

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

- QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the Quarterly Period Ended June 30, 2024
OR
 TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
Commission File No. 000-22490



FORWARD AIR CORPORATION

(Exact name of registrant as specified in its charter)

<u>Tennessee</u>	<u>62-1120025</u>
(State or other jurisdiction of incorporation)	(I.R.S. Employer Identification No.)
<u>1915 Snapps Ferry Road Building N Greenville TN</u>	<u>37745</u>
(Address of principal executive offices)	(Zip Code)

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

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

<u>Title of each class</u>	<u>Trading Symbol(s)</u>	<u>Name of each exchange on which registered</u>
Common Stock, \$0.01 par value	FWRD	The Nasdaq Stock Market LLC

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes No

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

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company Emerging growth company

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

The number of shares outstanding of the registrant's common stock, \$0.01 par value, as of August 2, 2024 was 27,699,916.

Table of Contents
Forward Air Corporation

	Page Number
Part I: Financial Information	
Item 1. Financial Statements (Unaudited)	
<u>Condensed Consolidated Balance Sheets – June 30, 2024 and December 31, 2023</u>	<u>3</u>
<u>Condensed Consolidated Statements of Comprehensive (Loss) Income - Three Months Ended June 30, 2024 and 2023</u>	<u>4</u>
<u>Condensed Consolidated Statements of Comprehensive Income - Six Months Ended June 30, 2024 and 2023</u>	<u>5</u>
<u>Condensed Consolidated Statements of Cash Flows – Six Months Ended June 30, 2024 and 2023</u>	<u>6</u>
<u>Condensed Consolidated Statements of Shareholders' Equity – Six Months Ended June 30, 2024 and 2023</u>	<u>8</u>
<u>Notes to Condensed Consolidated Financial Statements – June 30, 2024</u>	<u>9</u>
Item 2. <u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>29</u>
Item 3. <u>Quantitative and Qualitative Disclosures About Market Risk</u>	<u>55</u>
Item 4. <u>Controls and Procedures</u>	<u>55</u>
Part II: Other Information	
Item 1. <u>Legal Proceedings</u>	<u>56</u>
Item 2. <u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	<u>56</u>
Item 3. <u>Defaults Upon Senior Securities</u>	<u>56</u>
Item 4. <u>Mine Safety Disclosures</u>	<u>56</u>
Item 5. <u>Other Information</u>	<u>56</u>
Item 6. <u>Exhibits</u>	<u>57</u>
<u>Signatures</u>	<u>58</u>

Part I. Financial Information

Item 1. Financial Statements (Unaudited).

Forward Air Corporation
Condensed Consolidated Balance Sheets
(unaudited and in thousands, except share and per share amounts)

	<u>June 30, 2024</u>	<u>December 31, 2023</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 84,886	\$ 121,969
Restricted cash and restricted cash equivalents	19,769	39,604
Accounts receivable, less allowance of \$2,780 in 2024 and \$2,206 in 2023	368,927	153,267
Other receivables	1,476	5,408
Prepaid expenses	39,186	25,682
Other current assets	44,379	1,098
Total current assets	558,623	347,028
Noncurrent restricted cash equivalents	—	1,790,500
Property and equipment, net of accumulated depreciation and amortization of \$279,027 in 2024 and \$250,185 in 2023	328,934	258,095
Operating lease right-of-use assets	323,821	111,552
Goodwill	545,380	278,706
Other acquired intangibles, net of accumulated amortization of \$178,870 in 2024 and \$127,032 in 2023	1,230,699	134,789
Other assets	79,859	58,863
Total assets	\$ 3,067,316	\$ 2,979,533
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable	\$ 143,455	\$ 45,430
Accrued expenses	117,431	62,948
Other current liabilities	53,064	71,727
Current portion of debt and finance lease obligations	16,875	12,645
Current portion of operating lease liabilities	89,188	44,344
Total current liabilities	420,013	237,094
Finance lease obligations, less current portion	34,957	26,736
Long-term debt, less current portion	1,677,315	—
Long-term debt held in escrow	—	1,790,500
Operating lease liabilities, less current portion	243,217	71,598
Liabilities under tax receivable agreement	13,270	—
Other long-term liabilities	43,126	47,144
Deferred income taxes	271,201	42,200
Shareholders' equity:		
Preferred stock, \$0.01 par value: Authorized shares - 5,000,000; no shares issued or outstanding in 2024 and 2023	—	—
Preferred stock, Class B, \$0.01 par value: Authorized shares - 15,000; issued and outstanding shares - 12,105 in 2024 and none in 2023	—	—
Common stock, \$0.01 par value: Authorized shares - 50,000,000; issued and outstanding shares - 27,698,891 in 2024 and 25,670,663 in 2023	277	257
Additional paid-in capital	512,638	283,684
Retained (deficit) earnings	(228,151)	480,320
Accumulated other comprehensive loss	(1,000)	—
Total Forward Air shareholders' equity	283,764	764,261
Noncontrolling interest	80,453	—
Total shareholders' equity	364,217	764,261
Total liabilities and shareholders' equity	\$ 3,067,316	\$ 2,979,533

The accompanying notes are an integral part of the condensed consolidated financial statements.

Forward Air Corporation
Condensed Consolidated Statements of Operations and Comprehensive (Loss) Income
(unaudited and in thousands, except per share amounts)

	Three Months Ended	
	June 30, 2024	June 30, 2023
Operating revenue	\$ 643,666	\$ 333,622
Operating expenses:		
Purchased transportation	321,587	141,967
Salaries, wages and employee benefits	144,000	73,963
Operating leases	46,258	22,896
Depreciation and amortization	48,639	13,245
Insurance and claims	14,698	12,761
Fuel expense	5,859	5,202
Other operating expenses	65,666	37,263
Impairment of goodwill	1,092,714	—
Total operating expenses	1,739,421	307,297
(Loss) income from continuing operations	(1,095,755)	26,325
Other income and expenses:		
Interest expense, net	(47,265)	(2,585)
Foreign exchange gain	1,567	—
Other income, net	40	—
Total other expense	(45,658)	(2,585)
(Loss) income before income taxes	(1,141,413)	23,740
Income tax (benefit) expense	(174,942)	6,613
Net (loss) income from continuing operations	(966,471)	17,127
(Loss) income from discontinued operation, net of tax	(4,876)	2,824
Net (loss) income	(971,347)	19,951
Net (loss) attributable to noncontrolling interest	(325,914)	—
Net (loss) income attributable to Forward Air	\$ (645,433)	\$ 19,951
Basic net (loss) income per share attributable to Forward Air:		
Continuing operations	\$ (23.29)	\$ 0.65
Discontinued operations	(0.18)	0.11
Net (loss) income per basic share	\$ (23.47)	\$ 0.76
Diluted net (loss) income per share attributable to Forward Air:		
Continuing operations	\$ (23.29)	\$ 0.65
Discontinued operations	(0.18)	0.11
Net (loss) income per diluted share	\$ (23.47)	\$ 0.76
Dividends per share	\$ —	\$ 0.24
Net (loss) income	\$ (971,347)	\$ 19,951
Other comprehensive (loss) income:		
Foreign currency translation adjustments	(849)	—
Comprehensive (loss) income	(972,196)	19,951
Comprehensive loss attributable to noncontrolling interest	(325,914)	—
Comprehensive (loss) income attributable to Forward Air	\$ (646,282)	\$ 19,951

The accompanying notes are an integral part of the condensed consolidated financial statement

Forward Air Corporation
Condensed Consolidated Statements of Operations and Comprehensive (Loss) Income
(unaudited and in thousands, except per share amounts)

	Six Months Ended	
	June 30, 2024	June 30, 2023
Operating revenues	\$ 1,185,479	\$ 691,331
Operating expenses:		
Purchased transportation	598,602	287,138
Salaries, wages and employee benefits	272,867	140,610
Operating leases	85,061	46,969
Depreciation and amortization	80,425	25,617
Insurance and claims	27,579	26,019
Fuel expense	11,105	10,888
Other operating expenses	178,613	80,569
Impairment of goodwill	1,092,714	—
Total operating expenses	2,346,966	617,810
(Loss) income from operations	(1,161,487)	73,521
Other income and expenses:		
Interest expense, net	(88,018)	(4,940)
Foreign exchange gain	899	—
Other income, net	49	—
Total other expense	(87,070)	(4,940)
(Loss) income before income taxes	(1,248,557)	68,581
Income tax (benefit) expense	(193,292)	17,550
Net (loss) income from continuing operations	(1,055,265)	51,031
(Loss) income from discontinued operation, net of tax	(4,876)	5,288
Net (loss) income	(1,060,141)	56,319
Net (loss) attributable to noncontrolling interest	(352,996)	—
Net (loss) income attributable to Forward Air	\$ (707,145)	\$ 56,319
Basic net (loss) income per share attributable to Forward Air:		
Continuing operations	\$ (27.53)	\$ 1.94
Discontinued operations	(0.18)	0.20
Net (loss) income per basic share	\$ (27.71)	\$ 2.14
Diluted net (loss) income per share attributable to Forward Air:		
Continuing operations	\$ (27.53)	\$ 1.93
Discontinued operations	(0.18)	0.20
Net (loss) income per diluted share	\$ (27.71)	\$ 2.13
Dividends per share	\$ —	\$ 0.48
Net (loss) income	\$ (1,060,141)	\$ 56,319
Other comprehensive (loss) income:		
Foreign currency translation adjustments	(1,000)	—
Comprehensive (loss) income	(1,061,141)	56,319
Comprehensive loss attributable to noncontrolling interest	(352,996)	—
Comprehensive (loss) income attributable to Forward Air	\$ (708,145)	\$ 56,319

The accompanying notes are an integral part of the condensed consolidated financial statements.

Forward Air Corporation
Condensed Consolidated Statements of Cash Flows
(unaudited and in thousands)

	Six Months Ended	
	June 30, 2024	June 30, 2023
Operating activities:		
Net (loss) income from continuing operations	\$ (1,055,265)	\$ 51,031
Adjustments to reconcile net (loss) income of continuing operations to net cash (used in) provided by operating activities of continuing operations		
Depreciation and amortization	80,425	25,617
Impairment of goodwill	1,092,714	—
Share-based compensation expense	5,187	5,796
Provision for revenue adjustments	2,159	2,812
Deferred income tax (benefit) expense	(163,604)	2,182
Other	6,469	(1,733)
Changes in operating assets and liabilities, net of effects from the purchase of acquired businesses:		
Accounts receivable	(42,265)	38,690
Other receivables	5,531	—
Other current and noncurrent assets	(56,637)	10,609
Accounts payable and accrued expenses	28,362	(17,550)
Net cash (used in) provided by operating activities of continuing operations	(96,924)	117,454
Investing activities:		
Proceeds from sale of property and equipment	1,406	3,171
Purchases of property and equipment	(19,396)	(16,836)
Purchase of a business, net of cash acquired	(1,565,242)	(56,703)
Other	(174)	—
Net cash used in investing activities of continuing operations	(1,583,406)	(70,368)
Financing activities:		
Repayments of finance lease obligations	(9,127)	(3,923)
Proceeds from credit facility	—	45,000
Payments on credit facility	(80,000)	(30,750)
Payment of debt issuance costs	(60,591)	—
Payment of earn-out liability	(12,247)	—
Payments of dividends to shareholders	—	(12,600)
Repurchases and retirement of common stock	—	(79,792)
Proceeds from common stock issued under employee stock purchase plan	369	421
Payment of minimum tax withholdings on share-based awards	(1,361)	(4,292)
Contributions from subsidiary held for sale	—	11,309
Net cash used in financing activities of continuing operations	(162,957)	(74,627)
Effect of exchange rate changes on cash	745	—
Net decrease in cash, cash equivalents, restricted cash, and restricted cash equivalents from continuing operations	(1,842,542)	(27,541)
Cash from discontinued operation:		
Net cash (used in) provided by operating activities of discontinued operation	(4,876)	12,112
Net cash used in investing activities of discontinued operation	—	(739)
Net cash used in financing activities of discontinued operation	—	(11,373)
Net decrease in cash, cash equivalents, restricted cash and restricted cash equivalents	(1,847,418)	(27,541)
Cash, cash equivalents and restricted cash equivalents at beginning of period of continuing operations	1,952,073	45,822
Cash at beginning of period of discontinued operation	—	—
Net decrease in cash, cash equivalents, restricted cash and restricted cash equivalents	(1,847,418)	(27,541)

	\$	\$
	104,655	18,281
Forward Air Corporation		
Condensed Consolidated Statements of Cash Flows		
(In thousands)		
	Six Months Ended	
	June 30, 2024	June 30, 2023
Reconciliation of cash, cash equivalents, restricted cash and restricted cash equivalents:		
Cash and cash equivalents	\$ 84,886	\$ 18,281
Restricted cash and restricted cash equivalents	19,769	—
Total cash, cash equivalents, restricted cash and restricted cash equivalents shown in the statement of cash flow:	\$ 104,655	\$ 18,281
Non-Cash Transactions:		
Equipment acquired under finance leases	\$ 6,881	\$ 14,994

The accompanying notes are an integral part of the condensed consolidated financial statements.

Forward Air Corporation
Condensed Consolidated Statements of Shareholders' Equity
(unaudited and in thousands)

	Common Stock		Preferred Stock - Class B Amount		Preferred Stock - Class C Amount		Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Retained (Deficit) Earnings	Noncontrolling Interest	Total Shareholders' Equity
	Shares	Amount	Shares	Amount	Shares	Amount					
Balance at December 31, 2023	25,671	\$ 257	—	\$ —	—	\$ —	\$ 283,684	\$ —	\$ 480,320	\$ —	\$ 764,261
Net loss	—	—	—	—	—	—	—	—	(61,712)	(27,082)	(88,794)
Foreign currency translation adjustments	—	—	—	—	—	—	—	(151)	—	—	(151)
Shares issued - acquisition	700	7	4	—	1	—	223,425	—	—	433,449	656,881
Share-based compensation expense	—	—	—	—	—	—	1,567	—	—	—	1,567
Payment of minimum tax withholdings on share-based awards	(33)	—	—	—	—	—	—	—	(1,326)	—	(1,326)
Issuance of share-based awards	100	1	—	—	—	—	(1)	—	—	—	—
Balance at March 31, 2024	26,438	\$ 265	4	\$ —	1	\$ —	\$ 508,675	\$ (151)	\$ 417,282	\$ 406,367	\$ 1,332,438
Net loss	—	—	—	—	—	—	—	—	(645,433)	(325,914)	(971,347)
Foreign currency translation adjustments	—	—	—	—	—	—	—	(849)	—	—	(849)
Common stock issued under employee stock purchase plan	21	—	—	—	—	—	355	—	—	—	355
Conversion of preferred C series	1,210	12	8	—	(1)	—	(12)	—	—	—	—
Share-based compensation expense	—	—	—	—	—	—	3,620	—	—	—	3,620
Issuance of share-based awards	30	—	—	—	—	—	—	—	—	—	—
Balance at June 30, 2024	27,699	\$ 277	12	\$ —	—	\$ —	\$ 512,638	\$ (1,000)	\$ (228,151)	\$ 80,453	\$ 364,217

	Common Stock		Additional Paid-in Capital	Retained Earnings	Total Shareholders' Equity
	Shares	Amount			
Balance at December 31, 2022	26,462	\$ 265	\$ 270,855	\$ 436,124	\$ 707,244
Net income	—	—	—	36,368	36,368
Share-based compensation expense	—	—	3,149	—	3,149
Payment of dividends to shareholders	—	—	4	(6,349)	(6,345)
Payment of minimum tax withholdings on share-based awards	(40)	—	—	(4,292)	(4,292)
Repurchases and retirement of common stock	(474)	(5)	—	(50,486)	(50,491)
Issuance of share-based awards	105	1	(1)	—	—
Balance at March 31, 2023	26,053	\$ 261	\$ 274,007	\$ 411,365	\$ 685,633
Net income	—	—	—	19,951	19,951
Common stock issued under employee stock purchase plan	4	—	421	—	421
Share-based compensation expense	—	—	3,160	—	3,160
Payment of dividends to shareholders	—	—	5	(6,260)	(6,255)
Repurchases and retirement of common stock	(285)	(3)	—	(29,298)	(29,301)
Issuance of share-based awards	14	—	—	—	—
Balance at June 30, 2023	25,786	\$ 258	\$ 277,593	\$ 395,758	\$ 673,609

The accompanying notes are an integral part of the condensed consolidated financial statements.

Forward Air Corporation
Notes to Condensed Consolidated Financial Statements
(unaudited and in thousands, except per share data)
June 30, 2024

1. Description of Business and Basis of Presentation

Basis of Presentation and Principles of Consolidation

Forward Air Corporation and its subsidiaries (“Forward Air” or the “Company”) is a leading asset-light freight and logistics company. The Company has three reportable segments: Expedited Freight, Intermodal and Omni Logistics. The Company conducts business in North and South America, Europe, and Asia.

The Expedited Freight segment provides expedited regional, inter-regional and national less-than-truckload (“LTL”) and truckload services. Expedited Freight also offers customers local pick-up and delivery and other services including shipment consolidation and deconsolidation, warehousing, customs brokerage and other handling services.

The Intermodal segment provides first- and last-mile high value intermodal container drayage services both to and from seaports and railheads. Intermodal also offers dedicated contract and container freight station (“CFS”) warehouse and handling services.

The Omni Logistics segment provides a full suite of global logistics services. Services include air and ocean freight consolidation and forwarding, custom brokerage, warehousing and distribution, time-definite transportation services and other supply chain solutions.

The Company’s condensed consolidated financial statements include Forward Air Corporation and its wholly-owned and majority owned domestic and foreign subsidiaries. Intercompany accounts and transactions have been eliminated in consolidation.

In the fourth quarter of 2023, the Company held interests in two wholly-owned subsidiaries of Omni Newco, LLC (“Omni”), GN Bondco, LLC and GN Loanco, LLC, that were considered Variable Interest Entities (“VIEs”). VIEs are legal entities in which equity investors do not have sufficient equity at risk for the entity to independently finance its activities, or 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 do not have the obligation to absorb the expected losses of the entity or the right to receive expected residual returns of the entity. Consolidation of a VIE is required if a reporting entity is the primary beneficiary of the VIE.

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, the relative power of each party, and to the Company’s obligation to absorb losses or receive residual returns of the entity. The Company concluded that the VIEs should be consolidated as of December 31, 2023 because the Company had (i) the power to direct the activities that most significantly impact the economic performance of the VIE and (ii) the obligation to absorb losses and the right to receive benefits, which could potentially be significant. On January 25, 2024 (“the Closing”), the Company completed the acquisition of Omni (“the Omni Acquisition”) pursuant to the Agreement and Plan of Merger, dated as of August 10, 2023 (the “Merger Agreement”) and amended by Amendment No. 1, dated as of January 22, 2024 (the “Amended Merger Agreement”). The VIEs were acquired as part of the Omni Acquisition and assumed into the Company’s consolidated subsidiaries as of January 25, 2024. Refer to Note 4, *Acquisitions*, for additional disclosures regarding the Company’s previously held VIEs.

The condensed consolidated financial statements of the Company have been prepared in conformity with U.S. generally accepted accounting principles (“GAAP”) for interim financial information and the rules and regulations of the Securities and Exchange Commission (the “SEC”). In the opinion of management, the accompanying unaudited condensed consolidated financial statements reflect all adjustments, which are of a normal recurring nature necessary to present fairly the Company’s financial position, results of operations, and cash flows for the periods presented. These condensed consolidated financial statements should be read in conjunction with the Company’s audited consolidated financial statements and the notes thereto included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2023. Results for interim periods are not necessarily indicative of the results for the year.

Forward Air Corporation
Notes to Condensed Consolidated Financial Statements
(unaudited and in thousands, except per share data)
June 30, 2024

Foreign Currency

Foreign currency amounts attributable to foreign operations have been translated into United States dollars. Assets and liabilities are translated to United States dollars at period-end exchange rates and income and expense items are translated at average rates of exchange prevailing during the period. Translation adjustments are included in "Accumulated other comprehensive loss" in stockholders' equity within the Condensed Consolidated Balance Sheets and gains and losses, which result from foreign currency transactions, are included in the Condensed Consolidated Statements of Operations and Comprehensive (Loss) Income.

Restricted Cash

As of June 30, 2024, the Company had restricted cash in the amount of \$19,769 related to letters of credit, which guarantee the Company's obligations for potential claims exposure for insurance coverage.

2. Revenue Recognition

Revenue is recognized when the Company satisfies the performance obligation by the delivery of a shipment in accordance with contractual agreements, bills of lading ("BOLs") and general tariff provisions. The amount of revenue recognized is measured as the consideration the Company expects to receive in exchange for those services pursuant to a contract with a customer. A contract exists once the Company enters into a contractual agreement with a customer. The Company does not recognize revenue in cases where collectability is not probable, and defers recognition until collection is probable or payment is received.

The Company generates revenue from the delivery of a shipment and the completion of related services. Revenue for the delivery of a shipment is recorded over time to coincide with when customers simultaneously receive and consume the benefits of the delivery services. Accordingly, revenue billed to a customer for the transportation of freight are recognized over the transit period as the performance obligation to the customer is satisfied. The Company determines the transit period for a shipment based on the pick-up date and the delivery date, which may be estimated if delivery has not occurred as of a reporting period. The determination of the transit period and how much of it has been completed as of a given reporting date may require the Company to make judgments that impact the timing of revenue recognized. For delivery of shipments with a pick-up date in one reporting period and a delivery date in another reporting period, the Company recognizes revenue based on relative transit time in each reporting period. A portion of the total revenue to be billed to the customer after completion of a delivery is recognized in each reporting period based on the percentage of total transit time that has been completed at the end of the applicable reporting period. Upon delivery of a shipment or related service, customers are billed according to the applicable payment terms. Related services are a separate performance obligation and include accessorial charges such as terminal handling, storage, equipment rentals and customs brokerage.

Revenue is classified based on the line of business as the Company believes that best depicts the nature, timing and amount of revenue and cash flows. For all lines of business, the Company records revenue on a gross basis as it is the principal in the transaction as the Company has discretion to determine the amount of consideration. Additionally, the Company has the discretion to select drivers and other vendors for the services provided to customers. These factors, discretion in the amount of consideration and the selection of drivers and other vendors, support revenue recognized on a gross basis.

Forward Air Corporation
Notes to Condensed Consolidated Financial Statements
(unaudited and in thousands, except per share data)
June 30, 2024

3. Discontinued Operation

As previously disclosed, in December 2023, the Company made a decision to divest of the Final Mile business and the sale was completed on December 20, 2023. As a result, the results of operations of Final Mile, have been presented under the caption “(Loss) income from discontinued operations, net of tax” in the Condensed Consolidated Statement of Operations for the three and six months ended June 30, 2023.

Summarized Discontinued Operation Financial Information

A summary of the results of operations classified as a discontinued operation, net of tax, in the Condensed Consolidated Statement of Operations for the three and six months ended June 30, 2023 is as follows:

	<u>Three Months Ended</u>	<u>Six Months Ended</u>
	<u>June 30, 2023</u>	<u>June 30, 2023</u>
Operating revenue	\$ 68,560	\$ 137,917
Operating expenses:		
Purchased transportation	39,676	79,722
Salaries, wages and employee benefits	12,723	25,596
Operating leases	3,288	6,463
Depreciation and amortization	1,268	2,531
Insurance and claims	599	1,123
Fuel expense	72	170
Other operating expenses	7,048	15,113
Total operating expenses	<u>64,674</u>	<u>130,718</u>
Income from discontinued operation before income taxes	3,886	7,199
Income tax expense	1,062	1,911
Income from discontinued operation, net of tax	<u>\$ 2,824</u>	<u>\$ 5,288</u>

4. Acquisitions

Expedited Freight Acquisition

In January 2023, the Company acquired certain assets of Land Air Express, Inc. (“Land Air”) for \$56,567. Land Air, headquartered in Bowling Green, Kentucky, offers a variety of less-than-truckload services including guaranteed, standard, exclusive, same day, hot shot and pickup and delivery, and operates in over 25 terminals across the United States. The acquisition of Land Air is expected to accelerate the expansion of the Company’s national terminal footprint, particularly in the middle part of the United States, and strategically position the Company to better meet the current and future needs of customers. The acquisition was funded using cash flow from operations and proceeds from the Company’s credit facility. The results of Land Air have been included in the Condensed Consolidated Financial Statements as of and from the date of acquisition. The associated goodwill has been included in the Company’s Expedited Freight reportable segment.

Forward Air Corporation
Notes to Condensed Consolidated Financial Statements
(unaudited and in thousands, except per share data)
June 30, 2024

Acquisition of Omni

On January 25, 2024, the Company completed the Omni Acquisition pursuant to the Merger Agreement, as amended by the Amended Merger Agreement. Omni, headquartered in Dallas, Texas, is an asset-light, high-touch logistics and supply chain management company with customer relationships in high-growth end markets. Omni delivers domestic and international freight forwarding, fulfillment services, customs brokerage, distribution, and value-added services for time-sensitive freight to U.S.-based customers operating both domestically and internationally. Pursuant to the Amended Merger Agreement, through a series of transactions involving the Company'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"), the Company acquired Omni for a combination of (a) \$100,499 in cash (which includes pre-acquisition Omni costs of approximately \$80 million) and (b) 14,015 shares of the Company's outstanding common stock, on an as-converted and as-exchanged basis (the "Equity Consideration") consisting of: (i) 1,910 shares of common stock (of which 1,210 were issued upon conversion of the Series C Preferred Units upon approval of the Company's shareholders at the 2024 Annual Shareholders Meeting held on June 3, 2024 (the "Conversion Approval")) and (ii) 12,105 Opco Class B Units (as defined below) and corresponding Series B Preferred Units (as defined below), which are exchangeable into shares of Common Stock (of which 7,670 units were issued upon conversion of the units of Opco (defined below) designated as "Opco Series C-2 Preferred Units" upon the Conversion Approval. The Equity Consideration represents, as of June 30, 2024, 34% of the Company's outstanding common stock on a fully-diluted and as-exchanged basis.

Prior to the consummation of the Transactions, the Company completed a restructuring, pursuant to which, among other things, the Company contributed all of its operating assets to Clue Opco LLC, a newly formed subsidiary of the Company ("Opco"). Opco has been structured as an umbrella partnership C corporation through which the existing direct and certain indirect equity holders of Omni ("Omni Holders") hold a portion of the Equity Consideration in the form of units of Opco designated as "Class B Units" ("Opco Class B Units") and corresponding Series B Preferred Units. Effective as of the Closing, the Company operates its business through Opco, which indirectly holds all of the assets and operations of the Company and Omni. Opco is governed by an amended and restated limited liability company agreement of Opco that became effective at the Closing ("Opco LLCA").

At the Closing, the Company, Opco, Omni Holders and certain other parties entered into a tax receivable agreement (the "Tax Receivable Agreement"), which sets forth the agreement among the parties regarding the sharing of certain tax benefits realized by the Company as a result of the Transactions. Pursuant to the Tax Receivable Agreement, the Company is generally obligated to pay certain Omni Holders 83.5% of (a) the total tax benefit that the Company realizes as a result of increases in tax basis in Opco's assets resulting from certain actual or deemed distributions and the future exchange of units of Opco for shares of securities of the Company (or cash) pursuant to the Opco LLCA, (b) certain pre-existing tax attributes of certain Omni Holders that are corporate entities for tax purposes, (c) the tax benefits that the Company realizes from certain tax allocations that correspond to items of income or gain required to be recognized by certain Omni Holders, and (d) other tax benefits attributable to payments under the Tax Receivable Agreement.

As of December 31, 2023, the Company consolidated the activities of GN Bondco, LLC (VIE) and GN Loanco, LLC (VIE) with the proceeds from the Notes (as defined below) and New Term Loan (as defined below) recorded in "Noncurrent restricted cash equivalents" and the corresponding long-term debt recorded in "Long-term debt held in escrow" on the Condensed Consolidated Balance Sheets. Pursuant to the Merger Agreement, the Company deposited the appropriate funds into escrow on behalf of GN Bondco, LLC and GN Loanco, LLC in connection with the interest accrued through the Closing. For the interest funded but unpaid as of December 31, 2023, the corresponding amounts were recorded in "Restricted cash equivalents" and "Accrued expenses" on the Condensed Consolidated Balance Sheets. Additionally, while held in escrow, the proceeds from the Notes and New Term Loan were invested in a liquid, short-term instrument. The receivable for the interest earned through December 31, 2023 was recorded in "Restricted cash equivalents" and "Other receivables" on the Condensed Consolidated Balance Sheets.

At the Closing, the funds held in escrow were released, the aforementioned VIEs were dissolved, and the proceeds were distributed to the Company to affect the Transactions. The Notes and New Term Loans are discussed in Note 6, Indebtedness.

Forward Air Corporation
Notes to Condensed Consolidated Financial Statements
(unaudited and in thousands, except per share data)
June 30, 2024

The Omni Acquisition enables the Company to provide a differentiated service offering and expanded geographic footprint to customers. In addition, the combination of these complementary businesses positions the Company to deliver integrated global supply chain solutions for customers' most service-sensitive logistics needs. Goodwill recognized related to the preliminary purchase price represents planned operational synergies, expanded geographic reach of our services, and strategic market positioning. The results of Omni have been included in the Condensed Consolidated Financial Statements as of and from the date of acquisition. The associated goodwill has been included in the Omni reportable segment and is not expected to be deductible for tax purposes.

Consideration transferred of Omni

The acquisition-date fair value sources of the consideration transferred consists of the followings:

	Omni
Cash	\$ 100,499
Liabilities under tax receivable agreement	13,270
Common shares	32,795
Series B preferred shares (each issued with a corresponding Opco class B unit)	207,880
Series C preferred shares	56,713
Opco C-2 preferred units	359,493
Extinguishment of Omni's indebtedness	1,543,003
Preliminary consideration transferred	<u>\$ 2,313,653</u>

Forward Air Corporation
Notes to Condensed Consolidated Financial Statements
(unaudited and in thousands, except per share data)
June 30, 2024

Fair Value of Assets Acquired and Liabilities Assumed

Assets acquired and liabilities assumed as of the acquisition date are presented in the following table:

	<u>Land Air</u>	<u>Omni</u>
	<u>January 31, 2023</u>	<u>January 25, 2024</u>
Tangible assets:		
Cash	\$ —	\$ 78,260
Accounts receivable	—	181,570
Property and equipment	738	75,292
Other assets	—	35,639
Operating lease right-of-use assets	—	234,025
Total tangible assets	<u>738</u>	<u>604,786</u>
Intangible assets:		
Customer relationships	35,200	1,062,729
Non-compete agreements	—	42,509
Trademarks and other	—	42,510
Goodwill	20,629	1,359,388
Total intangible assets	<u>55,829</u>	<u>2,507,136</u>
Total assets acquired	<u>56,567</u>	<u>3,111,922</u>
Liabilities assumed:		
Current liabilities	—	156,408
Finance lease obligations	—	14,606
Operating lease liabilities	—	234,025
Other liabilities	—	643
Deferred income taxes	—	392,587
Total liabilities assumed	<u>—</u>	<u>798,269</u>
Net assets acquired	<u>\$ 56,567</u>	<u>\$ 2,313,653</u>

The estimated fair values of the assets acquired and liabilities assumed are based on the Company's best estimates and assumptions using the information available as of the acquisition date through the date of this filing. As a part of the Omni Acquisition, the interest in Opco not owned by Company was valued to be \$433,449 on January 25, 2024 and is disclosed in the Condensed Consolidated Statements of Shareholders' Equity. The Company continues to evaluate the impact of this acquisition on its Condensed Consolidated Financial Statements. The primary areas of the acquisition accounting that are not yet finalized include, but are not limited to, the following: (1) finalizing the review and valuation of the acquired tangible and intangible assets and liabilities (including the models, key assumptions, inputs, and estimates) and (2) finalizing the identification of the tangible and intangible assets acquired and liabilities assumed and identified. Actual values may differ (possibly materially) when final information becomes available that differs from our current estimates. We believe that the information gathered to date provides a reasonable basis for estimating the preliminary fair values of assets acquired and liabilities assumed. The Company expects to finalize the valuation as soon as practicable, but no later than one year from the acquisition date.

For the three and six months ended June 30, 2024, the Company recorded \$10,018 and \$71,942 of transactions and integration costs incurred in connection with the Omni Acquisition. The transaction and integration costs were recorded in "Other operating expenses" in the Condensed Consolidated Statements of Operations.

Forward Air Corporation
Notes to Condensed Consolidated Financial Statements
(unaudited and in thousands, except per share data)
June 30, 2024

The preliminary estimated useful life of acquired intangible assets as of the acquisition date are summarized in the following table:

	Estimated Useful Lives	
	Land Air	Omni
Customer relationships	15 years	12 years
Non-compete agreements	—	5 years
Trademarks and other	—	5 years

Supplemental Pro Forma Information

The following table represents the pro forma financial information as if Omni had been included in the consolidated results of the Company since January 1, 2023 (unaudited and in thousands):

	Six Months Ended	
	June 30, 2024	June 30, 2023
Pro forma revenue	\$ 1,267,479	\$ 1,355,921
Pro forma net loss from continuing operations	(1,293,405)	(71,355)

The pro forma financial information adjusts the revenue and net loss for amortization of the intangible assets and the fair value adjustments of the assets acquired in connection with the Omni Acquisition as if the Closing had occurred on January 1, 2023.

5. Goodwill and Intangible Assets

Goodwill

Changes in the carrying amount of goodwill during the six months ended June 30, 2024 are summarized as follows:

	Expedited Freight	Intermodal	Omni Logistics	Consolidated
Balance as of December 31, 2023	\$ 141,720	\$ 136,986	\$ —	\$ 278,706
Acquisition	—	—	1,359,388	1,359,388
Impairment	—	—	(1,092,714)	(1,092,714)
Balance as of June 30, 2024	<u>\$ 141,720</u>	<u>\$ 136,986</u>	<u>\$ 266,674</u>	<u>\$ 545,380</u>

The Company's accumulated impairment loss for the Omni Logistics segment is \$1,092,714 as of June 30, 2024. The Company's accumulated goodwill impairment also includes \$25,686 related to impairment charges the Company recorded during 2016 pertaining to its Truckload Services reporting unit. The Truckload Services reporting unit operates within the Expedited Freight reportable segment.

The Company tests goodwill for impairment, at the reporting unit level, annually as of June 30 and when events or circumstances indicate that fair value of a reporting unit may be below its carrying value. A reporting unit is an operating segment or one level below an operating segment, for example, a component. If the fair value of the reporting unit is below its carrying value, the difference between the total fair value of the reporting unit and the carrying value is recognized as an impairment to the reporting unit's goodwill.

The Company's annual impairment analyses were performed as of June 30, 2024 for all reporting units. For the reporting units in the Expedited Freight and Intermodal reportable segments, we performed a discounted cash flow (DCF) analysis and these reporting units continue to result in an excess of fair value over carrying value.

Forward Air Corporation
Notes to Condensed Consolidated Financial Statements
(unaudited and in thousands, except per share data)
June 30, 2024

The Omni reporting unit's fair value was calculated using a DCF model and a guideline public company method, with each method weighted equally. Under the DCF model, the fair value of a reporting unit is the present value of estimated future cash flows and is based on all known or knowable information at the measurement date. Under the guideline public company method, the fair value is based upon market multiples derived from publicly-traded companies with similar operating and investment characteristics of the reporting unit. The inputs to both the DCF and the guideline public company method are Level 3 valuation inputs. Primarily due to a decrease in the market value of the Company's common stock during the second quarter of 2024, as a result of many factors including, but not limited to, general market factors, credit rating downgrades, and changes in executive leadership, and the inherent uncertainty associated with the combined enterprise, the Omni Logistics reporting unit's fair value was determined to be less than its carrying value. As a result, the Company recorded a non-cash impairment charge of \$1,092,714 during the three and six months ended June 30, 2024. The goodwill impairment expense was recorded in the Impairment of goodwill caption on the Condensed Consolidated Statement of Operations.

Additionally, as qualifying measurement-period adjustments are made to the Omni purchase price allocation, which is not yet finalized (See Note 4, Acquisitions), adjustments to the goodwill impairment may be required.

Other Intangible Assets

Changes in the carrying amount of acquired intangible assets during the six months ended June 30, 2024 are summarized as follows:

	Gross Carrying Amount			
	Customer Relationships¹	Non-Compete Agreements	Trade Names	Total
Balance as of December 31, 2023	\$ 253,914	\$ 6,407	\$ 1,500	\$ 261,821
Acquisition	1,062,729	42,509	42,510	1,147,748
Balance as of June 30, 2024	<u>\$ 1,316,643</u>	<u>\$ 48,916</u>	<u>\$ 44,010</u>	<u>\$ 1,409,569</u>

	Accumulated Amortization			
	Customer Relationships¹	Non-Compete Agreements	Trade Names	Total
Balance as of December 31, 2023	\$ 118,993	\$ 6,539	\$ 1,500	\$ 127,032
Amortization expense	44,690	3,606	3,542	51,838
Balance as of June 30, 2024	<u>\$ 163,683</u>	<u>\$ 10,145</u>	<u>\$ 5,042</u>	<u>\$ 178,870</u>

¹ Carrying value as of June 30, 2024 and December 31, 2023 is inclusive of \$ 16,501 of accumulated impairment.

Forward Air Corporation
Notes to Condensed Consolidated Financial Statements
(unaudited and in thousands, except per share data)
June 30, 2024

6. Indebtedness

Long-term debt consisted of the following as of June 30, 2024 and December 31, 2023:

	June 30, 2024	December 31, 2023
Term Loan, expiring 2030 ¹	\$ 1,045,000	\$ —
Senior Secured Notes, maturing 2031 ¹	725,000	—
Debt issuance discount	(57,095)	—
Debt issuance costs ²	(35,590)	—
Total long-term debt	\$ 1,677,315	\$ —

¹ On December 31, 2023 the debt instruments and related proceeds were consolidated but were restricted under an escrow agreement contingent upon the Closing of the Omni Acquisition.

² Debt issuance costs of \$ 10,692 related to the Revolving Credit Facility are recorded in Other Assets.

Senior Secured Notes

In order to finance a portion of the cash consideration payable for the Omni Acquisition and the costs and expenses incurred in connection with the transaction, GN Bondco, LLC, a wholly owned subsidiary of Omni, (the “Escrow Issuer” and consolidated VIE) completed a private offering of \$725,000 aggregate principal amount of its 9.5% senior secured notes due 2031 (the “Notes”) in a transaction exempt from registration under the Securities Act of 1933, as amended (the “Securities Act”). As of December 31, 2023, the Notes were included in Long-term debt held in escrow on the Condensed Consolidated Balance Sheets. Upon the Closing, Opco assumed the Escrow Issuer’s obligations under the Notes. The Notes bear interest at a rate of 9.5% per annum, payable semiannually in cash in arrears on April 15 and October 15 of each year, commencing April 15, 2024. The Notes were issued at 98.0% of the face amount and will mature on October 15, 2031. Notes were issued pursuant to an indenture dated as of October 2, 2023, between the Escrow Issuer and U.S. Bank Trust Company, National Association, as trustee and notes collateral agent.

The Notes are guaranteed on a senior secured basis in an aggregate principal amount in excess of \$100,000. Prior to October 15, 2026, Opco may redeem some or all of the Notes at any time and from time to time at a redemption price equal to 100.000% of the principal amount thereof plus the applicable “make-whole” premium, plus accrued and unpaid interest, if any, to, but excluding, the redemption date. On or after October 15, 2026, Opco may redeem some or all of the Notes at the following prices (expressed as a percentage of principal), plus in each case accrued and unpaid interest, if any, to, but excluding, the redemption date: (a) in the case of a redemption occurring during the 12-month period commencing October 15, 2026, at a redemption price of 104.750%; (b) in the case of a redemption occurring during the 12-month period commencing on October 15, 2027, at a redemption price of 102.375%; and (c) in the case of a redemption occurring on or after October 15, 2028, at a redemption price of 100.000%. In addition, at any time prior to October 15, 2026, Opco may redeem up to 40.000% of the original aggregate principal amount of the Notes in an amount not to exceed the amount of net cash proceeds from one or more equity offerings at a redemption price equal to 109.5% of the principal amount thereof, plus accrued and unpaid interest, if any, to, but excluding, the redemption date. Upon the occurrence of a “change of control”, Opco will be required to offer to repurchase all of the outstanding principal amount of the Notes at a purchase price of 101.000% of the principal amount thereof, plus accrued and unpaid interest, if any, to, but excluding, the date of repurchase.

Senior Secured Term Loan Facility

In order to finance a portion of the cash consideration payable for the Omni Acquisition and the costs and expenses incurred in connection with the transaction, GN Loanco, LLC, a wholly owned subsidiary of Omni, (the “Escrow Loan Borrower” and consolidated VIE), entered into a credit agreement (the “Credit Agreement”) with Citibank, N.A., as administrative agent and collateral agent and as initial term loan lender on December 19, 2023. Pursuant to the Credit Agreement, the Escrow Loan Borrower obtained senior secured term B loans in an aggregate principal amount of \$1,125,000 (the “New Term Loans”) and the ability to draw down up to \$400,000 under a line of credit (the “Revolving Credit Facility”).

Forward Air Corporation
Notes to Condensed Consolidated Financial Statements
(unaudited and in thousands, except per share data)
June 30, 2024

The New Term Loans bear interest based, at Opco's election, on (a) SOFR plus an applicable margin or (b) the base rate plus an applicable margin. The base rate is equal to the highest of the following: (i) the prime rate; (ii) 0.50% above the overnight federal funds rate; and (iii) the one-month Term SOFR plus 1.00%. The applicable margin for Term SOFR loans is 4.50% and the applicable margin for base rate loans is 3.50%. The New Term Loans are subject to customary amortization of 1.00% per year. The New Term Loans were issued at 96.0% of the face amount and will mature on December 19, 2030.

No borrowings under the Revolving Credit Facility were made in connection with the Omni Acquisition. The Revolving Credit Facility will mature on January 25, 2029. Loans made under the Revolving Credit Facility bear interest based, at Opco's election, on (a) SOFR plus an applicable margin or (b) the base rate plus an applicable margin. Until delivery of a compliance certificate in respect of the fiscal quarter ending June 30, 2024, the applicable margin for SOFR loans is 4.25% and the applicable margin for base rate loans is 3.25%. Thereafter, the applicable margin can range from 3.75% to 4.25% for SOFR loans and from 2.75% to 3.25% for base rate loans, in each case depending on Opco's first lien net leverage ratio, as set forth in the Credit Agreement. Upon closing of the Omni Acquisition, Opco assumed the Escrow Loan Borrower's obligations under the Credit Agreement, which were further secured by certain guarantors. Opco's obligations under the Credit Agreement are guaranteed on a senior secured basis by the Company and each of Opco's existing and future domestic subsidiaries (subject to customary exceptions).

On February 12, 2024, Opco and the parties to the Credit Agreement entered into Amendment No. 2 ("Amendment No. 2") to the Credit Agreement, which (a) modifies the financial performance covenant in the Credit Agreement by temporarily increasing the 4.50:1.00 maximum consolidated first lien net leverage ratio permitted by the covenant to (i) 6.00:1.00 (for the second and third quarters of 2024), (ii) 5.50:1.00 (for the fourth quarter of 2024), (iii) 5.25:1.00 (for the first quarter of 2025), (iv) 5.00:1.00 (for the second quarter of 2025) and (v) 4.75:1.00 (for the third quarter of 2025) and (b) reduces the revolving credit commitments available under the Credit Agreement from an aggregate principal amount of \$400,000 to an aggregate principal amount of \$340,000. If the financial performance covenant is not met, the Company will lose access to the Revolving Credit Facility. Amendment No. 2 also amends certain other terms of the Credit Agreement.

Prior to the effectiveness of Amendment No. 2, on February 12, 2024, Opco repaid \$80,000 aggregate principal amount of the New Term Loans outstanding under the Credit Agreement, together with all accrued and unpaid interest thereon.

Both the Notes and Revolving Credit Facility contain covenants that, among other things, restrict the ability of the Company, without the approval of the required lenders, to engage in certain mergers, consolidations, asset sales, dividends and stock repurchases, investments, and other transactions or to incur liens or indebtedness in excess of agreed thresholds, as set forth in the Credit Agreement. As of the date of this report, the Company was in compliance with these aforementioned covenants.

Forward Air Corporation
Notes to Condensed Consolidated Financial Statements
(unaudited and in thousands, except per share data)
June 30, 2024

As of June 30, 2024 the Company had no outstanding borrowings under this revolving credit facility.

Former Credit Facility

In September 2017, the Company entered into a five-year senior unsecured revolving credit facility (the “Facility”) with a maximum aggregate principal amount of \$150,000, with a sublimit of \$30,000 for letters of credit and a sublimit of \$30,000 for swing line loans. The maturity date of the Facility was September 29, 2022. In April 2020, the Company entered into the first amendment to the Facility, which increased the maximum aggregate principal amount to \$225,000. The Facility could have been increased by up to \$25,000 to a maximum aggregate principal amount of \$250,000 pursuant to the terms of the amended credit agreement, subject to the lenders’ agreement to increase their commitments or the addition of new lenders extending such commitments. In July 2021, the Company entered into the second amendment to the Facility, which extended the maturity date to July 20, 2026 and changed the interest rate options available under the Facility. In December 2021, the Company entered into the third amendment to the Facility, which increased the amount available for borrowing under the Facility to \$450,000, consisting of a \$300,000 revolving line of credit and a term loan of \$150,000. In connection with the third amendment, the Company borrowed \$150,000 under the term loan and simultaneously repaid \$150,000 on the revolving line of credit from the borrowings received. Under the third amendment, the Facility could have been increased by up to \$75,000 to a maximum aggregate principal amount of \$525,000 pursuant to the terms of the amended credit agreement, subject to the lenders’ agreement to increase their commitments or the addition of new lenders extending such commitments. Such increases to the Facility could have been in the form of additional revolving credit loans, term loans or a combination thereof, and were contingent upon there being no events of default under the Facility.

As of December 31, 2023 the Company had no outstanding borrowings under the Facility. No borrowings were made under the Facility prior to the extinguishment upon the Closing.

Letters of Credit

The Company had an arrangement under the Facility to issue letters of credit, which guarantee the Company’s obligations for potential claims exposure for insurance coverage. As of December 31, 2023 and June 30, 2024, outstanding letters of credit totaled \$19,769.

Forward Air Corporation
Notes to Condensed Consolidated Financial Statements
(unaudited and in thousands, except per share data)
June 30, 2024

7. Net (Loss) Income Per Share

Basic net income per common share is computed by dividing net income by the weighted-average number of common shares outstanding during each period. Restricted shares have non-forfeitable rights to dividends and as a result, are considered participating securities for purposes of computing net income per common share pursuant to the two-class method. Diluted net income per common share assumes the exercise of outstanding stock options and the vesting of performance share awards using the treasury stock method when the effects of such assumptions are dilutive.

Forward Air Corporation
Notes to Condensed Consolidated Financial Statements
(unaudited and in thousands, except per share data)
June 30, 2024

A reconciliation of net income attributable to Forward Air and weighted-average common shares outstanding for purposes of calculating basic and diluted net income per share during the three and six months ended June 30, 2024 and 2023 is as follows:

	Three Months Ended		Six Months Ended	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
Numerator:				
Net (loss) income from continuing operations	\$ (640,557)	\$ 17,127	\$ (702,269)	\$ 51,031
Net (loss) income from discontinued operation	(4,876)	2,824	(4,876)	5,288
Net (loss) income attributable to Forward Air	(645,433)	19,951	(707,145)	56,319
Dividends allocated to Opco C-2 Preferred Units		—	—	—
Income allocated to participating securities from continuing operations	—	(104)	—	(268)
Income allocated to participating securities from discontinued operation	—	(17)	—	(28)
Income allocated to participating securities	—	(121)	—	(296)
Numerator for basic and diluted net (loss) income per share for continuing operations	\$ (624,201)	\$ 17,023	\$ (729,919)	\$ 50,763
Numerator for basic and diluted net income per share for discontinued operation	\$ (4,876)	\$ 2,807	\$ (4,876)	\$ 5,260
Denominator:				
Denominator for basic net (loss) income per share - weighted-average number of common shares outstanding	26,803	25,935	26,513	26,144
Dilutive stock options and performance share awards	—	100	—	114
Denominator for diluted net (loss) income per share - weighted-average number of common shares and common share equivalents outstanding	26,803	26,035	26,513	26,258
Basic net (loss) income per share attributable to Forward Air:				
Continuing operations	\$ (23.29)	\$ 0.65	\$ (27.53)	\$ 1.94
Discontinued operation	(0.18)	0.11	(0.18)	0.20
Net (loss) income per basic share	\$ (23.47)	\$ 0.76	\$ (27.71)	\$ 2.14
Diluted net (loss) income per share attributable to Forward Air:				
Continuing operations	\$ (23.29)	\$ 0.65	\$ (27.53)	\$ 1.93
Discontinued operation	(0.18)	0.11	(0.18)	0.20
Net (loss) income per diluted share ¹	\$ (23.47)	\$ 0.76	\$ (27.71)	\$ 2.13

¹Rounding may impact summation of amounts.

Forward Air Corporation
Notes to Condensed Consolidated Financial Statements
(unaudited and in thousands, except per share data)
June 30, 2024

The number of shares that were not included in the calculation of net income per diluted share because to do so would have been anti-dilutive for the three and six months ended June 30, 2024 and 2023 are as follows:

	Three Months Ended		Six Months Ended	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
Anti-dilutive stock options	285	112	285	101
Anti-dilutive performance shares	89	18	13	14
Anti-dilutive restricted shares and deferred stock units	428	73	168	58
Total anti-dilutive shares	<u>802</u>	<u>203</u>	<u>466</u>	<u>173</u>

8. Income Taxes

The Company is taxed as a C corporation and is subject to federal and state income taxes. The Company's sole material tax asset is Opco, which is a limited liability company that is taxed as a partnership for federal and certain state and local income tax purposes. Opco's net taxable income and related tax credits, if any, are passed through to its partners and included in the partner's tax returns. The income tax burden on the earnings taxed to the noncontrolling interest holders is not reported by the Company in its condensed consolidated financial statements. As a result, the Company's effective tax rate differs materially from the statutory rate. For the six months ended June 30, 2024 and 2023, the Company recorded an income tax benefit of \$193,292 and income tax expense of \$17,550, respectively. The effective tax rate of 15.5% for the six months ended June 30, 2024 varied from the statutory United States federal income tax rate of 21.0% primarily due to the effect of the tax impact of the goodwill impairment charge, noncontrolling interest, non-deductible executive compensation, excess tax benefits realized on share-based awards, partially offset by state income taxes, net of the federal benefit, and foreign taxes. The effective tax rate of 27.8% for the six months ended June 30, 2023 varied from the statutory United States federal income tax rate of 21.0% primarily due to the effect of state income taxes, net of the federal benefit, and non-deductible executive compensation, partially offset by excess tax benefits realized on share-based awards.

The Company recognizes income tax benefits from uncertain tax positions where the realization of the ultimate benefit is uncertain. As of both June 30, 2024 and December 31, 2023, the Company had \$153 of unrecognized income tax benefits, all of which would affect the Company's effective tax rate if recognized. As of both June 30, 2024 and December 31, 2023, the Company had accrued interest and penalties related to unrecognized tax benefits of \$82. With a few exceptions, the Company is no longer subject to U.S. federal, state and local, or Canadian examinations by tax authorities for years before 2017.

The Company also maintains a valuation allowance to reserve against its state net operating loss carryforwards of \$395. A valuation allowance is established when it is more likely than not that some portion or all of the deferred tax assets will not be realized. The Company assessed the likelihood that its deferred tax assets would be recovered from estimated future taxable income and available tax planning strategies. In making this assessment, all available evidence was considered including economic climate, as well as reasonable tax planning strategies. The Company believes it is more likely than not that it will realize its remaining net deferred tax assets, net of the valuation allowance, in future years.

In connection with the Omni Acquisition, the Company entered into a Tax Receivable Agreement with certain Omni Holders. As of June 30, 2024, the Company recorded a Tax Receivable Agreement liability of approximately \$13,270, after concluding that such Tax Receivable Agreement payments would be probable based on estimates of future taxable income over the term of the Tax Receivable Agreement. The determination of the Tax Receivable Agreement liability requires the Company to make judgments in estimating the amount of tax attributes as of the date of exchanges (such as cash to be received by the Company on a hypothetical sale of assets and allocation of gain or loss to the Company at the time of the exchanges taking into consideration partnership tax rules). The amounts payable under the Tax Receivable Agreement will also vary depending upon a number of factors, including tax rates in effect, as well as the amount, character, and timing of the taxable income of Opco in the future and the expected realization of tax benefits with respect to deferred tax assets related to tax attributes subject to Tax Receivable Agreement, which may result in a valuation allowance recorded against the deferred tax assets. If other tax attributes subject to the Tax Receivable Agreement are determined to be payable, additional Tax Receivable Agreement liabilities may be considered probable at that time.

Forward Air Corporation
Notes to Condensed Consolidated Financial Statements
(unaudited and in thousands, except per share data)
June 30, 2024

The Organization for Economic Co-operation and Development enacted model rules for a new global minimum tax framework, also known as Pillar Two, and certain governments globally have enacted, or are in the process of enacting, legislation considering these model rules. These rules did not have a material impact on our taxes for the three and six months ended June 30, 2024.

The Organization for Economic Co-operation and Development (“OECD”), continues to put forth various initiatives, including Pillar Two rules which include the introduction of a global minimum tax at a rate of 15%. European Union member states agreed to implement the OECD’s Pillar Two rules with effective dates of January 1, 2024 and January 1, 2025, for different aspects of the directive and most have already enacted legislation. A number of other countries are also implementing similar legislation. As of June 30, 2024, based on the countries in which we do business that have enacted legislation effective January 1, 2024, the impact of these rules to our financial statements was not material. This may change as other countries enact similar legislation and further guidance is released. We continue to closely monitor regulatory developments to assess potential impacts.

9. Fair Value of Financial Instruments

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

- Level 1 - Quoted prices in active markets for identical assets or liabilities.
- Level 2 - Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; and model-derived valuations in which all significant inputs are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3 - Model-derived valuations in which one or more significant inputs are unobservable.

Assets and liabilities measured at fair value on a recurring basis as of June 30, 2024 and December 31, 2023 are summarized below:

	As of June 30, 2024			
	Level 1	Level 2	Level 3	Total
Liabilities under tax receivable agreement	\$ —	\$ —	\$ 13,270	\$ 13,270

	As of December 31, 2023			
	Level 1	Level 2	Level 3	Total
Liabilities under tax receivable agreement	\$ —	\$ —	\$ —	\$ —

Cash, cash equivalents and restricted cash, accounts receivable, other receivables and accounts payable are valued at their carrying amounts in the Company’s Condensed Consolidated Balance Sheets, due to the immediate or short-term maturity of these financial instruments.

As of June 30, 2024, the estimated fair value of the Company’s finance lease obligation, based on current borrowing rates, was \$49,944, compared to its carrying value of \$51,832. As of December 31, 2023, the estimated fair value of the Company’s finance lease obligation, based on current borrowing rates, was \$8,926, compared to its carrying value of \$39,381.

The carrying value of the long-term debt approximates fair value based on the borrowing rates currently available for a loan with similar terms and average maturity.

Forward Air Corporation
Notes to Condensed Consolidated Financial Statements
(unaudited and in thousands, except per share data)
June 30, 2024

10. Shareholders' Equity

Series B Preferred Stock

Pursuant to Articles of Amendment to the Restated Charter of the Company filed with the Secretary of State of the State of Tennessee at the Closing (the "Charter Amendment"), the Company established the terms of a new series of preferred stock of the Company designated as "Series B Preferred Stock" (the "Series B Preferred Stock"), and, at the Closing, certain Omni Holders received fractional units (the "Series B Preferred Units") each representing one one-thousandth of a share of the Company Series B Preferred Stock. Each Series B Preferred Unit will, together with a corresponding Opco Class B Unit, be exchangeable at the option of the holder thereof into one share of the Company's common stock.

Holders of Series B Preferred Units and holders of the Company's common stock will vote together as a single class on all matters to be voted on by the Company's shareholders, subject to limited exceptions. Each holder of record of Series B Preferred Units is entitled to cast one vote for each such unit.

Pursuant to the Charter Amendment, the Series B Preferred Units have a liquidation preference of \$0.01 per unit and are not entitled to receive any dividends independent of their corresponding Opco Class B Units. A Series B Preferred Unit and its corresponding Opco Class B Unit may only be transferred together as a single, combined unit.

