

---

**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): June 10, 2024

**FORWARD AIR CORPORATION**

(Exact name of registrant as specified in its charter)

TN

(State or other jurisdiction of incorporation)

62-1120025

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

**1915 Snapps Ferry Road    Building N    Greenville    TN**

**37745**

(Address of principal executive offices)

(Zip Code)

**000-22490**

(Commission File Number)

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

Not Applicable

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing 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
<b>Common Stock, \$0.01 par value</b>	<b>FWRD</b>	<b>NASDAQ</b>

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 8.01. Other Events.**

As previously reported, on January 25, 2023, Forward Air Corporation, a Tennessee corporation (the “Company”), Omni Newco LLC, a Delaware limited liability company (“Omni”), and certain other parties completed the previously announced acquisition of Omni by the Company (the “Acquisition”). The Company is filing this Current Report on Form 8-K to provide certain updated historical financial information of Omni as well as updated pro forma financial information giving effect to the Acquisition, in each case as described in Item 9.01 below.

**Item 9.01. Financial Statements and Exhibits.**

(d) Exhibits.

<b>No.</b>	<b>Exhibit</b>
<a href="#">99.1</a>	<a href="#">Audited consolidated financial statements of Omni as of December 31, 2023 and 2022 and for the years then ended, and the related notes thereto and the independent auditor’s report thereon.</a>
<a href="#">99.2</a>	<a href="#">Unaudited pro forma condensed combined statement of operations of the Company, giving effect to the Acquisition, for the three months ended March 31, 2024 and the twelve months ended December 31, 2023, and the notes related thereto.</a>
104	Cover Page Interactive File (the cover page tags are embedded within the Inline XBRL document)

---

**SIGNATURE**

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

Date: June 10, 2024

**FORWARD AIR CORPORATION**

By: /s/ Jamie G. Pierson  
Name: Jamie G. Pierson  
Title: Interim Financial Officer

**OMNI NEWCO, LLC AND SUBSIDIARIES**

**Consolidated Financial Statements**

**As of December 31, 2023 and 2022 and for the Years then Ended and Independent Auditor's Report**

---

**OMNI NEWCO, LLC AND SUBSIDIARIES**

**Table of Contents**

---

	<b>Page</b>
<b>Independent Auditor's Report</b>	3-4
<b>Consolidated Financial Statements</b>	
Consolidated Balance Sheets as of December 31, 2023 and 2022	5
Consolidated Statements of Operations and Comprehensive Income (Loss) for the Years Ended December 31, 2023 and 2022	6
Consolidated Statements of Members' Equity (Deficit) for the Years Ended December 31, 2023 and 2022	7
Consolidated Statements of Cash Flows for Years Ended December 31, 2023 and 2022	8
Notes to Consolidated Financial Statements	9-26



## **INDEPENDENT AUDITOR'S REPORT**

To the Members 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 sheets as of December 31, 2023 and 2022, and the related consolidated statements of operations and comprehensive income (loss), members' equity (deficit), and cash flows for the years 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, 2023 and 2022, and the results of its operations and its cash flows for the years 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 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.

### **Emphasis of Matter**

As disclosed in Note 14 to the financial statements, on January 25, 2024, Forward Air Corporation and certain other parties completed the previously announced acquisition of the Company. 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 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.

/s/Deloitte & Touche LLP

April 25, 2024

Dallas, TX

---

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

	As of December 31,	
	2023	2022
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 83,917	\$ 130,333
Accounts receivable:		
Billed, net of allowance of \$12,992 and \$6,091	150,756	236,980
Unbilled	29,200	31,506
Prepaid expenses and other assets	27,491	34,290
Total current assets	291,364	433,109
Property and equipment, net	81,773	81,145
Operating lease right-of-use assets	218,353	210,480
Other assets		
Goodwill	530,280	531,385
Intangible assets, net	746,589	792,935
Other	14,027	14,820
Total other assets	1,290,896	1,339,140
Total assets	<u>\$ 1,882,386</u>	<u>\$ 2,063,874</u>
<b>LIABILITIES AND MEMBERS' EQUITY (DEFICIT)</b>		
Current liabilities:		
Accounts payable	\$ 34,603	\$ 80,890
Accrued expenses	143,235	100,256
Current portion of long-term debt	16,822	16,563
Current portion of contingent consideration	30,388	71,395
Current portion of operating lease liabilities	50,432	42,499
Other	1,402	587
Total current liabilities	276,882	312,190
Long-term debt, less current portion	1,466,756	1,347,132
Operating lease liabilities, less current portion	194,475	189,023
Contingent consideration liability, less current portion	-	25,254
Deferred income taxes	23,996	25,554
Other long-term liabilities	638	2,862
Total liabilities	1,962,747	1,902,015
Commitments and contingencies (Note 9)		
Members' equity (deficit)	153,420	152,984
Accumulated other comprehensive loss	(3,827)	(4,492)
Retained earnings	(229,954)	13,367
Total members' equity (deficit)	<u>(80,361)</u>	<u>161,859</u>
Total liabilities and members' equity (deficit)	<u>\$ 1,882,386</u>	<u>\$ 2,063,874</u>

*See accompanying notes to consolidated financial statements.*



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

	Year Ended December 31,	
	2023	2022
<b>Operating revenue</b>	\$ 1,320,789	\$ 1,872,269
<b>Operating expenses:</b>		
Purchased transportation costs	781,238	1,242,341
Selling, general and administrative	558,556	474,850
Change in fair value of contingent consideration	(13,298)	(17,814)
Depreciation and amortization	64,845	56,183
Total operating expenses	1,391,341	1,755,560
Income (loss) from operations	(70,552)	116,709
<b>Other expense:</b>		
Interest expense, net	(165,420)	(102,208)
Other income	1,141	4,517
Foreign exchange gain (loss)	(3,162)	2,638
Total other expense	(167,441)	(95,053)
Income (loss) before income taxes	(237,993)	21,656
Income tax expense	(5,328)	(5,657)
Net income (loss)	\$ (243,321)	\$ 15,999
Other comprehensive income (loss)		
Foreign currency translation gain (loss)	665	(4,387)
Comprehensive income (loss)	\$ (242,656)	\$ 11,612

*See accompanying notes to consolidated financial statements.*



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

	Accumulated Other Comprehensive Loss	Retained Earnings	Members' Equity (Deficit)
<b>Balance, January 1, 2022</b>	\$ (105)	\$ (2,632)	\$ 375,494
Issuance of member units	-	-	11,386
Member distributions	-	-	(236,633)
Net income (loss)	-	15,999	15,999
Foreign currency translation gain (loss)	(4,387)	-	(4,387)
<b>Balance, December 31, 2022</b>	\$ (4,492)	\$ 13,367	\$ 161,859
Issuance of member units	-	-	436
Member distributions	-	-	-
Net income (loss)	-	(243,321)	(243,321)
Foreign currency translation gain (loss)	665	-	665
<b>Balance, December 31, 2023</b>	\$ (3,827)	\$ (229,954)	\$ (80,361)

*See accompanying notes to consolidated financial statements.*





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

	<b>Year Ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
<b>Operating Activities</b>		
Net income (loss)	\$ (243,321)	\$ 15,999
Adjustments to reconcile net income (loss) to net cash (used)		
Depreciation and amortization	64,845	56,183
Amortization of deferred financing costs	7,259	6,996
Change in fair value of contingent consideration	(13,298)	(17,849)
Provision for bad debts	8,036	3,601
Other operating activities	(699)	(217)
Changes in operating assets and liabilities, net of effects of		
Accounts receivable	81,320	148,140
Prepaid and other assets	8,362	(11,171)
Accounts payable	(45,687)	(44,420)
Accrued expenses and other liabilities	51,618	(22,325)
Contingent consideration paid	(15,810)	-
<b>Net cash (used in) provided by operating activities</b>	<b>(97,375)</b>	<b>134,937</b>
<b>Investing activities</b>		
Cash paid for acquisitions; net of cash acquired	250	(132,559)
Purchase of property and equipment and other investing	(14,366)	(35,564)
<b>Net cash used in investing activities</b>	<b>(14,116)</b>	<b>(168,123)</b>
<b>Financing activities</b>		
Proceeds from long-term debt	64,000	420,000
Repayments of long-term debt	(12,102)	(10,565)
Proceeds of revolving line of credit	62,500	-
Repayments of revolving line of credit	-	(20,000)
Repayments of finance lease obligations	(4,889)	(3,204)
Payment of debt issuance costs	(511)	(13,404)
Cash paid to settle contingent consideration	(37,541)	(10,002)
Cash received from member issuances	-	1,015
Purchase of member units	-	(1,885)
Member distributions	(7,439)	(234,510)
<b>Net cash provided by financing activities</b>	<b>64,018</b>	<b>127,445</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>1,057</b>	<b>(930)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(46,416)</b>	<b>93,329</b>
<b>Cash and cash equivalents - beginning of year</b>	<b>130,333</b>	<b>37,004</b>
<b>Cash and cash equivalents - end of year</b>	<b>\$ 83,917</b>	<b>\$ 130,333</b>
<b>Supplemental cash flow information</b>		
Cash paid for interest	\$ 136,655	\$ 94,375
Cash paid for income taxes	\$ 2,635	\$ 8,613
<b>Non-cash investing and financing activities</b>		
Issuance of capital units in connection with acquisitions	\$ -	\$ 9,709
Contingent consideration liability	\$ -	\$ 32,700
Accrued distributions	\$ 5	\$ 7,444
Right-of-use assets – finance leases	\$ 6,233	\$ 13,841
Right-of-use assets – operating leases	\$ 58,294	\$ 176,818
Goodwill measurement period adjustment	\$ 531	\$ 1,506

*See accompanying notes to consolidated financial statements.*



**OMNI NEWCO, LLC AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**  
**(in thousands)**

**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.

The Company evaluates whether it holds variable interests in certain entities that are considered Variable Interest Entities ("VIEs"). A VIE is a legal entity in which one or more of the following conditions are present: (a) equity investors do not have sufficient equity at risk for the entity to independently finance its activities, (b) as a group, the holders of the equity investment at risk lack the power through voting or similar rights to direct the activities of the entity that most significantly impact its economic performance, or (c) it is structured with disproportionate voting rights, and substantially all of the activities are conducted on behalf of an investor with disproportionately few voting rights. Consolidation of a VIE is required if a reporting entity is the primary beneficiary of the VIE. Variable interests in these VIEs are evaluated to determine if the Company is the primary beneficiary. This evaluation gives appropriate consideration to the design of the entity and the variability that the entity was designed to create and pass along, what the most significant decisions are that impact the economic performance of the legal entity, which party directs these activities, and to the Company's obligation to absorb losses or receive residual returns of the entity.

As of December 31, 2023, the Company held variable interests in GN Bondco LLC ("Bondco") and GN Loanco LLC ("Loanco" and, collectively, the "LLCs") as the Company owned the equity in the LLCs. The LLCs were formed in connection with the acquisition of the Company by Forward (refer to Note 14. Subsequent Events) in order to finance a portion of the cash consideration payable and expenses to be incurred for the transaction. Based on our evaluation, the LLCs are considered VIEs; however, the Company is not the primary beneficiary as it does not have the power to direct the activities that most significantly impact the LLCs' economic performance. Therefore, the LLCs are not consolidated in the financial statements of the Company.

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 \$12,992 and \$6,091 as of December 31, 2023 and 2022, respectively. Actual write-offs may occur, and the resulting losses may exceed the allowance for doubtful accounts.



**OMNI NEWCO, LLC AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**  
(in thousands)

***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 years ended December 31, 2023 and 2022 was \$18,542 and \$13,445, respectively.

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 consisted of the following:

	Estimated useful life in years	December 31,	
		2023	2022
Machinery and equipment	1-10	\$ 32,303	\$ 28,496
Right-of-use asset – finance leases	1-7	22,483	18,809
Transportation equipment	1-5	1,242	1,387
Office furniture and fixtures	1-7	14,500	13,403
Land	N/A	899	899
Leasehold improvements	1-10	47,259	37,632
<b>Total assets</b>		<b>118,686</b>	<b>100,626</b>
Less: accumulated depreciation		(36,913)	(19,481)
<b>Property and equipment, net</b>		<b>\$ 81,773</b>	<b>\$ 81,145</b>

Machinery and equipment, office furniture and fixtures, and leasehold improvements that are not yet completed and not yet subject to depreciation totaled \$10,883 and \$8,839 as of December 31, 2023 and 2022, respectively.

***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.

***Goodwill***

Goodwill is allocated to the Company’s single 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.



**OMNI NEWCO, LLC AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**  
**(in thousands)**

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 years ended December 31, 2023 and 2022.

***Impairment of Long-Lived Assets***

Long-lived assets (excluding goodwill), such as property and equipment, definite lived intangible assets and indefinite 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 years ended December 31, 2023 and 2022.

***Leases***

The Company accounts for leases under Accounting Standards Codification 842, *Leases*, ("ASC 842"), where lessees are required to record an asset (right-of-use asset or finance lease asset) and a lease liability. ASC 842 requires for two types of leases for recognition purposes: operating leases and finance leases. Operating leases result in the recognition of a single lease expense on a straight-line basis over the lease term, while finance leases result in an accelerated expense. The Company determines if an arrangement contains a lease at inception based on whether or not the Company has the right to control the asset during the contract period. All leases greater than twelve months result in the recognition of a right-of-use asset and liability at the lease commencement date based on the present value of the lease payments over the lease term. The present value of the lease payments is calculated using the applicable discount rate implicit in the lease, or if the implicit rate is not readily determinable from the lease, then the Company estimates an applicable incremental borrowing rate. The incremental borrowing rate is estimated based on the contractual lease term and the Company's applicable borrowing rate.

***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. Subsequent to the balance sheet date, the company was acquired by a publicly traded company and will be consolidated by that organization in future reports.

***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.





**OMNI NEWCO, LLC AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**  
**(in thousands)**

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 contracts that involve a single performance obligation and accounts for those 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 accrued expenses and other liabilities on the accompanying consolidated balance sheets. 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 were \$1,089,962 and \$1,685,869 for the years ended December 31, 2023 and 2022, respectively. Revenues for warehousing, distribution and value-added services were \$230,827 and \$186,400 for the years ended December 31, 2023 and 2022, respectively.



**OMNI NEWCO, LLC AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**  
**(in thousands)**

***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 2014 and later remain subject to examination by foreign tax authorities and years 2021 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, South 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 (loss) 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 (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.



**OMNI NEWCO, LLC AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**  
**(in thousands)**

***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.

For the year ended December 31, 2023, two customers represented approximately 8% and 7% of revenue, respectively. For the year ended December 31, 2022, one customer represented approximately 5% of revenue.

As of December 31, 2023, two customers represented approximately 8% and 5% of net accounts receivable, respectively. As of December 31, 2022, no customer represented more than 5% of net accounts receivable.

***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, 2023 and 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.



**OMNI NEWCO, LLC AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**  
(in thousands)

The Company's only material financial instruments carried at fair value as of December 31, 2023 and 2022, with changes in fair value flowing through current earnings, consist of contingent consideration liabilities recorded in conjunction with business combinations.

The contingent consideration liabilities were measured subsequently each year-end at fair value. The fair value adjustments associated with contingent consideration liabilities were included in total operating expenses on the consolidated statements of operations and comprehensive income (loss) for the years ended December 31, 2023 and 2022.

A reconciliation of the beginning and ending balances of recurring fair value measurements for 2023 and 2022, recognized in the accompanying consolidated balance sheets using significant unobservable (Level 3) inputs, is as follows:

	December 31,	
	2023	2022
Balance at beginning of the period	\$ 96,649	\$ 91,800
Fair value recorded at acquisition	-	32,700
Fair value changes included in change in fair value of contingent consideration liability	(13,298)	(17,849)
Payments of contingent consideration	(53,351)	(10,002)
Interest expense	388	-
Balance at end of the period	<u>\$ 30,388</u>	<u>\$ 96,649</u>

***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 years ended December 31, 2023 and 2022, amortization expense of \$7,259 and \$6,996, respectively, is recorded in interest expense on the consolidated statements of operations and comprehensive income (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, for \$2,500. As of December 31, 2023 and 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 sheets.

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.





**OMNI NEWCO, LLC AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**  
(in thousands)

**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.

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	-	(6,270)	(6,270)
Equity units	4,462	5,247	9,709
Contingent consideration	11,400	21,300	32,700
<b>Total</b>	<b>\$ 53,917</b>	<b>\$ 128,941</b>	<b>\$ 182,858</b>
Less: cash acquired	(1,345)	(12,815)	(14,160)
<b>Total consideration</b>	<b>\$ 52,572</b>	<b>\$ 116,126</b>	<b>\$ 168,698</b>

(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.

During the year ended December 31, 2023, we recorded a measurement-period adjustment for AGW of \$531 to reduce the working capital adjustment due from seller with a corresponding offset to goodwill.



**OMNI NEWCO, LLC AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**  
(in thousands)

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
Accounts receivable	\$ 7,864	\$ 26,886
Prepaid and other current assets	378	1,968
Right of use asset	75	9,446
Property and equipment	435	2,712
Other noncurrent assets	-	652
Goodwill	7,156	37,668
Intangible assets – customer relationships	42,600	86,400
Intangible assets – trade names	1,000	2,000
<b>Total assets</b>	<b>\$ 59,508</b>	<b>\$ 167,732</b>
Accounts payable	\$ 5,642	\$ 9,764
Income tax payable	-	5,610
Accrued expenses	1,219	4,127
Lease liabilities, current	69	1,698
Deferred income taxes, current	-	17,147
Other current liabilities	-	4,129
Lease liabilities, long-term	-	375
Other long-term liabilities	6	8,756
<b>Total liabilities</b>	<b>\$ 6,936</b>	<b>\$ 51,606</b>
<b>Net assets acquired</b>	<b>\$ 52,572</b>	<b>\$ 116,126</b>

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 \$0 and \$3,937 that were expensed during 2023 and 2022, respectively, and are included in selling, general and administrative expenses on the consolidated statements of operations and comprehensive income (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.

#### 4. Goodwill

Reconciliation of goodwill as December 31, 2023 and 2022 are as follows:

	2023	2022
Goodwill – beginning balance	\$ 531,385	\$ 485,586
Goodwill additions – Acquisitions (Note 3)	-	44,293
Foreign currency translation	(1,636)	-
Measurement period adjustments	531	1,506
<b>Goodwill – ending balance</b>	<b>\$ 530,280</b>	<b>\$ 531,385</b>



**OMNI NEWCO, LLC AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**  
(in thousands)

**5. Intangible Assets**

Intangible assets consisted of the following as of December 31, 2023:

	<b>Weighted Average Useful Life in Years</b>	<b>Gross Carrying Amount</b>	<b>Accumulated Amortization</b>	<b>Net Carrying Amount</b>
Customer relationships	15.5	\$ 766,052	(108,498)	657,554
Internally developed software	2.6	1,600	(757)	843
Trade names - finite-lived	0.6	9,500	(8,708)	792
Trade names - indefinite-lived		87,400	-	87,400
<b>Total intangible assets</b>		<b>\$ 864,552</b>	<b>(117,963)</b>	<b>746,589</b>

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

	<b>Weighted Average Useful Life in Years</b>	<b>Gross Carrying Amount</b>	<b>Accumulated Amortization</b>	<b>Net Carrying Amount</b>
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
<b>Total intangible assets</b>		<b>\$ 864,581</b>	<b>(71,646)</b>	<b>792,935</b>

Amortization expense of \$46,302 and \$42,720 is included in the consolidated statements of operations and comprehensive income (loss) for the years ended December 31, 2023 and 2022, respectively, within depreciation and amortization. Future amortization of intangible assets will be as follows:

	<b>Year Ended December 31,</b>
2024	\$ 44,117
2025	43,325
2026	43,208
2027	43,005
2028	43,005
Thereafter	442,527
	<b>\$ 659,189</b>

**6. Accrued Expenses**

As of December 31, 2023 and 2022, accrued expenses consisted of the following:

	<b>2023</b>	<b>2022</b>
Accrued compensation, benefits, and withholdings	\$ 41,849	\$ 39,172
Accrued professional fees	42,996	1,263
Accrued interest expense	22,606	958
Accrued purchased transportation costs	8,753	22,853
Current portion of accrued claims (See Note 9)	7,756	4,581
Other accrued expenses	19,275	31,429
<b>Total accrued expenses</b>	<b>\$ 143,235</b>	<b>\$ 100,256</b>



**OMNI NEWCO, LLC AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**  
(in thousands)

**7. Long-Term Debt**

As of December 31, 2023 and 2022, debt consisted of the following:

	2023	2022
Term loan	\$ 1,184,108	\$ 1,132,210
Subordinated term loan	245,000	245,000
Revolving line of credit	62,500	-
Finance leases of equipment	14,326	15,590
<b>Total debt</b>	<b>1,505,934</b>	<b>1,392,800</b>
Deferred financing costs, net	(22,356)	(29,105)
<b>Total debt</b>	<b>1,483,578</b>	<b>1,363,695</b>
Less: current portion	(16,822)	(16,563)
<b>Total long-term debt, net of current portion</b>	<b>\$ 1,466,756</b>	<b>\$ 1,347,132</b>

**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 the acquisitions of the equity of Epic Freight Solutions LLC and the acquisitions of substantially all of the assets of Custom Expediting & Logistics Inc. d/b/a Tiger Critical Logistics, Tiger Critical Capital, Inc., Millhouse Logistics, Inc., and Millhouse Global, LLC, 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 the 2021 acquisition of Pacific Logistics LLC, 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 10.54% and 9.73% at December 31, 2023 and 2022, respectively.

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.





**OMNI NEWCO, LLC AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**  
(in thousands)

***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 annum 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 \$62,500 and \$0 in outstanding borrowings under the Revolving Line of Credit at December 31, 2023 and 2022, respectively. The interest rate on the outstanding borrowings was 10.54% at December 31, 2023.

***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, 2023 are as follows:

	<b>Year Ended December 31,</b>
2024	\$ 12,102
2025	74,602
2026	1,159,904
2027	245,000
Thereafter	-
	<u>\$ 1,491,608</u>

All outstanding debt related to the credit agreements was paid in full on January 25, 2024. See Note 14 for further information.



**OMNI NEWCO, LLC AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**  
(in thousands)

**8. Leases**

The Company leases certain facilities and equipment under operating and finance leases. Equipment includes forklifts, tractors and trailers and is amortized over the shorter of the lease term or its estimated useful life.

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. The Company does not separate lease and nonlease components of contracts for purposes of determining the right-of use lease asset and corresponding liability.

The Company has certain leases that include rental escalation clauses, renewal options, termination options, capital improvement funding or other lease concessions. The Company does not recognize right-of-use assets or lease liabilities for renewal periods unless it is determined that the Company is reasonably certain of renewing the lease at inception or when a triggering event occurs. 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. The Company does not have any leases with residual value guarantees or material restrictions or covenants.

The Company 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, 2023. Sublease rental income was \$823 and \$488 for the years ended December 31, 2023 and 2022, respectively. In 2024, the Company expects to receive aggregate future minimum rental payments under noncancellable subleases of approximately \$881. Noncancellable subleases expire between 2024 and 2027.

	<b>Year ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
Finance lease cost:		
Amortization of right of use asset	\$ 4,577	\$ 3,167
Interest on lease liabilities	810	627
Operating lease cost	65,417	47,800
Short-term lease cost	7,620	10,690
Sublease income	(823)	488
Total lease cost	<u>\$ 77,601</u>	<u>\$ 62,772</u>



**OMNI NEWCO, LLC AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**  
(in thousands)

Future minimum lease payments under noncancelable operating and finance leases with remaining terms greater than one year as of December 31, 2023 were as follows:

	<b>Finance Leases</b>	<b>Operating Leases</b>
2024	\$ 5,506	\$ 64,497
2025	4,658	53,283
2026	3,708	44,518
2027	1,704	37,127
2028	437	31,257
Thereafter	15	68,281
Total minimum lease payments	16,028	298,963
Less: imputed interest	(1,702)	(54,056)
Total lease obligations	<u>\$ 14,326</u>	<u>\$ 244,907</u>

Following table summarizes the supplemental cash flow and additional information for 2023 and 2022:

	<b>Year Ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
Cash paid for amount included in the measurement of lease liabilities:		
Operating cash flows from finance leases	\$ 810	\$ 627
Operating cash flows from operating leases	59,697	43,566
Financing cash flows from finance leases	4,889	3,204
Weighted-average remaining lease term – finance leases (in years)	3.2	3.7
Weighted-average remaining lease term – operating leases (in years)	5.8	5.4
Weighted-average discount rate – finance leases	6.5%	6.1%
Weighted-average discount rate – operating leases	5.4%	6.1%

## 9. Commitments and Contingencies

The Company is party to various legal claims and actions incidental to its business, including, without limitation, claims related to cargo damage, contractual disputes, employment matters and personal injury. 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. The Company believes the recorded reserves are sufficient for all incurred claims up to the self-insured retention limits, including an estimate for claims incurred but not reported. However, estimating the number and severity of claims, as well as related judgment or settlement amounts is inherently difficult, and the Company may fail to establish sufficient reserves and adequately estimate for future claims. Since the ultimate resolution of outstanding claims as well as claims incurred but not reported is uncertain, it is possible that the reserves recorded for these losses could change materially in the near term.

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, 2023 and 2022, \$7,756 and \$4,581, respectively, are included in accrued expenses on the consolidated balance sheets for current portion of known claims. The non-current portion of known claims of \$556 and \$2,824 at December 31, 2023 and 2022, respectively, are included in other long-term liabilities in the consolidated balance sheets.



**OMNI NEWCO, LLC AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**  
(in thousands)

**10. Income Taxes**

The components of income before income taxes are as follows:

	<b>Year Ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
Domestic	\$ (251,607)	\$ (11,857)
Foreign	13,614	33,513
<b>Total</b>	<b>\$ (237,993)</b>	<b>\$ 21,656</b>

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:

	<b>Year Ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
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	5,328	5,080
State and local taxes, net of federal benefit	-	658
<b>Total income tax expense</b>	<b>\$ 5,328</b>	<b>\$ 5,657</b>

Income tax expense (benefit) consisted of the following:

	<b>Year Ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
<b>Current</b>		
State	\$ -	\$ 425
Federal	-	910
Foreign	6,887	5,340
<b>Total current</b>	<b>6,887</b>	<b>6,675</b>
<b>Deferred</b>		
State	-	233
Federal	-	(991)
Foreign	(1,559)	(260)
<b>Total deferred</b>	<b>(1,559)</b>	<b>(1,018)</b>
<b>Total income tax expense</b>	<b>\$ 5,328</b>	<b>\$ 5,657</b>





**OMNI NEWCO, LLC AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**  
(in thousands)

The significant components of deferred tax assets and liabilities are as follows:

	December 31,	
	2023	2022
Deferred tax assets		
Accounts receivable allowances	\$ 65	\$ 87
Operating lease liability	1,513	2,828
Property and equipment	-	40
NOL carryforward	2,676	-
Valuation allowance	(2,676)	-
Other, net	-	117
Total deferred tax assets	1,578	3,072
Deferred tax liabilities		
Property and equipment	(137)	-
Acquired intangibles	(23,750)	(25,918)
Right-of-use asset	(1,461)	(2,708)
Other, net	(225)	-
Total deferred tax liabilities	(25,573)	(28,626)
Net deferred tax liabilities	<u>\$ (23,995)</u>	<u>\$ (25,554)</u>

The Company's effective tax rate for the year ended December 31, 2023 and 2022, respectively, was (2.2%) and 26.1%.

Many countries are implementing local legislation based on the Organization for Economic Co-operation and Development's base erosion and profit sharing project, the Pillar Two framework, which imposes a global minimum corporate tax rate of 15%. The Company will continue to monitor the implementation of the Pillar Two rules in the jurisdictions in which it operates.

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. Despite the level of existing taxable temporary differences, the Company believes it is not more likely than not that it will realize the amount of the U.S. net operating loss carryforwards at its corporate subsidiaries.

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, 2023 and 2022, respectively, the Company had an estimated \$147,925 and \$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. 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.



**OMNI NEWCO, LLC AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**  
(in thousands)

The Company and its subsidiaries did not have any unrecognized tax benefits as of December 31, 2023.

**11. Retirement Plan**

The Company has a 401(k) profit sharing plan that covers certain eligible employees. For the years ended December 31, 2023 and 2022, the Company recorded expense of \$291 and \$192, respectively, for discretionary contributions to the plan.

**12. Profit Unit Plan**

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 event occurs.

The Company granted Class B Units as non-cash compensation in 2022 and 2021 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 the 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 (loss). Our accounting policy is to account for forfeitures as they occur.

As of December 31, 2023, there was \$968 of unrecognized compensation expense related to nonvested grants. The unrecognized compensation costs are expected to be recognized over a weighted-average of 1.7 years. Fair value of the units vested was \$686 and \$273 in 2023 and 2022, respectively.

A summary of the status of our nonvested units issued, and the changes during the year ended December 31, 2023, is presented below:

	Number of Shares	Weighted Average Grant-Date Fair Value
Nonvested at December 31, 2022	3,181,322	\$ 0.43
Granted	-	-
Vested	(1,022,567)	0.40
Forfeited	-	-
Nonvested at December 31, 2023	2,158,755	\$ 0.45

**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 years ended December 31, 2023 and December 31, 2022, respectively.



**OMNI NEWCO, LLC AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**  
**(in thousands)**

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 years ended December 31, 2023 and 2022, respectively.

The Company entered into a contract with an affiliate to assist in the development of an internal software system and incurred costs of \$5,489 for the year ended December 31, 2023. Accounts payable to the affiliate at December 31, 2023 was \$1,983 and is included within accounts payable and accrued expenses on the consolidated balance sheets.

The Company provided transportation and logistics services to an affiliate in 2023 and 2022 and recorded revenues of approximately \$1,278 and \$114, respectively. Accounts receivable from the affiliate at December 31, 2023 and 2022 was \$194 and \$10, respectively, included within accounts receivable on the consolidated balance sheets.

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

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 sheets.

#### **14. Subsequent Events**

The Company has evaluated all events subsequent through April 25, 2024, the date these consolidated financial statements were issued.

On January 25, 2024 (the "Closing Date"), Forward, Omni Newco, LLC, and certain other parties completed the previously announced acquisition of Omni Newco, LLC by Forward. Pursuant to the Agreement and Plan of Merger, dated as of August 10, 2023 (as amended by Amendment No. 1, dated as of January 22, 2024, the "Amended Merger Agreement"), among Forward, Omni Newco, LLC and the other parties thereto, Forward, through a series of transactions involving Forward's direct and indirect subsidiaries (collectively, with the other transactions contemplated by the Amended Merger Agreement and the other Transaction Agreements referred to therein, the "Transactions"), acquired Omni Newco, LLC for a combination of (a) \$20 million in cash and (b) (i) common equity consideration representing 5,135,008 shares of Forward's outstanding common stock, par value \$0.01 per share ("Forward Common Stock") on an as-converted and as-exchanged basis (the "Common Equity Consideration") and (ii) non-voting, convertible perpetual preferred equity consideration representing, if Forward's shareholders give the Conversion Approval (as defined below), an additional 8,880,010 shares of Forward Common Stock on an as-exchanged basis (the "Convertible Preferred Equity Consideration"). The Common Equity Consideration represents, as of the closing of the Transactions (the "Closing") and before any Conversion Approval, approximately 16.5% of Forward Common Stock, on a fully diluted, as-exchanged basis. If Forward's shareholders approve the conversion of the Convertible Preferred Equity Consideration to Forward Common Stock in accordance with the listing rules of NASDAQ (the "Conversion Approval"), the Common Equity Consideration and the Convertible Preferred Equity Consideration together will represent as of the Closing 35.0% of Forward Common Stock on a fully diluted and as-exchanged basis.

In connection with the Closing, the Company's Senior Secured First Lien Term Loan, all outstanding borrowings on the Revolving Line of Credit, and Secured Second Lien Subordinated Term Loan, including any outstanding interest, were paid in full for a total of \$1,543,003 on the Closing Date.







**UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENTS OF OPERATIONS OF FORWARD AIR CORPORATION AND  
OMNI NEWCO, LLC**

The following unaudited pro forma condensed combined statements of operations are based on and derived from the separate historical financial statements of Forward Air Corporation (“Forward”) and Omni Newco, LLC (“Omni”), after giving effect to the Merger (as defined below), certain pre-closing reorganization transactions consummated in connection therewith and the other Transactions (as defined below), and the assumptions and preliminary pro forma adjustments described below in the notes to the unaudited pro forma condensed combined statements of operations. The unaudited pro forma condensed combined balance sheet is not presented herein since Forward's condensed consolidated balance sheet as of March 31, 2024 filed on Form 10-Q presents the balance sheet of the combined company. 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, 2023. 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 statements of operations were prepared using the acquisition method of accounting based on the guidance in Accounting Standards Codification Topic 805, Business Combinations, under U.S. generally accepted accounting principles (“GAAP”), with Forward as the acquirer of Omni. Accordingly, consideration given by Forward to complete the Merger was 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 consideration over the fair value of assets acquired and liabilities assumed was allocated to goodwill. As of the date of the pro forma condensed combined statements of operations, 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 acquired and the liabilities assumed and the related allocations of the purchase price. 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 existed as of the date of 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 the 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 statements of operations 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 statements of operations are 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 statements 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.

**UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS  
FOR THE THREE MONTHS ENDED MARCH 31, 2024**

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

	Historical		Pro Forma Adjustments			
	Forward	Omni for the period from January 1, 2024 to January 24, 2024	Acquisition Accounting Adjustments		Financing Adjustments	Pro Forma Combined
<b>Operating revenue</b>	\$ 541,813	\$ 82,000	\$ (2,952)	2d.	\$ —	\$ 620,861
<b>Operating expenses:</b>						
Purchased transportation	277,015	48,798	(2,952)	2d.	—	322,861
Salaries, wages and employee benefits	128,867	16,744	—		—	145,611
Operating leases	38,803	6,561	—		—	45,364
Depreciation and amortization	31,786	3,395	6,776	2a.	—	41,957
Insurance and claims	12,881	2,075	—		—	14,956
Fuel expense	5,246	—	—		—	5,246
Other operating expenses	112,947	62,843	—	2c.	—	175,790
Total operating expenses	<u>607,545</u>	<u>140,416</u>	<u>3,824</u>		<u>—</u>	<u>751,785</u>
Loss from continuing operations:	<u>(65,732)</u>	<u>(58,416)</u>	<u>(6,776)</u>		<u>—</u>	<u>(130,924)</u>
<b>Other expense:</b>						
Interest expense, net	(40,753)	(12,466)	—		12,106	3a. (41,113)
Foreign exchange gain (loss)	(668)	—	—		—	(668)
Other income, net	9	714	—		—	723
Total other expense	<u>(41,412)</u>	<u>(11,752)</u>	<u>—</u>		<u>12,106</u>	<u>(41,058)</u>
(Loss) income before income taxes	(107,144)	(70,168)	(6,776)		12,106	(171,982)
Income tax (benefit) expense	(18,350)	446	(14,525)	2e.	2,164	2e. (30,265)
Net (loss) income from continuing operations	(88,794)	(70,614)	7,749		9,942	(141,717)
Less: Net loss attributable to noncontrolling interest	(27,082)	—	(16,146)	2b.	—	(43,228)
Net (loss) income attributable to Forward shareholders	<u>\$ (61,712)</u>	<u>\$ (70,614)</u>	<u>\$ 23,895</u>		<u>\$ 9,942</u>	<u>\$ (98,489)</u>
<b>Net income per share attributable to Forward common shareholders</b>						
Basic	<u>\$ (2.81)</u>					<u>\$ (3.59)</u>
Diluted	<u>\$ (2.81)</u>					<u>\$ (3.59)</u>
<b>Weighted-average number of common shares outstanding</b>						
Basic	26,217					27,427
Diluted	26,217					27,427

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

**UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS  
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2023**

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

	Historical		Pro Forma Adjustments				Pro Forma Combined
	Forward	Omni (As adjusted) per 2f.	Acquisition Accounting Adjustments		Financing Adjustments		
<b>Operating revenue</b>	\$ 1,370,735	\$ 1,320,789	\$ (41,093)	2d.	\$ —		\$ 2,650,431
<b>Operating expenses:</b>							
Purchased transportation	586,195	781,238	(41,093)	2d.	—		1,326,340
Salaries, wages and employee benefits	287,566	291,932	—		—		579,498
Operating leases	87,413	87,644	—		—		175,057
Depreciation and amortization	57,405	64,845	59,262	2a.	—		181,512
Insurance and claims	50,133	—	—		—		50,133
Fuel expense	22,004	—	—		—		22,004
Change in fair value of contingent consideration	—	(13,298)	—		—		(13,298)
Other operating expenses	191,809	178,980	—	2c.	—		370,789
Total operating expenses	1,282,525	1,391,341	18,169		—		2,692,035
Income (loss) from continuing operations	88,210	(70,552)	(59,262)		—		(41,604)
<b>Other expense:</b>							
Interest expense, net	(31,571)	(165,420)	—		9,148	3a.	(187,843)
Foreign exchange gain (loss)	—	(3,162)	—		—		(3,162)
Other income, net	—	1,141	—		—		1,141
Total other expense	(31,571)	(167,441)	—		9,148		(189,864)
Income (loss) before income taxes	56,639	(237,993)	(59,262)		9,148		(231,468)
Income tax expense (benefit)	13,836	5,328	(71,233)	2e.	1,835	2e.	(50,234)
Net income (loss) from continuing operations	42,803	(243,321)	11,971		7,313		(181,234)
Less: Net income (loss) attributable to noncontrolling interest	—	—	(55,282)	2b.	—		(55,282)
Net income (loss) attributable to Forward shareholders	\$ 42,803	\$ (243,321)	\$ 67,253		\$ 7,313		\$ (125,952)
<b>Net income per share attributable to Forward common shareholders</b>							
Basic	\$ 1.64						\$ (4.53)
Diluted	\$ 1.64						\$ (4.53)
<b>Weighted-average number of common shares outstanding</b>							
Basic	25,913						27,823
Diluted	26,003						27,823

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

## NOTES TO UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENTS OF OPERATIONS

### 1. The Transactions

On August 10, 2023, Forward entered into an Agreement and Plan of Merger (the “Original Merger Agreement”) with Clue Opco LLC (“Opco”), a Delaware limited liability company and wholly owned subsidiary of Forward, Clue Opco Merger Sub LLC (“Opco Merger Sub”), a Delaware limited liability company and wholly owned subsidiary of Opco, Omni Newco, LLC (“Omni”) and the other parties thereto. On January 22, 2024, Forward and Omni entered into Amendment No. 1 to the Original Merger Agreement (the “Amendment”; and the Original Merger Agreement as amended thereby, the “Amended Merger Agreement”). Pursuant to the Amended Merger Agreement, on January 25, 2024 (the “Closing Date”), Opco Merger Sub merged with and into Omni with Omni surviving the merger as a wholly owned subsidiary of Opco (the “Merger”).

Prior to the consummation of the Merger and to facilitate the issuance of the consideration in connection therewith, Forward completed a restructuring, pursuant to which, among other things, Forward contributed all of its operating assets to Opco. The limited liability company interests of Opco are represented by units (collectively, the “Opco Units”), comprised of Opco Units designated as: “Class A Units”; “Class B Units” (“Opco Class B Units”); “Series C-1 Preferred Units”; and “Series C-2 Preferred Units” (“Opco Series C-2 Preferred Units”).

The consideration payable by Forward in connection with the Merger consisted of a combination of (a) \$100,499 in cash (the “Cash Consideration”) and (b) (i) common equity consisting of 700 shares of common stock of Forward, par value \$0.01 per share (“Forward Common Stock”), and 4,435 fractional units of a new series of preferred stock of Forward designated as “Series B Preferred Stock” each representing one one-thousandth of a share of Series B Preferred Stock (“Forward Series B Preferred Units”) (each issued with a corresponding Opco Class B Unit) that together represent 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 1,210 fractional units of a new series of preferred stock of Forward designated as “Series C Preferred Stock” each representing one one-thousandth of a share of Series C Preferred Stock (“Forward Series C Preferred Units”) and 7,670 Opco Series C-2 Preferred Units and that together represent, subject to approval by Forward’s common shareholders, an additional 8,880 shares of Forward Common Stock on an as-converted and as-exchanged basis (the “Convertible Preferred Equity Consideration”).

In anticipation of the consummation of the Merger, Forward (a) entered 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 \$1,125,000 (the “New Term Facility”) and (ii) a five-year senior secured revolving credit facility in an aggregate principal amount of \$340,000 (the “New Revolving Credit Facility”; and, together with the New Term Facility, the “New Senior Secured Credit Facilities”) and (b) terminated and refinanced 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”) using a portion of the net proceeds of the issuance of \$725,000 aggregate principal amount of 9.500% Senior Secured Notes due 2031 Clue Opco LLC (as successor to GN Bondco, LLC) (the “Senior Secured Notes” and, together with the New Senior Secured Credit Facilities, the “New Senior Financing”) 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.”

These pro forma statements of operations, reflect the use of the proceeds from the issuance of the \$725,000 aggregate principal amount of the Senior Secured Notes (issued at 98.0% of the face amount) and borrowings under the New Term Facility in the aggregate principal amount of \$1,125,000 (issued at 96.0% of the face amount), together with cash on hand, 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 these pro forma statements of operations, Forward has assumed a blended annual effective interest rate on this combined \$1,850,000 of New Senior Financing debt of 9.72% (based on the actual interest rate on the Senior Secured Notes and the initial interest rate applicable to borrowings under the New Term Facility) and an undrawn fee in respect of the New Revolving Credit Facility of 0.50% per annum.

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

## 2. Acquisition Accounting Adjustments

### a. Intangible Assets and Amortization Expense

The unaudited pro forma condensed combined statements of operations 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:

	Estimated Amortization Expense	
	For the Three Months Ended March 31, 2024	For the Twelve Months Ended December 31, 2023
Acquired identifiable definite lived intangible assets <sup>(1)</sup>	\$ 8,797	\$ 105,564
Less: Omni’s historical identifiable intangible assets	(2,021)	(46,302)
Pro forma adjustment	\$ 6,776	\$ 59,262

<sup>(1)</sup> Adjustment to amortization expense was determined using the straight-line method over an estimated useful life of ranging from five to twelve years.

The preliminary estimates of fair value and estimated useful lives will likely differ from the final amount Forward 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.

### b. Noncontrolling Interest Adjustment

The noncontrolling interest adjustment to the unaudited pro forma condensed combined statements of operations represents Omni Holders’ interest of 30.5% in Opco on an as-converted basis. Opco is structured as an umbrella partnership C corporation through which Omni Holders hold a portion of the purchase price equity consideration in the form of units that are ultimately exchangeable for Forward Common Stock. Opco issued 4,435 Opco Class B Units and 7,670 Opco Series C-2 Preferred Units to Omni Holders in connection with the Transactions.

### c. Transaction Costs

The acquisition-related transaction costs recorded in the unaudited pro forma condensed combined statements of operations were \$98,987 for the twelve months ended December 31, 2023 and were \$104,973 for the three months ended March 31, 2024. These costs are not expected to recur beyond twelve months after the Closing Date.

d. Intercompany Pro Forma Adjustments

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

e. Income Tax Adjustments

The income tax adjustments to the unaudited pro forma condensed combined statements of operations represent the income tax expense of Forward after the consideration of its interest in Opco. The rate of 20.1% for the twelve months ended December 31, 2023 and 17.9% for the three months ended March 31, 2024 represents the pro forma combined income tax expense for the pro forma combined entity and differ 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 the non controlling interest in Opco.

f. 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 statement of operations

	For the Twelve Months Ended December 31, 2023			
	Before Reclassification	Reclassification		After Reclassification
Selling, general and administrative	\$ 558,556	\$ (558,556)	(i)	\$ —
Salaries, wages and employee benefits	—	291,932	(i)	291,932
Operating leases	—	87,644	(i)	87,644
Other operating expenses	—	178,980	(i)	178,980

<sup>(i)</sup> Represents the reclassification of Selling, general and administrative as reflected in Omni's historical statement of operations for the twelve months ended December 31, 2023 to Salaries, wages and employee benefits, Operating leases and Other operating expenses to conform to Forward's historical statement of operations presentation.

g. Earning Per Share

The pro forma combined earnings per share is presented on an as-converted basis for both the twelve months ended December 31, 2023 and the three months ended March 31, 2024.

### 3. Financing Adjustments

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

#### a. Adjustments to Interest Expense

	<b>Three Months Ended</b>	<b>Twelve Months</b>
	<b>March 31, 2024</b>	<b>Ended</b>
		<b>December 31, 2023</b>
Interest expense for the Senior Secured Notes, New Term Facility and New Revolving Credit Facility <sup>(1)</sup>	\$ 44,124	\$ 181,752
Amortization of debt issuance costs <sup>(2)</sup>	1,845	7,381
Amortization of debt discount <sup>(3)</sup>	2,060	8,241
Total interest expense <sup>(4)</sup>	48,029	197,374
Less: Omni's historical interest expense and amortization of debt issuance costs	(12,416)	(166,091)
Less: Forward's historical interest expense and amortization of debt issuance costs	(47,719)	(40,431)
Pro forma adjustment to interest expense	\$ (12,106)	\$ (9,148)

<sup>(1)</sup> Adjustment is based on a blended annual interest rate of 9.72% (based on the actual interest rate on the Senior Secured Notes and the initial interest rate applicable to borrowings under the New Term Facility) and the undrawn fee in respect of the New Revolving Credit Facility of 0.50% per annum. None of the New Revolving Credit Facility has been drawn.

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

<sup>(3)</sup> Debt discount is amortized on a straight-line basis over a weighted-average period of seven years.

<sup>(4)</sup> A hypothetical increase in New Term Loans borrowing rates of 150 basis points would have increased the interest expense by \$4,019 and \$16,875, respectively, for the three months ended March 31, 2024 and twelve months ended December 31, 2023.