

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549**

**FORM 10-Q**

(Mark One)

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended **June 29, 2024**

or

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from \_\_\_\_\_ to \_\_\_\_\_.

Commission File Number: **0-51142**

**UNIVERSAL LOGISTICS HOLDINGS, INC.**

(Exact Name of Registrant as Specified in Its Charter)

**Michigan**  
(State or other jurisdiction of  
incorporation or organization)

**38-3640097**  
(I.R.S. Employer  
Identification No.)

**12755 E. Nine Mile Road  
Warren, Michigan 48089**  
(Address, including Zip Code of Principal Executive Offices)

**(586) 920-0100**  
(Registrant's telephone number, including area code)

N/A  
(Former name, former address and former fiscal year, if changed since last report)

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

| Title of each class        | Trading Symbol(s) | Name of each exchange on which registered |
|----------------------------|-------------------|---|
| Common Stock, no par value | ULH               | 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 pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes  No

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

|                         |                          |                           |                                     |
|-------------------------|--------------------------|---------------------------|-------------------------------------|
| Large accelerated filer | <input type="checkbox"/> | Accelerated filer         | <input checked="" type="checkbox"/> |
| Non-accelerated filer   | <input type="checkbox"/> | Smaller reporting company | <input type="checkbox"/>            |
|                         |                          | Emerging growth company   | <input type="checkbox"/>            |

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 of the registrant's common stock, no par value, outstanding as of August 5, 2024, was 26,317,326.

**PART I – FINANCIAL INFORMATION**

**ITEM 1: FINANCIAL STATEMENTS**

**UNIVERSAL LOGISTICS HOLDINGS, INC.**

Unaudited Consolidated Balance Sheets

(In thousands, except share data)

|  | June 29,<br>2024    | December 31,<br>2023 |
|--|---------------------|----------------------|
| <b>Assets</b>  |                     |                      |
| Current assets:  |                     |                      |
| Cash and cash equivalents  | \$ 7,486            | \$ 12,511            |
| Marketable securities  | 11,566              | 10,772               |
| Accounts receivable – net of allowance for credit losses of \$9,966 and \$11,229, respectively   | 288,125             | 287,946              |
| Contract assets  | 18,237              | 729                  |
| Other receivables  | 29,758              | 22,633               |
| Prepaid expenses and other   | 26,872              | 30,171               |
| Due from affiliates  | 765                 | 710                  |
| Total current assets   | <u>382,809</u>      | <u>365,472</u>       |
| Property and equipment – net of accumulated depreciation of \$404,836 and \$370,273, respectively  | 658,022             | 561,089              |
| Operating lease right-of-use asset   | 77,553              | 87,208               |
| Goodwill   | 170,730             | 170,730              |
| Intangible assets – net of accumulated amortization of \$144,069 and \$134,514, respectively   | 51,740              | 61,296               |
| Contract assets, net of current portion  | 123,943             | —                    |
| Deferred income taxes  | 1,225               | 1,225                |
| Other assets   | 6,034               | 6,503                |
| Total assets   | <u>\$ 1,472,056</u> | <u>\$ 1,253,523</u>  |
| <b>Liabilities and Shareholders' Equity</b>  |                     |                      |
| Current liabilities:   |                     |                      |
| Accounts payable   | \$ 74,016           | \$ 64,102            |
| Current portion of long-term debt  | 79,850              | 70,689               |
| Current portion of operating lease liabilities   | 29,803              | 29,998               |
| Accrued expenses and other current liabilities   | 61,258              | 43,062               |
| Insurance and claims   | 32,979              | 25,464               |
| Due to affiliates  | 20,382              | 20,737               |
| Income taxes payable   | 5,348               | 6,364                |
| Total current liabilities  | <u>303,636</u>      | <u>260,416</u>       |
| Long-term liabilities:   |                     |                      |
| Long-term debt, net of current portion   | 403,951             | 311,235              |
| Operating lease liabilities, net of current portion  | 53,702              | 63,620               |
| Deferred income taxes  | 98,254              | 79,567               |
| Other long-term liabilities  | 3,618               | 6,487                |
| Total long-term liabilities  | <u>559,525</u>      | <u>460,909</u>       |
| Shareholders' equity:  |                     |                      |
| Common stock, no par value. Authorized 100,000,000 shares; 26,319,283 and 31,007,100 shares issued; 26,317,326 and 26,284,223 shares outstanding, respectively | 26,319              | 31,008               |
| Paid-in capital  | 5,007               | 5,103                |
| Treasury stock, at cost; 1,957 and 4,722,877 shares  | (83)                | (96,840)             |
| Retained earnings  | 581,829             | 595,450              |
| Accumulated other comprehensive (loss):  |                     |                      |
| Interest rate swaps, net of income taxes of \$641 and \$457, respectively  | 1,899               | 1,350                |
| Foreign currency translation adjustments   | (6,076)             | (3,873)              |
| Total shareholders' equity   | <u>608,895</u>      | <u>532,198</u>       |
| Total liabilities and shareholders' equity   | <u>\$ 1,472,056</u> | <u>\$ 1,253,523</u>  |

See accompanying notes to consolidated financial statements.

**UNIVERSAL LOGISTICS HOLDINGS, INC.**  
Unaudited Consolidated Statements of Income  
(In thousands, except per share data)

|  | Thirteen Weeks Ended |                 | Twenty-six Weeks Ended |                 |
|--|----------------------|-----------------|------------------------|-----------------|
|  | June 29,<br>2024     | July 1,<br>2023 | June 29,<br>2024       | July 1,<br>2023 |
| <b>Operating revenues:</b>                                   |                      |                 |                        |                 |
| Truckload services   | \$ 66,876            | \$ 51,860       | \$ 108,906             | \$ 98,261       |
| Brokerage services   | 53,661               | 60,325          | 113,274                | 128,998         |
| Intermodal services  | 78,069               | 91,585          | 154,784                | 202,611         |
| Dedicated services   | 90,715               | 86,069          | 179,031                | 171,301         |
| Value-added services   | 172,843              | 122,733         | 398,075                | 248,797         |
| Total operating revenues                                     | 462,164              | 412,572         | 954,070                | 849,968         |
| <b>Operating expenses:</b>                                   |                      |                 |                        |                 |
| Purchased transportation and equipment rent                  | 137,295              | 139,879         | 261,928                | 295,964         |
| Direct personnel and related benefits                        | 135,495              | 138,046         | 276,300                | 277,138         |
| Operating supplies and expenses                              | 63,558               | 41,101          | 156,382                | 87,290          |
| Commission expense   | 8,890                | 7,643           | 15,500                 | 15,815          |
| Occupancy expense  | 10,442               | 11,041          | 21,010                 | 22,193          |
| General and administrative                                   | 14,699               | 13,418          | 28,205                 | 25,334          |
| Insurance and claims   | 7,873                | 5,889           | 15,041                 | 13,968          |
| Depreciation and amortization                                | 36,809               | 19,160          | 57,510                 | 37,675          |
| Total operating expenses                                     | 415,061              | 376,177         | 831,876                | 775,377         |
| Income from operations                                       | 47,103               | 36,395          | 122,194                | 74,591          |
| Interest income  | 909                  | 621             | 1,127                  | 1,373           |
| Interest expense   | (7,792)              | (5,742)         | (14,089)               | (11,469)        |
| Other non-operating income                                   | 898                  | 284             | 2,003                  | 299             |
| Income before income taxes                                   | 41,118               | 31,558          | 111,235                | 64,794          |
| Income tax expense   | 10,384               | 7,992           | 28,044                 | 16,352          |
| Net income   | \$ 30,734            | \$ 23,566       | \$ 83,191              | \$ 48,442       |
| <b>Earnings per common share:</b>                            |                      |                 |                        |                 |
| Basic  | \$ 1.17              | \$ 0.90         | \$ 3.16                | \$ 1.84         |
| Diluted  | \$ 1.17              | \$ 0.90         | \$ 3.16                | \$ 1.84         |
| <b>Weighted average number of common shares outstanding:</b> |                      |                 |                        |                 |
| Basic  | 26,317               | 26,287          | 26,312                 | 26,284          |
| Diluted  | 26,352               | 26,308          | 26,341                 | 26,312          |
| Dividends declared per common share                          | \$ 0.105             | \$ 0.105        | \$ 0.210               | \$ 0.210        |

**See accompanying notes to consolidated financial statements.**

**UNIVERSAL LOGISTICS HOLDINGS, INC.**  
Unaudited Consolidated Statements of Comprehensive Income  
(In thousands)

|  | <u>Thirteen Weeks Ended</u> |                         | <u>Twenty-six Weeks Ended</u> |                         |
|--|-----------------------------|-------------------------|-------------------------------|-------------------------|
|  | <u>June 29,<br/>2024</u>    | <u>July 1,<br/>2023</u> | <u>June 29,<br/>2024</u>      | <u>July 1,<br/>2023</u> |
| Net Income   | \$ 30,734                   | \$ 23,566               | \$ 83,191                     | \$ 48,442               |
| Other comprehensive income (loss):   |                             |                         |                               |                         |
| Unrealized changes in fair value of interest rate swaps,<br>net of income taxes of \$(18), \$367, \$184 and \$90, respectively | (58)                        | 1,082                   | 549                           | 262                     |
| Foreign currency translation adjustments   | (2,949)                     | (886)                   | (2,203)                       | (975)                   |
| Total other comprehensive income (loss)  | (3,007)                     | 196                     | (1,654)                       | (713)                   |
| Total comprehensive income   | <u>\$ 27,727</u>            | <u>\$ 23,762</u>        | <u>\$ 81,537</u>              | <u>\$ 47,729</u>        |

**See accompanying notes to consolidated financial statements.**

**UNIVERSAL LOGISTICS HOLDINGS, INC.**  
Unaudited Consolidated Statements of Cash Flows  
(In thousands)

|   | Twenty-six Weeks Ended |                 |
|---|------------------------|-----------------|
|   | June 29,<br>2024       | July 1,<br>2023 |
| <b>Cash flows from operating activities:</b>  |                        |                 |
| Net income  | \$ 83,191              | \$ 48,442       |
| <b>Adjustments to reconcile net income to net cash provided by operating activities:</b>                        |                        |                 |
| Depreciation and amortization   | 57,510                 | 37,675          |
| Noncash lease expense   | 15,161                 | 15,295          |
| Gain on marketable equity securities  | (795)                  | (199)           |
| Gain on disposal of property and equipment  | (290)                  | (1,519)         |
| Amortization of debt issuance costs   | 482                    | 378             |
| Stock-based compensation  | 769                    | 251             |
| Provision for credit losses   | 1,644                  | 4,116           |
| Deferred income taxes   | 18,687                 | —               |
| <b>Change in assets and liabilities:</b>  |                        |                 |
| Trade and other accounts receivable   | (5,683)                | 29,518          |
| Contract assets, prepaid expenses and other assets  | (136,791)              | (4,509)         |
| Principal reduction in operating lease liabilities  | (15,591)               | (15,117)        |
| Accounts payable, accrued expenses, income taxes payable,<br>insurance and claims and other current liabilities | 31,415                 | (10,484)        |
| Due to/from affiliates, net   | (410)                  | 5,484           |
| Other long-term liabilities   | (2,868)                | (4,369)         |
| Net cash provided by operating activities   | 46,431                 | 104,962         |
| <b>Cash flows from investing activities:</b>  |                        |                 |
| Capital expenditures  | (145,712)              | (79,842)        |
| Proceeds from the sale of property and equipment  | 1,114                  | 2,540           |
| Proceeds from the sale of marketable securities   | —                      | 92              |
| Net cash used in investing activities   | (144,598)              | (77,210)        |
| <b>Cash flows from financing activities:</b>  |                        |                 |
| Proceeds from borrowing - revolving debt  | 257,655                | —               |
| Repayments of debt - revolving debt   | (211,592)              | —               |
| Proceeds from borrowing - term debt   | 114,977                | 33,738          |
| Repayments of debt - term debt  | (59,646)               | (34,573)        |
| Dividends paid  | (5,526)                | (5,520)         |
| Purchases of treasury stock   | (83)                   | —               |
| Net cash provided by (used in) financing activities   | 95,785                 | (6,355)         |
| Effect of exchange rate changes on cash and cash equivalents  | (2,643)                | (3,564)         |
| Net (decrease) increase in cash   | (5,025)                | 17,833          |
| Cash and cash equivalents – beginning of period   | 12,511                 | 47,181          |
| Cash and cash equivalents – end of period   | \$ 7,486               | \$ 65,014       |
| <b>Supplemental cash flow information:</b>  |                        |                 |
| Cash paid for interest  | \$ 13,505              | \$ 11,018       |
| Cash paid for income taxes  | \$ 10,483              | \$ 19,511       |

See accompanying notes to consolidated financial statements.

**UNIVERSAL LOGISTICS HOLDINGS, INC.**  
Unaudited Consolidated Statements of Shareholders' Equity  
(In thousands, except per share data)

|                               | Common<br>stock | Paid-in<br>capital | Treasury<br>stock | Retained<br>earnings | Accumulated<br>other<br>comprehensiv<br>e<br>income (loss) | Total      |
|-------------------------------|-----------------|--------------------|-------------------|----------------------|--|------------|
| Balances – December 31, 2022  | \$ 30,997       | \$ 4,852           | \$ (96,706)       | \$ 513,589           | \$ (5,802)   | \$ 446,930 |
| Net income                    | —               | —                  | —                 | 24,876               | —  | 24,876     |
| Comprehensive income (loss)   | —               | —                  | —                 | —                    | (909)  | (909)      |
| Dividends (\$0.105 per share) | —               | —                  | —                 | (2,759)              | —  | (2,759)    |
| Stock based compensation      | 6               | 155                | —                 | —                    | —  | 161        |
| Balances – April 1, 2023      | \$ 31,003       | \$ 5,007           | \$ (96,706)       | \$ 535,706           | \$ (6,711)   | \$ 468,299 |
| Net income                    | —               | —                  | —                 | 23,566               | —  | 23,566     |
| Comprehensive income (loss)   | —               | —                  | —                 | —                    | 196  | 196        |
| Dividends (\$0.105 per share) | —               | —                  | —                 | (2,761)              | —  | (2,761)    |
| Stock based compensation      | 3               | 87                 | —                 | —                    | —  | 90         |
| Balances - July 1, 2023       | \$ 31,006       | \$ 5,094           | \$ (96,706)       | \$ 556,511           | \$ (6,515)   | \$ 489,390 |
| Balances – December 31, 2023  | \$ 31,008       | \$ 5,103           | \$ (96,840)       | \$ 595,450           | \$ (2,523)   | \$ 532,198 |
| Net income                    | —               | —                  | —                 | 52,457               | —  | 52,457     |
| Comprehensive income (loss)   | —               | —                  | —                 | —                    | 1,353  | 1,353      |
| Dividends (\$0.105 per share) | —               | —                  | —                 | (2,762)              | —  | (2,762)    |
| Stock based compensation      | 33              | 667                | —                 | —                    | —  | 700        |
| Retirement of treasury stock  | (4,723)         | (831)              | 96,840            | (91,286)             | —  | —          |
| Balances – March 30, 2024     | \$ 26,318       | \$ 4,939           | \$ —              | \$ 553,859           | \$ (1,170)   | \$ 583,946 |
| Net income                    | —               | —                  | —                 | 30,734               | —  | 30,734     |
| Comprehensive income (loss)   | —               | —                  | —                 | —                    | (3,007)  | (3,007)    |
| Dividends (\$0.105 per share) | —               | —                  | —                 | (2,764)              | —  | (2,764)    |
| Stock based compensation      | 1               | 68                 | —                 | —                    | —  | 69         |
| Purchases of treasury stock   | —               | —                  | (83)              | —                    | —  | (83)       |
| Balances - June 29, 2024      | \$ 26,319       | \$ 5,007           | \$ (83)           | \$ 581,829           | \$ (4,177)   | \$ 608,895 |

See accompanying notes to consolidated financial statements.

**UNIVERSAL LOGISTICS HOLDINGS, INC.**  
Notes to Unaudited Consolidated Financial Statements

**(1) Basis of Presentation**

The accompanying unaudited consolidated financial statements of Universal Logistics Holdings, Inc. and its wholly-owned subsidiaries (“Universal”) have been prepared by the Company’s management. In these notes, the terms “us,” “we,” “our,” or the “Company” refer to Universal and its consolidated subsidiaries. In the opinion of management, the unaudited consolidated financial statements include all normal recurring adjustments necessary to present fairly the information required to be set forth therein. All intercompany transactions and balances have been eliminated in consolidation. Certain information and note disclosures normally included in financial statements prepared in accordance with U.S. generally accepted accounting principles have been condensed or omitted from these statements pursuant to such rules and regulations and, accordingly, should be read in conjunction with the consolidated financial statements as of December 31, 2023 and 2022 and for each of the years in the three-year period ended December 31, 2023 included in the Company’s Form 10-K filed with the Securities and Exchange Commission. The preparation of the consolidated financial statements requires the use of management’s estimates. Actual results could differ from those estimates.

Our fiscal year ends on December 31 and consists of four quarters, each with thirteen weeks.

The Company made certain immaterial reclassifications to items in its prior financial statements so that their presentation is consistent with the format in the financial statements for the period ended June 29, 2024. These reclassifications, however, had no effect on reported consolidated net income, comprehensive income, earnings per common share, cash flows, total assets or shareholders’ equity as previously reported.

In June 2024, the Company revised the estimated useful life and salvage values of certain equipment. The change resulted in additional depreciation expense of \$11.3 million recorded during the quarter ended June 29, 2024 (\$8.5 million net of tax, or \$0.32 per basic and diluted share).

In January 2024, the Company’s value-added business began performing specialty project development services for certain customers. Contract assets represent amounts for which the Company has recognized revenue in excess of billings pursuant to the revenue recognition guidance. As of June 29, 2024 and December 31, 2023, contract assets associated with certain contracts with customers recognized over time are included as contract assets in the Company’s consolidated balance sheets. Contract assets associated with other contracts with customers were reclassified from prepaid expenses and other on the consolidated balance sheets to contract assets.

During the first quarter of 2024, the Company identified certain triggering events related to a component of the intermodal reporting segment. In accordance with FASB Accounting Standards Codification (“ASC”) 350 Intangibles—Goodwill and Other and ASC 360 Property, Plant, and Equipment, the Company evaluated certain indefinite and long lived tangible and intangible assets for impairment. The results of those procedures concluded that no impairments were present. After performing the evaluation, it was determined that a change in the estimated useful lives of certain definite lived intangible assets was appropriate and was adjusted during the period. The change resulted in additional amortization expense of \$2.2 million (\$1.7 million net of tax, or \$0.06 per basic and diluted share) recorded during each of the quarters ended March 30, 2024 and June 29, 2024.

*Current Economic Conditions*

The Company makes estimates and assumptions that affect reported amounts and disclosures included in its financial statements and accompanying notes and assesses certain accounting matters that require consideration of forecasted financial information. The Company’s assumptions about future conditions important to these estimates and assumptions are subject to uncertainty, including the negative impact inflationary pressures can have on our operating costs. Prolonged periods of inflation could cause interest rates, equipment, maintenance, labor and other operating costs to continue to increase.

**(2) Recent Accounting Pronouncements**

In November 2023, the FASB issued Accounting Standards Update (“ASU”) 2023-07, Improvements to Reportable Segment Disclosures (Topic 280). The ASU expands disclosures related to a public entity’s reportable segment and requires more enhanced information about significant segment expenses, including in interim periods. This ASU is effective for fiscal years beginning after December 15, 2023 and interim periods within fiscal years beginning after December 15, 2024, using a retrospective approach. Early adoption is permitted. We are currently evaluating the impact of the new standard, which is limited to financial statement disclosures.

In December 2023, the FASB issued ASU 2023-09, Improvements to Income Tax Disclosures (Topic 740). The ASU modifies income tax disclosures by requiring greater disaggregation of information in the rate reconciliations and disclosure of income taxes paid disaggregated by jurisdiction. This ASU is effective for fiscal years beginning after December 31, 2024, using a prospective approach. Early adoption and retrospective application are permitted. We are currently evaluating the impact of the new standard, which is limited to financial statement disclosures.

**(3) Revenue Recognition**

The Company recognizes revenue in accordance with ASU 2014-09, Revenue from Contracts with Customers. The Company broadly groups its services into the following categories: truckload services, brokerage services, intermodal services, dedicated services and value-added services. We disaggregate these categories and report our service lines separately on the Consolidated Statements of Income.

Truckload services include dry van, flatbed, heavy-haul and refrigerated operations. We transport a wide variety of general commodities, including automotive parts, machinery, building materials, paper, food, consumer goods, furniture, steel and other metals on behalf of customers in various industries.

To complement our available capacity, we provide customers with freight brokerage services by utilizing third-party transportation providers to move freight. Brokerage services also include full-service domestic and international freight forwarding and customs brokerage.

Intermodal services include rail-truck, steamship-truck and support services. Our intermodal support services are primarily short- to medium-distance delivery of rail and steamship containers between the railhead or port and the customer.

Dedicated services are primarily provided in support of automotive and retail customers using van equipment. Our dedicated services are primarily short-run or round-trip moves within a defined geographic area.

Transportation services are short-term in nature; agreements governing their provision generally have a term of one year or less. They do not contain significant financing components. The Company recognizes revenue over the period transportation services are provided to the customer, including service performed as of the end of the reporting period for loads currently in-transit, in order to recognize the value that is transferred to a customer over the course of the transportation service.

We determine revenue in-transit using the input method, under which revenue is recognized based on the duration of time that has lapsed from the departure date (start of transportation services) to the arrival date (completion of transportation services). Measurement of revenue in-transit requires the application of significant judgment. We calculate the estimated percentage of an order's transit time that is complete at period end, and we apply that percentage of completion to the order's estimated revenue.

Value-added services, which are typically dedicated to individual customer requirements, include material handling, consolidation, sequencing, sub-assembly, cross-dock services, kitting, repacking, warehousing, returnable container management and specialty project development. Value-added revenues are substantially driven by the level of demand for outsourced logistics services and specialty project needs. Major factors that affect value-added service revenue include changes in manufacturing supply chain requirements and production levels in specific industries, particularly the North American automotive and Class 8 heavy-truck industries.

Revenue is recognized as control of the promised goods or services is transferred to our customers, in an amount that reflects the consideration the Company expects to receive in exchange for its services. For the majority of our programs, we have elected to use the "right to invoice" practical expedient to recognize revenue, reflecting that a customer obtains the benefit associated with value-added services as they are provided. The contracts in our value-added services businesses are negotiated agreements, which contain both fixed and variable components. The variability of revenues is driven by volumes and transactions, which are known as of an invoice date. Value-added service contracts typically have terms that extend beyond one year, and they typically do not include financing components.

Beginning in 2024, value-added services also includes specialty project development services for customers. The specialty project development service is generally accounted for as a single unit of account (i.e., as a single performance obligation). Revenue is recognized over time as the Company continuously transfers control of the project to the customer. Because we transfer control of the project over time, we recognize revenue to the extent of our progress towards completion of our performance obligations. We generally use the cost-to-cost method for these contracts, which measures progress towards completion for each performance obligation based on the ratio of costs incurred to date to the total estimated costs at completion for the applicable performance obligation. Incurred cost represents work performed, which corresponds with and thereby best represents the transfer of control to the customer. Revenue, including estimated fees or profits, is recorded proportionately as costs are incurred. Cost of operations consists of labor, materials, subcontractor costs, and other direct and indirect costs, and we include them in operating supplies and expenses on the consolidated statements of income. Due to the nature of the work we are required to perform under these types of contracts, estimating total revenue and cost at completion is complex, subject to many variables and requires significant judgment. Changes to the total estimated contract revenue or cost for a given project, either due to unexpected events or revisions to management's initial estimates, are recognized in the period in which they are determined.



**UNIVERSAL LOGISTICS HOLDINGS, INC.**  
Notes to Unaudited Consolidated Financial Statements - Continued

**(3) Revenue Recognition - continued**

The following table provides information related to contract balances associated with our contracts with customers (in thousands):

|   | June 29,<br>2024  | December 31,<br>2023 |
|---|-------------------|----------------------|
| Contract assets                         | \$ 18,237         | \$ 729               |
| Contract assets, net of current portion | 123,943           | —                    |
| <b>Total</b>                            | <b>\$ 142,180</b> | <b>\$ 729</b>        |

We generally receive payment for performance obligations within 45 days of completion of transportation services and 65 days for completion of value-added services. As it relates to our specialty development project, we will receive payments in 120 equal monthly installments commencing the month following substantial completion of the project. Contract assets in the table above generally relates to revenue recognized in excess of billings for its specialty development project, as well as revenue in-transit at the end of the reporting period.

**(4) Marketable Securities**

Marketable equity securities are carried at fair value, with gains and losses in fair market value included in the determination of net income. The fair value of marketable equity securities is determined based on quoted market prices in active markets, as described in Note 7.

The following table sets forth market value, cost basis, and unrealized gains on equity securities (in thousands):

|                        | June 29,<br>2024 | December 31,<br>2023 |
|------------------------|------------------|----------------------|
| Fair value             | \$ 11,566        | \$ 10,772            |
| Cost basis             | 7,316            | 7,316                |
| <b>Unrealized gain</b> | <b>\$ 4,250</b>  | <b>\$ 3,456</b>      |

The following table sets forth the gross unrealized gains and losses on the Company's marketable securities (in thousands):

|                             | June 29,<br>2024 | December 31,<br>2023 |
|-----------------------------|------------------|----------------------|
| Gross unrealized gains      | \$ 4,878         | \$ 4,124             |
| Gross unrealized losses     | (628)            | (668)                |
| <b>Net unrealized gains</b> | <b>\$ 4,250</b>  | <b>\$ 3,456</b>      |

The following table shows the Company's net realized gains and losses on marketable equity securities (in thousands):

|                                    | Thirteen Weeks Ended |                 | Twenty-six Weeks Ended |                 |
|------------------------------------|----------------------|-----------------|------------------------|-----------------|
|                                    | June 29,<br>2024     | July 1,<br>2023 | June 29,<br>2024       | July 1,<br>2023 |
| <b>Realized gain</b>               |                      |                 |                        |                 |
| Sale proceeds                      | \$ —                 | \$ 92           | \$ —                   | \$ 92           |
| Cost basis of securities sold      | —                    | 1               | —                      | 1               |
| <b>Realized gain</b>               | <b>\$ —</b>          | <b>\$ 91</b>    | <b>\$ —</b>            | <b>\$ 91</b>    |
| <b>Realized gain, net of taxes</b> | <b>\$ —</b>          | <b>\$ 68</b>    | <b>\$ —</b>            | <b>\$ 68</b>    |

The Company did not sell marketable equity securities during the thirteen-week or twenty-six week periods ended June 29, 2024.

During the thirteen-week and twenty-six week periods ended June 29, 2024, our marketable equity securities portfolio experienced a net unrealized pre-tax gain (loss) in market value of approximately \$(195,000) and \$795,000, respectively, which was reported in other non-operating income (expense) for the period.

During the thirteen-week and twenty-six week periods ended July 1, 2023, our marketable equity securities portfolio experienced a net unrealized pre-tax gain (loss) in market value of approximately \$121,000 and \$108,000, respectively, which was reported in other non-operating income (expense) for the period.

**UNIVERSAL LOGISTICS HOLDINGS, INC.**  
Notes to Unaudited Consolidated Financial Statements - Continued

**(5) Accrued Expenses and Other Current Liabilities**

Accrued expenses and other current liabilities are comprised of the following (in thousands):

|                                    | June 29,<br>2024 | December 31,<br>2023 |
|------------------------------------|------------------|----------------------|
| Accrued payroll                    | \$ 19,329        | \$ 18,047            |
| Accrued payroll taxes              | 4,114            | 3,149                |
| Accrued contract costs             | 15,311           | —                    |
| Driver escrow liabilities          | 2,825            | 3,275                |
| Legal settlements and claims       | 2,900            | 4,050                |
| Commissions, other taxes and other | 16,779           | 14,541               |
| <b>Total</b>                       | <b>\$ 61,258</b> | <b>\$ 43,062</b>     |

**(6) Debt**

Debt is comprised of the following (in thousands):

|   | Interest Rates<br>at June 29, 2024 | June 29,<br>2024  | December 31,<br>2023 |
|---|------------------------------------|-------------------|----------------------|
| <b>Outstanding Debt:</b>                            |                                    |                   |                      |
| Revolving Credit Facility (1) (2)                   | 6.94%                              | \$ 62,997         | \$ 21,934            |
| <b>UACL Credit Agreement (2)</b>                    |                                    |                   |                      |
| Term Loan   | 7.19%                              | 54,000            | 69,000               |
| Revolver  | 7.19%                              | 5,000             | —                    |
| Equipment Financing (3)                             | 2.25% to 7.31%                     | 234,940           | 156,341              |
| Real Estate Facility (4)                            | 7.46%                              | 130,902           | 139,170              |
| Margin Facility (5)                                 | 6.44%                              | —                 | —                    |
| Unamortized debt issuance costs                     |                                    | (4,038)           | (4,521)              |
|   |                                    | 483,801           | 381,924              |
| Less current portion of long-term debt              |                                    | 79,850            | 70,689               |
| <b>Total long-term debt, net of current portion</b> |                                    | <b>\$ 403,951</b> | <b>\$ 311,235</b>    |

(1) Our Revolving Credit Facility provides us with a revolving credit commitment of up to \$400 million. We may borrow under the Revolving Credit Facility until maturity on September 30, 2027, and this indebtedness bears interest at index-adjusted SOFR, or a base rate, plus an applicable margin based on the Company's leverage ratio. The Revolving Credit Facility is secured by a first-priority pledge of the capital stock of applicable subsidiaries, as well as first-priority perfected security interests in cash, deposits, accounts receivable, and selected other assets of the applicable borrowers. The Revolving Credit Facility includes customary affirmative and negative covenants and events of default, as well as financial covenants requiring minimum fixed charge coverage and leverage ratios, and customary mandatory prepayments provisions. At June 29, 2024, we were in compliance with all covenants under the facility, and \$337.0 million was available for borrowing on the revolver.

(2) Our UACL Credit Agreement provides for maximum borrowings of \$90 million in the form of an \$80 million term loan and a \$10 million revolver. The term loan matures on September 30, 2027 and is repaid in consecutive quarterly installments. The remaining term loan balance is due at maturity. We may borrow under the revolving credit facility until maturity on September 30, 2027. Borrowings bear interest at index-adjusted SOFR, or a base rate, plus an applicable margin based on the borrowers' leverage ratio. The UACL Credit Agreement is secured by a first-priority pledge of the capital stock of applicable subsidiaries, as well as first-priority perfected security interest in cash, deposits, accounts receivable, and selected other assets of the applicable borrowers. The UACL Credit Agreement includes customary affirmative and negative covenants and events of default, as well as financial covenants requiring minimum fixed charge coverage and leverage ratios, and customary mandatory prepayments provisions. At June 29, 2024, we were in compliance with all covenants under the facility, and \$5.0 million was available for borrowing on the revolver.

(3) Our Equipment Financing consists of a series of promissory notes issued by a wholly owned subsidiary. The equipment notes, which are secured by liens on specific titled vehicles, are generally payable in 60 monthly installments and bear interest at fixed rates ranging from 2.25% to 7.31%.

**(6) Debt – continued**

(4) Our Real Estate Facility consists of a \$165.4 million term loan, and the facility matures on April 29, 2032. Obligations under the facility are secured by first-priority mortgages on specific parcels of real estate owned by the Company, including all land and real property improvements, and first-priority assignments of rents and related leases of the loan parties. The credit agreement includes customary affirmative and negative covenants, and principal and interest are payable on the facility on a monthly basis, based on an annual amortization of 10%. The facility bears interest at Term SOFR, plus an applicable margin equal to 2.12%. At June 29, 2024, we were in compliance with all covenants under the facility.

(5) Our Margin Facility is a short-term line of credit secured by our portfolio of marketable securities. It bears interest at Term SOFR plus 1.10%. The amount available under the line of credit is based on a percentage of the market value of the underlying securities. At June 29, 2024, the maximum available borrowings under the line of credit were \$5.8 million.

The Company is also party to an interest rate swap agreement that qualifies for hedge accounting. The Company executed the swap agreement to fix a portion of the interest rate on its variable rate debt. Under the swap agreement, the Company receives interest at Term SOFR and pays a fixed rate of 2.88%. The swap agreement has an effective date of April 29, 2022, a maturity date of April 30, 2027, and an amortizing notional amount of \$78.3 million. At June 29, 2024, the fair value of the swap agreement was an asset of \$2.5 million. Since the swap agreement qualifies for hedge accounting, the changes in fair value are recorded in other comprehensive income (loss), net of tax. See Note 7 for additional information pertaining to interest rate swaps.

**(7) Fair Value Measurements and Disclosures**

FASB ASC Topic 820, “*Fair Value Measurements and Disclosures*,” defines fair value as the exchange price that would be received for an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date and expanded disclosures with respect to fair value measurements.

FASB ASC Topic 820 also establishes a three-level fair value hierarchy that prioritizes the inputs used to measure fair value. This hierarchy requires entities to maximize the use of observable inputs and minimize the use of unobservable inputs. The three levels of inputs used to measure fair value are as follows:

- Level 1 — Quoted prices in active markets for identical assets or liabilities.
- Level 2 — Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.
- Level 3 — Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. This includes certain pricing models, discounted cash flow methodologies and similar techniques that use significant unobservable inputs.

**UNIVERSAL LOGISTICS HOLDINGS, INC.**  
Notes to Unaudited Consolidated Financial Statements - Continued

**(7) Fair Value Measurements and Disclosures – continued**

We have segregated all financial assets and liabilities that are measured at fair value on a recurring basis into the most appropriate level within the fair value hierarchy based on the inputs used to determine the fair value at the measurement date in the tables below (in thousands):

|                       | June 29,<br>2024 |                 |             | Fair Value<br>Measurement |
|-----------------------|------------------|-----------------|-------------|---------------------------|
|                       | Level 1          | Level 2         | Level 3     |                           |
| <b>Assets</b>         |                  |                 |             |                           |
| Cash equivalents      | \$ 10            | \$ —            | \$ —        | \$ 10                     |
| Marketable securities | 11,566           | —               | —           | 11,566                    |
| Interest rate swap    | —                | 2,540           | —           | 2,540                     |
| <b>Total</b>          | <b>\$ 11,576</b> | <b>\$ 2,540</b> | <b>\$ —</b> | <b>\$ 14,116</b>          |

|                       | December 31,<br>2023 |                 |             | Fair Value<br>Measurement |
|-----------------------|----------------------|-----------------|-------------|---------------------------|
|                       | Level 1              | Level 2         | Level 3     |                           |
| <b>Assets</b>         |                      |                 |             |                           |
| Cash equivalents      | \$ 168               | \$ —            | \$ —        | \$ 168                    |
| Marketable securities | 10,772               | —               | —           | 10,772                    |
| Interest rate swap    | —                    | 1,807           | —           | 1,807                     |
| <b>Total</b>          | <b>\$ 10,940</b>     | <b>\$ 1,807</b> | <b>\$ —</b> | <b>\$ 12,747</b>          |

The valuation techniques used to measure fair value for the items in the tables above are as follows:

- Cash equivalents – This category consists of money market funds which are listed as Level 1 assets and measured at fair value based on quoted prices for identical instruments in active markets.
- Marketable securities – Marketable securities represent equity securities, which consist of common and preferred stocks, are actively traded on public exchanges and are listed as Level 1 assets. Fair value was measured based on quoted prices for these securities in active markets.
- Interest rate swap – The fair value of our interest rate swap is determined using a methodology of netting the discounted future fixed cash payments (or receipts) and the discounted expected variable cash receipts (or payments). The variable cash receipts (or payments) are based on the expectation of future interest rates (forward curves) derived from observed market interest rate curves. The fair value measurement also incorporates credit valuation adjustments to appropriately reflect both the Company’s nonperformance risk and the respective counterparty’s nonperformance risk.

Our Revolving Credit Facility, UACL Credit Agreement and Real Estate Facility consist of variable rate borrowings. We categorize borrowings under these credit agreements as Level 2 in the fair value hierarchy. The carrying value of these borrowings approximate fair value because the applicable interest rates are adjusted frequently based on short-term market rates.

For our Equipment Financing, the fair values are estimated using discounted cash flow analyses, based on our current incremental borrowing rates for similar types of borrowing arrangements. We categorize these borrowings as Level 2 in the fair value hierarchy. The carrying value and estimated fair value of these promissory notes at June 29, 2024 is summarized as follows:

|                            | Carrying Value | Estimated Fair Value |
|----------------------------|----------------|----------------------|
| Equipment promissory notes | \$ 234,940     | \$ 232,763           |

We have not elected the fair value option for any of our financial instruments.

**UNIVERSAL LOGISTICS HOLDINGS, INC.**  
Notes to Unaudited Consolidated Financial Statements - Continued

**(8) Leases**

As of June 29, 2024, our obligations under operating lease arrangements primarily related to the rental of office space, warehouses, freight distribution centers, terminal yards and equipment. Right-of-use assets represent our right to use an underlying asset over the lease term and lease liabilities represent the obligation to make lease payments resulting from the lease agreement. We recognize a right-of-use asset and a lease liability on the effective date of a lease agreement. These assets and liabilities are recognized based on the present value of future minimum lease payments over the lease term at commencement date, using our incremental borrowing rate as of the respective dates of lease inception, as the rate implicit in each lease is not readily determinable.

Our lease obligations typically do not include options to purchase the leased property, nor do they contain residual value guarantees or material restrictive covenants. Options to extend or terminate an agreement are included in the lease term when it becomes reasonably certain the option will be exercised. As of June 29, 2024, we were not reasonably certain of exercising any renewal or termination options, and as such, no adjustments were made to the right-of-use lease assets or corresponding liabilities.

Leases with an initial term of 12 months or less, short-term leases, are not recorded on the balance sheet. Lease expense for short-term and long-term operating leases is recognized on a straight-line basis over the lease term. For facility leases, variable lease costs include the costs of common area maintenance, taxes, and insurance for which we pay the lessors an estimate that is adjusted to actual expense on a quarterly or annual basis depending on the underlying contract terms. For equipment leases, variable lease costs may include additional fees associated with using equipment in excess of estimated amounts.

The following table summarizes our lease costs for the thirteen weeks and twenty-six weeks ended June 29, 2024 and July 1, 2023 (in thousands):

|                       | <b>Thirteen Weeks Ended June 29, 2024</b> |                           |                  |
|-----------------------|---|---------------------------|------------------|
|                       | <b>With Affiliates</b>                    | <b>With Third Parties</b> | <b>Total</b>     |
| <b>Lease cost</b>     |   |                           |                  |
| Operating lease cost  | \$ 2,679                                  | \$ 6,360                  | \$ 9,039         |
| Short-term lease cost | 72  | 2,628                     | 2,700            |
| Variable lease cost   | 239                                       | 1,069                     | 1,308            |
| Total lease cost      | <u>\$ 2,990</u>                           | <u>\$ 10,057</u>          | <u>\$ 13,047</u> |
|                       |   |                           |                  |
|                       | <b>Thirteen Weeks Ended July 1, 2023</b>  |                           |                  |
|                       | <b>With Affiliates</b>                    | <b>With Third Parties</b> | <b>Total</b>     |
| <b>Lease cost</b>     |   |                           |                  |
| Operating lease cost  | \$ 2,368                                  | \$ 6,836                  | \$ 9,204         |
| Short-term lease cost | 19  | 4,921                     | 4,940            |
| Variable lease cost   | 223                                       | 834                       | 1,057            |
| Total lease cost      | <u>\$ 2,610</u>                           | <u>\$ 12,591</u>          | <u>\$ 15,201</u> |

**UNIVERSAL LOGISTICS HOLDINGS, INC.**  
Notes to Unaudited Consolidated Financial Statements - Continued

**(8) Leases – continued**

|                       | Twenty-six Weeks Ended June 29, 2024 |                    |                  |
|-----------------------|--------------------------------------|--------------------|------------------|
|                       | With Affiliates                      | With Third Parties | Total            |
| <b>Lease cost</b>     |                                      |                    |                  |
| Operating lease cost  | \$ 5,104                             | \$ 12,735          | \$ 17,839        |
| Short-term lease cost | 89                                   | 5,363              | 5,452            |
| Variable lease cost   | 481                                  | 2,276              | 2,757            |
| Total lease cost      | <u>\$ 5,674</u>                      | <u>\$ 20,374</u>   | <u>\$ 26,048</u> |

|                       | Twenty-six Weeks Ended July 1, 2023 |                    |                  |
|-----------------------|-------------------------------------|--------------------|------------------|
|                       | With Affiliates                     | With Third Parties | Total            |
| <b>Lease cost</b>     |                                     |                    |                  |
| Operating lease cost  | \$ 4,779                            | \$ 13,455          | \$ 18,234        |
| Short-term lease cost | 26                                  | 8,950              | 8,976            |
| Variable lease cost   | 422                                 | 1,433              | 1,855            |
| Total lease cost      | <u>\$ 5,227</u>                     | <u>\$ 23,838</u>   | <u>\$ 29,065</u> |

The following table summarizes other lease related information as of and for the twenty-six week periods ended June 29, 2024 and July 1, 2023 (in thousands):

|  | June 29, 2024   |                    |           |
|--|-----------------|--------------------|-----------|
|  | With Affiliates | With Third Parties | Total     |
| <b>Other information</b>   |                 |                    |           |
| Cash paid for amounts included in the measurement of operating leases        | \$ 5,122        | \$ 13,107          | \$ 18,229 |
| Right-of-use assets obtained in exchange for new operating lease liabilities | \$ 3,916        | \$ 2,519           | \$ 6,435  |
| Weighted-average remaining lease term (in years)                             | 3.8             | 2.8                | 3.2       |
| Weighted-average discount rate   | 7.7%            | 5.6%               | 6.3%      |

|  | July 1, 2023    |                    |           |
|--|-----------------|--------------------|-----------|
|  | With Affiliates | With Third Parties | Total     |
| <b>Other information</b>   |                 |                    |           |
| Cash paid for amounts included in the measurement of operating leases        | \$ 4,706        | \$ 13,315          | \$ 18,021 |
| Right-of-use assets obtained in exchange for new operating lease liabilities | \$ 145          | \$ 13,897          | \$ 14,042 |
| Right-of-use assets change due to lease termination                          | \$ (64)         | \$ (66)            | \$ (130)  |
| Weighted-average remaining lease term (in years)                             | 4.6             | 3.6                | 3.9       |
| Weighted-average discount rate   | 7.3%            | 5.3%               | 5.9%      |

**UNIVERSAL LOGISTICS HOLDINGS, INC.**  
Notes to Unaudited Consolidated Financial Statements - Continued

**(8) Leases – continued**

Future minimum lease payments under these operating leases as of June 29, 2024, are as follows (in thousands):

|                                    | With Affiliates  | With Third Parties | Total            |
|------------------------------------|------------------|--------------------|------------------|
| 2024 (remaining)                   | \$ 4,885         | \$ 13,083          | \$ 17,968        |
| 2025                               | 8,121            | 21,848             | 29,969           |
| 2026                               | 5,534            | 17,895             | 23,429           |
| 2027                               | 4,430            | 8,670              | 13,100           |
| 2028                               | 4,246            | 1,333              | 5,579            |
| Thereafter                         | 3,206            | —                  | 3,206            |
| Total required lease payments      | <u>\$ 30,422</u> | <u>\$ 62,829</u>   | <u>\$ 93,251</u> |
| Less amounts representing interest |                  |                    | (9,746)          |
| Present value of lease liabilities |                  |                    | <u>\$ 83,505</u> |

**(9) Transactions with Affiliates**

Matthew T. Moroun is Chair of our Board of Directors and his son, Matthew J. Moroun, is a member of our Board of Directors. Certain Moroun family trusts beneficially own a majority of our outstanding shares. Matthew T. Moroun is trustee of these trusts with investment authority over the shares, and Frederick P. Calderone, a member of our Board of Directors, is special trustee of these trusts with voting authority over the shares. The Moroun family also owns or significantly influences the management and operating policies of other businesses engaged in transportation, insurance, business services, and real estate development and management. In the ordinary course of business, we procure from these companies certain supplementary administrative support services, including legal, human resources, tax, and IT infrastructure services. The Audit Committee of our Board of Directors reviews and approves related party transactions. The cost of these services is based on the actual or estimated utilization of the specific service.

We also purchase other services from our affiliates. Following is a schedule of cost incurred and included in operating expenses for services provided by affiliates for the thirteen weeks and twenty-six weeks ended June 29, 2024 and July 1, 2023, respectively (in thousands):

|   | Thirteen Weeks Ended |                  | Twenty-six Weeks Ended |                  |
|---|----------------------|------------------|------------------------|------------------|
|   | June 29,<br>2024     | July 1,<br>2023  | June 29,<br>2024       | July 1,<br>2023  |
| Insurance   | \$ 20,567            | \$ 18,872        | \$ 41,989              | \$ 39,127        |
| Real estate rent and related costs                | 6,371                | 3,271            | 9,879                  | 6,538            |
| Administrative support services                   | 3,001                | 624              | 4,867                  | 2,228            |
| Truck fuel, maintenance and other operating costs | 3,885                | 1,856            | 8,226                  | 3,794            |
| Contracted transportation services                | 40                   | 58               | 75                     | 171              |
| Total   | <u>\$ 33,864</u>     | <u>\$ 24,681</u> | <u>\$ 65,036</u>       | <u>\$ 51,858</u> |

We pay the direct variable cost of maintenance, fueling and other operational support costs for services delivered at our affiliate's trucking terminals that are geographically remote from our own facilities. Such costs are billed when incurred, paid on a routine basis, and reflect actual labor utilization, repair parts costs or quantities of fuel purchased.

We lease 28 facilities from related parties. Our occupancy is based on either month-to-month or contractual, multi-year lease arrangements that are billed and paid monthly. Leasing properties from a related party affords us significant operating flexibility; however, we are not limited to such arrangements. See Note 8, "Leases" for further information regarding the cost of leased properties.

We purchase employee medical, workers' compensation, property and casualty, cargo, warehousing and other general liability insurance from an insurance company controlled by our controlling shareholder. In our Consolidated Balance Sheets, we record our insured claims liability and the related recovery in insurance and claims, and other receivables. At June 29, 2024 and December 31, 2023, there were \$17.5 million and \$14.3 million, respectively, included in each of these accounts for insured claims.

**UNIVERSAL LOGISTICS HOLDINGS, INC.**  
Notes to Unaudited Consolidated Financial Statements - Continued

**(9) Transactions with Affiliates – continued**

Other services from affiliates, including contracted transportation services, are delivered to us on a per-transaction basis or pursuant to separate contractual arrangements provided in the ordinary course of business. At June 29, 2024 and December 31, 2023, amounts due to affiliates were \$20.4 million and \$20.7 million, respectively.

During the twenty-six weeks ended June 29, 2024, we purchased trailers from an affiliate totaling \$3.1 million. During the twenty-six weeks ended July 1, 2023, we purchased used tractors from an affiliate totaling \$6.3 million.

In June 2022, we executed a real estate contract with an affiliate to acquire a multi-building, office complex located in Warren, Michigan for \$8.3 million. The purchase price was established by an independent, third-party appraisal. The Company made an initial deposit of \$0.2 million in 2022, and paid the balance at closing in the first quarter of 2023.

*Services provided by Universal to Affiliates*

We periodically assist our affiliates by providing selected transportation and logistics services in connection with their specific customer contracts or purchase orders. We may also lease facilities to our affiliates on an as-needed basis. Truck fueling and administrative expenses are presented net in operating expense. Following is a schedule of services provided to affiliates for the thirteen weeks and twenty-six weeks ended June 29, 2024 and July 1, 2023 (in thousands):

|                                    | Thirteen Weeks Ended |                 | Twenty-six Weeks Ended |                 |
|------------------------------------|----------------------|-----------------|------------------------|-----------------|
|                                    | June 29,<br>2024     | July 1,<br>2023 | June 29,<br>2024       | July 1,<br>2023 |
| Contracted transportation services | \$ 168               | \$ 1,766        | \$ 398                 | \$ 1,868        |
| Facilities and related support     | 430                  | 60              | 1,090                  | 120             |
| <b>Total</b>                       | <b>\$ 598</b>        | <b>\$ 1,826</b> | <b>\$ 1,488</b>        | <b>\$ 1,988</b> |

At June 29, 2024 and December 31, 2023, amounts due from affiliates were \$0.8 million and \$0.7 million, respectively.

**(10) Stock Based Compensation**

In May 2024, we granted 1,545 shares of common stock under our equity plan to non-employee directors. These restricted stock awards have a fair value of \$45.22 per share, based on the closing price of our stock on the grant date, and vested immediately.

In February 2024, we granted 21,105 shares of restricted stock under our equity plan to certain employees, including 5,160 shares to our Chief Executive Officer and 5,223 shares to our Chief Financial Officer. The restricted stock awards have a grant date fair value of \$31.96 per share, based on the closing price of our stock. The shares will vest in four equal installments on each March 15 in 2025, 2026, 2027, and 2028, subject to their continued employment with us.

In May 2023, we granted 3,549 shares of common stock under our equity plan to non-employee directors. These restricted stock awards have a fair value of \$25.42 per share, based on the closing price of our stock on the grant date, and vested immediately.

In March 2023, we granted 34,611 shares of restricted stock under our equity plan to certain employees, including 9,134 shares to our Chief Executive Officer and 8,441 shares to our Chief Financial Officer. The restricted stock awards have a grant date fair value of \$27.59 per share, based on the closing price of our stock. The shares will vest in four equal installments on each March 15 in 2024, 2025, 2026, and 2027, subject to their continued employment with us.

In September 2021, we granted 2,355 shares of restricted stock under our equity plan to one of our employees. This restricted stock award has a fair value of \$20.46 per share, based on the closing price of our stock on the grant date. The shares will vest in five equal increments on each August 9 in 2022, 2023, 2024, 2025 and 2026, subject to continued employment with us.

In February 2020, we granted 5,000 shares of restricted stock under our equity plan to our Chief Financial Officer. This restricted stock award has a fair value of \$17.74 per share, based on the closing price of our stock on the grant date. The shares vested on February 20, 2024.

In January 2020, we granted 60,000 shares of restricted stock under our equity plan to our Chief Executive Officer. This restricted stock award has a fair value of \$18.82 per share, based on the closing price of our stock on the grant date. The shares will vest in installments of 20,000 shares on January 10, 2024 and January 10, 2026, and installments of 10,000 shares on January 10, 2027 and January 10, 2028, subject to his continued employment with us.

A grantee's vesting of restricted stock awards may be accelerated under certain conditions, including retirement.



**UNIVERSAL LOGISTICS HOLDINGS, INC.**  
Notes to Unaudited Consolidated Financial Statements - Continued

**(10) Stock Based Compensation – continued**

The following table summarizes the status of our non-vested shares and related information for the period indicated:

|                               | Shares        | Weighted<br>Average Grant<br>Date Fair Value |
|-------------------------------|---------------|--|
| Non-vested at January 1, 2024 | 100,458       | \$ 21.76                                     |
| Granted                       | 22,650        | \$ 32.86                                     |
| Vested                        | (35,060)      | \$ 21.96                                     |
| Forfeited                     | —             | \$ —   |
| Balance at June 29, 2024      | <u>88,048</u> | <u>\$ 24.54</u>                              |

In the twenty-six week periods ended June 29, 2024 and July 1, 2023, the total grant date fair value of vested shares recognized as compensation costs was \$0.8 million and \$0.3 million, respectively. Included in compensation cost during both the twenty-six week periods ended June 29, 2024 and July 1, 2023 was approximately \$0.1 million recognized as a result of the grants of shares of stock to non-employee directors. As of June 29, 2024, there was approximately \$2.2 million of total unrecognized compensation cost related to non-vested share-based compensation arrangements. That cost is expected to be recognized on a straight-line basis over the remaining vesting period. As a result, we expect to recognize stock-based compensation expense of \$0.4 million in 2025, \$0.8 million in 2026, \$0.6 million in 2027, and \$0.4 million in 2028.

**(11) Earnings Per Share**

Basic earnings per common share amounts are based on the weighted average number of common shares outstanding, excluding outstanding non-vested restricted stock. Diluted earnings per common share include dilutive common stock equivalents determined by the treasury stock method. For the thirteen weeks and twenty-six weeks ended June 29, 2024, there were 34,962 and 28,789 weighted average non-vested shares of restricted stock, respectively, included in the denominator for the calculation of diluted earnings per share. For the thirteen weeks and twenty-six weeks ended July 1, 2023, 21,634 and 27,954 weighted average non-vested shares of restricted stock, respectively, were included in the denominator for the calculation of diluted earnings per share.

No shares of non-vested restricted stock were excluded from the calculation of diluted earnings per share because such shares were anti-dilutive during the thirteen weeks or twenty-six weeks ended June 29, 2024 or July 1, 2023.

**(12) Dividends**

On April 25, 2024, our Board of Directors declared a cash dividend of \$0.105 per share of common stock, payable on July 1, 2024 to shareholders of record at the close of business on June 3, 2024. Declaration of future cash dividends is subject to final determination by the Board of Directors each quarter after its review of our financial condition, results of operations, capital requirements, any legal or contractual restrictions on the payment of dividends and other factors the Board of Directors deems relevant.

**UNIVERSAL LOGISTICS HOLDINGS, INC.**  
Notes to Unaudited Consolidated Financial Statements - Continued

**(13) Segment Reporting**

We report our financial results in four distinct reportable segments: contract logistics, intermodal, trucking, and company-managed brokerage, which are based primarily on the services each segment provides. This presentation reflects the manner in which management evaluates our operating segments, including an evaluation of economic characteristics and applicable aggregation criteria.

Operations aggregated in our contract logistics segment deliver value-added and/or dedicated transportation services to support in-bound logistics to original equipment manufacturers (OEMs) and major retailers on a contractual basis, generally pursuant to terms of one year or longer. Our intermodal segment is associated with local and regional drayage moves coordinated by company-managed terminals using a mix of owner-operators, company equipment and third-party capacity providers (broker carriers). Operations aggregated in our trucking segment are associated with individual freight shipments coordinated primarily by our agents using a mix of owner-operators, company equipment and broker carriers. Our company-managed brokerage segment provides for the pick-up and delivery of individual freight shipments using broker carriers, coordinated by our company-managed operations. Other non-reportable segments are comprised of the Company's subsidiaries that provide support services to other subsidiaries.

Separate balance sheets are not prepared by segment, and we do not provide asset information by segment to the chief operating decision maker.

The following tables summarize information about our reportable segments for the thirteen week and twenty-six week periods ended June 29, 2024 and July 1, 2023 (in thousands):

|                                 | <b>Operating Revenues</b>   |                         |                               |                         |
|---------------------------------|-----------------------------|-------------------------|-------------------------------|-------------------------|
|                                 | <b>Thirteen Weeks Ended</b> |                         | <b>Twenty-six Weeks Ended</b> |                         |
|                                 | <b>June 29,<br/>2024</b>    | <b>July 1,<br/>2023</b> | <b>June 29,<br/>2024</b>      | <b>July 1,<br/>2023</b> |
| Contract logistics              | \$ 263,558                  | \$ 208,802              | \$ 577,106                    | \$ 420,098              |
| Intermodal                      | 78,069                      | 91,585                  | 154,784                       | 202,611                 |
| Trucking                        | 91,440                      | 81,243                  | 161,095                       | 160,958                 |
| Company-managed brokerage       | 28,142                      | 29,595                  | 59,142                        | 63,551                  |
| Other                           | 955                         | 1,347                   | 1,943                         | 2,750                   |
| <b>Total operating revenues</b> | <b>\$ 462,164</b>           | <b>\$ 412,572</b>       | <b>\$ 954,070</b>             | <b>\$ 849,968</b>       |

|  | <b>Eliminated Inter-segment Revenues</b> |                         |                               |                         |
|--|--|-------------------------|-------------------------------|-------------------------|
|  | <b>Thirteen Weeks Ended</b>              |                         | <b>Twenty-six Weeks Ended</b> |                         |
|  | <b>June 29,<br/>2024</b>                 | <b>July 1,<br/>2023</b> | <b>June 29,<br/>2024</b>      | <b>July 1,<br/>2023</b> |
| Contract logistics                             | \$ 46                                    | \$ 136                  | \$ 118                        | \$ 436                  |
| Intermodal                                     | 636                                      | 844                     | 1,073                         | 1,809                   |
| Trucking                                       | 84                                       | 198                     | 139                           | 339                     |
| Company-managed brokerage                      | 153                                      | 932                     | 647                           | 1,838                   |
| <b>Total eliminated inter-segment revenues</b> | <b>\$ 919</b>                            | <b>\$ 2,110</b>         | <b>\$ 1,977</b>               | <b>\$ 4,422</b>         |

|                                     | <b>Income from Operations</b> |                         |                               |                         |
|-------------------------------------|-------------------------------|-------------------------|-------------------------------|-------------------------|
|                                     | <b>Thirteen Weeks Ended</b>   |                         | <b>Twenty-six Weeks Ended</b> |                         |
|                                     | <b>June 29,<br/>2024</b>      | <b>July 1,<br/>2023</b> | <b>June 29,<br/>2024</b>      | <b>July 1,<br/>2023</b> |
| Contract logistics                  | \$ 52,901                     | \$ 32,789               | \$ 134,367                    | \$ 60,570               |
| Intermodal                          | (8,301)                       | (246)                   | (16,347)                      | 6,565                   |
| Trucking                            | 4,384                         | 4,423                   | 8,053                         | 8,212                   |
| Company-managed brokerage           | (2,237)                       | (786)                   | (4,725)                       | (1,160)                 |
| Other                               | 356                           | 215                     | 846                           | 404                     |
| <b>Total income from operations</b> | <b>\$ 47,103</b>              | <b>\$ 36,395</b>        | <b>\$ 122,194</b>             | <b>\$ 74,591</b>        |

**(14) Treasury Stock**

During the first quarter of 2024, we retired 4,722,877 shares of our treasury stock. Upon retirement of the treasury shares, we allocated the excess of the repurchase price over the par value of shares acquired to both retained earnings and paid-in capital. The portion allocated to paid-in capital was determined by applying the average paid-in capital per share, and the remaining portion was recorded to retained earnings. There was no effect on the Company's overall equity position due to the retirement of treasury shares.

The Company accounts for treasury stock using the cost method. As of June 29, 2024, 1,957 shares were held in treasury at an aggregate cost of approximately \$0.1 million.

**(15) Commitments and Contingencies**

Our principal commitments relate to long-term real estate leases and payment obligations to equipment vendors.

We are involved in certain other claims and pending litigation arising in the ordinary conduct of business. We also provide accruals for claims within our self-insured retention amounts. Based on the knowledge of the facts, and in certain cases, opinions of outside counsel, in our opinion the resolution of these claims and pending litigation will not have a material effect on our financial position, results of operations or cash flows. However, if we experience claims that are not covered by our insurance or that exceed our estimated claim reserve, it could increase the volatility of our earnings and have a materially adverse effect on our financial condition, results of operations or cash flows.

At June 29, 2024, approximately 34% of our employees were subject to collective bargaining agreements that are renegotiated periodically, 37% of which are subject to contracts that expire in 2024.

**(16) Subsequent Events**

On July 25, 2024, our Board of Directors declared a cash dividend of \$0.105 per share of common stock, payable on October 1, 2024 to shareholders of record at the close of business on September 2, 2024. Declaration of future cash dividends is subject to final determination by the Board of Directors each quarter after its review of our financial condition, results of operations, capital requirements, any legal or contractual restrictions on the payment of dividends and other factors the Board of Directors deems relevant.

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

*Some of the statements and assumptions in this Form 10-Q are forward-looking statements. These statements identify prospective information. Important factors could cause actual results to differ, possibly materially, from those in the forward-looking statements. In some cases you can identify forward-looking statements by words such as "anticipate," "expect," "believe," "targets," "could," "estimate," "plan," "intend," "may," "should," "will" and "would" or other similar words. You should read statements that contain these words carefully because they discuss our future expectations, contain projections of our future results of operations or of our financial position or state other "forward-looking" information. Forward-looking statements should not be read as a guarantee of future performance or results, and will not necessarily be accurate indications of the times at, or by which, such performance or results will be achieved. Forward-looking information is based on information available at the time and/or management's good faith belief with respect to future events, and is subject to risks and uncertainties that could cause actual performance or results to differ materially from those expressed in the statements. The factors listed in the section captioned "Risk Factors" in Part I, Item 1A in our Form 10-K for the year ended December 31, 2023 and Part II, Item 1A of this Form 10-Q, as well as any other cautionary language in these filings, provide examples of risks, uncertainties and events that may cause our actual results to differ materially from the expectations we describe in our forward-looking statements.*

*Forward-looking statements speak only as of the date the statements are made. We assume no obligation to update forward-looking statements to reflect actual results, changes in assumptions or changes in other factors affecting forward-looking information except to the extent required by applicable securities laws. If we do update one or more forward-looking statements, no inference should be drawn that we will make additional updates with respect thereto or with respect to other forward-looking statements.*

### Overview

Universal Logistics Holdings, Inc. is a holding company whose subsidiaries provide a variety of customized transportation and logistics solutions throughout the United States and in Mexico, Canada and Colombia. Our operating subsidiaries provide customers a broad scope of services across their entire supply chain, including truckload, brokerage, intermodal, dedicated and value-added services.

Our operating subsidiaries provide a comprehensive suite of transportation and logistics solutions that allow our customers and clients to reduce costs and manage their global supply chains more efficiently. We market our services through a direct sales and marketing network focused on selling our portfolio of services to large customers in specific industry sectors, through a network of agents who solicit freight business directly from shippers, and through company-managed facilities and full-service freight forwarding and customs house brokerage offices. We believe our flexible business model is highly scalable and will continue to support our growth with comparatively modest capital expenditure requirements. Our business model, combined with a disciplined approach to contract structuring and pricing, creates a highly flexible cost structure that allows us to expand and contract quickly in response to changes in demand from our customers.

We generate substantially all of our revenues through fees charged to customers for the transportation of freight and for the customized logistics services we provide. We also derive revenue from fuel surcharges, where separately identifiable, loading and unloading activities, equipment detention, container management and storage and other related services. Operations aggregated in our transportation segment are associated with individual freight shipments coordinated by our agents, company-managed terminals and specialized services operations. In contrast, operations aggregated in our logistics segment deliver value-added services and transportation services to specific customers on a dedicated basis, generally pursuant to contract terms of one year or longer. Our segments are distinguished by the amount of forward visibility we have in regard to pricing and volumes, and also by the extent to which we dedicate resources and Company-owned equipment.

The following discussion of the Company's financial condition and results of operations should be read in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations and Consolidated Financial Statements and related notes included in our Annual Report on Form 10-K for the year ended December 31, 2023 and the unaudited Consolidated Financial Statements and related notes contained in this Quarterly Report on Form 10-Q.

### Current Economic Conditions

A prolonged period of inflationary pressures could cause interest rates, equipment, maintenance, labor and other operating costs to continue to increase. If the Company is unable to offset rising costs through corresponding customer rate increases, such increases could adversely affect our results of operations.

While operating cash flows may be negatively impacted by inflation-driven cost increases, the Company believes we will be able to finance our near term needs for working capital over the next twelve months, as well as any planned capital expenditures during such period, with cash balances, cash flows from operations, and loans and extensions of credit under our credit facilities and on margin against our marketable securities. Should the impact of inflation-driven cost increases last longer than anticipated, and/or our cash flow from operations decline more than expected, we may need to obtain additional financing. The Company's ability to fund future operating expenses and capital expenditures, as well as its ability to meet future debt service obligations or refinance indebtedness will depend on future operating performance, which will be affected by general economic, financial, and other factors beyond our control.

## Operating Revenues

For financial reporting, we broadly group our services into the following categories: truckload services, brokerage services, intermodal services, dedicated services and value-added services. Our truckload, brokerage and intermodal services are associated with individual freight shipments coordinated by our agents and company-managed terminals, while our dedicated and value-added services are specific to customers on a contractual basis, generally pursuant to contract terms of one year or longer. The following table sets forth operating revenues resulting from each of these categories for the thirteen weeks and twenty-six weeks ended June 29, 2024 and July 1, 2023, presented as a percentage of total operating revenues:

|                          | Thirteen Weeks Ended |              | Twenty-six Weeks Ended |              |
|--------------------------|----------------------|--------------|------------------------|--------------|
|                          | June 29, 2024        | July 1, 2023 | June 29, 2024          | July 1, 2023 |
| Operating revenues:      |                      |              |                        |              |
| Truckload services       | 14.5 %               | 12.6 %       | 11.4 %                 | 11.6 %       |
| Brokerage services       | 11.6                 | 14.6         | 11.9                   | 15.2         |
| Intermodal services      | 16.9                 | 22.2         | 16.2                   | 23.8         |
| Dedicated services       | 19.6                 | 20.9         | 18.8                   | 20.2         |
| Value-added services     | 37.4                 | 29.7         | 41.7                   | 29.2         |
| Total operating revenues | 100.0 %              | 100.0 %      | 100.0 %                | 100.0 %      |

## Results of Operations

### Thirteen Weeks Ended June 29, 2024 Compared to Thirteen Weeks Ended July 1, 2023

The following table sets forth items derived from our consolidated statements of income for the thirteen weeks ended June 29, 2024 and July 1, 2023, presented as a percentage of operating revenues:

| (Dollars in millions)                       | Thirteen Weeks Ended |         |              |         |                                 |
|---|----------------------|---------|--------------|---------|---------------------------------|
|   | June 29, 2024        |         | July 1, 2023 |         | Percent Change in Dollar Amount |
|   | \$                   | %       | \$           | %       |                                 |
| Operating revenues                          | \$ 462,164           | 100.0 % | \$ 412,572   | 100.0 % | 12.0 %                          |
| Operating expenses:                         |                      |         |              |         |                                 |
| Purchased transportation and equipment rent | 137,295              | 29.7    | 139,879      | 33.9    | (1.8)                           |
| Direct personnel and related benefits       | 135,495              | 29.3    | 138,046      | 33.5    | (1.8)                           |
| Operating supplies and expenses             | 63,558               | 13.8    | 41,101       | 10.0    | 54.6                            |
| Commission expense                          | 8,890                | 1.9     | 7,643        | 1.9     | 16.3                            |
| Occupancy expense                           | 10,442               | 2.3     | 11,041       | 2.7     | (5.4)                           |
| General and administrative                  | 14,699               | 3.2     | 13,418       | 3.3     | 9.5                             |
| Insurance and claims                        | 7,873                | 1.7     | 5,889        | 1.4     | 33.7                            |
| Depreciation and amortization               | 36,809               | 8.0     | 19,160       | 4.6     | 92.1                            |
| Total operating expenses                    | 415,061              | 89.8    | 376,177      | 91.2    | 10.3                            |
| Income from operations                      | 47,103               | 10.2    | 36,395       | 8.8     | 29.4                            |
| Interest expense, net                       | (6,883)              | (1.5)   | (5,121)      | (1.2)   | 34.4                            |
| Other non-operating income                  | 898                  | 0.2     | 284          | 0.1     | 216.2                           |
| Income before income taxes                  | 41,118               | 8.9     | 31,558       | 7.7     | 30.3                            |
| Income tax expense                          | 10,384               | 2.2     | 7,992        | 2.0     | 29.9                            |
| Net income                                  | \$ 30,734            | 6.7 %   | \$ 23,566    | 5.7 %   | 30.4 %                          |

*Operating revenues.* The overall increase in operating revenues was primarily due to an increase in our contract logistics segment revenues. This increase was partially offset by decreases in our transactional transportation-related services. The primary driver in our contract logistics segment was the recently awarded specialty development project. Operating revenues included separately-identified fuel surcharges of \$24.5 million in the second quarter 2024, compared to \$28.6 million in the second quarter 2023. Also included in operating revenues were other accessorial charges such as detention, demurrage and storage, which totaled \$8.1 million during the second quarter 2024 compared to \$13.4 million one year earlier.

*Purchased transportation and equipment rent.* Purchased transportation and equipment rent generally increases or decreases in proportion to the revenues generated through owner-operators and other third party providers. These fluctuations are generally correlated with changes in demand for transactional transportation-related services. The absolute decrease in purchased transportation and equipment rental costs was primarily the result of an overall decrease in transactional transportation-related services. In the second quarter 2024, transactional transportation-related service revenues decreased 2.5% compared to the prior year.

*Direct personnel and related benefits.* Trends in direct personnel and benefit costs are generally correlated with changes in operating facilities and headcount requirements and, therefore, fluctuate correspondingly with the level of demand for our staffing needs in our contract logistics segment, which includes value-added services and dedicated transportation, as well as the use of employee drivers in certain of our intermodal operations. The decrease in the second quarter 2024 was due to a decrease in headcount in our intermodal and value-added businesses. While generalizations about the impact of personnel and related benefits costs are difficult, we manage compensation and staffing levels, including the use of contract labor, to maintain target economics based on near-term projections of demand for our services.

*Operating supplies and expenses.* Operating supplies and expenses include items such as fuel, maintenance, cost of materials, communications, utilities and other operating expenses, and generally relate to fluctuations in customer demand. The main element driving the change was an increase in the expenses incurred in connection with the recently awarded contract logistics specialty development project.

*Commission expense.* