UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): September 20, 2023

FORWARD AIR CORPORATION

(Exact name of registrant as specified in its charter)

Tennessee	**000-22490**	**62-1120025**
(State or other jurisdiction of incorporation)	**(Commission File Number)**	**(I.R.S. Employer Identification No.)**

1915 Snapps Ferry Road, Building N
Greeneville, Tennessee 37745
(423) 636-7000
(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Not Applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K is intended to simultaneously satisfy the filing obligation of the Registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, $0.01 par value	FWRD	NASDAQ

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

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. ☐

Item 7.01. Regulation FD Disclosure.

Announcement of Notes Offering

On September 20, 2023, Forward Air Corporation (the "Company," "Forward," "we," "our," or "us") issued a press release announcing that GN Bondco, LLC (the "Escrow Issuer"), a Delaware limited liability company and wholly owned subsidiary of Omni Newco, LLC (together with its subsidiaries, "Omni"), commenced a private offering of senior secured notes due 2031 (the "Notes") in a transaction exempt from registration under the Securities Act of 1933, as amended (the "Securities Act"), a copy of which is furnished as Exhibit 99.1 to this current report on Form 8-K (this "Form 8-K").

This offering is in connection with the previously announced agreement and plan of merger (the "Merger Agreement"), dated as of August 10, 2023, by and among the Company, Clue Opco LLC, a Delaware limited liability company (the "Ultimate Issuer"), the Escrow Issuer, Omni and certain other parties, pursuant to which, among other things, (i) the Escrow Issuer will be merged with and into the Ultimate Issuer, with the Ultimate Issuer surviving the merger as a wholly owned subsidiary of the Company and (ii) the Company will, through a series of transaction involving the Company's direct and indirect subsidiaries, will acquire Omni (the "Merger").

The Notes and the related future guarantees have not been, and will not be, registered under the Securities Act or the securities laws of any other jurisdiction and may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirements of the Securities Act and applicable state laws.

This current report does not constitute an offer to sell or a solicitation of an offer to buy the Notes, nor shall there be any sale of the Notes in any state or jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such state or jurisdiction.

Information Included in the Offering Memorandum

Forward is providing the disclosures below, and supplementing the risk factors described in Part I, Item 1A of Forward's Annual Report on Form 10-K for the year ended December 31, 2022 (the "Form 10-K") with the risk factors below, each of which Forward included in a preliminary offering memorandum, dated September 20, 2023, in connection with the offering of the Notes described herein (the "Offering Memorandum"). These risk factors pertain to risks that will apply to our business after consummating the Merger as well as risks relating to the Merger.The information in this Form 8-K should be read in conjunction with the risk factors described in the Form 10-K and the information under the "Forward-Looking Statements" in the Form 10-K, as modified hereby.

The information in this Item 7.01 and the exhibits attached to this Form 8-K as Exhibits 99.1, 99.2, 99.3 and 99.4 are being furnished pursuant to Item 7.01 of Form 8-K and shall not be deemed "filed" for purposes of Section 18 of the Securities Act of 1934, as amended, or otherwise subject to the liabilities of that Section nor shall they be deemed incorporated by reference into any filing under the Securities Act or the Securities Exchange Act of 1934, as amended, except as shall be expressly stated by specific reference in such filing.

The following supplemental risk factors were included in the Offering Memorandum

Difficulty in forecasting timing or volumes of customer shipments could adversely impact our margins and operating results and lead to difficulties in predicting liquidity.

Customer satisfaction depends upon our ability to meet short-term customer requirements that can be difficult to predict and prepare for. Generally, we do not enter into long-term contracts with our customers. Accordingly, the demand from our customers may fluctuate from time to time, which makes it difficult for us to project future demands from our customers. As a result, we cannot guarantee that our current customers will continue to utilize our services or that they will continue at the same levels. Our success depends on receiving continuous orders from our customers. Personnel costs, one of our largest expense items, is highly variable as we must staff to meet uncertain short-term demand that may not align with long-term trends. As a result, short-term operating results could be disproportionately affected due to uncertainties with our customer requirements and the challenges of staffing appropriately.

A significant portion of the combined company's revenues will be derived from customers in industries, such as retail and technology, that exhibit shipping patterns that are tied closely to consumer demand and from customers in industries in which shipping patterns are dependent upon just-in-time production schedules. Therefore, the timing of the combined company's revenues will be impacted by factors out of the combined company's control, such as a sudden change in consumer demand for retail goods, changes in trade tariffs, product launches and/or manufacturing production delays. Additionally, many customers ship a significant portion of their goods at or near the end of a fiscal quarter and, therefore, we may not learn of decreases in revenues until late in a quarter. As a result, the combined company's liquidity, cash flows and results of operations may be difficult to predict.

Higher prices by Leased Capacity Providers and other third-party transportation capacity providers could adversely impact the combined company's margins and operating results.

The combined company will be largely reliant on independent contractor fleet owners and owner-operators that lease their equipment to the combined company ("Leased Capacity Providers") and third-party transportation capacity providers to perform its freight transportation and other operations. These providers can be expected to charge higher prices if market conditions warrant or to cover higher operating expenses. Our profitability and income from operations may be impacted if we are unable to pass on such provider price increases to our customers. Increased demand for over the road transportation services and changes in regulations may reduce available capacity and increase pricing for both Leased Capacity Providers and third-party transportation providers. In some instances we will have entered into fixed contract freight rates with customers and, in the event market conditions change and those contracted rates are below market rates, we may be required to provide transportation services at a loss.

The combined company's international operations subject us to operational and financial risks.

The combined company will provide services within and between foreign countries on an increasing basis. Business outside of the U.S. is subject to various risks, including:

- changes in tariffs, trade restrictions, and trade agreements;
- compliance with the laws of numerous taxing jurisdictions where we conduct business, potential double taxation of our international earnings and potentially adverse tax consequences due to U.S. and foreign tax laws as they relate to our international business;
- difficulties in managing or overseeing foreign operations and agents;
- economic and political instabilities in some countries;
- new and different sources of competition and laws and business practices favoring local competitors;
- limitations on the repatriation of funds because of foreign exchange controls;
- different liability standards;
- intellectual property laws of countries that do not protect our rights in our intellectual property, including but not limited to, our proprietary information systems, to the same extent as the laws of the U.S.;
- compliance with multiple, conflicting, ambiguous or evolving governmental laws and regulations, including employment, tax, privacy, anti-corruption, import/export, customs, anti-boycott, sanctions and embargoes, antitrust, data transfer, storage and protection, ESG and industry-specific laws and regulations, and our ability to identify and respond timely to compliance issues when they occur; and
- the impact of uncertainties regarding the United Kingdom's exit from the European Union (the "EU") on regulations, current, taxes and operations, including possible disruptions to the sale of our services or the movement of our people between the United Kingdom, the EU and other locations.

The occurrence or consequences of any of these factors may restrict our ability to operate in the affected region and/or decrease the profitability of our operations in that region.

As we continue to expand our business internationally, we expose the combined company to increased risk of loss from foreign currency fluctuations, as well as longer accounts receivable payment cycles. Foreign currency fluctuations could result in currency exchange gains or losses or could affect the book value of our assets and liabilities. Furthermore, we may experience unanticipated changes to our income tax liabilities resulting from changes in geographical income mix and changing international tax legislation. We have limited control over these risks, and if we do not correctly anticipate changes in international economic and political conditions, we may not alter our business practices in time to avoid adverse effects.

Changes to our compensation and benefits could adversely affect our ability to attract and retain qualified employees.

The compensation we offer our employees is subject to market conditions that may require increases in employee compensation, which become more likely as economic conditions improve or as inflation increases. If we are unable to attract and retain a sufficient number of qualified employees, we could be required to increase our compensation and benefits packages, or reduce our operations and face difficulty meeting customer demands, any of which could adversely affect our financial condition, results of operations, liquidity and cash flows.

Our business could also be adversely affected by strikes and labor negotiations or by a work stoppage at one or more of our or our subcontractors' facilities. Shutdowns and similar disruptions to major points in national or international transportation networks, most of which are beyond our control, could result in terminal embargoes, disrupt equipment and freight flows, depress volumes and revenues, increase costs and have other negative effects on our operations and financial results. In addition, labor disputes involving our customers could affect our operations. If our customers experience slowdowns or closures because they are unable to negotiate labor contracts, our revenue and profitability could be negatively impacted.

Issues related to the intellectual property rights on which our business depends, whether related to our failure to enforce our own rights or infringement claims brought by others, could have a material adverse effect on our business, financial condition and results of operations.

We use both internally developed and purchased technologies in conducting our business. Whether internally developed or purchased, it is possible that users of these technologies could be claimed to infringe upon or violate the intellectual property rights of third parties. In the event that a claim is made against us by a third party for the infringement of intellectual property rights, a settlement or adverse judgment against us could result in increased costs to license the technology or a legal prohibition against our using the technology. Thus, our failure to obtain, maintain or enforce our intellectual property rights could have a material adverse effect on our business, financial condition and results of operations.

We rely on a combination of intellectual property rights, including patents, copyrights, trademarks, domain names, trade secrets, intellectual property licenses and other contractual rights, to protect our intellectual property and technology. Any of our owned or licensed intellectual property rights could be challenged, invalidated, circumvented, infringed or misappropriated; our trade secrets and other confidential information could be disclosed in an unauthorized manner to third parties; or we may fail to secure the rights to intellectual property developed by our employees, contractors and others. Efforts to enforce our intellectual property rights may be time-consuming and costly, distract management's attention and divert our resources, and ultimately be unsuccessful. Moreover, should we fail to develop and properly manage future intellectual property, this could adversely affect our market positions and business opportunities.

We operate in a regulated industry, and increased costs of compliance with, or liability for violation of, existing or future regulations and enforcement could have a material adverse effect on our business.

Our operations may be regulated and licensed by various federal, state, and local transportation agencies in the U.S. and similar governmental agencies in foreign countries in which we operate. The Department of Transportation and various state and federal agencies have been granted broad regulatory powers over our business in the United States, and we are licensed by the Department of Transportation and U.S. Customs. As we expand our global transportation service with the addition of Omni's business, we will also be subject to regulation by the Federal Maritime Commission as an ocean freight forwarder and non-vessel operating common carrier, and we will be required to maintain separate bonds and licenses for each. Omni also has operations as a Department of Homeland Security-certified "indirect air carrier" providing air freight services subject to commercial standards set forth by the International Air Transport Association and federal regulations issued by the Transportation Security Administration. In addition, Omni provides customs brokerage services as a customs broker under a license issued by U.S. Customs and Border Protection and other authoritative governmental agencies. We also have and maintain, and may be required to procure, other licenses as required by law as our business expands and combines with Omni.

Additionally, our Canada business activities are subject to the similar laws and regulations of Canada and its provinces, including the effects of the United States-Mexico-Canada Agreement ("USMCA"), a trade agreement between the United States, Mexico and Canada to replace the North American Free Trade Agreement ("NAFTA"), which took effect on July 1, 2020. There can be no assurance that the ongoing transition from NAFTA to the USMCA will not adversely impact our business or disrupt our operations. If we are found to be out of compliance with any applicable regulations, our licenses may be revoked, or we could be subject to substantial fines or penalties and to civil and criminal liability. The transportation industry is subject to legislative and regulatory changes that can affect the economics of our business by requiring changes in operating practices or influencing the demand for, and the cost of providing, transportation services.

In December 2010, the Federal Motor Carrier Safety Administration ("FMCSA") established the Compliance, Safety, Accountability initiative ("CSA") motor carrier oversight program under which drivers and fleets are evaluated based on certain safety-related standards. Carriers' safety and fitness ratings under CSA include the on-road safety performance of the carriers' drivers. The FMCSA has also implemented changes to the hours of service regulations which govern the work hours of commercial drivers and adopted a rule that requires commercial drivers to maintain hours-of-service records with electronic logging devices. At any given time, there are also other proposals for safety-related standards that are pending legislative or administrative approval or adoption. If additional or more stringent standards are adopted, such may result in a reduction of the pool of qualified drivers available to us and to other motor carriers in our industry. If we experience safety and fitness violations, our safety and fitness scores could be adversely impacted, and our fleets could be ranked poorly as compared to our peers. A reduction in our safety and fitness scores or those of our contracted drivers could also reduce our competitiveness in relation to other companies that have higher scores. Additionally, competition for qualified drivers and motor carriers with favorable safety ratings may increase and thus result in increases in driver-related compensation costs.

As part of the combined company's logistics services, we will also operate owned or leased warehouse facilities. Our operations at these facilities will include both warehousing and distribution services, and the combined company may be subject to more federal, state, and international environmental, work safety, and hazardous materials regulations then we were subject to prior to the Merger, in particular with respect to foreign and international regulations resulting from our increased foreign and international operations. We may experience an increase in operating costs, such as security costs, as a result of governmental regulations that have been or will be adopted in response to terrorist activities and potential terrorist activities. No assurances can be given that we will be able to pass these increased costs on to our customers in the form of rate increases or surcharges, and our operations and profitability may be materially and adversely affected as a result.

In addition, there may be changes in applicable federal or state tax or other laws or interpretations of those laws. If this happens, we may incur additional taxes and reduce our operating cashflows, as well as higher workers' compensation and employee benefit costs, and possibly penalties and interest for prior periods. This could have an adverse effect on our results of operations.

Risks and requirements related to transacting business in foreign countries may result in increased liabilities, including penalties and fines as well as reputational harm.

The combined company's international business will expose it to trade and economic sanctions and other restrictions imposed by the United States or other governments or organizations. The U.S. Departments of Justice, Commerce, State and Treasury, and other foreign authorities have a broad range of civil and criminal penalties they may seek to impose against corporations and individuals for violations of economic sanctions laws, export control laws, the Foreign Corrupt Practices Act ("FCPA") and other federal statutes and regulations, including the International Traffic in Arms Regulations and those established by the Office of Foreign Assets Control ("OFAC"), and similar or more restrictive foreign laws, rules and regulations, which may also apply to the combined company. Under these laws and regulations, the government may require export licenses, or impose restrictions that would require modifications to business practices, including cessation of business activities in sanctioned countries or with sanctioned persons or entities, and modifications to compliance programs, which may increase compliance costs. Failure to implement changes may subject the combined company to fines, penalties and other sanctions.

We have in place policies related to FCPA, OFAC, export controls and similar laws and regulations, but we cannot assure you that our employees, consultants, sales agents, or associates will not engage in unlawful conduct for which we may be held responsible or that our business partners will not engage in conduct that could affect their ability to perform their contractual obligations and result in our being held liable for such conduct. Violation of laws or regulations may result in increased liabilities including penalties and fines as well as reputational harm.

The combined company may be subject to governmental export and import controls that could impair its ability to compete in international markets and subject it to liability if it violates such controls.

There are political and trade tensions among a number of the world's major economies in which the combined company will operate. These tensions have resulted in the implementation of tariff and non-tariff trade barriers and sanctions, including the use of export control restrictions and sanctions against certain countries, individuals and companies. Any increase in the use of export control restrictions and sanctions to target certain countries, regions and entities or any expansion of the extraterritorial jurisdiction of export control laws could impact the combined company's ability to compete globally. In addition, measures adopted by an affected country to counteract impacts of another country's actions or regulations could lead to legal liability to multinational companies, including the combined company. For example, in January 2021, China adopted a blocking statute that, among other matters, entitles Chinese entities incurring damages from a multinational's compliance with foreign laws to seek civil remedies. In February 2022, due to the military conflicts between Russia and Ukraine, several major economies, including the United States, the United Kingdom and the European Union imposed economic sanctions against Russia and certain Russian persons and entities. Depending on future developments of global trade tensions, such regulations, rules or measures may have an adverse impact on the combined company's business and operations and it may incur significant legal liability and financial losses as a result.

Any change in export or import regulations, economic sanctions or related legislation or change in the countries, governments, persons, vessels or technologies, including semiconductors, targeted by such regulations, could result in decreased use of the combined company's services by existing or potential users with international operations. Any decreased use of the combined company's services or limitation on the combined company's ability to export its customers' products would likely adversely affect the combined company's business, operating results and financial results.

The Merger may not be completed and the Merger Agreement may be terminated in accordance with its terms.

The Merger is subject to a number of conditions that must be satisfied, including certain regulatory approvals, or waived (to the extent permissible), in each case before the completion of the Merger. These conditions to the completion of the Merger, some of which are beyond the control of Forward and Omni, may not be satisfied or waived in a timely manner or at all, and, accordingly, the Merger may be delayed or not completed. Additionally, either Forward or Omni may terminate the Merger Agreement under certain circumstances, including, among other reasons, if the Merger is not completed by February 10, 2024 (or by May 10, 2024, under certain circumstances).

While the Merger is pending, Omni is subject to business uncertainties and contractual restrictions that could materially adversely affect Omni's operating results, financial position and/or cash flows.

The Merger Agreement generally requires Omni to use commercially reasonable efforts to conduct its business in all material respects in the ordinary course prior to the earlier of the termination of the Merger Agreement and the consummation of the Merger. In addition, the Merger Agreement includes a variety of specified restrictions on the conduct of Omni's business, which, in the event the Merger Agreement is not earlier terminated, expire upon the consummation of the Merger. Among other things and subject to the other terms of the Merger Agreement and certain other exceptions and limitations, Omni may not, outside of the ordinary course of business, incur additional indebtedness, issue additional shares of Omni's common stock outside of its equity incentive plans, repurchase common stock, pay dividends, acquire assets, securities or property, dispose of businesses or assets, enter into certain material contracts or make certain additional capital expenditures. Omni may find that these and other contractual restrictions in the Merger Agreement delay or prevent Omni from making certain changes, or limit its ability to make certain changes, during such period, even if Omni's management believes that making certain changes may be advisable. The pendency of the Merger may also divert management's attention and Omni's resources from ongoing business and operations.

Obtaining requisite regulatory clearance and satisfying closing conditions may prevent or delay completion of the Merger.

The Merger is subject to a number of conditions to closing as specified in the Merger Agreement. These closing conditions include, among others, the expiration or earlier termination of any applicable waiting period under the HSR Act, and the completion of the pre-closing reorganization contemplated by the Merger Agreement. The obligation of each of Forward and Omni to consummate the Merger is also conditioned on, among other things, the absence of a material adverse effect on the other party, the truth and correctness of the representations and warranties made by the other party on the date of the Merger Agreement and on the closing date (subject to certain materiality qualifiers), and the performance by the other party in all material respects of its obligations under the Merger Agreement. No assurance can be given that the required regulatory clearance will be obtained or that the required conditions to closing will be satisfied, and, if the required clearance is obtained and the conditions are satisfied, no assurance can be given as to the terms, conditions and timing of such clearance. Any delay in completing the Merger could cause Forward not to realize, or to be delayed in realizing, some or all of the benefits that Forward and Omni expect to achieve if the Merger is successfully completed within its expected time frame.

Failure to attract, motivate and retain executives and other key employees could diminish the anticipated benefits of the Merger.

The success of the Merger will depend in part on the retention of personnel critical to the business and operations of Forward following the Merger due to, for example, their technical skills or management expertise.

Current and prospective employees of Forward and Omni may experience uncertainty about their future role with Forward and Omni until strategies with regard to these employees are announced or executed, which may impair our ability to attract, retain and motivate key management, sales, marketing, technical and other personnel prior to and following the Merger. Employee retention may be particularly challenging during the pendency of the Merger, as employees of Forward and Omni may experience uncertainty about their future roles at the combined company following the Merger. If we are unable to retain personnel, including Forward's and Omni's key management, who are critical to the successful integration and future operations of the companies, Forward, Omni and the combined company could face operational disruptions, loss of existing customers or loss of sales to existing customers, loss of key information, expertise or know-how, and unanticipated additional recruitment and training costs. In addition, the loss of key personnel could diminish the anticipated benefits of the Merger.

If key employees of Forward or Omni depart, the integration of the companies may be more difficult and our business following the Merger may be harmed. Furthermore, we may have to incur significant costs in identifying, hiring and retaining replacements for departing employees and may lose significant expertise and talent relating to the business of each of Forward or Omni, and our ability to realize the anticipated benefits of the Merger may be adversely affected. In addition, there could be disruptions to or distractions for the workforce and management associated with activities of labor unions or integrating employees into the combined company. No assurance can be given that we will be able to attract or retain key employees of Forward and Omni to the same extent that those companies have been able to attract or retain their own employees in the past.

The Merger, and uncertainty regarding the Merger, may cause customers, suppliers or strategic partners to delay or defer decisions concerning Forward and Omni, which may adversely affect each company's ability to effectively manage their respective businesses.

The Merger will happen only if the stated conditions to closing are met, including the receipt of the requisite regulatory clearance, among other conditions. Many of the conditions to closing are outside the control of Forward and Omni, and both parties also have certain rights to terminate the Merger Agreement. Accordingly, there may be uncertainty regarding the completion of the Merger. This uncertainty may cause customers, suppliers, vendors, strategic partners or others that deal with Forward or Omni to delay or defer entering into contracts with Forward or Omni or making other decisions concerning Forward or Omni or seek to change or cancel existing business relationships with Forward or Omni, any of which could negatively affect their respective businesses. Any delay or deferral of those decisions or changes in existing agreements could have an adverse impact on the respective businesses of Forward and Omni, regardless of whether the Merger is ultimately completed.

In addition, the Merger Agreement restricts Forward, Omni and their respective subsidiaries from making certain acquisitions and taking other specified actions until the Merger occurs without the consent of the other parties. These restrictions may prevent Forward and Omni from pursuing attractive business opportunities or strategic transactions that may arise before the completion of the Merger.

We may not be able to retain customers or suppliers, or customers or suppliers may seek to modify contractual obligations with us, which could have an adverse effect on the combined company's business and operations. Third parties may terminate or alter existing contracts or relationships with Forward or Omni.

As a result of the Merger, we may experience impacts on relationships with customers and suppliers that may harm our business and results of operations. Certain customers or suppliers may seek to terminate or modify contractual obligations following the Merger whether or not contractual rights are triggered as a result of the Merger. In particular, certain of Forward's existing forwarding customers directly compete with Omni and, as a result, may react negatively to the Merger. There can be no guarantee that customers and suppliers will remain with or continue to have a relationship with us or do so on the same or similar contractual terms following the Merger. If any customers or suppliers seek to terminate or modify contractual obligations or discontinue the relationship with the combined company, then our business and results of operations may be harmed. If certain of our suppliers were to seek to terminate or modify an arrangement with us, then we may be unable to procure necessary supplies from other suppliers in a timely and efficient manner and on acceptable terms, or at all.

Forward and Omni also have contracts with vendors, landlords, licensors and other business partners that may require Forward and Omni, as applicable, to obtain consent from these other parties in connection with the Merger. If these consents cannot be obtained, we may suffer a loss of potential future revenue, incur costs, and lose rights that may be material to our business. In addition, third parties with whom Forward or Omni currently have relationships may terminate or otherwise reduce the scope of their relationship with either party in anticipation of the Merger. Any such disruptions could limit our ability to achieve the anticipated benefits of the Merger. The adverse effect of any such disruptions could also be exacerbated by a delay in the completion of the Merger or by a termination of the Merger Agreement.

Each of Forward and Omni will incur significant transaction, Merger-related and integration costs in connection with the Merger.

Forward and Omni have incurred and expect to incur a number of non-recurring costs associated with combining the operations of the two companies, as well as transaction fees and other costs related to the Merger. These costs and expenses include fees paid to financial, legal and accounting advisors, severance and other potential employment-related costs, including retention and severance payments that may be made to certain Forward employees and Omni employees, filing fees, printing expenses and other related charges. Some of these costs are payable by Forward or Omni regardless of whether the Merger is completed.

The combined company will also incur integration costs in connection with the Merger. There are a large number of processes, policies, procedures, operations, technologies, facilities and systems that must be integrated in connection with the Merger and the integration of the two companies' businesses. Although Forward and Omni expect that the elimination of duplicative costs, strategic benefits, additional income as well as the realization of other efficiencies related to the integration of the businesses may offset incremental transaction, Merger-related and integration costs over time, any net benefit may not be achieved in the near term or at all. While both Forward and Omni have assumed that certain expenses would be incurred in connection with the Merger and the other transactions contemplated by the Merger Agreement, there are many factors beyond their control that could affect the total amount or the timing of the integration and implementation expenses.

Significant demands will be placed on Forward and Omni as a result of the combination of the two companies.

As a result of the combination of Forward and Omni, significant demands will be placed on the managerial, operational and financial personnel and systems of Forward and Omni. We cannot assure you that Forward and Omni's respective systems, procedures and controls will be adequate to support the expansion of operations following and resulting from the combination of the two companies. The future operating results of the combined company will be affected by the ability of its officers and key employees to manage changing business conditions and to controls and reporting systems in response to the Merger.

