<b>POSTRETIREMENT LIABILITIES, less current portion</b>	<u>13,264</u>	<u>13,319</u>
<b>CONTINGENT CONSIDERATION</b>	<u>104,070</u>	<u>92,900</u>
<b>OTHER LONG-TERM LIABILITIES</b>	<u>37,606</u>	<u>40,553</u>
<b>DEFERRED INCOME TAXES</b>	<u>45,592</u>	<u>55,785</u>
<b>STOCKHOLDERS' EQUITY</b>		
Common stock, \$0.01 par value, authorized 70,000,000 shares; issued 2024: 30,399,853 shares; 2023: 30,024,125 shares	304	300
Additional paid-in capital	324,645	340,961
Retained earnings	1,311,549	1,272,584
Treasury stock, at cost, 2024: 6,711,805 shares; 2023: 6,460,137 shares	(407,433)	(375,806)
Accumulated other comprehensive income	2,473	4,324
<b>TOTAL STOCKHOLDERS' EQUITY</b>	<u>1,231,538</u>	<u>1,242,363</u>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<u>\$ 2,408,529</u>	<u>\$ 2,485,094</u>

*See notes to consolidated financial statements.*

**ARCBEST CORPORATION**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**

	<b>Three Months Ended</b>		<b>Six Months Ended</b>	
	<b>June 30</b>		<b>June 30</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
	<b>(Unaudited)</b>			
	(in thousands, except share and per share data)			
<b>REVENUES</b>	<b>\$ 1,077,831</b>	<b>\$ 1,103,464</b>	<b>\$ 2,114,250</b>	<b>\$ 2,209,558</b>
<b>OPERATING EXPENSES</b>	<b>1,028,986</b>	<b>1,061,348</b>	<b>2,042,970</b>	<b>2,146,283</b>
<b>OPERATING INCOME</b>	<b>48,845</b>	<b>42,116</b>	<b>71,280</b>	<b>63,275</b>
<b>OTHER INCOME (COSTS)</b>				
Interest and dividend income	3,241	3,725	6,556	6,658
Interest and other related financing costs	(2,078)	(2,205)	(4,306)	(4,532)
Other, net	(781)	5,038	(28,980)	6,818
	<b>382</b>	<b>6,558</b>	<b>(26,730)</b>	<b>8,944</b>
<b>INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES</b>	<b>49,227</b>	<b>48,674</b>	<b>44,550</b>	<b>72,219</b>
<b>INCOME TAX PROVISION</b>	<b>2,303</b>	<b>9,074</b>	<b>538</b>	<b>13,772</b>
<b>NET INCOME FROM CONTINUING OPERATIONS</b>	<b>46,924</b>	<b>39,600</b>	<b>44,012</b>	<b>58,447</b>
<b>INCOME FROM DISCONTINUED OPERATIONS, net of tax</b>	<b>—</b>	<b>843</b>	<b>600</b>	<b>53,279</b>
<b>NET INCOME</b>	<b>\$ 46,924</b>	<b>\$ 40,443</b>	<b>\$ 44,612</b>	<b>\$ 111,726</b>
<b>BASIC EARNINGS PER COMMON SHARE</b>				
Continuing operations	\$ 1.99	\$ 1.65	\$ 1.87	\$ 2.42
Discontinued operations	—	0.04	0.03	2.20
	<b>\$ 1.99</b>	<b>\$ 1.68</b>	<b>\$ 1.89</b>	<b>\$ 4.62</b>
<b>DILUTED EARNINGS PER COMMON SHARE</b>				
Continuing operations	\$ 1.96	\$ 1.60	\$ 1.83	\$ 2.35
Discontinued operations	—	0.03	0.02	2.14
	<b>\$ 1.96</b>	<b>\$ 1.64</b>	<b>\$ 1.86</b>	<b>\$ 4.49</b>
<b>AVERAGE COMMON SHARES OUTSTANDING</b>				
Basic	23,618,318	24,064,882	23,589,814	24,175,893
Diluted	23,919,613	24,672,948	24,025,499	24,864,691

*See notes to consolidated financial statements.*

**ARCBEST CORPORATION**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

	<b>Three Months Ended</b>		<b>Six Months Ended</b>	
	<b>June 30</b>		<b>June 30</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
	(Unaudited)			
	(in thousands)			
<b>NET INCOME</b>	<b>\$ 46,924</b>	<b>\$ 40,443</b>	<b>\$ 44,612</b>	<b>\$ 111,726</b>
<b>OTHER COMPREHENSIVE INCOME (LOSS), net of tax</b>				
<b>Postretirement benefit plans:</b>				
Amortization of unrecognized net periodic benefit credit, net of tax:				
(2024 – Three-month period \$64, Six-month period \$129)				
(2023 – Three-month period \$85, Six-month period \$171)				
Net actuarial gain	(185)	(247)	(372)	(494)
<b>Interest rate swap and foreign currency translation:</b>				
Change in unrealized income (loss) on interest rate swap, net of tax:				
(2024 – Three-month period \$152, Six-month period \$282)				
(2023 – Three-month period \$11, Six-month period \$150)	(432)	31	(798)	(421)
Change in foreign currency translation, net of tax:				
(2024 – Three-month period \$90, Six-month period \$240)				
(2023 – Three-month period \$141, Six-month period \$135)	(255)	399	(681)	381
<b>OTHER COMPREHENSIVE INCOME (LOSS), net of tax</b>	<b>(872)</b>	<b>183</b>	<b>(1,851)</b>	<b>(534)</b>
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>\$ 46,052</b>	<b>\$ 40,626</b>	<b>\$ 42,761</b>	<b>\$ 111,192</b>

*See notes to consolidated financial statements.*

**ARCBEST CORPORATION**  
**CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY**

Three Months Ended June 30, 2024 and 2023

	Common Stock		Additional Paid-In Capital	Retained Earnings	Treasury Stock		Accumulated Other Comprehensive Income	Total Equity
	Shares	Amount			Shares	Amount		
	(Unaudited) (in thousands)							
<b>Balance at March 31, 2024</b>	<b>30,039</b>	<b>\$ 300</b>	<b>\$ 343,102</b>	<b>\$ 1,267,444</b>	<b>6,581</b>	<b>\$ (391,458)</b>	<b>\$ 3,345</b>	<b>\$ 1,222,733</b>
Net income				46,924				46,924
Other comprehensive loss, net of tax							(872)	(872)
Issuance of common stock under share-based compensation plans	361	4	(4)					—
Shares withheld for employee tax remittance on share-based compensation			(21,886)					(21,886)
Share-based compensation expense			3,433					3,433
Purchase of treasury stock					131	(15,975)		(15,975)
Dividends declared on common stock				(2,819)				(2,819)
<b>Balance at June 30, 2024</b>	<b>30,400</b>	<b>\$ 304</b>	<b>\$ 324,645</b>	<b>\$ 1,311,549</b>	<b>6,712</b>	<b>\$ (407,433)</b>	<b>\$ 2,473</b>	<b>\$ 1,231,538</b>
<b>Balance at March 31, 2023</b>	<b>29,809</b>	<b>\$ 298</b>	<b>\$ 340,481</b>	<b>\$ 1,157,061</b>	<b>5,683</b>	<b>\$ (298,367)</b>	<b>\$ 6,386</b>	<b>\$ 1,205,859</b>
Net income				40,443				40,443
Other comprehensive income, net of tax							183	183
Issuance of common stock under share-based compensation plans	199	2	(2)					—
Shares withheld for employee tax remittance on share-based compensation			(8,432)					(8,432)
Share-based compensation expense			3,350					3,350
Purchase of treasury stock					300	(27,148)		(27,148)
Dividends declared on common stock				(2,894)				(2,894)
<b>Balance at June 30, 2023</b>	<b>30,008</b>	<b>\$ 300</b>	<b>\$ 335,397</b>	<b>\$ 1,194,610</b>	<b>5,983</b>	<b>\$ (325,515)</b>	<b>\$ 6,569</b>	<b>\$ 1,211,361</b>

See notes to consolidated financial statements.

**ARCBEST CORPORATION**  
**CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (cont.)**

Six Months Ended June 30, 2024 and 2023

	Common Stock		Additional Paid-In Capital	Retained Earnings	Treasury Stock		Accumulated Other Comprehensive Income	Total Equity
	Shares	Amount			Shares	Amount		
	(Unaudited) (in thousands)							
<b>Balance at December 31, 2023</b>	<b>30,024</b>	<b>\$ 300</b>	<b>\$ 340,961</b>	<b>\$ 1,272,584</b>	<b>6,460</b>	<b>\$ (375,806)</b>	<b>\$ 4,324</b>	<b>\$ 1,242,363</b>
Net income				44,612				44,612
Other comprehensive loss, net of tax							(1,851)	(1,851)
Issuance of common stock under share-based compensation plans	376	4	(4)					—
Shares withheld for employee tax remittance on share-based compensation			(22,634)					(22,634)
Share-based compensation expense			6,322					6,322
Purchase of treasury stock					252	(31,627)		(31,627)
Dividends declared on common stock				(5,647)				(5,647)
<b>Balance at June 30, 2024</b>	<b>30,400</b>	<b>\$ 304</b>	<b>\$ 324,645</b>	<b>\$ 1,311,549</b>	<b>6,712</b>	<b>\$ (407,433)</b>	<b>\$ 2,473</b>	<b>\$ 1,231,538</b>
<b>Balance at December 31, 2022</b>	<b>29,759</b>	<b>\$ 298</b>	<b>\$ 339,582</b>	<b>\$ 1,088,693</b>	<b>5,529</b>	<b>\$ (284,275)</b>	<b>\$ 7,103</b>	<b>\$ 1,151,401</b>
Net income				111,726				111,726
Other comprehensive loss, net of tax							(534)	(534)
Issuance of common stock under share-based compensation plans	249	2	(2)					—
Shares withheld for employee tax remittance on share-based compensation			(10,022)					(10,022)
Share-based compensation expense			5,839					5,839
Purchase of treasury stock					454	(41,240)		(41,240)
Dividends declared on common stock				(5,809)				(5,809)
<b>Balance at June 30, 2023</b>	<b>30,008</b>	<b>\$ 300</b>	<b>\$ 335,397</b>	<b>\$ 1,194,610</b>	<b>5,983</b>	<b>\$ (325,515)</b>	<b>\$ 6,569</b>	<b>\$ 1,211,361</b>

See notes to consolidated financial statements.

**ARCBEST CORPORATION**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

	Six Months Ended June 30	
	2024	2023
	(Unaudited) (in thousands)	
<b>OPERATING ACTIVITIES</b>		
Net income	\$ 44,612	\$ 111,726
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	66,693	64,804
Amortization of intangibles	6,416	6,398
Share-based compensation expense	6,322	5,585
Provision for losses on accounts receivable	1,248	2,257
Change in deferred income taxes	(11,457)	(8,228)
Loss on sale of property and equipment	565	1,188
Pre-tax gain on sale of discontinued operations	(806)	(70,215)
Change in fair value of contingent consideration	11,170	5,040
Change in fair value of equity investment	28,739	(3,739)
Changes in operating assets and liabilities:		
Receivables	38,702	83,542
Prepaid expenses	5,199	6,353
Other assets	(2,789)	759
Income taxes	(8,806)	(35,968)
Operating right-of-use assets and lease liabilities, net	(7,262)	3,059
Accounts payable, accrued expenses, and other liabilities	(38,344)	(68,804)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>140,202</b>	<b>103,757</b>
<b>INVESTING ACTIVITIES</b>		
Purchases of property, plant and equipment, net of financings	(104,909)	(83,171)
Proceeds from sale of property and equipment	2,341	2,853
Proceeds from sale of discontinued operations	—	100,949
Purchases of short-term investments	(5,236)	(46,858)
Proceeds from sale of short-term investments	28,504	63,693
Capitalization of internally developed software	(7,779)	(7,010)
<b>NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES</b>	<b>(87,079)</b>	<b>30,456</b>
<b>FINANCING ACTIVITIES</b>		
Payments on long-term debt	(35,705)	(35,114)
Net change in book overdrafts	(4,146)	(13,171)
Deferred financing costs	—	57
Payment of common stock dividends	(5,647)	(5,809)
Purchases of treasury stock	(31,627)	(41,240)
Payments for tax withheld on share-based compensation	(22,634)	(10,022)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(99,759)</b>	<b>(105,299)</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(46,636)</b>	<b>28,914</b>
Cash and cash equivalents of continuing operations at beginning of period	262,226	158,264
Cash and cash equivalents of discontinued operations at beginning of period	—	108
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>\$ 215,590</b>	<b>\$ 187,286</b>
<b>NONCASH INVESTING ACTIVITIES</b>		
Equipment financed	\$ 10,354	\$ 3,478
Accruals for equipment received	\$ 3,904	\$ 10,106
Lease liabilities arising from obtaining right-of-use assets	\$ 26,001	\$ 43,366

See notes to consolidated financial statements.



**ARCBEST CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)**

**NOTE A – ORGANIZATION AND DESCRIPTION OF THE BUSINESS AND FINANCIAL STATEMENT PRESENTATION**

**Organization and Description of Business**

ArcBest Corporation™ (the “Company”) is a multibillion-dollar integrated logistics company that leverages technology and a full suite of shipping and logistics solutions to meet customers’ supply chain needs. The Company, which started over a century ago as a local freight hauler, is now a logistics powerhouse with global reach. The Company’s operations are conducted through its two reportable operating segments: Asset-Based, which consists of ABF Freight System, Inc. and certain other subsidiaries (“ABF Freight”), and Asset-Light, which includes MoLo Solutions, LLC (“MoLo”), Panther Premium Logistics® (“Panther”), and certain other subsidiaries. References to the Company in this Quarterly Report on Form 10-Q are primarily to the Company and its subsidiaries on a consolidated basis.

The Asset-Based segment represented approximately 64% of the Company’s total revenues before other revenues and intercompany eliminations for the six months ended June 30, 2024. As of June 2024, approximately 81% of the Asset-Based segment’s employees were covered under a collective bargaining agreement, the ABF National Master Freight Agreement (the “2023 ABF NMFA”), with the International Brotherhood of Teamsters (the “IBT”), which will remain in effect through June 30, 2028.

**Financial Statement Presentation**

On February 28, 2023, the Company sold FleetNet America, Inc. (“FleetNet”), a wholly owned subsidiary and reportable operating segment of the Company, for an aggregate adjusted cash purchase price of \$100.9 million, including post-closing adjustments. The sale of FleetNet® was a strategic shift for the Company as it exited the fleet roadside assistance and maintenance management business; therefore, the sale was accounted for as discontinued operations. As such, historical results of FleetNet have been excluded from both continuing operations and segment results for all periods presented. The cash flows related to the discontinued operations have not been segregated and are included in the consolidated statements of cash flows. Unless otherwise indicated, all amounts in this Quarterly Report on Form 10-Q refer to continuing operations, including comparisons to the prior year. For more information on the Company’s discontinued operations, see Note C.

For the three and six months ended June 30, 2023, certain reclassifications have been made between operating expenses lines of the Asset-Light segment to conform to the current-year presentation (see Note J). There was no impact on total Asset-Light operating expenses as a result of these reclassifications.

The accompanying unaudited consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States and applicable rules and regulations of the Securities and Exchange Commission (the “SEC”) pertaining to interim financial information. Accordingly, these interim financial statements do not include all information or footnote disclosures required by accounting principles generally accepted in the United States for complete financial statements and, therefore, should be read in conjunction with the audited financial statements and accompanying notes included in the Company’s 2023 Annual Report on Form 10-K and other current filings with the SEC. In the opinion of management, all adjustments (which are of a normal and recurring nature) considered necessary for a fair presentation have been included.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual amounts may differ from those estimates.

## Accounting Pronouncements Not Yet Adopted

Accounting Standards Codification (“ASC”) Topic 280, *Segment Reporting*, was amended in November 2023 through the issuance of Accounting Standards Update (“ASU”) No. 2023-07, *Improvements to Reportable Segment Disclosures* (“ASU 2023-07”). ASU 2023-07 will require enhanced disclosures of significant segment expenses on an annual and interim basis. ASU 2023-07, which is effective for fiscal years beginning after December 15, 2023 and interim periods within fiscal years beginning after December 15, 2024, is not expected to have a significant impact on the Company’s disclosures.

ASC Topic 740, *Income Taxes*, was amended in December 2023 through the issuance of ASU No. 2023-09, *Improvements to Income Tax Disclosures* (“ASU 2023-09”), to improve income tax disclosures primarily related to the rate reconciliation and income taxes paid information. ASU 2023-09 is effective for fiscal years beginning after December 15, 2024, while early adoption is permitted. The Company is currently assessing the amendment’s impact on the Company’s disclosures.

In March 2024, the SEC adopted final rules under SEC Release Nos. 33-11275 and 33-99678, *The Enhancement and Standardization of Climate-Related Disclosures for Investors*, that will require registrants to provide certain climate-related information in their registration statements and annual reports. Subsequent to issuance, the rules became the subject of litigation, and the SEC has issued a stay to allow the legal process to proceed. The Company is currently assessing the impact of the final rules on the Company’s disclosures.

## NOTE B – FINANCIAL INSTRUMENTS AND FAIR VALUE MEASUREMENTS

### Financial Instruments

The following table presents the components of cash and cash equivalents and short-term investments:

	June 30 2024	December 31 2023
	(in thousands)	
Cash and cash equivalents		
Cash deposits <sup>(1)</sup>	\$ 126,758	\$ 168,472
Money market funds <sup>(2)</sup>	88,832	93,754
Total cash and cash equivalents	<u>\$ 215,590</u>	<u>\$ 262,226</u>
Short-term investments		
Certificates of deposit <sup>(1)</sup>	<u>\$ 44,865</u>	<u>\$ 67,842</u>

<sup>(1)</sup> Recorded at cost plus accrued interest, which approximates fair value.

<sup>(2)</sup> Recorded at fair value as determined by quoted market prices (see amounts presented in the table of financial assets and liabilities measured at fair value within this Note).

The Company’s long-term financial instruments are presented in the table of financial assets and liabilities measured at fair value within this Note.

### Concentrations of Credit Risk of Financial Instruments

The Company is potentially subject to concentrations of credit risk related to its cash, cash equivalents, and short-term investments. The Company reduces credit risk by maintaining its cash deposits and short-term investments in accounts and certificates of deposit which are primarily FDIC-insured or in direct obligations of the U.S. government. However, certain cash deposits and certificates of deposit may exceed federally insured limits. At June 30, 2024 and December 31, 2023, cash deposits and short-term investments totaling \$44.5 million and \$76.3 million, respectively, were not FDIC insured. The Company also holds money market funds, which are invested in U.S. government securities and repurchase agreements collateralized solely by U.S. government securities.