Series C Preferred Stock

Pursuant to the Charter Amendment, the Company established the terms of a new series of convertible preferred stock of the Company designated as "Series C Preferred Stock" (the "Series C Preferred Stock"), and, at Closing, certain Omni Holders received fractional units (each, a "Series C Preferred Unit") each representing one one-thousandth of a share of Series C Preferred Stock. The Series C Preferred Units were converted into shares of the Company's common stock upon approval of the Conversion Proposal as further discussed above. Prior to the conversion of the Series C Preferred Units the liquidation preference of the Series C Preferred Units was equal to \$10.00 per unit, subject to adjustment for any in-kind payment of the Annual Coupon as described below (the "Liquidation Preference"). In addition, the Series C Preferred Units accrue on each anniversary of issuance a cumulative annual dividend (without any interim accrual) equal to the product of (a) the 14.0% rate fixed at Closing multiplied by (b) the Liquidation Preference (the "Annual Coupon"). The Annual Coupon will be paid, at the Company's option, in cash or in-kind by automatically increasing the Liquidation Preference in an equal amount.

Commencing on the sixth anniversary of the Closing (and, thereafter, only during the 60-day period following any anniversary of the Closing), the Series C Preferred Units will be callable at the Company's option in whole (and not in part), at a call price per Series C Preferred Unit equal to (a) the product of (i) the greater of (A) the outstanding liquidation preference of such Series C Preferred Unit and (B) the product of (x) the number of shares of the Company's common stock into which such Series C Preferred Unit would be convertible upon the receipt of the Conversion Approval, and (y) the 20-day volume-weighted average price per share of the Company's common stock during a defined period prior to the call, and (ii) 103%, plus (b) the amount of all declared and unpaid dividends in respect of such Series C Preferred Unit.

Cash Dividends

During each quarter of 2023, the Board declared and the Company paid a quarterly cash dividend of \$0.24 per common share. No dividends were declared during the six months ended June 30, 2024.

Stock Repurchase Program

On February 5, 2019, the Board approved a stock repurchase plan authorizing the repurchase of up to 5,000 shares of the Company's common stock (the "2019 Repurchase Plan"). The 2019 Repurchase Plan expires when the shares authorized for repurchase are exhausted or the 2019 Repurchase Plan is canceled.

Forward Air Corporation
Notes to Condensed Consolidated Financial Statements
(unaudited and in thousands, except per share data)
June 30, 2024

During the six months ended June 30, 2024, the Company did not repurchase any shares of common stock through open market transactions. During the six months ended June 30, 2023, the Company repurchased through open market transactions 759 shares of common stock for \$79,792, or an average of \$105.09 per share. All shares received were retired upon receipt, and the excess of the purchase price over the par value per share was recorded to "Retained (Deficit) Earnings" in the Condensed Consolidated Balance Sheets.

As of June 30, 2024, the remaining shares permitted to be repurchased under the 2019 Repurchase Plan were approximately 1,349 shares.

11. Commitments and Contingencies

Contingencies

On September 26, 2023, Rodney Bell, Michael A. Roberts and Theresa Woods, (collectively, the "Plaintiffs"), three of our shareholders, filed a complaint against us and certain of its directors and officers in the Third District Chancery Court sitting in Greeneville, Tennessee (the "Shareholder Complaint"). The Shareholder Complaint alleges, among other things, that our shareholders have the right to vote on certain transactions contemplated by the Merger Agreement and sought an injunction against the consummation of the transaction until a shareholder vote was held. The court initially granted a temporary restraining order enjoining the transactions contemplated by the Merger Agreement but later dissolved it on October 25, 2023. Thereafter and as described below, on the Closing, the parties to the Amended Merger Agreement completed the Omni Acquisition. On May 2, 2024, Plaintiff Michael Roberts, together with the Cambria County Employees Retirement System filed a stipulation and proposed order seeking leave of court to file an amended class action complaint seeking damages, among other forms of relief. Upon receiving leave of the court, on May 15, 2024, the Plaintiffs filed the amended complaint. Like the earlier complaints, it challenges our determination not to subject the Omni Acquisition to a shareholder vote. We disagree with the allegations of the amended complaint and are in the process of defending the matter.

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

Insurance coverage provides the Company with primary and excess coverage for claims related to vehicle liability, workers' compensation, property damage and employee medical benefits.

Forward Air Corporation
Notes to Condensed Consolidated Financial Statements
(unaudited and in thousands, except per share data)
June 30, 2024

For vehicle liability, the Company retains a portion of the risk. Below is a summary of the Company’s risk retention on vehicle liability insurance coverage maintained by the Company up to \$10,000 (in thousands):

	Company Risk Retention	Frequency	Layer	Policy Term
Expedited Freight¹				
LTL business	\$ 5,000	Occurrence/Accident ¹	\$0 to \$5,000	10/1/2023 to 10/1/2024
Truckload business	\$ 5,000	Occurrence/Accident ¹	\$0 to \$5,000	10/1/2023 to 10/1/2024
LTL, Truckload and Intermodal businesses	\$ 5,000	Policy Term Aggregate ²	\$5,000 to \$10,000	10/1/2023 to 10/1/2024
Intermodal	\$ 1,000	Occurrence/Accident ¹	\$0 to \$1,000	10/1/2023 to 10/1/2024

¹ For each and every accident/incident, the Company is responsible for damages and defense up to these amounts, regardless of the number of claims associated with any accident/incident.

² During the Policy Term, the Company is responsible for damages and defense within the stated Layer up to the stated, aggregate amount of Risk Retention before insurance will continue.

Also, from time to time, when brokering freight, the Company may face claims for the “negligent selection” of outside, contracted carriers that are involved in accidents, and the Company maintains third-party liability insurance coverage with a \$100 deductible per occurrence for most of its brokered services. The Company maintains workers’ compensation insurance with a self-insured retention of \$500 per occurrence.

Insurance coverage in excess of the self-insured retention limit is an important part of the Company’s risk management process. The Company accrues for the costs of the uninsured portion of pending claims within the self-insured retention based on the nature and severity of individual claims and historical claims development trends. 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 insurance reserves and adequately estimate for future insurance 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. Although, an estimate cannot be made of the range of additional loss that is at least reasonably possible.

Forward Air Corporation
Notes to Condensed Consolidated Financial Statements
(unaudited and in thousands, except per share data)
June 30, 2024

12. Segment Reporting

The Company has three reportable segments: Expedited Freight, Intermodal and Omni Logistics. The Company evaluates segment performance based on income from operations. Segment results include intersegment revenues and shared costs. Costs related to the corporate headquarters, shared services and shared assets, such as trailers, are allocated to each segment based on usage. Shared assets are not allocated to each segment, but rather the shared assets, such as trailers, are allocated to the Expedited Freight segment. Corporate includes revenues and expenses as well as assets that are not attributable to any of the Company's reportable segments.

The accounting policies applied to each segment are the same as those described in the Summary of Significant Accounting Policies as disclosed in Note 1 to the Annual Report on Form 10-K for the year ended December 31, 2023, except for certain self-insurance loss reserves related to vehicle liability and workers' compensation. Each segment is allocated an insurance premium and deductible that corresponds to the self-insured retention limit for that particular segment. Any self-insurance loss exposure beyond the deductible allocated to each segment is recorded in Corporate.

Segment results from operations for the three and six months ended June 30, 2024 and 2023 are as follows:

Three Months Ended June 30, 2024						
	Expedited Freight	Intermodal	Omni Logistics	Corporate	Eliminations	Consolidated
External revenues	\$ 272,600	\$ 59,210	\$ 311,856	\$ —	\$ —	\$ 643,666
Intersegment revenues	18,682	89	—	—	(18,771)	—
Depreciation	9,240	2,148	3,521	—	—	14,909
Amortization	1,452	2,564	29,714	—	—	33,730
Income (loss) from operations	21,946	5,317	(1,105,871)	(17,147)	—	(1,095,755)
Purchases of property and equipment	7,663	28	6,735	—	—	14,426

Three Months Ended June 30, 2023						
	Expedited Freight	Intermodal	Omni Logistics	Corporate	Eliminations	Consolidated
External revenues	\$ 269,397	\$ 64,225	\$ —	\$ —	\$ —	\$ 333,622
Intersegment revenues	39	26	—	—	(65)	—
Depreciation	7,436	2,245	—	—	—	9,681
Amortization	1,003	2,561	—	—	—	3,564
Income (loss) from operations	27,063	4,312	—	(5,050)	—	26,325
Purchases of property and equipment	9,930	387	—	—	—	10,317

Revenue from the individual services within the Expedited Freight segment for the three and six months ended June 30, 2024 and 2023 are as follows:

	Three Months Ended		Six Months Ended	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
Expedited Freight revenues:				
Network	\$ 223,334	\$ 205,762	\$ 437,827	\$ 411,693
Truckload	44,678	40,432	81,732	82,176
Other	23,270	23,242	45,018	45,144
Total	\$ 291,282	\$ 269,436	\$ 564,577	\$ 539,013

Forward Air Corporation
Notes to Condensed Consolidated Financial Statements
(unaudited and in thousands, except per share data)
June 30, 2024

	Six Months Ended June 30, 2024					
	Expedited Freight	Intermodal	Omni Logistics	Corporate	Eliminations	Consolidated
External revenues	\$ 533,353	\$ 115,432	\$ 536,694	\$ —	\$ —	\$ 1,185,479
Intersegment revenues	31,224	159	—	—	(31,383)	—
Depreciation	18,253	4,215	6,119	—	—	28,587
Amortization	2,729	5,124	43,985	—	—	51,838
Income (loss) from operations	41,444	8,903	(1,134,456)	(77,378)	—	(1,161,487)
Purchases of property and equipment	8,925	1,550	8,921	—	—	19,396
	Six Months Ended June 30, 2023					
	Expedited Freight	Intermodal	Omni Logistics	Corporate	Eliminations	Consolidated
External revenues	\$ 538,944	\$ 152,387	\$ —	\$ —	\$ —	\$ 691,331
Intersegment revenues	69	33	—	—	(102)	—
Depreciation	14,105	4,430	—	—	—	18,535
Amortization	1,960	5,122	—	—	—	7,082
Income (loss) from operations	56,748	15,515	—	1,258	—	73,521
Purchases of property and equipment	16,273	563	—	—	—	16,836
Total Assets						
As of June 30, 2024	\$ 657,434	\$ 261,170	\$ 1,959,593	\$ 189,133	\$ (14)	\$ 3,067,316
As of December 31, 2023	661,270	270,421	—	2,047,901	(59)	2,979,533

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Overview

We are a leading asset-light freight provider of transportation services, including LTL, truckload and intermodal drayage services and freight brokerage and supply chain services across North and South America, Europe, and Asia. We offer premium services that typically require precision execution, such as expedited transit, delivery during tight time windows and special handling. We utilize an asset-light strategy to minimize our investments in equipment and facilities and to reduce our capital expenditures.

Our services are classified into three reportable segments: Expedited Freight, Intermodal and Omni Logistics.

Our Expedited Freight segment provides expedited regional, inter-regional and national LTL services. Expedited Freight also offers customers local pick-up and delivery and other services including truckload, shipment consolidation and deconsolidation, warehousing, customs brokerage and other handling. We plan to grow our LTL geographic footprint through greenfield start-ups as well as through acquisitions.

Our Intermodal segment provides first- and last-mile high value intermodal container drayage services both to and from seaports and railheads. Intermodal also offers dedicated contract and CFS warehouse and handling services, and in select locations, linehaul and LTL services. We plan to grow our Intermodal geographic footprint through acquisitions as well as through greenfield start-ups where no suitable acquisition is available.

Our Omni Logistics segment provides a full suite of global logistics services. Services include air and ocean freight consolidation and forwarding, customs brokerage, warehousing and distribution, time-definite transportation services and other supply chain solutions.

Our operations, particularly our network of hubs and terminals, represent substantial fixed costs. Consequently, our ability to increase our earnings depends in significant part on our ability to increase the amount of freight and the revenue per pound or shipment for the freight shipped or moved through our network. Additionally, our earnings depend on the growth of other services, such as LTL pickup and delivery, which will allow us to maintain revenue growth in a challenging freight environment. We continue to focus on creating synergies across our services, particularly with services offered in our Expedited Freight reportable segment. Synergistic opportunities include the ability to share resources, in particular our fleet resources.

We monitor and analyze a number of key operating statistics in order to manage our business and evaluate our financial and operating performance. These key operating statistics are defined below and are referred to throughout the discussion of the financial results of our Expedited Freight and Intermodal reportable segments. Our key operating statistics should not be interpreted as better measurements of our results than income from operations as determined under GAAP.

Within our Expedited Freight reportable segment, our primary revenue focus is to increase density, which is shipment and tonnage growth within our existing LTL network. Increases in density allow us to maximize our asset utilization and labor productivity, which we measure over many different functional areas of our operations including linehaul load factor and door pounds handled per hour. In addition to our focus on density and operating efficiencies, it is critical for us to obtain an appropriate yield, which is measured as revenue per hundredweight, on the shipments we handle to offset our cost inflation and support our ongoing investments in capacity and technology. Revenue per hundredweight is also a commonly-used indicator for general pricing trends in the LTL industry and can be influenced by many other factors, such as changes in fuel surcharges, weight per shipment and length of haul. Therefore, changes in revenue per hundredweight may not necessarily indicate actual changes in underlying base rates. We regularly monitor the components of our pricing, including base freight rates, accessorial charges and fuel surcharges. The fuel surcharge is generally designed to offset fluctuations in the cost of the petroleum-based products used in our operations and is indexed to diesel fuel prices published by the U.S. Department of Energy. The impact of fuel on our results of operations depends on the relationship between the applicable surcharge, the fuel efficiency of our Company drivers, and the load factor achieved by our operation. Fluctuations in fuel prices in either direction could have a positive or negative impact on our margins, particularly in our LTL business where the weight of a shipment subject to the fuel surcharge on a given trailer can vary materially. We believe our yield management process focused on account level profitability, and ongoing improvements in operating efficiencies, are both key components of our ability to grow profitably.

The key operating statistics necessary to understand the operating results of our Expedited Freight reportable segment are described below in more detail:

Tonnage - Total weight of shipments in pounds. The level of freight tonnage is affected by economic cycles and conditions, customers' business cycles, changes in customers' business practices and capacity in the truckload market.

Weight Per Shipment - Total pounds divided by the number of shipments. Fluctuations in weight per shipment can indicate changes in the mix of freight we receive from our customers, as well as changes in the number of units included in a shipment. Generally, increases in weight per shipment indicate higher demand and overall increased economic activity. Changes in weight per shipment can also be influenced by shifts between LTL and other modes of transportation, such as truckload, in response to capacity, service and pricing issues. Fluctuations in weight per shipment generally have an inverse effect on our revenue per hundredweight, as a decrease in weight per shipment will typically cause an increase in revenue per hundredweight.

Revenue Per Hundredweight - Network revenue per every 100 pounds of shipment weight. Our LTL transportation services are generally priced based on weight, commodity, and distance. Our pricing policies are reflective of the services we provide, and can be influenced by competitive market conditions. Changes in the freight profile factors such as average shipment size, average length of haul, freight density, and customer and geographic mix can impact the revenue per hundredweight. Fuel surcharges and intercompany revenue between Network and Truckload are included in this measurement.

Revenue Per Shipment - Network revenue divided by the number of shipments. Fuel surcharges and intercompany revenue between Network and Truckload are included in this measurement.

Average Length of Haul - Total miles between origin and destination service centers for all shipments, with miles based on the size of shipments. Length of haul is used to analyze our tonnage and pricing trends for shipments with similar characteristics. Changes in length of haul generally have a direct effect on our revenue per hundredweight, as an increase in length of haul will typically cause an increase in revenue per hundredweight.

Within our Intermodal reportable segment, our primary revenue focus is to increase the number of shipments. The key operating statistic necessary to understand the operating results of our Intermodal reportable segment is described below in more detail:

Drayage Revenue Per Shipment - Intermodal revenue divided by the number of drayage shipments. Revenue derived from container freight station warehouse and handling, and linehaul and LTL services is excluded from this measurement. Fuel surcharges and accessorial charges are included in this measurement.

Trends and Developments

Economy

Our business is highly susceptible to changes in economic conditions. Our products and services are directly tied to the production and sale of goods and, more generally, to the global economy. Participants in the transportation industry have historically experienced cyclical fluctuations in financial results due to economic recessions, downturns in the business cycles of customers, volatility in the prices charged by third-party carriers, interest rate fluctuations and other U.S. and global macroeconomic developments. During economic downturns, reductions in overall demand for transportation services will likely reduce demand for our services and exert downward pressure on our rates and margins. In periods of strong economic growth, overall demand may exceed the available supply of transportation resources. While this may present an opportunity to increase economies of scale in our network and enhanced pricing and margins, these benefits may be lessened by increased network congestion and operating inefficiencies.

Like other providers of freight transportation services, our business has been impacted by the macroeconomic conditions of the past year. International trade is influenced by many factors, including economic and political conditions in the United States and abroad, currency exchange rates, laws and policies relating to tariffs, trade restrictions and foreign investment. Periodically, governments consider a variety of changes to tariffs and impose trade restrictions. We cannot predict the outcome of changes in tariffs, or interpretations, and trade restrictions and the effects they will have on our business. Doing business in foreign locations also subjects us to a variety of risks and considerations not normally encountered by domestic enterprises. In addition to being influenced by governmental policies, our business may also be negatively affected by political developments and changes in government personnel or policies in the United States and other countries, as well as economic turbulence, political unrest and security concerns in the nations and on the trade shipping lanes in which we conduct business and the future impact that these events may have on international trade.

Our ability to provide services to our customers is highly dependent on good working relationships with a variety of entities, including airlines, ocean carrier lines and ground transportation providers. We consider our current working relationships with these entities to be satisfactory. However, changes in the financial stability and operating capabilities and capacity of asset-based carriers, capacity allotments available from carriers could affect our business in unpredictable ways. When the market experiences seasonal peaks or any sort of disruption, the carriers often increase their pricing suddenly. This carrier behavior creates pricing volatility that could impact our ability to maintain historical profitability.

The global economic and trade environments remain uncertain, including inflation remaining higher than historical levels, greater volatility in oil prices and high interest rates. Starting in the second quarter of 2022 and continuing through most of 2023, we saw a slowdown in the global economy and a softening of customer demand resulting in declines in rates. As demand remains soft, available transportation capacity continues to exceed demand. These conditions could result in further declines in rates in 2024. We also expect that pricing volatility will continue as carriers adapt to lower demand, changing fuel prices, security risks and react to governmental trade policies and other regulations.

Fuel

We depend heavily upon the availability of adequate diesel fuel supplies, and recently, fuel availability and prices have fluctuated significantly. Fuel availability and prices can be impacted by factors beyond our control, such as natural or manmade disasters, adverse weather conditions, political events, economic sanctions imposed against oil-producing countries or specific industry participants, disruptions or failure of technology or information systems, price and supply decisions by oil producing countries and cartels, terrorist activities, armed conflict, tariffs, sanctions, other changes to trade agreements and world supply and demand imbalance. Through our fuel surcharge programs, we have been able to mitigate the impact of fluctuations in fuel prices. Our fuel surcharge rates are set weekly based on the national average for fuel prices as published by the U.S. Department of Energy and our fuel surcharge table. In periods of changing fuel prices, our fuel surcharges vary by different degrees and may not fully offset fuel price fluctuations or may result in higher than expected increases in revenue. Fuel shortages, changes in fuel prices, and the potential volatility in fuel surcharge revenue may impact our results of operations and overall profitability. Fuel surcharge revenue as a percentage of operating revenues decreased to 10.1% for the quarter ended June 30, 2024 compared to 17.9% for the quarter ended June 30, 2023 as a result of the inclusion of Omni in the results for the quarter ended June 30, 2024.

Recent Events and Factors Affecting Comparability

Omni Acquisition

On January 25, 2024, we completed the Omni Acquisition pursuant to which we acquired Omni for a combination of (a) \$100,499 in cash (which includes pre-acquisition Omni costs of approximately \$80 million) (b) 14,015 shares of common stock on an as-converted and as-exchanged basis consisting of: (i) 1,910 shares of common stock (of which 1,210 were issued upon conversion of the Series C Preferred Units upon the Conversion Approval) and (ii) 12,105 Opco Class B Units and corresponding Series B Preferred Units, which are exchangeable into shares of common stock (of which 7,670 units were issued upon conversion of the units of Opco designated as "Opco Series C-2 Preferred Units" upon the Conversion Approval).

See Note 4, Acquisitions, to our Condensed Consolidated Financial Statements for more information about our acquisitions.

Omni Logistics revenues and segment income from January 25, 2024 through June 30, 2024 are included in our condensed consolidated statements of comprehensive (loss) income for the three months ended June 30, 2024. The changes in our results of operations for the three and six months ended June 30, 2024 as compared to the three months ended June 30, 2023 are primarily driven by the inclusion of the results of operations of Omni Logistics. The following table sets forth the financial data of our Omni Logistics segment for the three and six months ended June 30, 2024 (unaudited and in thousands):

	Three Months Ended	
	June 30, 2024	Percent of Revenue
Operating revenue	\$ 311,856	100.0 %
Operating expenses:		
Purchased transportation	178,674	57.3
Salaries, wages and employee benefits	57,536	18.4
Operating leases	26,751	8.6
Depreciation and amortization	33,235	10.7
Insurance and claims	2,845	0.9
Fuel expense	1,182	0.4
Other operating expenses	24,790	7.9
Impairment of goodwill	1,092,714	350.4
Total operating expenses	1,417,727	454.6
Loss from operations	\$ (1,105,871)	(354.6)%

	Six Months Ended	
	June 30, 2024	Percent of Revenue
Operating revenue	\$ 536,694	100.0 %
Operating expenses:		
Purchased transportation	323,098	60.2
Salaries, wages and employee benefits	106,311	19.8
Operating leases	45,878	8.5
Depreciation and amortization	50,104	9.3
Insurance and claims	4,898	0.9
Fuel expense	1,486	0.3
Other operating expenses	46,661	8.7
Impairment of goodwill	1,092,714	203.7
Total operating expenses	1,671,150	311.4
Loss from operations	\$ (1,134,456)	(211.4)%

Results from Operations

The following table sets forth our consolidated financial data for the three months ended June 30, 2024 and 2023 (unaudited and in thousands):

	Three Months Ended			
	June 30, 2024	June 30, 2023	Change	Percent Change
Operating revenues:				
Expedited Freight	\$ 291,282	\$ 269,436	\$ 21,846	8.1 %
Intermodal	59,299	64,251	(4,952)	(7.7)
Omni Logistics	311,856	—	311,856	—
Eliminations and other operations	(18,771)	(65)	(18,706)	NM
Operating revenues	<u>643,666</u>	<u>333,622</u>	<u>310,044</u>	<u>92.9</u>
Operating expenses:				
Purchased transportation	321,587	141,967	179,620	126.5
Salaries, wages and employee benefits	144,000	73,963	70,037	94.7
Operating leases	46,258	22,896	23,362	102.0
Depreciation and amortization	48,639	13,245	35,394	267.2
Insurance and claims	14,698	12,761	1,937	15.2
Fuel expense	5,859	5,202	657	12.6
Other operating expenses	65,666	37,263	28,403	76.2
Impairment of goodwill	1,092,714	—	1,092,714	—
Total operating expenses	<u>1,739,421</u>	<u>307,297</u>	<u>1,432,124</u>	<u>466.0</u>
Income (loss) from continuing operations:				
Expedited Freight	21,946	27,063	(5,117)	(18.9)
Intermodal	5,317	4,312	1,005	23.3
Omni Logistics	(1,105,871)	—	(1,105,871)	—
Other Operations	(17,147)	(5,050)	(12,097)	239.5
(Loss) income from continuing operations	<u>(1,095,755)</u>	<u>26,325</u>	<u>(1,122,080)</u>	<u>(4,262.4)</u>
Other income and expenses:				
Interest expense, net	(47,265)	(2,585)	(44,680)	1,728.4
Foreign exchange gain	1,567	—	1,567	—
Other income, net	40	—	40	—
Total other expense	<u>(45,658)</u>	<u>(2,585)</u>	<u>(43,073)</u>	<u>1,666.3</u>
(Loss) income before income taxes	(1,141,413)	23,740	(1,165,153)	(4,908.0)
Income tax (benefit) expense	(174,942)	6,613	(181,555)	(2,745.4)
Net (loss) income from continuing operations	(966,471)	17,127	(983,598)	(5,743.0)
(Loss) income from discontinued operation, net of tax	(4,876)	2,824	(7,700)	(272.7)
Net (loss) income	(971,347)	19,951	(991,298)	(4,968.7)
Net (loss) attributable to noncontrolling interest	(325,914)	—	(325,914)	—
Net (loss) income attributable to Forward Air	<u>\$ (645,433)</u>	<u>\$ 19,951</u>	<u>\$ (665,384)</u>	<u>(3335.1)%</u>

NM=Not Meaningful

Operating Revenues

Operating revenues increased \$310,044, or 92.9%, to \$643,666 for the three months ended June 30, 2024 compared to \$333,622 for the three months ended June 30, 2023. The increase was primarily due to the inclusion of \$311,856 from the Omni Logistics segment and an increase in our Expedited Freight segment of \$21,846 due to increased Network revenue, offset by a decrease from our Intermodal segment of \$4,952. The results for our reportable segments are discussed in detail in the following sections.

Operating Expenses

Operating expenses increased \$1,432,124, or 466.0%, to \$1,739,421 for the three months ended June 30, 2024 compared to \$307,297 for the three months ended June 30, 2023. The increase was primarily due to the inclusion of the \$1,417,727 of operating expenses from the Omni Logistics segment which includes an impairment charge of \$1,092,714 and a \$26,963 increase in operating expenses from the Expedited Freight segment, partially offset by a \$5,957 decrease in operating expenses from the Intermodal segment. Purchased transportation expense is our largest expense which includes our independent contractor fleet owners and owner-operators, who lease their equipment to our motor carriers ("Leased Capacity Providers"), third-party motor carriers and capacity secured by transportation intermediaries, while Company-employed drivers are included in salaries, wages and employee benefits.

Income from Continuing Operations and Segment Operations

Income from operations decreased \$1,122,080, or 4,262.4%, to a \$1,095,755 loss for the three months ended June 30, 2024 compared to a \$26,325 of income for the three months ended June 30, 2023. The decrease was primarily due to a decrease in Omni Logistics segment of \$1,105,871, driven by an impairment charge of \$1,092,714, Expedited Freight segment of \$5,117, and Intermodal segment of \$1,005.

Interest Expense, net

Interest expense, net was \$47,265 for the three months ended June 30, 2024 compared to \$2,585 for the three months ended June 30, 2023. The increase in interest expense was primarily due to higher borrowings outstanding during the second quarter of 2024 as compared to the same period in 2023 and an increase in the average interest rate. In connection with the Omni Acquisition, the outstanding borrowings remained steady in the second quarter of 2024. The weighted-average interest rate on the outstanding borrowings were 9.56% and 6.32% during the three months ended June 30, 2024 and 2023, respectively.

Income Taxes on a Continuing Basis

The effective tax rate for the three months ended June 30, 2024 was 15.3% compared to 27.8% for the three months ended June 30, 2023. The effective tax rate varied from the statutory United States federal rate of 21% in the second quarter of 2024 primarily due to the effect of the noncontrolling interest, non-deductible executive compensation, excess tax benefits realized on share-based awards, partially offset by state income taxes, net of the federal benefit, and foreign taxes. The effective tax rate varied from the statutory United States federal rate of 21% in the second quarter of 2023 primarily due to the effect of state income taxes, net of the federal benefit, and non-deductible executive compensation, partially offset by excess tax benefits realized on share-based awards.

Income from Discontinued Operations, net of Tax

Loss from discontinued operations, net of tax increased \$7,700 or 272.7% for the three months ended June 30, 2024 compared to the same period in 2023. The increase was due to the final net working capital settlement following the sale of our Final Mile business in December 2023.

Net (Loss) Income

As a result of the foregoing factors, net income decreased \$991,298, to a \$971,347 loss for the three months ended June 30, 2024 compared to \$19,951 income for the three months ended June 30, 2023.

Expedited Freight - Three Months Ended June 30, 2024 compared to Three Months Ended June 30, 2023

The following table sets forth the financial data of our Expedited Freight segment for the three months ended June 30, 2024 and 2023 (unaudited and in thousands):

	Three Months Ended					
	June 30, 2024	Percent of Revenue	June 30, 2023	Percent of Revenue	Change	Percent Change
Operating revenues:						
Network ¹	\$ 223,334	76.7 %	\$ 205,762	76.4 %	\$ 17,572	8.5 %
Truckload	44,678	15.3	40,432	15.0	4,246	10.5
Other	23,270	8.0	23,242	8.6	28	0.1
Total operating revenues	291,282	100.0	269,436	100.0	21,846	8.1
Operating expenses:						
Purchased transportation	142,512	48.9	124,122	46.1	18,390	14.8
Salaries, wages and employee benefits	63,845	21.9	57,637	21.4	6,208	10.8
Operating leases	14,730	5.1	16,201	6.0	(1,471)	(9.1)
Depreciation and amortization	10,692	3.7	8,439	3.1	2,253	26.7
Insurance and claims	10,969	3.8	10,104	3.8	865	8.6
Fuel expense	2,434	0.8	2,511	0.9	(77)	(3.1)
Other operating expenses	24,154	8.3	23,359	8.7	795	3.4
Total operating expenses	269,336	92.5	242,373	90.0	26,963	11.1
Income from operations	\$ 21,946	7.5 %	\$ 27,063	10.0 %	\$ (5,117)	(18.9)%

¹ Network revenue is comprised of all revenue, including linehaul, pickup and/or delivery, and fuel surcharge revenue, excluding accessorial and Truckload revenue.