Following the announcement of the Merger, the price of Forward's common stock decreased significantly. Continued downward pressure on Forward's stock price may increase the risk of shareholder litigation and shareholder activism, which could result in substantial costs and delays in the consummation of the Merger and may make future financings more costly or difficult.

Following the announcement of the Merger, the market price of Forward's common stock decreased substantially. As a consequence of this decrease, investors may, under the fear of suffering greater losses, be more inclined to sell their shares of Forward's common stock more quickly and at greater discounts than otherwise would be the case in the absence of a sudden and significant decline in the stock price. Plaintiffs have, in the past, initiated securities class action litigation against a company following periods of volatility in the market price of its securities. We may in the future be the target of such litigation. Securities and derivative litigation could result in substantial costs and liabilities and could divert management's attention and resources. Even if the lawsuits are without merit, defending against these claims can result in substantial costs and divert management time and resources. Additionally, if a plaintiff is successful in obtaining an injunction it may delay or prevent the Merger from being completed.

In addition, the recent volatility in Forward's common stock has increased the risk of shareholder activism. For example, ClearBridge Investments, LLC publicly released a letter sent to Forward's Chairman, CEO and Lead Independent Director on August 18, 2023 with the purpose of urging Forward's Board of Directors to reconsider the Merger. Such shareholder activism, like securities litigation, could result in substantial costs and could divert management's attention and resources. In addition, continued downward pressure on the market price of Forward's common stock can impact our ability to raise additional funds or financing on favorable terms or at all.

After the Merger, we may fail to realize the projected benefits and cost savings of the combination.

Forward and Omni have operated and, until the completion of the Merger, will continue to operate independently. The success of Forward's combination with Omni will depend, in part, on Forward's ability to realize the anticipated benefits and synergies from reorganizing the Forward corporate structure and combining the businesses of Forward and Omni following the Merger, including cost and revenue synergies. The anticipated benefits and synergies of Forward's combination with Omni may not be realized fully or at all, may take longer to realize than expected or could have other adverse effects that we do not currently foresee. Some of the assumptions that we have made, such as the tax outcomes of the contemplated pre-closing reorganization and the achievement of operating synergies, may not be realized. It is possible that the integration process could result in the loss of key Forward or Omni employees, the loss of customers, the disruption of either company's or both companies' ongoing businesses, inconsistencies in standards, controls, procedures and policies, unexpected integration issues, higher than expected integration costs and an overall post-completion integration process that takes longer than originally anticipated. There could be potential unknown liabilities and unforeseen expenses associated with the Merger that were not discovered in the course of performing due diligence or that arise from the contemplated pre-closing reorganization or the combination of the businesses of Forward and Omni post-consummation of the Merger. Specifically, the following issues, among others, must be addressed in integrating the operations of Forward and Omni in order to realize the anticipated benefits of the Merger so the combined company performs as expected and realizes its anticipated cost and revenue synergy opportunities:

- combining the companies' operations and corporate functions;
- combining the businesses of Forward and Omni and meeting the capital requirements of the combined company following the Merger, in a manner that permits the combined company to achieve cost savings and revenue synergies anticipated to result from the Merger, the failure of which would result in the anticipated benefits of the Merger not being realized in the time frame currently anticipated or at all;
- integrating personnel from the two companies;
- integrating the companies' technologies;
- integrating and unifying the offerings and services available to customers;
- identifying and eliminating redundant and underperforming functions and assets;
- harmonizing the companies' operating practices, employee development and compensation programs, internal controls and other policies, procedures and processes;
- maintaining existing agreements with customers, providers and vendors and avoiding delays in entering into new agreements with prospective customers, providers and vendors;
- addressing possible differences in business backgrounds, corporate cultures and management philosophies;
- consolidating the companies' administrative and information technology infrastructure;
- coordinating distribution and marketing efforts;

- managing the movement of certain positions to different locations;
- coordinating geographically dispersed organizations; and
- effecting actions that may be required in connection with obtaining the requisite regulatory approvals.

In addition, at times the attention of certain members of either company's or both companies' management and resources may be focused on completion of the Merger and the integration of the businesses of the two companies and diverted from day-to-day business operations or other opportunities that may have been beneficial to such company, which may disrupt each company's ongoing business and the business of the combined company after the Merger.

The unaudited pro forma financial data herein is preliminary and the combined company's actual financial position and results of operations after the Merger may differ materially from the unaudited pro forma financial data included herein.

The unaudited pro forma consolidated financial statements included in this offering memorandum are presented for illustrative purposes only, contain a variety of adjustments, assumptions and preliminary estimates and are not necessarily indicative of what the combined company's actual financial position or results of operations would have been had the Merger been completed on the dates indicated. In addition, the unaudited pro forma financial information included herein is based in part on a variety of assumptions. These assumptions may not prove to be accurate, and other factors may affect the combined company's results of operations or financial condition following the Merger. Accordingly, the historical information included herein and the unaudited pro forma financial information included herein do not necessarily represent the combined company's results of operations and financial condition had Forward and Omni operated as a combined entity during the periods presented, or of the combined company's results of operations and financial condition after the combination of Forward and Omni. The combined company's potential for future business success and operating profitability must be considered in light of the risks, uncertainties, expenses and difficulties typically encountered by recently combined companies.

In preparing the unaudited pro forma financial information contained herein, we have given effect to, among other items, the consummation of the Merger, the offering of the Notes, the escrow merger and the assumption of the Notes, the entrance into and the borrowings under Forward's new senior secured credit facilities expected to be entered into substantially concurrently with the closing of the Merger and cash on hand (the "Transactions"). The unaudited pro forma financial information may not reflect all of the costs that are expected to be incurred by Forward and Omni in connection with the Transactions.

Prior to the Merger, Omni was a privately-held company and its new obligations of being a part of a public company may require significant resources and management attention.

Upon the closing of the Merger, Omni and its subsidiaries will become subsidiaries of Forward, and will need to comply with the Sarbanes-Oxley Act of 2002, as amended ("Sarbanes-Oxley") and the rules and regulations subsequently implemented by the SEC and other regulatory bodies. As a private company, Omni's internal controls were not designed to be in compliance with Sarbanes-Oxley or any other public company requirements. We will need to ensure that Omni establishes and maintains effective disclosure controls as well as internal controls and procedures for financial reporting, and such compliance efforts may be costly and may divert the attention of management. In the past, Omni identified significant deficiencies in the adequacy of its internal controls. We cannot assure you that, in the future, material weaknesses will not be identified that would cause management to change its current conclusion as to the effectiveness of the combined company's internal controls. If we fail to create and maintain effective internal controls at Omni and its subsidiaries after the Merger, we could report material weaknesses in the future, which would indicate that there is a reasonable possibility that our financial statements do not accurately reflect our financial condition.

We will be required to pay the existing direct and certain indirect equityholders of Omni ("Omni Holders") for certain tax savings we may realize, and we expect that the payments we will be required to make may be substantial.

In connection with the closing of the Merger, Forward, Opco, Omni Holders and certain other parties will enter into a tax receivable agreement, which sets forth the agreement among the parties regarding the sharing of certain tax benefits realized by Forward as a result of the Transactions. Pursuant to the tax receivable agreement, Forward will be generally obligated to pay certain Omni Holders 83.5% of (a) the total tax benefit that Forward realizes as a result of increases in tax basis in Opco's assets resulting from certain actual or deemed distributions and the future exchange of units of Opco for shares of securities of Forward (or cash) pursuant to the Opco's limited liability company agreement, (b) certain pre-existing tax attributes of certain Omni Holders that are corporate entities for tax purposes, (c) the tax benefits that Forward realizes from certain tax allocations that correspond to items of income or gain required to be recognized by certain Omni Holders, and (d) other tax benefits attributable to payments under the tax receivable agreement. Payment obligations under the tax receivable agreement will rank *pari passu* with all unsecured obligations of Forward but senior to any future tax receivable or similar agreement entered into by Forward. These increases in existing tax basis and tax basis adjustments generated over time may reduce the amount of tax that the combined company would otherwise be required to pay in the future, although the IRS may challenge all or part of the validity of that tax basis, and a court could sustain such a challenge. Actual tax benefits realized by the combined company may differ from tax benefits calculated under the tax receivable agreement as a result of the use of certain assumptions therein, including the use of an assumed weighted-average state and local income tax rate to calculate tax benefits.

The payment obligation under the tax receivable agreement is an obligation of Forward and not of Opco. While the amount of existing tax basis, the anticipated tax basis adjustments and the actual amount and utilization of tax attributes, as well as the amount and timing of any payments under the tax receivable agreement, will vary depending upon a number of factors, including the timing of exchanges of Opco units for securities of Forward, the applicable tax rate, the price of the applicable securities of Forward at the time of exchanges, the extent to which such exchanges are taxable and the amount and timing of our income, we expect that the payments that we will be required to make under the tax receivable agreement may be substantial. The payments under the tax receivable agreement are not conditioned on the exchanging holders of Opco units or other Omni Holders continuing to hold ownership interests in us.

Forward may not have discovered undisclosed liabilities of Omni, if any.

In the course of the due diligence review of Omni that Forward conducted prior to the execution of the Merger Agreement, Forward may not have discovered, or may have been unable to quantify, undisclosed liabilities of Omni and its subsidiaries, if any, and Forward will not be indemnified for any of these liabilities. If Omni has undisclosed liabilities, Forward, as a successor owner, will be responsible for such undisclosed liabilities. Such undisclosed liabilities could have an adverse effect on the business, results of operations, financial condition and cash flows of Forward after the closing of the Merger.

The following supplemental disclosures were included in the Offering Memorandum

The Offering Memorandum included unaudited pro forma condensed combined financial information giving effect to the Company's pending acquisition of Omni, the related proposed Notes offering and the refinancing of certain debt the Company and Omni as of June 30, 2023 and December 31, 2022, for the twelve months ended June 30, 2023, for the six month periods ended June 30, 2023 and 2022 and for the year ended December 31, 2022 and the related notes thereto (the "unaudited pro forma condensed consolidated financial information"). The unaudited pro forma condensed consolidated financial information is provided for informational purposes only. Such unaudited pro forma condensed consolidated financial information is not necessarily, and should not be assumed to be, an indication of the results that would have been achieved had the transactions contemplated thereby been completed as of the dates indicated or that may be achieved in the future and should not be taken as representative of future consolidated results of operations or financial condition of Forward. Furthermore, no effect has been given in the unaudited pro forma condensed combined statement of operations to synergies and potential cost savings, if any, that may be realized through the combination of the two companies or the costs that may be incurred in integrating their operations. This unaudited pro forma condensed consolidated financial informationis included in Exhibit 99.2 attached to this Form 8-K and incorporated herein by reference.

The Offering Memorandum included the audited consolidated annual financial statements of Omni as of December 31, 2022 and 2021 and for the years then ended and the related reports of the independent auditors of Omni for the applicable period and the related notes thereto. This information is included in Exhibit 99.3 attached to this Form 8-K and incorporated herein by reference.

The Offering Memorandum included the unaudited condensed consolidated interim financial statements of Omni as of June 30, 2023 and for the six month periods ended June 30, 2023 and 2022, and the related notes thereto. This information is included in Exhibit 99.4 attached to this Form 8-K and incorporated herein by reference.

The Offering Memorandum included a discussion of Omni's customer base, which includes Nvidia, Logitech, Abbott, Thermo Fisher Scientific, Comcast, Electrolux, Nike, Costco, Daimler, Toyota, Continental Automotive, and Hitachi. The average tenure of Omni's top 50 customers is approximately 11 years, and it has achieved a 92% net revenue retention rate from fiscal year 2021 to fiscal year 2022. Additionally, more than 68% of Omni's top 100 customers used two or more of Omni's core service offerings during the LTM period ended June 30, 2023.

The Offering Memorandum included the following additional statements regarding Omni's historical performance.

- For the twelve month period ended June 30, 2023, Omni had capital expenditures of less than 2% of adjusted revenue.
- For the twelve month period ended June 30, 2023, Omni delivered an unlevered free cash flow conversion of approximately 86% for such period.
- For the year ended December 31, 2022, Omni generated 58%, 38% and 4% of its revenue from North America, Asia and the rest of the world, respectively.

The Offering Memorandum included the following additional statements regarding the combined company's financial data.

- For the year ended December 31, 2022, on a combined company basis, combined adjusted revenue was generated 7% from each of fulfillment services feeding North America-bound freight and final mile services, 11% from intermodal, 12% from truckload brokerage, 19% from North America inbound freight and 44% from less-than-truckload services.
- For the LTM period ended June 30, 2023, combined capital expenditures were less than 2% of pro forma adjusted revenue, which would result in a combined unlevered free cash flow of approximately $480 million, or nearly double Forward's standalone unlevered free cash flow, and an unlevered free cash flow conversion of approximately 88% without taking into account any incremental revenue-based EBITDA synergy opportunities.
- The preliminary offering memorandum presented pro forma operating revenue, pro forma adjusted revenue, pro forma net income (loss), pro forma EBITDA, pro forma adjusted EBITDA, pro forma further adjusted EBITDA, pro forma adjusted EBITDA margin and pro forma further adjusted EBITDA margin for the LTM period ended June 30, 2023. Pro forma adjusted revenue, pro forma EBITDA, pro forma adjusted EBITDA, pro forma further adjusted EBITDA, pro forma adjusted EBITDA margin and pro forma further adjusted EBITDA margin are financial measures that are derived on the basis of methodologies other than in accordance with generally accepted accounting principles in the United States ("GAAP"). Pro forma adjusted revenue is defined as pro forma operating revenue adjusted for Omni's historical pre-acquisition revenue and adjustments and other normalization and pro forma revenue adjustments. Pro forma EBITDA is defined as pro forma earnings before interest, taxes, depreciation and amortization. Pro forma adjusted EBITDA is defined as pro forma EBITDA adjusted for Forward's share based compensation expenses, due diligence and integration costs and reduction in workforce expenses and Omni's historical pre-acquisition earnings and adjustments, fair value adjustment of contingent consideration, transaction expenses and integration costs and other normalization and pro forma EBITDA adjustments. Pro forma further adjusted EBITDA is defined as pro forma adjusted EBITDA plus the realization of run-rate cost synergy opportunities. Pro forma adjusted EBITDA margin is defined as pro forma adjusted EBITDA divided by pro forma adjusted revenue. Pro forma adjusted EBITDA margin is defined as pro forma further adjusted EBITDA divided by pro forma adjusted revenue. All non-GAAP financial measures are presented on a continuing operations basis. Non-GAAP financial measures should be viewed in addition to, and not as an alternative for, Forward's and Omni's historical financial results or the combined company's pro forma results prepared in accordance with GAAP. Non-GAAP financial information does not represent a comprehensive basis of accounting. These non-GAAP measures are reconciled to their most comparable GAAP measures in the table below.

(unaudited and $ thousands)	Pro forma year ended December 31, 2022	Pro forma six months ended June 30, 2022	Pro forma six months ended June 30, 2023	Pro forma LTM ended June 30, 2023
Operating revenue	$ 3,807,821	$ 1,892,953	$ 1,494,112	$ 3,408,980
Omni pre-acquisition revenue and adjustments[(a)]	139,311	115,276	-	24,035
Omni other normalization revenue adjustments[(b)]	508	(5,184)	(1,533)	4,159
Omni pro forma revenue adjustments[(c)]	(7,292)	(1,759)	-	(5,533)
Pro forma adjusted revenue	$ 3,940,348	$ 2,001,286	$ 1,492,579	$ 3,431,640
Net income (loss)	$ 38,099	$ (24,166)	$ (51,561)	$ 10,704
Interest expense	168,386	83,770	82,447	167,063
Depreciation and amortization	181,362	88,815	96,789	189,335
Income tax expense (benefit)	8,566	(5,190)	(12,940)	816
Pro forma EBITDA	$ 396,413	$ 143,229	$ 114,735	$ 367,919
Share-based compensation[(d)]	11,376	6,067	6,309	11,618
Pre-acquisition earnings and adjustments [(e)]	24,195	18,397	-	5,798
Fair value of contingent consideration[(f)]	(17,814)	7,299	12,320	(12,793)
Transaction expenses and integration costs[(g)]	130,647	108,626	17,721	39,742
Other normalization EBITDA adjustments[(h)]	7,313	(5,234)	10,005	22,552
Other pro forma EBITDA adjustments[(i)]	36,641	20,264	16,057	32,434
Pro forma adjusted EBITDA	$ 588,771	$ 298,648	$ 177,147	$ 467,269
Pro forma adjusted EBITDA margin	15%	15%	12%	14%
Annual run-rate cost synergies[(j)]				75,000
Pro forma further adjusted EBITDA				$ 542,270
Pro forma further adjusted EBITDA margin				16%

(a) Omni pre-acquisition revenue and adjustments represent revenue of certain entities acquired by Omni during the applicable period, inclusive of due diligence adjustments, attributable to the portion of such period occurring prior to the consummation of their respective acquisition.

(b) Omni other normalization revenue adjustments represent items considered non-operational, non-recurring, or non-cash in nature.

(c) Omni pro forma revenue adjustments represent the pro-forma impact of strategic initiatives and updated customer pricing as if each of the foregoing was implemented as of the first day of the applicable period.

(d) Share based compensation relates to Forward's non-cash stock compensation expenses.

(e) Pre-acquisition earnings and adjustments represent the earnings of certain entities acquired by Omni during the applicable period, inclusive of due diligence adjustments, attributable to the portion of such period occurring prior to the consummation of their respective acquisition.

(f) Fair value adjustment of contingent consideration represents the removal of fair value adjustments for performance based earn-out payments for certain entities acquired by Omni.

(g) Transaction expenses and integration costs represent advisor fees, due diligence costs and other expenses related to acquisitions, as well as integration-related expenses of certain businesses acquired by Omni and Forward, including fees, costs and expenses incurred in connection with the Merger.

(h) Other normalization EBITDA adjustments represent items considered non-operational or non-recurring such as non-recurring bad debt expenses, sponsor and board fees, foreign exchange rate gains and losses, and other non-recurring and non-cash expenses.

(i) Other pro forma EBITDA adjustments represent the pro forma impact of strategic initiatives, updated customer pricing, and profitability initiatives including facilities consolidations and a reduction-in-force in 2022 and 2023, as if each of the foregoing was implemented as of the first day of the applicable period.

(j) Annual run-rate cost synergies represent cost synergies, of which up to $60 million we expect to realize within the first six months following the consummation of the Merger, with the remaining run-rate cost savings expected to be realized by the end of 2025. There can be no assurances that the estimated synergies will be realized within the expected timeline or at all.

__Non-GAAP Measures__

To supplement the financial measures prepared in accordance with GAAP, we have included in this Form 8-K certain financial measures not prepared in accordance with GAAP ("non-GAAP measures"), including adjusted revenue, net revenue, unlevered free cash flow, unlevered free cash flow conversion, combined unlevered free cash flow, pro forma EBITDA, pro forma adjusted EBITDA, pro forma further adjusted EBITDA, pro forma adjusted EBITDA margin and pro forma further adjusted EBITDA margin. Adjusted revenue is defined as operating revenue adjusted to account for acquisitions by Omni during the applicable period. Unlevered free cash flow is defined as adjusted EBITDA less capital expenditures. Combined unlevered free cash flow is defined as pro forma adjusted EBITDA less combined capital expenditures of Forward and Omni. Unlevered free cash flow conversion is defined as (i) adjusted EBITDA less capital expenditures divided by (ii) adjusted EBITDA. Because these non-GAAP measures exclude certain items as described in this Form 8-K, they may not be indicative of the results that Forward expects to recognize for future periods. Further, other companies may define and present these measures differently from how we have defined and presented these measure in this current report on Form 8-K. As a result, these non-GAAP measures should be considered in addition to, and not a substitute for, financial information prepared in accordance with GAAP. We have included in this Form 8-K reconciliations of certain of these non-GAAP measures against their nearest financial measure prepared in accordance with GAAP where appropriate.

Cautionary Note on Forward-Looking Statements

This Form 8-K includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, which are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, as amended. These statements may reflect Forward's expectations, beliefs, hopes, intentions or strategies regarding, among other things, the potential transaction between Forward and Omni, the expected timetable for completing the potential transaction, the benefits and expected cost and revenue synergies of the potential transaction (including the timing for realizing any such synergies and the conversion of revenue synergies to adjusted EBITDA) and future opportunities for the combined company, as well as other statements that are other than historical fact, including, without limitation, statements concerning future financial performance, future debt and financing levels (including the achievement of targeted deleveraging within the expected time frames or at all), investment objectives, implications of litigation and regulatory investigations and other management plans for future operations and performance. Words such as "anticipate(s)", "expect(s)", "intend(s)", "plan(s)", "target(s)", "project(s)", "believe(s)", "will", "aim", "would", "seek(s)", "estimate(s)" and similar expressions are intended to identify such forward-looking statements.

Forward-looking statements are based on management's current expectations, projections, estimates, assumptions and beliefs and are subject to a number of known and unknown risks, uncertainties and other factors that could lead to actual results materially different from those described in the forward-looking statements. Forward can give no assurance that its expectations will be attained. Forward's actual results, liquidity and financial condition may differ from the anticipated results, liquidity and financial condition indicated in these forward-looking statements. We caution readers that any such statements are based on currently available operational, financial and competitive information, and they should not place undue reliance on these forward-looking statements, which reflect management's opinion only as of the date on which they were made. These forward-looking statements are not a guarantee of future performance and involve risks and uncertainties, and there are certain important factors that could cause Forward's actual results to differ, possibly materially, from expectations or estimates reflected in such forward-looking statements, including, but without limitation:

- the parties' ability to consummate the potential transaction and to meet expectations regarding the timing and completion thereof;

- the satisfaction or waiver of the conditions to the completion of the potential transaction, including the receipt of all required regulatory approvals or clearances in a timely manner and on terms acceptable to Forward;
- the risk that the parties may be unable to achieve the expected strategic, financial and other benefits of the potential transaction, including the realization of expected revenue and cost synergies, the conversion of revenue synergies to adjusted EBITDA and the achievement of deleveraging targets, within the expected time-frames or at all;
- the risk that the committed financing necessary for the consummation of the potential transaction is unavailable at the closing, and that any replacement financing may not be available on similar terms, or at all;
- the risk that the businesses will not be integrated successfully or that integration may be more difficult, time-consuming or costly than expected;
- the risk that operating costs, customer loss and business disruption (including, without limitation, difficulties in maintaining relationships with employees, customers, clients or suppliers) may be greater than expected following the potential transaction;
- the risk that, if Forward does not obtain the necessary shareholder approval for the conversion of the perpetual non-voting convertible preferred stock, Forward will be required to pay an annual dividend on such outstanding preferred stock;
- the risks associated with being a holding company with the only material assets after completion of the potential transaction being the interest in the combined business and, accordingly, dependency upon distributions from the combined business to pay taxes and other expenses;
- the requirement for Forward to pay to certain shareholders of Omni certain tax benefits that it may claim in the future, and the expected materiality of these amounts;
- risks associated with organizational structure, including payment obligations under the tax receivable agreement, which may be significant, and any accelerations or significant increases thereto;
- the inability to realize all or a portion of the tax benefits that are currently expected to result from the acquisition of certain corporate owners of Omni, certain pre-existing tax attributes of Omni owners and tax attributes that may arise on the distribution of cash to other Omni owners in connection with the potential transaction, as well as the future exchanges of units of Forward’s operating subsidiary and payments made under the tax receivables agreement;
- increases in interest rates;
- changes in Forward’s credit ratings and outlook;
- risks relating to the indebtedness Forward expects to incur in connection with the potential transaction and the need to generate sufficient cash flows to service and repay such debt;
- the ability to generate the significant amount of cash needed to service the indebtedness;
- the limitations and restrictions in surviving agreements governing indebtedness;

- risks associated with the need to obtain additional financing which may not be available on favorable terms or at all; and

- general economic and market conditions.

These and other risks and uncertainties are more fully discussed in the risk factors identified in “Item 1A. Risk Factors” in Part I of Forward’s most recently filed Annual Report on Form 10-K (as supplemented hereby), and as may be identified in Forward’s Quarterly Reports on Form 10-Q and current reports on Form 8-K. Except to the extent required by law, Forward expressly disclaims any obligation to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in Forward’s expectations with regard thereto or change in events, conditions or circumstances on which any statement is based.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

Exhibit Number	Description
99.1	Press release of Forward Air Corporation, dated as of September 20, 2023
99.2	Unaudited Pro Forma Condensed Combined Financial Information, together with the notes thereto, from the Offering Memorandum dated September 20, 2023
99.3	Audited financial statements of Omni as of December 31, 2022 and 2021 and for the years then ended and the related notes thereto, from the Offering Memorandum dated September 20, 2023
99.4	Unaudited financial statements of Omni as of June 30, 2023 and the related notes thereto, from the Offering Memorandum dated September 20, 2023
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

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.

FORWARD AIR CORPORATION
(registrant)

Date: September 20, 2023

By: /s/ Thomas Schmitt
Name: Thomas Schmitt
Title: President and Chief Executive Officer

Exhibit 99.1

Forward Air Corporation Announces Private Offering of $925 Million of Senior Secured Notes

GREENEVILLE, TENN., September 20, 2023 – Forward Air Corporation (NASDAQ: FWRD) ("Forward," "we," "our," or "us") today announced that GN Bondco, LLC (the "Escrow Issuer"), a Delaware limited liability company and wholly owned subsidiary of Omni Newco, LLC ("Omni"), has commenced a private offering of $925 million of senior secured notes due 2031 (the "Notes"), subject to market and customary conditions.

Forward intends to use the net proceeds of the offering of the Notes, together with the net proceeds from the initial borrowings under the New Senior Secured Credit Facilities (as defined below) and cash on hand, (a) to pay the cash consideration and any other amounts payable by it in connection with its previously announced combination with Omni (the "Merger"), (b) to repay certain existing indebtedness of Forward and Omni and (c) to pay the fees, premiums, expenses and other transaction costs incurred in connection with the Merger and the other transactions contemplated by the definitive documentation entered into with respect to the Merger.

Unless the consummation of the offering of the Notes occurs substantially concurrently with the consummation of the Merger, the gross proceeds of the offering of the Notes, together with certain additional amounts, will be deposited into an escrow account for the Notes pending the consummation of the Merger, and the Notes will initially be the senior secured obligations of the Escrow Issuer, secured only by the amounts deposited in the applicable escrow account. Upon consummation of the Merger, the Escrow Issuer will merge with and into Clue Opco LLC, a newly formed Delaware limited liability company and wholly owned subsidiary of Forward ("Opco"), with Opco continuing as the surviving entity and assuming all of the Escrow Issuer's obligations under the Notes. In addition, following consummation of the Merger, the Notes will be guaranteed, jointly and severally, fully and unconditionally, on a senior secured basis, by (i) Forward and (ii) each of Opco's existing and future domestic subsidiaries that guarantee Forward's new senior secured credit facilities expected to be entered into upon consummation of the Merger (the "New Senior Secured Credit Facilities"). Following consummation of the Merger, the Notes and related guarantees will be secured, subject to permitted liens and certain other exceptions, by first priority liens on the same collateral that will secure the New Senior Secured Credit Facilities.

The Notes and the related guarantees have not been, and will not be, registered under the Securities Act of 1933, as amended (the "Securities Act"), or any applicable state or foreign securities laws, and will be offered only to persons reasonably believed to be qualified institutional buyers in reliance on Rule 144A, and to non-U.S. persons outside the United States in compliance with Regulation S under the Securities Act. Unless so registered, the Notes and the related guarantees may not be offered or sold in the United States except pursuant to an exemption from the registration requirements of the Securities Act and applicable state securities laws. This press release will not constitute an offer to sell or a solicitation of an offer to buy any notes or any other securities. The offering is not being made to any person in any jurisdiction in which the offer, solicitation or sale is unlawful.

About Forward Air Corporation

Forward is a leading asset-light provider of transportation services across the United States, Canada and Mexico. We provide expedited less-than-truckload ("LTL") services, including local pick-up and delivery, shipment consolidation/deconsolidation, warehousing, and customs brokerage by utilizing a comprehensive national network of terminals. In addition, we offer final mile services, including delivery of heavy-bulky freight, truckload brokerage services, including dedicated fleet services; and intermodal, first-and last-mile, high-value drayage services, both to and from seaports and railheads, dedicated contract and Container Freight Station warehouse and handling services. We are more than a transportation company. Forward is a single resource for your shipping needs.

Cautionary Note on Forward-Looking Statements

This press release includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, which are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, as amended. These statements may reflect Forward's expectations, beliefs, hopes, intentions or strategies regarding, among other things, the potential transaction between Forward and Omni, the expected timetable for completing the potential transaction, the benefits and expected cost and revenue synergies of the potential transaction (including the timing for realizing any such synergies and the conversion of revenue synergies to adjusted EBITDA) and future opportunities for the combined company, as well as other statements that are other than historical fact, including, without limitation, statements concerning future financial performance, future debt and financing levels (including the achievement of targeted deleveraging within the expected time frames or at all), investment objectives, implications of litigation and regulatory investigations and other management plans for future operations and performance. Words such as "anticipate(s)", "expect(s)", "intend(s)", "plan(s)", "target(s)", "project(s)", "believe(s)", "will", "aim", "would", "seek(s)", "estimate(s)" and similar expressions are intended to identify such forward-looking statements.

Forward-looking statements are based on management's current expectations, projections, estimates, assumptions and beliefs and are subject to a number of known and unknown risks, uncertainties and other factors that could lead to actual results materially different from those described in the forward-looking statements. Forward can give no assurance that its expectations will be attained. Forward's actual results, liquidity and financial condition may differ from the anticipated results, liquidity and financial condition indicated in these forward-looking statements. We caution readers that any such statements are based on currently available operational, financial and competitive information, and they should not place undue reliance on these forward-looking statements, which reflect management's opinion only as of the date on which they were made. These forward-looking statements are not a guarantee of future performance and involve risks and uncertainties, and there are certain important factors that could cause Forward's actual results to differ, possibly materially, from expectations or estimates reflected in such forward-looking statements, including, but without limitation:

- the parties' ability to consummate the potential transaction and to meet expectations regarding the timing and completion thereof;
- the satisfaction or waiver of the conditions to the completion of the potential transaction, including the receipt of all required regulatory approvals or clearances in a timely manner and on terms acceptable to Forward;
- the risk that the parties may be unable to achieve the expected strategic, financial and other benefits of the potential transaction, including the realization of expected revenue and cost synergies, the conversion of revenue synergies to adjusted EBITDA and the achievement of deleveraging targets, within the expected time-frames or at all;
- the risk that the committed financing necessary for the consummation of the potential transaction is unavailable at the closing, and that any replacement financing may not be available on similar terms, or at all;
- the risk that the businesses will not be integrated successfully or that integration may be more difficult, time-consuming or costly than expected;
- the risk that operating costs, customer loss and business disruption (including, without limitation, difficulties in maintaining relationships with employees, customers, clients or suppliers) may be greater than expected following the potential transaction;
- the risk that, if Forward does not obtain the necessary shareholder approval for the conversion of the perpetual non-voting convertible preferred stock, Forward will be required to pay an annual dividend on such outstanding preferred stock;
- the risks associated with being a holding company with the only material assets after completion of the potential transaction being the interest in the combined business and, accordingly, dependency upon distributions from the combined business to pay taxes and other expenses;

- the requirement for Forward to pay certain tax benefits that it may claim in the future, and the expected materiality of these amounts;
- risks associated with organizational structure, including payment obligations under the tax receivable agreement, which may be significant, and any accelerations or significant increases thereto;
- the inability to realize all or a portion of the tax benefits that are currently expected to result from the acquisition of certain corporate owners of Omni, certain pre-existing tax attributes of Omni owners and tax attributes that may arise on the distribution of cash to other Omni owners in connection with the potential transaction, as well as the future exchanges of units of Forward's operating subsidiary and payments made under a tax receivables agreement;
- increases in interest rates;
- changes in Forward's credit ratings and outlook;
- risks relating to the indebtedness Forward expects to incur in connection with the potential transaction and the need to generate sufficient cash flows to service and repay such debt;
- the ability to generate the significant amount of cash needed to service the indebtedness;
- the limitations and restrictions in surviving agreements governing indebtedness;
- risks associated with the need to obtain additional financing which may not be available or, if it is available, may result in a reduction in the ownership of current Forward shareholders; and
- general economic and market conditions.

These and other risks and uncertainties are more fully discussed in the risk factors identified in "Item 1A. Risk Factors" in Part I of Forward's most recently filed Annual Report on Form 10-K, and as may be identified in Forward's Quarterly Reports on Form 10-Q and current reports on Form 8-K. Except to the extent required by law, Forward expressly disclaims any obligation to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in Forward's expectations with regard thereto or change in events, conditions or circumstances on which any statement is based.

Contact:
Forward Investor Relations
Attn: Brandon Hammer, 423-636-7173
bhammer@forwardair.com

UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

The following unaudited pro forma condensed combined financial information is based on and derived from the separate historical financial statements of Forward and Omni which are included elsewhere in this offering memorandum, after giving effect to the Merger and the other Transactions, including the assumed Pre-Closing Up-C Reorganization, and the assumptions and preliminary pro forma adjustments described in the accompanying notes to the unaudited pro forma condensed combined financial statements. The unaudited pro forma condensed combined balance sheet has been prepared to give effect to the Transactions as if they had occurred on June 30, 2023. The unaudited pro forma condensed combined statements of operations have been prepared to give effect to the Transactions as if they had occurred on January 1, 2022. All amounts presented within this section are presented in thousands, except per share amounts, unless otherwise noted. As a result of displaying amounts in thousands, rounding differences may exist in the tables in this section.

The unaudited pro forma condensed combined financial information was prepared using the acquisition method of accounting based on the guidance in Accounting Standards Codification Topic 805, Business Combinations, under GAAP, with Forward as the acquirer of Omni. Accordingly, consideration given by Forward to complete the Merger will be allocated to the assets and liabilities of Omni based upon their estimated fair values as of the date of completion of the Merger. Any excess of the consideration over the fair value of assets acquired and liabilities assumed is allocated to goodwill. As of the date of this offering memorandum, Forward has not completed the detailed valuation studies necessary to arrive at the required estimates of the fair value of all purchase consideration or the Omni assets to be acquired and the liabilities to be assumed and the related allocations of purchase price, nor has it completed all analyses of the accounting conclusions under GAAP related to certain consideration or identified all adjustments necessary to conform Omni's accounting policies to Forward's accounting policies. For example, the pro forma financial information is prepared on the basis that all issued equity is permanent equity and that all transaction costs incurred by Forward and Omni are on behalf of Forward and therefore included as Forward costs. A final determination of the fair value of Omni's assets and liabilities will be based on the actual net tangible and intangible assets and liabilities of Omni that exist as of the date of completion of the Merger and, therefore, cannot be made prior to the completion of the Merger. Accordingly, the unaudited pro forma purchase price adjustments are preliminary and are subject to further adjustments as additional information becomes available and as additional analyses are performed, and such further adjustments from purchase price or conforming accounting adjustments may be material. The preliminary unaudited pro forma purchase price adjustments have been made solely for the purpose of providing the unaudited pro forma condensed combined financial information presented below. Forward estimated the fair value of Omni's assets and liabilities based on discussions with Omni's management, preliminary valuation studies, due diligence and information presented in Omni's financial statements.

The unaudited pro forma condensed combined financial information is provided for informational purposes only. The unaudited pro forma condensed combined financial information is not necessarily, and should not be assumed to be, an indication of the results that would have been achieved had the Transactions been completed as of the dates indicated or that may be achieved in the future and should not be taken as representative of future combined results of operations or financial condition of Forward. Furthermore, no effect has been given in the unaudited pro forma condensed combined statement of operations to synergies and potential cost savings, if any, that may be realized through the combination of the two companies or the costs that may be incurred to achieve those synergies or to integrate the operations of the two companies.

The unaudited pro forma condensed combined financial information should be read in conjunction with "Risk Factors," "Summary Historical Consolidated Financial Data of Forward," "Summary Historical Combined Financial Data of Omni" and Forward's and Omni's historical consolidated financial statements and related notes included elsewhere in this offering memorandum.

UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEET
AS OF JUNE 30, 2023

($ in thousands)

	Historical		Pro Forma Adjustments				
	Forward	Omni	Acquisition Accounting Adjustments		Financing Adjustments		Pro Forma Combined
Assets							
Current assets:							
Cash and cash equivalents	$ 18,281	$ 86,330	$ (150,000)	2a.	$ 162,091	3a.	$ 116,702
Accounts receivable, net	175,968	192,924	(2,942)	2f.			365,950
Other current assets	21,538	33,359					54,897
Total current assets	215,787	312,613	(152,942)		162,091		537,549
Property and equipment, net of accumulated depreciation and amortization	260,663	77,121					337,784
Operating lease right-of-use assets	144,847	200,249	(36,541)	2b.			308,555
Goodwill	356,763	529,727	741,294	2c.			1,627,784
Other acquired intangibles, net of accumulated amortization	151,218	769,450	575,454	2c.			1,496,122
Other assets	55,295	13,401					68,696
Total assets	$ 1,184,573	$ 1,902,561	$ 1,127,265		$ 162,091		$ 4,376,490
Liabilities							
Current liabilities:							
Accounts payable	$ 37,085	$ 31,068	$ (2,942)	2f.			$ 65,211
Accrued expenses	53,265	68,403	93,829	2e.	(74,750)	3a.	140,747
Other current liabilities	12,112	705					12,817
Current portion of debt and finance lease obligations	13,963	16,837	(363)	2b.	(14,727)	3b.	15,710
Current portion of operating lease liabilities	52,801	39,968	(10,827)	2b.			81,942
Current portion of contingent consideration	-	65,621					65,621
Total current liabilities	169,226	222,602	79,697		(89,477)		382,048
Finance lease obligations, less current portion	23,461	9,613	(736)	2b.			32,338
Long term debt, less current portion and debt issuance costs	119,766	1,397,060	(25,997)		251,927	3b.	1,794,750
Operating lease liabilities, less current portion	96,799	184,566	(49,999)	2b.			231,366
Contingent consideration liability, less current portion	-	1,284	12,670	2a.			13,954
Other long-term liabilities	48,437	2,860					51,297
Deferred income taxes	53,275	25,540	125,361	2g.			204,176
Shareholders' equity							
Preferred Stock, $0.01 par value	-	-					-
Class B Convertible Preferred Stock, $10.00 par value	-	-	44	2b.			44
Class C Contingently Convertible Preferred Stock, $10.00 par value	-	-	16	2b.			16
Common stock, $0.01 par value	258	-	8	2b.			266
Additional paid-in capital	277,593	-	518,281	2b.			795,874
Members' equity	-	153,272	(153,272)	2b.			-
Accumulated other comprehensive loss	-	(4,783)	4,783	2b.			-
Retained earnings	395,758	(89,453)	(4,376)	2b.	(359)	3b.	301,570
Total shareholders' equity attributable to Forward Air Corporation	673,609	59,036	365,484		(359)		1,071,773
Noncontrolling interest			594,788	2d.			594,788
Total shareholders' equity	673,609	59,036	960,272		(359)		1,666,561
Total liabilities and shareholders' equity	$ 1,184,573	$ 1,902,561	$ 1,127,265		$ 162,091		$ 4,376,490

See accompanying notes to the Unaudited Pro Forma Condensed Combined Financial Statements.

UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS

FOR THE SIX MONTHS ENDED JUNE 30, 2023

(*Amounts in thousands, except per share data*)

	Historical		Pro Forma Adjustments				
	Forward	Omni	Acquisition Accounting Adjustments		Financing Adjustments		Pro Forma Combined
Operating revenues	$ 829,248	$ 682,442	$ (17,578)	2f.			$ 1,494,112
Operating expenses:							
Purchased transportation	366,860	409,572	(17,578)	2f.			758,854
Salaries, wages and employee benefits	166,206	145,510					311,716
Operating leases	53,432	50,850					104,282
Depreciation and amortization	28,148	30,016	38,625	2c.			96,789
Insurance and claims	27,142	-					27,142
Fuel expense	11,058	-					11,058
Change in fair value of contingent consideration	-	12,320					12,320
Other operating expenses	95,682	57,690					153,372
Total operating expenses	748,528	705,958	21,047				1,475,533
Income (loss) from operations	80,720	(23,516)	(38,625)				18,579
Other expense:							
Interest expense, net	(4,940)	(79,345)			1,838	3c.	(82,447)
Other income	-	607					607
Foreign exchange gain (loss)	-	(1,240)					(1,240)
Total other expense	(4,940)	(79,978)			1,838		(83,080)
Income (loss) before income taxes	75,780	(103,494)	(38,625)		1,838		(64,501)
Income tax expense (benefit)	19,461	(674)	(32,096)	2g.	369	2g.	(12,940)
Net income (loss) from operations	56,319	(102,820)	(6,529)		1,469		(51,561)
Less: Net income (loss) attributable to noncontrolling interest	-	-	(16,619)	2d.			(16,619)
Net income (loss) attributable to Forward Air Corporation common shareholders	$ 56,319	$ (102,820)	$ 10,090		$ 1,469		$ (34,942)
Net income per share							
Basic	$ 2.14						$ (1.30)
Diluted	$ 2.13						$ (1.30)
Weighted average number of common shares outstanding							
Basic	26,144						26,914
Diluted	26,258						26,914

See accompanying notes to the Unaudited Pro Forma Condensed Combined Financial Statements.

UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS

FOR THE SIX MONTHS ENDED JUNE 30, 2022

(*Amounts in thousands, except per share data*)

	Historical		Pro Forma Adjustments				
	Forward	Omni	Acquisition Accounting Adjustments		Financing Adjustments		Pro Forma Combined
Operating revenues	$ 982.180	$ 927,932	$ (17,159)	2f.			$ 1,892,953
Operating expenses:							
Purchased transportation	464,322	635,136	(17,159)	2f.			1,082,299
Salaries, wages and employee benefits	172,439	125,684					298,123
Operating leases	46,132	31,319					77,451
Depreciation and amortization	22,725	23,313	42,777	2c.			88,815
Insurance and claims	25,164	-					25,164
Fuel expense	14,179	-					14,179
Change in fair value of contingent consideration	-	7,299					7,299
Other operating expenses	104,323	51,375	93,829	2e.			249,527
Total operating expenses	849,284	874,126	119,447				1,842,857
Income (loss) from operations	132,896	53,806	(136,606)				50,096
Other expense:							
Interest expense, net	(1,977)	(35,817)			(45,976)	3c.	(83,770)
Other income	-	715					715
Foreign exchange gain (loss)	-	3,603					3,603
Total other expense	(1,977)	(31,499)			(45,976)		(79,452)
Income (loss) before income taxes	130,919	22,307	(136,606)		(45,976)		(29,356)
Income tax expense (benefit)	32,803	3,301	(33,165)	2g.	(8,129)	2g.	(5,190)
Net income (loss) from operations	98,116	19,006	(103,441)		(37,847)		(24,166)
Less: Net income (loss) attributable to noncontrolling interest	-	-	(7,789)	2d.			(7,789)
Net income (loss) attributable to Forward Air Corporation common shareholders	$ 98,116	$ 19,006	$ (95,652)		$ (37,847)		$ (16,377)
Net income per share							
Basic	$ 3.63						$ (0.59)
Diluted	$ 3.61						$ (0.59)
Weighted average number of common shares outstanding							
Basic	26,911						27,681
Diluted	27,047						27,681

See accompanying notes to the Unaudited Pro Forma Condensed Combined Financial Statements.

UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2022

(*Amounts in thousands, except per share data*)

	Historical		Pro Forma Adjustments				
	Forward	Omni	Acquisition Accounting Adjustments		Financing Adjustments		Pro Forma Combined
Operating revenues	$ 1,973,403	$ 1,872,269	$ (37,851)	2f.			$ 3,807,821
Operating expenses:							
Purchased transportation	906,549	1,242,341	(37,851)	2f.			2,111,039
Salaries, wages and employee benefits	347,970	278,916					626,886
Operating leases	97,094	82,862					179,956
Depreciation and amortization	47,386	53,016	80,960	2c.			181,362
Insurance and claims	49,759	-					49,759
Fuel expense	27,583	-					27,583
Change in fair value of contingent consideration	-	(17,814)					(17,814)
Other operating expenses	231,086	116,239	93,829	2e.			441,154
Total operating expenses	1,707,427	1,755,560	136,938				3,599,925
Income (loss) from operations	265,976	116,709	(174,789)				207,896
Other expense:							
Interest expense, net	(5,138)	(102,208)			(61,040)	3c.	(168,386)
Other income	-	4,517					4,517
Foreign exchange gain (loss)	-	2,638					2,638
Total other expense	(5,138)	(95,053)	-		(61,040)		(161,231)
Income (loss) before income taxes	260,838	21,656	(174,789)		(61,040)		46,665
Income tax expense (benefit)	67,647	5,657	(53,699)	2g.	(11,039)	2g.	8,566
Net income (loss) from operations	193,191	15,999	(121,090)		(50,001)		38,099
Less: Net income (loss) attributable to noncontrolling interest	-	-	12,280	2d.			12,280
Net income (loss) attributable to Forward Air Corporation common shareholders	$ 193,191	$ 15,999	(133,370)		$ (50,001)		$ 25,819
Net income per share							
Basic	$ 7.17						$ 0.93
Diluted	$ 7.14						$ 0.89
Weighted average number of common shares outstanding							
Basic	26,783						27,553
Diluted	26,926						42,533

See accompanying notes to the Unaudited Pro Forma Condensed Combined Financial Statements.

NOTES TO UNAUDITED PRO FORMA CONDENSED COMBINED

FINANCIAL STATEMENTS

1. The Transactions

On August 10, 2023, Forward Air Corporation (“Forward”) entered into an Agreement and Plan of Merger (the “Merger Agreement”) with Clue Opco LLC, a Delaware limited liability company and wholly owned subsidiary of Forward (“Opco”), Clue Opco Merger Sub LLC, a Delaware limited liability company and wholly owned subsidiary of Opco (“Opco Merger Sub”), Omni Newco, LLC (“Omni”) and the other parties thereto. The Merger Agreement provides that Opco Merger Sub will merge with and into Omni with Omni surviving the merger as a wholly owned subsidiary of Opco (the “Merger”). The Merger consideration payable by Forward will consist of a combination of (a) $150,000 in cash (the “Cash Consideration”) and (b) (i) common equity consisting 770 shares of Forward’s outstanding common stock, par value $0.01 per share (“Forward Common Stock”), 4,365 Opco Class B Units and 4,365 Forward Series B Preferred Units (each as defined in this offering memorandum under “*Description of the Merger*”) representing 5,135 shares of Forward Common Stock on an as-converted and as-exchanged basis (the “Common Equity Consideration”) and (ii) non-voting, convertible perpetual preferred equity consideration consisting of 1,592 Forward Series C Preferred Units and 9,023 Opco Series C-2 Preferred Units (each as defined in this offering memorandum under the heading “*Description of the Merger*”) and representing, subject to approval by Forward’s common shareholders in a shareholder vote to be held following the consummation of the Merger, an additional 10,615 shares of Forward Common Stock on an as-converted and as-exchanged basis (the “Convertible Preferred Equity Consideration”). The Forward Series C Preferred Units will also be entitled to receive dividends declared or paid on the Forward Common Stock on an as-converted basis. In addition, the Forward Series C Preferred Units will accrue on each anniversary of issuance a cumulative annual dividend (without any interim accrual) equal to the product of (a) a rate to be fixed at the closing of the Merger (the “Acquisition Closing”) (which will equal the rate per annum equal to a spread of 3.50% above the yield payable on the most junior tranche of debt issued in connection with the Transactions, rounded to the nearest 0.25%) multiplied by (b) the liquidation preference on the Forward Series C Preferred Units (the “Annual Coupon”). The Annual Coupon will be paid, at Forward’s option, in cash or in-kind by automatically increasing the liquidation preference on the Forward Series C Preferred Units in an equal amount.

Substantially concurrently with the consummation of the Merger, Forward will (a) enter into a new senior secured credit agreement providing for (i) a seven-year senior secured term loan B facility in an aggregate principal amount of up to $925,000 (the “New Term Facility”) and (ii) a five-year senior secured revolving credit facility in an aggregate principal amount of $400,000 (the “New Revolving Credit Facility”; and, together with the New Term Facility, the “New Senior Secured Credit Facilities”) and (b) terminate and refinance in full (i) Forward’s existing senior unsecured credit facility, consisting of a $150,000 term loan facility and $300,000 revolving credit facility (the “Existing Forward Credit Facilities”) and (ii) Omni’s senior secured first lien credit facility consisting of a $1,200,000 term loan facility and a $80,000 revolving credit facility (the “Existing Omni First Lien Credit Facilities”) and $245,000 second lien secured subordinated term loan facility (the “Existing Omni Second Lien Credit Facilities”; together with the Existing Omni First Lien Credit Facilities, the “Existing Omni Credit Facilities” and, the Existing Omni Credit Facilities, together with the Existing Forward Credit Facilities, the “Existing Credit Facilities”) using a portion of the net proceeds of the offering of the notes and the initial borrowings under the New Term Facility, together with cash on hand. The transactions in the immediately preceding sentence are referred to herein as the “Refinancings.”

For the purposes of this pro forma financial information, Forward has assumed the use of the proceeds from the issuance of the $925,000 aggregate principal amount of notes offered hereby (assuming that the notes offered hereby are not issued with any original issue discount) and borrowings under the New Term Facility in the aggregate principal amount of $925,000, together with cash on hand, will be used to pay the Cash Consideration, to effect the Refinancings and to pay the fees, premiums, expenses and other transaction costs incurred in connection with the Transactions. For the purposes of this pro forma financial information, Forward has assumed a blended annual effective interest rate on this combined $1,850,000 of debt of 8.50% and undrawn fee in respect of the New Revolving Credit Facility of 0.50% per annum. If the blended annual effective interest rate were to increase (or decrease) by 12.5 basis points relative to the amount assumed in preparation of these pro forma financial statements, annual pro forma interest expense would increase (or decrease) by approximately $2313. To the extent the notes offered hereby and/or borrowings under the New Term Facility are issued with original issue discount, the amount of drawings on the New Revolving Credit Facility and/or the amount of cash on hand utilized to consummate the Transactions will increase by a corresponding amount.

The transactions described in this Note 1 are referred to as the "Transactions."

2. Acquisition Accounting Adjustments

a. Estimated Purchase Price

Estimated Merger purchase price consideration of approximately $2,611,509 consists of $150,000 of cash, the estimated fair value of contingent consideration in respect of the Tax Receivable Agreement (defined below), the estimated fair value of the Common Equity Consideration and the Convertible Preferred Equity Consideration and the extinguishment of the Existing Omni Credit Facilities. The fair value of the Common Equity Consideration and the Convertible Preferred Equity Consideration portions of the purchase price will be measured at the Acquisition Closing at the then current market price per share of Forward's Common Stock. The value of the estimated purchase price consideration will change based on fluctuations in the share price of Forward's Common Stock and that difference may be material. An increase or decrease of 10% in the price of Forward's Common Stock from the share price assumed in the unaudited pro forma condensed combined financial statements would change the value of the preliminary purchase price consideration by approximately $110,000, which would be reflected as a corresponding increase or decrease in goodwill.

In connection with the Acquisition Closing, a Tax Receivable Agreement (the “Tax Receivable Agreement”) will be entered into by Forward, Opco, existing direct and certain indirect equity holders of Omni (“Omni Holders”) and certain other parties, which sets forth the agreement among holders regarding the sharing of certain tax benefits realized by Forward as a result of the Transactions. Under the Tax Receivable Agreement, Forward will be generally obligated to pay certain Omni Holders 83.5% of (a) the total tax benefit that Forward realizes as a result of increases in tax basis in Opco’s assets resulting from certain actual or deemed distributions and the future exchange of units of Opco unit for shares of securities of Forward (or cash) pursuant to the amended and restated limited liability company agreement of Opco to be entered into at the Acquisition Closing (the “Opco LLCA”), (b) certain pre-existing tax attributes of certain Omni Holders that are corporate entities for tax purposes, (c) the tax benefits that Forward realizes from certain tax allocations that correspond to items of income or gain required to be recognized by certain Omni Holders, and (d) other tax benefits attributable to payments under the Tax Receivable Agreement. The estimated purchase price assumes that $24,377 of Opco Class B Units and corresponding Forward Series B Preferred Units will be exchanged by Omni Holders for Forward Common Stock. Therefore, an initial tax receivable contingent liability was established. After the Acquisition Closing, the effect of each exchange of Opco Class B Units and corresponding Forward Series B Preferred Units may result in an adjustment to the deferred tax balances and the tax receivable liability. Forward is not able to anticipate the expected timing of, or quantify the dollar amount of, the payments under the Tax Receivable Agreement. The timing and amount of the payments will depend on a variety of factors, including, but not limited to (1) the amount and timing of future exchanges, and the extent to which these exchanges are taxable, (2) the price per share of Forward Common Stock at the time of an exchange, (3) the amount and timing of future income against which to offset the potential tax benefits resulting from the subsequent exchange and (4) the tax laws in effect.

The following table summarizes the components of the estimated purchase price to be paid and issued to the Omni Holders:

Cash consideration	$	150,000
Contingent consideration[1]	$	12,670
Forward Common Stock issued		770
Forward Series B Preferred Units issued and Opco Class B Units issued		4,365
Forward Series C Preferred Units issued		1,592
Opco Series C-2 Preferred Units issued		9,023
Total shares of Forward Common Stock issued on an as-converted and as-exchanged basis		15,750
Forward's share price[2]	$	69.84
Equity portion of purchase price	$	1,100,010
Extinguishment of Existing Omni Credit Facilities		1,435,159
Less: cash acquired		(86,330)
Total estimated purchase price consideration, net of cash acquired	$	2,611,509

[1] Represents the estimated fair value of the tax receivable liability. Estimated fair value was calculated using the estimated undiscounted cash flow payments payable by Forward under the Tax Receivable Agreement and a discount rate of 9.25%.

[2] Represents the share price of Forward Common Stock as of September 13, 2023. The equity portion of the purchase price consideration will depend on the market price of Forward Common Stock on the date of the Acquisition Closing.

b. Preliminary Purchase Price Allocation

The unaudited pro forma condensed combined balance sheet has been adjusted to reflect the preliminary allocation of the estimated purchase price to identifiable assets acquired and liabilities assumed related to Omni, with the excess recorded as goodwill. The following table summarizes the preliminary allocation of the estimated purchase price:

Accounts receivable	$ 192,924
Other current and noncurrent assets	46,760
Property and equipment [1]	77,121
Operating lease right-of-use assets [1]	163,708
Identifiable intangible assets	1,344,904
Goodwill	1,271,021
Total assets acquired	3,096,438
Accounts payable and accrued expenses	99,471
Other current and noncurrent liabilities	3,565
Finance lease obligations [1]	13,249
Operating lease liabilities [1]	163,708
Contingent consideration [2][3]	79,575
Deferred income taxes	125,361
Total liabilities assumed	484,929
Net assets acquired	$ 2,611,509

(1) Reflects an adjustment to the book value based on preliminary estimates of fair value.
(2) Reflects the estimated fair value of the tax receivable liability. Estimated fair value was calculated using the estimated undiscounted cash flow payments payable by Forward under the Tax Receivable Agreement and a discount rate of 9.25%.
(3) Reflects the contingent consideration in the amount of $66,905 estimated at fair value in Omni's historical financial statements plus the Tax Receivable Agreement.

The preliminary purchase price allocation has been used to prepare the transaction accounting adjustments in the unaudited pro forma condensed combined balance sheet and statements of operations. The final purchase price allocation will be determined when Forward has completed the detailed valuations and necessary calculations. The final amounts allocated to Omni assets and liabilities could differ materially from the preliminary amounts presented in these unaudited pro forma condensed combined financial statements.

The unaudited pro forma condensed combined balance sheet has been adjusted to reflect the preliminary impact on shareholder's equity of the combined entity. The following table summarizes the pro forma adjustments to shareholders equity:

	As of June 30, 2023			
(in thousands)	**Eliminate Historical Omni Equity (1)**	**Record the Combination Consideration**	**Other Equity Adjustments (2)**	**Total Pro Forma Adjustment**
Preferred stock	$ –	$ –	$ –	$ –
Series B Preferred units	–	44	–	44
Series C Preferred units	–	16	–	16
Common stock	–	8	–	8
Additional paid-in capital	–	492,284	–	492,284
Members' equity	(153,272)	–	–	(153,272)
Accumulated other comprehensive loss	4,783	–	–	4,783
(Accumulated deficit) retained earnings	89,453	–	(93,829)	(4,376)
Subtotal–shareholders' (deficit) equity	**$ (59,036)**	**$ 492,352**	**$ (93,829)**	**$ 339,487**

(1) Represents the elimination of historical Omni shareholders' (deficit) equity.
(2) Includes the estimated transaction costs that are not expected to recur beyond twelve months after the Acquisition Closing.

c. Intangible Assets and Amortization Expense

The unaudited pro forma condensed combined financial statements have been adjusted to reflect the estimated fair value of acquired identifiable intangible assets and to adjust amortization expense accordingly. The following table summarizes the pro forma adjustments for intangible assets and amortization expense:

	Preliminary Estimated Fair Value	Estimated Amortization Expense		
		Year ended December 31, 2022	Six months ended June 30, 2023	Six months ended June 30, 2022
Acquired identifiable intangible assets [1]	$ 1,344,904	$ 123,698	$ 61,849	$ 61,849
Goodwill	1,421,021			
Less: Omni's historical identifiable intangible assets	(769,450)	(42,738)	(23,224)	(19,072)
Less: Omni's historical goodwill	(529,727)			
Pro forma adjustment	$ 1,466,748	$ 80,960	$ 38,625	$ 42,777

[1] Adjustment to amortization expense was determined using the straight-line method over an estimated useful life ranging from five to twelve years.

The preliminary estimates of fair value and estimated useful lives will likely differ from the final amount the Company will calculate after completing a detailed valuation analysis. As a result, the financial estimates of fair value and estimated useful lives after completing such analysis may be materially different from the preliminary estimates presented herein.

d. Noncontrolling Interest Adjustment

The noncontrolling interest adjustment to the unaudited pro forma condensed combined financial statements represents the Omni Holders' interest of 32.2% in Opco. Opco will be structured as an umbrella partnership C corporation through which Omni Holders will hold a portion of the purchase price equity consideration in the form of units that are ultimately exchangeable for Forward Common Stock. Opco issued 4,365 Opco Class B Units and 9,023 Opco Series C-2 Preferred Units to Omni Holders in connection with the Transactions.

e. Transaction Cost Adjustment

The transaction cost adjustment to the unaudited pro forma condensed combined financial statements represents Omni's and Forward's estimated acquisition-related costs of $93,829 that are not expected to recur beyond twelve months after the Acquisition Closing. As of June 30, 2023, Forward's and Omni's historical condensed balance sheets reflected a combined accrued expense in the amount of $6,257 for transaction costs.

f. Intercompany Pro Forma Adjustments

The intercompany pro forma adjustments to the unaudited pro forma condensed combined financial statements represent the transactions between Forward and Omni that would be eliminated in combination.

g. Income Tax Adjustments

The income tax adjustments to the unaudited pro forma condensed combined financial statements represent the income tax expense of Forward after the consideration of its interest in Opco. The rate of 18.1% for the year ended December 31, 2022, 20.1% for the six months ended June 30, 2023 and 17.7% for the six months ended June 30, 2022 represents the pro forma combined income tax expense for the pro forma combined entity and differs from the statutory rate primarily as a result of no taxes recorded on the portion of the domestic pre-tax income that is allocated to Opco.

h. Reclassifications

Certain reclassifications have been made to amounts in the Omni historical financial information to conform to the Forward financial statement presentation. The table below summarizes the reclassifications:

Reclassifications in the unaudited pro forma condensed combined balance sheet

As of June 30, 2023

(in thousands)	**Before Reclassification**	**Reclassification**		**After Reclassification**
Accrued expenses and other	$ 69,108	$ (69,108)	(i)	$ -
Accrued expenses	-	68,403	(i)	68,403
Other current liabilities	-	705	(i)	705
Long-term debt, less current portion	1,406,673	(1,406,673)	(ii)	-
Finance lease obligations, less current portion	-	9,613	(ii)	9,613
Long term debt, less current portion and debt issuance costs	-	1,397,060	(ii)	1,397,060

Reclassifications in the unaudited pro forma condensed combined statement of operations

Six Months Ended June 30, 2023

(in thousands)	**Before Reclassification**	**Reclassification**		**After Reclassification**
Selling, general and administrative	$ 251,804	$ (251,804)	(iii)	$ -
Salaries, wages and employee benefits	-	145,510	(iii)	145,510
Operating leases	-	50,850	(iii), (iv)	50,850
Depreciation and amortization	32,262	(2,246)	(iii), (iv)	30,016
Other operating expenses	-	57,690	(iii)	57,690

Reclassifications in the unaudited pro forma condensed combined statement of operations

Six Months Ended June 30, 2022

(in thousands)	**Before Reclassification**	**Reclassification**		**After Reclassification**
Selling, general and administrative	$ 208,378	$ (208,378)	(v)	$ -
Salaries, wages and employee benefits	-	125,684	(v)	125,684
Operating leases	-	31,319	(v)	31,319
Other operating expenses	-	51,375	(v)	51,375

Reclassifications in the unaudited pro forma condensed combined statement of operations

Year Ended December 31, 2022

(in thousands)

	Before Reclassification	Reclassification		After Reclassification
Selling, general and administrative	$ 474,850	$ (474,850)	(vi)	$ -
Salaries, wages and employee benefits	-	278,916	(vi)	278,916
Operating leases	-	82,862	(vi), (vii)	82,862
Depreciation and amortization	56,183	(3,167)	(vi), (vii)	53,016
Other operating expenses	-	116,239	(vi)	116,239

(i) Represents the reclassification of Accrued expenses and other as reflected in Omni's historical balance sheet as of June 30, 2023 to Accrued expenses and Other current liabilities to conform to Forward's historical balance sheet presentation.

(ii) Represents the reclassification of Long-term debt, less current portion as reflected in Omni's historical balance sheet as of June 30, 2023 to Finance lease obligations, less current portion and Long term debt, less current portion and debt issuance costs to conform to Forward's historical balance sheet presentation.

(iii) Represents the reclassification of Selling, general and administrative as reflected in Omni's historical statement of operations for the six months ended June 30, 2023 to Salaries, wages and employee benefits, Operating leases, Depreciation and amortization, and Other operating expenses to conform to Forward's historical statement of operations presentation.

(iv) Represents the reclassification of Amortization expense relating to the right of use assets from Depreciation and amortization as reflected in Omni's historical statement of operations for the six months ended June 30, 2023 to Operating leases to conform to Forward's historical statement of operations presentation.

(v) Represents the reclassification of Selling, general and administrative as reflected in Omni's historical statement of operations for the six months ended June 30, 2022 to Salaries, wages and employee benefits, Operating leases, and Other operating expenses to conform to Forward's historical statement of operations presentation.

(vi) Represents the reclassification of Selling, general and administrative as reflected in Omni's historical statement of operations for the year ended December 31, 2022 to Salaries, wages and employee benefits, Operating leases, Depreciation and amortization, and Other operating expenses to conform to Forward's historical statement of operations presentation.

(vii) Represents the reclassification of Amortization expense relating to the right of use assets from Depreciation and amortization as reflected in Omni's historical statement of operations for the year ended December 31, 2022 to Operating leases to conform to Forward's historical statement of operations presentation.

3. Financing Adjustments

The unaudited pro forma condensed combined financial statements reflect the following adjustments related to the financing, the proceeds of which will be used in part to fund the Transactions:

a. Adjustments to Cash

	As of June 30, 2023
Repayment of Existing Omni Credit Facilities	$ (1,435,159)
Repayment of Existing Forward Credit Facilities	(122,750)
Amount of notes offered hereby [1]	925,000
Amounts borrowed under the New Term Facility	925,000
Cash paid for fees related to the notes offered hereby, New Term Facility and New Revolving Credit Facility	(55,250)
Cash paid for transaction costs	(74,750)
Total adjustment to cash	$ 162,091

[1] Assumes the notes offered hereby and the loans under the New Term Facility are issued with no original issue discount. To the extent the notes offered hereby and/or borrowings under the New Term Facility are issued with original issue discount, the amount of drawings on the New Revolving Credit Facility and/or the amount of cash on hand utilized to consummate the Transactions will increase by a corresponding amount.

b. Adjustments to Debt

	As of June 30, 2023
Current portion of debt:	
Extinguishment of Existing Omni Credit Facilities	$ (12,102)
Extinguishment of Existing Forward Credit Facilities	(2,625)
Total adjustments to current portion of debt	$ (14,727)
Debt, net of current portion:	
Extinguishment of Existing Omni Credit Facilities	(1,423,057)
Extinguishment of Existing Forward Credit Facilities	(120,125)
Record noncurrent portion of the notes offered hereby (1)	925,000
Record noncurrent portion of the New Term Facility (1)	925,000
Less: debt issuance costs(2)	(28,894)
Total adjustment to debt, net current portion	$ 277,924

(1)Debt obligations are classified as noncurrent debt based on the average term of 7.5 years.

(2)Amount reflects the extinguishment of issuance costs of the Existing Omni Credit Facilities of $25,997 and the debt issuance costs of the Existing Forward Credit Facilities $359 offset by the aggregate debt issuance costs incurred with the notes offered hereby, the New Term Facility and the New Revolving Credit Facility of $55,250.

c. Adjustments to Interest Expense

	Year ended December 31, 2022	Six months ended June 30, 2023	Six months ended June 30, 2022
Interest expense for the notes offered hereby, New Term Facility and New Revolving Credit Facility[1]	$ 159,250	$ 79,625	$ 79,625
Amortization of debt issuance costs[2]	7,951	3,976	3,976
Total interest expense	167,201	83,601	83,601
Less: Omni's historical interest expense and amortization of debt issuance costs	(101,371)	(79,303)	(35,865)
Less: Forward's historical interest expense and amortization of debt issuance costs	(4,790)	(6,136)	(1,760)
Pro forma adjustment to interest expense	$ 61,040	$ (1,838)	$ 45,976

(1) Adjustment is based on a blended annual interest rate of 8.50% and undrawn fee in respect of the New Revolving Credit Facility of 0.50% per annum. The New Revolving Credit Facility is assumed to be undrawn. If the blended annual interest rate were to increase (or decrease) by 12.5 basis points relative to the amount assumed in preparation of this pro forma financial information, annual pro forma interest expense would increase (or decrease) by approximately $2,313.

(2) Debt issuance costs are amortized on a straight-line basis over a weighted-average period of seven years.

OMNI NEWCO, LLC AND SUBSIDIARIES

Audited Consolidated Financial Statements

As of and For the Year Ended December 31, 2022

INDEPENDENT AUDITOR'S REPORT

To the Board of Managers of Omni Newco, LLC

Opinion

We have audited the consolidated financial statements of Omni Newco, LLC and subsidiaries (the "Company"), which comprise the consolidated balance sheet as of December 31, 2022, and the related consolidated statements of operations and comprehensive income (loss), members' equity and cash flows for the year then ended, and the related notes to the consolidated financial statements (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter – First time adoption of ASC 842.

As disclosed in Note 2 and Note 8 to the financial statements, the Company adopted new accounting guidance related to ASC 842, *Leases*, applying retrospective application from the beginning of the adoption period through a cumulative-effect adjustment. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Deloitte & Touche LLP

September 16, 2023

OMNI NEWCO, LLC AND SUBSIDIARIES
Consolidated Balance Sheet
(in thousands)

	December 31, 2022
ASSETS	
Current assets:	
Cash and cash equivalents	$ 130,333
Accounts receivable:	
Billed, net	236,980
Unbilled	31,506
Prepaid expenses and other assets	34,290
Total current assets	433,109
Property and equipment, net	81,145
Operating lease right-of-use assets	210,480
Other assets	
Goodwill	531,385
Intangible assets, net	792,935
Other	14,820
Total other assets	1,339,140
Total assets	$ 2,063,874
LIABILITIES AND MEMBERS' EQUITY	
Current liabilities:	
Accounts payable	$ 80,890
Accrued expenses	100,256
Current portion of long-term debt	16,563
Current portion of contingent consideration	71,395
Current portion of operating lease liabilities	42,499
Other	587
Total current liabilities	312,190
Long-term debt, less current portion	1,347,132
Operating lease liabilities, less current portion	189,023
Contingent consideration liability, less current portion	25,254
Deferred income taxes	25,554
Other long-term liabilities	2,862
Total liabilities	1,902,015
Commitments and contingencies (Note 9)	
Members' equity	152,984
Accumulated other comprehensive loss	(4,492)
Retained earnings	13,367
Total members' equity	161,859
Total liabilities and members' equity	$ 2,063,874

See accompanying notes to consolidated financial statements.

OMNI NEWCO, LLC AND SUBSIDIARIES
Consolidated Statement of Operations and Comprehensive Income
(in thousands)

	Year Ended December 31, 2022
Operating revenue	$ 1,872,269
Operating expenses:	
Purchased transportation costs	1,242,341
Selling, general and administrative	474,850
Change in fair value of contingent consideration	(17,814)
Depreciation and amortization	56,183
Total operating expenses	1,755,560
Income from operations	116,709
Other expense:	
Interest expense, net	(102,208)
Other income	4,517
Foreign exchange loss	2,638
Total other expense	(95,053)
Income before income taxes	21,656
Income tax expense	(5,657)
Net income	$ 15,999
Other comprehensive income	
Foreign currency translation adjustment	(4,387)
Comprehensive income	$ 11,612

See accompanying notes to consolidated financial statements.

OMNI NEWCO, LLC AND SUBSIDIARIES
Consolidated Statement of Members' Equity
(in thousands)

	Accumulated Other Comprehensive Loss	Retained Earnings	Members' Equity
Balance, January 1, 2022	$ (105)	$ (2,632)	$ 375,494
Issuance of member units	-	-	11,386
Member distributions	-	-	(236,633)
Net income	-	15,999	15,999
Foreign currency translation loss	(4,387)	-	(4,387)
Balance, December 31, 2022	$ (4,492)	$ 13,367	$ 161,859

See accompanying notes to consolidated financial statements.

OMNI NEWCO, LLC AND SUBSIDIARIES
Consolidated Statement of Cash Flows
(in thousands)

		Year Ended December 31, 2022
Operating Activities		
Net income	$	15,999
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation and amortization		56,183
Amortization of deferred financing costs		6,996
Change in fair value of contingent consideration		(17,849)
Deferred income tax		(1,018)
Provision for bad debts		3,601
Non-cash compensation and other		801
Changes in operating assets and liabilities, net of effects of business acquisitions:		
Accounts receivable		148,140
Prepaid and other assets		(11,171)
Accounts payable		(44,420)
Accrued expenses and other liabilities		(22,325)
Net cash provided by operating activities		134,937
Investing activities		
Cash paid for acquisitions, net of cash acquired		(132,559)
Purchase of property and equipment		(35,564)
Net cash used in investing activities		(168,123)
Financing activities		
Proceeds from long-term debt		420,000
Repayments of long-term debt		(10,565)
Repayments of revolving line of credit		(20,000)
Repayments of finance lease obligations		(3,204)
Payment of debt issuance costs		(13,404)
Cash paid to settle contingent consideration		(10,002)
Cash received from member issuances		1,015
Purchase of member units		(1,885)
Member distributions		(234,510)
Net cash provided by financing activities		127,445
Effect of exchange rate changes on cash and cash equivalents		(930)
Net increase in cash and cash equivalents		93,329
Cash and cash equivalents - beginning of period		37,004
Cash and cash equivalents - end of period	$	130,333
Supplemental cash flow information		
Cash paid for interest	$	94,375
Cash paid for income taxes	$	8,613
Non-cash investing and financing activities		
Issuance of capital units in connection with acquisitions	$	9,709
Contingent consideration liability	$	32,700
Accrued distributions	$	7,444
Right-of-use assets – finance leases	$	13,841
Right-of-use assets – operating leases	$	176,818
Goodwill measurement period adjustment	$	1,506

See accompanying notes to consolidated financial statements.

1. Nature of Operations

Omni Newco, LLC ("Newco"), was formed as a Delaware limited liability company on December 21, 2020. Newco, through its wholly-owned subsidiary, Omni Parent, LLC (together "the Company," "we," or "our") is engaged in the arrangement of air, ocean and ground transportation, with commercial carriers for its customers, both nationally and internationally. Additionally, the Company provides e-commerce fulfillment, warehousing and distribution and value-added services, such as testing and light assembly.

2. Summary of Significant Accounting Policies

Basis of Presentation and Consolidation

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. All intercompany transactions and balances have been eliminated in consolidation.

All dollar amounts in the notes are presented in thousands unless otherwise specified.

Cash and Cash Equivalents

The Company considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable consist of billed and unbilled receivables for services performed for the Company's customers. The Company performs credit evaluations of its customers and reviews accounts receivable on a monthly basis and determines if any accounts will potentially be uncollectible. The Company includes any such uncollectible amounts in its allowance for doubtful accounts. Based upon information available, management recorded an allowance for doubtful accounts of $6,091 as of December 31, 2022. Actual write-offs may occur and the resulting losses may exceed the allowance for doubtful accounts.

Property and Equipment, Net

Property and equipment are recorded at cost less accumulated depreciation and amortization. Property and equipment in connection with business combinations are recorded at fair value. Depreciation is computed on a straight-line basis over the estimated useful lives of the asset. Leasehold improvements are amortized over the shorter of the remaining lease term or economic life of the related assets. Depreciation and amortization expense for the year ended December 31, 2022 was $13,445.

Expenditures for maintenance and repairs are charged to operations as incurred. Expenditures for betterment and major renewals are capitalized. The cost of assets sold or retired and the related amounts of accumulated depreciation and amortization are eliminated from the accounts in the year of disposal and the resulting gains and losses are included in operations.

(in thousands)

Property and equipment consist of the following:

	Estimated useful life in years	December 31, 2022
Machinery and equipment	1-10	$ 28,496
Right-of-use asset – finance leases	1-7	18,809
Transportation equipment	1-5	1,387
Office furniture and fixtures	1-7	13,403
Land	N/A	899
Leasehold improvements	1-10	37,632
Total assets		100,626
Less: accumulated depreciation		(19,481)
Property and equipment, net		$ 81,145

Machinery and equipment and leasehold improvements not yet subject to depreciation was $8,839 as of December 31, 2022.

Business Combinations

The Company accounts for business acquisitions using the acquisition method of accounting based on Accounting Standards Codification ("ASC") 805 — *Business Combinations*, which requires recognition and measurement of all identifiable assets acquired and liabilities assumed at their fair value as of the date control is obtained. The Company determines the fair value of assets acquired and liabilities assumed based upon its best estimates of the acquisition-date fair value of assets acquired and liabilities assumed in the acquisition. Goodwill represents the excess of the purchase price over the fair value of the net tangible and identifiable intangible assets acquired. Subsequent adjustments to the fair value of any contingent consideration are recorded in the Company's consolidated statement of operations.

Based on the acquisition date and the complexity of the underlying valuation work, certain amounts included in the Company's consolidated financial statements may be provisional and thus subject to further adjustments within the permitted measurement period (not exceeding one year from the date of acquisition), as defined in ASC 805.

Goodwill

Goodwill is allocated to the reporting unit for the purpose of impairment testing. Goodwill is tested for impairment annually and between annual tests whenever events or changes in circumstances indicate that the carrying amount may not be fully recoverable. Goodwill is tested at the reporting unit level, which is defined as an operating segment or one level below the operating segment. An impairment loss is recognized if the estimated fair value of a reporting unit is less than its net book value.

Goodwill is tested at least annually for impairment on October 1, or more frequently if events or changes in circumstances indicate that the asset might be impaired. The Company first performs a qualitative assessment to determine whether it is more likely than not that the fair value of its reporting units is less than their respective carrying value ("Step Zero Analysis"). If the qualitative assessment indicates it is more likely than not that the fair value of the Company's reporting units is less than their respective carrying value, an additional impairment assessment is performed. No impairment was recognized for the year ended December 31, 2022.

Impairment of Long-Lived Assets

Long-lived assets (excluding goodwill), such as property and equipment and definite lived intangible assets, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If circumstances require a long-lived asset to be tested for possible impairment, the Company first compares undiscounted cash flows expected to be generated by an asset to the carrying value of the asset. If the carrying value of the long-lived asset is not recoverable on an undiscounted cash flow basis, impairment is recognized to the extent that the carrying value exceeds its fair value. There were no impairment charges to long-lived assets for the year ended December 31, 2022.

Leases

The Company holds leases classified as both operating and finance. As of January 1, 2022, the Company adopted ASU 2016-02, Leases, which required the Company to recognize a right-of-use asset and a corresponding lease liability on its balance sheet for most leases classified as operating leases under previous guidance. The Company continues to record a right-of-use asset and corresponding lease liability for leases classified as finance leases under the previous guidance. This standard was adopted using the modified retrospective approach as of January 1, 2022 and comparative financial statements have not been presented as allowed per the guidance. As a result, for leases and subleases with terms greater than 12 months, the Company recorded the related right-of-use asset as the balance of the related lease liability, adjusted for any prepaid or accrued lease payments. The lease liability was recorded at the present value of the lease payments over the term. See further discussion in Note 8, Leases.

Members' Equity

The Company allocates net income and losses to the Members in accordance with the Limited Liability Company agreement. Contributions and distribution are also made in accordance with the Limited Liability Company agreement.

Revenue

Freight Forwarding

The Company contracts with commercial carriers to arrange for the shipment of cargo. A substantial portion of the Company's freight forwarding business is conducted through non-committed space allocations with carriers. The Company arranges for, and in many cases provides, pick-up and delivery service between the carrier and the location of the shipper or recipient in addition to other ancillary services. The transaction price is based on the consideration specified in the customer's contract.

Revenue is recognized upon transfer of control of promised products or services to customers in an amount that reflects the consideration the Company expects to receive in exchange for those products or services. A performance obligation is created when a customer under a transportation contract submits a bill of lading for the transport of goods from origin to destination. These performance obligations are satisfied as the shipments move from origin to destination. Transportation revenue is recognized proportionally as a shipment moves from origin to destination and the related costs are recognized as incurred. Some of the customer contracts contain a promise to stand ready, as the Company is obligated to provide transportation services for the customer. For these contracts, the Company recognizes revenue on a straight-line basis over the term of the contract because the pattern of benefit to the customer, as well as the Company's efforts to fulfill the contract, are generally distributed evenly throughout the period. Performance obligations are short-term, with transit periods ranging from several days to a few months. Customers are billed upon delivery of the freight on a monthly basis, and remit payment according to approved payment terms. The Company recognizes revenue on a net basis when the Company does not control the specific services.

The Company has determined that in general each shipment transaction or service order constitutes a separate contract with the customer. However, when the Company provides multiple services to a customer, different contracts may be present for different services. The Company combines the contracts, which form a single performance obligation, and accounts for the contracts as a single contract when certain criteria are met.

The Company evaluates whether amounts billed to customers should be reported as gross or net revenue. Generally, revenue is recorded on a gross basis when the Company is primarily responsible for fulfilling the promise to provide the services, when it assumes risk of loss, when it has discretion in setting the prices for the services to the customers, and when the Company has the ability to direct the use of the services provided by the third party.

Warehousing, Distribution and Value-Added Services

The Company recognizes revenue for warehousing, distribution and value-added services as the performance obligation is satisfied in accordance with the contract, which ranges from a few months to a few years. The Company's performance obligations are satisfied over time as customers simultaneously receive and consume the benefits of the Company's services. The Company recorded an immaterial amount of deferred revenue included in other liabilities on the accompanying consolidated balance sheet. The contracts contain a single performance obligation, as the distinct services provided remain substantially the same over time. The transaction price is based on the consideration specified in the contract with the customer and contains fixed and variable consideration. In general, the fixed consideration component of a contract represents reimbursement for facility and equipment costs incurred to satisfy the performance obligation and is recognized on a straight-line basis over the term of the contract. The variable consideration component is comprised of cost reimbursement, per-unit pricing or time and materials pricing and is determined based on the costs, units or hours of services provided, respectively, and is recognized over time based on the level of activity.

Revenues for freight forwarding was $1,685,869 for the year ended December 31, 2022. Revenues for warehousing, distribution and value-added services were $186,400 for the year ended December 31, 2022.

Income Taxes

The Company is a limited liability company. Under this method of organization, the members are taxed individually on their share of earnings. However, the Company has a wholly-owned U.S. corporation that is subject to federal income taxes which has been included in the accompanying consolidated financial statements. The Company accounts for income taxes pursuant to the asset and liability method which requires deferred income tax assets and liabilities to be computed annually for temporary differences between the financial statement and income tax bases of assets and liabilities that will result in taxable or deductible amounts in the future based on enacted tax laws and rates applicable to the periods in which the differences are expected to affect taxable income.

Foreign income taxes are provided for the tax effects of transactions reported in the consolidated financial statements and consist of taxes currently due and deferred taxes, which relate primarily to the difference between the depreciation methods used for financial and income tax reporting.

The Company follows guidance regarding accounting for uncertainty in income taxes. This guidance clarifies the accounting for income taxes by prescribing the minimum recognition threshold an income tax position is required to meet before being recognized in the consolidated financial statements and applies to all income tax positions. Each income tax position is assessed using a two-step process. A determination is first made as to whether it is more likely than not that the income tax position will be sustained, based upon technical merits, upon examination by the taxing authorities. If the income tax position is expected to meet the more likely than not criteria, the benefit recorded in the consolidated financial statements equals the largest amount that is greater than 50% likely to be realized upon its ultimate settlement.

The Company records income tax related interest and penalties, if applicable, as a component of the provision for income tax expense. None of the Company's income tax returns are currently under examination by taxing authorities. Fiscal years 2013 and later remain subject to examination by foreign tax authorities and years 2020 and later remain subject to examination by U.S. Federal and state taxing authorities. The Company believes that it has no uncertain tax positions for income taxes and believes there will be no significant changes in these positions during the next twelve months.

Foreign Currency

The Company operates in multiple countries in Asia, North America, and Europe. Foreign currency amounts attributable to its foreign operations have been translated into U.S. dollars using year-end exchange rates for assets and liabilities, historical rates for equity, and average monthly rates for revenues and expenses. Translation adjustments resulting from this process are recorded as components of other comprehensive income until complete or substantially complete liquidation by the Company of its investment in a foreign entity. Gains and losses resulting from re-measurement transactions denominated in currencies other than the functional currency are included in the consolidated statement of operations and comprehensive income. Also, the Company is exposed to foreign currency exchange fluctuations on monetary assets and liabilities denominated in currencies that are not the local functional currency.

Use of Estimates

The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and requires management to disclose contingent assets and liabilities at the date of the consolidated financial statements. While management believes current estimates are reasonable and appropriate, actual results could differ from those estimates.

Concentrations of Credit Risk

Financial instruments which potentially subject the Company to concentrations of credit risk consist of cash and cash equivalents and accounts receivable. The Company maintains cash and cash equivalents with financial institutions which, at times, exceed federally insured limits. The Company monitors the financial condition of the banks and has experienced no losses associated with the accounts. The Company is not party to any financial instruments which would have off-balance sheet credit or interest rate risk.

One customer accounted for approximately 5% of revenue for the year ended December 31, 2022.

Fair Value of Financial Instruments

Accounting guidance defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and establishes a three-level valuation hierarchy for disclosure of fair value measurements. The valuation hierarchy categorizes assets and liabilities measured at fair value into one of three different levels depending on the observability of the inputs employed in the measurement. The three levels are defined as follows:

Level 1 – Observable inputs such as quoted prices in active markets at the measurement date for identical, unrestricted assets or liabilities.

Level 2 - Other inputs that are observable directly or indirectly such as quoted prices in markets that are not active, or inputs which are observable, either directly or indirectly, for substantially the full term of the asset or liability.

(in thousands)

Level 3 – Unobservable inputs for which there is little or no market data and which the Company makes its own assumptions about how market participants would price the assets and liabilities.

The Company's fair value of financial instruments disclosure is based upon information available to management as of December 31, 2022. Considerable judgment is necessary to interpret market data and develop estimated fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Company could realize on disposition of the financial instruments. The use of different market assumptions and/or estimation methodologies may have a material effect on the estimated fair value amounts.

The Company's financial instruments consist mainly of cash and cash equivalents, accounts receivable, accounts payable, contingent consideration and long-term debt. The carrying value for cash and cash equivalents, accounts receivable, and accounts payable approximates their fair value, principally due to the short-term maturities of these instruments. The carrying value for long-term debt approximates fair value because the interest rate is similar to other financial instruments with similar credit risks and terms.

The Company follows accounting guidance for nonfinancial assets and liabilities measured at fair value on a non-recurring basis. As it relates to the Company, this applies to certain nonfinancial assets and liabilities acquired in business combinations and thereby measured at fair value. The Company has classified such fair value measurements as level 3 and determines fair value primarily by internal valuations.

On November 29, 2021, the Company settled the Mach 1 earnout in cash of $16,298. The difference between the estimated value and the amount paid of $6,458 was included in change in fair value of contingent consideration liability in the consolidated statements of operations and comprehensive loss for the year ended December 31, 2021.

The Company's only material financial instruments carried at fair value as of December 31, 2022, with changes in fair value flowing through current earnings, consist of contingent consideration liabilities recorded in conjunction with business combinations.

In connection with the 2021 acquisitions of Epic, Trinity, Millhouse and PLC, as well as the 2022 acquisitions of LiVe and AGW as defined in Note 3, the Company recorded a contingent consideration liability on each of the acquisition dates, which consists of a potential future payment to each of the sellers. The potential future payment for Epic, Millhouse and LiVe is based on adjusted earnings before interest, taxes, depreciation, and amortization ("Adjusted EBITDA"), as defined in the respective purchase and sale agreement. The potential future payment for Trinity, PLC and AGW is based on gross profit, as defined in the respective purchase and sale agreement. The fair value of the contingent consideration liability was determined using a Monte Carlo simulation model. The fair value is based on significant inputs not observable in the market and thus represents a level 3 measurement.

The contingent consideration liabilities were measured subsequently at December 31, 2022 at fair value. The fair value adjustments associated with contingent consideration liabilities were included in total operating expenses on the consolidated statement of operations and comprehensive income for the year ended December 31, 2022.

The following table summarizes the fair values of the contingent consideration liabilities for the acquisitions at each acquisition date (see Note 3) and at December 31, 2022.

	Epic	Trinity	Millhouse	PLC	LiVe	AGW	Total
Estimated value at December 31, 2021	$ 11,000	$ 42,500	$ 24,000	$ 14,300	$ -	$ -	$ 91,800
Acquisition date estimated value	-	-	-	-	11,400	21,300	32,700
Payments of contingent consideration	-	(10,002)	-	-	-	-	(10,002)
Change in estimated value	288	(32,498)	914	9,497	5,850	(1,900)	(17,849)
Estimated value at December 31, 2022	$ 11,288	$ -	$ 24,914	$ 23,797	$ 17,250	$ 19,400	$ 96,649

(in thousands)

A reconciliation of the beginning and ending balances of recurring fair value measurements recognized in the accompanying balance sheet using significant unobservable (Level 3) inputs, is as follows:

	December 31, 2022
Balance at beginning of the period	$ 91,800
Fair value recorded at acquisition	32,700
Fair value changes included in change in fair value of contingent consideration liability	(17,849)
Payments of contingent consideration	(10,002)
Balance at end of the period	$ 96,649

Deferred Financing Costs

Financing costs incurred related to debt issuance are deferred and amortized over the term of the related debt which approximates the effective interest rate method. When a debt is retired before its maturity, unamortized deferred financing costs are written off in the period the debt is extinguished. For the year ended December 31, 2022, amortization expense of $6,996 is recorded in interest expense on the consolidated statement of operations and comprehensive income.

Investments Other Securities

The Company accounts for its investments in equity securities in accordance with ASC Topic No. 321, *Investments - Equity Securities* (“ASC 321”) which requires the accounting for equity investments (other than those accounted for using the equity method of accounting) generally to be measured at fair value for equity securities with readily determinable fair values. For equity securities without a readily determinable fair value that are not accounted for by the equity method, the Company measures the equity security using cost, less impairment, if any, and plus or minus observable price changes arising from orderly transactions in the same or similar investment from the same issuer. Any unrealized gains or losses will be reported in current earnings.

The Company has an investment in Evolve Supply Chain Solutions, LLC (“Evolve”) accounted for at cost less impairment, at $2,500 at December 31 2022, the Company owned a total of 882,352 Series A Preferred Units, or 15%, included in other noncurrent assets on the accompanying consolidated balance sheet.

At any point in time, the Company has the ability to convert some or all its Series A Preferred Units into common units of Evolve based on the Series A Preferred Conversion Price, as defined in the Amended and Restated Limited Liability Company Agreement of Evolve Supply Chain Solutions, LLC.

3. Acquisitions

On March 31, 2022, the Company through its wholly-owned subsidiary Omni Logistics, LLC acquired substantially all of the assets of LiVe Logistics Corporation (“LiVe”). LiVe was founded in 2016 and is headquartered in Vernon Hills, Illinois. LiVe is a third-party logistics company that provides assetlight transportation and logistics services, specializing in a variety of 3PL services, including full truckload, less-than-truckload, shared truckload, multi-stop deliveries, drop trailers, box trucks, sprinter vans, flatbeds, refrigerated, frozen, reefer, flatbeds, intermodal, rail, and warehousing to customers in the United States.

On August 26, 2022, the Company purchased AG World Transport, Inc. and certain subsidiaries (collectively “AGW”) in a stock purchase acquisition. AGW was founded in 1996 and is headquartered in San Francisco, California, and has offices in the United States, Asia, and Europe. AGW is a global freight forwarder that leverages its expertise in air freight, ocean freight, road service, and logistics to craft customized, end-to-end supply chain solutions. The acquisition of AGW was to bolster Omni’s brokerage team and win additional business from existing customers through enhanced air freight capabilities.

(in thousands)

The business combinations described above were accounted for using the acquisition method of accounting and the purchase price was allocated to the net assets acquired at estimated fair value.

Total consideration for each acquisition is as follows:

	LiVe	AGW	Total
Cash consideration	$ 37,805	$ 108,664	$ 146,469
Working capital adjustment due from seller	(250)	(6,801)	(7,051)
Equity units	4,462	5,247	9,709
Contingent consideration	11,400	21,300	32,700
Total	$ 53,417	$ 128,410	$ 181,827
Less: cash acquired	(1,095)	(12,815)	(13,910)
Total consideration	$ 52,322	$ 115,595	$ 167,917

Management uses the Option-Pricing Method to estimate fair value of the capital units as of the acquisition date. The Option-Pricing Method requires valuation assumptions of expected term, risk-free interest rates (2.42% for LiVe and 3.27% for AGW), expected volatility (43.40% for LiVe and 51.50% for AGW), and expected dividend yield. The term of four years represents the period to an expected liquidity event. The estimated risk-free interest rate is based on the implied yield available on the transaction date of a U.S. Treasury note with a term equal to the expected term. Estimated volatility is based on historical volatility of publicly traded peer companies over a period equal to the expected term. The dividend yield of 0.0% assumes that dividends are accrued and paid continuously.

Based upon the purchase price allocation, the following table summarizes the estimated fair value of the assets acquired and liabilities assumed at the date of the respective acquisition:

	LiVe	AGW	Total
Accounts receivable	$ 7,864	$ 26,886	$ 34,750
Prepaid and other current assets	128	1,968	2,096
Right of use asset	75	9,446	9,521
Property and equipment	435	2,712	3,147
Other noncurrent assets	-	652	652
Goodwill	7,156	37,137	44,293
Intangible assets – customer relationships	42,600	86,400	129,000
Intangible assets – trade names	1,000	2,000	3,000
Total assets	$ 59,258	$ 167,201	$ 226,459
Accounts payable	$ 5,642	$ 9,764	$ 15,406
Income tax payable	-	5,610	5,610
Accrued expenses	1,219	4,127	5,346
Lease liabilities, current	69	1,698	1,767
Deferred income taxes, current	-	17,147	17,147
Other current liabilities	-	4,129	4,129
Lease liabilities, long-term	-	375	375
Other long-term liabilities	6	8,756	8,762
Total liabilities	$ 6,936	$ 51,606	$ 58,542
Net assets acquired	$ 52,322	$ 115,595	$ 167,917

(in thousands)

Goodwill represents the excess purchase price over the fair value of the assets net of liabilities acquired. Trained and assembled workforce which does not meet the separability criterion is included in goodwill. Goodwill is not deductible for tax purposes.

Customer relationships have an estimated useful life of 15 years while trade names are amortized over 2 years. See Note 5 for further details.

The Company incurred acquisition costs totaling approximately $3,937 that were expensed during 2022 and are included in selling, general and administrative expenses on the consolidated statement of operations and comprehensive income.

In connection with the acquisitions, the Company borrowed under its First Lien Term Loan and Amended and Restated First Lien Term Loan. See Note 7 for further details.

4. Goodwill

Reconciliation of goodwill as December 31, 2022 is as follows:

		December 31, 2022
Goodwill – beginning balance	$	485,586
Goodwill additions – business combinations (Note 3)		44,293
Measurement period adjustments		1,506
Goodwill – ending balance	$	531,385

5. Intangible Assets

Intangible assets consist of the following as of December 31, 2022:

	Weighted Average Useful Life in Years		Gross Carrying Amount		Accumulated Amortization		Net Carrying Amount
Customer relationships	16.5	$	766,081	$	(65,490)	$	700,591
Internally developed software	3.6		1,600		(437)		1,163
Trade names - finite-lived	1.2		9,500		(5,719)		3,781
Trade names - indefinite-lived			87,400		-		87,400
Total intangible assets		$	864,581	$	(71,646)	$	792,935

Amortization expense of $42,720 is included in the consolidated statement of operations and comprehensive income for the year ended December 31, 2022, within depreciation and amortization. Future amortization of intangible assets will be as follows:

		December 31,
2023	$	46,315
2024		44,117
2025		43,325
2026		43,208
2027		43,005
Thereafter		485,565
	$	705,535

(in thousands)

6. Accrued Expenses

Accrued expenses consist of the following:

		December 31, 2022
Accrued purchased transportation costs	$	22,853
Accrued compensation, benefits and withholdings		39,172
Value-added taxes payable		1,822
Accrued professional fees		1,263
Distributions payable		7,444
Current portion of accrued claims (See Note 9)		4,581
Other accrued expenses		23,121
Accrued expenses	$	100,256

7. Long-Term Debt

At December 31, 2022, long-term debt consisted of the following:

		December 31, 2022
Term loan	$	1,132,210
Subordinated term loan		245,000
Revolving line of credit		-
Finance leases of equipment		15,590
Total debt		1,392,800
Deferred financing costs, net		(29,105)
Total debt		1,363,695
Less: current portion		(16,563)
Total long-term debt, net of current portion	$	1,347,132

Senior Secured First Lien Term Loan

On December 30, 2020, the Company entered into a Term Loan payable with a financial institution for a principal amount of $360,000, maturing in December 2026. The Company increased the principal amount by $90,000 under incremental commitment amendment No.1 on June 18, 2021 and $50,000 under incremental commitment amendment No.2 on October 22, 2021. The Term Loan includes a delayed draw in an aggregate principal amount not to exceed $65,000, maturing in December 2026. In 2021, in connection with acquisitions of Epic, Tiger and Millhouse, the Company borrowed a total of $65,000 under the delayed draw. In March 2022, in connection with the LiVe acquisition, the Company borrowed $40,000 under the delayed draw.

The Company established a new term facility in an aggregate principal amount of $115,000 and established a new delayed draw commitment No.3 on June 24, 2022 in the amount of $100,000 and $45,000 under delayed draw commitment No.4. The agreement also amended definitions of interest whereby the Eurodollar Rate is replaced with Secured Overnight Financing Rate (SOFR).

In August of 2022, in connection with the AGW acquisition, the Company borrowed a total of $100,000 under the delayed draw commitment No.3.

(in thousands)

On November 30, 2021, the Company amended and restated ("A&R) the First Lien Term Loan and increased the aggregate principal amount to $800,000, maturing in December 2026. The A&R Term Loan includes delayed draw of an aggregate amount of $185,000. In connection with acquisition of PLC, the Company borrowed $90,000 under the delayed draw on December 29, 2021. The A&R Term Loan bears interest at a base rate per annum equal to the Eurodollar Rate plus the applicable margin or at a rate per annum equal to the Alternate Base Rate plus the applicable margin for Alternate Base Rate loans and secured by substantially all the assets of the Company. The June 2022 Amendment replaced Eurodollar Rate plus applicable margin with SOFR plus applicable margin. The interest rate on the outstanding borrowings was 9.73% at December 31, 2022.

Principal payments equal to 0.25% of the aggregate principal amount are due quarterly commencing on June 30, 2021, with the remaining due upon maturity. Accrued interest is due quarterly.

Revolving Line of Credit

On December 30, 2020, the Company entered into Revolving Line of Credit with an aggregate principal amount not to exceed $40,000, maturing in December 2025. On November 30, 2021, the Company increased the Revolving Credit Commitment to an aggregate principal amount of $80,000 under the A&R First Lien Credit Agreement. The Revolving Line of Credit bears interest at a base rate per annum equal to the Eurodollar Rate (as replaced with SOFR) plus the applicable margin or at a rate per annum equal to the Alternate Base Rate plus the applicable margin for Alternate Base Rate loans and is unsecured. Principal is due at maturity and accrued interest is due quarterly. The Company shall pay a commitment fee at a rate per annual equal to 0.50% times the actual daily undrawn amount under the Revolving Line of Credit. The commitment fee is due quarterly and on the maturity date for the Revolving Line of Credit. There were no outstanding borrowings under the agreement at December 31, 2022.

Secured Second Lien Subordinated Term Loan

On December 30, 2020, the Company entered into a Subordinated Term Loan payable with a financial institution for a principal amount of $80,000, maturing in December 2027. On June 24, 2022, the Company obtained a new term facility in the aggregate principal amount of $135,000 and on June 30, 2022, the company entered into the Fifth Amendment to the Secured Second Lien Credit Agreement and funded $30,000 term facility. The Subordinated Term Loan bears interest at a base rate per annum equal to the Eurodollar Rate (as replaced with SOFR) plus the applicable margin or at a rate per annum equal to the Alternate Base Rate plus the applicable margin for Alternate Base Rate loans (10.0% at December 31, 2020) and secured by substantially all the assets of the Company. The Subordinated Term Loan is subordinate to the First Lien Term Loan. Principal is due at maturity and accrued interest is due quarterly.

Future maturities of Company's long-term debt as of December 31, 2022 are as follows:

	December 31,
2023	$ 11,455
2024	11,455
2025	11,455
2026	1,097,845
2027	245,000
Thereafter	-
	$ 1,377,210

The credit agreements have affirmative and negative covenants as defined within each credit agreement and compliance with the consolidated net leverage ratio. At December 31, 2022, the Company was in compliance with all the terms of its credit facilities.

8. Leases

As of January 1, 2022, the Company adopted ASU 2016-02, *Leases*, which required the Company to recognize a right-of-use asset and a corresponding lease liability on its balance sheet for most leases classified as operating leases under previous guidance. The Company adopted the standard using the modified retrospective approach as of January 1, 2022 and comparative financial statements have not been presented as allowed per the guidance.

The Company elected several of the practical expedients permitted under the transition guidance within the new standard. Practical expedients selected allowed the Company to combine lease and non-lease components and to use hindsight in determining lease term. In addition, we have made a policy election to not apply the guidance of ASC 842 to leases with an initial term of 12 months or less as allowed by the standard. For these leases with an initial term of 12 months or less, the Company recognized the corresponding lease expense on a straight-line basis over the lease term. These practical expedients have been elected for all leases and subleases and will be applied on a go-forward basis.

The Company determines if its contractual agreements contain a lease at Inception. A contract is or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. An entity controls the use of the identified asset if both of the following are true: (1) the entity obtains the right to substantially all of the economic benefits from use of the identified asset and (2) the entity has the right to direct the use of the identified asset. For the year ended December 31, 2022, the Company leased facilities and equipment under operating and finance leases.

The Company has entered into or assumed through acquisition several equipment finance leases for assets including forklifts, tractors and trailers with original lease terms between 2 and 9 years. These leases expire in various years through 2028 and certain leases may be renewed for periods varying from 1 to 3 years. The finance leased equipment is being amortized over the shorter of the lease term or useful life. This amortization is included in depreciation and amortization expense.

The Company leases some of its facilities under noncancellable operating leases that expire in various years through 2032. Certain leases may be renewed for periods varying from 1 to 11 years.

The Company also subleases certain facility leases to independent third parties; however, as the Company is not relieved of its primary obligation under these leases, these assets are included in the right-of-use lease assets and corresponding lease liabilities as of December 31, 2022. Sublease rental income was $488 for the year ended December 31, 2022. In 2023, the Company expects to receive aggregate future minimum rental payments under noncancellable subleases of approximately $136. Noncancellable subleases expire between 2020 and 2024.

For leases and subleases with terms greater than 12 months, the Company recorded the related right-of-use asset as the balance of the related lease liability, adjusted for any prepaid or accrued lease payments. Unamortized initial direct costs and lease incentives were not significant as of December 31, 2021. The lease liability was recorded at the present value of the lease payments over the term. Many of the Company's leases include rental escalation clauses, renewal options and/or termination options that were contemplated in the determination of lease payments when appropriate. As of December 31, 2021, the Company was not reasonably certain of exercising any renewal options. Further, as of December 31, 2021, it was reasonably certain that all termination options would not be exercised. As such, there were no adjustments made to its right-of-use lease assets or corresponding liabilities as a result. In addition, the Company does not have any leases with residual value guarantees or material restrictions or covenants as of December 31, 2022.

The Company did not separate lease and nonlease components of contracts for purposes of determining the right-of use lease asset and corresponding liability. Additionally, variable lease and variable nonlease components were not contemplated in the calculation of the right-of-use asset and corresponding liability.

(in thousands)

For facility leases, variable lease costs include the costs of common area maintenance, taxes, and insurance for which the Company pays its lessors an estimate that is adjusted to actual expense on a quarterly or annual basis depending on the underlying contract terms. For equipment leases, variable lease costs may include additional fees for using equipment in excess of estimated annual mileage thresholds. Leasehold improvements were also excluded from the calculation of the right-of-use asset and corresponding liability. Leasehold improvements are recorded as an asset at cost and are amortized over the shorter of the estimated useful life or the initial term of the lease.

	Year ended December 31, 2022
Lease cost	
Finance lease cost:	
Amortization of right of use asset	$ 3,167
Interest on lease liabilities	627
Operating lease cost:	47,800
Short-term lease cost	10,690
Sublease income	488
Total lease cost	$ 62,772

Future minimum lease payments under noncancelable operating and finance leases with remaining terms greater than one year as of December 31, 2022 were as follows:

	Finance Leases	Operating Leases
2023	$ 5,908	$ 56,477
2024	4,408	51,856
2025	3,563	40,235
2026	2,774	32,844
2027	703	26,055
Thereafter	7	78,792
	$ 17,363	$ 286,259

Following table summarizes the supplemental cash flow and additional information:

	Year ended December 31, 2022
Other information	
Cash paid for amount included in the measurement of lease liabilities:	
Operating cash flows from finance leases	$ 627
Operating cash flows from operating leases	43,566
Financing cash flows from finance leases	3,204
Right of use asset obtained in exchange for new finance lease liabilities	13,841
Right of use asset obtained in exchange for new operating lease liabilities	176,818
Weighted-average remaining lease term – finance leases (in years)	3.7
Weighted-average remaining lease term – operating leases (in years)	5.4
Weighted-average discount rate – finance leases	6.1 %
Weighted-average discount rate – operating leases	6.1 %

(in thousands)

9. Commitments and Contingencies

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

From time-to-time, the Company is subject to various litigation and other claims in the normal course of business. The Company establishes liabilities in connection with legal actions that management deems to be probable and estimable. As of December 31, 2022, $4,581 are included in accrued expenses on the accompanying balance sheet for current portion of known claims. The non-current portion of known claims of $2,824 at December 31, 2022 are included in other long-term liabilities in the accompanying consolidated balance sheet.

10. Income Taxes

The components of income before income taxes for the year ended December 31, 2022 are as follows:

Domestic	$	(11,857)
Foreign		33,513
Total	$	21,656

As a result of a tax election to be treated as a limited liability company made by the Company under applicable Income Tax Regulations, the Company is treated as a partnership for U.S. federal income tax purposes and is not subject to income taxes. However, the Company holds interest in subsidiary corporations that are subject to income tax at the U.S. federal or foreign jurisdiction level. Therefore, the Company's rate reconciliation begins with a zero percent income tax rate, but taxes are included in the reconciliation for the Company's withholding tax obligations and the tax obligations of its subsidiaries.

The following is a reconciliation from tax computed as statutory income tax rates to the Company's income tax expense for the year ended December 31, 2022:

Income tax expense (benefit) at federal statutory rate	$	-
U.S. federal income tax benefit of subsidiary entities		(81)
Foreign income tax expense of subsidiary entities		5,080
State and local taxes, net of federal benefit		658
Total income tax expense	$	5,657

(in thousands)

Income tax expense (benefit) consisted of the following for the year ended December 31, 2022:

Current	
State	$ 425
Federal	910
Foreign	5,340
Total current	6,675
Deferred	
State	233
Federal	(991)
Foreign	(260)
Total deferred	(1,018)
Total income tax expense	$ 5,657

The significant components of deferred tax assets and liabilities are as follows for December 31, 2022:

Deferred tax assets	
Accounts receivable allowances	$ 87
Operating lease liability	2,828
Property and equipment	40
Other, net	117
Total deferred tax assets	3,072
Deferred tax liabilities	
Acquired intangibles	(25,918)
Right-of-use asset	(2,708)
Total deferred tax liabilities	(28,626)
Net deferred tax liabilities	$ (25,554)

The Company's effective tax rate for the year ended December 31, 2022 was 26.1%.

The Company assesses whether a deferred tax asset will be realized, the Company considers whether it is more likely than not that either some or a portion or all of the deferred tax assets will not be realized. The Company considers the reversal of existing taxable temporary differences, projected future taxable income, and tax planning strategies in making this assessment. Based upon the level of existing taxable temporary differences, the Company believes it is more likely than not that it will realize a portion of the benefits of the federal, state, and foreign deductible differences.

The Company and its subsidiaries file in income tax returns in the U.S. and in various, state and local and foreign jurisdictions. The statute of limitations related to the consolidated U.S. federal income tax return is closed for all tax years up to and including 2018. The expiration of the statute of limitations related to the various state and foreign income tax returns that the Company and subsidiaries file varies by jurisdiction.

As of December 31, 2022, the Company had an estimated $139,640 of undistributed earnings attributable to foreign subsidiaries for which no provision for federal and state income taxes or foreign withholding taxes have been made because it is expected that such earnings will be reinvested outside the U.S. indefinitely unless repatriation can be done substantially tax-free. The Company continues to assert indefinite reinvestment on outside basis differences in our non-U.S. subsidiaries. Additionally, any determination of the amount of the unrecognized deferred tax liability on outside basis differences is not practicable because of the complexity of laws and regulations, the varying tax treatment of alternative repatriation scenarios and the variation due to multiple potential assumptions relating to the timing of any future repatriation.

(in thousands)

Furthermore, ownership of the foreign subsidiaries is by Omni Newco, LLC (U.S. partnership) which is not subject to income taxes. Foreign remittances are passed-through at the partnership level and allocated to each partner and taxed as applicable.

The Company and its subsidiaries did not have any unrecognized tax benefits as of December 31, 2022.

11. Retirement Plan

The Company has a 401(k) profit sharing plan that covers certain eligible employees. Contributions to the plan are at the discretion of management. For the year ended December 31, 2022, the Company contributed $192 to the plan.

12. Profit Unit Plan

Class B Member Units

On March 26, 2021, the Board of Managers of Company's parent created a new profit unit plan with authorized Class B member units ("Class B Units").

The Company accounted for the Units as liabilities under FASB ASC 718, *Compensation – Stock Compensation*. As such, the fair value of each award would be calculated at each reporting date. However, the Company recognized no compensation cost for Class B Units that are contingent upon continued employment and only vest upon a liquidity event that generates an internal rate of return of 18% or more as the vesting conditions are not considered probable until a liquidity even occurs.

The Company granted Class B Units as non-cash compensation in 2022 that are not contingent upon continued employment and a liquidity event. The Company recognizes stock compensation expense based on the fair value of awards on the date of grant. The fair value of awards was measured using income approach and market approach. This expense is recognized in "Selling, general and administrative expenses" on a straight-line basis over the service periods as compensation costs on the consolidated statements of operations and comprehensive income. Our accounting policy is to account for forfeitures as they occur.

As of December 31, 2022, there was $1,381 of unrecognized compensation expense related to nonvested grants. The unrecognized compensation costs are expected to be recognized over a weighted-average of 2.3 years. Fair value of the units vested was $273 in 2022.

A summary of the status of our nonvested units issued, and the changes during the year ended December 31, 2022, is presented below:

	Number of Shares	Weighted Average Grant-Date Fair Value
Nonvested at December 31, 2021	3,635,797	$ 0.30
Granted	454,475	1.24
Vested	(908,949)	0.30
Forfeited	-	-
Nonvested at December 31, 2022	3,181,323	$ 0.43

13. Related Parties

The Company is party to a management consulting agreement with Eve Omni Advisors, LLC ("EVE"). Pursuant to this agreement, EVE will provide consulting services related to senior management matters as an independent contractor. The Company shall pay in advance a quarterly management fee of $ 375 on the first business day of each fiscal quarter (commencing on January 1, 2021), plus reimbursement of certain expenses. The agreement will continue until terminated by certain triggering events as defined in the agreement. The Company incurred management consulting fees of $1,500 during the year ended December 31, 2022.

The Company entered into a management consulting agreement with Ridgemont Partners Management, LLC ("Ridgemont") in December 2020. Pursuant to the management consulting agreement, Ridgemont provides consulting services related to senior management matters as an independent contractor on an ongoing basis until terminated by certain triggering events as defined in the agreement. The Company shall pay in advance a quarterly management fee of $375 on the first business day of each fiscal quarter (commencing on January 1, 2021), plus reimbursement of certain expenses. The Company incurred management consulting fees of $1,500 during the year ended December 31, 2022.

During the year ended December 31, 2022, the Company leased employees via an affiliate and incurred costs of $9,713. Accounts payable to the affiliate at December 31, 2022 was $1,005, included within accounts payable on the consolidated balance sheet.

The Company provided transportation and logistics services to an affiliate in 2022 and recorded revenues of approximately $114. Accounts receivable from the affiliate at December 31, 2022 was $10, included within accounts receivable on the consolidated balance sheet.

During the year ended December 31, 2022, the Company utilized an affiliate for transportation services and incurred costs of $414. Accounts payable to the affiliate at December 31, 2022 was $2, included within accounts payable on the consolidated balance sheet.

14. Subsequent Events

The Company has evaluated all events subsequent through September 16, 2023, the date these consolidated financial statements were available to be issued.

In March 2023, the Company borrowed $55,000 under the delayed draw commitment No.2 and $9,000 under the delayed draw commitment No.4.

On August 10, 2023, the Company announced that it has entered into a definitive agreement with Forward Air Corporation ("Forward") under which Forward and the Company will combine in a cash-and-stock transaction. Under the terms of the agreement, the Company's shareholders will receive $150,000 in cash and Forward common stock and preferred stock.

OMNI NEWCO, LLC AND SUBSIDIARIES

Audited Consolidated Financial Statements

As of and For the Year Ended December 31, 2021

Independent Auditor's Report

Board of Directors

Omni Newco, LLC

Dallas, Texas

Opinion

We have audited the consolidated financial statements of Omni Newco, LLC and its subsidiaries (the Company), which comprise the consolidated balance sheet as of December 31, 2021, and the related consolidated statements of operations and comprehensive loss, members' equity, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that the consolidated financial statements are issued or available to be issued.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

/s/ BDO USA, P.C.

September 15, 2023

OMNI NEWCO, LLC AND SUBSIDIARIES
Consolidated Balance Sheet
(in thousands)

		December 31, 2021
ASSETS		
Current assets:		
Cash and cash equivalents	$	37,004
Accounts receivable:		
Billed, net		306,281
Unbilled		65,622
Prepaid expenses and other assets		29,666
Total Current Assets		438,573
Property and equipment, net		26,442
Other Assets		
Goodwill		485,586
Intangible assets, net		703,274
Other		9,758
Total Other Assets		1,198,618
Total Assets	$	1,663,633
LIABILITIES AND MEMBERS' EQUITY		
Current Liabilities:		
Accounts payable	$	110,481
Accrued expenses		104,667
Current portion of long-term debt		9,347
Other current liabilities		1,057
Total Current Liabilities		225,552
Long-term debt, less current portion		957,261
Contingent consideration liability		91,800
Deferred income taxes		9,469
Other long-term liabilities		4,057
Total Liabilities		1,288,139
Commitments and Contingencies (Note 8)		
Members' Equity		375,494
Total Liabilities and Members' Equity	$	1,663,633

See accompanying notes to consolidated financial statements.

OMNI NEWCO, LLC AND SUBSIDIARIES
Consolidated Statement of Operations and Comprehensive Loss
(in thousands)

	Year Ended December 31, 2021
Operating revenue	$ 1,515,334
Operating expenses:	
Purchased transportation costs	1,088,097
Selling, general and administrative	300,725
Change in fair value of contingent consideration	42,298
Depreciation and amortization	34,970
Total operating expenses	1,466,090
Income from operations	49,244
Other expense:	
Interest expense, net	(45,498)
Foreign exchange loss	(962)
Total other expense	(46,460)
Income before income taxes	2,784
Income tax expense	(5,414)
Net loss	$ (2,630)
Other comprehensive loss	
Foreign currency translation adjustment	(105)
Comprehensive loss	$ (2,735)

See accompanying notes to consolidated financial statements.

OMNI NEWCO, LLC AND SUBSIDIARIES
Consolidated Statement of Members' Equity
(in thousands)

	Accumulated Other Comprehensive Loss	Members' Equity
Balance, January 1, 2021	$ -	$ 587,787
Issuance of member units	-	4,949
Member distributions	-	(214,507)
Net loss	-	(2,630)
Foreign currency translation gain	(105)	(105)
Balance, December 31, 2021	$ (105)	$ 375,494

See accompanying notes to consolidated financial statements.

OMNI NEWCO, LLC AND SUBSIDIARIES
Consolidated Statement of Cash Flows
(in thousands)

	Year Ended December 31, 2021
Operating Activities	
Net loss	$ (2,630)
Adjustments to reconcile net loss to net cash used in operating activities:	
Depreciation and amortization	34,970
Amortization of deferred financing costs	7,777
Change in fair value of contingent consideration	42,298
Deferred income tax benefit	(288)
Provision for bad debts	1,695
Loss on disposal of property and equipment	(5)
Changes in operating assets and liabilities, net of effects of business acquisitions:	
Accounts receivable	(189,973)
Prepaid and other assets	(11,457)
Accounts payable	46,646
Accrued expenses and other liabilities	3,636
Contingent consideration paid	(6,458)
Net cash used in operating activities	(73,789)
Investing activities	
Cash paid for acquisitions; net of cash acquired	(181,259)
Acquisition purchase price adjustment	(8,685)
Purchase of property and equipment	(15,330)
Net cash used in investing activities	(205,274)
Financing activities	
Proceeds from long-term debt	533,557
Repayments of long-term debt	(28,565)
Proceeds from revolving line of credit	53,000
Repayments of revolving line of credit	(36,000)
Payment of debt issuance costs	(15,818)
Cash paid to settle contingent consideration	(9,840)
Member distributions	(209,188)
Net cash provided by financing activities	287,146
Effect of exchange rate changes on cash and cash equivalents	(180)
Net increase in cash and cash equivalents	7,903
Cash and cash equivalents - beginning of period	$ 29,101
Cash and cash equivalents - end of period	$ 37,004
Supplemental cash flow information	
Cash paid for interest	$ 37,775
Cash paid for income taxes	$ 1,525
Non-cash investing and financing activities	
Issuance of capital units in connection with acquisitions	$ 4,949
Contingent consideration liability	$ 55,960
Accrued distributions	$ 5,319
Goodwill measurement period adjustment	$ 1,471

See accompanying notes to consolidated financial statements.

1. Nature of Operations

Omni Newco, LLC (“Newco”), was formed as a Delaware limited liability company on December 21, 2020. Newco, through its wholly-owned subsidiary, Omni Parent, LLC (together, “the Company,” “we,” or “our”) is engaged in the arrangement of air, ocean and ground transportation, with commercial carriers for its customers, both nationally and internationally. Additionally, the Company provides e-commerce fulfillment, warehousing and distribution and value-added services, such as testing and light assembly.

2. Summary of Significant Accounting Policies

Basis of Presentation and Consolidation

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. All intercompany transactions and balances have been eliminated in consolidation.

All dollar amounts are presented in thousands.

Cash and Cash Equivalents

The Company considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable consist of billed and unbilled receivables for services performed for the Company’s customers. The Company performs credit evaluations of its customers and reviews accounts receivable on a monthly basis and determines if any accounts will potentially be uncollectible. The Company includes any such uncollectible amounts in its allowance for doubtful accounts. Based upon information available, management recorded an allowance for doubtful accounts of $3,117 as of December 31, 2021. Actual write-offs may occur and the resulting losses may exceed the allowance for doubtful accounts.

Property and Equipment

Property and equipment are recorded at cost less accumulated depreciation and amortization. Property and equipment in connection with business combinations are recorded at fair value. Depreciation is computed on a straight-line basis over the estimated useful lives of the asset. Leasehold improvements are amortized over the shorter of the remaining lease term or economic life of the related assets. Depreciation and amortization expense for the year ended December 31, 2021 was $6,044.

Expenditures for maintenance and repairs are charged to operations as incurred. Expenditures for betterment and major renewals are capitalized. The cost of assets sold or retired and the related amounts of accumulated depreciation and amortization are eliminated from the accounts in the year of disposal and the resulting gains and losses are included in operations.

Property and equipment consist of the following:

	Estimated useful life in years	December 31, 2021
Machinery and equipment (a)	1-10	$ 16,752
Transportation equipment	1-5	1,279
Office furniture and fixtures	1-7	7,199
Leasehold improvements	1-10	7,248
Total assets		32,478
Less: accumulated depreciation		(6,036)
Property and equipment, net		$ 26,442

(a) Equipment under capital leases was $1,929 as of December 31, 2021.

Machinery and equipment and leasehold improvements not yet subject to depreciation was $4,147 as of December 31, 2021.

Business Combinations

The Company accounts for business acquisitions using the acquisition method of accounting based on Accounting Standards Codification ("ASC") 805 — *Business Combinations*, which requires recognition and measurement of all identifiable assets acquired and liabilities assumed at their fair value as of the date control is obtained. The Company determines the fair value of assets acquired and liabilities assumed based upon its best estimates of the acquisition-date fair value of assets acquired and liabilities assumed in the acquisition. Goodwill represents the excess of the purchase price over the fair value of the net tangible and identifiable intangible assets acquired. Subsequent adjustments to the fair value of any contingent consideration are recorded in the Company's consolidated statement of operations.

Based on the acquisition date and the complexity of the underlying valuation work, certain amounts included in the Company's consolidated financial statements may be provisional and thus subject to further adjustments within the permitted measurement period (not exceeding one year from the date of acquisition), as defined in ASC 805.

Goodwill

Goodwill is allocated to the reporting unit for the purpose of impairment testing. Goodwill is tested for impairment annually and between annual tests whenever events or changes in circumstances indicate that the carrying amount may not be fully recoverable. Goodwill is tested at the reporting unit level, which is defined as an operating segment or one level below the operating segment. An impairment loss is recognized if the estimated fair value of a reporting unit is less than its net book value.

Goodwill is tested at least annually for impairment on October 1, or more frequently if events or changes in circumstances indicate that the asset might be impaired. The Company first performs a qualitative assessment to determine whether it is more likely than not that the fair value of its reporting units is less than their respective carrying value ("Step Zero Analysis"). If the qualitative assessment indicates it is more likely than not that the fair value of the Company's reporting units is less than their respective carrying value, an additional impairment assessment is performed. No impairment was recognized for the year ended December 31, 2021.

Impairment of Long-Lived Assets

Long-lived assets (excluding goodwill), such as property and equipment and definite lived intangible assets, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If circumstances require a long-lived asset to be tested for possible impairment, the Company first compares undiscounted cash flows expected to be generated by an asset to the carrying value of the asset. If the carrying value of the long-lived asset is not recoverable on an undiscounted cash flow basis, impairment is recognized to the extent that the carrying value exceeds its fair value. There were no impairment charges to long-lived assets for the year ended December 31, 2021.

Revenue

Freight Forwarding

The Company contracts with commercial carriers to arrange for the shipment of cargo. A substantial portion of the Company's freight forwarding business is conducted through non-committed space allocations with carriers. The Company arranges for, and in many cases provides, pick-up and delivery service between the carrier and the location of the shipper or recipient in addition to other ancillary services. The transaction price is based on the consideration specified in the customer's contract.

Revenue is recognized upon transfer of control of promised products or services to customers in an amount that reflects the consideration the Company expects to receive in exchange for those products or services. A performance obligation is created when a customer under a transportation contract submits a bill of lading for the transport of goods from origin to destination. These performance obligations are satisfied as the shipments move from origin to destination. Transportation revenue is recognized proportionally as a shipment moves from origin to destination and the related costs are recognized as incurred. Some of the customer contracts contain a promise to stand ready, as the Company is obligated to provide transportation services for the customer. For these contracts, the Company recognizes revenue on a straight-line basis over the term of the contract because the pattern of benefit to the customer, as well as the Company's efforts to fulfill the contract, are generally distributed evenly throughout the period. Performance obligations are short-term, with transit periods ranging from several days to a few months. Customers are billed upon delivery of the freight on a monthly basis, and remit payment according to approved payment terms. The Company recognizes revenue on a net basis when the Company does not control the specific services.

The Company has determined that in general each shipment transaction or service order constitutes a separate contract with the customer. However, when the Company provides multiple services to a customer, different contracts may be present for different services. The Company combines the contracts, which form a single performance obligation, and accounts for the contracts as a single contract when certain criteria are met.

The Company evaluates whether amounts billed to customers should be reported as gross or net revenue. Generally, revenue is recorded on a gross basis when the Company is primarily responsible for fulfilling the promise to provide the services, when it assumes risk of loss, when it has discretion in setting the prices for the services to the customers, and when the Company has the ability to direct the use of the services provided by the third party.

Warehousing, Distribution and Value-Added Services

The Company recognizes revenue for warehousing, distribution and value-added services as the performance obligation is satisfied in accordance with the contract, which ranges from a few months to a few years. The Company's performance obligations are satisfied over time as customers simultaneously receive and consume the benefits of the Company's services. The contracts contain a single performance obligation, as the distinct services provided remain substantially the same over time. The transaction price is based on the consideration specified in the contract with the customer and contains fixed and variable consideration. In general, the fixed consideration component of a contract represents reimbursement for facility and equipment costs incurred to satisfy the performance obligation and is recognized on a straight-line basis over the term of the contract. The variable consideration component is comprised of cost reimbursement, per-unit pricing or time and materials pricing and is determined based on the costs, units or hours of services provided, respectively, and is recognized over time based on the level of activity.

Revenues for freight forwarding was $1,406,828 for the year ended December 31, 2021. Revenues for warehousing, distribution and value-added services were $108,506 for the year ended December 31, 2021.

Income Taxes

The Company is a limited liability company. Under this method of organization, the members are taxed individually on their share of earnings. However, the Company has a wholly-owned U.S. corporation that is subject to federal income taxes which has been included in the accompanying consolidated financial statements. The Company accounts for income taxes pursuant to the asset and liability method which requires deferred income tax assets and liabilities to be computed annually for temporary differences between the financial statement and income tax bases of assets and liabilities that will result in taxable or deductible amounts in the future based on enacted tax laws and rates applicable to the periods in which the differences are expected to affect taxable income.

Foreign income taxes are provided for the tax effects of transactions reported in the consolidated financial statements and consist of taxes currently due and deferred taxes, which relate primarily to the difference between the depreciation methods used for financial and income tax reporting.

The Company follows guidance regarding accounting for uncertainty in income taxes. This guidance clarifies the accounting for income taxes by prescribing the minimum recognition threshold an income tax position is required to meet before being recognized in the consolidated financial statements and applies to all income tax positions. Each income tax position is assessed using a two-step process. A determination is first made as to whether it is more likely than not that the income tax position will be sustained, based upon technical merits, upon examination by the taxing authorities. If the income tax position is expected to meet the more likely than not criteria, the benefit recorded in the consolidated financial statements equals the largest amount that is greater than 50% likely to be realized upon its ultimate settlement.

The Company records income tax related interest and penalties, if applicable, as a component of the provision for income tax expense. None of the Company's income tax returns are currently under examination by taxing authorities. Fiscal years 2012 and later remain subject to examination by foreign tax authorities and years 2019 and later remain subject to examination by U.S. Federal and state taxing authorities. The Company believes that it has no uncertain tax positions for income taxes and believes there will be no significant changes in these positions during the next twelve months.

Foreign Currency

The Company operates in multiple countries in Asia, North America, and Europe. Foreign currency amounts attributable to its foreign operations have been translated into U.S. dollars using year-end exchange rates for assets and liabilities, historical rates for equity, and average monthly rates for revenues and expenses. Translation adjustments resulting from this process are recorded as components of other comprehensive income until complete or substantially complete liquidation by the Company of its investment in a foreign entity. Gains and losses resulting from re-measurement transactions denominated in currencies other than the functional currency are included in the consolidated statement of operations and comprehensive loss. Also, the Company is exposed to foreign currency exchange fluctuations on monetary assets and liabilities denominated in currencies that are not the local functional currency.

Use of Estimates

The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and requires management to disclose contingent assets and liabilities at the date of the consolidated financial statements. While management believes current estimates are reasonable and appropriate, actual results could differ from those estimates.

Concentrations of Credit Risk

Financial instruments which potentially subject the Company to concentrations of credit risk consist of cash and cash equivalents and accounts receivable. The Company maintains cash and cash equivalents with financial institutions which, at times, exceed federally insured limits. The Company monitors the financial condition of the banks and has experienced no losses associated with the accounts. The Company is not party to any financial instruments which would have off-balance sheet credit or interest rate risk.

Fair Value of Financial Instruments

Accounting guidance defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and establishes a three-level valuation hierarchy for disclosure of fair value measurements. The valuation hierarchy categorizes assets and liabilities measured at fair value into one of three different levels depending on the observability of the inputs employed in the measurement. The three levels are defined as follows:

Level 1 – Observable inputs such as quoted prices in active markets at the measurement date for identical, unrestricted assets or liabilities.

Level 2 - Other inputs that are observable directly or indirectly such as quoted prices in markets that are not active, or inputs which are observable, either directly or indirectly, for substantially the full term of the asset or liability.

Level 3 – Unobservable inputs for which there is little or no market data and which the Company makes its own assumptions about how market participants would price the assets and liabilities.

The Company's fair value of financial instruments disclosure is based upon information available to management as of December 31, 2021. Considerable judgment is necessary to interpret market data and develop estimated fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Company could realize on disposition of the financial instruments. The use of different market assumptions and/or estimation methodologies may have a material effect on the estimated fair value amounts.

The Company's financial instruments consist mainly of cash and cash equivalents, accounts receivable, accounts payable, contingent consideration and long-term debt. The carrying value for cash and cash equivalents, accounts receivable, and accounts payable approximates their fair value, principally due to the short-term maturities of these instruments. The carrying value for long-term debt approximates fair value because the interest rate is similar to other financial instruments with similar credit risks and terms.

The Company follows accounting guidance for nonfinancial assets and liabilities measured at fair value on a non-recurring basis. As it relates to the Company, this applies to certain nonfinancial assets and liabilities acquired in business combinations and thereby measured at fair value. The Company has classified such fair value measurements as level 3 and determines fair value primarily by internal valuations.

The Company's only material financial instruments carried at fair value as of December 31, 2021, with changes in fair value flowing through current earnings, consist of contingent consideration liabilities recorded in conjunction with business combinations.

On November 29, 2021, the Company settled the Mach 1 earnout in cash of $16,298. The difference between the estimated value and the amount paid of $6,458 was included in change in fair value of contingent consideration liability in the consolidated statements of operations and comprehensive loss for the year ended December 31, 2021.

In connection with 2020 and 2021 acquisitions (as defined below), the Company recorded a contingent consideration liability on each of the acquisition dates, which consists of a potential future payment to each of the sellers. The potential future payment for Epic, and Millhouse is based on adjusted earnings before interest, taxes, depreciation, and amortization ("Adjusted EBITDA"), as defined in the respective purchase and sale agreement. The potential future payment for Trinity and PLC is based on gross profit, as defined in the respective purchase and sale agreement. The fair value of the contingent consideration liability was determined using a Monte Carlo simulation model. The fair value is based on significant inputs not observable in the market and thus represents a level 3 measurement.

The contingent consideration liabilities were measured subsequently at December 31, 2021 at fair value. The fair value adjustments associated with contingent consideration liabilities were included in total operating expenses on the consolidated statement of operations and comprehensive loss for the year ended December 31, 2021.

(in thousands)

The following table summarizes the fair values of the contingent consideration liabilities for the acquisitions at each acquisition date (see Note 3) and at December 31, 2021.

	Epic	Trinity	Millhouse	PLC	Total
Acquisition date estimated value	$ 3,560	$ 17,000	$ 21,100	$ 14,300	$ 55,960
Change in estimated value	7,440	25,500	2,900	-	35,840
Estimated value of contingent consideration at December 31, 2021	$ 11,000	$ 42,500	$ 24,000	$ 14,300	$ 91,800

A reconciliation of the beginning and ending balances of recurring fair value measurements recognized in the accompanying balance sheets using significant unobservable (Level 3) inputs, is as follows:

	December 31, 2021
Balance at beginning of the period	$ 9,840
Fair value recorded at acquisition	55,960
Fair value changes included in change in fair value of contingent consideration liability	42,298
Payments of contingent consideration	(16,298)
Balance at end of the period	$ 91,800

Deferred Financing Costs

Financing costs incurred related to debt issuance are deferred and amortized over the term of the related debt which approximates the effective interest rate method. When a debt is retired before its maturity, unamortized deferred financing costs are written off in the period the debt is extinguished. For the year ended December 31, 2021, amortization expense of $7,777 is recorded in interest expense on the consolidated statement of operations and comprehensive loss.

Investments Other Securities

The Company accounts for its investments in equity securities in accordance with ASC Topic No. 321, *Investments - Equity Securities* (“ASC 321”) which requires the accounting for equity investments (other than those accounted for using the equity method of accounting) generally to be measured at fair value for equity securities with readily determinable fair values. For equity securities without a readily determinable fair value that are not accounted for by the equity method, the Company measures the equity security using cost, less impairment, if any, and plus or minus observable price changes arising from orderly transactions in the same or similar investment from the same issuer. Any unrealized gains or losses will be reported in current earnings.

The Company has an investment in Evolve Supply Chain Solutions, LLC (“Evolve”) accounted for at cost less impairment, at $2,500 at December 31 2021, included in other noncurrent assets on the accompanying consolidated balance sheet.

At any point in time, the Company has the ability to convert some or all its Series A Preferred Units into common units of Evolve based on the Series A Preferred Conversion Price, as defined in the Amended and Restated Limited Liability Company Agreement of Evolve Supply Chain Solutions, LLC.

Joint Venture

The Company acquired a 60% ownership stake in a joint venture with a third party ("JV"). The JV is consolidated in the balance sheet as of December 31, 2021, under the acquisition method and all intercompany transactions have been eliminated. The value of JV net assets and value of the third party non-controlling interest is inconsequential within members' equity on the consolidated balance sheet as of December 31, 2021.

3. Acquisitions

On April 2, 2021, the Company purchased 100% of the equity interests in Epic Freight Solutions LLC ("Epic") in a stock purchase acquisition. Epic was founded in 2011 and is headquartered in Lawndale, California. Epic provides freight and logistics services to both U.S. and internationally based clients. Epic Freight's services include expedited ground, truckload services, tradeshow and event logistics, air freight, international, final mile service, blanket and pad wrap, and packing guidance.

On May 17, 2021, the Company purchased substantially all of the assets of Custom Expediting & Logistics, Inc. dba Tiger Critical Logistics and Tiger Critical Capital, Inc. (together as "Tiger") in an asset purchase acquisition. Tiger was founded in 2017 and is headquartered in Cornelius, North Carolina. Tiger provides door-to-door ground and air transportation services throughout the U.S., Canada, and Mexico. Tiger's services include expedited ground, air freight charter, truckload, standard truckload, and flatbed freight services.

On June 18, 2021, the Company purchased Trinity Logistics USA, Inc. and certain subsidiaries (collectively "Trinity") in a stock purchase acquisition. Trinity Logistics USA, Inc. was founded in 2007 and is headquartered in Valley Stream, New York. Trinity provides end-to-end freight forwarding services via their fleet of planes, ships, and ground vehicles. Trinity has regional headquarters in Hong Kong, Sri Lanka, and Frankfurt, Germany with several additional offices operating in these regions as well as Africa and the Middle East.

On August 19, 2021, the Company purchased 100% of the equity interests in Millhouse Logistics Services, LLC, Millhouse Express Services, LLC and IVIA, LLC (collectively "Millhouse"). Millhouse Logistics was founded in 2010 and is headquartered in Fletcher, North Carolina. Millhouse provides both U.S. and internationally based clients a complete set of ground transportation services – expedite, oversized, FTL, LTL – while focusing on transparency and visibility in all its operations. Standing for maintaining close customer relationships, the Company is available 24/7 to deliver not just freight, but unique business solutions and educated decisions.

On December 29, 2021, the Company purchased 100% of the equity interests in Pacific Logistics, LLC ("PLC"). PLC was founded in 1999 and is headquartered in Los Angeles, CA. The service offerings include time sensitive logistics, high value or oversize transport, warehousing & value-added services, international import / export services and linehaul transportation.

The business combinations described above were accounted for using the acquisition method of accounting and the purchase price was allocated to the net assets acquired at estimated fair value.

(in thousands)

Total consideration for each acquisition is as follows:

	Epic	Tiger	Trinity	Millhouse	PLC	Total
Cash consideration	$ 14,620	$ 9,144	$ 73,389	$ 22,991	$ 86,863	$ 207,007
Equity units	3,683	1,266	-	-	-	4,949
Contingent consideration	3,560	-	17,000	21,100	14,300	55,960
Total	$ 21,863	$ 10,410	$ 90,389	$ 44,091	$ 101,163	$ 267,916
Less: cash acquired	(869)	(507)	(18,579)	(3,140)	(2,653)	(25,748)
Total consideration	$ 20,994	$ 9,903	$ 71,810	$ 40,951	$ 98,510	$ 242,168

Management uses the Option-Pricing Method to estimate fair value of the capital units as of the acquisition date. The Option-Pricing Method requires valuation assumptions of expected term, risk-free interest rates (0.68% for Epic and 0.59% for Tiger), expected volatility (47.40% for Epic and 49.30% for Tiger), and expected dividend yield. The term of four years represents the period to an expected liquidity event. The estimated risk-free interest rate is based on the implied yield available on the transaction date of a U.S. Treasury note with a term equal to the expected term. Estimated volatility is based on historical volatility of publicly traded peer companies over a period equal to the expected term. The dividend yield of 0.0% assumes that dividends are accrued and paid continuously.

Based upon the purchase price allocation, the following table summarizes the estimated fair value of the assets acquired and liabilities assumed at the date of the respective acquisition:

	Epic	Tiger	Trinity	Millhouse	PLC	Total
Accounts receivable	$ 4,589	$ 2,268	$ 28,388	$ 18,005	$ 9,096	$ 62,346
Prepaid and other current assets	-	-	1,670	1,537	1,129	4,336
Property and equipment	-	-	-	1,922	1,081	3,003
Other noncurrent assets	-	-	1,588	-	511	2,099
Goodwill	8,425	3,552	50,916	14,829	21,858	99,580
Intangible assets	10,800	5,600	42,100	30,800	70,300	159,600
Total Assets	$ 23,814	$ 11,420	$ 124,662	$ 67,093	$ 103,975	$ 330,964
Accounts payable	$ 1,871	$ 1,232	$ 12,897	$ 8,654	$ 2,445	$ 27,099
Accrued expenses and other liabilities	694	90	14,832	5,856	2,915	24,387
Other current liabilities	255	195	2,882	158	105	3,595
Long-term debt	-	-	12,388	11,474	-	23,862
Deferred income taxes - liability	-	-	9,853	-	-	9,853
Total Liabilities	$ 2,820	$ 1,517	$ 52,852	$ 26,142	$ 5,465	$ 88,796
Net Assets Acquired	$ 20,994	$ 9,903	$ 71,810	$ 40,951	$ 98,510	$ 242,168

Goodwill represents the excess purchase price over the fair value of the assets net of liabilities acquired. Trained and assembled workforce which does not meet the separability criterion is included in goodwill. Goodwill is not deductible for tax purposes.

The Company incurred acquisition costs totaling approximately $6,421 that were expensed during 2021 and are included in selling, general and administrative expenses on the consolidated statement of operations and comprehensive loss.

In connection with the acquisitions, the Company borrowed under its First Lien Term Loan and Amended and Restated First Lien Term Loan. See Note 7 for further details.

(in thousands)

4. Goodwill

Reconciliation of goodwill as December 31, 2021 is as follows:

	December 31, 2021
Goodwill – beginning balance	$ 375,850
Goodwill additions – business combinations (Note 3)	99,580
Measurement period adjustments	10,156
Goodwill – ending balance	$ 485,586

The measurement period adjustments related to a prior year acquisition. The adjustments to the purchase price were the result of post-close settlements paid in cash.

5. Intangible Assets

Intangible assets consist of the following as of December 31, 2021:

	Weighted Average Useful Life (in Years)	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Customer relationships	18.0	$ 636,700	$ (27,050)	$ 609,650
Internally developed software	4.6	1,600	(116)	1,484
Trade names - finite-lived	1.5	6,500	(1,760)	4,740
Trade names - indefinite-lived		87,400	-	87,400
Total intangible assets		$ 732,200	$ (28,926)	$ 703,274

Amortization expense of $28,926 is included in the consolidated statement of operations and comprehensive loss for the year ended December 31, 2021, within depreciation and amortization. Future amortization of intangible assets will be as follows:

	December 31,
2022	$ 37,950
2023	36,190
2024	34,700
2025	34,700
2026	34,583
Thereafter	437,751
	$ 615,874

6. Accrued Expenses

Accrued expenses consist of the following:

	December 31, 2021
Accrued purchased transportation costs	$ 35,440
Accrued compensation, benefits and withholdings	25,824
Value-added taxes payable	6,039
Accrued professional fees	1,820
Distributions payable	5,319
Current portion of accrued claims (See Note 8)	3,133
Other accrued expenses	27,092
Accrued Expenses	$ 104,667

(in thousands)

7. Long-Term Debt

At December 31, 2021, long-term debt consisted of the following:

	December 31, 2021
Term loan	$ 887,775
Subordinated term loan	80,000
Revolving line of credit	20,000
Finance leases of equipment	1,529
Total debt	989,304
Deferred financing costs, net	(22,696)
Total debt	966,608
Less: current portion	(9,347)
Total long-term debt, net of current portion	$ 957,261

Senior Secured First Lien Term Loan

On December 30, 2020, the Company entered into a Term Loan payable with a financial institution for a principal amount of $360,000, maturing in December 2026. The Company increased the principal amount by $90,000 under incremental commitment amendment No.1 on June 18, 2021 and $50,000 under incremental commitment amendment No.2 on October 22, 2021. The Term Loan includes a delayed draw in an aggregate principal amount not to exceed $65,000, maturing in December 2026. In 2021, in connection with acquisitions of Epic, Tiger and Millhouse, the Company borrowed a total of $65,000 under the delayed draw.

On November 30, 2021, the Company amended and restated (“A&R) the First Lien Term Loan and increased the aggregate principal amount to $800,000, maturing in December 2026. The A&R Term Loan includes delayed draw of an aggregate amount of $185,000. In connection with acquisition of PLC, the Company borrowed $90,000 under the delayed draw on December 29, 2021. The A&R Term Loan bears interest at a base rate per annum equal to the Eurodollar Rate plus the applicable margin for Eurodollar Rate loans or at a rate per annum equal to the Alternate Base Rate plus the applicable margin for Alternate Base Rate loans (6.0% at December 31, 2021) and secured by substantially all the assets of the Company.

Principal payments equal to 0.25% of the aggregate principal amount are due quarterly commencing on June 30, 2021, with the remaining due upon maturity. Accrued interest is due monthly.

Revolving Line of Credit

On December 30, 2020, the Company entered into Revolving Line of Credit with an aggregate principal amount not to exceed $40,000, maturing in December 2025. On November 30, 2021, the Company increased the Revolving Credit Commitment to an aggregate principal amount of $80,000 under the A&R First Lien Credit Agreement. At December 31, 2021, the amount borrowed under the Revolving Line of Credit was $20,000. The Revolving Line of Credit bears interest at a base rate per annum equal to the Eurodollar Rate plus the applicable margin for Eurodollar Rate loans or at a rate per annum equal to the Alternate Base Rate plus the applicable margin for Alternate Base Rate loans (6.0% at December 31, 2021) and is unsecured. Principal is due at maturity and accrued interest is due monthly. The Company shall pay a commitment fee at a rate per annual equal to 0.50% times the actual daily undrawn amount under the Revolving Line of Credit. The commitment fee is due quarterly and on the maturity date for the Revolving Line of Credit.

(in thousands)

Secured Second Lien Subordinated Term Loan

On December 30, 2020, the Company entered into a Subordinated Term Loan payable with a financial institution for a principal amount of $80,000, maturing in December 2027. The Subordinated Term Loan bears interest at a base rate per annum equal to the Eurodollar Rate plus the applicable margin for Eurodollar Rate loans or at a rate per annum equal to the Alternate Base Rate plus the applicable margin for Alternate Base Rate loans (10.0% at December 31, 2020) and secured by substantially all the assets of the Company. The Subordinated Term Loan is subordinate to the First Lien Term Loan. Principal is due at maturity and accrued interest is due monthly.

Future maturities of Company’s long-term debt as of December 31, 2021 are as follows:

	December 31,
2022	$ 9,347
2023	9,326
2024	9,200
2025	29,193
2026	852,238
Thereafter	80,000
	$ 989,304

The credit agreements have affirmative and negative covenants as defined within each credit agreement and compliance with the consolidated net leverage ratio. At December 31, 2021, the Company was in compliance with all the terms of its credit facilities.

8. Commitments and Contingencies

The Company leases office space and equipment at various locations under non-cancelable lease agreements expiring through 2032. Under the terms of the agreements, the Company is obligated to pay certain operating expenses.

The future minimum payments required under the operating leases are as follows:

Year ended December 31,	Leases	Subleases	Net
2022	$ 39,940	$ 311	$ 39,629
2023	29,595	74	29,521
2024	18,349	-	18,349
2025	10,733	-	10,733
2026	5,390	-	5,390
Thereafter	9,865	-	9,865
	$ 113,872	$ 385	$ 113,487

Rent expense under these and other month-to-month leases was approximately $35,400 for the year ended December 31, 2021. Rentals under the subleases totaled approximately $474 for the year ended December 31, 2021.

From time-to-time, the Company is subject to various litigation and other claims in the normal course of business. The Company establishes liabilities in connection with legal actions that management deems to be probable and estimable. As of December 31, 2021, $3,133 are included in accrued expenses on the accompanying balance sheet for current portion of known claims. The non-current portion of known claims of $4,065 at December 31, 2021 are included in other long-term liabilities in the accompanying consolidated balance sheet.

(in thousands)

9. Income Taxes

Income tax expense (benefit) consisted of the following:

	Year Ended December 31, 2021
Current	
State	$ 742
Federal	1,202
Foreign	3,758
Total Current	5,702
Deferred	
Federal	(477)
Foreign	189
Total Income Tax Expense	$ 5,414

Deferred income tax assets relate to foreign property and equipment. Deferred tax liabilities resulted from the difference between the book basis and the tax basis in the intangible assets created in the acquisition of Trinity in 2021. Deferred income tax liabilities were $9,469 at December 31, 2021.

The effective tax rate is 21.2% and consists primarily of the Company's foreign operations, in addition to state taxes and its one wholly-owned U.S corporate subsidiary.

10. Retirement Plan

The Company has a 401(k) profit sharing plan that covers certain eligible employees. Contributions to the plan are at the discretion of management. For the year ended December 31, 2021, the Company contributed $381 to the plan.

11. Profit Unit Plan

Class B Member Units

On March 26, 2021, the Board of Managers of Company's parent created a new profit unit plan with authorized Class B member units ("Class B Units") of 18,178,985.52.

The Company accounted for the Units as liabilities under FASB ASC 718, *Compensation – Stock Compensation*. As such, the fair value of each award would be calculated at each reporting date. However, Class B Units are contingent upon continued employment and only vest upon a liquidity event that generates an internal rate of return of 18% or more. Additionally, the portion of Class B Units that vest is contingent on the return on investment earned by certain Member Unit holders based on the table below:

Return on Investment	Vest %
Less than 2.0	None
2.0 to 2.5	33.33%
2.5 to 3.0	66.67%
More than 3.0	100.00%

The vesting conditions are not considered probable until a liquidity even occurs, therefore no compensation cost for Class B Units has been recognized.

During 2021, 9,680,309.82 Class B Units were granted and 1,454,318.84 were forfeited. As of December 31, 2021, 8,225,990.98 Class B Units were outstanding and unvested. No Class B Member Units have vested as of December 31, 2021.

12. Related Parties

The Company is party to a management consulting agreement with Eve Omni Advisors, LLC ("EVE"). Pursuant to this agreement, EVE will provide consulting services related to senior management matters as an independent contractor. The Company shall pay in advance a quarterly management fee of $ 375 on the first business day of each fiscal quarter (commencing on January 1, 2021), plus reimbursement of certain expenses. The agreement will continue until terminated by certain triggering events as defined in the agreement. The Company incurred management consulting fees of $1,500 during the year ended December 31, 2021.

The Company entered into a management consulting agreement with Ridgemont Partners Management, LLC ("Ridgemont") in December 2020. Pursuant to the management consulting agreement, Ridgemont provides consulting services related to senior management matters as an independent contractor on an ongoing basis until terminated by certain triggering events as defined in the agreement. The Company shall pay in advance a quarterly management fee of $375 on the first business day of each fiscal quarter (commencing on January 1, 2021), plus reimbursement of certain expenses. The Company incurred management consulting fees of $1,500 during the year ended December 31, 2021.

Accounts receivable from a unit holder was $853 as of December 31, 2021, classified in prepaid expenses and other assets on the consolidated balance sheet.

The Company utilized an affiliate for transportation and logistics services. During the year ended December 31, 2021, the Company incurred costs of approximately $4,919. Accounts payable to the affiliate at December 31, 2021 was $133, included within accounts payable on the consolidated balance sheet.

13. Subsequent Events

The Company has evaluated all events subsequent through September 15, 2023, the date these consolidated financial statements were available to be issued.

2022 Acquisitions

On March 31, 2022, the Company through its wholly-owned subsidiary Omni Logistics, LLC acquired substantially all of the assets of LiVe Logistics Corporation for a total purchase consideration of $52,572. LiVe is a third-party logistics company that provides asset-light transportation and logistics services, specializing in a variety of 3PL services, including full truckload, less-than-truckload, shared truckload, multi-stop deliveries, drop trailers, box trucks, sprinter vans, flatbeds, refrigerated, frozen, reefer, flatbeds, intermodal, rail, and warehousing to customers in the United States.

On August 26, 2022, the Company purchased AG World Transport, Inc. and certain subsidiaries (collectively "AGW") in a stock purchase acquisition for a total purchase consideration of $115,595. AGW is a global freight forwarder that leverages its expertise in air freight, ocean freight, road service, and logistics to craft customized, end-to-end supply chain solutions. The acquisition of AGW was to bolster Omni's brokerage team and win additional business from existing customers through enhanced air freight capabilities.

Senior Secured First Lien Term Loan

In March 2022, in connection with the LiVe acquisition, the Company borrowed $40,000 under the delayed draw. The Company established a new term facility in an aggregate principal amount of $115,000 and established a new delayed draw commitment No.3 on June 24, 2022 in the amount of $100,000 and $45,000 under delayed draw commitment No.4. The agreement also amended definitions of interest whereby the Eurodollar Rate is replaced with Secured Overnight Financing Rate (SOFR). In August of 2022, in connection with the AGW acquisition, the Company borrowed a total of $100,000 under the delayed draw commitment No. 3. In March 2023, the Company borrowed $55,000 under the delayed draw commitment No. 2 and $9,000 under the delayed draw commitment No. 4.

Secured Second Lien Subordinated Term Loan

On June 24, 2022, the Company obtained a new term facility in the aggregate principal amount of $135,000 and on June 30, 2022, the company entered into the Fifth Amendment to the Secured Second Lien Credit Agreement and funded $30,000 term facility.

Member Distributions

During 2022 and 2023, the Company declared and paid $236,633 in member distributions.

Plan of Merger

On August 10, 2023, the Company announced that it has entered into a definitive agreement with Forward Air Corporation (“Forward”) under which Forward and the Company will combine in a cash-and-stock transaction. Under the terms of the agreement, the Company’s shareholders will receive $150,000 in cash and Forward common stock and preferred stock.

Exhibit 99.4

OMNI NEWCO, LLC AND SUBSIDIARIES

Unaudited Condensed Consolidated Financial Statements

As of June 30, 2023 and For the Six Months Ended June 30, 2023 and 2022

OMNI NEWCO, LLC AND SUBSIDIARIES
Condensed Consolidated Balance Sheets
(unaudited and in thousands)

	June 30, 2023	December 31, 2022
ASSETS		
Current assets:		
Cash and cash equivalents	$ 86,330	$ 130,333
Accounts receivable:		
Billed, net of allowance of $5,091 and $6,091	170,463	236,980
Unbilled	22,461	31,506
Prepaid expenses and other assets	33,359	34,290
Total current assets	312,613	433,109
Property and equipment, net	77,121	81,145
Operating lease right-of-use assets	200,249	210,480
Other assets		
Goodwill	529,727	531,385
Intangible assets, net	769,450	792,935
Other	13,401	14,820
Total other assets	1,312,578	1,339,140
Total assets	$ 1,902,561	$ 2,063,874
LIABILITIES AND MEMBERS' EQUITY		
Current liabilities:		
Accounts payable	$ 31,068	$ 80,890
Accrued expenses and other	69,108	100,843
Current portion of long-term debt	16,837	16,563
Current portion of contingent consideration	65,621	71,395
Current portion of operating lease liabilities	39,968	42,499
Total current liabilities	222,602	312,190
Long-term debt, less current portion	1,406,673	1,347,132
Operating lease liabilities, less current portion	184,566	189,023
Contingent consideration liability, less current portion	1,284	25,254
Deferred income taxes	25,540	25,554
Other long-term liabilities	2,860	2,862
Total liabilities	1,843,525	1,902,015
Commitments and contingencies (Note 7)		
Members' equity	153,272	152,984
Accumulated other comprehensive loss	(4,783)	(4,492)
Retained earnings	(89,453)	13,367
Total members' equity	59,036	161,859
Total liabilities and members' equity	$ 1,902,561	$ 2,063,874

See accompanying notes to condensed consolidated financial statements.

OMNI NEWCO, LLC AND SUBSIDIARIES
Condensed Consolidated Statements of Operations and Comprehensive Income (Loss)
(unaudited and in thousands)

	Six Months Ended June 30,	
	2023	**2022**
Operating revenue	$ 682,442	$ 927,932
Operating expenses:		
Purchased transportation costs	409,572	635,136
Selling, general and administrative	251,804	208,378
Change in fair value of contingent consideration	12,320	7,299
Depreciation and amortization	32,262	23,313
Total operating expenses	705,958	874,126
Income (loss) from operations	(23,516)	53,806
Other expense:		
Interest expense, net	(79,345)	(35,817)
Other income	607	715
Foreign exchange gain (loss)	(1,240)	3,603
Total other expense	(79,978)	(31,499)
Income (loss) before income taxes	(103,494)	22,307
Income tax benefit (expense)	674	(3,301)
Net income (loss)	$ (102,820)	$ 19,006
Other comprehensive income (loss)		
Foreign currency translation adjustment	(291)	(5,248)
Comprehensive income (loss)	$ (103,111)	$ 13,758

See accompanying notes to condensed consolidated financial statements.

OMNI NEWCO, LLC AND SUBSIDIARIES
Condensed Consolidated Statements of Members' Equity
(unaudited and in thousands)

	Accumulated Other Comprehensive Loss	Retained Earnings	Members' Equity
Balance, January 1, 2023	$ (4,492)	$ 13,367	$ 161,859
Issuance of member units	-	-	288
Net loss	-	(102,820)	(102,820)
Foreign currency translation loss	(291)	-	(291)
Balance, June 30, 2023	$ (4,783)	$ (89,453)	$ 59,036

	Accumulated Other Comprehensive Loss	Retained Earnings	Members' Equity
Balance, January 1, 2022	$ (105)	$ (2,632)	$ 375,494
Issuance of member units	-	-	7,863
Member distributions	-	-	(227,569)
Net income	-	19,006	19,006
Foreign currency translation loss	(5,248)	-	(5,248)
Balance, June 30, 2022	$ (5,353)	$ 16,374	$ 169,546

See accompanying notes to condensed consolidated financial statements.

OMNI NEWCO, LLC AND SUBSIDIARIES
Condensed Consolidated Statements of Cash Flows
(unaudited and in thousands)

	Six Months Ended June 30, 2023	Six Months Ended June 30, 2022
Operating Activities		
Net income (loss)	$ (102,820)	$ 19,006
Adjustments to reconcile net income (loss) to net cash (used in) provided by operating activities:		
Depreciation and amortization	32,262	23,313
Amortization of deferred financing costs	3,618	2,579
Change in fair value of contingent consideration	12,320	7,299
Other operating activities	219	3,248
Changes in operating assets and liabilities, net of effects of business acquisitions:		
Accounts receivable	75,214	101,903
Prepaid and other assets	2,585	(16,927)
Accounts payable	(48,601)	(22,480)
Accrued expenses and other liabilities	(22,006)	(43,854)
Contingent consideration paid	(7,229)	-
Net cash (used in) provided by operating activities	(54,438)	74,087
Investing activities		
Cash paid for acquisitions; net of cash acquired	250	(36,710)
Purchase of property and equipment and other investing	(4,925)	(15,196)
Net cash used in investing activities	(4,675)	(51,906)
Financing activities		
Proceeds from long-term debt	64,000	320,000
Repayments of long-term debt	(6,051)	(4,838)
Repayments of revolving line of credit	-	(20,000)
Repayments of finance lease obligations	(2,101)	(1,227)
Payment of debt issuance costs	(511)	(12,372)
Cash paid to settle contingent consideration	(33,981)	-
Cash received from member issuances	-	600
Purchase of member units	-	(1,885)
Member distributions	(7,439)	(208,469)
Net cash provided by financing activities	13,917	71,809
Effect of exchange rate changes on cash and cash equivalents	1,193	(2,162)
Net increase (decrease) in cash and cash equivalents	(44,003)	91,828
Cash and cash equivalents - beginning of period	130,333	37,004
Cash and cash equivalents - end of period	$ 86,330	$ 128,832
Supplemental cash flow information		
Cash paid for interest	$ 76,036	$ 33,156

See accompanying notes to condensed consolidated financial statements.

1. Nature of Operations

Omni Newco, LLC ("Newco"), was formed as a Delaware limited liability company on December 21, 2020. Newco, through its wholly-owned subsidiary, Omni Parent, LLC (together "the Company," "we," or "our") is engaged in the arrangement of air, ocean and ground transportation, with commercial carriers for its customers, both nationally and internationally. Additionally, the Company provides e-commerce fulfillment, warehousing and distribution and value-added services, such as testing and light assembly.

2. Basis of Presentation

The condensed consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. All intercompany transactions and balances have been eliminated in consolidation.

The condensed consolidated financial statements have been prepared in conformity with U.S. generally accepted accounting principles ("GAAP") for interim financial information. In the opinion of management, the accompanying unaudited condensed consolidated financial statements reflect all adjustments, which are of a normal recurring nature, necessary to present fairly the Company's financial position, results of operations, and cash flows for the periods presented.

These condensed consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements and the notes thereto for the year ended December 31, 2022. Interim results are not necessarily indicative of results for a full year.

Summary of Significant Accounting Policies

Note 2 of the Notes to Consolidated Financial Statements for the year ended December 31, 2022, includes a summary of the significant accounting policies and methods used in the preparation of our consolidated financial statements.

3. Acquisitions

On March 31, 2022, the Company through its wholly-owned subsidiary Omni Logistics, LLC acquired substantially all of the assets of LiVe Logistics Corporation ("LiVe"). LiVe was founded in 2016 and is headquartered in Vernon Hills, Illinois. LiVe is a third-party logistics company that provides asset-light transportation and logistics services, specializing in a variety of 3PL services, including full truckload, less-than-truckload, shared truckload, multi-stop deliveries, drop trailers, box trucks, sprinter vans, flatbeds, refrigerated, frozen, reefer, flatbeds, intermodal, rail, and warehousing to customers in the United States.

On August 26, 2022, the Company purchased AG World Transport, Inc. and certain subsidiaries (collectively "AGW") in a stock purchase acquisition. AGW was founded in 1996 and is headquartered in San Francisco, California, and has offices in the United States, Asia, and Europe. AGW is a global freight forwarder that leverages its expertise in air freight, ocean freight, road service, and logistics to craft customized, end-to-end supply chain solutions. The acquisition of AGW was to bolster Omni's brokerage team and win additional business from existing customers through enhanced air freight capabilities.

(unaudited and in thousands)

The business combinations described above were accounted for using the acquisition method of accounting and the purchase price was allocated to the net assets acquired at estimated fair value. Total consideration for each acquisition is as follows:

	LiVe	AGW	Total
Cash consideration (a)	$ 38,055	$ 108,664	$ 146,719
Working capital adjustment due from seller	-	(6,801)	(6,801)
Equity units	4,462	5,247	9,709
Contingent consideration	11,400	21,300	32,700
Total	$ 53,917	$ 128,410	$ 182,327
Less: cash acquired	(1,345)	(12,815)	(14,160)
Total consideration	$ 52,572	$ 115,595	$ 168,167

(a) Cash consideration for LiVe includes post-close amounts received.

Management uses the Option-Pricing Method to estimate fair value of the capital units as of the acquisition date. The Option-Pricing Method requires valuation assumptions of expected term, risk-free interest rates (2.42% for LiVe and 3.27% for AGW), expected volatility (43.40% for LiVe and 51.50% for AGW), and expected dividend yield. The term of four years represents the period to an expected liquidity event. The estimated risk-free interest rate is based on the implied yield available on the transaction date of a U.S. Treasury note with a term equal to the expected term. Estimated volatility is based on historical volatility of publicly traded peer companies over a period equal to the expected term. The dividend yield of 0.0% assumes that dividends are accrued and paid continuously.

The purchase agreement included contingent consideration up to $27,625 and $30,000 for LiVe and AGW based on the achievement of certain profit contribution milestones over a 24 and 30-month period, respectively.

Based upon the purchase price allocation, the following table summarizes the estimated fair value of the assets acquired and liabilities assumed at the date of the respective acquisition:

	LiVe	AGW	Total
Accounts receivable	$ 7,864	$ 26,886	$ 34,750
Prepaid and other current assets	378	1,968	2,346
Right of use asset	75	9,446	9,521
Property and equipment	435	2,712	3,147
Other noncurrent assets	-	652	652
Goodwill	7,156	37,137	44,293
Intangible assets – customer relationships	42,600	86,400	129,000
Intangible assets – trade names	1,000	2,000	3,000
Total assets	$ 59,508	$ 167,201	$ 226,709
Accounts payable	$ 5,642	$ 9,764	$ 15,406
Income tax payable	-	5,610	5,610
Accrued expenses	1,219	4,127	5,346
Lease liabilities, current	69	1,698	1,767
Deferred income taxes, current	-	17,147	17,147
Other current liabilities	-	4,129	4,129
Lease liabilities, long-term	-	375	375
Other long-term liabilities	6	8,756	8,762
Total liabilities	$ 6,936	$ 51,606	$ 58,542
Net assets acquired	$ 52,572	$ 115,595	$ 168,167

(unaudited and in thousands)

Goodwill represents the excess purchase price over the fair value of the assets net of liabilities acquired. Trained and assembled workforce which does not meet the separability criterion is included in goodwill. Goodwill is not deductible for tax purposes.

Customer relationships have an estimated useful life of 15 years while trade names are amortized over 2 years. See Note 5 for further details.

In connection with the acquisitions, the Company borrowed under its First Lien Term Loan and Amended and Restated First Lien Term Loan. See Note 6 for further details.

4. Goodwill

Reconciliation of goodwill as of June 30, 2023 and December 31, 2022 is as follows:

	June 30, 2023	December 31, 2022
Goodwill – beginning balance	$ 531,385	$ 485,586
Goodwill additions – business combinations (Note 3)	-	44,293
Foreign currency translation	(1,658)	-
Measurement period adjustments	-	1,506
Goodwill – ending balance	$ 529,727	$ 531,385

5. Intangible Assets

Intangible assets consist of the following as of June 30, 2023 and December 31, 2022:

	June 30, 2023			
	Weighted Average Useful Life in Years	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Customer relationships	16.0	$ 765,815	$ (86,604)	$ 679,211
Internally developed software	3.1	1,600	(597)	1,003
Trade names - finite-lived	1.0	9,500	(7,664)	1,836
Trade names - indefinite-lived		87,400	-	87,400
Total intangible assets		$ 864,315	$ (94,865)	$ 769,450

	December 31, 2022			
	Weighted Average Useful Life in Years	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Customer relationships	16.5	$ 766,081	$ (65,490)	$ 700,591
Internally developed software	3.6	1,600	(437)	1,163
Trade names - finite-lived	1.2	9,500	(5,719)	3,781
Trade names - indefinite-lived		87,400	-	87,400
Total intangible assets		$ 864,581	$ (71,646)	$ 792,935

(unaudited and in thousands)

Amortization expense of $23,224 and $17,941 is included in the condensed consolidated statements of operations and comprehensive income (loss) for the six months ended June 30, 2023 and 2022, respectively, within depreciation and amortization. Future amortization of intangible assets will be as follows:

Remainder of 2023	$ 22,830
2024	44,117
2025	43,325
2026	43,208
2027	43,005
Thereafter	485,565
	$ 682,050

6. Long-Term Debt

At June 30, 2023 and December 31, 2022, long-term debt consisted of the following:

	June 30, 2023	December 31, 2022
Term loan	$ 1,190,159	$ 1,132,210
Subordinated term loan	245,000	245,000
Finance leases of equipment	14,348	15,590
Total debt	1,449,507	1,392,800
Deferred financing costs, net	(25,997)	(29,105)
Total debt	1,423,510	1,363,695
Less: current portion	(16,837)	(16,563)
Total long-term debt, net of current portion	$ 1,406,673	$ 1,347,132

Senior Secured First Lien Term Loan

On December 30, 2020, Omni entered into a Term Loan payable with a financial institution for a principal amount of $360,000, maturing in December 2026. The Company increased the principal amount by $90,000 under incremental commitment amendment No.1 on June 18, 2021 and $50,000 under incremental commitment amendment No.2 on October 22, 2021. The Term Loan includes a delayed draw in an aggregate principal amount not to exceed $65,000, maturing in December 2026. In 2021, in connection with acquisitions of Epic, Tiger and Millhouse, the Company borrowed a total of $65,000 under the delayed draw. In March 2022, in connection with the LiVe acquisition, the Company borrowed $40,000 under the delayed draw.

The Company established a new term facility in an aggregate principal amount of $115,000 and established a new delayed draw commitment No.3 on June 24, 2022 in the amount of $100,000 and $45,000 under delayed draw commitment No.4. The agreement also amended definitions of interest whereby the Eurodollar Rate is replaced with Secured Overnight Financing Rate (SOFR). In August of 2022, in connection with the AGW acquisition, the Company borrowed a total of $100,000 under the delayed draw commitment No. 3. In March 2023, the Company borrowed $55,000 under the delayed draw commitment No. 2 and $9,000 under the delayed draw commitment No. 4.

On November 30, 2021, the Company amended and restated (“A&R) the First Lien Term Loan and increased the aggregate principal amount to $800,000, maturing in December 2026. The A&R Term Loan includes delayed draw of an aggregate amount of $185,000. In connection with acquisition of PLC, the Company borrowed $90,000 under the delayed draw December 29, 2021. The A&R Term Loan bears interest at a base rate per annum equal to the Eurodollar Rate plus the applicable margin or at a rate per annum equal to the Alternate Base Rate plus the applicable margin for Alternate Base Rate loans and secured by substantially all the assets of the Company. The June 2022 Amendment replaced Eurodollar Rate plus applicable margin with SOFR plus applicable margin. The interest rate on the outstanding borrowings was 10.39% and 9.73% at June 30, 2023 and December 31, 2022, respectively.

(unaudited and in thousands)

Principal payments equal to 0.25% of the aggregate principal amount are due quarterly commencing on June 30, 2021, with the remaining due upon maturity. Accrued interest is due quarterly.

Revolving Line of Credit

On December 30, 2020, the Company entered into Revolving Line of Credit with an aggregate principal amount not to exceed $40,000, maturing in December 2025. On November 30, 2021, the Company increased the Revolving Credit Commitment to an aggregate principal amount of $80,000 under the A&R First Lien Credit Agreement. The Revolving Line of Credit bears interest at a base rate per annum equal to the Eurodollar Rate (as replaced with SOFR) plus the applicable margin or at a rate per annum equal to the Alternate Base Rate plus the applicable margin for Alternate Base Rate loans and is unsecured. Principal is due at maturity and accrued interest is due quarterly. The Company shall pay a commitment fee at a rate per annual equal to 0.50% times the actual daily undrawn amount under the Revolving Line of Credit. The commitment fee is due quarterly and on the maturity date for the Revolving Line of Credit. The Company had no outstanding borrowings under the Revolving Line of Credit at June 30, 2023 and December 31, 2022.

Secured Second Lien Subordinated Term Loan

On December 30, 2020, the Company entered into a Subordinated Term Loan payable with a financial institution for a principal amount of $80,000, maturing in December 2027. On June 24, 2022, the Company obtained a new term facility in the aggregate principal amount of $135,000 and on June 30, 2022, the company entered into the Fifth Amendment to the Secured Second Lien Credit Agreement and funded $30,000 term facility. The Subordinated Term Loan bears interest at a base rate per annum equal to the Eurodollar Rate (as replaced with SOFR) plus the applicable margin or at a rate per annum equal to the Alternate Base Rate plus the applicable margin for Alternate Base Rate loans and secured by substantially all the assets of the Company. The Subordinated Term Loan is subordinate to the First Lien Term Loan. Principal is due at maturity and accrued interest is due quarterly.

Future maturities of Company's long-term debt as of June 30, 2023 are as follows:

Remainder of 2023	$ 6,052
2024	12,102
2025	12,102
2026	1,159,903
2027	245,000
Thereafter	-
	$ 1,435,159

The credit agreements have affirmative and negative covenants as defined within each credit agreement and compliance with the consolidated net leverage ratio. At June 30, 2023, the Company was in compliance with all the terms of its credit facilities.

7. Commitments and Contingencies

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

(unaudited and in thousands)

From time-to-time, the Company is subject to various litigation and other claims in the normal course of business. The Company establishes liabilities in connection with legal actions that management deems to be probable and estimable. As of June 30, 2023 and December 31, 2022, $4,849 and $4,581, respectively, are included in accrued expenses on the accompanying balance sheets for current portion of known claims. The non-current portion of known claims of $2,824 and $2,824 at June 30, 2023 and December 31, 2022, respectively, are included in other long-term liabilities in the accompanying condensed consolidated balance sheets.

8. Fair Value of Financial Instruments

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

Level 1 - Quoted prices in active markets for identical assets or liabilities.

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

Level 3 - Model-derived valuations in which one or more significant inputs are unobservable.

The estimated fair value of the contingent consideration liability was determined using the Monte Carlo simulation model. The significant inputs used to calculate the estimated fair value are derived from a combination of observable and unobservable market data. Observable inputs include the risk-free rate and the revenue volatility while unobservable inputs include the revenue discount rate and the estimated revenue projections.

A reconciliation of the beginning and ending balances of recurring fair value measurements recognized in the accompanying condensed balance sheets using significant unobservable (Level 3) inputs, is as follows:

Balance at January 1, 2023	$	96,649
Fair value changes included in change in fair value of contingent consideration liability		12,320
Payments of contingent consideration		(42,064)
Balance at June 30, 2023	$	66,905

9. Income Taxes

The Company’s effective tax rate for the six months ended June 30, 2023 and 2022 were 0.65% and 14.80%, respectively. The Company recorded an income tax benefit of $674 in relation to a pretax loss of $103,494 for the six months ended June 30, 2023 and recorded an income tax expense of $3,301 in relation to a pretax income of $22,307 for the six months ended June 30, 2022.

The effective tax rate for the six months ended June 30, 2023 was primarily impacted by the following items (i) the mix of income and loss generated among the jurisdictions in which the Company operates, (ii) the mix of income and loss generated among taxable and nontaxable entities.

The effective tax rate for the six months ended June 30, 2022 was primarily impacted by the following items (i) the mix of income generated among the jurisdictions in which the Company operates, (ii) the mix of income generated among taxable and nontaxable entities.

The Company's effective tax rate is based upon estimated income before provision for income taxes for the year, composition of the income in different countries, and adjustments, if any, in the applicable quarterly periods for potential tax consequences, benefits and/or resolutions of tax contingencies. The Company's consolidated tax rate will continue to be impacted by any transactional or one-time items in the future and the mix of income in any given year generated among the jurisdictions in which the Company operates. While the Company believes it has adequately provided for all tax positions, amounts asserted by taxing authorities could materially differ from the Company's accrued positions as a result of uncertain and complex applications of tax law and regulations. Additionally, the recognition and measurement of certain tax benefits include estimates and judgments by management. Accordingly, the Company could record additional provisions or benefits for US federal, state, and foreign tax matters in future periods as new information becomes available.

10. Related Parties

The Company is party to a management consulting agreement with Eve Omni Advisors, LLC ("EVE"). Pursuant to this agreement, EVE will provide consulting services related to senior management matters as an independent contractor. The Company shall pay in advance a quarterly management fee of $375 on the first business day of each fiscal quarter plus reimbursement of certain expenses. The agreement will continue until terminated by certain triggering events as defined in the agreement. The Company incurred management consulting fees of $750 during the six months ended June 30, 2023 and June 30, 2022.

The Company entered into a management consulting agreement with Ridgemont Partners Management, LLC ("Ridgemont") in December 2020. Pursuant to the management consulting agreement, Ridgemont provides consulting services related to senior management matters as an independent contractor on an ongoing basis until terminated by certain triggering events as defined in the agreement. The Company shall pay in advance a quarterly management fee of $375 on the first business day of each fiscal quarter, plus reimbursement of certain expenses. The Company incurred management consulting fees of $750 during the six months ended June 30, 2023 and June 30, 2022.

11. Subsequent Events

The Company has evaluated all subsequent events through September 19, 2023, the date these condensed consolidated financial statements were available to be issued.

On August 10, 2023, the Company announced that it has entered into a definitive agreement with Forward Air Corporation ("Forward") under which Forward and the Company will combine in a cash-and-stock transaction. Under the terms of the agreement, the Company's shareholders will receive $150,000 in cash and Forward common stock and preferred stock.