### ***Fair Value Disclosure of Financial Instruments***

Fair value disclosures are made in accordance with the following hierarchy of valuation techniques based on whether the inputs of market data and market assumptions used to measure fair value are observable or unobservable:

- Level 1 — Quoted prices for identical assets and liabilities in active markets.
- Level 2 — Quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets and liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data.
- Level 3 — Unobservable inputs (based on the Company’s market assumptions) that are significant to the valuation model.

Fair value and carrying value disclosures of financial instruments are presented in the following table:

	<b>June 30 2024</b>		<b>December 31 2023</b>	
	<b>Carrying Value</b>	<b>Fair Value</b>	<b>Carrying Value</b>	<b>Fair Value</b>
Credit Facility <sup>(1)</sup>	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000
Notes payable <sup>(2)</sup>	153,587	151,719	178,938	177,149
New England Pension Fund withdrawal liability <sup>(3)</sup>	19,040	17,381	19,402	18,220
	<b>\$ 222,627</b>	<b>\$ 219,100</b>	<b>\$ 248,340</b>	<b>\$ 245,369</b>

- (1) The revolving credit facility (the “Credit Facility”) carries a variable interest rate based on Secured Overnight Financing Rate (“SOFR”), plus a margin, priced at market for debt instruments having similar terms and collateral requirements (Level 2 of the fair value hierarchy).
- (2) Fair value of the notes payable was determined using a present value income approach based on quoted interest rates from lending institutions with which the Company would enter into similar transactions (Level 2 of the fair value hierarchy).
- (3) ABF Freight’s multiemployer pension plan obligation with the New England Teamsters and Trucking Industry Pension Fund (the “New England Pension Fund”) was restructured under a transition agreement effective on August 1, 2018, which resulted in a related withdrawal liability. The fair value of the outstanding withdrawal liability is equal to the present value of the future withdrawal liability payments, discounted at an interest rate of 5.7% and 5.3% at June 30, 2024 and December 31, 2023, respectively, determined using the 20-year U.S. Treasury rate plus a spread (Level 2 of the fair value hierarchy). As of June 30, 2024, the outstanding withdrawal liability totaled \$19.0 million, of which \$0.7 million was recorded in accrued expenses, and the remaining portion was recorded in other long-term liabilities.

## Assets and Liabilities Measured at Fair Value on a Recurring Basis

The following table presents the assets and liabilities that are measured at fair value on a recurring basis:

	<b>June 30, 2024</b>			
	<b>Total</b>	<b>Fair Value Measurements Using</b>		
		<b>Quoted Prices In Active Markets (Level 1)</b>	<b>Significant Observable Inputs (Level 2)</b>	<b>Significant Unobservable Inputs (Level 3)</b>
		(in thousands)		
<b>Assets:</b>				
Money market funds <sup>(1)</sup>	\$ 88,832	\$ 88,832	\$ —	\$ —
Equity, bond, and money market mutual funds held in trust related to the Voluntary Savings Plan <sup>(2)</sup>	4,947	4,947	—	—
Interest rate swap <sup>(3)</sup>	630	—	630	—
	<u>\$ 94,409</u>	<u>\$ 93,779</u>	<u>\$ 630</u>	<u>\$ —</u>
<b>Liabilities:</b>				
Contingent consideration <sup>(4)</sup>	<u>\$ 104,070</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 104,070</u>
	<b>December 31, 2023</b>			
	<b>Total</b>	<b>Fair Value Measurements Using</b>		
		<b>Quoted Prices In Active Markets (Level 1)</b>	<b>Significant Observable Inputs (Level 2)</b>	<b>Significant Unobservable Inputs (Level 3)</b>
		(in thousands)		
<b>Assets:</b>				
Money market funds <sup>(1)</sup>	\$ 93,754	\$ 93,754	\$ —	\$ —
Equity, bond, and money market mutual funds held in trust related to the Voluntary Savings Plan <sup>(2)</sup>	4,627	4,627	—	—
Interest rate swap <sup>(3)</sup>	1,710	—	1,710	—
	<u>\$ 100,091</u>	<u>\$ 98,381</u>	<u>\$ 1,710</u>	<u>\$ —</u>
<b>Liabilities:</b>				
Contingent consideration <sup>(4)</sup>	<u>\$ 92,900</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 92,900</u>

(1) Included in cash and cash equivalents.

(2) Nonqualified deferred compensation plan investments consist of U.S. and international equity mutual funds, government and corporate bond mutual funds, and money market funds which are held in a trust with a third-party brokerage firm. Included in other long-term assets, with a corresponding liability reported within other long-term liabilities.

(3) Included in other long-term assets. The fair value of the interest rate swap was determined by discounting future cash flows and receipts based on expected interest rates observed in market interest rate curves adjusted for estimated credit valuation considerations reflecting nonperformance risk of the Company and the counterparty, which are generally considered to be in Level 3 of the fair value hierarchy. However, the Company assessed Level 3 inputs as insignificant to the valuation at June 30, 2024 and December 31, 2023 and considers the interest rate swap valuation in Level 2 of the fair value hierarchy.

(4) As part of the Agreement and Plan of Merger (the "Merger Agreement") of MoLo, certain additional cash consideration is required to be paid by the Company based on the achievement of certain incremental targets of adjusted earnings before interest, taxes, depreciation, and amortization ("EBITDA") for each of the years ended December 31, 2023, 2024, and 2025. The estimated fair value of contingent consideration is determined by assessing Level 3 inputs. The Level 3 assessments utilize a Monte Carlo simulation with inputs including scenarios of estimated revenues and adjusted EBITDA to be achieved for the applicable performance periods, volatility factors applied to the simulations, and the discount rate applied, which was 13.7% and 13.3% as of June 30, 2024 and December 31, 2023, respectively. Changes in the significant unobservable inputs might result in a significantly higher or lower fair value at the reporting date. The increase in fair value of contingent earnout consideration as of June 30, 2024 compared to December 31, 2023 primarily relates to the shorter discount period remaining until the expected payout, partially offset by a higher discount rate at the June 30, 2024 remeasurement date.

The following table provides the change in fair value of the liabilities measured at fair value using inputs categorized in Level 3 of the fair value hierarchy:

	<u>Contingent Consideration</u> (in thousands)
Balance at December 31, 2023	\$ 92,900
Change in fair value included in operating income	11,170
Balance at June 30, 2024	<u>\$ 104,070</u>

#### Assets Measured at Fair Value on a Nonrecurring Basis

The Company remeasures certain assets on a nonrecurring basis upon the occurrence of certain events. In November 2021, the Company recorded an equity investment for \$25.0 million in Phantom Auto, a startup provider of human-centered remote operation software, and became a lead investor in their Series B Preferred offering. The equity investment was accounted for as a nonmarketable equity security without a readily determinable value using the measurement alternative, which allowed the investment to be recorded at cost, less any impairment and adjusted for observable price changes. During the second quarter of 2023, the fair value of the Company’s investment in Phantom Auto increased by \$3.7 million based on an observable price change upon the closing of Phantom Auto’s Series B-2 funding round. During the first quarter of 2024, the Company was notified that Phantom Auto was ceasing operations due to liquidity concerns from failing to secure additional funding from investors or lenders. As a result, the Company assessed the likelihood of recovering its investment as remote and recorded a pre-tax, noncash impairment charge of \$28.7 million, to write off the equity investment in Phantom Auto, which was recognized below the operating income line in “Other, net” within “Other income (costs).”

The following table provides the change in fair value of equity investments on a nonrecurring basis using inputs categorized in Level 3 of the fair value hierarchy:

	<u>Equity Investment</u> (in thousands)
Balance at December 31, 2023	\$ 28,739
Change in fair value included in other income	(28,739)
Balance at June 30, 2024	<u>\$ —</u>

#### NOTE C – DISCONTINUED OPERATIONS

On February 28, 2023, the Company sold FleetNet, a wholly owned subsidiary of the Company, for an initial aggregate cash purchase price of \$101.1 million, which was subject to certain tax and other customary adjustments, and recorded a pre-tax gain on sale of \$69.1 million, or \$51.4 million, net of tax. The purchase price was adjusted during the second quarter of 2023, resulting in an aggregate adjusted cash purchase price of \$100.9 million. After adjustments, the pre-tax gain recognized in 2023 and the first quarter of 2024 totaled \$70.2 million and \$0.8 million, respectively. FleetNet provided roadside repair solutions and vehicle maintenance management services for commercial and private fleets through a network of third-party service providers. The sale of FleetNet allowed the Company to focus on growing its continuing operations, as FleetNet was no longer core to the Company’s growth initiatives. The financial results of FleetNet have been accounted for as discontinued operations for all periods presented.

The following table summarizes the financial results from discontinued operations:

	Three Months Ended June 30		Six Months Ended June 30	
	2024	2023	2024	2023
	(in thousands)			
<b>Revenues</b>	\$ —	\$ —	\$ —	\$ 55,929
<b>Operating expenses</b>				
Gain on sale of business <sup>(1)</sup>	—	(1,132)	(806)	(70,215)
Other	—	—	—	54,623
	—	(1,132)	(806)	(15,592)
<b>Operating income</b>	—	1,132	806	71,521
<b>Other income, net<sup>(2)</sup></b>	—	—	—	17
<b>Income from discontinued operations before income taxes</b>	—	1,132	806	71,538
<b>Income tax provision</b>	—	289	206	18,259
<b>Income from discontinued operations, net of tax</b>	\$ —	\$ 843	\$ 600	\$ 53,279

(1) The 2024 period includes the reversal of an employee-related contingent liability that expired one-year after disposition, per the purchase agreement. The six months ended June 30, 2023 includes transaction costs of \$3.8 million consisting of consulting fees, professional fees, and employee-related expenses, as well as the resolution of certain post-close contingencies in second quarter 2023.

(2) The six months ended June 30, 2023 includes interest expense, which is immaterial.

Cash flows from discontinued operations of FleetNet were as follows:

	Six Months Ended June 30	
	2024	2023
	(in thousands)	
Net cash provided by operating activities <sup>(1)</sup>	\$ —	\$ 762
Net cash used in investing activities <sup>(2)</sup>	—	(397)
Net cash used in financing activities	—	(473)
Net decrease in cash and cash equivalents	\$ —	\$ (108)

(1) The 2023 period includes depreciation and amortization expense of \$0.4 million and share-based compensation expense of \$0.3 million, which is included in the “Pre-tax gain on sale of discontinued operations” line of the consolidated statements of cash flows.

(2) The 2023 period includes purchases of property, plant and equipment of \$0.1 million. Excludes the proceeds from the sale of discontinued operations, which are included in cash flows from continuing operations.

#### NOTE D – GOODWILL AND INTANGIBLE ASSETS

Goodwill represents the excess of cost over the fair value of net identifiable tangible and intangible assets acquired. The goodwill balance of \$304.8 million at both June 30, 2024 and December 31, 2023, primarily relates to the Asset-Light segment acquisitions of MoLo and Panther.

Intangible assets consisted of the following:

	Weighted-Average Amortization Period (in years)	June 30, 2024			December 31, 2023		
		Cost	Accumulated Amortization (in thousands)	Net Value	Cost	Accumulated Amortization (in thousands)	Net Value
<b>Finite-lived intangible assets</b>							
Customer relationships	12	\$ 99,579	\$ 55,570	\$ 44,009	\$ 99,579	\$ 51,357	\$ 48,222
Other	8	30,158	11,727	18,431	30,151	9,523	20,628
	11	129,737	67,297	62,440	129,730	60,880	68,850
<b>Indefinite-lived intangible asset</b>							
Trade name	N/A	32,300	N/A	32,300	32,300	N/A	32,300
<b>Total intangible assets</b>	<b>N/A</b>	<b>\$ 162,037</b>	<b>\$ 67,297</b>	<b>\$ 94,740</b>	<b>\$ 162,030</b>	<b>\$ 60,880</b>	<b>\$ 101,150</b>

As of June 30, 2024, the future amortization for intangible assets acquired through business acquisitions were as follows:

	Amortization of Intangible Assets (in thousands)
Remainder of 2024	\$ 6,399
2025	12,798
2026	8,691
2027	7,266
2028	7,266
Thereafter	20,020
<b>Total amortization</b>	<b>\$ 62,440</b>

## NOTE E – INCOME TAXES

The Company's total effective tax rate was 4.7% and 1.6% for the the three and six months ended June 30, 2024, respectively, compared to 18.8% and 22.3% for the same respective prior year periods, primarily reflecting the tax benefit from the vesting of restricted stock units ("RSUs") granted in 2020 and 2021. RSUs granted subsequent to 2021 follow a graded vesting schedule, with granted RSUs vesting incrementally over a specified period of time, rather than fully vesting at the end of the vesting period. The 2023 periods include the discontinued operations of FleetNet, as further discussed in Note C. The effective tax rate from continuing operations was 4.7% and 1.2% for the three and six months ended June 30 2024, respectively, compared to 18.6% and 19.1% for the same respective periods of 2023. State tax rates vary among states and average approximately 6.0%, although some state rates are higher, and a small number of states do not impose an income tax.

For the three and six months ended June 30, 2024 and 2023, the difference between the Company's effective tax rate from continuing operations and the federal statutory rate resulted from various factors, including state income taxes, various nondeductible expenses, including compensation under IRC Section 162(m), changes in the cash surrender value of life insurance, the federal alternative fuel tax credit, and the tax benefit from the vesting of RSUs, and for the three and six months ended June 30, 2024, adjustments to uncertain tax positions.

As of June 30, 2024, the Company's deferred tax liabilities, which will reverse in future years, exceeded the deferred tax assets. The Company evaluated the total deferred tax assets at June 30, 2024, and concluded that, other than for certain deferred tax assets related to foreign and state tax credit carryforwards and state net operating losses, the assets did not exceed the amount for which realization is more likely than not. In making this determination, the Company considered the future reversal of existing taxable temporary differences, future taxable income, and tax planning strategies. Valuation allowances for deferred tax assets totaled \$1.8 million at both June 30, 2024 and December 31, 2023.

At December 31, 2021, a reserve for uncertain tax positions of \$0.9 million was established related to credits taken on amended federal returns. Due to the expiration of the statute of limitations on the related refund on which a portion of

these credits were claimed, the reserve for uncertain tax positions was reduced by \$0.5 million at June 30, 2024, leaving a remaining reserve for uncertain tax positions of \$0.4 million.

During the six months ended June 30, 2024, the Company paid federal, state, and foreign income taxes of \$20.7 million and received refunds of less than \$0.1 million of state income taxes that were paid in prior years. For the six months ended June 30, 2023, the Company paid federal, state, and foreign income taxes of \$77.8 million and received refunds of \$1.7 million of federal and state income taxes that were paid in prior years.

Income tax expense reflected in discontinued operations, which primarily consisted of federal and state income taxes on the gain on the sale of FleetNet, was \$0.2 million for the six months ended June 30, 2024, or an effective tax rate of 25.5%. For the three and six months ended June 30, 2023, income tax expense reflected in discontinued operations was \$0.3 million and \$18.3 million, respectively, or an effective tax rate of 25.5% in each period.

## NOTE F – LEASES

The Company has operating lease arrangements for certain facilities and revenue equipment used in the Asset-Based and Asset-Light segment operations and certain other facilities and office equipment.

The components of operating lease expense were as follows:

	Three Months Ended June 30		Six Months Ended June 30	
	2024	2023	2024	2023
	(in thousands)			
Operating lease expense	\$ 10,742	\$ 10,048	\$ 21,018	\$ 19,214
Variable lease expense	1,938	1,762	3,619	3,302
Sublease income	(728)	(5)	(1,374)	(119)
Total operating lease expense <sup>(1)</sup>	\$ 11,952	\$ 11,805	\$ 23,263	\$ 22,397

<sup>(1)</sup> Operating lease expense excludes short-term leases with a term of 12 months or less.

The operating cash flows from operating lease activity were as follows:

	Six Months Ended June 30	
	2024	2023
	(in thousands)	
Noncash change in operating right-of-use assets	\$ 16,971	\$ 15,283
Cash payments to obtain right-of-use assets	(7,752)	—
Change in operating lease liabilities	(16,481)	(12,224)
Operating right-of-use-assets and lease liabilities, net	\$ (7,262)	\$ 3,059
Cash paid for amounts included in the measurement of operating lease liabilities	\$ (20,518)	\$ (16,158)



Maturities of operating lease liabilities at June 30, 2024, were as follows:

	<u>Total</u>	<u>Land and Structures<sup>(1)</sup></u>	<u>Equipment and Other</u>
		(in thousands)	
Remainder of 2024	\$ 21,067	\$ 20,970	\$ 97
2025	40,059	40,036	23
2026	36,966	36,966	—
2027	30,369	30,369	—
2028	26,945	26,945	—
Thereafter	105,455	105,455	—
Total lease payments	260,861	260,741	120
Less imputed interest	(42,550)	(42,548)	(2)
Total	<u>\$ 218,311</u>	<u>\$ 218,193</u>	<u>\$ 118</u>

<sup>(1)</sup> Excludes future minimum lease payments for leases which were executed but had not yet commenced as of June 30, 2024, totaling \$18.7 million, which will be paid over approximately 9 years.

## NOTE G – LONG-TERM DEBT AND FINANCING ARRANGEMENTS

### Long-Term Debt Obligations

Long-term debt consisted of borrowings outstanding under the Company's revolving credit facility, which is further described in Financing Arrangements within this Note, and notes payable related to the financing of revenue equipment (tractors and trailers used primarily in Asset-Based segment operations) and certain other equipment were as follows:

	<u>June 30 2024</u>	<u>December 31 2023</u>
	(in thousands)	
Credit Facility (interest rate of 6.6% <sup>(1)</sup> at June 30, 2024)	\$ 50,000	\$ 50,000
Notes payable (weighted-average interest rate of 4.1% at June 30, 2024)	153,587	178,938
	<u>203,587</u>	<u>228,938</u>
Less current portion	58,615	66,948
Long-term debt, less current portion	<u>\$ 144,972</u>	<u>\$ 161,990</u>

<sup>(1)</sup> The interest rate swap mitigates interest rate risk by effectively converting the \$50.0 million of borrowings under the Credit Facility from variable-rate interest to fixed-rate interest with a per annum rate of 1.55% based on the margin of the Credit Facility as of both June 30, 2024 and December 31, 2023.

Scheduled payments of long-term debt obligations as of June 30, 2024, were as follows:

	<u>Total</u>	<u>Credit Facility<sup>(1)</sup></u>	<u>Notes Payable</u>
		(in thousands)	
Due in one year or less	\$ 67,000	\$ 3,125	\$ 63,875
Due after one year through two years	49,343	2,708	46,635
Due after two years through three years	37,139	2,555	34,584
Due after three years through four years	66,167	50,675	15,492
Due after four years through five years	4,083	—	4,083
Due after five years	199	—	199
Total payments	<u>223,931</u>	<u>59,063</u>	<u>164,868</u>
Less amounts representing interest	20,344	9,063	11,281
Long-term debt	<u>\$ 203,587</u>	<u>\$ 50,000</u>	<u>\$ 153,587</u>

<sup>(1)</sup> The future interest payments included in the scheduled maturities due are calculated using variable interest rates based on the SOFR swap curve, plus the anticipated applicable margin, exclusive of payments on the interest rate swap.

Assets securing notes payable were included in property, plant and equipment as follows:

	<u>June 30 2024</u>	<u>December 31 2023</u>
	(in thousands)	
Revenue equipment	\$ 302,510	\$ 300,922
Service, office and other equipment	28,587	38,138
Total assets securing notes payable	<u>331,097</u>	<u>339,060</u>
Less accumulated depreciation <sup>(1)</sup>	<u>154,571</u>	<u>135,305</u>
Net assets securing notes payable	<u>\$ 176,526</u>	<u>\$ 203,755</u>

<sup>(1)</sup> Depreciation of assets securing notes payable is included in depreciation expense.

## Financing Arrangements

### *Credit Facility*

As of June 30, 2024, the Company has a revolving credit facility (the “Credit Facility”) under its Fourth Amended and Restated Credit Agreement (the “Credit Agreement”), with an initial maximum credit amount of \$250.0 million, including a swing line facility in an aggregate amount of up to \$40.0 million and a letter of credit sub-facility providing for the issuance of letters of credit up to an aggregate amount of \$20.0 million. The Company may request additional revolving commitments or incremental term loans thereunder up to an aggregate amount of up to \$125.0 million, subject to the satisfaction of certain additional conditions as provided in the Credit Agreement. As of June 30, 2024, the Company had available borrowing capacity of \$200.0 million under the initial maximum credit amount of the Credit Facility.

Principal payments under the Credit Facility are due upon maturity of the facility on October 7, 2027; however, borrowings may be repaid, at the Company’s discretion, in whole or in part at any time, without penalty, subject to required notice periods and compliance with minimum prepayment amounts. In addition, the Credit Facility requires the Company to pay a fee on unused commitments. The Credit Agreement contains conditions, representations and warranties, events of default, and indemnification provisions that are customary for financings of this type, including, but not limited to, a minimum interest coverage ratio, a maximum adjusted leverage ratio, and limitations on incurrence of debt, investments, liens on assets, certain sale and leaseback transactions, transactions with affiliates, mergers, consolidations, and sales of assets. The Company was in compliance with the covenants under the Credit Agreement at June 30, 2024.

### *Interest Rate Swap*

As noted in the table above, the Company has an interest rate swap agreement with a \$50.0 million notional amount, which will end on October 1, 2024. The Company receives floating-rate interest amounts based on one-month SOFR in exchange for fixed-rate interest payments of 0.33% throughout the remaining term of the agreement. The fair value of the interest

rate swap of \$0.6 million and \$1.7 million was recorded in other long-term assets at June 30, 2024 and December 31, 2023, respectively.

The unrealized gain or loss on the interest rate swap instrument in effect at the balance sheet date was reported as a component of accumulated other comprehensive income, net of tax, in stockholders' equity at June 30, 2024 and December 31, 2023, and the change in the unrealized gain or loss on the interest rate swap for the the three and six months ended June 30, 2024 and 2023 was reported in other comprehensive income (loss), net of tax, in the consolidated statements of comprehensive income. The interest rate swap is subject to certain customary provisions that could allow the counterparty to request immediate settlement of the fair value liability or asset upon violation of any or all of the provisions. The Company was in compliance with all provisions of the interest rate swap agreement at June 30, 2024.

#### ***Accounts Receivable Securitization Program***

During June 2024, the Company amended and restated its accounts receivable securitization program, extending the maturity date to July 1, 2025. The amendment also, among other things, added a conduit lender party with language to address potential loans funded through the issuance of notes; added provisions relating to erroneous payments; modified the calculation of certain ratios, as defined in the agreement; and modified limitations regarding the concentration of certain obligors of receivables pledged under the program. The program provides available cash proceeds of \$50.0 million under the program and has an accordion feature allowing the Company to request additional borrowings up to \$100.0 million, subject to certain conditions.

Under this program, certain subsidiaries of the Company continuously sell a designated pool of trade accounts receivables to a wholly owned subsidiary which, in turn, may borrow funds on a revolving basis. This wholly owned consolidated subsidiary is a separate bankruptcy-remote entity, and its assets would be available only to satisfy the claims related to the lenders' interest in the trade accounts receivables. Borrowings under the accounts receivable securitization program bear interest based upon SOFR or, to the extent funded by the conduit lender through the issuance of notes, at the commercial paper rate as defined in the agreement, plus a margin in each case, and an annual facility fee. The securitization agreement contains representations and warranties, affirmative and negative covenants, and events of default that are customary for financings of this type, including a maximum adjusted leverage ratio covenant. The Company was in compliance with the covenants under the accounts receivable securitization program at June 30, 2024.

The accounts receivable securitization program includes a provision under which the Company may request, and the letter of credit issuer may issue standby letters of credit, primarily in support of workers' compensation and third-party casualty claims liabilities in various states in which the Company is self-insured. The outstanding standby letters of credit reduce the availability of borrowings under the program. As of June 30, 2024, standby letters of credit of \$16.9 million have been issued under the program, which reduced the available borrowing capacity to \$33.1 million.

#### ***Letter of Credit Agreements and Surety Bond Programs***

As of June 30, 2024, the Company had letters of credit outstanding of \$17.5 million (including \$16.9 million issued under the accounts receivable securitization program). The Company has programs in place with multiple surety companies for the issuance of surety bonds in support of its self-insurance program. As of June 30, 2024, surety bonds outstanding related to the self-insurance program totaled \$63.0 million.

#### ***Notes Payable***

The Company has financed the purchase of certain revenue equipment through promissory note arrangements totaling \$10.4 million during the six months ended June 30, 2024.

## NOTE H – STOCKHOLDERS' EQUITY

### Accumulated Other Comprehensive Income

Components of accumulated other comprehensive income were as follows:

	<u>June 30</u> <u>2024</u>	<u>December 31</u> <u>2023</u>
	(in thousands)	
Pre-tax amounts:		
Unrecognized net periodic benefit credit	\$ 6,315	\$ 6,816
Interest rate swap	630	1,710
Foreign currency translation	<u>(3,630)</u>	<u>(2,709)</u>
Total	<u>\$ 3,315</u>	<u>\$ 5,817</u>
After-tax amounts:		
Unrecognized net periodic benefit credit	\$ 4,689	\$ 5,061
Interest rate swap	465	1,263
Foreign currency translation	<u>(2,681)</u>	<u>(2,000)</u>
Total	<u>\$ 2,473</u>	<u>\$ 4,324</u>

The following is a summary of the changes in accumulated other comprehensive income, net of tax, by component for the six months ended June 30, 2024 and 2023:

	<u>Total</u>	<u>Unrecognized Net Periodic Benefit Credit</u>	<u>Interest Rate Swap</u>	<u>Foreign Currency Translation</u>
	(in thousands)			
Balances at December 31, 2023	\$ 4,324	\$ 5,061	\$ 1,263	\$ (2,000)
Other comprehensive loss before reclassifications	(1,479)	—	(798)	(681)
Amounts reclassified from accumulated other comprehensive income	(372)	(372)	—	—
Net current-period other comprehensive loss	<u>(1,851)</u>	<u>(372)</u>	<u>(798)</u>	<u>(681)</u>
Balances at June 30, 2024	<u>\$ 2,473</u>	<u>\$ 4,689</u>	<u>\$ 465</u>	<u>\$ (2,681)</u>
Balances at December 31, 2022	\$ 7,103	\$ 6,896	\$ 2,604	\$ (2,397)
Other comprehensive income (loss) before reclassifications	(40)	—	(421)	381
Amounts reclassified from accumulated other comprehensive income	(494)	(494)	—	—
Net current-period other comprehensive income (loss)	<u>(534)</u>	<u>(494)</u>	<u>(421)</u>	<u>381</u>
Balances at June 30, 2023	<u>\$ 6,569</u>	<u>\$ 6,402</u>	<u>\$ 2,183</u>	<u>\$ (2,016)</u>

The following is a summary of the significant reclassifications out of accumulated other comprehensive income by component:

	<b>Unrecognized Net Periodic Benefit Credit</b>	
	<b>Six Months Ended June 30</b>	
	<b>2024</b>	<b>2023</b>
	(in thousands)	
Amortization of net actuarial gain, pre-tax <sup>(1)</sup>	\$ 501	\$ 665
Tax expense	(129)	(171)
Total, net of tax	<u>\$ 372</u>	<u>\$ 494</u>

<sup>(1)</sup> Included in the computation of net periodic benefit credit of the Company's supplemental benefit plan ("SBP") and postretirement health benefit plan.

### Dividends on Common Stock

The following table is a summary of dividends declared during the applicable quarter:

	<b>2024</b>		<b>2023</b>	
	<b>Per Share</b>	<b>Amount</b>	<b>Per Share</b>	<b>Amount</b>
	(in thousands, except per share data)			
First quarter	\$ 0.12	\$ 2,828	\$ 0.12	\$ 2,915
Second quarter	\$ 0.12	\$ 2,819	\$ 0.12	\$ 2,894

On July 30, 2024, the Company announced its Board of Directors declared a dividend of \$0.12 per share to stockholders of record as of August 13, 2024.

### Treasury Stock

The Company has a program to repurchase its common stock in the open market or in privately negotiated transactions (the "share repurchase program"). The share repurchase program has no expiration date but may be terminated at any time at the Board of Directors' discretion. Repurchases may be made using the Company's cash reserves or other available sources.

As of December 31, 2023, the Company had \$33.5 million available for repurchases of its common stock in total under the share repurchase program. In February 2024, the Board of Directors reauthorized the share repurchase program and increased the total amount available for purchases of the Company's common stock under the program to \$125.0 million.

During the six months ended June 30, 2024, the Company repurchased 251,668 shares for an aggregate cost of \$31.6 million, including 114,170 shares for an aggregate cost of \$14.6 million under Rule 10b5-1 plans, which allows for stock repurchases during closed trading windows. The Company had \$99.4 million remaining under its share repurchase program as of June 30, 2024. Subsequent to June 30, 2024 through July 31, 2024, the Company settled repurchases of 42,406 shares for an aggregate cost of \$4.9 million.

## NOTE I – EARNINGS PER SHARE

The following table sets forth the computation of basic and diluted earnings per common share:

	Three Months Ended June 30		Six Months Ended June 30	
	2024	2023	2024	2023
(in thousands, except share and per share data)				
<b>Basic</b>				
Numerator:				
Net income from continuing operations	\$ 46,924	\$ 39,600	\$ 44,012	\$ 58,447
Net income from discontinued operations	—	843	600	53,279
Net income	<u>\$ 46,924</u>	<u>\$ 40,443</u>	<u>\$ 44,612</u>	<u>\$ 111,726</u>
Denominator:				
Weighted-average shares	23,618,318	24,064,882	23,589,814	24,175,893
Basic earnings per common share				
Continuing operations	\$ 1.99	\$ 1.65	\$ 1.87	\$ 2.42
Discontinued operations	—	0.04	0.03	2.20
Total basic earnings per common share <sup>(1)</sup>	<u>\$ 1.99</u>	<u>\$ 1.68</u>	<u>\$ 1.89</u>	<u>\$ 4.62</u>
<b>Diluted</b>				
Numerator:				
Net income from continuing operations	\$ 46,924	\$ 39,600	\$ 44,012	\$ 58,447
Net income from discontinued operations	—	843	600	53,279
Net income	<u>\$ 46,924</u>	<u>\$ 40,443</u>	<u>\$ 44,612</u>	<u>\$ 111,726</u>
Denominator:				
Weighted-average shares	23,618,318	24,064,882	23,589,814	24,175,893
Effect of dilutive securities	301,295	608,066	435,685	688,798
Adjusted weighted-average shares and assumed conversions	<u>23,919,613</u>	<u>24,672,948</u>	<u>24,025,499</u>	<u>24,864,691</u>
Diluted earnings per common share				
Continuing operations	\$ 1.96	\$ 1.60	\$ 1.83	\$ 2.35
Discontinued operations	—	0.03	0.02	2.14
Total diluted earnings per common share <sup>(1)</sup>	<u>\$ 1.96</u>	<u>\$ 1.64</u>	<u>\$ 1.86</u>	<u>\$ 4.49</u>

<sup>(1)</sup> Earnings per common share is calculated in total and may not equal the sum of earnings per common share from continuing operations and discontinued operations due to rounding.

## NOTE J – OPERATING SEGMENT DATA

The Company uses the “management approach” to determine its reportable operating segments, as well as to determine the basis of reporting the operating segment information. The management approach focuses on financial information that the Company’s management uses to make operating decisions. Management uses revenues, operating expense categories, operating ratios, operating income (loss), and key operating statistics to evaluate performance and allocate resources to the Company’s operations.

On February 28, 2023, the Company sold FleetNet, a wholly owned subsidiary and reportable operating segment of the Company. Following the sale, FleetNet is reported as discontinued operations. As such, historical results of FleetNet have been excluded from both continuing operations and segment results for all periods presented.

The Company’s reportable operating segments are impacted by seasonal fluctuations which affect tonnage and shipment levels and demand for services, as described below; therefore, operating results for the interim periods presented may not necessarily be indicative of the results for the fiscal year. Inclement weather conditions can adversely affect freight shipments and operating costs of the Asset-Based and Asset-Light segments. Shipments may decline during winter months because of post-holiday slowdowns and during summer months due to plant shutdowns affecting automotive and

manufacturing customers of the Asset-Light segment; however, weather and other disruptive events can result in higher short-term demand for expedite services depending on the impact to customers' supply chains.

Historically, the second and third calendar quarters of each year usually have the highest tonnage and shipment levels, while the first quarter generally has the lowest, although other factors, including the state of the U.S. and global economies; available capacity in the market; the impact of yield initiatives; and the impact of external events or conditions, may influence quarterly business levels. The Company's yield initiatives, along with increased technology-driven intelligence and visibility with respect to demand, have allowed for shipment optimization in non-peak times, reducing the Company's susceptibility to seasonal fluctuations in recent years, including the three and six months ended June 30, 2024 and 2023.

The Company's reportable operating segments are as follows:

- The Asset-Based segment includes the results of operations of ABF Freight System, Inc. and certain other subsidiaries. The segment operations include national, inter-regional, and regional transportation of general commodities through standard, expedited, and guaranteed LTL services. The Asset-Based segment provides services to the Asset-Light segment, including freight transportation related to managed transportation solutions and other services.
- The Asset-Light segment includes the results of operations of the Company's service offerings in truckload, ground expedite, dedicated, intermodal, household goods moving, managed transportation, warehousing and distribution, and international freight transportation for air, ocean, and ground. The Asset-Light segment provides services to the Asset-Based segment.

The Company's other business activities and operations that are not reportable segments include ArcBest Corporation (the parent holding company) and certain subsidiaries. Certain costs incurred by the parent holding company and the Company's shared services subsidiary are allocated to the reporting segments. The Company eliminates intercompany transactions in consolidation. However, the information used by the Company's management with respect to its reportable operating segments is before intersegment eliminations of revenues and expenses.

Shared services represent costs incurred to support all segments, including sales, pricing, customer service, marketing, capacity sourcing functions, human resources, financial services, information technology, and other company-wide services. Certain overhead costs are not attributable to any segment and remain unallocated in "Other and eliminations." Included in unallocated costs are expenses related to investor relations, legal, the Company's Board of Directors, and certain technology investments. Shared services costs attributable to the reportable operating segments are predominantly allocated based upon estimated and planned resource utilization-related metrics, such as estimated shipment levels or number of personnel supported. The bases for such charges are modified and adjusted by management when necessary or appropriate to reflect fairly and equitably the actual incidence of cost incurred by the reportable operating segments. Management believes the methods used to allocate expenses are reasonable.

Further classifications of operations or revenues by geographic location are impracticable and, therefore, are not provided. The Company's foreign operations are not significant.

The following tables reflect the Company's reportable operating segment information from continuing operations:

	Three Months Ended June 30		Six Months Ended June 30	
	2024	2023	2024	2023
(in thousands)				
<b>REVENUES</b>				
Asset-Based	\$ 712,725	\$ 722,015	\$ 1,384,192	\$ 1,419,832
Asset-Light	395,817	409,816	792,180	847,908
Other and eliminations	(30,711)	(28,367)	(62,122)	(58,182)
Total consolidated revenues	<u>\$ 1,077,831</u>	<u>\$ 1,103,464</u>	<u>\$ 2,114,250</u>	<u>\$ 2,209,558</u>
<b>OPERATING EXPENSES</b>				
Asset-Based				
Salaries, wages, and benefits	\$ 352,678	\$ 344,538	\$ 697,677	\$ 680,143
Fuel, supplies, and expenses	82,938	90,897	163,982	185,185
Operating taxes and licenses	13,557	14,094	27,086	28,073
Insurance	16,964	12,889	31,446	26,162
Communications and utilities	4,412	4,553	9,211	9,857
Depreciation and amortization	26,646	25,273	53,653	50,184
Rents and purchased transportation	70,315	101,922	135,986	192,666
Shared services	72,245	74,468	137,159	139,081
(Gain) loss on sale of property and equipment	(91)	416	58	365
Innovative technology costs <sup>(1)</sup>	—	8,343	—	14,411
Other	269	1,297	1,686	2,909
Total Asset-Based	<u>639,933</u>	<u>678,690</u>	<u>1,257,944</u>	<u>1,329,036</u>
Asset-Light				
Purchased transportation	339,247	343,102	683,369	713,265
Salaries, wages, and benefits <sup>(2)</sup>	31,036	32,485	61,340	67,495
Supplies and expenses <sup>(2)</sup>	2,768	2,905	5,577	6,534
Depreciation and amortization <sup>(3)</sup>	5,039	5,085	10,117	10,153
Shared services <sup>(2)</sup>	17,297	16,500	33,571	33,014
Contingent consideration <sup>(4)</sup>	3,850	(10,000)	11,170	5,040
Other <sup>(2)</sup>	6,078	6,559	11,792	13,318
Total Asset-Light	<u>405,315</u>	<u>396,636</u>	<u>816,936</u>	<u>848,819</u>
Other and eliminations	(16,262)	(13,978)	(31,910)	(31,572)
Total consolidated operating expenses	<u>\$ 1,028,986</u>	<u>\$ 1,061,348</u>	<u>\$ 2,042,970</u>	<u>\$ 2,146,283</u>

<sup>(1)</sup> Represents costs associated with the freight handling pilot test program at ABF Freight, for which the decision was made to pause the pilot during third quarter 2023.

<sup>(2)</sup> For the three and six months ended June 30, 2023, certain expenses have been reclassified to conform to the current year presentation, including amounts previously reported in "Shared services" that were reclassified to present "Salaries, wages, and benefits" expenses in a separate line item, and certain immaterial facility rent expenses which were reclassified between line items.

<sup>(3)</sup> Depreciation and amortization includes amortization of intangibles associated with acquired businesses.

<sup>(4)</sup> Represents the change in fair value of the contingent earnout consideration related to the MoLo acquisition (see Note B).



	Three Months Ended June 30		Six Months Ended June 30	
	2024	2023	2024	2023
(in thousands)				
<b>OPERATING INCOME (LOSS) FROM CONTINUING OPERATIONS</b>				
Asset-Based	\$ 72,792	\$ 43,325	\$ 126,248	\$ 90,796
Asset-Light	(9,498)	13,180	(24,756)	(911)
Other and eliminations	(14,449)	(14,389)	(30,212)	(26,610)
Total consolidated operating income	\$ 48,845	\$ 42,116	\$ 71,280	\$ 63,275
<b>OTHER INCOME (COSTS) FROM CONTINUING OPERATIONS</b>				
Interest and dividend income	\$ 3,241	\$ 3,725	\$ 6,556	\$ 6,658
Interest and other related financing costs	(2,078)	(2,205)	(4,306)	(4,532)
Other, net <sup>(1)</sup>	(781)	5,038	(28,980)	6,818
Total other income (costs)	382	6,558	(26,730)	8,944
<b>INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES</b>				
	\$ 49,227	\$ 48,674	\$ 44,550	\$ 72,219

<sup>(1)</sup> The six months ended June 30, 2024 includes a noncash impairment charge to write off the Company's equity investment in Phantom Auto, as previously discussed. The three and six months ended June 30, 2023 include a \$3.7 million fair value increase related to the Company's investment in Phantom Auto, based on an observable price change during second quarter 2023 (see Note B).

The following table reflects information about revenues from customers and intersegment revenues:

	Three Months Ended June 30		Six Months Ended June 30	
	2024	2023	2024	2023
(in thousands)				
<b>Revenues from customers</b>				
Asset-Based	\$ 682,558	\$ 694,755	\$ 1,323,134	\$ 1,363,975
Asset-Light	394,377	407,926	789,202	843,959
Other	896	783	1,914	1,624
Total consolidated revenues	\$ 1,077,831	\$ 1,103,464	\$ 2,114,250	\$ 2,209,558
<b>Intersegment revenues</b>				
Asset-Based	\$ 30,167	\$ 27,260	\$ 61,058	\$ 55,857
Asset-Light	1,440	1,890	2,978	3,949
Other and eliminations	(31,607)	(29,150)	(64,036)	(59,806)
Total intersegment revenues	\$ —	\$ —	\$ —	\$ —
<b>Total segment revenues</b>				
Asset-Based	\$ 712,725	\$ 722,015	\$ 1,384,192	\$ 1,419,832
Asset-Light	395,817	409,816	792,180	847,908
Other and eliminations	(30,711)	(28,367)	(62,122)	(58,182)
Total consolidated revenues	\$ 1,077,831	\$ 1,103,464	\$ 2,114,250	\$ 2,209,558

The following table presents operating expenses by category on a consolidated basis:

	Three Months Ended June 30		Six Months Ended June 30	
	2024	2023	2024	2023
(in thousands)				
<b>OPERATING EXPENSES</b>				
Salaries, wages, and benefits	\$ 453,283	\$ 449,024	\$ 892,806	\$ 886,101
Rents, purchased transportation, and other costs of services	376,137	415,712	751,456	845,317
Fuel, supplies, and expenses <sup>(1)</sup>	112,137	123,705	221,659	245,880
Depreciation and amortization <sup>(2)</sup>	36,276	35,811	73,109	70,821
Contingent consideration <sup>(3)</sup>	3,850	(10,000)	11,170	5,040
Other <sup>(1)</sup>	47,303	47,096	92,770	93,124
	<b>\$ 1,028,986</b>	<b>\$ 1,061,348</b>	<b>\$ 2,042,970</b>	<b>\$ 2,146,283</b>

<sup>(1)</sup> For the three and six months ended June 30, 2023 period, certain facility rent expenses have been reclassified between line items to conform to the current year presentation. Adjustments made are not material.

<sup>(2)</sup> Includes amortization of intangible assets.

<sup>(3)</sup> Represents the change in fair value of the contingent earnout consideration related to the MoLo acquisition (see Note B).

## NOTE K – LEGAL PROCEEDINGS, ENVIRONMENTAL MATTERS, AND OTHER EVENTS

The Company is involved in various legal actions arising in the ordinary course of business. The Company maintains liability insurance against certain risks arising out of the normal course of its business, subject to certain self-insured retention limits. The Company routinely establishes and reviews the adequacy of reserves for estimated legal, environmental, and self-insurance exposures. While management believes that amounts accrued in the consolidated financial statements are adequate, estimates of these liabilities may change as circumstances develop. Considering amounts recorded, routine legal matters are not expected to have a material adverse effect on the Company's financial condition, results of operations, or cash flows.

### Legal Proceedings

In January 2023, the Company and MoLo were named as defendants in lawsuits related to an auto accident which involved a MoLo contract carrier. The accident occurred prior to the Company's acquisition of MoLo on November 1, 2021. During the second quarter 2024, the Company was released from this lawsuit, leaving MoLo as a named defendant. The trial date is currently scheduled to be held in early 2025. The Company intends to vigorously defend against these lawsuits. The Company believes that a loss related to this matter is reasonably possible. The Company cannot estimate the amount or a range of reasonably possible losses for this matter, if any, at this time; however, it is reasonably possible that such amounts could be material to the Company's financial condition, results of operations, or cash flows. The Company will pursue recovery for its losses, if any, against all available sources, including, but not limited to, insurance and any potentially responsible third parties.

### Environmental Matters

The Company's subsidiaries store fuel for use in tractors and trucks in underground tanks at certain facilities. Maintenance of such tanks is regulated at the federal and, in most cases, state levels. The Company believes it is in substantial compliance with all such regulations. The Company's underground storage tanks are required to have leak detection systems. The Company is not aware of any leaks from such tanks that could reasonably be expected to have a material adverse effect on the Company.

The Company has received notices from the Environmental Protection Agency (the "EPA") and others that it has been identified as a potentially responsible party under the *Comprehensive Environmental Response Compensation and Liability Act of 1980*, as amended, or other federal or state environmental statutes, at several hazardous waste sites. After investigating the Company's involvement in waste disposal or waste generation at such sites, the Company has either agreed to de minimis settlements or determined that its obligations, other than those specifically accrued with respect to such sites, would involve immaterial monetary liability, although there can be no assurances in this regard. The Company

maintains a reserve within accrued expenses, for estimated environmental cleanup costs of properties currently or previously operated by the Company. Amounts accrued reflect management's best estimate of the future undiscounted exposure related to identified properties based on current environmental regulations, management's experience with similar environmental matters, and testing performed at certain sites.

### **Other Events**

The Company has received two Notices of Assessment from a state regarding ongoing sales and use tax audits alleging uncollected sales and use tax, including interest and penalties, for the periods December 1, 2018 to March 31, 2021 and September 1, 2016 to November 30, 2018. The Company does not agree with the basis of these assessments and filed appeals for the assessments in October 2023 and May 2021 on the same legal basis. The Company has previously accrued an amount related to these assessments consistent with applicable accounting guidance, but if the state prevails in its position, the Company may owe additional tax. Management does not believe the resolution of this matter will have a material adverse effect on the Company's financial condition, results of operations, or cash flows.

During fourth quarter 2023, the Company tentatively settled a claim for approximately \$9.5 million related to the classification of certain Asset-Light employees under the *Fair Labor Standards Act*. The settlement has been preliminarily approved by the court and notice has been sent to the affected employees. A hearing is scheduled to be held in November 2024, at which time the court will determine whether to grant final approval of the settlement. The estimated settlement expense for this matter was recognized during the fourth quarter of 2023 and the reserve is maintained within accrued expenses in the consolidated balance sheet as of June 30, 2024.

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

### General

ArcBest Corporation™ (together with its subsidiaries, the “Company,” “ArcBest®,” “we,” “us,” and “our”) is a multibillion-dollar integrated logistics company that leverages our technology and a full suite of solutions to meet our customers’ supply chain needs. Our operations are conducted through two reportable operating segments: Asset-Based, which consists of ABF Freight System, Inc. and certain other subsidiaries (“ABF Freight”); and Asset-Light, which includes MoLo Solutions, LLC (“MoLo”), Panther Premium Logistics®, and certain other subsidiaries. References to the Company, including “we,” “us,” and “our,” in this Quarterly Report on Form 10-Q, are primarily to the Company and its subsidiaries on a consolidated basis.

On February 28, 2023, the Company sold FleetNet America, Inc. (“FleetNet”), a wholly owned subsidiary of the Company, for an aggregate adjusted cash purchase price of \$100.9 million, including post-closing adjustments. Following the sale, FleetNet® was reported as discontinued operations. As such, historical results of FleetNet have been excluded from both continuing operations and segment results. Unless otherwise indicated, all amounts in this Quarterly Report on Form 10-Q refer to continuing operations, including comparisons to the prior year. For more information on our discontinued operations, see Note C to our consolidated financial statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

Management’s Discussion and Analysis of Financial Condition and Results of Operations (“MD&A”) is provided to assist readers in understanding our financial performance during the periods presented and significant trends which may impact our future performance, including the principal factors affecting our results of operations, liquidity and capital resources, and critical accounting policies. This discussion should be read in conjunction with the accompanying quarterly unaudited consolidated financial statements and the related notes thereto included in Part I, Item 1 of this Quarterly Report on Form 10-Q and with our Annual Report on Form 10-K for the year ended December 31, 2023. Our 2023 Annual Report on Form 10-K includes additional information about significant accounting policies, practices, and the transactions that underlie our financial results, as well as a detailed discussion of the most significant risks and uncertainties to which our financial and operating results are subject.

## Results of Operations

### Consolidated Results

The following table reflects the Company's consolidated results, including segment revenues and operating income from continuing operations:

	Three Months Ended June 30		Six Months Ended June 30	
	2024	2023	2024	2023
(in thousands, except per share data)				
<b>REVENUES</b>				
Asset-Based	\$ 712,725	\$ 722,015	\$ 1,384,192	\$ 1,419,832
Asset-Light	395,817	409,816	792,180	847,908
Other and eliminations	(30,711)	(28,367)	(62,122)	(58,182)
Total consolidated revenues	<u>\$ 1,077,831</u>	<u>\$ 1,103,464</u>	<u>\$ 2,114,250</u>	<u>\$ 2,209,558</u>
<b>OPERATING INCOME (LOSS)</b>				
Asset-Based	\$ 72,792	\$ 43,325	\$ 126,248	\$ 90,796
Asset-Light	(9,498)	13,180	(24,756)	(911)
Other and eliminations	(14,449)	(14,389)	(30,212)	(26,610)
Total consolidated operating income	<u>\$ 48,845</u>	<u>\$ 42,116</u>	<u>\$ 71,280</u>	<u>\$ 63,275</u>
<b>NET INCOME FROM CONTINUING OPERATIONS</b>	<u>\$ 46,924</u>	<u>\$ 39,600</u>	<u>\$ 44,012</u>	<u>\$ 58,447</u>
<b>INCOME FROM DISCONTINUED OPERATIONS, net of tax<sup>(1)</sup></b>	<u>—</u>	<u>843</u>	<u>600</u>	<u>53,279</u>
<b>NET INCOME</b>	<u>\$ 46,924</u>	<u>\$ 40,443</u>	<u>\$ 44,612</u>	<u>\$ 111,726</u>
<b>DILUTED EARNINGS PER COMMON SHARE</b>				
Continuing operations	\$ 1.96	\$ 1.60	\$ 1.83	\$ 2.35
Discontinued operations <sup>(1)</sup>	—	0.03	0.02	2.14
Total diluted earnings per common share	<u>\$ 1.96</u>	<u>\$ 1.64</u>	<u>\$ 1.86</u>	<u>\$ 4.49</u>

<sup>(1)</sup> Discontinued operations represents the FleetNet segment, which sold on February 28, 2023, as previously discussed. The six months ended June 30, 2024 represents adjustments related to the prior year gain on sale of FleetNet. The six months ended June 30, 2023 includes the net gain on sale of FleetNet of \$52.3 million (after-tax) or \$2.10 diluted earnings per share. Discontinued operations are further described within Note C to our consolidated financial statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q.

Our consolidated revenues, which totaled \$1,077.8 million and \$2,114.3 million for the three and six months ended June 30, 2024, respectively, decreased 2.3% and 4.3%, respectively, compared to the same prior-year periods. The revenue decline is primarily attributable to lower market rates for our Asset-Light shipping and logistics services in a soft market environment, and a decrease in our Asset-Based daily tonnage levels. The lower tonnage levels are due to fewer daily shipments and lower weight per shipment experienced within the network, compared to the prior-year period, despite an increase in demand for our core, published LTL business during the first half of 2024 following market disruption, as further discussed below. The year-over-year decrease in consolidated revenues for the three and six months ended June 30, 2024 reflects decreases in our Asset-Based revenues of 1.3% and 2.5%, respectively, and decreases in Asset-Light revenues of 3.4% and 6.6%, respectively. The increased elimination of revenues reported in the "Other and eliminations" line of consolidated revenues for the three and six months ended June 30, 2024, compared to the same periods of 2023, includes the impact of increased intersegment business levels among our operating segments.

Our Asset-Based revenue decline reflects a decrease in tonnage per day of 20.3% and 18.6% for the three and six months ended June 30, 2024, respectively, compared to the same periods of 2023, partially offset by an increase in billed revenue per hundredweight, including fuel surcharges, of 23.0% and 19.4%, respectively. The decrease in tonnage per day is a

result of a strategic decision to decrease transactional LTL-rated shipments as well as a softer market environment driven in part by a weaker manufacturing sector, partially offset by an increase in demand for core, published LTL business following the shutdown of one of our larger LTL competitors in late July 2023. The increase in total billed revenue per hundredweight, including fuel surcharges, was driven by improved pricing on fewer dynamic LTL-rated and truckload-rated shipments and the positive impact of changes in mix, as core, published LTL-rated tonnage represented a larger proportion of Asset-Based business with higher pricing.

The decrease in revenues of our Asset-Light segment for the three and six months ended June 30, 2024, compared to the same prior-year periods, was impacted by a 14.9% and 17.4% decline in revenue per shipment, respectively, associated with soft market conditions and changes in business mix, partially offset by a 12.6% and 13.1% increase in shipments per day, respectively. Our Asset-Light segment generated approximately 36% of our total revenues before other revenues and intercompany eliminations for both the three and six months ended June 30, 2024, respectively, compared to 36% and 37%, respectively, for the same periods of 2023.

Consolidated operating income totaled \$48.8 million and \$71.3 million for the three and six months ended June 30, 2024, respectively, compared to \$42.1 million and \$63.3 million, respectively, for the same period of 2023. The year-over-year improvement in operating income reflects a decrease in operating expenses due to lower purchased transportation costs in both of our operating segments and lower employee costs in the Asset-Light segment from continued alignment of costs to business levels, offset partially by higher employee costs in the Asset-Based segment due to union wage and benefit rate increases. Segment operating expenses are further described in the Asset-Based Segment Results and Asset-Light Segment Results sections of Results of Operations. In addition to the results of our operating segments, the year-over-year comparison of consolidated operating income was also impacted by items described in the following paragraphs.

Innovative technology costs impacted our consolidated operating results for the three and six months ended June 30, 2024 and our consolidated and Asset-Based segment results for the same periods of 2023. In March 2023, we publicly launched our customer offering of Vaux™ – the innovative suite of hardware and software which modernizes and transforms how freight is loaded, unloaded, and transferred in warehouse and dock operations. In February 2024, we announced the next step in our Vaux suite – Vaux Smart Autonomy™, which combines autonomous mobile robot forklifts and reach trucks, intelligent software, and remote teleoperation capability to autonomously handle materials movement within warehouses, distribution centers, and manufacturing facilities, while being monitored by humans. Certain costs related to our growing number of Vaux pilot programs in customer test locations and other initiatives to optimize our performance through technological innovation are reported in the “Other and eliminations” line of consolidated operating income. For the three and six months ended June 30, 2023, innovative technology costs also included our freight handling pilot test program at ABF Freight, as further discussed in the Asset-Based Segment Results section. Our combined innovative technology costs decreased consolidated operating results by a total of \$8.3 million (pre-tax), or \$6.4 million (after-tax) and \$0.27 per diluted share, for second quarter 2024, compared to \$14.8 million (pre-tax), or \$11.2 million (after-tax) and \$0.45 per diluted share, for second quarter 2023. For the six months ended June 30, 2024, these costs decreased consolidated results by a total of \$18.0 million (pre-tax), or \$13.8 million (after-tax) and \$0.58 per diluted share, compared to \$27.3 million (pre-tax), or \$20.7 million (after-tax) and \$0.83 per diluted share, for the same period of 2023.

The liability for contingent earnout consideration recorded for the MoLo® acquisition is remeasured at each quarterly reporting date, and any change in fair value as a result of the recurring assessments is recognized in operating income. For the second quarter of 2024, consolidated operating results decreased by \$3.9 million (pre-tax), or \$2.9 million (after-tax) and \$0.12 per diluted share, due to quarterly remeasurement which resulted in a higher liability of the contingent earnout consideration, compared to an increase of \$10.0 million (pre-tax), or \$7.5 million (after-tax) and \$0.30 per diluted share for the second quarter of 2023. For the six months ended June 30 2024, the quarterly remeasurement decreased consolidated operating results by \$11.2 million (pre-tax), or \$8.4 million (after-tax) and \$0.35 per diluted share, compared to a decrease of \$5.0 million (pre-tax), or \$3.8 million (after-tax) and \$0.15 per diluted share for the same period of 2023. Remeasurement of the contingent earnout consideration is further described within Note B to our consolidated financial statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q.

For the six months ended June 30, 2024, consolidated net loss and earnings per share were impacted by a one-time, noncash impairment charge of \$21.6 million (after-tax), or \$0.90 per diluted share, to write off our equity investment in Phantom Auto, a provider of human-centered remote operation software, which ceased operations during the first quarter of 2024.

We recorded an adjustment to the fair value of our equity investment in Phantom Auto based on an observable price change during second quarter 2023, which increased consolidated net income by \$2.8 million (after-tax), or \$0.11 per diluted share, for both the three- and six-month periods ended June 30, 2023. These charges were recognized in “Other, net” within “Other income (costs).” The write-off of our equity investment is further described within Note B to our consolidated financial statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q.

In addition to the above items, the year-over-year changes in consolidated net income and earnings per share were impacted by changes in the cash surrender value of variable life insurance policies, tax benefits from the vesting of share-based compensation awards, and other changes in the effective tax rate as described within the Income Taxes section of MD&A. A portion of our variable life insurance policies have investments, through separate accounts, in equity and fixed income securities and, therefore, are subject to market volatility. Changes in the cash surrender value of life insurance policies, which are reported below the operating income line in the consolidated statements of operations, increased consolidated net income by \$0.4 million, or \$0.02 per diluted share, and \$1.7 million, or \$0.07 per diluted share, for the three and six months ended June 30, 2024, respectively, compared to \$1.1 million, or \$0.04 per diluted share, and \$2.6 million, or \$0.10 per diluted share, for the same respective prior-year periods. The vesting of restricted stock units resulted in a tax benefit of \$10.8 million, or \$0.45 per diluted share, and \$11.3 million, or \$0.47 per diluted share, for the three and six months ended June 30, 2024, respectively, compared to a tax benefit of \$3.9 million, or \$0.16 per diluted share, and \$4.9 million, or \$0.20 per diluted share, for the same periods of 2023.

### **Consolidated Adjusted Earnings Before Interest, Taxes, Depreciation, and Amortization (“Adjusted EBITDA”)**

We report our financial results in accordance with U.S. generally accepted accounting principles (“GAAP”). However, management believes that certain non-GAAP performance measures and ratios, such as Adjusted EBITDA, utilized for internal analysis provide analysts, investors, and others the same information that we use internally for purposes of assessing our core operating performance. These measures provide meaningful comparisons between current and prior period results, as well as important information regarding performance trends. Accordingly, using these measures improves comparability in analyzing our performance because it removes the impact of items from operating results that, in management’s opinion, do not reflect our core operating performance. Management uses Adjusted EBITDA as a key measure of performance and for business planning. The measure is particularly meaningful for analysis of our operating performance, because it excludes amortization of acquired intangibles and software of the Asset-Light segment and changes in the fair value of contingent earnout consideration and our equity investment, which are significant expenses resulting from strategic decisions or other factors rather than core daily operations. Additionally, Adjusted EBITDA is a primary component of the financial covenants contained in our Fourth Amended and Restated Credit Agreement (see Note G to our consolidated financial statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q). Other companies may calculate Adjusted EBITDA differently; therefore, our calculation of Adjusted EBITDA may not be comparable to similarly titled measures of other companies. Non-GAAP financial measures should be viewed in addition to, and not as an alternative for, our reported results. Adjusted EBITDA should not be construed as a better measurement than operating income, net income (loss), or earnings per share, as determined under GAAP. The following table presents a reconciliation of Adjusted EBITDA to our net income from continuing operations, which is the most directly comparable GAAP measure for the periods presented.

### **Consolidated Adjusted EBITDA from Continuing Operations**

	Three Months Ended		Six Months Ended	
	June 30	June 30	June 30	June 30
	2024	2023	2024	2023
	(in thousands)			
<b>Net Income from Continuing Operations</b>	<b>\$ 46,924</b>	<b>\$ 39,600</b>	<b>\$ 44,012</b>	<b>\$ 58,447</b>
Interest and other related financing costs	2,078	2,205	4,306	4,532
Income tax provision	2,303	9,074	538	13,772
Depreciation and amortization <sup>(1)</sup>	36,276	35,811	73,109	70,821
Amortization of share-based compensation	3,433	3,350	6,322	5,532
Change in fair value of contingent consideration <sup>(2)</sup>	3,850	(10,000)	11,170	5,040
Change in fair value of equity investment <sup>(3)</sup>	—	(3,739)	28,739	(3,739)
Consolidated Adjusted EBITDA from Continuing Operations	<b>\$ 94,864</b>	<b>\$ 76,301</b>	<b>\$ 168,196</b>	<b>\$ 154,405</b>

(1) Includes amortization of intangibles associated with acquired businesses.

(2) Represents change in fair value of the contingent earnout consideration recorded for the MoLo acquisition, as previously discussed.

(3) For the six months ended June 30 2024, represents a noncash impairment charge to write off our equity investment in Phantom Auto and, for the three and six months ended June 30, 2024, represents increases in fair value of our investment in Phantom Auto, as previously discussed.

### **Asset-Based Operations**

#### **Asset-Based Segment Overview**

The Asset-Based segment consists of ABF Freight System, Inc., a wholly owned subsidiary of ArcBest Corporation, and certain other subsidiaries. Our Asset-Based segment provides freight transportation services through one of North America’s largest less-than-truckload (“LTL”) carriers. Our customers trust the LTL solutions ABF Freight has provided for over a century and rely on our unwavering commitment to quality, safety, and customer service to solve their transportation challenges through market disruptions and rapidly changing economic conditions. We are strategically investing in our Asset-Based operations and leveraging technology to drive efficiency and productivity. We are also committed to deepening our customer relationships as we help customers navigate current and future challenges.



Our Asset-Based operations are affected by general economic conditions, as well as a number of other competitive factors that are more fully described in Item 1 (Business) and in Item 1A (Risk Factors) of Part I of our 2023 Annual Report on Form 10-K. See Note J to our consolidated financial statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q for a description of the Asset-Based segment and additional segment information, including revenues, operating expenses, and operating income for the three and six months ended June 30, 2024 and 2023.

The key indicators necessary to understand the operating results of our Asset-Based segment, which are more fully described in the Asset-Based Segment Overview within the Asset-Based Operations section of Results of Operations in Item 7 (MD&A) of Part II of our 2023 Annual Report on Form 10-K, are outlined below. These key indicators are used by management to evaluate segment operating performance and measure the effectiveness of strategic initiatives in the results of our Asset-Based segment. We quantify certain key indicators using key operating statistics, which are important measures in analyzing segment operating results from period to period. These statistics are defined within the key indicators below and referred to throughout the discussion of the results of our Asset-Based segment:

- Overall customer demand for Asset-Based transportation services, including the impact of economic factors.
- Volume of transportation services provided and processed through our network which influences operating leverage as the level of tonnage and number of shipments vary, primarily measured by:

Tonnage per day (average daily shipment weight) – total weight of shipments processed during the period in U.S. tons divided by the number of workdays in the period.

Shipments per day – total number of shipments moving through the Asset-Based freight network during the period divided by the number of workdays in the period.

Weight per shipment – total weight of shipments processed during the period in U.S. pounds divided by the number of shipments during the period.

Average length of haul (miles) – total miles between origin and destination service centers for all shipments (including shipments moved with purchased transportation) during the period.

- Prices obtained for services, including fuel surcharges, primarily measured by:

Billed revenue per hundredweight, including fuel surcharges (yield) – revenue per 100 pounds of shipment weight, including fuel surcharges, systematically calculated as shipments are processed in the Asset-Based freight network. Revenue for undelivered freight is deferred for financial statement purposes in accordance with our revenue recognition policy. Billed revenue used for calculating revenue per hundredweight measurements is not adjusted for the portion of revenue deferred for financial statement purposes.

Billed revenue per shipment, including fuel surcharges – Asset-Based freight revenue, including fuel surcharges, divided by the number of shipments that are processed in the Asset-Based freight network. Revenue for undelivered freight is deferred for financial statement purposes in accordance with our revenue recognition policy. Billed revenue used for calculating revenue per shipment measurements is not adjusted for the portion of revenue deferred for financial statement purposes.

- Ability to manage cost structure, primarily in the area of salaries, wages, and benefits (“labor”), with the total cost structure primarily measured by:

Operating ratio – operating expenses as a percentage of revenue.

We also quantify certain key operating statistics, which are used by management to evaluate productivity of operations within the Asset-Based freight network and to measure the effectiveness of strategic initiatives to manage the segment’s cost structure from period to period. These measures are defined below and further discussed in the Asset-Based Operating Expenses section within Asset-Based Segment Results:

- Shipments per DSY hour – total shipments (including shipments handled by purchased transportation agents) divided by dock, street, and yard (“DSY”) hours. This metric is used to measure labor efficiency in the segment’s local operations. The shipments per DSY hour metric will generally increase when more purchased transportation is used; however, the labor efficiency may be offset by increased purchased transportation expense.
- Pounds per mile – total pounds divided by total miles driven during the period (including pounds and miles moved with purchased transportation). This metric is used to measure labor efficiency of linehaul operations, although it is influenced by other factors including freight density, loading efficiency, average length of haul, and the degree to which purchased transportation (including rail service) is used.

*Other companies within our industry may present different key performance indicators or operating statistics, or they may calculate their measures differently; therefore, our key performance indicators or operating statistics may not be comparable to similarly titled measures of other companies. Key performance indicators or operating statistics should be viewed in addition to, and not as an alternative for, our reported results. Our key performance indicators or operating statistics should not be construed as better measurements of our results than operating income, net income, or earnings per share, as determined under GAAP.*

As of June 2024, approximately 81% of our Asset-Based segment’s employees were covered under the ABF National Master Freight Agreement (the “2023 ABF NMFA”), the collective bargaining agreement with the International Brotherhood of Teamsters (the “IBT”), which will remain in effect through June 30, 2028. The terms of the 2023 ABF NMFA continue to provide some of the best wages and benefits in the industry to our contractual employees. The combined contractual wage and benefits top hourly rate is estimated to increase approximately 4.2% on a compounded annual basis through the end of the agreement, with potential profit-sharing bonuses representing additional costs under the 2023 ABF NMFA. The contractual wage rate under the 2023 ABF NMFA increased effective July 1, 2024, and the health, welfare, and pension benefit contribution rate increased effective primarily on August 1, 2024, resulting in a combined contractual wage and benefits top hourly rate increase of approximately 2.7%.

## Asset-Based Segment Results

The following table sets forth a summary of operating expenses and operating income as a percentage of revenue for the Asset-Based segment:

	Three Months Ended June 30		Six Months Ended June 30	
	2024	2023	2024	2023
<b>Asset-Based Operating Expenses (Operating Ratio)</b>				
Salaries, wages, and benefits	49.5 %	47.7 %	50.4 %	47.9 %
Fuel, supplies, and expenses	11.6	12.6	11.8	13.1
Operating taxes and licenses	1.9	2.0	2.0	2.0
Insurance	2.4	1.8	2.3	1.8
Communications and utilities	0.6	0.6	0.7	0.7
Depreciation and amortization	3.8	3.5	3.9	3.5
Rents and purchased transportation	9.9	14.1	9.8	13.6
Shared services	10.1	10.3	9.9	9.8
(Gain) loss on sale of property and equipment	—	0.1	—	—
Innovative technology costs <sup>(1)</sup>	—	1.1	—	1.0
Other	—	0.2	0.1	0.2
	<b>89.8 %</b>	<b>94.0 %</b>	<b>90.9 %</b>	<b>93.6 %</b>
<b>Asset-Based Operating Income</b>	<b>10.2 %</b>	<b>6.0 %</b>	<b>9.1 %</b>	<b>6.4 %</b>

<sup>(1)</sup> Represents costs associated with the freight handling pilot test program at ABF Freight, as further discussed in the Asset-Based Operating Income section.

The following table provides a comparison of key operating statistics for the Asset-Based segment, as previously defined in the Asset-Based Segment Overview:

	Three Months Ended			Six Months Ended		
	June 30			June 30		
	2024	2023	% Change	2024	2023	% Change
Workdays <sup>(1)</sup>	<b>64.0</b>	63.5		<b>127.5</b>	127.5	
Billed revenue per hundredweight, including fuel surcharges	\$ <b>50.09</b>	\$ 40.72	23.0 %	\$ <b>49.34</b>	\$ 41.33	19.4 %
Billed revenue per shipment, including fuel surcharges	<b>562.17</b>	545.35	3.1 %	<b>552.64</b>	537.38	2.8 %
Tonnage per day	<b>11,186</b>	14,027	(20.3)%	<b>11,062</b>	13,586	(18.6)%
Shipments per day	<b>19,934</b>	20,946	(4.8)%	<b>19,751</b>	20,901	(5.5)%
Shipments per DSY hour	<b>0.448</b>	0.417	7.4 %	<b>0.445</b>	0.424	5.0 %
Weight per shipment	<b>1,122</b>	1,339	(16.2)%	<b>1,120</b>	1,300	(13.8)%
Pounds per mile	<b>18.20</b>	18.99	(4.2)%	<b>18.36</b>	19.20	(4.4)%
Average length of haul (miles)	<b>1,135</b>	1,122	1.2 %	<b>1,123</b>	1,109	1.3 %

<sup>(1)</sup> Workdays represent the number of operating days during the period after adjusting for holidays and weekends.

### Asset-Based Revenues

Asset-Based segment revenues for the three and six months ended June 30, 2024, totaled \$712.7 million and \$1,384.2 million, respectively, compared to \$722.0 million and \$1,419.8 million, respectively, for the same periods of 2023. The decrease in revenues, compared to the prior-year periods, primarily reflects a decrease in tonnage per day related to a strategic decision to decrease transactional LTL-rated shipments and the soft market environment, partially offset by an increase in core, published LTL-rated shipments, in response to market conditions. Billed revenue (as described in the Asset-Based Segment Overview) decreased 1.9% and 2.8%, respectively, on a per-day basis for the three and six months ended June 30, 2024, compared to the same periods of 2023, primarily reflecting a 20.3% and 18.6% decrease, respectively, in tonnage per day, partially offset by a 23.0% and 19.4% increase, respectively, in billed revenue per hundredweight, including fuel surcharges. The number of workdays was greater by half of a day in the second quarter of 2024, versus the second quarter of 2023, and was the same for the first half of 2024, compared to 2023.

The 20.3% and 18.6% decrease in tonnage per day for the three and six months ended June 30, 2024, respectively, compared to the same prior-year periods, reflects lower daily shipment levels and a decrease in average weight per shipment on both LTL-rated and truckload-rated shipments, primarily related to changes in Asset-Based business mix and smaller shipment sizes for our core customers. We have strategically decreased our transactional LTL-rated shipments allowing us to focus on our core, published LTL-rated business as demand continued to improve following the market disruption related to the shutdown of a large LTL carrier at the end of July 2023.

The 23.0% and 19.4% increase in total billed revenue per hundredweight, including fuel surcharges, for the three and six months ended June 30, 2024, respectively, compared to the same periods of 2023, was driven by improved pricing on fewer dynamic LTL-rated and truckload-rated shipments and the positive impact of changes in mix, as core, published LTL-rated tonnage represented a larger proportion of Asset-Based business with higher pricing in the three and six months ended June 30, 2024. The increase in total billed revenue per hundredweight was also impacted by lower weight per shipment due to the changes in business mix. Higher fuel surcharge revenue associated with the change in business mix, offset partially by lower fuel prices, compared to the prior-year periods, positively impacted the billed revenue per hundredweight measure during the three and six months ended June 30, 2024. The pricing environment for LTL shipments continues to be rational. Pricing on core, published LTL-rated business, excluding fuel surcharges, increased by a percentage in the low-single digits for the three and six months ended June 30, 2024, compared to the same periods of 2023. Prices on accounts subject to deferred pricing agreements and annually negotiated contracts which were renewed during the three and six months ended June 30, 2024, increased approximately 5.1% and 5.2%, respectively, compared to the same periods of 2023. The Asset-Based segment implemented a general rate increase on its LTL base rate tariffs of 5.9% effective on October 2, 2023, although the rate changes vary by lane and shipment characteristics.

The Asset-Based segment's average nominal fuel surcharge rate decreased slightly in the three- and six-month periods ended June 30, 2024, compared to the same periods of 2023. During periods of changing diesel fuel prices, the fuel surcharge and associated direct diesel fuel costs also vary by differing degrees. Depending upon the rates of these changes

and the impact on costs in other fuel- and energy-related areas, operating margins could be impacted. Whether fuel prices fluctuate or remain constant, operating results may be adversely affected if competitive pressures limit our ability to recover fuel surcharges. In periods of declining fuel prices, fuel surcharge percentages also decrease, which negatively impacts the total billed revenue per hundredweight measure and, consequently, revenues. The revenue decline may be disproportionate to the change in our fuel costs. The segment's operating results will continue to be impacted by further changes in fuel prices and related fuel surcharges.

### ***Asset-Based Operating Income***

The Asset-Based segment generated operating income of \$72.8 million and \$126.2 million for the three and six months ended June 30, 2024, respectively, compared to \$43.3 million and \$90.8 million, respectively, for the same periods of 2023. The Asset-Based segment's operating ratio improved by 4.2 percentage points and 2.7 percentage points, respectively, for the three and six months ended June 30, 2024, compared to the same prior-year periods, primarily reflecting decreased operating expenses and cost control efforts to reduce utilization of outside resources and to optimize internal resources and total cost per mile to serve the business, as further discussed in the following paragraphs.

### ***Asset-Based Operating Expenses***

Labor costs, which are reported in operating expenses as salaries, wages, and benefits, amounted to 49.5% and 50.4% of Asset-Based segment revenues for the three- and six-month periods ended June 30, 2024, respectively, compared to 47.7% and 47.9%, respectively, for the same periods of 2023. The increase in salaries, wages, and benefits as a percentage of revenue for the three and six months ended June 30, 2024, compared to the same prior-year periods, was more than offset by lower utilization of purchased transportation as discussed later in this section. Salaries, wages, and benefits increased \$8.1 million and \$17.5 million for the three and six months ended June 30, 2024, respectively, compared to the same periods of 2023, primarily due to a 13% increase in union wages related to the wage and mileage rate increases effective July 1, 2023 under the 2023 ABF NMFA, as previously discussed in the Asset-Based Revenues section, partially offset by improved productivity as measured by shipments per DSY hour and a decrease in headcount to align with lower shipment levels. The increases in labor costs also reflect year-over-year increases in contractual benefit contribution rates under the labor agreements with the IBT. The average health, welfare, and pension benefit contribution rate increased approximately 3.7% effective primarily on August 1, 2023.

The Asset-Based segment manages costs with shipment levels; however, a number of factors impact DSY productivity, including the effect of freight profile and mix changes, utilization of local delivery agents, and efficiency of personnel. Shipments per DSY hour improved 7.4% and 5.0% for the three and six months ended June 30, 2024, respectively, compared to the same periods of 2023, primarily due to a decrease in dynamic LTL-price-quoted shipments, which typically require a higher number of stops, during the three and six months ended June 30, 2024. The improvement in shipments per DSY hour is also partially attributable to the separation of city operations from certain distribution centers in late 2023 and during the first half of 2024 and training and development at certain key locations, as the process compliance team continues to implement operational best practices throughout the Asset-Based network. For the three and six months ended June 30, 2024, the year-over-year decrease in pounds per mile of 4.2% and 4.4%, respectively, reflects lower weight per shipment, partially offset by an increase in the average length of haul.

Fuel, supplies, and expenses as a percentage of revenue decreased 1.0 percentage point and 1.3 percentage points during the three and six months ended June 30, 2024, respectively, compared to the same periods of 2023. Fuel expense decreased during the 2024 periods, as the Asset-Based segment's average fuel price per gallon (excluding taxes) decreased 1.9% and 6.6%, respectively, for the three and six months ended June 30, 2024, compared to the same period of 2023. Lower city tractor age contributed to the decrease in costs to repair and maintain revenue equipment units during the first half of 2024, compared to the first half of 2023.

Insurance as a percentage of revenue increased 0.6 percentage point and 0.5 percentage point during the three and six months ended June 30, 2024, respectively compared to the same periods of 2023, primarily due to an increase in the severity of third-party casualty claims, including an increase in the number of large claims in recent years.

Rents and purchased transportation as a percentage of revenue decreased 4.2 percentage points and 3.8 percentage points for the three and six months ended June 30, 2024, respectively, compared to the same periods of 2023, primarily due to focused reduction in the utilization of local delivery agents and linehaul purchased transportation. Rail miles decreased

approximately 22% and 20%, respectively, for the three and six months ended June 30, 2024, compared to the same periods of 2023.

The hardware portion of the freight handling pilot test program (the “pilot”) at certain ABF Freight distribution centers was paused during third quarter 2023. The Asset-Based segment did not incur innovative technology costs related to the pilot in either the three- and six-month period ended June 30, 2024, while these costs totaled \$8.3 million and \$14.4 million, respectively, during the three and six months ended June 30, 2023, resulting in a decrease as a percentage of revenue of 1.1 percentage points and 1.0 percentage point, respectively.

## **Asset-Light Operations**

### **Asset-Light Segment Overview**

Our Asset-Light segment is a key component of our strategy to offer a single source of integrated logistics solutions, designed to satisfy customers’ complex supply chain needs and unique shipping requirements. We are focused on growing and making strategic investments in our Asset-Light segment that enhance our service offerings and strengthen our customer relationships. Throughout our operations, we are seeking opportunities to expand our revenues by deepening existing customer relationships, securing new customers, and adding capacity options for our customers.

Our acquisition of MoLo, which was completed on November 1, 2021, accelerated the growth of our company by increasing the scale of truckload brokerage services offered within our Asset-Light segment and expanding our access to truckload capacity partners. We continue to develop our managed transportation solutions as part of our strategic efforts to cross-sell our service offerings and meet the demand for services that increase operational efficiencies, reduce costs, and provide better supply chain visibility. We expect to benefit from these and other strategic initiatives as we continue to deliver innovative solutions to customers.

Our Asset-Light operations are affected by general economic conditions, as well as several other competitive factors that are more fully described in Item 1 (Business) and in Item 1A (Risk Factors) of Part I of our 2023 Annual Report on Form 10-K. See Note J to our consolidated financial statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q for descriptions of the Asset-Light segment and additional segment information, including revenues, operating expenses, and operating income (loss) for the three and six months ended June 30, 2024 and 2023.

The key indicators necessary to understand our Asset-Light segment operating results are outlined below. These key indicators are used by management to evaluate segment operating performance and measure the effectiveness of strategic initiatives in the results of our Asset-Light segment. We quantify certain key indicators using key operating statistics which are important measures in analyzing segment operating results from period to period. These statistics are defined within the key indicators below and referred to throughout the discussion of the results of our Asset-Light segment:

- Customer demand for logistics and premium transportation services, primarily measured by:

Shipments per day – total shipments divided by the number of working days during the period, compared to the same prior-year period.

- Prices obtained for services, primarily measured by:

Revenue per shipment – total segment revenue divided by total segment shipments during the period, compared to the same prior-year period.

- Availability of market capacity and cost of purchased transportation to fulfill customer shipments, with a measure of purchased transportation cost expressed as:

Purchased transportation costs as a percentage of revenue – the expense incurred for third-party transportation providers to haul or deliver freight during the period, divided by segment revenues for the period, expressed as a percentage.

- Management of operating costs, primarily in the area of purchased transportation, with the total cost structure primarily measured by:

Operating ratio – operating expenses as a percentage of revenue.

*Other companies within our industry may present different key performance indicators or they may calculate their key performance indicators differently; therefore, our key performance indicators may not be comparable to similarly titled measures of other companies. Key performance indicators should be viewed in addition to, and not as an alternative for, our reported results. Our key performance indicators should not be construed as better measurements of our results than operating income, net income, or earnings per share, as determined under GAAP.*

## Asset-Light Segment Results

The following table sets forth a summary of operating expenses and operating loss as a percentage of revenue for the Asset-Light segment:

	Three Months Ended June 30		Six Months Ended June 30	
	2024	2023	2024	2023
<b>Asset-Light Segment Operating Expenses (Operating Ratio)</b>				
Purchased transportation	85.7 %	83.7 %	86.3 %	84.1 %
Salaries, wages, and benefits <sup>(1)</sup>	7.8	7.9	7.7	8.0
Supplies and expenses <sup>(1)</sup>	0.7	0.7	0.7	0.8
Depreciation and amortization <sup>(2)</sup>	1.3	1.2	1.3	1.2
Shared services <sup>(1)</sup>	4.4	4.1	4.2	3.9
Contingent consideration <sup>(3)</sup>	1.0	(2.4)	1.4	0.6
Other <sup>(1)</sup>	1.5	1.6	1.5	1.5
	<b>102.4 %</b>	<b>96.8 %</b>	<b>103.1 %</b>	<b>100.1 %</b>
<b>Asset-Light Segment Operating Income (Loss)</b>				
	<b>(2.4)%</b>	<b>3.2 %</b>	<b>(3.1)%</b>	<b>(0.1)%</b>

<sup>(1)</sup> For the 2023 periods, certain expenses have been reclassified to conform to the current year presentation. Amounts previously reported in “Shared services” were reclassified to present “Salaries, wages, and benefits” expenses in a separate line item and certain immaterial facility rent expenses were reclassified from “Supplies and expenses” to “Other.”

<sup>(2)</sup> Includes amortization of intangibles associated with acquired businesses.

<sup>(3)</sup> Represents the change in fair value of the contingent earnout consideration recorded for the MoLo acquisition, as further discussed in Asset-Light Operating Expenses below.

A comparison of key operating statistics for the Asset-Light segment, as previously defined in the Asset-Light Segment Overview section, is presented in the following table:

	Year Over Year % Change <sup>(1)</sup>	
	Three Months Ended June 30, 2024	Six Months Ended June 30, 2024
Revenue per shipment	(14.9%)	(17.4%)
Shipments per day	12.6%	13.1%

<sup>(1)</sup> Statistical data for the periods presented include transactions related to managed transportation solutions which were previously excluded from the presentation of operating statistics for the Asset-Light segment for the three and six months ended June 30, 2023.

### ***Asset-Light Revenues***

Asset-Light segment revenues decreased 3.4% to \$395.8 million and decreased 6.6% to \$792.2 million for the three and six months ended June 30, 2024, respectively, compared to \$409.8 million and \$847.9 million for the same respective periods of 2023. Current year results have been impacted by lower average revenue per shipment associated with a soft market environment and changes in business mix. Excess capacity in the truckload market continues to impact spot market rates resulting in lower revenue per shipment and compressed margins. While average daily shipment levels increased from growth in managed transportation service offerings despite weak market demand, lower revenue per shipment drove the reduction in revenue compared to the prior-year period.

### ***Asset-Light Operating Income (Loss)***

The Asset-Light segment generated an operating loss of \$9.5 million and \$24.8 million for the three and six months ended June 30, 2024, respectively, compared to operating income of \$13.2 million for the three months ended June 30, 2023 and an operating loss of \$0.9 million for the six months ended June 30, 2023. The year-over-year decline in operating results reflects the lower revenues along with changes in fair value of contingent earnout consideration related to the MoLo acquisition and operating expenses discussed in the paragraphs below. Changes in the fair value of contingent consideration increased expenses by \$3.9 million and \$11.2 million for the three and six months ended June 30, 2024. These changes in fair value reduced expenses by \$10.0 million in the second quarter of 2023 and increased expenses by \$5.0 million for the first half of 2023.

### ***Asset-Light Operating Expenses***

Operating expenses increased \$8.7 million for the three months ended June 30, 2024 and decreased \$31.9 million during the first half of 2024, compared to the same prior-year periods, but increased as a percentage of revenue by 5.6 percentage points and 3.0 percentage points in the same respective periods, influenced by the effect of lower revenues in the three and six months ended June 30, 2024.

Purchased transportation costs increased as a percentage of revenue by 2.0 percentage points and 2.2 percentage points for the three and six months ended June 30, 2024, respectively, compared to the same respective periods of 2023, due to the impact of lower revenues. However, these costs were \$3.9 million and \$29.9 million lower than the prior-year period for the three and six months ended June 30, 2024, respectively as purchased transportation buy rates have declined in the soft market environment. Changes in market capacity impact the cost of purchased transportation and may not correspond to the timing of revisions to customer pricing and revenue per shipment. There can be no assurance that we will be able to secure prices from our customers that will allow us to maintain or improve our margins on the cost of sourcing carrier capacity.

Salaries, wages and benefits, decreased as a percentage of revenue by 0.1 percentage point and 0.3 percentage point, or \$1.4 million and \$6.2 million, for the three and six months ended June 30, 2024, respectively, compared to the same prior-year periods, as the segment continued to align resources with business levels.

Contingent earnout consideration, as previously described, increased as a percentage of revenue by 3.4 percentage points and 0.8 percentage point for the three and six months ended June 30, 2024, respectively, compared to the same prior-year periods. The contingent earnout consideration is discussed further in Note B to our consolidated financial statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q.

### ***Asset-Light Adjusted Earnings Before Interest, Taxes, Depreciation, and Amortization (“Asset-Light Adjusted EBITDA”)***

We report our financial results in accordance with GAAP. However, management believes that certain non-GAAP performance measures and ratios, such as Asset-Light Adjusted EBITDA, which is utilized for internal analysis, provide analysts, investors, and others the same information that we use internally for purposes of assessing our core operating performance. These measures provide meaningful comparisons between current and prior period results, as well as important information regarding performance trends. The use of certain non-GAAP measures improves comparability in analyzing our performance because it removes the impact of items from operating results that, in management’s opinion, do not reflect our core operating performance. Management uses Asset-Light Adjusted EBITDA as a key measure of performance and for business planning. This measure is particularly meaningful for analysis of our Asset-Light segment, because it excludes amortization of acquired intangibles and software and changes in the fair value of contingent earnout consideration, which are significant expenses or gains resulting from strategic decisions or other factors rather than core daily operations. Management also believes Asset-Light Adjusted EBITDA to be relevant and useful information, as EBITDA is a standard measure commonly reported and widely used by analysts, investors, and others to measure financial performance of asset-light businesses and the ability to service debt obligations. Other companies may calculate adjusted EBITDA differently; therefore, our calculation of Asset-Light Adjusted EBITDA may not be comparable to similarly titled measures of other companies. Non-GAAP financial measures should be viewed in addition to, and not as an alternative for, our reported results. Asset-Light Adjusted EBITDA should not be construed as a better measurement than operating income (loss), net income, or earnings per share, as determined under GAAP.

### **Asset-Light Adjusted EBITDA**

	<b>Three Months Ended</b>		<b>Six Months Ended</b>	
	<b>June 30</b>		<b>June 30</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
	(in thousands)			
<b>Operating Income (Loss)<sup>(1)</sup></b>	<b>\$ (9,498)</b>	<b>\$ 13,180</b>	<b>\$ (24,756)</b>	<b>\$ (911)</b>
Depreciation and amortization <sup>(2)</sup>	<b>5,039</b>	5,085	<b>10,117</b>	10,153
Change in fair value of contingent consideration <sup>(3)</sup>	<b>3,850</b>	(10,000)	<b>11,170</b>	5,040
Asset-Light Adjusted EBITDA	<b>\$ (609)</b>	<b>\$ 8,265</b>	<b>\$ (3,469)</b>	<b>\$ 14,282</b>

(1) The calculation of Asset-Light Adjusted EBITDA as presented in this table begins with operating income as the most directly comparable GAAP measure. Other income (costs), income taxes, and net income are reported at the consolidated level and not included in the operating segment financial information evaluated by management to make operating decisions. Consolidated Adjusted EBITDA is reconciled to consolidated net income in the Consolidated Results section of Results of Operations.

(2) Includes amortization of intangibles associated with acquired businesses. Amortization of acquired intangibles totaled \$3.2 million \$6.4 million for both the three- and six-month periods ended June 30, 2024 and 2023, and is expected to total \$12.8 million for full-year 2024, consistent with 2023.

(3) Represents the change in fair value of the contingent earnout consideration recorded for the MoLo acquisition. The liability for contingent consideration is remeasured at each quarterly reporting date, and any change in fair value as a result of the recurring assessments is recognized in operating income (loss). See Note B to our consolidated financial statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q.

### **Current Economic Conditions**

Economic conditions continue to be impacted by higher interest rates, supply chain volatility, and a slowing labor market. Geopolitical conflicts have, and could in future periods, disrupt supply chains, including those of our customers. Escalating tensions in the Israel-Hamas war and the related Red Sea crisis, as well as other geopolitical conflicts in Asia and the Middle East, present unknown and potentially increasing economic impacts throughout 2024 and beyond.

Although inflation is easing, the manufacturing sector as measured by the Purchasing Managers’ Index (“PMI”) has been in contraction for 19 out of 20 months since November 2022, which has been a factor in declining freight volumes. Economic growth is gradually decelerating without causing a recessionary downturn as measured by U.S. real gross domestic product (“real GDP”), primarily driven by a declining growth rate of consumer spending, driven in part by increasing levels of consumer debt. Companies continue to demonstrate an unwillingness to invest in capital and inventory due to current monetary policy.



The increase in shipment volume caused by the shutdown of a large LTL competitor at the end of July 2023 has moderated, although we retained our general rate increases and secured increases on deferred pricing agreements and annually negotiated contracts during the three and six months ended June 30, 2024. There can be no assurance that the economic environment, including the impact of interest rates on consumer demand, will be favorable for our freight services in future periods and that the impact of recent market disruptions will continue to positively impact demand for our Asset-Based and Asset-Light services.

Given the uncertainties of current economic conditions, there can be no assurance that our estimates and assumptions regarding the pricing environment and economic conditions, which are made for purposes of impairment tests related to operating assets and deferred tax assets, will prove to be accurate. Extended periods of economic disruption and resulting declines in industrial production and manufacturing and consumer spending could negatively impact demand for our services and have an adverse effect on our results of operations, financial condition, and cash flows. The soft freight environment, which we continued to experience during the first half of 2024, resulted in a year-over-year decline in market pricing for many of our Asset-Light services, as compared to the first half of 2023. There can be no assurance that we will be able to secure adequate prices from new business or from our existing customers to maintain or improve our operating results. Significant declines in our business levels or other changes in cash flow assumptions or other factors that negatively impact the fair value of the operations of our reporting units could result in impairment in the near term and a resulting noncash write-off of a significant portion of the goodwill and intangible assets of our Asset-Light segment, which would have an adverse effect on our financial condition and operating results.

### **Effects of Inflation**

Inflation remains above the Federal Reserve's long-term target inflation rate of 2%. Global supply chain volatility and labor and energy shortages, in addition to the impact of federal programs and monetary policy, have elevated costs higher across a broad array of consumer goods. The consumer price index ("CPI") increased 3.0%, before seasonal adjustment, year-over-year in June 2024 and declined 0.1% from May 2024, the first monthly rate decrease since May 2020. While CPI has declined from the level reached in June 2022 due to market response to the Federal Reserve's tighter monetary policy implemented in March 2022, recent CPI readings continue to indicate an ongoing challenge in achieving the Federal Reserve's target inflation rate. Inflation is impacted by energy prices, including petroleum products; shelter prices; and insurance services, which have moderated in recent months while remaining elevated. Most of our expenses are affected by inflation, which generally results in increased operating costs. As such, there can be no assurances of the potential impact of inflationary conditions on our business, including demand for our transportation services.

Generally, inflationary increases in labor and fuel costs as they relate to our Asset-Based operations have historically been mostly offset through price increases and fuel surcharges. In periods of increasing fuel prices, the effect of higher associated fuel surcharges on the overall price to the customer influences our ability to obtain increases in base freight rates. In addition, certain nonstandard arrangements with some of our customers have limited the amount of fuel surcharge recovered. The timing and extent of base price increases on our Asset-Based revenues may not correspond with contractual increases in wage rates and other inflationary increases in cost elements and, as a result, could adversely impact our operating results. Our Asset-Based segment's ability to fully offset inflationary and contractual cost increases can be challenging during periods of recessionary and uncertain economic conditions.

Generally, inflationary increases in labor and operating costs related to our Asset-Light operations have historically been offset through price increases. The pricing environment, however, generally becomes more competitive during economic downturns, which may, as it has in the past, affect the ability to obtain price increases from customers both during and following such periods. The pricing environment remains competitive, and we believe that Asset-Light pricing has stabilized at the bottom of the truckload market cycle.

The impact of supply chain disruptions and component shortages has limited the availability and production of certain revenue equipment and certain other equipment used in our business operations. Consequently, the prices for these items have also increased. Partly as a result of inflationary pressures, our revenue equipment (tractors and trailers) has been and very likely will continue to be replaced at higher per-unit costs, which could result in higher depreciation charges on a per-unit basis. We consider these costs in setting our pricing policies, although the overall freight rate structure is governed by

market forces. In addition to general effects of inflation, the motor carrier freight transportation industry faces rising costs related to insurance and compliance with government regulations on safety, equipment design and maintenance, driver utilization, emissions, and fuel economy.

### **Environmental and Legal Matters**

We are subject to federal, state, and local environmental laws and regulations relating to, among other things: emissions control, transportation or handling of hazardous materials, underground and aboveground storage tanks, stormwater pollution prevention, contingency planning for spills of petroleum products, and disposal of waste oil. We may transport or arrange for the transportation of hazardous materials and explosives, and we operate in industrial areas where truck service centers and other industrial activities are located and where groundwater or other forms of environmental contamination could occur. See Note K to our consolidated financial statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q for further discussion of the environmental matters to which we are subject, including additional detail on ABF Freight's Consent Decree with the EPA.

Concern over climate change has led to legislative and regulatory efforts to limit carbon and other greenhouse gas ("GHG") emissions, and we may incur significant costs to comply with increased regulation related to climate change in the future. Customers are increasingly focused on concerns related to climate change and demand for our services may be adversely impacted if we are less effective than our competitors in reducing or offsetting our GHG emissions. In consideration of the environmental impact of emissions from our operations, we are seeking more sustainable options for our equipment. We are piloting a small number of electric forklifts, electric yard tractors, and electric straight trucks at several ABF Freight service centers across our network. Electric tractors are significantly more expensive than new diesel tractors. To comply with more stringent sustainability standards for tractors, we expect the cost of our equipment, as well as our fuel and maintenance costs, will continue to increase in future periods. We are also investing in upgrades to our facilities, including energy efficient lighting, plumbing updates that lower our water usage, and other sustainability-related remodels and updates. To address our environmental impact in our city pickup and delivery operations, during 2023, with the help of a third-party leading provider of data analytics solutions using artificial intelligence ("AI"), we implemented City Route Optimization technology at our service centers that identifies opportunities to optimize routes and reduce emissions.

Physical effects from climate change, including more frequent and severe weather events, have the potential to adversely impact our business levels and employee working conditions, cause shipping delays or disruption to our operations, increase our operating costs, and cause damage to our property and equipment. Due to the uncertainty of these matters, we cannot estimate the impact of climate-related developments on our operations or financial condition at this time. These and other matters related to climate change and the related risks to our business are further discussed in Part I, Item 1 (Business) and Part I, Item 1A (Risk Factors) of our 2023 Annual Report on Form 10-K. In addition to our focus on sustainability of our equipment and facilities, we continue our commitment to advance environmental and social issues that are critical to our business and our customers' businesses by investing in innovative technologies, developing our employees, and enhancing our capabilities and services for customers.

We are involved in various legal actions, the majority of which arise in the ordinary course of business. We maintain liability insurance against certain risks arising out of the normal course of our business, subject to certain self-insured retention limits. We routinely establish and review the adequacy of reserves for estimated legal, environmental, and self-insurance exposures. While management believes that amounts accrued in the consolidated financial statements are adequate, estimates of these liabilities may change as circumstances develop. Considering amounts recorded, routine legal matters are not expected to have a material adverse effect on our financial condition, results of operations, or cash flows.

In January 2023, we and MoLo were named as defendants in lawsuits related to an auto accident involving one of MoLo's contract carriers, which occurred prior to our acquisition of MoLo. During second quarter 2024, we were released from the case, leaving MoLo as a named defendant with a trial date set for early 2025. Although we cannot estimate a range of reasonably possible losses for this matter at this time, it is reasonably possible that such amounts could be material to our financial condition, results of operations, or cash flows. See Note K to our consolidated financial statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q for further discussion of the legal matters in which we are currently involved.

As disclosed in Note K to our consolidated financial statements in Part I, Item 1 of this Quarterly Report on Form 10-Q, we tentatively settled a claim relating to the classification of certain Asset-Light employees under the *Fair Labor Standards Act*. The estimated settlement expense of \$9.5 million, recognized in fourth quarter 2023, is reserved within accrued expenses in the consolidated balance sheet at June 30, 2024. During second quarter 2024, the settlement was preliminarily approved by the court. Final approval is pending but expected by year-end.

### **Information Technology and Cybersecurity**

We depend on the proper functioning, availability, and security of our information systems, including communications, data processing, financial, and operating systems, as well as proprietary software programs that are integral to the efficient operation of our business. Any significant failure or other disruption in our critical information systems, including denial of service, ransomware, and other cybersecurity attacks and incidents that impact the availability, reliability, speed, accuracy, or other proper functioning of these systems or that result in proprietary information or sensitive or confidential data, including personal information of customers, employees and others, being compromised could have a significant impact on our operations. Generative AI has the ability to create higher-quality misinformation and phishing attacks increasing the likelihood of a successful attack. Any new or enhanced technology that we develop and implement may also be subject to cybersecurity attacks and may be more prone to related incidents. We also utilize certain software applications provided by third parties; provide underlying data to third parties; grant access to certain of our systems to third parties who provide certain outsourced administrative functions or other services; and increasingly store and transmit data with our customers and third parties by means of connected information technology (“IT”) systems, any of which may increase the risk of a data privacy breach or other cybersecurity incident. Although we strive to carefully select our third-party vendors, we do not control their actions and any problems caused by or impacting these third parties, including cybersecurity attacks and security breaches at a vendor, could result in claims, litigation, losses, and/or liabilities and materially adversely affect our ability to provide service to our customers and otherwise conduct our business.

Our IT systems are protected through physical and software safeguards as well as backup systems considered appropriate by management. However, these systems are vulnerable to interruption by adverse weather conditions or natural disasters; power loss; telecommunications failures; terrorist attacks; internet failures and other disruptions to technology, including computer viruses; and other events beyond our control. It is not practicable to fully protect against the possibility of these events or cybersecurity attacks and other cyber events in every potential circumstance that may arise. To mitigate the potential for such occurrences at our primary data center, we have implemented various systems, including redundant telecommunication facilities; replication of critical data to an offsite location; fire suppression systems to protect our on-site data centers; and electrical power protection and generation facilities. We also have a catastrophic disaster recovery plan and alternate processing capability available for our critical data processes in the event of a catastrophe that renders one of our data centers unusable.

A portion of our office personnel work remotely through hybrid and remote work arrangements, which may increase the demand for IT resources and our exposure to cybersecurity risks, including increased risks of phishing, an increased risk of unauthorized access to proprietary information or sensitive or confidential data, and increased risks of other cybersecurity incidents. As AI capabilities improve and are increasingly adopted, we may see cybersecurity attacks perpetrated through AI. As a component of our cyber risk management program, we periodically engage a third-party provider to assess our cyber posture and assist us in improving our security profile. During 2023, we reviewed our processes around cybersecurity risk management and related governance framework and began performing materiality assessments in order to comply with the new cybersecurity disclosure requirements. Although we have implemented measures to mitigate our exposure to the heightened risks of cybersecurity incidents, we cannot be certain that such measures will be effective to prevent a cybersecurity incident from materializing.

Our property and cyber insurance would offset losses up to certain coverage limits in the event of a catastrophe or certain cyber incidents, including certain business interruption events related to these incidents; however, losses arising from a catastrophe or significant cyber incident may exceed our insurance coverage and could have a material adverse impact on our results of operations and financial condition. We do not have insurance coverage specific to losses resulting from a pandemic or geopolitical conflict. A significant disruption in our IT systems or a significant cybersecurity incident, including denial of service, system failure, security breach, intentional or inadvertent acts by employees or vendors with access to our systems or data, disruption by malware, or other damage, could interrupt or delay our operations, damage

our reputation, cause a loss of customers, cause errors or delays in financial reporting, result in violation of privacy laws, expose us to a risk of loss or litigation, and/or cause us to incur significant time and expense to remedy such an event.

We have experienced incidents involving attempted denial of service attacks, malware attacks, and other events intended to disrupt information systems, wrongfully obtain valuable information, or cause other types of malicious events that could have resulted in harm to our business. To our knowledge, the various protections we have employed have been effective to date in identifying these types of events at a point when the impact on our business could be minimized. We must continuously monitor and develop our IT networks and infrastructure to prevent, detect, address, and mitigate the risk of unauthorized access, misuse, computer viruses, and other events that could have a security impact. We have made and continue to make significant financial investments in technologies and processes to mitigate these risks. We also provide employee awareness training around phishing, malware, and other cyber risks. Despite our efforts, due to the increasing sophistication of cyber criminals and the development of new techniques for attack, we may be unable to anticipate or promptly detect, or implement adequate protective or remedial measures against, the activities of perpetrators of cybersecurity attacks. Management is not aware of any current cybersecurity incident that has had a material effect on our operations, although there can be no assurances that a cyber incident that could have a material impact to our operations could not occur.

### **Liquidity and Capital Resources**

Our primary sources of liquidity are cash, cash equivalents and short-term investments; cash generated by continuing operations; and borrowing capacity under our revolving credit facility or our accounts receivable securitization program.

#### **Cash Flow and Short-Term Investments**

Components of cash and cash equivalents and short-term investments, which are further described in Note B to our consolidated financial statements included in Part I, Item 1 of the Quarterly Report on Form 10-Q, were as follows:

	<u>June 30</u> <u>2024</u>	<u>December 31</u> <u>2023</u>
	(in thousands)	
Cash and cash equivalents	\$ 215,590	\$ 262,226
Short-term investments	44,865	67,842
Total	<u>\$ 260,455</u>	<u>\$ 330,068</u>

Cash, cash equivalents and short-term investments decreased \$69.6 million from December 31, 2023 to June 30, 2024.

Our consolidated statements of cash flows presented for the six months ended June 30, 2023, include cash flows from continuing operations and the discontinued operations of FleetNet, which sold February 28, 2023. Our discussions below segregate cash flows from continuing operations from those of discontinued operations for the six-month periods ended June 30, 2023.

#### ***Cash Flows from Continuing Operations***

Cash provided by operating activities during the six months ended June 30, 2024 was \$140.2 million, compared to \$103.0 million in the same prior-year period. Changes in operating assets and liabilities, excluding income taxes, decreased cash provided by operating activities by \$4.5 million during the six months ended June 30, 2024 and increased cash provided by \$25.4 million for the same period of 2023. Excluding the first quarter 2024 settlement by the insurer of the receivable (and offsetting liability) for insured third-party casualty claims recorded at December 31, 2023, the year-over-year increase in accounts receivable was partially offset by year-over-year decreases in accounts payable and accrued expenses. The remainder of the change in operating assets and liabilities was primarily related to a lease buyout during the first quarter of 2024 of a property made available following the bankruptcy of a competitor in 2023.

During the six-month period ended June 30, 2024, we spent \$102.6 million on capital expenditures, net of proceeds from asset sales and financings, including property purchases and the renovation of properties for our Asset-Based network. See Capital Expenditures below for estimated annual expenditure amounts for 2024. Cash provided by investing activities

during the six-month period ended June 30, 2023 was impacted by \$100.9 million of proceeds from the sale of FleetNet, as further discussed in the General section of MD&A.

Cash used to fund promissory note payments during the six months ended June 30, 2024, was \$35.7 million. During the six months ended June 30, 2024, we repurchased 251,668 shares of our common stock under our share repurchase program for an aggregate cost of \$31.6 million. We also continued to return capital to our shareholders with our quarterly dividend payments, which totaled \$5.6 million during the six months ended June 30, 2024. Our dividends and share repurchase program are further discussed in Other Liquidity below.

#### ***Cash Flows from Discontinued Operations***

We did not have any cash activities from discontinued operations during the six months ended June 30, 2024. Net cash provided by operating activities of discontinued operations was \$0.8 million during the six months ended June 30, 2023, reflecting the routine operations of FleetNet. Net cash used in investing and financing activities of discontinued operations was \$0.4 million and \$0.5 million, respectively, for the six months ended June 30, 2023. Net cash activity for FleetNet did not materially impact our operations in recent years, nor will the absence of cash flows from the discontinued operations of FleetNet materially affect current or future liquidity or capital resources.

#### **Financing Arrangements**

We financed the purchase of \$10.4 million of revenue equipment through notes payable during the six months ended June 30, 2024. Future payments due under our notes payable totaled \$164.9 million, including interest, as of June 30, 2024, for a decrease of \$27.0 million from December 31, 2023.

We have an accounts receivable securitization program, which was amended during second quarter 2024 to, among other things, extend the maturity date to July 1, 2025. As of June 30, 2024, standby letters of credit of \$16.9 million have been issued under the program which reduced our available borrowing capacity to \$33.1 million.

Our financing arrangements and the scheduled maturities of our long-term debt obligations, are disclosed in Note G to our consolidated financial statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q.

#### **Contractual Obligations**

We have purchase obligations, consisting of authorizations to purchase and binding agreements with vendors, relating to revenue equipment used in our Asset-Based operations, other equipment, facility improvements, software, service contracts, and other items for which amounts were not accrued in the consolidated balance sheet as of June 30, 2024. These purchase obligations totaled \$195.8 million as of June 30, 2024, with \$187.4 million expected to be paid within the next year, provided that vendors complete their commitments to us. As of June 30, 2024, the amount of our purchase obligations has increased \$14.5 million from December 31, 2023, primarily related to ABF Freight revenue equipment.

As of June 30, 2024, contractual obligations for operating lease liabilities, primarily related to our Asset-Based service centers, totaled \$279.6 million, including imputed interest, for an increase of \$3.8 million from December 31, 2023. The scheduled maturities of our operating lease liabilities as of June 30, 2024 are disclosed in Note F to our consolidated financial statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q. There have been no other material changes in the contractual obligations disclosed in our 2023 Annual Report on Form 10-K during the six months ended June 30, 2024. We have no investments, loans, or any other known contractual arrangements with unconsolidated special-purpose entities, variable interest entities, or financial partnerships, and we have no outstanding loans with executive officers or directors.

#### **Capital Expenditures**

For 2024, our total capital expenditures, including amounts financed, are estimated to range from \$325.0 million to \$375.0 million, net of asset sales. These 2024 estimated net capital expenditures include revenue equipment purchases of \$155.0 million, primarily for our Asset-Based operations, including approximately \$10.2 million of previously planned 2023 equipment purchases which were delayed due to supply chain-related manufacturing delays and cancellations and

carried over to our 2024 planned expenditures. The remainder of our 2024 expected capital expenditures includes \$130.0 million of investments in real estate and facility upgrades to support our growth plans, including \$46.4 million of previously planned 2023 investments which were delayed and carried over to our 2024 planned expenditures, as well as other investments across the enterprise, such as technology-related items and miscellaneous dock equipment upgrades and enhancements. In January 2024, we purchased three service center locations for an all-cash purchase price of \$30.2 million and executed a lease buyout for \$7.8 million, as a result of the properties becoming available due to the previously mentioned LTL competitor bankruptcy. Depreciation and amortization expense, excluding amortization of intangibles, is estimated to be approximately \$142.0 million in 2024. The amortization of intangible assets is estimated to be approximately \$13.0 million in 2024, primarily related to purchase accounting amortization associated with the MoLo acquisition.

### **Other Liquidity Information**

General economic conditions are currently being impacted by geopolitical conflicts, competitive market factors, higher interest rates as a result of monetary policy, and volatile energy prices, among other factors. These conditions and the related impact on our business (primarily tonnage and shipment levels and the pricing that we receive for our services in future periods) could affect our ability to generate cash from operating activities and maintain cash, cash equivalents, and short-term investments on hand. Our revolving credit facility and our accounts receivable securitization program provide available sources of liquidity with flexible borrowing and payment options. We believe these agreements provide borrowing capacity necessary for growth of our business. During the next twelve months and for the foreseeable future, we believe existing cash, cash equivalents, short-term investments, cash generated by operating activities, and amounts available under our revolving credit facility will be sufficient to finance our operating expenses; fund our ongoing initiatives to grow our business, including investments in technology; repay amounts due under our financing arrangements; and pay contingent earnout consideration related to the MoLo acquisition as it is earned. Notes payable, finance leases, and other secured financing may also be used to fund capital expenditures, provided that such arrangements are available and the terms are acceptable to us.

The Agreement and Plan of Merger (the “Merger Agreement”) for our acquisition of MoLo provides for additional cash consideration ranging from 44% to 212% of the target payment relative to the achievement of incremental adjusted EBITDA targets of 80% to 300% for years 2023 through 2025. The adjusted EBITDA metric was below target for 2023, resulting in no earnout payment for 2023. The cumulative additional consideration through 2025 would be \$215.0 million at 100% of the target, including catch-up provisions. As of June 30, 2024, the fair value of contingent earnout consideration is estimated to be \$104.1 million (see Assets and Liabilities Measured at Fair Value on a Recurring Basis within Note B to our consolidated financial statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q).

We continue to take actions to enhance shareholder value with our quarterly dividend payments and treasury stock purchases. On July 30, 2024, we announced our Board of Directors declared a dividend of \$0.12 per share payable to stockholders of record as of August 13, 2024. We expect to continue to pay quarterly dividends on our common stock in the foreseeable future, although there can be no assurance in this regard since future dividends will be at the discretion of the Board of Directors and are dependent upon our future earnings, capital requirements, and financial condition; contractual restrictions applying to the payment of dividends under our revolving credit facility; and other factors.

In February 2024, our Board of Directors increased the total amount available for purchases of our common stock under our share repurchase program to \$125.0 million. During the six months ended June 30, 2024, we purchased 251,668 shares of our common stock for an aggregate cost of \$31.6 million, including shares purchased under Rule 10b5-1 plans. As of June 30, 2024, \$99.4 million remained available under the share repurchase program (see Note H to our consolidated financial statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q).

### **Financial Instruments**

We have an interest rate swap agreement, which is further discussed in Note G to our consolidated financial statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q. As of June 30, 2024, we have no other derivative or hedging arrangements outstanding.

## **Balance Sheet Changes**

### ***Other Accounts Receivable***

Other accounts receivable decreased \$40.3 million from December 31, 2023 to June 30, 2024, reflecting the settlement by the insurer for third-party casualty claims accrued as of December 31, 2023, for which the related liability was recognized in accrued expenses.

### ***Property, Plant and Equipment***

The increase in property, plant and equipment, of \$56.2 million from December 31, 2023 to June 30, 2024, was primarily due to the purchase of three service center properties, planned service center remodels, construction of a new service center, and the purchase of revenue equipment used in our Asset-Based operations.

### ***Operating Right of Use Assets and Operating Lease Liabilities***

The increase in operating right-of-use assets of \$16.8 million and in operating lease liabilities, including current portion, of \$9.5 million from December 31, 2023 to June 30, 2024, was primarily due to new leases, a lease buy-out of a service center, and lease renewals during 2024.

### ***Other Long-Term Assets***

The decrease in other long-term assets, of \$27.4 million from December 31, 2023 to June 30, 2024, was primarily due to the impairment charge to write off our equity investment in Phantom Auto, which ceased operations during first quarter 2024.

### ***Income Taxes Payable***

Income taxes payable decreased \$10.4 million from December 31, 2023 to June 30, 2024, reflecting net tax payments in excess of tax accruals.

### ***Accrued Expenses***

Accrued expenses decreased \$45.8 million from December 31, 2023 to June 30, 2024, primarily due to the settlement by the insurer of third-party casualty claims accrued as of December 31, 2023, for which the related receivable was recognized in other accounts receivable, and payments made during first quarter 2024 for certain performance-based incentive plans and contributions to our defined contribution plan which were accrued at December 31, 2023, offset partially by current year accruals based on operating results in 2024.

### ***Long-term Debt***

The \$25.4 million decrease in long-term debt, including current portion, from December 31, 2023 to June 30, 2024 is primarily due to payments on notes payable of \$35.7 million, net of equipment financed of \$10.4 million.

### ***Contingent Consideration***

The contingent earnout consideration related to the MoLo acquisition, which is previously described within the Other Liquidity section, is remeasured at each quarterly reporting date and any change in fair value as a result of the recurring assessments is recognized in operating income. The liability for contingent earnout consideration increased \$11.2 million from December 31, 2023, due to the net increase in fair value following remeasurement at June 30, 2024.

### ***Deferred Income Taxes***

Deferred income tax liabilities decreased \$10.2 million from December 31, 2023 to June 30, 2024, primarily due to the deferred tax benefit from the capital loss on our equity investment in Phantom Auto, the increase in contingent consideration, and tax differences related to depreciation during the first half of 2024.

## **Income Taxes**

For continuing operations, our effective tax rate was 4.7% and 1.2% for the three and six months ended June 30, 2024, respectively, compared to 18.6% and 19.1% for the same respective periods of 2023. The federal statutory tax rate is 21.0% and the average state tax rate, net of the associated federal deduction, is approximately 5%. However, various factors

including significant changes in nondeductible expenses, the cash surrender value of life insurance, the federal alternative fuel tax credit, changes in uncertain tax positions, and the tax benefit from vesting of restricted stock units (“RSUs”) primarily vesting in the second quarter, may cause the full-year 2024 tax rate to vary significantly from the statutory rate.

Reconciliation between the effective income tax rate for continuing operations, as computed on income before income taxes, and the statutory federal income tax rate is presented in the following table:

	Three Months Ended				Six Months Ended			
	June 30		June 30		June 30		June 30	
	2024	2023	2024	2023	2024	2023	2024	2023
	(in thousands, except percentages)							
Income tax provision at the statutory federal rate	\$ 10,337	21.0 %	\$ 10,221	21.0 %	\$ 9,355	21.0 %	\$ 15,166	21.0 %
Federal income tax effects of:								
Nondeductible expenses and other	(1,996)	(4.1)%	126	0.2 %	(2,022)	(4.5)%	343	0.5 %
Alternative fuel credit	(295)	(0.6)%	(319)	(0.7)%	(582)	(1.3)%	(657)	(0.9)%
Increase in valuation allowances	37	0.1 %	2	— %	90	0.2 %	27	— %
Tax benefit from vested RSUs <sup>(1)</sup>	(10,777)	(21.9)%	(3,863)	(7.9)%	(11,264)	(25.3)%	(4,914)	(6.8)%
Nondeductible compensation under IRC Section 162(m)	3,123	6.3 %	931	1.9 %	3,257	7.3 %	1,094	1.5 %
Decrease in uncertain tax positions	(471)	(0.9)%	—	— %	(471)	(1.1)%	—	— %
Federal research and development tax credits	(18)	— %	(19)	— %	(37)	(0.1)%	(38)	(0.1)%
Life insurance proceeds and changes in cash surrender value	(92)	(0.2)%	(228)	(0.5)%	(349)	(0.7)%	(542)	(0.7)%
Federal income tax provision (benefit)	\$ (152)	(0.3)%	\$ 6,851	14.0 %	\$ (2,023)	(4.5)%	\$ 10,479	14.5 %
State income tax provision	2,455	5.0 %	2,223	4.6 %	2,561	5.7 %	3,293	4.6 %
Total provision for income taxes for continuing operations	\$ 2,303	4.7 %	\$ 9,074	18.6 %	\$ 538	1.2 %	\$ 13,772	19.1 %

<sup>(1)</sup> Increase in tax benefit from vested RSUs for the three and six months ended June 30, 2024, compared to the same periods of 2023, is primarily due to the vesting of RSUs granted in 2020 and 2021 at the end of a four-year and three-year period, respectively. RSUs granted subsequent to 2021 follow a graded vesting schedule, with RSUs vesting incrementally over a specified period of time, rather than fully vesting at the end of the vesting period.

At June 30, 2024, we had \$35.6 million of net deferred tax liabilities after valuation allowances. We evaluated the need for a valuation allowance for deferred tax assets at June 30, 2024 by considering the future reversal of existing taxable temporary differences, future taxable income, and available tax planning strategies. Valuation allowances for deferred tax assets totaled \$1.8 million at both June 30, 2024 and December 31, 2023. As of June 30, 2024, deferred tax liabilities which will reverse in future years exceeded deferred tax assets.

At December 31, 2021, a reserve for uncertain tax positions of \$0.9 million was established related to credits taken on prior federal returns. Due to the expiration of the statute of limitations on the refund for the amended federal return on which a portion of these credits were claimed, the reserve for uncertain tax positions was reduced by \$0.5 million at June 30, 2024, leaving a remaining reserve of \$0.4 million.

Financial reporting income may differ significantly from taxable income because of items such as contingent earnout consideration, prepaid expenses, accelerated depreciation for tax purposes, gains and losses on sales of assets, and a significant number of liabilities such as vacation pay, workers’ compensation and third-party casualty claims, and other liabilities, which, for tax purposes, are generally deductible only when paid. For the six months ended June 30, 2024 and 2023, income as determined under income tax law exceeded financial reporting income.

During the six months ended June 30, 2024, we made federal, state, and foreign tax payments of \$20.7 million, and received refunds of less than \$0.1 million of state income taxes that were paid in prior years. Management does not expect the cash outlays for income taxes will materially exceed reported income tax expense for the foreseeable future.

Our total effective tax rate was 1.6% and 22.3% for the six months ended June 30, 2024 and 2023, respectively, including discontinued operations, which are further discussed in Note C to our consolidated financial statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q. Income tax expense reflected in discontinued operations, which primarily



consisted of federal and state income taxes on the gain on the sale of FleetNet, had no effect on second quarter 2024 and was \$0.2 million, or an effective tax rate of 25.5% for the six months ended June 30, 2024. For the three and six months ended June 30, 2023, income tax expense reflected \$0.3 million and \$18.3 million, respectively, or an effective tax rate of 25.5% in each period.

### **Critical Accounting Policies**

The accounting policies that are “critical,” or the most important, to understand our financial condition and results of operations and that require management to make the most difficult judgments are described in our 2023 Annual Report on Form 10-K. There have been no updates to our critical accounting policies during the six months ended June 30, 2024. Management believes that there is no new accounting guidance issued but not yet effective that will impact our critical accounting policies.

## **Forward-Looking Statements**

Certain statements and information in this report may constitute “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995, including, among others, statements regarding (i) our expectations about our intrinsic value or our prospects for growth and value creation and (ii) our financial outlook, position, strategies, goals, and expectations. Terms such as “anticipate,” “believe,” “could,” “estimate,” “expect,” “forecast,” “foresee,” “intend,” “may,” “plan,” “predict,” “project,” “scheduled,” “should,” “would,” and similar expressions and the negatives of such terms are intended to identify forward-looking statements. These statements are based on management’s beliefs, assumptions, and expectations based on currently available information, are not guarantees of future performance, and involve certain risks and uncertainties (some of which are beyond our control). Although we believe that the expectations reflected in these forward-looking statements are reasonable as and when made, we cannot provide assurance that our expectations will prove to be correct. Actual outcomes and results could materially differ from what is expressed, implied, or forecasted in these statements due to a number of factors, including, but not limited to: the effects of a widespread outbreak of an illness or disease or any other public health crisis, as well as regulatory measures implemented in response to such events; external events which may adversely affect us or the third parties who provide services for us, for which our business continuity plans may not adequately prepare us, including, but not limited to, acts of war or terrorism, or military conflicts; data privacy breaches, cybersecurity incidents, and/or failures of our information systems, including disruptions or failures of services essential to our operations or upon which our information technology platforms rely; interruption or failure of third-party software or information technology systems or licenses; untimely or ineffective development and implementation of, or failure to realize the potential benefits associated with, new or enhanced technology or processes, including our customer pilot offering of Vaux; the loss or reduction of business from large customers or an overall reduction in our customer base; the timing and performance of growth initiatives and the ability to manage our cost structure; the cost, integration, and performance of any recent or future acquisitions and the inability to realize the anticipated benefits of the acquisition within the expected time period or at all; unsolicited takeover proposals, proxy contests, and other proposals/actions by activist investors; maintaining our corporate reputation and intellectual property rights; nationwide or global disruption in the supply chain resulting in increased volatility in freight volumes; competitive initiatives and pricing pressures; increased prices for and decreased availability of equipment, including new revenue equipment, decreases in value of used revenue equipment, and higher costs of equipment-related operating expenses such as maintenance, fuel, and related taxes; availability of fuel, the effect of volatility in fuel prices and the associated changes in fuel surcharges on securing increases in base freight rates, and the inability to collect fuel surcharges; relationships with employees, including unions, and our ability to attract, retain, and upskill employees; unfavorable terms of, or the inability to reach agreement on, future collective bargaining agreements or a workforce stoppage by our employees covered under ABF Freight’s collective bargaining agreement; union employee wages and benefits, including changes in required contributions to multiemployer plans; availability and cost of reliable third-party services; our ability to secure independent owner-operators and/or operational or regulatory issues related to our use of their services; litigation or claims asserted against us; governmental regulations; environmental laws and regulations, including emissions-control regulations; default on covenants of financing arrangements and the availability and terms of future financing arrangements; our ability to generate sufficient cash from operations to support significant ongoing capital expenditure requirements and other business initiatives; self-insurance claims, insurance premium costs, and loss of our ability to self-insure; potential impairment of long-lived assets and goodwill and intangible assets; general economic conditions and related shifts in market demand that impact the performance and needs of industries we serve and/or limit our customers’ access to adequate financial resources; increasing costs due to inflation and higher interest rates; seasonal fluctuations, adverse weather conditions, natural disasters, and climate change; and other financial, operational, and legal risks and uncertainties detailed from time to time in ArcBest Corporation’s public filings with the Securities and Exchange Commission (“SEC”).

For additional information regarding known material factors that could cause our actual results to differ from our projected results, please see our filings with the SEC, including our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, and Current Reports on Form 8-K.

Readers are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date hereof. We undertake no obligation to publicly update or revise any forward-looking statements after the date they are made, whether as a result of new information, future events, or otherwise.

### **ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

Our primary market risk results from fluctuations in interest rates primarily resulting from our debt portfolio. Our debt portfolio includes notes payable with a fixed rate of interest, which mitigates the impact of fluctuations in interest rates. Future issuances of long-term debt could be impacted by increases in interest rates, which could result in higher interest costs. Borrowings under our revolving credit facility and accounts receivable securitization program are at a variable interest rate and expose us to the risk of increasing interest rates. We currently utilize an interest rate swap agreement to mitigate a portion of our interest rate risk under our revolving credit facility. See Note G to our consolidated financial statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q for further discussion of our interest rates.

Discussion of current economic conditions and related impact on our business can be found in “Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations” included in this Quarterly Report on Form 10-Q.

There have been no other significant changes in the Company’s market risks as reported in the Company’s 2023 Annual Report on Form 10-K since December 31, 2023.

### **ITEM 4. CONTROLS AND PROCEDURES**

As of the end of the period covered by this report, an evaluation was performed with the participation of the Company’s management, including the Principal Executive Officer and Principal Financial Officer, of the effectiveness of the design and operation of the Company’s disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”). Based on that evaluation, the Company’s management, including the Principal Executive Officer and Principal Financial Officer, concluded that the Company’s disclosure controls and procedures were effective as of June 30, 2024.

There were no changes in the Company’s internal controls over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during the most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect, the Company’s internal controls over financial reporting.

## PART II.

### OTHER INFORMATION ARCBEST CORPORATION

#### ITEM 1. LEGAL PROCEEDINGS

For information related to the Company's legal proceedings, see Note K, Legal Proceedings, Environmental Matters, and Other Events under Part I, Item 1 of this Quarterly Report on Form 10-Q.

#### ITEM 1A. RISK FACTORS

The Company's risk factors are fully described in the Company's 2023 Annual Report on Form 10-K. No material changes to the Company's risk factors have occurred since the Company filed its 2023 Annual Report on Form 10-K.

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

(a) **Recent sales of unregistered securities.**

None.

(b) **Use of proceeds from registered securities.**

None.

(c) **Purchases of equity securities by the issuer and affiliated purchasers.**

The Company has a program (the "share repurchase program") to repurchase its common stock in the open market or in privately negotiated transactions. The share repurchase program has no expiration date but may be terminated at any time at the Board of Directors' discretion. Repurchases may be made using the Company's cash reserves or other available sources. In February 2024, the Board reauthorized the program and increased the total amount available for purchases of the Company's common stock under the program to \$125.0 million.

During the six months ended June 30, 2024, the Company repurchased 251,668 shares for aggregate cost of \$31.6 million, including 114,170 shares for an aggregate cost of \$14.6 million under Rule 10b5-1 plans, which allows for stock repurchases during closed trading windows. As of June 30, 2024 and December 31, 2023, the Company had \$99.4 million and \$33.5 million, respectively, remaining under its share repurchase program.

	<b>Total Number of Shares Purchased</b>	<b>Average Price Paid Per Share<sup>(1)</sup></b>	<b>Total Number of Shares Purchased as Part of Publicly Announced Program</b>	<b>Maximum Approximate Dollar Value of Shares that May Yet Be Purchased Under the Program</b>
				(in thousands, except share and per share data)
4/1/2024-4/30/2024	36,547	\$ 142.16	36,547	\$ 110,152
5/1/2024-5/31/2024	94,440	114.14	94,440	\$ 99,372
6/1/2024-6/30/2024	—	—	—	\$ 99,372
Total	<u>130,987</u>	\$ 121.96	<u>130,987</u>	

<sup>(1)</sup> Represents weighted-average price paid per common share including commission.

#### ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

#### **ITEM 4. MINE SAFETY DISCLOSURES**

Not applicable.

#### **ITEM 5. OTHER INFORMATION**

- (a) None.
- (b) None.
- (c) During the three months ended June 30, 2024, none of the Company's directors or officers (as defined in Rule 16a-1(f) under the Exchange Act) adopted or terminated any "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement (as such terms are defined in Item 408 of Regulation S-K).

## ITEM 6. EXHIBITS

The following exhibits are filed or furnished with this report or are incorporated by reference to previously filed material:

### Exhibit No.

- 2.1 Agreement and Plan of Merger, dated September 29, 2021, by and among the Company, Simba Sub, MoLo Solutions, LLC and Andrew Silver and Matt Vogrich, in their capacity as Sellers' Representatives (previously filed as Exhibit 2.1 to the Company's Current Report on Form 8-K, filed with the SEC on September 29, 2021, File No. 000-19969, and incorporated herein by reference).
- 2.2 Consent and Amendment to the Agreement and Plan of Merger, dated October 25, 2021, by and among the Company, Simba Sub, LLC, MoLo Solutions, LLC and Andrew Silver and Matt Vogrich, in their capacity as Sellers' Representatives (previously filed as Exhibit 2.2 to the Company's Annual Report on Form 10-K, filed with the Securities and Exchange Commission on February 25, 2022, File No. 000-19969, and incorporated herein by reference).
- 2.3 Second Amendment to Agreement and Plan of Merger, dated March 31, 2022, by and among the Company on behalf of itself and MoLo Solutions, LLC, and Andrew Silver and Matt Vogrich, in their capacity as Sellers' Representatives (previously filed as Exhibit 2.3 to the Company's Quarterly Report on Form 10-Q, filed with the Securities and Exchange Commission on May 6, 2022, File No. 000-19969, and incorporated herein by reference).
- 2.4 Third Amendment to Agreement and Plan of Merger, dated May 6, 2022, by and among the Company on behalf of itself and MoLo Solutions, LLC, and Andrew Silver and Matt Vogrich, in their capacity as Sellers' Representatives (previously filed as Exhibit 2.4 to the Company's Quarterly Report on Form 10-Q, filed with the Securities and Exchange Commission on August 5, 2022, File No. 000-19969, and incorporated herein by reference).
- 3.1 Third Amended and Restated Certificate of Incorporation of the Company (previously filed as Exhibit 3.1 to the Company's Current Report on Form 10-Q, filed with the SEC on May 3, 2024, File No. 000-19969, and incorporated herein by reference).
- 3.2 Eighth Amended and Restated Bylaws of the Company dated as of February 29, 2024 (previously filed as Exhibit 3.1 to the Company's Current Report on Form 8-K, filed with the SEC on March 4, 2024, File No. 000-19969, and incorporated herein by reference).
- 10.1 Third Amendment to Third Amended and Restated Receivables Loan Agreement dated as of June 12, 2024, by and among ArcBest Funding LLC, as Borrower, ArcBest II, Inc., as Servicer, the financial institutions party thereto from time to time, as Lenders, the financial institutions party thereto from time to time, as Facility Agents, and The Toronto-Dominion Bank, as LC Issuer and Administrative Agent (previously filed as Exhibit 10.1 to the Company's Current Report on Form 8-K, filed with the SEC on June 14, 2024, File No. 000-19969, and incorporated herein by reference).
- 31.1\* Certification of Principal Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 31.2\* Certification of Principal Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 32\*\* Certifications Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
- 101.INS\* XBRL Instance Document – the instance document does not appear in the Interactive Data Files because its XBRL tags are embedded within the Inline XBRL document.
- 101.SCH\* Inline XBRL Taxonomy Extension Schema Document
- 101.CAL\* Inline XBRL Taxonomy Extension Calculation Linkbase Document
- 101.DEF\* Inline XBRL Taxonomy Extension Definition Linkbase Document
- 101.LAB\* Inline XBRL Taxonomy Extension Labels Linkbase Document
- 101.PRE\* Inline XBRL Taxonomy Extension Presentation Linkbase Document
- 104\* The Cover Page Interactive Data File – the cover page XBRL tags are embedded within the Inline XBRL document.

# Designates a compensation plan or arrangement for directors or executive officers.

\* Filed herewith.

\*\* Furnished herewith.

**SIGNATURES**

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

**ARCBEST CORPORATION**

(Registrant)

Date: August 2, 2024

/s/ Judy R. McReynolds

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Judy R. McReynolds

Chairman and Chief Executive Officer

(Principal Executive Officer)

Date: August 2, 2024

/s/ J. Matthew Beasley

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J. Matthew Beasley

Vice President — Chief Financial Officer

(Principal Financial Officer)