Expedited Freight Operating Statistics			
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	Three Months Ended		
	June 30, 2024	June 30, 2023	Percent Change
Business days	64	64	— %
Tonnage ^{1,2}			
Total pounds	713,919	673,878	5.9
Pounds per day	11,155	10,529	5.9
Shipments ^{1,2}			
Total shipments	870	842	1.4
Shipments per day	13.6	13.2	1.4
Weight per shipment	821	801	2.5
Revenue per hundredweight ³	\$ 31.29	\$ 30.79	1.6
Revenue per hundredweight, ex fuel ³	\$ 24.38	\$ 24.08	1.2
Revenue per shipment ³	\$ 256.80	\$ 246.59	4.1
Revenue per shipment, ex fuel ³	\$ 200.05	\$ 192.85	3.7

¹ In thousands

² Excludes accessorial and Truckload products

³ Includes intercompany revenue between the Network and Truckload revenue streams

Operating Revenues

Expedited Freight operating revenues increased \$21,846, or 8.1%, to \$291,282 for the three months ended June 30, 2024 from \$269,436 for the three months ended June 30, 2023. The increase was primarily due to increased Network and Truckload revenue. Network revenue increased due to a 5.9% increase in pounds per day, offset by a 1.2% decrease in revenue per hundredweight excluding fuel as compared to the same period in 2023. The increase in tonnage reflects an increase in weight per shipment of 2.5% on 1.4% more shipments per day. The increase in shipments is due to higher demand for our services while the increase in weight per shipment was the result of more dense freight in our network driven by a change in the mix of services provided to customers. Fuel surcharge revenue increased \$4,151, or 9.2% as a result of the increased tonnage in our Network as compared to the same period in 2023. Truckload revenue increased \$4,246, primarily due to increased customer demand for our services.

Purchased Transportation

Expedited Freight purchased transportation increased \$18,390, or 14.8%, to \$142,512 for the three months ended June 30, 2024 from \$124,122 for the three months ended June 30, 2023. Purchased transportation was 48.9% of Expedited Freight operating revenues for the three months ended June 30, 2024 compared to 46.1% for the same period in 2023. Expedited Freight purchased transportation includes Leased Capacity Providers and third-party motor carriers and transportation intermediaries, while Company-employed drivers are included in salaries, wages and employee benefits. The increase in purchased transportation was primarily due to higher volumes in Network, and the change in the mix of freight capacity purchased from Leased Capacity Providers, third-party motor carriers and transportation intermediaries and Company-employed drivers for Network and Truckload services. For the three months ended June 30, 2024, 62.8%, 33.2% and 4.0% of our freight capacity was purchased from Leased Capacity Providers, third-party motor carriers and transportation intermediaries and Company-employed drivers, respectively, for Network and Truckload. This compares to 62.1%, 32.7% and 5.3%, respectively, in the same period in 2023.

Salaries, Wages and Employee Benefits

Expedited Freight salaries, wages and employee benefits increased \$6,208, or 10.8%, to \$63,845 for the three months ended June 30, 2024 from \$57,637 for the three months ended June 30, 2023. Salaries, wages and employee benefits were 21.9% of Expedited Freight operating revenues for the three months ended June 30, 2024 compared to 21.4% for the same period in 2023. The increase in salaries, wages and employee benefits expense was primarily due to an increase in Company-employed drivers in response to the higher volumes, an increase in the reserve for incentive compensation and an increase in salaries and wages as compared to the same period in 2023.

Operating Leases

Expedited Freight operating leases decreased \$1,471, or 9.1%, to \$14,730 for the three months ended June 30, 2024 from \$16,201 for the three months ended June 30, 2023. Operating leases were 5.1% of Expedited Freight operating revenues for the three months ended June 30, 2024 compared to 6.0% for the same period in 2023. The decrease in operating lease expense was primarily due to fewer equipment leases in the second quarter of 2024 as compared to the same period in 2023.

Depreciation and Amortization

Expedited Freight depreciation and amortization increased \$2,253, or 26.7%, to \$10,692 for the three months ended June 30, 2024 from \$8,439 for the three months ended June 30, 2023. Depreciation and amortization was 3.7% of Expedited Freight operating revenues for the three months ended June 30, 2024 compared to 3.1% for the same period in 2023. The increase in depreciation and amortization expense was primarily as the result of purchasing and placing in service new equipment in the second half of 2023 and in the first half of 2024.

Income from Operations

Expedited Freight income from operations decreased \$5,117, or 18.9%, to \$21,946 for the three months ended June 30, 2024 compared to \$27,063 for the three months ended June 30, 2023. Income from operations was 7.5% of Expedited Freight operating revenues for the three months ended June 30, 2024 compared to 10.0% for the same period in 2023. The decrease in income from operations as a percentage of operating revenues was driven by the change in the mix of freight capacity purchased from Leased Capacity Providers, third-party motor carriers and transportation intermediaries and Company-employed drivers for Network and Truckload for the three months ended June 30, 2024 compared to the same period in 2023.

Intermodal - Three Months Ended June 30, 2024 compared to Three Months Ended June 30, 2023

The following table sets forth the financial data of our Intermodal segment for the three months ended June 30, 2024 and 2023 (unaudited and in thousands):

	Three Months Ended					
	June 30, 2024	Percent of Revenue	June 30, 2023	Percent of Revenue	Change	Percent Change
Operating revenues	\$ 59,299	100.0 %	\$ 64,251	100.0 %	\$ (4,952)	(7.7)%
Operating expenses:						
Purchased transportation	19,173	32.3	17,909	27.9	1,264	7.1
Salaries, wages and employee benefits	14,899	25.1	16,650	25.9	(1,751)	(10.5)
Operating leases	4,776	8.1	6,695	10.4	(1,919)	(28.7)
Depreciation and amortization	4,712	7.9	4,806	7.5	(94)	(2.0)
Insurance and claims	2,619	4.4	2,815	4.4	(196)	(7.0)
Fuel expense	2,243	3.8	2,692	4.2	(449)	(16.7)
Other operating expenses	5,560	9.4	8,372	13.0	(2,812)	(33.6)
Total operating expenses	53,982	91.0	59,939	93.3	(5,957)	(9.9)
Income from operations	\$ 5,317	9.0 %	\$ 4,312	6.7 %	\$ 1,005	23.3 %

Intermodal Operating Statistics
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	Three Months Ended		
	June 30, 2024	June 30, 2023	Percent Change
Drayage shipments	64,877	68,180	(4.8) %
Drayage revenue per shipment	\$ 826	\$ 853	(3.2) %

Operating Revenues

Intermodal operating revenues decreased \$4,952, or 7.7%, to \$59,299 for the three months ended June 30, 2024 from \$64,251 for the three months ended June 30, 2023. The decrease in operating revenues was primarily due to a 4.8% decrease in drayage shipments and a decrease in drayage revenue per shipment of 3.2% as compared to the same period in 2023. The decrease in drayage shipments and lower accessorial revenues to support customers was primarily due to the challenged market conditions that led to decreased customer demand for our services in the second quarter of 2024 as compared to the same period in 2023.

Purchased Transportation

Intermodal purchased transportation increased \$1,264, or 7.1%, to \$19,173 for the three months ended June 30, 2024 from \$17,909 for the three months ended June 30, 2023. Purchased transportation was 32.3% of Intermodal operating revenues for the three months ended June 30, 2024 compared to 27.9% for the same period in 2023. Intermodal purchased transportation includes Leased Capacity Providers and third-party motor carriers, while Company-employed drivers are included in salaries, wages and employee benefits. The increase in purchased transportation was primarily due to the change in the mix of freight capacity purchased from Leased Capacity Providers, third-party motor carriers and Company-employed drivers compared to the same period in 2023.

Salaries, Wages and Employee Benefits

Intermodal salaries, wages and employee benefits decreased \$1,751, or 10.5%, to \$14,899 for the three months ended June 30, 2024 compared to \$16,650 for the three months ended June 30, 2023. Salaries, wages and employee benefits were 25.1% of Intermodal operating revenues for the three months ended June 30, 2024 compared to 25.9% for the same period in 2023. The decrease in salaries, wages and employee benefits expense was primarily due to fewer Company-employed drivers and office employees in response to the lower volumes, as compared to the same period in 2023.

Operating Leases

Intermodal operating leases decreased \$1,919, or 28.7%, to \$4,776 for the three months ended June 30, 2024 compared to \$6,695 for the three months ended June 30, 2023. Operating leases were 8.1% of Intermodal operating revenues for the three months ended June 30, 2024 compared to 10.4% for the same period in 2023. The decrease in operating leases expense was primarily due to lower equipment expense incurred to support decreased accessorial revenues in the second quarter of 2024 as compared to the same period in 2023.

Other Operating Expenses

Intermodal other operating expenses decreased \$2,812, or 33.6%, to \$5,560 for the three months ended June 30, 2024 from \$8,372 for the three months ended June 30, 2023. Other operating expenses were 9.4% of Intermodal operating revenues for the three months ended June 30, 2024 compared to 13.0% for the same period in 2023. Other operating expenses include contract labor, equipment maintenance, facility expenses, legal and professional fees, and accessorial storage costs. The decrease in other operating expenses was primarily due to lower accessorial storage costs incurred as a result of decreased accessorial revenues in the second quarter of 2024 compared to the same period in 2023.

Income from Operations

Intermodal income from operations increased \$1,005, or 23.3%, to \$5,317 for the three months ended June 30, 2024 compared to \$4,312 for the three months ended June 30, 2023. Income from operations was 9.0% of Intermodal operating revenues for the three months ended June 30, 2024 compared to 6.7% for the same period in 2023. The increase in income from operations as a percentage of operating revenues was primarily due to lower operating expenses in response to lower volumes.

Other Operations - Three Months Ended June 30, 2024 compared to Three Months Ended June 30, 2023

Other operations included a \$17,147 operating loss during the three months ended June 30, 2024 compared to \$5,050 of operating income during the three months ended June 30, 2023. The change in the operating loss was primarily due to \$10,018 of professional fees incurred for transaction and integration costs in connection with the Omni Acquisition, incentive compensation and severance costs partially offset by a decrease in the reserves for vehicle liability claims.

Results from Operations

The following table sets forth our consolidated financial data for the six months ended June 30, 2024 and 2023 (unaudited and in thousands):

	Six Months Ended			
	June 30, 2024	June 30, 2023	Change	Percent Change
Operating revenues:				
Expedited Freight	\$ 564,577	\$ 539,013	\$ 25,564	4.7 %
Intermodal	115,591	152,420	(36,829)	(24.2)
Omni Logistics	536,694	—	536,694	—
Eliminations and other operations	(31,383)	(102)	(31,281)	NM
Operating revenues	<u>1,185,479</u>	<u>691,331</u>	<u>494,148</u>	<u>71.5</u>
Operating expenses:				
Purchased transportation	598,602	287,138	311,464	108.5
Salaries, wages, and employee benefits	272,867	140,610	132,257	94.1
Operating leases	85,061	46,969	38,092	81.1
Depreciation and amortization	80,425	25,617	54,808	214.0
Insurance and claims	27,579	26,019	1,560	6.0
Fuel expense	11,105	10,888	217	2.0
Other operating expenses	178,613	80,569	98,044	121.7
Impairment of goodwill	1,092,714	—	1,092,714	—
Total operating expenses	<u>2,346,966</u>	<u>617,810</u>	<u>1,729,156</u>	<u>279.9</u>
Income (loss) from operations:				
Expedited Freight	41,444	56,748	(15,304)	(27.0)
Intermodal	8,903	15,515	(6,612)	(42.6)
Omni Logistics	(1,134,456)	—	(1,134,456)	—
Other Operations	(77,378)	1,258	(78,636)	NM
(Loss) income from operations	<u>(1,161,487)</u>	<u>73,521</u>	<u>(1,235,008)</u>	<u>(1,679.8)</u>
Other expense:				
Interest expense, net	(88,018)	(4,940)	(83,078)	1,681.7
Foreign exchange loss	899	—	899	—
Other income, net	49	—	49	—
Total other expense	<u>(87,070)</u>	<u>(4,940)</u>	<u>(82,130)</u>	<u>1,662.6</u>
(Loss) income from operations before income taxes	(1,248,557)	68,581	(1,317,138)	(1,920.6)
Income tax (benefit) expense	(193,292)	17,550	(210,842)	(1,201.4)
Net income from continuing operations	(1,055,265)	51,031	(1,106,296)	(2,167.9)
(Loss) income from discontinued operation, net of tax	(4,876)	5,288	(10,164)	(192.2)
Net (loss) income	(1,060,141)	56,319	(1,116,460)	(1,982.4)
Net loss attributable to noncontrolling interest	(352,996)	—	(352,996)	—
Net (loss) income attributable to Forward Air	<u>\$ (707,145)</u>	<u>\$ 56,319</u>	<u>\$ (763,464)</u>	<u>(1,355.6)%</u>

NM=Not Meaningful

Operating Revenues

Operating revenues increased \$494,148, or 71.5% to \$1,185,479 for the six months ended June 30, 2024 compared to \$691,331 for the six months ended June 30, 2023. The increase was primarily due to the inclusion of \$536,694 from the Omni Logistics segment and an increase in our Expedited Freight segment revenue of \$25,564 due to increased Network revenue, offset by a decrease from our Intermodal segment of \$36,829. The results for our reportable segments are discussed in detail in the following sections.

Operating Expenses

Operating expenses increased \$1,729,156, or 279.9%, to \$2,346,966 for the six months ended June 30, 2024 compared to \$617,810 for the six months ended June 30, 2023. The increase was primarily due to the inclusion of the \$1,671,150 of operating expenses from the Omni Logistics segment which includes a goodwill impairment charge of \$1,092,714 and a \$40,868 increase in operating expenses from the Expedited Freight segment, partially offset by a \$30,217 decrease in operating expenses from the Intermodal segment. Purchased transportation expense includes our Leased Capacity Providers, third-party motor carriers and capacity secured by transportation intermediaries, while Company-employed drivers are included in salaries, wages and employee benefits.

Income from Operations and Segment Operations

Income from operations decreased \$1,235,008, or 1,679.8%, to \$1,161,487 for the six months ended June 30, 2024 compared to \$73,521 for the six months ended June 30, 2023. The decrease was primarily driven by a decrease in Omni Logistics segment of \$1,134,456 as a result of a goodwill impairment charge of \$1,092,714, Other Operations of \$78,636, Expedited Freight segment of \$15,304, and our Intermodal segment of \$6,612.

Interest Expense, net

Interest expense, net was \$88,018 for the six months ended June 30, 2024 compared to \$4,940 for the six months ended June 30, 2023. The increase in interest expense was due to higher variable interest rates during the six months ended June 30, 2024 on higher borrowings outstanding under the Revolving Credit Facility as compared to the same period in 2023. The weighted-average interest rate on the borrowings under the Revolving Credit Facility was 9.56% and 6.05% during the six months ended June 30, 2024 and 2023, respectively.

Income Taxes on a Continuing basis

The effective tax rate for the six months ended June 30, 2024 was 15.5% compared to a rate of 25.7% for the six months ended June 30, 2023.

(Loss) Income from Discontinued Operations, net of Tax

Loss from discontinued operations, net of tax increased \$10,164 or 192% for the six months ended June 30, 2024 compared to the same period in 2023. The increase was due to the final net working capital settlement following the sale of our Final Mile business in December 2023.

Net (Loss) Income

As a result of the foregoing factors, net income decreased \$1,116,460, or 1,982.4%, to a loss of \$1,060,141 for the six months ended June 30, 2024 compared to \$56,319 income for the six months ended June 30, 2023.

Expedited Freight - Six Months Ended June 30, 2024 compared to Six Months Ended June 30, 2023

The following table sets forth the financial data of our Expedited Freight segment for the six months ended June 30, 2024 and 2023:

Expedited Freight Segment Information
(unaudited and in thousands)

	Six Months Ended					
	June 30, 2024	Percent of Revenue	June 30, 2023	Percent of Revenue	Change	Percent Change
Operating revenues:						
Network ¹	\$ 437,827	77.5 %	\$ 411,693	76.4 %	\$ 26,134	6.3 %
Truckload	81,732	14.5	82,176	15.2	(444)	(0.5)
Other	45,018	8.0	45,144	8.4	(126)	(0.3)
Total operating revenues	564,577	100.0	539,013	100.0	25,564	4.7
Operating expenses:						
Purchased transportation	270,272	47.9	249,316	46.3	20,956	8.4
Salaries, wages and employee benefits	126,398	22.4	113,555	21.1	12,843	11.3
Operating leases	29,712	5.3	31,939	5.9	(2,227)	(7.0)
Depreciation and amortization	20,982	3.7	16,065	3.0	4,917	30.6
Insurance and claims	21,621	3.8	19,323	3.6	2,298	11.9
Fuel expense	5,015	0.9	5,024	0.9	(9)	(0.2)
Other operating expenses	49,133	8.7	47,043	8.7	2,090	4.4
Total operating expenses	523,133	92.7	482,265	89.5	40,868	8.5
Income from operations	\$ 41,444	7.3 %	\$ 56,748	10.5 %	\$ (15,304)	(27.0)%

¹ Network revenue is comprised of all revenue, including linehaul, pickup and/or delivery, and fuel surcharge revenue, excluding accessorial and Truckload revenue.

Expedited Freight Operating Statistics

	Six Months Ended		
	June 30, 2024	June 30, 2023	Percent Change
Business days	128	128	— %
Tonnage ^{1,2}			
Total pounds	1,398,914	1,303,958	7.3
Pounds per day	10,929	10,187	7.3
Shipments ^{1,2}			
Total shipments	1,698	1,658	2.4
Shipments per day	13.3	13.0	2.3
Weight per shipment	824	786	4.8
Revenue per hundredweight ³	\$ 31.31	\$ 32.03	(2.2)
Revenue per hundredweight, ex fuel ³	\$ 24.27	\$ 24.89	(2.5)
Revenue per shipment ³	\$ 257.94	\$ 251.66	2.5
Revenue per shipment, ex fuel ³	\$ 199.92	\$ 195.53	2.2

¹ In thousands

² Excludes accessorial and Truckload products

³ Includes intercompany revenue between the Network and Truckload revenue streams

Operating Revenues

Expedited Freight operating revenues increased \$25,564, or 4.7%, to \$564,577 for the six months ended June 30, 2024 from \$539,013 for the six months ended June 30, 2023. The increase was driven by increased Network revenue. Network revenue increased due to a 7.3% increase in tonnage offset by a 2.5% decrease in revenue per hundredweight ex fuel as compared to the same period in the prior year. The increase in tonnage reflects an increase in weight per shipment of 4.8% on 2.4% more shipments. The increase in shipments is due to higher demand for our services while the increase in weight per shipment was the result of more dense freight in our network driven by a change in the mix of services provided to customers. Fuel surcharge revenue increased \$5,437, or 5.8% due to an increase in tonnage in the Network.

Purchased Transportation

Expedited Freight purchased transportation increased \$20,956, or 8.4%, to \$270,272 for the six months ended June 30, 2024 from \$249,316 for the six months ended June 30, 2023. Purchased transportation was 47.9% of Expedited Freight operating revenue for the six months ended June 30, 2024 compared to 46.3% for the same period in 2023. Expedited Freight purchased transportation includes Leased Capacity Providers and third-party motor carriers and transportation intermediaries, while Company-employed drivers are included in salaries, wages and employee benefits. The increase in purchased transportation was primarily due to higher volumes in the Network and the change in the mix of freight capacity purchased from Leased Capacity Providers, third-party motor carriers and transportation intermediaries and Company-employed drivers for Network and Truckload services. For the six months ended June 30, 2024, we purchased 64.0%, 31.7% and 4.3% of our freight capacity from Leased Capacity Providers, third-party motor carriers and transportation intermediaries and Company-employed drivers, respectively. This compares to 66.5%, 28.8.9% and 4.7% in the same period in 2023.

Salaries, Wages, and Employee Benefits

Expedited Freight salaries, wages and employee benefits increased \$12,843, or 11.3%, to \$126,398 for the six months ended June 30, 2024 from \$113,555 for the six months ended June 30, 2023. Salaries, wages and employee benefits were 22.4% of Expedited Freight operating revenues for the six months ended June 30, 2024 compared to 21.1% for the same period in 2023. The increase in salaries, wages and employee benefits expense was primarily due to a increase in the reserve for incentive compensation, an increase in Company-employed drivers in response to the higher volumes and an increase in salaries and wages compared to the same period in 2023.

Operating Leases

Expedited Freight operating leases decreased \$2,227, or 7.0%, to \$29,712 for the six months ended June 30, 2024 from \$31,939 for the six months ended June 30, 2023. Operating leases were 5.3% of Expedited Freight operating revenues for the six months ended June 30, 2024 compared to 5.9% for the same period in 2023. The decrease in operating leases expense was primarily due to fewer equipment leases for the six months ended June 30, 2024, as compared to the same period in 2023.

Depreciation and Amortization

Expedited Freight depreciation and amortization increased \$4,917, or 30.6%, to \$20,982 for the six months ended June 30, 2024 from \$16,065 for the six months ended June 30, 2023. Depreciation and amortization was 3.7% of Expedited Freight operating revenues for the six months ended June 30, 2024 compared to 3.0% for the same period in 2023. The increase in depreciation and amortization expense was primarily the result of purchasing and placing in service new equipment in 2024.

Insurance and Claims

Expedited Freight insurance and claims increased \$2,298, or 11.9%, to \$21,621 for the six months ended June 30, 2024 from \$19,323 for the six months ended June 30, 2023. Insurance and claims were 3.8% of Expedited Freight operating revenues for the six months ended June 30, 2024 compared to 3.6% for the same period in 2023. The increase in insurance and claims expense was primarily due to an increase in vehicle liability claims, equipment repair claims, and insurance premiums, for the six months ended June 30, 2024 as compared to the same period in 2023. See additional discussion over the consolidated change in self-insurance reserves in the “Other Operations” section below.

Other Operating Expenses

Expedited Freight other operating expenses increased \$2,090, or 4.4%, to \$49,133 for the six months ended June 30, 2024 from \$47,043 for the six months ended June 30, 2023. Other operating expenses were 8.7% of Expedited Freight operating revenues for the six months ended June 30, 2024 compared to 8.7% for the same period in 2023. Other operating expenses include contract labor, equipment maintenance, facility expenses, legal and professional fees, and other over-the-road costs. The increase in other operating expenses was primarily driven by an increase in software license and subscription fees, partially offset by a decrease in professional fees and maintenance and repair expense for six months ended June 30, 2024 as compared to the same period in 2023.

Income from Operations

Expedited Freight income from operations decreased \$15,304, or 27.0%, to \$41,444 for the six months ended June 30, 2024 compared to \$56,748 for the six months ended June 30, 2023. Income from operations was 7.3% of Expedited Freight operating revenues for six months ended June 30, 2024 compared to 10.5% for the same period in 2023. The decrease in income from operations as a percentage of operating revenues was driven by the change in the mix of freight capacity purchased from Leased Capacity Providers, third-party motor carriers and transportation intermediaries and Company-employed drivers for Network.

Intermodal - Six Months Ended June 30, 2024 compared to Six Months Ended June 30, 2023

The following table sets forth the financial data of our Intermodal segment for the six months ended June 30, 2024 and 2023:

Intermodal Segment Information (unaudited and in thousands)

	Six Months Ended					
	June 30, 2024	Percent of Revenue	June 30, 2023	Percent of Revenue	Change	Percent Change
Operating revenue	\$ 115,591	100.0 %	\$ 152,420	100.0 %	\$ (36,829)	(24.2)%
Operating expenses:						
Purchased transportation	36,616	31.7	37,923	24.9	(1,307)	(3.4)
Salaries, wages and employee benefits	29,981	25.9	35,564	23.3	(5,583)	(15.7)
Operating leases	9,468	8.2	15,030	9.9	(5,562)	(37.0)
Depreciation and amortization	9,339	8.1	9,553	6.3	(214)	(2.2)
Insurance and claims	5,225	4.5	5,164	3.4	61	1.2
Fuel expense	4,604	4.0	5,864	3.8	(1,260)	(21.5)
Other operating expenses	11,455	9.9	27,807	18.2	(16,352)	(58.8)
Total operating expenses	106,688	92.3	136,905	89.8	(30,217)	(22.1)
Income from operations	\$ 8,903	7.7 %	\$ 15,515	10.2 %	\$ (6,612)	(42.6)%

Intermodal Operating Statistics			
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	Six Months Ended		Percent Change
	June 30, 2024	June 30, 2023	
Drayage shipments	127,536	140,645	(9.3)%
Drayage revenue per shipment	\$ 824	\$ 999	(17.5)%

Operating Revenues

Intermodal operating revenues decreased \$36,829, or 24.2%, to \$115,591 for the six months ended June 30, 2024 from \$152,420 for the six months ended June 30, 2023. The decrease in operating revenues was primarily due to a 9.3% decrease in drayage shipments and a decrease in drayage revenue per shipment of 17.5% as compared to the same period in 2023. The decrease in drayage shipments and lower accessorial revenue to support customers was primarily due to challenged market demand for our services driven by an extended weak freight environment for the six months ended June 30, 2024 as compared to the same period in 2023.

Purchased Transportation

Intermodal purchased transportation decreased \$1,307, or 3.4%, to \$36,616 for the six months ended June 30, 2024 from \$37,923 for the six months ended June 30, 2023. Purchased transportation was 31.7% of Intermodal operating revenues for the six months ended June 30, 2024 compared to 24.9% for the same period in 2023. Intermodal purchased transportation includes Leased Capacity Providers and third-party motor carriers, while Company-employed drivers are included in salaries, wages and employee benefits. The decrease in purchased transportation was primarily due to fewer drayage shipments and the change in the mix of freight capacity purchased from Lease Capacity Providers, third-party motor carriers and Company-employed drivers compared to the same period in 2023.

Salaries, Wages, and Employee Benefits

Intermodal salaries, wages and employee benefits decreased \$5,583, or 15.7%, to \$29,981 for the six months ended June 30, 2024 compared to \$35,564 for the six months ended June 30, 2023. Salaries, wages and employee benefits were 25.9% of Intermodal operating revenues for the six months ended June 30, 2024 compared to 23.3% for the same period in 2023. The decrease in salaries, wages and employee benefits expense was primarily due to a decreased reserve for incentive compensation, fewer Company-employed drivers in response to the lower volumes, and lower salaries and wages as compared to the same period in 2023.

Operating Leases

Intermodal operating leases decreased \$5,562, or 37.0%, to \$9,468 for the six months ended June 30, 2024 from \$15,030 for the six months ended June 30, 2023. Operating leases were 8.2% of Intermodal operating revenues for the six months ended June 30, 2024 compared to 9.9% for the same period in 2023. The decrease in operating leases expense was primarily due to decreased equipment rental expense incurred to support the decreased accessorial revenues for the six months ended June 30, 2024 as compared to the same period in 2023.

Fuel Expense

Intermodal fuel expense decreased \$1,260, or 21.5%, to \$4,604 for the six months ended June 30, 2024 from \$5,864 for the six months ended June 30, 2023. Fuel expense was 4.0% of Intermodal operating revenues for the six months ended June 30, 2024 compared to 3.8% for the same period in 2023. Intermodal fuel expense decreased due to fewer miles driven by Company-employed drivers and a decrease in the average price of fuel for the six months ended June 30, 2024 as compared to the same period in 2023.

Other Operating Expenses

Intermodal other operating expenses decreased \$16,352, or 58.8%, to \$11,455 for the six months ended June 30, 2024 compared to \$27,807 for the six months ended June 30, 2023. Other operating expenses were 9.9% of Intermodal operating revenues for the six months ended June 30, 2024 compared to 18.2% for the same period in 2023. Other operating expenses include contract labor, equipment maintenance, facility expenses, legal and professional fees, and accessorial storage costs. The decrease in other operating expenses was primarily driven by lower accessorial storage costs incurred to support the decreased accessorial revenues for the six months ended June 30, 2024 as compared to the same period in 2023.

Income from Operations

Intermodal income from operations decreased by \$6,612, or 42.6%, to \$8,903 for the six months ended June 30, 2024 compared to \$15,515 for the six months ended June 30, 2023. Income from operations was 7.7% of Intermodal operating revenue for the six months ended June 30, 2024 compared to 10.2% for the same period in 2023. The decrease in income from operations as a percentage of operating revenues was driven by lower drayage revenue per shipment on fewer drayage shipments and lower operating expenses in response to lower volumes.

Other Operations - Six Months Ended June 30, 2024 compared to Six Months Ended June 30, 2023

Other operations included a \$77,378 operating loss during the six months ended June 30, 2024 compared to a \$1,258 operating loss during the six months ended June 30, 2023. The change in the operating loss was primarily driven by \$71,942 of professional fees incurred for due diligence and transaction costs incurred in connection with the Omni Acquisition, an increase in incentive compensation and severance costs, offset by a decrease in the reserves for vehicle liability claims.

Critical Accounting Policies

The discussion and analysis of our financial condition and results of operations are based on our Condensed Consolidated Financial Statements, which have been prepared in conformity with GAAP. The preparation of these financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosures of contingent assets and liabilities at the date of the financial statements and expenses during the reporting period. On an ongoing basis, management evaluates estimates, including those related to allowance for doubtful accounts and revenue adjustments, deferred income taxes and uncertain tax positions, goodwill, other intangible and long-lived assets, and self-insurance loss reserves. Management bases these estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances. Actual results may differ from those estimates under different assumptions or conditions. A description of critical accounting policies and related judgments and estimates that affect the preparation of the Condensed Consolidated Financial Statements is set forth in the Annual Report on Form 10-K for the year-ended December 31, 2023. The following supplements the 2023 Annual Form 10-K.

Goodwill

We test goodwill at the reporting unit level for impairment annually as of June 30 and on an interim basis when events occur or circumstances exist that carrying value may not be recoverable. We estimate the fair value of a reporting unit using a discounted cash flow (DCF), or as appropriate, a combination of the DCF and market approach known as the guideline public company approach. Under the DCF model, we calculate the fair value of a reporting unit under the present value of estimated cash flows. The significant assumptions in the DCF model primarily include, but are not limited to, forecast of annual revenue growth rates, annual operating income margin, and the terminal growth rate and the discount rate used to present value the cash flow projections. When determining these assumptions and preparing these estimates, we consider historical performance trends, and the reporting units underlying business and other market trends that may affect the reporting unit. The discount rate is based on the estimated weighted average cost of capital as of the test date of market participants in the industry in which the reporting unit operates. Under the guideline public company method, we estimate the fair value based upon market multiples of revenue and earnings derived from publicly traded companies with similar operating and investment characteristics as the reporting unit.

Estimating the fair value of a reporting unit involves uncertainties because it requires management to develop numerous assumptions, including assumptions about the future growth and potential volatility in revenues and costs, capital expenditures, industry economic factors and future business strategy. Changes in projected revenue growth rates, projected operating income margins or estimated discount rates due to uncertain market conditions, loss of one or more key customers, changes in our strategy, changes in technology or other factors could negatively affect the fair value in one or more of our reporting units and result in a material impairment charge in the future.

To assess the reasonableness of the calculated fair values of our reporting units, we also compare the sum of the reporting units' fair values to our market capitalization and calculate an implied control premium.

2024 Annual Goodwill Analysis

The annual test of goodwill was performed for each of the reporting units with goodwill balances as of June 30, 2024. As a result of the annual test, we recorded goodwill impairment charges totaling \$1,092,714 million which all relates to our Omni Logistics reporting unit. This reporting unit was acquired on January 25, 2024. Primarily due to a decrease in the market value of the Company's common stock during the second quarter of 2024, as a result of many factors including, but not limited to, general market factors, credit rating downgrades, and changes in executive leadership, and the inherent uncertainty associated with the combined enterprise, the Omni Logistics reporting unit's fair value was determined to be less than its carrying value. As a result, the Company recorded a non-cash impairment charge of \$1,092,714 million during the three and six months ended June 30, 2024. The goodwill impairment expense was recorded in the Impairment of goodwill caption on the Condensed Consolidated Statement of Operations. To complete the Omni Logistics goodwill test, we determined the fair value of the reporting unit using the DCF model and a guideline public company approach with 50% of the value determined using the DCF and 50% of the value using the market approach.

Fair value determinations require considerable judgment and are sensitive to changes in underlying assumptions and factors. Purchase price allocation of Omni Logistics is not yet complete, and as a result, there can be no assurance that there will not be a material impairment charge in the future.

Finite-Lived Intangible Assets and Other Long-Lived Assets

The Company reviews its long-lived assets, which include intangible assets subject to amortization, for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The evaluation for recoverability is performed at a level where independent cash flows may be attributed to either an asset or asset group. The analysis differs from our goodwill impairment test in that an intangible or other long-lived asset is only deemed to have occurred if the sum of the forecasted undiscounted cash flows related to the assets being evaluated is less than the carrying value of the assets. If the forecasted net cash flows are less than the carrying value, then the assets are written down to estimated value. We did not identify any impairments of definite-lived assets in the three and six months ended June 30, 2024 and 2023. Changes in the estimates of forecasted net cash flows may result in future asset impairments that could be material to our results of operations.

Liquidity and Capital Resources

We have historically financed our working capital needs, including capital expenditures, with available cash, cash flows from operations and borrowings under the Revolving Credit Facility. In the first quarter of 2024, our then existing credit facility was repaid and extinguished in tandem with the Omni Acquisition. We believe that borrowings under the Revolving Credit Facility and our New Term Loans, together with available cash and internally generated funds, will be sufficient to support our working capital, capital expenditures and debt service requirements over the next twelve months. As previously disclosed and more fully described below and in Note 4, Acquisitions, to the Condensed Consolidated Financial Statements, we incurred significant indebtedness in connection with the Omni Acquisition. This substantial level of debt could have important consequences to our business, including, but not limited to the factors as more fully discussed in the risk factors included in our Annual Report on Form 10-K for the year ended December 31, 2023, Item 1A, "Risk Factors" - "Risks Relating to our Indebtedness". In addition, we frequently utilize operating leases to acquire revenue equipment.

Senior Secured Notes

In order to finance a portion of the cash consideration payable for the Omni Acquisition and the costs and expenses incurred in connection therewith, GN Bondco, LLC, a Delaware limited liability company and wholly owned subsidiary of Omni (the “Escrow Issuer” and consolidated VIE at December 31, 2023) launched a private offering of \$725,000 aggregate principal amount of the Notes, in a transaction exempt from registration under the Securities Act. Upon the closing of the Omni Acquisition, Opco assumed the Escrow Issuer’s obligations under the Notes. The Notes bear interest at a rate of 9.5% per annum, payable semiannually in cash in arrears on April 15 and October 15 of each year, commencing April 15, 2024. The Notes were issued at 98.0% of the face amount and will mature on October 15, 2031. The Notes were issued pursuant to an indenture, dated as of October 2, 2023, between the Escrow Issuer and U.S. Bank Trust Company, National Association, as trustee and notes collateral agent.

The Notes are guaranteed on a senior secured basis in an aggregate principal amount in excess of \$100,000. Prior to October 15, 2026, Opco may redeem some or all of the Notes at any time and from time to time at a redemption price equal to 100.000% of the principal amount thereof plus the applicable “make-whole” premium, plus accrued and unpaid interest, if any, to, but excluding, the redemption date. On or after October 15, 2026, Opco may redeem some or all of the Notes at the following prices (expressed as a percentage of principal), plus in each case accrued and unpaid interest, if any, to, but excluding, the redemption date: (a) in the case of a redemption occurring during the 12-month period commencing October 15, 2026, at a redemption price of 104.750%; (b) in the case of a redemption occurring during the 12-month period commencing on October 15, 2027, at a redemption price of 102.375%; and (c) in the case of a redemption occurring on or after October 15, 2028, at a redemption price of 100.000%. In addition, at any time prior to October 15, 2026, Opco may redeem up to 40.000% of the original aggregate principal amount of the Notes in an amount not to exceed the amount of net cash proceeds from one or more equity offerings at a redemption price equal to 109.5 % of the principal amount thereof, plus accrued and unpaid interest, if any, to, but excluding, the redemption date. Upon the occurrence of a “change of control”, Opco will be required to offer to repurchase all of the outstanding principal amount of the Notes at a purchase price of 101.000% of the principal amount thereof, plus accrued and unpaid interest, if any, to, but excluding, the date of repurchase.

Senior Secured Term Loan Facility

In order to finance a portion of the cash consideration payable for the Omni Acquisition and the costs and expenses incurred in connection therewith, GN Loanco, LLC, a Delaware limited liability company and wholly owned subsidiary of Omni (the “Escrow Loan Borrower” and consolidated VIE at December 31, 2023), entered into the Credit Agreement. Pursuant to the Credit Agreement, the Escrow Loan Borrower obtained the New Term Loans and the ability to draw down up to \$400,000 under the Revolving Credit Facility. The New Term Loans bear interest based, at Opco’s election, on (a) SOFR plus an applicable margin or (b) the base rate plus an applicable margin. The base rate is equal the highest of the following: (i) the prime rate; (ii) 0.50% above the overnight federal funds rate; and (iii) the one-month SOFR plus 1.00%. The applicable margin for SOFR loans is 4.50% and the applicable margin for base rate loans is 3.50%. The New Term Loans are subject to customary amortization of 1.00% per year. The New Term Loans were issued at 96.0% of the face amount and will mature on December 19, 2030.

No borrowings under the Revolving Credit Facility were made in connection with the Omni Acquisition. The Revolving Credit Facility will mature on January 25, 2029. Loans made under the Revolving Credit Facility bear interest based, at Opco’s election, on (a) SOFR plus an applicable margin or (b) the base rate plus an applicable margin. Until delivery of a compliance certificate in respect of the fiscal quarter ending June 30, 2024, the applicable margin for SOFR loans is 4.25% and the applicable margin for base rate loans is 3.25%. Thereafter, the applicable margin can range from 3.75% to 4.25% for SOFR loans and from 2.75% to 3.25% for base rate loans, in each case depending on Opco’s first lien net leverage ratio, as set forth in the Credit Agreement. Upon the closing of the Omni Acquisition, Opco assumed the Escrow Loan Borrower’s obligations under the Credit Agreement, which were further secured by certain guarantors. Opco’s obligations under the Credit Agreement are guaranteed on a senior secured basis by us and each of Opco’s existing and future domestic subsidiaries (subject to customary exceptions).

On January 25, 2024, the date of the Omni Acquisition, both GN Bondco, LLC and GN Loanco, LLC ceased operations and their debt and related funds were transferred to Opco, a consolidated subsidiary of us.

On February 12, 2024, Opco and the parties to the Credit Agreement entered into Amendment No. 2 to the Credit Agreement, which (a) modifies the financial performance covenant in the Credit Agreement by temporarily increasing the 4.50:1.00 maximum consolidated first lien net leverage ratio permitted by the covenant to (i) 6.00:1.00 (for the second and third quarters of 2024), (ii) 5.50:1.00 (for the fourth quarter of 2024), (iii) 5.25:1.00 (for the first quarter of 2025), (iv) 5.00:1.00 (for the second quarter of 2025) and (v) 4.75:1.00 (for the third quarter of 2025) and (b) reduces the revolving credit commitments available under the Credit Agreement from an aggregate principal amount of \$400,000 to an aggregate principal amount of \$340,000. Amendment No. 2 also amends certain other terms of the Credit Agreement in connection with the foregoing. Prior to the effectiveness of Amendment No. 2 on February 12, 2024, Opco repaid \$80,000 aggregate principal amount of the New Term Loans outstanding under the Credit Agreement, together with all accrued and unpaid interest thereon.

Both the Notes and Revolving Credit Facility contain covenants that, among other things, restrict the ability of us, without the approval of the required lenders, to engage in certain mergers, consolidations, asset sales, dividends and stock repurchases, investments, and other transactions or to incur liens or indebtedness in excess of agreed thresholds, as set forth in the credit agreement. The Revolving Credit Facility's terms also include a financial covenant which requires us to maintain a specific leverage ratio. As of the date of this report, we were in compliance with all aforementioned covenants.

Tax Receivable Agreement

In connection with the Omni Acquisition, we, Opco, Omni Holders and certain other parties entered into the Tax Receivable Agreement, which sets forth the agreement among the parties regarding the sharing of certain tax benefits realized by us as a result of the Omni Acquisition. Pursuant to the Tax Receivable Agreement, we are generally obligated to pay certain Omni Holders 83.5% of (a) the total tax benefit that we realize as a result of increases in tax basis in Opco's assets resulting from certain actual or deemed distributions and the future exchange of units of Opco for shares of securities of us (or cash) pursuant to Opco's operating agreement that became effective as of the Closing, (b) certain pre-existing tax attributes of certain Omni Holders that are corporate entities for tax purposes, (c) the tax benefits that we realize from certain tax allocations that correspond to items of income or gain required to be recognized by certain Omni Holders, and (d) other tax benefits attributable to payments under the Tax Receivable Agreement. Payment obligations under the Tax Receivable Agreement rank *pari passu* with all unsecured obligations but senior to any future tax receivable or similar agreement entered into by us.

The term of the Tax Receivable Agreement will continue until all such tax benefits have been utilized or expired unless we elect to terminate the Tax Receivable Agreement early (or it is terminated early due to a change of control or insolvency event with respect to us or a material breach by us of a material obligation under the Tax Receivable Agreement).

Upon such an early termination, we will be required to make a payment equal to the present value of the anticipated future payments to be made by it under the Tax Receivable Agreement (based upon certain assumptions and deemed events set forth in the Tax Receivable Agreement). In the event of a change of control, under certain circumstances, we may elect to pay the early termination payment over a period of 15 years, with the payments increased to reflect the time value of money.

Cash Flows

Continuing Operations

Net cash used in operating activities of continuing operations was \$96,924 for the six months ended June 30, 2024 compared to net cash provided by operating activities of \$117,454 for the six months ended June 30, 2023. The increase in net cash used in operating activities was primarily due to the change in net income from operations after consideration of non-cash items and the increase in accounts receivable and other current and noncurrent assets, partially offset by the change in accounts payable and accrued expenses.

Net cash used in investing activities was \$1,583,406 for the six months ended June 30, 2024 compared to \$70,368 for the six months ended June 30, 2023. Capital expenditures for the first six months of 2024 were \$19,396, which primarily related to the purchase of technology and operating equipment. Capital expenditures for the first six months of 2023 were \$16,836, which primarily related to the purchase of technology and operating equipment. Investing activities of continuing operations for the first six months of 2024 included the Omni Acquisition for a preliminary purchase price of \$2,313,653, while investing activities for the first six months of 2023 included the acquisition of Land Air for a preliminary purchase price of \$56,567.

Net cash used in financing activities of continuing operations was \$162,957 for the six months ended June 30, 2024 compared to \$74,627 for the six months ended June 30, 2023. The change in the net cash used in financing activities of continuing operations was primarily due to the payment of debt issuance costs, payments on the New Term Loans, and payment of an earn-out liability.

Discontinued Operation

Net cash used in operating activities of discontinued operation was \$4,876 for the six months ended June 30, 2024 compared to net cash provided by operating activities for discontinued operations of \$12,112 for the six months ended June 30, 2023. The change in net cash provided by operating activities of discontinued operation was primarily related to a decrease in net income of discontinued operation after consideration of non-cash items. The sale of Final Mile was completed on December 20, 2023.

Net cash used in investing activities of discontinued operation was \$0 for the six months ended June 30, 2024 compared to \$739 for the six months ended June 30, 2023. The change in the net cash used in investing activities of discontinued operation was due to the sale of Final Mile, which was completed on December 20, 2023.

Net cash used in financing activities of discontinued operation was \$0 for the six months ended June 30, 2024 compared to \$11,373 for the six months ended June 30, 2023. The change in the net cash used in financing activities of discontinued operation was due to decreased contributions to the parent.

Stock Repurchase Program

During the six months ended June 30, 2024, we did not repurchase any shares of our common stock. During the six months ended June 30, 2023, we repurchased 759 shares of our common stock for approximately \$79,792 through open market transactions. All shares received were retired upon receipt, and the excess of the purchase price over the par value per share was recorded to "Retained (Deficit) Earnings" in our Condensed Consolidated Balance Sheets.

Forward-Looking Statements

This report contains “forward-looking statements,” as defined in Section 27A of the Securities Act and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). Forward-looking statements are statements other than historical information or statements of current condition and relate to future events or our future financial performance. Some forward-looking statements may be identified by use of such terms as “believes,” “anticipates,” “intends,” “plans,” “estimates,” “projects” or “expects.” In this Form 10-Q, forward-looking statements include, but are not limited to, any statements regarding In this Form 10-Q, forward-looking statements include, but are not limited to, any statements regarding: (i) any projections of earnings, revenues, other financial items or related accounting treatment, or cost reduction measures, including any impact of the Omni Acquisition on our financial statements; (ii) future performance, including any expectations about our ability to increase shipments; (iii) our ability to maintain compliance with the covenants of our indebtedness instruments; (iv) our yield management process, any improvements in operating efficiencies and our ability to create synergies across our services; (v) fuel shortages, changes in fuel prices and volatility in fuel surcharge revenue, and the impact on our business; (vi) consumer demand and inventory levels, and the impact on freight volumes; (vii) future insurance, claims and litigation and any associated estimates or projections; (viii) our ability to accelerate the expansion of the Company’s terminal footprint; (ix) certain tax and accounting matters, including the impact on our financial statements and our ability realize remaining net deferred tax assets; (x) intended expansion through acquisitions or greenfield startups, and the impact of any such acquisition on our business; (xi) our ability to use key performance metrics to gauge growth strategies; (xii) future business, economic conditions or performance, as well as industry projections; (xiii) competition, including our specific advantages, the capabilities of our segments, including the integration of services and our geographic location; (xiv) expectations regarding plans, strategies, and objectives of management for future operations and (xv) any belief and any statements of assumptions underlying any of the foregoing.

Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. The following is a list of factors, among others, that could cause actual results to differ materially from those contemplated by the forward-looking statements: economic factors such as recessions, inflation, higher interest rates and downturns in customer business cycles, the outcome and related impact of the Omni Acquisition, continued weakening of the freight environment, future debt and financing levels, the outcome of any legal proceedings related to the Omni Acquisition, our substantial indebtedness, our ability to manage our growth and ability to grow, in part, through acquisitions while being able to successfully integrate such acquisitions, our ability to secure terminal facilities in desirable locations at reasonable rates, more limited liquidity than expected which limits our ability to make key investments, the creditworthiness of our customers and their ability to pay for services rendered, our inability to maintain our historical growth rate because of a decreased volume of freight or decreased average revenue per pound of freight moving through our network, the availability and compensation of qualified Leased Capacity Providers and freight handlers as well as contracted, third-party motor carriers needed to serve our customers’ transportation needs, our inability to manage our information systems and inability of our information systems to handle an increased volume of freight moving through our network, the occurrence of cybersecurity risks and events, market acceptance of our service offerings, claims for property damage, personal injuries or workers’ compensation, enforcement of and changes in governmental regulations, environmental, tax, insurance and accounting matters, the handling of hazardous materials, changes in fuel prices, loss of a major customer, increasing competition and pricing pressure, our dependence on our senior management team and the potential effects of changes in employee status, seasonal trends, the occurrence of certain weather events, restrictions in our charter and bylaws, the cost of new equipment, the impact and efficacy of our disclosure controls and procedures, and the risks described in our Annual Report on Form 10-K for the year ended December 31, 2023. As a result of the foregoing, no assurance can be given as to future financial condition, cash flows or results of operations. We undertake no obligation to update or revise any forward looking statements, whether as a result of new information, future events or otherwise.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

For quantitative and qualitative disclosures about market risks, see “Quantitative and Qualitative Disclosures about Market Risk” in Item 7A of Part II of our Annual Report on Form 10-K for the year ended December 31, 2023 and Item 3 of our Quarterly Report on Form 10-Q for the quarter ended March 31, 2024. As of the first quarter of 2024, there were no material changes in our exposure to market risk.

Item 4. Controls and Procedures.

Disclosure Controls and Procedures

We maintain controls and procedures designed to ensure that we are able to collect the information required to be disclosed in the reports we file with the SEC, and to process, summarize and disclose this information within the time periods specified in the rules of the SEC. Based on an evaluation of our disclosure controls and procedures as of the end of the period covered by this report conducted by management, with the participation of the Chief Executive Officer and Chief Financial Officer, the Chief Executive Officer and Chief Financial Officer believe that these controls and procedures are effective to ensure that we are able to collect, process and disclose the information we are required to disclose in the reports we file with the SEC within the required time periods.

Changes in Internal Control

There has been no change in our internal control over financial reporting identified in connection with the evaluation required by paragraph (d) of Exchange Act Rules 13a-15 or 15d-15 that occurred during our last fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting. Subsequent to the Omni Acquisition, we have begun integration and controls assessment activities. In accordance with the SEC’s published guidance, because we acquired these operations during the fiscal year, we plan to exclude these operations from our efforts to comply with Section 404 Rules for fiscal 2024.

Part II. Other Information

Item 1. Legal Proceedings.

On September 26, 2023, Rodney Bell, Michael A. Roberts and Theresa Woods, (collectively, the "Plaintiffs"), three of our shareholders, filed a complaint against us and certain of its directors and officers in the Third District Chancery Court sitting in Greeneville, Tennessee (the "Shareholder Complaint"). The Shareholder Complaint alleges, among other things, that our shareholders have the right to vote on certain transactions contemplated by the Merger Agreement and sought an injunction against the consummation of the transaction until a shareholder vote was held. The court initially granted a temporary restraining order enjoining the transactions contemplated by the Merger Agreement but later dissolved it on October 25, 2023. Thereafter and as described below, on the Closing, the parties to the Amended Merger Agreement completed the Omni Acquisition. On May 2, 2024, Plaintiff Michael Roberts, together with the Cambria County Employees Retirement System filed a stipulation and proposed order seeking leave of court to file an amended class action complaint seeking damages, among other forms of relief. Upon receiving leave of the court, on May 15, 2024, the Plaintiffs filed the amended complaint. Like the earlier complaints, it challenges our determination not to subject the Omni Acquisition to a shareholder vote. We disagree with the allegations of the amended complaint and are in the process of defending the matter.

From time to time, we are also a party to other litigation incidental to and arising in the normal course of our business, most of which involves claims for personal injury and property damage related to the transportation and handling of freight, or workers' compensation. We accrue for the uninsured portion of contingent losses from these and other pending claims when it is both probable that a liability has been incurred and the amount of loss can be reasonably estimated. Based on the knowledge of the facts, we believe the resolution of such incidental claims and pending litigation, taking into account existing reserves, will not have a material adverse effect on our business, financial condition or results of operations. However, the results of complex legal proceedings are difficult to predict, and our view of these matters may change in the future as the litigation and related events unfold. For information regarding our insurance program and legal proceedings, see Note 11, Commitments and Contingencies in the Notes to our Condensed Consolidated Financial Statements (unaudited) set forth in Part 1 of this report.

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

Issuer Purchases of Equity Securities

The Company did not repurchase any of its equity securities during the three months ended June 30, 2024.

Item 3. Defaults Upon Senior Securities.

Not applicable.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

Rule 10b5-1 Trading Plans

During the three months ended June 30, 2024, no director or officer of the Company adopted or terminated a "Rule 10b5-1 trading arrangement" or "non Rule 10b5-1 trading arrangement" as each term is defined in Item 408(a) of Regulation S-K.

Item 6. Exhibits.

No.	Exhibit
3.1	Restated Charter of the registrant (incorporated herein by reference to Exhibit 3 to the registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on May 28, 1999 (File No. 0-22490))
3.2	Amended and Restated Bylaws of the registrant (incorporated herein by reference to Exhibit 3.2 to the registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2022 filed with the Securities and Exchange Commission on March 1, 2023)
3.3	Articles of Amendment to the Restated Charter of the registrant (incorporated herein by reference to Exhibit 3.1 to the registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on January 31, 2024)
*10.1	James Faught Offer Letter, dated as of June 11, 2024
*10.2	Jamie Pierson Offer Letter, dated as of July 3, 2024
*10.3	Participation and Restrictive Covenants Agreement, by and between the registrant and Jamie Pierson, dated July 3, 2024
*10.4	Form of Non-Employee Director Annual Compensation Agreements
*10.5	Form of Restricted Share Retention Award Agreement under the registrant's 2016 Omnibus Compensation Plan
*10.6	Form of Enhanced Severance Program
*10.7	Form of Executive Retention Bonus Agreement
*31.1	Certification of Principal Executive Officer Pursuant to Exchange Act Rule 13a-14(a) (17 CFR 240.13a-14(a))
*31.2	Certification of Principal Financial Officer Pursuant to Exchange Act Rule 13a-14(a) (17 CFR 240.13a-14(a))
32.1	Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2	Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS	The instance document does not appear in the interactive data file because its XBRL tags are embedded within the inline XBRL document.
101.SCH	XBRL Taxonomy Extension Schema
101.CAL	XBRL Taxonomy Extension Calculation Linkbase
101.DEF	XBRL Taxonomy Extension Definition Linkbase
101.LAB	XBRL Taxonomy Extension Label Linkbase
101.PRE	XBRL Taxonomy Extension Presentation Linkbase
104	Cover Page Interactive File (formatted in Inline XBRL and contained in Exhibit 101).

* Filed herewith

Signatures

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

August 9, 2024

Forward Air Corporation
By: /s/ Shawn Stewart
Shawn Stewart
Chief Executive Officer
(Principal Executive Officer and Duly Authorized Officer)

August 9, 2024

Forward Air Corporation
By: /s/ Jamie Pierson
Jamie Pierson
Chief Financial Officer
(Principal Financial Officer and Duly Authorized Officer)



June 11 2024

James Faught

On behalf of Forward Air Services, LLC, I am pleased to offer you the position of Chief Accounting Officer, working in Irving, TX reporting directly to Kyle Mitchin. Your compensation package is outlined below and will consist of the following:

Compensation

- Salary
 - o Your starting base pay will be \$350,000.00 annually, less applicable taxes and withholdings, payable on such schedules as others in similar positions are paid.
- Incentive
 - o During your employment, you will be eligible to participate in the Forward Air Annual Cash Incentive Plan (the "Cash Incentive Plan") with a target annual incentive of 35% of your base salary, less applicable taxes, deductions, and withholdings. Target incentives do not constitute a promise of payment. Payment of any incentive is at the sole discretion of the Forward Air Corporation Board of Directors (the "Board"). Your actual incentive plan payout will depend on Company financial performance and management's assessment of your individual performance. Please be aware that the Company reserves the right to change or amend the terms of the Cash Incentive Plan or any other of its incentive plans at any time or discontinue them in their entirety as the Company determines in its sole and absolute discretion.

Equity

- Annual Grant Program
 - o You will be eligible to receive an annual equity award determined by the Compensation Committee of the Company's Board of Directors in its sole discretion. In the first calendar year of your employment, the Company will recommend to the Compensation Committee to grant you shares of restricted stock with a target aggregate value on the grant date equal to at least \$130,000 under the Company's Omnibus Incentive Compensation Plan ("Omnibus Plan"), a copy of which will be forwarded to you, and will recommend that such restricted shares shall vest in three (3) equal annual installments beginning one (1) year after the date of grant. Any equity award made to you will be subject to the terms and conditions of the Omnibus Plan and a separate award agreement, which will be provided to you at the time of the award. Eligibility for participation in the Omnibus Plan or any other equity incentive plan is subject to annual review. Please be aware that the Company reserves the right to change or amend the terms of its Omnibus Plan and any other incentive plans at any time or discontinue them in their entirety as the Company determines in its sole and absolute discretion.
- One-Time Equity Bonus
 - o The Company will provide you with a one-time bonus of restricted stock with a target aggregate value on the grant date equal to at least \$60,000, such shares to be granted within 30 days of the effective date of your employment (your Start Date). Such restricted shares shall vest in three (3) equal annual installments on the first, second and third anniversaries of the date of grant. The restricted stock award to you will be subject to the terms and conditions of the Omnibus Plan and a separate award agreement, which will be provided to you at the time of the award.

Benefits

A significant part of your total compensation at Forward Air is derived from the benefits that the Company provides. The Company provides a very competitive benefits package for its eligible full and part-time employees.

- o Vacation Time: You are eligible to participate in the Company's standard vacation policy, subject to increase in future years depending on the terms of the Company's standard vacation policy then in effect.
- o Discretionary Flex Time: You have been granted an exception to the Company's normal vacation and discretionary flex time policy and accrual and award schedule. Accordingly, the Company will advance to you fifteen (15) days of discretionary flex time in your first year of service, ten (10) days of discretionary flex time (in addition to time granted under the normal accrual and awards schedule) in your second year of service, and five (5) days of discretionary flex time (in addition to the time granted under the normal accrual and awards schedule) in years 3 – 5 of service. After your fifth year of service, you will accrue vacation and discretionary flex time in accordance with the Company's normal vacation and discretionary flex time policy and accrual and award schedule, then in effect.
- o Payment upon Termination: Unused discretionary flex time will be forfeited upon termination of employment. Accordingly, the Company will not pay for any unused discretionary flex time at the time of termination, subject to applicable law.
- o Company Paid Holidays and Other Benefits: In addition to the paid vacation and discretionary flex time, the Company provides eligible employees with paid Company designated holidays each year.
- Health / Financial Benefits
 - o You will be eligible to participate in the employee benefit plans and programs generally available to the Company's employees, including medical, dental, vision, life insurance, disability benefits, Employee Stock Purchase Plan, 401(k) plan, Flexible Spending Plan (Healthcare Reimbursement Account and/or Dependent Care Reimbursement Account), and Healthcare Savings Account, all in accordance with and subject to the eligibility and other terms and conditions of such plans and programs.
 - o Please note that regarding health/medical insurance, Forward Air Corporation's present policy is to provide an option for dependent coverage at an additional charge, if you should require such coverage. You will have to affirmatively elect dependent coverage if you desire it. Also, please note that if your spouse is eligible for separate employer-sponsored health insurance, they will be required to elect their employer-sponsored health insurance as their primary coverage.
 - o Currently, the Company's benefit plans are effective on the first day of the month following thirty (30) days of eligible service. The Company reserves the right to amend, modify or terminate any of its benefit plans or programs at any time and for any reason.

Additional Details

- Mobile Phone Plan
 - o In connection with your employment, you are eligible to participate in the company's "Mobile Phone Plan," so long as such a plan exists. Participation eligibility and/or plan details are subject to change.

You will receive a Benefits Summary that provides detailed information concerning benefits eligibility. If you have any questions concerning the benefits for which you will be eligible, please feel free to contact Sarah Smith and/or Kyle Mitchin for further explanation.

Your start date is scheduled for 6/28/24 or another date mutually agreed upon by you and the Company (the "Start Date"). During your first week of employment you will be given an orientation which will include

(the "Start Date"). During your first week of employment, you will be given an orientation which will include

Confidential Information 2

completing employment forms, reviewing fringe benefits, and touring the premises. The Company is committed to creating a positive work environment and conducting business ethically. As an employee of the Company, you will be expected to abide by the Company's policies and procedures including, but not limited to, Forward Air's Code of Business Conduct and Code of Ethics as attached, as part of your new employee on-boarding packet. Also, prior to, or on your employment start date please provide appropriate documentation for the completion of your new hire forms, including proof that you are presently eligible to work in the United States for I-9 purposes. Failure to provide appropriate documentation within three (3) days of hire will result in immediate termination of employment in accordance with the terms of the Immigration Reform and Control Act.

You represent to us that you are not bound by any agreement (written or oral) with any current employer, or any previous employer, which would prevent or limit you from going to work for the Company in the capacity as Chief Accounting Officer. Moreover, you acknowledge and agree that your duties and responsibilities will not require you to use or rely on any information that is the property of any current or former employers, and you assure the Company that you will not rely on any materials or other property from your present or former employers to carry out these duties.

While it is our expectation that your employment relationship will continue, at all times you will remain an employee at-will and subject to the same rights, privileges and limitations of any other employee in the state of TX. This offer of employment is contingent upon the Company's receipt of results of a satisfactory background check and drug test.

If the foregoing is agreeable, please execute and return a copy of this letter, which will serve as our understanding of the terms of your employment with the Company. We look forward to the contributions you will make to Forward Air and to the professional and personal opportunities we will be able to provide to you.

ACCEPTANCE/ACKNOWLEDGMENT:

The provisions of this offer of employment have been read, are understood, and the offer is herewith accepted. I understand that this offer of employment is contingent upon the Company's receipt of results of a satisfactory background check and drug test. This offer shall remain open for two business days. Any acceptance postmarked after this date may be considered invalid.

I, James Faught, hereby accept the position of Chief Accounting Officer

Welcome To The Team!



Kyle Mitchin
Chief People Officer



July 3, 2024

Exhibit 10.2

[Via Email \(mailto:jpierson@forwardair.com\)](mailto:jpierson@forwardair.com)

Jamie Pierson

Dear Jamie:

On behalf of Forward Air Corporation (the "**Company**"), I am pleased to offer you the position of Chief Financial Officer. In your position as Chief Financial Officer, you will report to Shawn Stewart, Chief Executive Officer. This offer of employment is conditioned on your satisfactory completion of certain requirements, as more fully explained in this letter. Your employment is subject to the terms and conditions set forth in this letter.

1. **Base Salary.** Your starting base pay will be \$625,000 annually, less applicable taxes and withholdings, payable on such schedules as others in similar positions are paid.
2. **Executive Annual Cash Incentive Plan.** During your employment, you will be eligible to participate in the Forward Air Annual Cash Incentive Plan (the "**Cash Incentive Plan**") with a target annual incentive of 75% of your base salary, less applicable taxes, deductions, and withholdings. Target incentives do not constitute a promise of payment. Payment of any incentive is at the sole discretion of the Forward Air Corporation Board of Directors (the "**Board**"). Your actual incentive plan payout will depend on Company financial performance and management's assessment of your individual performance. Please be aware that the Company reserves the right to change or amend the terms of the Cash Incentive Plan or any other of its incentive plans at any time or discontinue them in their entirety as the Company determines in its sole and absolute discretion. Additionally, in the first year of employment, any payout under the Cash Incentive Plan would be prorated based on the number of months you were actively employed during the said calendar year.
3. **Signing Bonus.** You will receive a one-time cash signing bonus in the amount of \$250,000.00 to be paid within 30 days following the Start Date (as defined herein) (the "**Start Date Payment**"). If your employment is terminated by the Company for Cause (as "**Cause**" is defined in Section 2.08 of the Amended and Restated Forward Air Corporation Executive Severance and Change in Control Plan (the "**Executive Severance Plan**") or if you terminate your employment voluntarily prior to the first anniversary of your Start Date (as defined herein), you agree to repay a prorated amount of the Start Date Payment based on the number of days employed, and such repayment shall be made within 30 days following your termination date.
4. **Sign-On Equity Award.** As soon as practicable following your Start Date, you will receive a one-time equity award in the form of restricted stock with an aggregate dollar value on the date of grant of \$500,000.00 (the "**Sign-On Equity Award**"). The Sign-On Equity

Handwritten initials in blue ink, appearing to be "JP".
(Initials)

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Award will be subject to the terms and conditions of the Forward Air Corporation 2016 Omnibus Incentive Compensation Plan (the "**Omnibus Plan**") and an award agreement and will vest on the one-year anniversary of the date of the grant.

- 5. Executive Long Term Incentive Plan ("LTIP").** For the calendar year 2024, you will receive a prorated LTIP award based on the number of months you were actively employed during said calendar year, which equates to an aggregate value equal to \$525,000.00 (valued as of the commencement date of your service as Interim Chief Financial Officer) in the form of: (i) approximately 50% performance shares that are subject to total shareholder return performance metrics (the "**2024 Performance Share Award**") and (ii) approximately 50% restricted stock subject to ratable annual time vesting over three years. The performance period for the 2024 Performance Share Award will commence on the Start Date (as defined below) and end December 31, 2026.

For each calendar year of employment following 2024, you will be eligible to receive an annual equity award determined by the Board in its discretion with an aggregate value on the grant date equal to at least \$1,050,000.00 in the same form and in the same mix as is provided to other executive officers of the Company for their LTIP awards, which is expected to consist of the following grants: (i) approximately 50% in the form of grants of performance shares that are earned and vested at the end of the three-year performance period and (ii) approximately 50% in the form of a grant of restricted stock subject to ratable annual time vesting over three years. Your actual award and your eligibility for participation in the Omnibus Plan are at the sole discretion of the Board. Please be aware that the Company reserves the right to change or amend the terms of its incentive plans at any time or discontinue them in their entirety as the Company determines in its sole and absolute discretion. Your Sign-on Equity Award and any and all LTIP awards will be subject to the terms and conditions of the Omnibus Plan and an award agreement. In case of any conflict between the terms of this offer letter and the Omnibus Plan or any award agreement thereunder, the terms of the Omnibus Plan and award agreement will control.

- 6. Withholding.** All forms of compensation paid to you as an employee of the Company shall be less all applicable withholdings.
- 7. Stock Ownership Guidelines.** As a Chief Financial Officer, you will be required to comply with Forward Air Corporation's Executive Stock Ownership and Retention Guidelines applicable to executive officers.
- 8. Relocation Expenses.** In connection with this offer of employment to you, if the Company asks you to move, the Company will provide relocation assistance, as outlined in further detail in a separate communication that will be sent to you. The Company uses a third-party provider that will initiate all relocation benefits. By signing this offer letter, you authorize the Company to provide your contact information to the third-party relocation company and their approved partners/lenders. You agree that, in the event you voluntarily terminate your employment with the Company during the first year following the effective date of your employment (your Start Date), you will repay the Company one hundred percent (100%) of all relocation expenses paid by the Company, or reimbursed to you by

4





the Company, within ninety (90) days of your termination date. You further agree that in the event you voluntarily terminate your employment with the Company during the second year following your Start Date, you will repay the Company fifty percent (50%) of all relocation expenses paid by the Company, or reimbursed to you by the Company, within ninety (90) days of your termination date.

9. **Mobile Phone Expenses.** In connection with your employment, we are offering to provide you with a Company-issued mobile phone and will pay for the cost of monthly mobile phone service.
10. **Vacation, Company-paid Holidays and Other Benefits.** The Company provides a competitive benefits package for its eligible full- and part-time employees. You will be eligible to participate in the employee benefit plans and programs generally available to the Company's employees, including, without limitation, group medical, dental, vision and life insurance, disability benefits, Employee Stock Purchase Plan, 401(k) plan, all in accordance with and subject to the eligibility and other terms and conditions of such plans and programs. You will be entitled to five (5) weeks of paid time off annually, (consisting of a combination of vacation and discretionary time), and the Company currently provides eligible employees with designated company-paid holidays each year. Please note that regarding health/medical insurance, Forward Air Corporation's present policy is to provide an option for dependent coverage at an additional charge, if you should require such coverage. You will have to affirmatively elect dependent coverage if you desire it. Also, please note that if your spouse is employed and has medical insurance coverage available through her/his employer, he/she will be required to elect that coverage as Primary Coverage. The Company reserves the right to amend, modify or terminate any of its benefit plans or programs at any time and for any reason.
11. **Duties.** In your new position, you will perform duties and responsibilities that are commensurate with your position and such other duties as may be assigned to you from time to time. Your primary office location will be the Company's offices in Dallas, Texas. Notwithstanding the foregoing, the Company reserves the right to reasonably require you to perform your duties at places other than your primary office location from time to time, and to require reasonable business travel. The Company may modify your job duties as it deems necessary and appropriate in light of the Company's needs and interests from time to time. You agree to devote your full business time, attention and best efforts to the performance of your duties and to the furtherance of the Company's interests.
12. **Start Date.** Subject to satisfaction of all of the conditions described in this letter, your start date is scheduled for July 3, 2024 (the "**Start Date**"), or such other date mutually agreed upon by you and the Company.
13. **Section 409A.** This offer letter is intended to comply with, or otherwise be exempt from, Section 409A of the Internal Revenue Code of 1986, as amended (the "**Code**") and any regulations and Treasury guidance promulgated thereunder ("**Section 409A**"). The Company shall undertake to administer, interpret, and construe this offer letter in a manner that does not result in the imposition on you of any additional tax, penalty, or interest under

4





Section 409A. For purposes of Section 409A, each installment payment provided under this offer letter shall be treated as a separate payment. Any payments to be made under this offer letter upon a termination of employment shall only be made upon a "separation from service" under Section 409A. The Company and you agree that they will execute any and all amendments to this offer letter under applicable law as they mutually agree in good faith may be necessary to ensure compliance with the distribution provisions of Section 409A or as otherwise needed to ensure that this offer letter complies with Section 409A. With respect to any reimbursement of expenses of, or any provision of in-kind benefits to, you, as specified under this offer letter, such reimbursement of expenses or provision of in-kind benefits shall be subject to the following conditions: (1) the expenses eligible for reimbursement or the amount of in-kind benefits provided in one taxable year shall not affect the expenses eligible for reimbursement or the amount of in-kind benefits provided in any other taxable year, except for any medical reimbursement arrangement providing for the reimbursement of expenses referred to in Section 105(b) of the Code; (2) the reimbursement of an eligible expense shall be made no later than the end of the year after the year in which such expense was incurred; and (3) the right to reimbursement or in-kind benefits shall not be subject to liquidation or exchange for another benefit. Notwithstanding the foregoing or any provision in this offer letter, the Company makes no representations or guarantees of any particular tax effect to you under this offer letter and in no event shall the Company be liable for all or any portion of any taxes, penalties, interest or other expenses that may be incurred by you on account of Section 409A.

Notwithstanding any other provision of this offer letter, if any payment or benefit provided to you in connection with termination of employment is determined to constitute "deferred compensation", (as defined under Treasury Regulation Section 1.409A-1(b)(1), after giving effect to the exemptions in Treasury Regulation Sections 1.409A-1(b)(3) through (b)(12)), and you are determined to be a "specified employee" as defined in Section 409A(a)(2)(B)(i) of the Code, then such payment or benefit shall not be paid until the first payroll date to occur following the six-month anniversary of your termination date (the "**Specified Employee Payment Date**") or, if earlier, on the date of your death. The aggregate of any payments that would otherwise have been paid before the Specified Employee Payment Date shall be paid to you in a lump sum on the Specified Employee Payment Date and thereafter, any remaining payments shall be paid without delay in accordance with their original schedule.

14. **Recoupment Policy.** Any amounts payable hereunder are subject to any policy (whether currently in existence or later adopted or amended) established by the Company providing for clawback or recovery of amounts that were paid to you. The Company will make any determination for clawback or recovery in its sole discretion and in accordance with any applicable law or regulation.
15. **Code of Ethics.** The Company is committed to creating a positive work environment and conducting business ethically. As an employee of the Company, you will be expected to abide by the Company's policies and procedures including, but not limited to, the Company's Code of Business Conduct and Code of Ethics (the "**Code of Ethics**"). We

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request that you review, sign and bring with you on your employment start date, the enclosed Code of Ethics Acknowledgment Form.

16. Representations. As a condition to, and in consideration of, your employment with the Company, you represent that you:

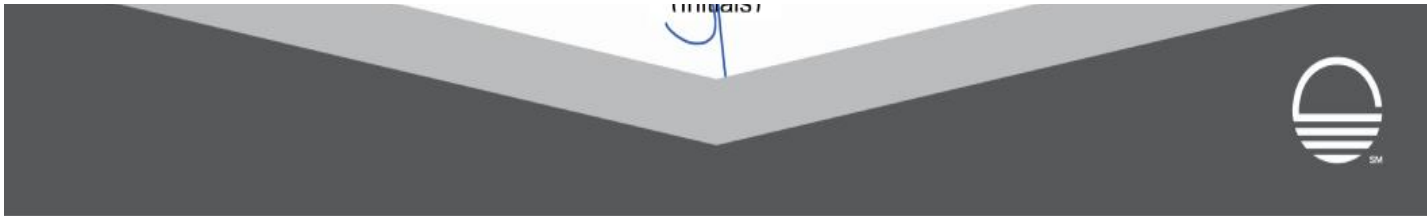
- a. are not a party to any agreement or understanding, written or oral, which could prohibit you either from accepting this offer or performing all of your anticipated duties and obligations;
- b. will comply with any and all notice provisions of any agreement that you have with your current employer;
- c. understand and acknowledge that the Company respects the confidential information, proprietary information and trade secrets of other entities and therefore, does not want, and will not willingly use, any confidential information, proprietary information, or trade secrets that are the property of a third party; and
- d. do not possess any document or electronically stored information that is not lawfully publicly available related to your current employer's sales, financial, customer, or potential confidential business information regardless of whether such information was ever: (i) in your possession as a hard copy document; (ii) on a computer; (iii) on a iPhone, iPad, PDA or cell phone; or (iv) on an external hard drive, thumb drive, or any other piece of external media that permits the storage of electronic or hard copy information.

17. Directions Regarding Confidential Information. The Company hereby directs you to:

- a. not disclose to the Company any confidential information, proprietary information, or trade secrets of other entities, including any entity for which you currently are employed or have been formerly employed; and
- b. neither bring on the premises of, provide to, nor use for the benefit of the Company, copies of any documents, electronic media or tangible items that contain or refer to information that could be claimed to contain confidential information, proprietary information, or trade secrets belonging to any other party, including your current employer or any former employers.

18. At-will Employment. Your employment with the Company will be for no specific period of time. Rather, your employment will be at-will, meaning that you or the Company may terminate the employment relationship at any time, with or without cause, and with or without notice and for any reason or no particular reason. Although your compensation and benefits may change from time to time, the at-will nature of your employment may only be changed by an express written agreement signed by an authorized officer of the Company. No provision of this letter agreement shall be construed as prohibiting or limiting the ability of the Company to amend, modify or terminate any plans, programs, policies,

9



Mr. Jamie Pierson
July 3, 2024
Page 6



agreements, arrangements or understandings of the Company, and nothing herein shall be construed as an amendment to any such plan, program, policy, agreement, arrangement or understanding.

19. **Severance.** The Company maintains the Forward Air Corporation Executive Severance and Change in Control Plan (the "**Executive Severance Plan**") for those executive officers selected by the Compensation Committee of the Board for the purpose of encouraging and motivating said executive officers to devote their full attention to the performance of their assigned duties without the distraction or concerns regarding their involuntary termination of employment. To be eligible to participate in the Executive Severance Plan, you will be required to execute a Participation and Restrictive Covenants Agreement. A copy of the Executive Severance Plan and the Participation and Restrictive Covenants Agreement has been provided to you.

20. **Contingent Offer.** This offer is contingent upon:

- a. Verification of your right to work in the United States, as demonstrated by your completion of an I-9 form upon hire and your submission of acceptable documentation (as noted on the I-9 form) verifying your identity and work authorization within three days of your Start Date. For your convenience, a copy of the I-9 Form's List of Acceptable Documents is enclosed for your review. Please bring appropriate documentation for the completion of your new hire forms, including proof that you are presently eligible to work in the United States for I-9 purposes. Failure to provide appropriate documentation within 3 days of hire will result in immediate termination of employment in accordance with the terms of the Immigration Reform and Control Act.
- b. Satisfactory completion of a background investigation, for which the required notice and consent forms are attached to this letter.

This offer will be withdrawn if any of the above conditions are not satisfied.

If the foregoing is agreeable, please initial each page of this letter where indicated, execute the last page and return a copy of this letter, which will serve as our understanding of the terms of your employment with the Company. We are excited at the prospect of you joining our team, and we look forward to the contributions you will make to Forward Air and to the professional and personal opportunities we will be able to provide to you.

Sincerely yours,

Handwritten initials in blue ink, appearing to be "JP".
(Initials)



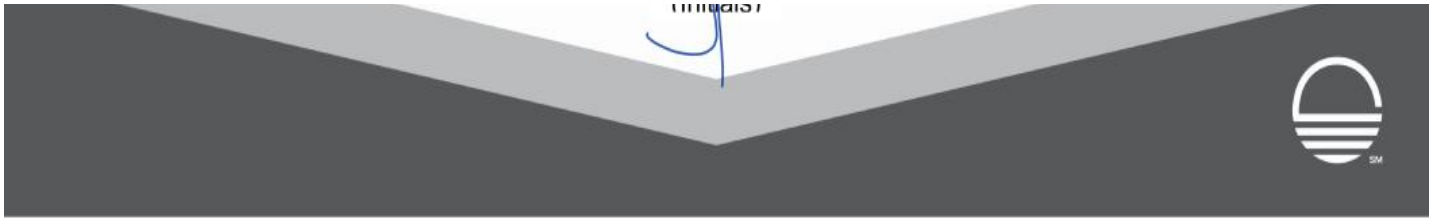
Mr. Jamie Pierson
July 3, 2024
Page 7



Shawn Stewart

[Continued on Next Page]

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Mr. Jamie Pierson
July 3, 2024
Page 8



I have read and understood and I accept all the terms of the offer of employment as set forth in the foregoing letter. I have not relied on any agreements or representations, express or implied, that are not set forth expressly in the foregoing letter, and this letter supersedes all prior and contemporaneous understandings, agreements, representations and warranties, both written and oral, with respect to the subject matter of this letter.

This offer shall remain open until July 3, 2024. Any acceptance postmarked after this date will be considered invalid.

Agreed to this 3 day of July, 2024.

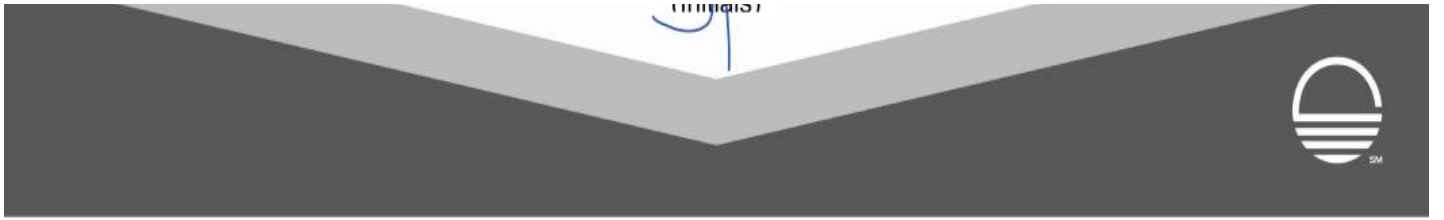


Signed



(Initials)

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PARTICIPATION AND RESTRICTIVE COVENANTS AGREEMENT

This PARTICIPATION AND RESTRICTIVE COVENANTS AGREEMENT (this "Agreement" or this "Restrictive Covenants Agreement") is entered into as of July 3, 2024, between Forward Air Corporation (the "Company") and Jamie G. Pierson (the "Executive") (jointly the "Parties") pursuant to which the Executive accepts participation in the Forward Air Corporation Executive Severance and Change in Control Plan (the "Severance Plan") subject to the terms and conditions thereof as amended from time to time. Capitalized terms not otherwise defined herein, shall have the meaning set forth in the Severance Plan. For so long as Executive is the Chief Financial Officer of the Company, he shall be deemed a "C-Suite Employee" while holding this title (as defined in the Severance Plan) for all purposes under the Severance Plan.

REASONS FOR THIS AGREEMENT: During Executive's relationship with the Company, Executive has learned, will learn, or has or will have access to, important proprietary information related to the operations and business of Forward Air Corporation and its subsidiaries and affiliates (collectively, the "Company's Business"). Executive acknowledges that the proprietary customer, operations, financial, and business information that has been or will be learned or accessible has been and will be developed through the Company's expenditure of substantial effort, time and money; and together with relationships developed with customers and employees, could be used to compete unfairly with the Company. The Company's ability to sell its products and services on a competitive basis depends, in part, on its proprietary information and customer relationships, and the Company would not share this information, provide training or promote Executive's relationship with customers if the Company believed that it would be used in competition with the Company, which non-disclosure would cause Executive's performance and opportunities to suffer.

In consideration of employment or continued employment, participation in the Severance Plan and other valuable consideration, the receipt and sufficiency of which are acknowledged, the Company and Executive agree:

1. DEFINITIONS: For this Restrictive Covenants Agreement, the following terms shall have the meaning specified below:

(a) PERSON: Any individual, corporation, limited liability company, partnership, joint venture, association, unincorporated organization or other entity.

(b) TERMINATION DATE: The date of Executive's termination of employment from the Company, whether such termination is voluntary or involuntary, or with or without cause.

(c) CUSTOMERS: All customers and actively sought prospective customers of the Company with whom Executive had business contact, about whom Executive received Confidential Information, or whose business resulted in a commission or other payment being made to Executive during the Executive's employment with the Company.

(d) CONFIDENTIAL INFORMATION: "Confidential Information" as defined herein shall exclude company trade secrets and is defined as such other information not rising to the level of a trade secret, relating to the Company's customers, operation, finances, and business that derives value, actual or potential, from not being generally known to other Persons, including, but not limited to, technical or non-technical data, formulas, patterns, compilations (including compilations of customer information), programs (including fulfillment and marketing programs), devices, methods (including fulfillment methods), techniques, processes, financial data (including sales forecasts), or lists of actual or potential customers or suppliers (including identifying information about those customers), whether or not reduced to writing. Confidential Information includes information disclosed to the Company by third parties that the Company is obligated to maintain as confidential. Confidential Information does not include information

that: (i) was generally known to the relevant public at the time of disclosure; (ii) was lawfully received by Executive from a third party; (iii) was known to Executive prior to receipt from the Company; or (iv) was independently developed by Executive or independent third parties; in each of the foregoing circumstances, this exception applies only if such public knowledge or possession by an independent third party was without breach by Executive or any third party of any obligation of confidentiality or non-use, including but not limited to the obligations and restrictions set forth in this Agreement.

(e) TERRITORY: the term "Territory" as used in this Restrictive Covenants Agreement means the continental United States, Asia, Mexico and Canada, and any other territory, country or jurisdiction in which the Company or its affiliates is conducting business (or actively soliciting business) immediately prior to the termination of Executive's employment, which is the territory in which the Company conducts the Company Business and the territory in which Executive provides services to the Company. Executive acknowledges and agrees that the direct and indirect scope of Executive's duties and responsibilities and the breadth of the geography impacted by the Confidential Information to which the Executive may be exposed during Executive's employment with the Company are throughout the Territory.

(f) COMPETING BUSINESS: any Person (other than the Company but including Executive) marketing, selling, brokering, intermediating, facilitating and/or providing or offering less-than-truckload, truckload, intermodal, freight forwarding, value-added warehousing, dedicated line haul, dedicated contract carriage, logistics or final mile delivery services, various modes of air, ground and sea transportation services, with emphasis on distribution services, white glove deliveries and time-definite deliveries or any other goods or services identical to or reasonably substitutable for the goods and services offered by the Company.

2. TIMING OF SEVERANCE PAYMENTS: Notwithstanding anything in the Severance Plan to the contrary, the Severance Payment in the event of an Involuntary Termination pursuant to Section 4.01 of the Severance Plan shall be paid in equal installments for a period of eighteen (18) months following the Executive's Termination Date and such payments shall commence no more than sixty days after the Termination of Employment, provided the applicable revocation period required for the release under Section 9.01 of the Severance Plan has expired at that time; and subject to Section 10.11(c) and Section 10.11(e) of the Severance Plan. If the sixty (60)-day period following the Termination Date crosses calendar years, if necessary to comply with Code Section 409A payment shall not commence until the second calendar year (the commencement date, "Payment Commencement Date"). Any payment of a Severance Payment that is so delayed shall be paid on the Payment Commencement Date.

3. TRADE SECRETS AND CONFIDENTIAL INFORMATION: Executive shall not use or disclose the Company's trade secrets during or after employment. Executive shall not use or disclose Confidential Information following the termination of employment for any reason, except in connection with his duties performed in accordance with his Employment Agreement or except with the prior written consent of the Chairman of the Board of the Company; provided, however, Executive may make disclosures required by a valid order or subpoena issued by a court or administrative agency of competent jurisdiction, in which event Executive will promptly notify the Company of such order or subpoena to provide the Company an opportunity to protect its interests.

4. RETURN OF PROPERTY AND MATERIALS: On the Termination Date or for any reason or at any time at the Company's request, Executive will deliver promptly to the Company all of the Company's property, including without limitation all materials, documents, plans, records, notes, or other papers and any copies, summaries or excerpts of any kind, and computerized or electronic media in any format whatsoever, and any Company access keys or key cards, identification or credit cards, computer or

electronic hardware or software, in Executive's possession or control relating in any way to the Company's Business, which at all times shall be the property of the Company.

5. NON-SOLICITATION OF EMPLOYEES: During employment and for a period of eighteen (18) months following his Termination Date (the "Restricted Period"), Executive will not **either on his own behalf or on behalf of any third party, except on behalf of the Company, directly or indirectly**, solicit or induce or in any manner attempt to solicit or induce, any person employed by the Company to leave such employment, whether or not such employment is pursuant to a written contract with the Company or at will.

6. NON-SOLICITATION OF CUSTOMERS: During employment and the Restricted Period, Executive will not **either on his own behalf or on behalf of any other Person, except on behalf of the Company, directly or indirectly**, solicit Customers on behalf of a Competing Business or for the purpose of (i) providing or offering products or services identical to or reasonably substitutable for the products and services provided or offered by the Company, or (ii) lessening, in whole or in part, the Company's business or relationship with its Customers.

7. NON-COMPETITION: During employment and the Restricted Period, Executive will not, within the Territory, engage in a Competing Business, provide services to a Competing Business similar to those that Executive provided to the Company, become an officer or director of a Competing Business, or otherwise directly or indirectly, own, manage, operate, join, control, finance or participate in the ownership, management, operation, control, or financing of a Competing Business.

8. DISPARAGEMENT: Except to the extent allowed under applicable law, Executive agrees to refrain from making any false, misleading or disparaging statements about the Company or any subsidiary of the Company, including its products, services, management, financial condition, capabilities, employees, customers, or other aspects of its business, and from acting in a manner that reasonably may be viewed as detrimental to the Company or any subsidiary of the Company's best interests. The Company shall not make in any official statement, press release or public announcement, and shall instruct its directors and senior executives to not, make, false, misleading or disparaging statements about Executive. "Disparaging" statements are those that impugn the character, honesty, integrity, morality, business acumen, or abilities of the individual or entity being disparaged. Executive further agrees that nothing in this paragraph shall be deemed to prohibit Executive from (i) generally describing Executive's work responsibilities at the Company when seeking future employment, (ii) engaging in activity protected by the National Labor Relations Act, including the right to discuss terms and conditions of employment with former co-workers, as applicable, or (iii) discussing or disclosing information about unlawful acts in the workplace, such as harassment or discrimination or any other conduct that Executive has reason to believe is unlawful. Nothing in this paragraph (or otherwise in this Agreement) is intended or shall be construed to suggest or imply that Executive cannot provide truthful information in response to a government investigation, a court and/or administrative agency-issued subpoena, or other valid legal process. The Company shall not violate this Section 8 by making truthful statements pursuant to legal process or an investigation by a governmental or regulatory agency, or otherwise.

9. OWNERSHIP OF CONFIDENTIAL INFORMATION: The Executive hereby agrees that any and all improvements, inventions, discoveries, formulas, processes, methods, know-how, confidential data, trade secrets and other proprietary information (collectively "Work Product") within the scope of any business of the Company or any affiliate which the Executive may conceive or make or has conceived or made during his employment with the Company shall be and are the sole and exclusive property of the Company, and that the Executive shall, wherever requested to do so by the Company, at its expense, execute and sign any and all applications, assignments or other instruments and do all other things which the Company may deem necessary or appropriate (i) in order to apply for, obtain, maintain, enforce or

defend letters patent of the United States or any foreign country for any Work Product, or (ii) in order to assign, transfer, convey or otherwise make available to the Company the sole and exclusive right, title and interest in and to any Work Product.

10. NO WAIVER: The failure of the Company to insist upon the performance of any of the terms and conditions in this Agreement, or the failure to prosecute any breach of any of the terms and conditions of this Agreement, shall not be construed thereafter as a waiver of any such terms or conditions. This entire Agreement shall remain in full force and effect as if no such forbearance or failure of performance had occurred.

11. DEFEND TRADE SECRETS ACT OF 2016. Executive is also hereby notified, in accordance with the Defend Trade Secrets Act of 2016, that he will not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that: (a) is made (i) in confidence to a federal, state or local government official, either directly or indirectly, or to an attorney; and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (b) is made in a complaint or other document that is filed under seal in a lawsuit or other proceeding. Executive represents and warrants he has been notified by this Agreement that if he files a lawsuit for retaliation by the Company for reporting a suspected violation of law, he may disclose the Company's trade secrets to his attorney and use the trade secret information in the court proceeding if he: (x) files any document containing the trade secret under seal; and (y) does not disclose the trade secret, except pursuant to court order.

12. INJUNCTIVE RELIEF: Executive understands that, in the event of a breach or threatened breach of this Agreement by Executive, the Company may suffer irreparable harm and will therefore be entitled to injunctive relief, without prior notice to Executive and without the posting of a bond or other guarantee, to enforce this Agreement. This provision is not a waiver of any other rights which the Company may have under this Agreement, including the right to recover attorneys' fees and costs to cover the expenses it incurs in seeking to enforce this agreement, as well as to any other remedies available to it, including money damages.

13. CONSTRUCTION: The Parties agree that the covenants set forth herein are reasonable with respect to their duration, geographical area and scope. If any provision of this Agreement is deemed or held to be illegal, invalid, or unenforceable under present or future laws effective during the Term hereof, this Agreement shall be considered divisible and inoperative as to such provision to the extent it is deemed to be illegal, invalid or unenforceable, and in all other respects this Agreement shall remain in full force and effect; provided, however, that if any provision of this Agreement is deemed or held to be illegal, invalid or unenforceable there shall be added hereto automatically a provision as similar as possible to such illegal, invalid or unenforceable provision as shall be legal, valid or enforceable; and provided further that if any provision of this Agreement is deemed or held to be illegal, invalid or unenforceable by any judicial body of competent jurisdiction, it shall have the power to reduce the scope, duration, or area of the term or provision, to delete specific words or phrases, or to replace any illegal, invalid or unenforceable term or provision with a term or provision that is valid and enforceable and that comes closest to expressing the intention of the illegal, invalid or unenforceable term or provision. Further, should any provision contained in this Agreement ever be reformed or rewritten by any judicial body of competent jurisdiction, such provision as so reformed or rewritten shall be binding upon the Executive and the Company.

(a) Executive agrees and acknowledges that the restrictions contained in this Agreement do not preclude Executive from earning a livelihood, nor do they unreasonably impose limitations on Executive's ability to earn a living. Executive agrees and acknowledges that the potential harm to the Company, and any of its subsidiaries and affiliates, of the non-enforcement of the provisions

of this Agreement outweighs any potential harm to Executive of their enforcement by injunction or otherwise. Executive expressly acknowledges and agrees that each and every restraint imposed by the provisions of this Agreement is reasonable with respect to subject matter, activity restraints, time period and geographical area.

(b) In the event the parties litigate the enforceability of any of the provisions of this Agreement, the time period for the respective restrictive covenants shall be tolled until such litigation is resolved by final judgment, including any appeal.

(c) The language in all parts of this Agreement will be construed, in all cases, according to its fair meaning, and not for or against either Party hereto. The Parties acknowledge that each Party and its counsel have reviewed and revised this Agreement and that the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party will not be employed in the interpretation of this Agreement.

(d) The captions of the Paragraphs of this Agreement are for convenience of reference only and in no way define, limit or affect the scope or substance of any Paragraph of this Agreement.

14. FORUM SELECTION AND CHOICE OF LAW: This Agreement shall be interpreted, construed and governed by and under the laws of the State of Georgia, not including the choice of law rules thereof. Each party irrevocably (i) consents to the exclusive jurisdiction and venue of the courts located in Fulton County, Georgia in any and all actions arising under or relating to this Agreement, and (ii) waives any jurisdictional defenses (including personal jurisdiction and venue) to any such action.

15. INTEGRATION: This Agreement contains the entire agreement of the Parties hereto with respect to severance and supersedes and replaces all prior agreements, arrangements and understandings related thereto, whether written or oral; provided, however, that nothing herein modifies, supersedes, voids or otherwise alters the Executive's noncompetition, nonsolicitation and confidentiality obligations, set forth in any other surviving agreements or contractual obligations, which shall remain in full force and effect.

IN WITNESS WHEREOF, the Company and the Executive have executed this Restrictive Covenants Agreement as of the date first written above.

PARTICIPANT: JAMIE G. PIERSON FORWARD AIR CORPORATION:


JAMIE PIERSON (signature) By: _____

Its: _____

(print name)

**Form of Non-Employee Director Annual Compensation
Agreement**

Grantee: _____

No. of Tracking Shares Corresponding to the Annual Compensation Award:

This Agreement (the "**Agreement**"), effective as of _____ (the "**Grant Date**"), evidences the grant to you of a right to a compensation award (the "**Annual Compensation Award**") equal to the value of _____ shares of the Common Stock of Forward Air Corporation, a Tennessee corporation (the "**Company**") (each such share, a "**Tracking Share**," and collectively, the "**Tracking Shares**"), conditioned upon your agreement to the terms described below.

1. Terminology. Unless otherwise provided in this Agreement, capitalized words used herein are defined in the Glossary at the end of this Agreement.

2. Vesting.

(a) The Annual Compensation Award is nonvested and forfeitable as of the Grant Date.

(b) So long as your Service with the Company is continuous from the Grant Date through the applicable date upon which vesting is scheduled to occur, the Annual Compensation Award will vest in full and become nonforfeitable on the earlier of (i) the day immediately prior to the first Annual Meeting that occurs after the Grant Date or (ii) the first anniversary of the Grant Date.

(c) If you die while in the Service of the Company or your Service terminates by reason of Disability, the Annual Compensation Award will become vested and nonforfeitable as of your death or such termination of Service due to Disability.

(d) To the extent not earlier vested or forfeited, the Annual Compensation Award will become vested and nonforfeitable on the date of, and immediately before, the occurrence of a Change in Control.

3. Termination of Service. Unless otherwise determined by the Board or as specified herein, if your Service with the Company ceases for any reason other than death or Disability, the Annual Compensation Award that is not then vested and nonforfeitable will be immediately forfeited by you and transferred to the Company upon such cessation for no consideration.

4. Settlement of the Annual Compensation Award.

(a) Generally. Within ten (10) days following the vesting of the Annual Compensation Award, the Company shall pay to the Grantee a cash amount equal to the Fair Market Value of the Tracking Shares as of the date such Annual Compensation Award vested. Notwithstanding the foregoing, subject to the approval of the Company's shareholders of an increase in the number of shares of Common Stock which may be issued under the Plan no later than the date such Annual Compensation Award vests such that there are sufficient shares of Common Stock available for issuance to the Grantee, the Board may instead decide in its sole discretion to issue to the Grantee within ten (10) days following the vesting of the Annual Compensation Award, Unrestricted Shares equal to the number of Tracking Shares in settlement of the Annual Compensation Award. To the extent that Unrestricted Shares are issued in settlement of the Annual Compensation Award, such Unrestricted Shares shall be subject to any restrictions as may be required pursuant to Section 4(c) and the Company's insider trading policy.

(b) Beneficial Ownership of Unrestricted Shares. To the extent that the Board elects to issue Unrestricted Shares in settlement of the Annual Compensation Award, the Company will determine the form of delivery (e.g., a stock certificate or electronic entry evidencing such shares) and may deliver such shares on the Grantee's behalf electronically to the Company's designated stock plan administrator or such

other broker-dealer as the Company may choose at its sole discretion, within reason. Except as otherwise provided by this Section 4(c), the Unrestricted Shares as to which the Annual Compensation Award may be settled shall be registered in the name of the Grantee, or, if applicable, in the names of the heirs or estate of the Grantee.

(c) Restrictions on Issuance of Unrestricted Shares. The grant of the Annual Compensation Award and any issuance of Unrestricted Shares upon settlement of the Annual Compensation Award shall be subject to compliance with all applicable requirements of federal, state or foreign law with respect to such securities. No Unrestricted Shares may be issued hereunder if the issuance of such shares would constitute a violation of any applicable federal, state or foreign securities laws or other law or regulations or the requirements of any stock exchange or market system upon which the Common Stock may then be listed. The inability of the Company to obtain from any regulatory body having jurisdiction the authority, if any, deemed by the Company's legal counsel to be necessary to the lawful issuance of any Unrestricted Shares subject to the Annual Compensation Award shall relieve the Company of any liability in respect of the failure to issue such shares as to which such requisite authority shall not have been obtained. As a condition to the settlement of the Annual Compensation Award, the Company may require the Grantee to satisfy any qualifications that may be necessary or appropriate, to evidence compliance with any applicable law or regulation and to make any representation or warranty with respect thereto as may be requested by the Company.

5. Compliance with Section 409A.

(a) General Rule of Interpretation. This Agreement and the Annual Compensation Award granted hereunder are intended to fit within the "short-term deferral" exemption from Section 409A as set forth in Treas. Reg. § 1.409A-1(b)(4). In administering this Agreement, the Board shall interpret this Agreement in a manner consistent with such exemption.

(b) Amendments to Comply with Section 409A; Indemnification. Notwithstanding any other provision of this Agreement to the contrary, the Company is authorized to amend this Agreement, to void or amend any election made by the Grantee under this Agreement and/or to delay the payment of any monies and/or provision of any benefits in such manner as may be determined by the Company, in its discretion, to be necessary or appropriate to comply with Section 409A without prior notice to or consent of the Grantee. The Grantee hereby releases and holds harmless the Company, its directors, officers and stockholders from any and all claims that may arise from or relate to any tax liability, penalties, interest, costs, fees or other liability incurred by the Grantee in connection with the Annual Compensation Award, including as a result of the application of Section 409A.

(c) Advice of Independent Tax Advisor. The Company has not obtained a tax ruling or other confirmation from the Internal Revenue Service with regard to the application of Section 409A to the Annual Compensation Award, and the Company does not represent or warrant that this Agreement will avoid adverse tax consequences to the Grantee, including as a result of the application of Section 409A to the Annual Compensation Award. The Grantee hereby acknowledges that he or she has been advised to seek the advice of his or her own independent tax advisor prior to entering into this Agreement and is not relying upon any representations of the Company or any of its agents as to the effect of or the advisability of entering into this Agreement.

6. Adjustments for Corporate Transactions and Other Events.

(a) Stock Dividend, Stock Split and Reverse Stock Split. Upon a stock dividend of, or stock split or reverse stock split affecting, the Common Stock, the number of Tracking Shares shall, without further action of the Board, be adjusted to reflect such event. Fractional shares that result from such adjustments shall be eliminated. Adjustments under this Section 6 will be made by the Board, whose determination as to what adjustments, if any, will be made and the extent thereof will be final, binding and conclusive.

(b) Binding Nature of Agreement. The terms and conditions of this Agreement shall apply with equal force to any additional and/or substitute Tracking Shares with respect to which such additional and/or substitute securities are distributed, whether as a result of any spin-off, stock split-up, stock dividend, stock distribution, other reclassification of the Common Stock of the Company, or similar event. If the Tracking Shares are converted into or exchanged for, or shareholders of the Company receive by reason of any distribution in total or partial liquidation or pursuant to any merger of the Company or acquisition of its assets, securities of another entity, or other property (including cash), then the rights of the Company under this Agreement shall inure to the benefit of the Company's successor, and this Agreement shall apply to the securities or other

property received upon such conversion, exchange or distribution in the same manner and to the same extent as the Tracking Shares.

7. Non-Guarantee of Directorship. Nothing in this Agreement shall confer any right on you to continue in the service of the Company as a member of the Board or in any other capacity for any period of time or at a particular retainer or other rate of compensation, or as limiting, interfering with or otherwise affecting the provisions of the Company's charter, bylaws or the Tennessee Business Corporation Act relating to the removal of directors.

8. Rights as Shareholder. You shall have no rights as a shareholder with respect to the Annual Compensation Award unless Common Stock are issued in settlement of the Annual Compensation Award and in such case you shall have no rights as a shareholder with respect to the Annual Compensation Award until the date of the issuance of such Common Stock (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company). No adjustment shall be made for dividends, distributions or other rights for which the record date is prior to the date such Common Stock (if any) is issued.

9. The Company's Rights. The existence of the Annual Compensation Award shall not affect in any way the right or power of the Company or its shareholders to make or authorize any or all adjustments, recapitalizations, reorganizations or other changes in the Company's capital structure or its business, or any merger or consolidation of the Company, or any issue of bonds, debentures, preferred or other stocks with preference ahead of or convertible into, or otherwise affecting the Common Stock or the rights thereof, or the dissolution or liquidation of the Company, or any sale or transfer of all or any part of the Company's assets or business, or any other corporate act or proceeding, whether of a similar character or otherwise.

10. Notices. All notices and other communications made or given pursuant to this Agreement shall be in writing and shall be sufficiently made or given if hand delivered or mailed by certified mail, addressed to you at the address contained in the records of the Company, or addressed to the Board, care of the Company for the attention of its Corporate Secretary at its principal executive office or, if the receiving party consents in advance, transmitted and received via telecopy or via such other electronic transmission mechanism as may be available to the parties.

11. Entire Agreement. This Agreement contains the entire agreement between the parties with respect to the Annual Compensation Awards granted hereunder. Any oral or written agreements, representations, warranties, written inducements, or other communications made prior to the execution of this Agreement with respect to the Annual Compensation Awards granted hereunder shall be void and ineffective for all purposes.

12. Amendment. This Agreement may be amended from time to time by the Board in its discretion; provided, however, that this Agreement may not be modified in a manner that would have a materially adverse effect on the Annual Compensation Award as determined in the discretion of the Board, except in a written document signed by each of the parties hereto.

13. No Trust or Fund Created. Nothing in this Agreement shall create or be construed to create a trust or separate fund of any kind or a fiduciary relationship between the Company and the Grantee or any other person. To the extent that Grantee or other person acquires a right to receive payments from the Company pursuant to this Agreement such right shall be no greater than the right of any unsecured general creditor of the Company.

14. Governing Law. The validity, construction and effect of this Agreement, and of any determinations or decisions made by the Board relating to this Agreement, and the rights of any and all persons having or claiming to have any interest under this Agreement, shall be determined exclusively in accordance with the laws of the State of Tennessee, without regard to its provisions concerning the applicability of laws of other jurisdictions. Any suit with respect hereto will be brought in the federal or state courts in the districts which include Greeneville, Tennessee, and you hereby agree and submit to the personal jurisdiction and venue thereof.

15. Headings. The headings in this Agreement are for reference purposes only and shall not affect the meaning or interpretation of this Agreement.

16. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

17. **Electronic Delivery of Documents.** By your signing the Agreement, you (i) consent to the electronic delivery of this Agreement; (ii) acknowledge that you may receive from the Company a paper copy of any documents delivered electronically at no cost to you by contacting the Company by telephone or in writing; (iii) further acknowledge that you may revoke your consent to the electronic delivery of documents at any time by notifying the Company of such revoked consent by telephone, postal service or electronic mail; and (iv) further acknowledge that you understand that you are not required to consent to electronic delivery of documents.

{Glossary appears on next page}

GLOSSARY

(a) **"Affiliate"** means any entity, whether now or hereafter existing, which controls, is controlled by, or is under common control with Forward Air Corporation (including but not limited to joint ventures, limited liability companies and partnerships). For this purpose, "control" means ownership of 50% or more of the total combined voting power of all classes of stock or interests of the entity.

(b) **"Annual Meeting"** means an Annual Meeting of Shareholders of the Company at which directors are elected.

(c) **"Board"** means the Board of Directors of Forward Air Corporation.

(d) **"Change in Control"** shall have the meaning ascribed thereto in the Plan.

(e) **"Common Stock"** means the common stock, \$0.01 par value per share, of Forward Air Corporation.

(f) **"Company"** means Forward Air Corporation and its Affiliates, except where the context otherwise requires. For purposes of determining whether a Change in Control has occurred, Company shall mean only Forward Air Corporation.

(g) **"Disability"** shall mean a total disability as determined under procedures established by the Board for purposes of the Plan.

(h) **"Fair Market Value"** as of a given date for purposes of this Agreement means (i) the closing sale price for the shares on The NASDAQ Stock Market or any national exchange on which shares of Common Stock are traded on such date (or if such market or exchange was not open for trading on such date or no shares of Common Stock traded on that day but were listed for trade, the next preceding date on which it was open and the shares of Common Stock did trade); or (ii) if the Common Stock is not listed on The NASDAQ Stock Market or on an established and recognized exchange, such value as the Board, in good faith, shall determine based on such relevant facts, which may include opinions of independent experts, as may be available to the Board.

(i) **"Plan"** means the Forward Air Corporation Amended and Restated Non-Employee Director Stock Plan, as amended, restated and/or replaced from time to time.

(j) **"Service"** means your service in the capacity as a non-employee director on the Board.

(k) **"Unrestricted Shares"** shall have the meaning ascribed thereto in the Plan.

(l) **"You"; "Your"**. You means the recipient of the Annual Compensation Awards as reflected in the first paragraph of this Agreement. Whenever the word "you" or "your" is used in any provision of this Agreement under circumstances where the provision should logically be construed, as determined by the Board, to apply to the estate, personal representative, or beneficiary to whom the Annual Compensation Awards may be transferred by will or by the laws of descent and distribution, the words "you" and "your" shall be deemed to include such person.

{End of Agreement; Signature page follows. }

IN WITNESS WHEREOF, the Company has caused this Agreement to be executed by its duly authorized officer.

FORWARD AIR CORPORATION

By: _____

Date: _____

The undersigned hereby acknowledges that he/she has carefully read this Agreement and agrees to be bound by all of the provisions set forth herein. The undersigned also consents to electronic delivery of all notices or other information with respect to the Annual Compensation Award or the Company.

GRANTEE

Date: _____

**[FORM RESTRICTED SHARE RETENTION AWARD AGREEMENT]
 FORWARD AIR CORPORATION
 NOTICE OF GRANT OF RESTRICTED SHARES**

The Participant has been granted an award (the "**Award**") of _____ restricted shares (each, an "**Award Share**," and collectively, the "**Award Shares**") of the Common Stock of Forward Air Corporation, a Tennessee corporation (the "**Company**"), pursuant to the Forward Air Corporation 2016 Omnibus Incentive Compensation Plan (the "**Plan**") and the Employee Restricted Share Agreement attached hereto (the "**Agreement**"), as follows:

Participant: _____	Employee ID: _____
Grant Date: _____	Grant No.: _____

Number of Award Shares: _____, subject to adjustment as provided by the Plan.

Vesting Schedule: All of the Award Shares are nonvested and forfeitable as of the Grant Date. So long as your Service with the Company is continuous from the Grant Date through the applicable date upon which vesting is scheduled to occur, one hundred percent (100%) of the Award Shares will vest and become nonforfeitable on _____.

The Award Agreement provides additional details regarding vesting of the Award Shares.

Recoupment Policy: The Award shall be subject to the terms and conditions of such policy on the recoupment of incentive compensation as shall be adopted by the Company to implement the requirements of Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

By their signatures below, the Company and the Participant agree that the Award is governed by this Notice of Grant of Restricted Shares and by the provisions of the Plan and the Agreement, both of which are made a part of this document. The Participant acknowledges receipt of a copy of the Plan, the Agreement and the prospectus for the Plan, represents that the Participant has read and is familiar with the provisions of the Plan and the Agreement, and hereby accepts the Award subject to all of its terms and conditions.

FORWARD AIR CORPORATION	PARTICIPANT
By: _____ Signature	_____
Its: _____ Date	_____

ATTACHMENT: Employee Restricted Share Agreement

**FORWARD AIR CORPORATION
EMPLOYEE RESTRICTED SHARE AGREEMENT**

Forward Air Corporation, a Tennessee corporation (the "**Company**"), has granted to the Participant named in the *Notice of Grant of Restricted Shares* (the "**Grant Notice**") to which this Employee Restricted Share Agreement (the "**Agreement**") is attached an Award consisting of Award Shares subject to the terms and conditions set forth in the Grant Notice and this Agreement. The Award has been granted pursuant to the Forward Air Corporation 2016 Omnibus Incentive Compensation Plan (the "**Plan**"), as amended to the Grant Date, the provisions of which are incorporated herein by reference.

1. Terminology. Unless otherwise defined herein, including within the Glossary at the end of this Agreement, capitalized terms shall have the meanings assigned to such terms in the Grant Notice or the Plan.

2. Vesting.

(a) All of the Award Shares are nonvested and forfeitable as of the Grant Date.

(b) So long as your Service with the Company is continuous from the Grant Date through the applicable date upon which vesting is scheduled to occur, the Award Shares will vest and become nonforfeitable on the dates set forth on the Grant Notice.

(c) If you die while in the Service of the Company or your Service terminates by reason of Disability, all of the Award Shares will become vested and nonforfeitable as of your death or such termination of employment.

(d) Unless otherwise determined by the Administrator or as specified herein, none of the Award Shares will become vested and nonforfeitable after your Service with the Company ceases.

(e) If a Change in Control occurs, the vesting and forfeitability of the Award Shares shall not be altered or accelerated solely as a result of such occurrence unless otherwise determined by the Administrator in its discretion, and the Award Shares shall be assumed or an equivalent award shall be substituted by the successor corporation to the Company or a parent or subsidiary of such successor corporation (each such assumed or equivalent award, a "**Substitute Award**"). In the event that you suffer an Involuntary Termination coincident with or within 24 months following the occurrence of a Change in Control, the Award Shares or Substitute Award, to the extent not previously vested nor earlier forfeited, shall become fully vested and nonforfeitable as of the date of such Involuntary Termination. If a Substitute Award is not issued or the Award Shares assumed in connection with the Change in Control, as determined in the discretion of the Administrator, then the Administrator shall provide for full vesting and lapse of restrictions on the Award Shares immediately before the effective time of the Change in Control.

3. Termination of Employment or Service.

(a) Unless otherwise determined by the Administrator or as specified herein, if your Service with the Company ceases for any reason other than death or Disability, all Award Shares that are not then vested and nonforfeitable will be immediately forfeited by you and transferred to the Company upon such cessation for no consideration.

(b) You acknowledge and agree that upon the forfeiture of any unvested Award Shares in accordance with Section 3(a), (i) your right to vote and to receive cash dividends on, and all other rights, title or interest in, to or with respect to, the forfeited Award Shares shall automatically, without further act, terminate and (ii) the forfeited Award Shares shall be returned to the Company. You hereby irrevocably appoint (which appointment is coupled with an interest) the Company as your agent and attorney-in-fact to take any necessary or appropriate action to cause the forfeited Award Shares to be

returned to the Company, including without limitation executing and delivering stock powers and instruments of transfer, making endorsements and/or making, initiating or issuing instructions or entitlement orders, all in your name and on your behalf. You hereby ratify and approve all acts done by the Company as such attorney-in-fact. Without limiting the foregoing, you expressly acknowledge and agree that any transfer agent for the Common Stock of the Company is fully authorized and protected in relying on, and shall incur no liability in acting on, any documents, instruments, endorsements, instructions, orders or communications from the Company in connection with the forfeited Award Shares or the transfer thereof, and that any such transfer agent is a third party beneficiary of this Agreement.

4. Restrictions on Transfer.

(a) Until an Award Share becomes vested and nonforfeitable, it may not be sold, assigned, transferred, pledged, hypothecated or disposed of in any way (whether by operation of law or otherwise), except by will or the laws of descent and distribution, and shall not be subject to execution, attachment or similar process.

(b) Any attempt to dispose of any such Award Shares in contravention of the restrictions set forth in Section 4(a) of this Agreement shall be null and void and without effect. The Company shall not be required to (i) transfer on its books any Award Shares that have been sold or transferred in contravention of this Agreement or (ii) treat as the owner of Award Shares, or otherwise accord voting, dividend or liquidation rights to, any transferee to whom Award Shares have been transferred in contravention of this Agreement.

5. Stock Certificates. You are reflected as the owner of record of the Award Shares as of the Grant Date on the Company's books. The Company or an escrow agent appointed by the Administrator will hold in escrow the share certificates for safekeeping, or the Company may otherwise retain the Award Shares in uncertificated book entry form, until the Award Shares become vested and nonforfeitable. Until the Award Shares become vested and nonforfeitable, any share certificates representing such shares will include a legend to the effect that you may not sell, assign, transfer, pledge, or hypothecate the Award Shares. All regular cash dividends on the Award Shares held by the Company will be paid directly to you on the dividend payment date. As soon as practicable after vesting of an Award Share, the Company will continue to retain the Award Share in uncertificated book entry form but remove the restrictions on transfer on its books with respect to that Award Share. Alternatively, upon your request, the Company will deliver a share certificate to you or deliver a share electronically or in certificate form to your designated broker on your behalf, for the vested Award Share.

6. Tax Election and Tax Withholding.

(a) You hereby agree to make adequate provision for foreign, federal, state and local taxes required by law to be withheld, if any, which arise in connection with the grant or vesting of the Award Shares. The Company shall have the right to deduct from any compensation or any other payment of any kind due you (including withholding the issuance or delivery of shares of Common Stock or redeeming Award Shares) the amount of any federal, state, local or foreign taxes required by law to be withheld as a result of the grant or vesting of the Award Shares in whole or in part. In lieu of such deduction, the Company may require you to make a cash payment to the Company equal to the amount required to be withheld. If you do not make such payment when requested, the Company may refuse to issue any Common Stock certificate under this Agreement until arrangements satisfactory to the Administrator for such payment have been made.

(b) You hereby acknowledge that you have been advised by the Company to seek independent tax advice from your own advisors regarding the availability and advisability of making an election under Section 83(b) of the Internal Revenue Code of 1986, as amended, and that any such election, if made, must be made within 30 days of the Grant Date. You expressly acknowledge that you are solely responsible for filing any such Section 83(b) election with the appropriate governmental authorities, irrespective of the fact that such election is also delivered to the Company. You may not rely on the Company or any of its officers, directors or employees for tax or legal advice regarding this award.

You acknowledge that you have sought tax and legal advice from your own advisors regarding this award or have voluntarily and knowingly foregone such consultation.

7. Adjustments for Corporate Transactions and Other Events.

(a) Stock Dividend, Stock Split and Reverse Stock Split. Upon a stock dividend of, or stock split or reverse stock split affecting, the Common Stock, the number of Award Shares and the number of such Award Shares that are nonvested and forfeitable shall, without further action of the Administrator, be adjusted to reflect such event. Fractional shares that result from such adjustments shall be eliminated. Adjustments under this Section 7 will be made by the Administrator, whose determination as to what adjustments, if any, will be made and the extent thereof will be final, binding and conclusive.

(b) Binding Nature of Agreement. The terms and conditions of this Agreement shall apply with equal force to any additional and/or substitute securities received by you in exchange for, or by virtue of your ownership of, the Award Shares, to the same extent as the Award Shares with respect to which such additional and/or substitute securities are distributed, whether as a result of any spin-off, stock split-up, stock dividend, stock distribution, other reclassification of the Common Stock of the Company, or similar event. If the Award Shares are converted into or exchanged for, or stockholders of the Company receive by reason of any distribution in total or partial liquidation or pursuant to any merger of the Company or acquisition of its assets, securities of another entity, or other property (including cash), then the rights of the Company under this Agreement shall inure to the benefit of the Company's successor, and this Agreement shall apply to the securities or other property received upon such conversion, exchange or distribution in the same manner and to the same extent as the Award Shares.

8. Federal Excise Tax Under Section 4999 of the Code.

(a) Excess Parachute Payment. In the event that any acceleration of vesting of the Award Shares and any other payment or benefit received or to be received by you would subject you to any excise tax pursuant to Section 4999 of the Code due to the characterization of such acceleration of vesting, payment or benefit as an "excess parachute payment" under Section 280G of the Code, you may elect, in your sole discretion before the consummation of the Change in Control transaction, to reduce the amount of any acceleration of vesting called for by this Agreement in order to avoid such characterization.

(b) Determination by Independent Accountants. To aid you in making any election called for under Section 8(a), no later than ten (10) days before the anticipated date of the occurrence of any event that might reasonably be anticipated to result in an "excess parachute payment" to you as described in Section 8(a) (an "**Event**"), the Company shall request a determination in writing by independent public accountants selected by the Company (the "**Accountants**"). Unless the Company and you otherwise agree in writing, the Accountants shall determine and report to the Company and you within three (3) days before the date of the Event the amount of such acceleration of vesting, payments and benefits which would produce the greatest after-tax benefit to you. For the purposes of such determination, the Accountants may rely on reasonable, good faith interpretations concerning the application of Sections 280G and 4999 of the Code and make reasonable assumptions and projections needed to make their required determination. The Company and you shall furnish to the Accountants such information and documents as the Accountants may reasonably request in order to make their required determination. The Company shall bear all fees and expenses the Accountants may reasonably charge in connection with their services contemplated by this Section 8(b).

9. Recoupment. Notwithstanding anything to the contrary in this Agreement, the Award Shares (including any income, capital gains, proceeds realized or other economic benefit actually or constructively received by you upon the receipt or vesting of the Award Shares, and your sale or other disposition of the Award Shares) shall be subject to recovery under any clawback, recovery or recoupment policy which the Company may adopt from time to time, including without limitation the Company's existing Recoupment Policy, as amended from time to time or any successor thereto, and any policy which the Company may be required to adopt under Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act or other applicable law, the rules and regulations of the U.S.

Securities and Exchange Commission, or the requirements of any national securities exchange on which the Company's Common Stock may be listed. By accepting the Award Shares, you expressly acknowledge and agree that the Award Shares are subject to the terms of the foregoing policies, whether retroactively or prospectively adopted, and agree to cooperate fully with the Administrator to facilitate the recovery of any Award Shares or proceeds realized from your sale or other disposition of the Award Shares that the Administrator determines in its sole discretion is required or entitled to be recovered pursuant to the terms of such policies.

10. Retention. Notwithstanding anything to the contrary in this Agreement, you acknowledge and agree that the terms and conditions of the Company's existing Executive Stock Ownership and Retention Guideline, as amended from time to time or any successor thereto (the "**Ownership Guideline**"), are incorporated by reference into this Agreement and shall apply to your Award Shares if you on the Grant Date are or subsequently become an employee who is subject to the Ownership Guideline.

11. Non-Guarantee of Employment or Service Relationship. Nothing in the Plan or this Agreement shall alter your at-will or other employment status or other service relationship with the Company, nor be construed as a contract of employment or service relationship between the Company and you, or as a contractual right of you to continue in the employ of, or in a service relationship with, the Company for any period of time, or as a limitation of the right of the Company to discharge you at any time with or without cause or notice and whether or not such discharge results in the forfeiture of any Award Shares or any other adverse effect on your interests under the Plan.

12. Rights as Stockholder. Except as otherwise provided in this Agreement with respect to the nonvested and forfeitable Award Shares, you will possess all incidents of ownership of the Award Shares, including the right to vote the Award Shares and receive dividends and/or other distributions declared on the Award Shares.

13. The Company's Rights. The existence of the Award Shares shall not affect in any way the right or power of the Company or its stockholders to make or authorize any or all adjustments, recapitalizations, reorganizations or other changes in the Company's capital structure or its business, or any merger or consolidation of the Company, or any issue of bonds, debentures, preferred or other stocks with preference ahead of or convertible into, or otherwise affecting the Common Stock or the rights thereof, or the dissolution or liquidation of the Company, or any sale or transfer of all or any part of the Company's assets or business, or any other corporate act or proceeding, whether of a similar character or otherwise.

14. Notices. All notices and other communications made or given pursuant to this Agreement shall be in writing and shall be sufficiently made or given if hand delivered or mailed by certified mail, addressed to you at the address contained in the records of the Company, or addressed to the Administrator, care of the Company for the attention of its Corporate Secretary at its principal executive office or, if the receiving party consents in advance, transmitted and received via telecopy or via such other electronic transmission mechanism as may be available to the parties.

15. Electronic Delivery of Documents.

(a) Delivery of Documents and Notices. Any document relating to participation in the Plan or any notice required or permitted hereunder shall be given in writing and shall be deemed effectively given upon personal delivery, electronic delivery at the e-mail address, if any, provided for you by the Company or any Affiliate, or upon deposit in the U.S. Post Office, by registered or certified mail, or with a nationally recognized overnight courier service, with postage and fees prepaid, addressed as applicable to your last known address or the address of the principal executive office of the Company, in care of its General Counsel, or at such other address as such party may designate in writing from time to time to the other party.

(b) Description of Electronic Delivery. The Plan documents, which may include but do not necessarily include: the Plan, the Grant Notice, this Agreement, the Plan prospectus, and any reports of the Company provided generally to the Company's shareholders, may be delivered to you electronically. In addition, you may deliver electronically the Grant Notice to the Company or to such third party involved in administering the Plan as the Company may designate from time to time. Such means of electronic delivery may include but do not necessarily include the delivery of a link to a Company intranet or the internet site of a third party involved in administering the Plan, the delivery of the document via e-mail or such other means of electronic delivery specified by the Company.

(c) Consent to Electronic Delivery. You acknowledge that you have read Section 15(b) of this Agreement and consent to the electronic delivery of the Plan documents and Grant Notice, as described in Section 15(b). You acknowledge that you may receive from the Company a paper copy of any documents delivered electronically at no cost to you by contacting the Company by telephone or in writing. Requests should be made to the Secretary of the Company at 1915 Snapps Ferry Road, Bldg. N, Greeneville, TN 37745 (Telephone: (423) 636 7000). You may revoke your consent to the electronic delivery of documents described in Section 15(b) or may change the electronic mail address to which such documents are to be delivered (if you have provided an electronic mail address) at any time by notifying the Company of such revoked consent or revised e-mail address by telephone, postal service or electronic mail. Finally, you understand that you are not required to consent to electronic delivery of documents described in Section 15(b).

16. Entire Agreement. This Agreement, inclusive of the Grant Notice and the Plan, contains the entire agreement between the parties with respect to the Award Shares granted hereunder. Any oral or written agreements, representations, warranties, written inducements, or other communications made prior to the execution of this Agreement with respect to the Award Shares granted hereunder shall be void and ineffective for all purposes.

17. Amendment. This Agreement may be amended from time to time by the Administrator in its discretion; provided, however, that this Agreement may not be modified in a manner that would have a materially adverse effect on the Award Shares as determined in the discretion of the Administrator, except as provided in the Plan or in a written document signed by each of the parties hereto.

18. Conformity with Plan. This Agreement is intended to conform in all respects with, and is subject to all applicable provisions of, the Plan. Conflicts between this Agreement and the Plan shall be resolved in accordance with the terms of the Plan. In the event of any ambiguity in this Agreement or any matters as to which this Agreement is silent, the Plan shall govern. A copy of the Plan is available upon request to the Administrator.

19. Governing Law. The validity, construction and effect of this Agreement, and of any determinations or decisions made by the Administrator relating to this Agreement, and the rights of any and all persons having or claiming to have any interest under this Agreement, shall be determined exclusively in accordance with the laws of the State of Tennessee, without regard to its provisions concerning the applicability of laws of other jurisdictions. Any suit with respect hereto will be brought in the federal or state courts in the districts which include Greeneville, Tennessee, and you hereby agree and submit to the personal jurisdiction and venue thereof.

20. Headings. The headings in this Agreement are for reference purposes only and shall not affect the meaning or interpretation of this Agreement.

21. Counterparts. The Grant Notice may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

{Glossary begins on next page}

GLOSSARY

(a) “**Administrator**” means the Compensation Committee of the Board of Directors of Forward Air Corporation, or such other committee(s) or officer(s) duly appointed by such Board or the Compensation Committee to administer the Plan or delegated limited authority to perform administrative actions under the Plan, and having such powers as shall be specified by such Board or the Compensation Committee; provided, however, that at any time the Board of Directors of Forward Air Corporation may serve as the Administrator in lieu of or in addition to the Compensation Committee or such other committee(s) or officer(s) to whom administrative authority has been delegated.

(b) “**Affiliate**” means any entity, whether now or hereafter existing, which controls, is controlled by, or is under common control with, Forward Air Corporation or any successor to Forward Air Corporation. For this purpose, “control” (including the correlative meanings of the terms “controlled by” and “under common control with”) shall mean ownership, directly or indirectly, of 50% or more of the total combined voting power of all classes of voting securities issued by such entity, or the possession, directly or indirectly, of the power to direct the management and policies of such entity, by contract or otherwise.

(c) “**Cause**” means any one or more of the following, as determined by the Administrator or its delegate in its sole discretion, which determination will be conclusive: (i) any act or omission by you which, if convicted by a court of law, would constitute a felony or a crime of moral turpitude; (ii) your dishonesty or material violation of standards of integrity in the course of fulfilling his or her employment duties to the Company or any Affiliate; (iii) your insubordination or a material violation of a material written policy of the Company or any Affiliate, violation of which would be grounds for dismissal under applicable Company policy; (iv) your willful, repeated failure to perform your employment duties (provided that such duties are ethical and proper under applicable law) in any material respect, after reasonable written notice of such failure and an opportunity to correct it under a circumstance where the conduct constituting “Cause” is reasonably open to a cure (for instance, where the conduct does not involve a violation of trust or otherwise adversely affect the relationship between you and the Company on a going-forward basis), and the period to correct shall be established by the Administrator; (v) any act or omission materially adverse to the interest of the Company or any Affiliate, or reasonably likely to result in material harm to the Company or any Affiliate; (vi) your failure to comply in any material respect with the Company’s Code of Business Conduct and Ethics or Insider Trading Policy, or willful, repeated failure to comply in any material respect with the Company’s Executive Stock Ownership and Retention Guidelines, if applicable; or (vii) failure to comply in any material respect with the Foreign Corrupt Practices Act, the Securities Act of 1933, the Securities Exchange Act of 1934, the Sarbanes-Oxley Act of 2002, the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, or any rules or regulations thereunder, or any similar, applicable statute, regulation or legal requirement.

(d) “**Change in Control**” shall have the meaning ascribed thereto in the Plan.

(e) “**Company**” means Forward Air Corporation and its Affiliates, except where the context otherwise requires. For purposes of determining whether a Change in Control has occurred, Company shall mean only Forward Air Corporation.

(f) “**Disability**” means that you are (i) unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to last until your death or result in death, or (ii) determined to be totally disabled by the Social Security Administration or other governmental or quasi-governmental body that administers a comparable social insurance program outside of the United States in which you participate and which conditions the right to receive benefits under such program on your being unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to last until your death or result in death. The Administrator shall have sole authority to determine whether you have suffered a Disability and may require such medical or other evidence as it deems necessary to judge the nature and permanency of your condition.

(g) "**Executive Severance Plan**" means the Company's Executive Severance and Change in Control Plan or any successor plan thereto.

(h) "**Involuntary Termination**" means your termination of Service with the Company or its successor provided that the termination is either (a) initiated by the Company or a parent or subsidiary of the Company, or a successor to any such entity for a reason other than Disability, death, Retirement or for Cause, or (b) initiated by you for Good Reason, as defined under the Executive Severance Plan with respect to a termination of employment following a Change Date, as defined in the Executive Severance Plan, and provided that you are a participant in the Executive Severance Plan at the time of such Involuntary Termination.

(i) "**Retirement**" means your termination of Service with the Company and its Affiliates on or after attainment of age 65.

(j) "**Service**" means your employment with the Company and its Affiliates. Your Service will be considered to have ceased with the Company and its Affiliates if, immediately after a sale, merger or other corporate transaction, the trade, business or entity with which you are employed or otherwise have a service relationship is not Forward Air Corporation or an Affiliate of Forward Air Corporation.

(k) "**You**"; "**Your**". You means the recipient of the Award Shares as reflected in the Grant Notice. Whenever the word "you" or "your" is used in any provision of this Agreement under circumstances where the provision should logically be construed, as determined by the Administrator, to apply to the estate, personal representative, or beneficiary to whom the Award Shares may be transferred by will or by the laws of descent and distribution, the words "you" and "your" shall be deemed to include such person.

{*End of Agreement*}

**2024 FORWARD AIR CORPORATION
SEVERANCE PROGRAM**

Section 1. Purpose

The purpose of this 2024 Forward Air Corporation Severance Program (the "Program") is to assist Forward Air Corporation (the "Company") in motivating and encouraging certain employees of the Company and its Affiliates who have significant responsibility for the long-term success of the Company and who are integral to the integration of the Company and Omni Logistics, LLC, to devote their full attention to the performance of their assigned duties without the distraction or concerns regarding their involuntary termination of employment. The Company believes that it is in the best interests of the shareholders of the Company to provide financial assistance through severance payments and other benefits to eligible key employees who are involuntarily terminated within a limited period of time. The Program operates as a supplement to the Forward Air Corporation Executive Severance and Change in Control Plan, as amended and restated from time to time (the "Executive Severance Plan") and an amendment to the Award Agreements issued pursuant to the Forward Air Corporation 2016 Omnibus Incentive Compensation Plan, as amended from time to time (the "Omnibus Plan"). To the extent the Program provides deferred compensation it is an unfunded plan primarily for the purposes of providing deferred compensation for a select group of management or highly compensated employees.

Section 2. Definitions

Unless defined herein, capitalized terms have the meaning set forth in the Executive Severance Plan. The following capitalized words as used herein shall have the following meanings:

- (a) "Award" has the same definition set forth in the Omnibus Plan.
- (b) "Award Agreement" has the same definition set forth in the Omnibus Plan.
- (c) "Eligible Employee" means, unless otherwise determined by the Committee, any Employee who has become a Participant in the Executive Severance Plan on or prior to the Effective Date; provided that such participation has not been terminated pursuant to the terms of the Executive Severance Plan and such Employee has entered into the Participation and Restrictive Covenant Agreement no later than 60 days following the Effective Date.
- (d) "Eligibility Period" means the period beginning on March 15, 2024 and ending on December 31, 2025.
- (e) "Expiration Date" means the expiration date set forth in the Award Agreement for the applicable Nonqualified Option.
- (f) "Nonqualified Option" has the same definition set forth in the Omnibus Plan.

(g) "Performance Award" has the same definition set forth in the Omnibus Plan.

Section 3. Eligibility for Benefits

If an Eligible Employee has an Involuntary Termination during the Eligibility Period, the Eligible Employee shall, subject to Section 4 hereof and the terms and limitations of the Eligible Employee's Participation and Restrictive Covenant Agreement, be entitled to receive the benefits provided under Article 5 of the Executive Severance Plan in lieu of, and not in addition to, the benefits described in Article 4 of the Executive Severance Plan; provided, however, the Post-Change Severance Payment shall be paid pursuant to the timing set forth in Section 4.01(a)(ii) of the Executive Severance Plan.

Section 4. Obligations Under the Executive Severance Plan; Adjustments to Restricted Period

The benefits provided in Section 3 are subject to the Eligible Employee's compliance with Article IX of the Executive Severance Plan, including the requirement that the Eligible Employee comply with the obligations under the Participation and Restrictive Covenant Agreement and execute the General Release and Waiver within sixty (60) days of the Termination Date. Notwithstanding the foregoing, during the Eligibility Period the Restricted Period (as defined in the Participation and Restrictive Covenant Agreement) shall be adjusted so that the Restricted Period aligns with the Post-Change Severance Payment. For example, if the Eligible Employee's Severance Payment equals 1.5 times the individual's Base Salary (i.e., eighteen (18) months of the individual's Base Salary), but during the Eligibility Period will be increased to 2.0 times the individual's Base Salary (i.e., twenty-four (24) months of the individual's Base Salary), the Eligible Employee's Restricted Period shall be increased from eighteen (18) months to twenty-four (24) months if there is a termination of employment for any reason during the Eligibility Period.

Section 5. Equity Awards

If an Eligible Employee has an Involuntary Termination during the Eligibility Period, the Eligible Employee shall vest in all outstanding and unvested Awards (other than any unvested Performance Awards) and any outstanding and unvested Performance Award shall remain outstanding and eligible to vest at the end of the applicable performance period set forth in the Award Agreement for the Performance Award as if no such termination occurred. Except as expressly provided herein, the Award Agreements shall remain unchanged and in full force and effect. Each reference to "this Agreement" or words of similar import in the Award Agreement and in the agreements and other documents contemplated by the Award Agreement shall be a reference to the Award Agreement, as amended hereby, and as the same may be further amended, restated, supplemented and otherwise modified and in effect from time to time.

Section 6. General Provisions

(a) Effective Date and Termination. The Program shall become effective as of March 15, 2024 (the "Effective Date") and shall remain in effect until December 31, 2026, provided, however no Eligible Employee will be

entitled to the benefits under this program unless their Involuntary Termination occurs during the Eligibility Period.

(b) Amendment and Early Termination. The Company may, from time to time, by action of the Administrator in its sole discretion, amend, suspend or terminate any or all of the provisions of the Program at any time and for any reason; provided, however, that any such adverse amendment, suspension or termination (prior to December 31, 2026) shall be effective only as to those Eligible Employees, if any, who have consented to such amendment, suspension or termination.

(c) Miscellaneous. The terms and provisions of Articles VI, VIII, IX, X and XI are incorporated herein by reference as if set forth herein and shall apply *mutatis mutandis* to this Program.

ACCEPTED and AGREED to as of the date of this letter agreement:

Eligible Employee:

[Insert Name]

Date: _____, 2024

[FORM]

FORWARD AIR CORPORATION
RETENTION BONUS AGREEMENT

This **RETENTION BONUS AGREEMENT** (this “*Agreement*”) is made and entered into effective as of April 19, 2024 (the “*Effective Date*”) by and among **Forward Air Corporation** (the “*Company*”) and _____ (the “*Recipient*”). The Recipient and the Company are each a “*party*” and together are “*parties*” to this Agreement.

WHEREAS, the Recipient is employed by a member of the Company Group (as defined below); and

WHEREAS, the Company considers it to be in the best interests of the Company Group (as defined below) and its shareholders to reinforce and encourage the continued attention and dedication of the Recipient to the Company Group.

NOW, THEREFORE, in consideration of the foregoing and other respective covenants and agreements of the parties herein contained, the adequacy and sufficiency of which are hereby acknowledged, the Company and the Recipient agree as follows:

1. **Company’s Covenants Summarized**

In order to induce the Recipient to remain in the employ of the Company Group, the Company shall pay, or shall cause another member of the Company Group to pay, the Recipient the Retention Bonus described herein. This Agreement shall not be construed as creating an express or implied contract of employment and, except as otherwise agreed in writing between the Recipient and any member of the Company Group, the Recipient shall not have any rights to be retained in the employ of any member of the Company Group.

2. **Certain Definitions**

(a) “*Cause*” shall have the same meaning as defined in the Company’s 2016 Omnibus Incentive Compensation Plan, as in effect on the date hereof.

(b) “*Company Group*” shall mean the Company, together with any direct or indirect parent and subsidiary of the Company.

(c) “*Continuous Service*” shall mean the uninterrupted provision of services to the Company and/or any other member of the Company Group as employee. For purposes of this Agreement, Continuous Service shall not be considered to be interrupted in the case of (i) any approved leave of absence (including, without limitation, sick leave, military leave, vacation, short or long-term disability leave or any other authorized personal leave); or (ii) transfers of employment among the Company and/or any other member of the Company Group.

(d) “**Qualifying Termination**” means the Recipient’s Continuous Service is terminated without Cause by the Company or the applicable employing entity in the Company Group. For the avoidance of doubt, the Recipient shall not have a Qualifying Termination if the Recipient: (i) voluntarily resigns; (ii) voluntarily retires; (iii) is terminated for Cause or (iv) has a termination of Continuous Service because of death or disability.

(e) “**Person**” means an individual, corporation, partnership, limited liability company, association, trust, other entity, group or organization including a government authority.

(f) “**Release Agreement**” means the general waiver and release of claims in substantially the form attached as **Appendix B** to the Company’s Executive Severance and Change in Control Plan, as in effect on the date hereof.

3. **Retention Bonus Provisions**

(a) **Retention Bonus**. The Recipient shall be eligible earn a retention bonus in an amount equal to \$_____ (the “**Retention Bonus**”) if the Recipient remains in Continuous Service at all times from the Effective Date until the twelve (12) month anniversary of the Effective Date (such anniversary, the “**Retention Date**”), in which case the Retention Bonus shall be paid as soon as reasonably practicable after the Retention Date and in no event more than thirty (30) days after the Retention Date.

(b) **Forfeiture**. Notwithstanding anything to the contrary in this Agreement, the Recipient shall automatically and without notice forfeit any and all rights the Recipient may have in the unpaid portion of the Retention Bonus in the event that the Recipient’s Continuous Service terminates for any reason other than a Qualifying Termination.

(c) **Qualifying Termination**. Notwithstanding anything to the contrary in this Agreement, if and only if there is a Qualifying Termination prior to the Retention Date, the Retention Bonus shall be accelerated and paid to the Recipient no later than sixty (60) days following a Qualifying Termination subject to the Recipient’s execution of the Release Agreement (and the revocation period related to the Release Agreement, if any, shall have lapsed without revocation having been made). Notwithstanding anything herein to the contrary, if the above referenced sixty (60) day period crosses two taxable years, such Retention Bonus shall be made in the second taxable year.

4. **Successors**

(a) This Agreement is personal to the Recipient and, without the prior written consent of the Company, shall not be assignable by the Recipient otherwise than by will or the laws of descent and distribution. This Agreement shall inure to the benefit of and be enforceable by the Recipient’s legal representatives.

(b) This Agreement shall inure to the benefit of and be binding upon and enforceable against the Company and its successors and assigns.

5. **Miscellaneous**

(a) The parties agree that this Agreement shall be interpreted in accordance with and governed by the laws of the State of Tennessee applicable to contracts executed and performed within that state without regard to conflict of laws principles which would require the application of any other jurisdiction.

(b) All captions and section headings used in this Agreement are for convenient reference only and do not form a part of this Agreement.

(c) Nothing in this Agreement or in any instrument executed pursuant hereto shall confer upon any person any right to continue in the employment or other service of the Company Group, or shall affect the right of any member of the Company Group to terminate the employment or other service of any person at any time and for any reason.

(d) Any and all amounts payable hereunder to the Recipient shall be made from assets which shall continue, for all purposes, to be part of the general, unrestricted assets of the Company Group and no Person shall have nor acquire any interest in any such asset by virtue of the provisions of this Agreement. The Company's obligation hereunder shall be an unfunded and unsecured promise to pay money in the future. To the extent that the Recipient or any Person acquires a right to receive payments from the Company under the provisions hereof, such right shall be no greater than the right of any unsecured general creditor of the Company and no such Person shall have nor acquire any legal or equitable right, interest or claim in or to any property or assets of the Company Group.

(e) All payments made pursuant to this Agreement will be subject to applicable withholding as required by applicable law, including withholding of applicable income and employment taxes.

(f) This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together will constitute one and the same instrument.

(g) The invalidity or unenforceability of any provision or provisions of this Agreement shall not affect the validity or enforceability of any other provision hereof, which shall remain in full force and effect.

(h) This Agreement constitutes the entire agreement of the parties hereto and supersedes in their entirety all prior representations, understandings, undertakings or agreements (whether oral or written and whether expressed or implied) of the parties with respect to the subject matter hereof. No future agreements between the Company and Recipient may supersede this Agreement unless they are in writing and specifically mention this Agreement.

(i) The Recipient shall not disclose any of the terms of this Agreement, including the amount of the Retention Bonus, to anyone other than the Recipient's personal tax, legal and financial advisers.

(j) This Agreement is intended to comply with or be exempt from the provisions of Section 409A of the Internal Revenue Code of 1986, as amended and the regulations and guidance promulgated thereunder (“**Section 409A**”). In no event whatsoever shall the Company, its subsidiaries, affiliates, officers, directors, employees, agents or any member of the Company Group be liable for any additional tax, interest or penalty that may be imposed on the Recipient by Section 409A or any other law or damages for failing to comply with Section 409A or any other law as a result of the payment of any compensation hereunder. For purposes of Section 409A, the Recipient’s right to receive any installment payment pursuant to this Agreement shall be treated as a right to receive a series of separate and distinct payments. If and to the extent required to comply with Section 409A, no payment or benefit required to be paid under this Agreement on account of a Qualifying Termination shall be made unless and until the Recipient incurs a “separation from service” within the meaning of Section 409A.

[SIGNATURES CONTAINED ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties have caused this agreement to be executed in its name on its behalf, all as of the day and year first above written.

[INSERT NAME]:

—
Address: _____

FORWARD AIR CORPORATION

By: __
Name:
Title:

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO EXCHANGE ACT RULE 13a-14(a) (17 CFR 240.13a-14(a))**

I, Shawn Stewart, certify that:

- 1 I have reviewed this quarterly report on Form 10-Q for the quarter ended June 30, 2024 of Forward Air Corporation;
- 2 Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3 Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4 The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5 The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 9, 2024

/s/ Shawn Stewart

Shawn Stewart
Chief Executive Officer

**CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO EXCHANGE ACT RULE 13a-14(a) (17 CFR 240.13a-14(a))**

I, Jamie Pierson, certify that:

- 1 I have reviewed this quarterly report on Form 10-Q for the quarter ended June 30, 2024 of Forward Air Corporation;
- 2 Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3 Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4 The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5 The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 9, 2024

/s/ Jamie Pierson

Jamie Pierson
Chief Financial Officer

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER

**PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Forward Air Corporation (the "Company") on Form 10-Q for the period ended June 30, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Shawn Stewart, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- 1 The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- 2 The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 9, 2024

/s/ Shawn Stewart

Shawn Stewart
Chief Executive Officer

A signed original of this written statement required by Section 906 has been provided to Forward Air Corporation and will be retained by Forward Air Corporation and furnished to the Securities and Exchange Commission or its staff upon request.

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Forward Air Corporation (the "Company") on Form 10-Q for the period ended June 30, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Jamie Pierson, Interim Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- 1 The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- 2 The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 9, 2024

/s/ Jamie Pierson

Jamie Pierson
Chief Financial Officer

A signed original of this written statement required by Section 906 has been provided to Forward Air Corporation and will be retained by Forward Air Corporation and furnished to the Securities and Exchange Commission or its staff upon request.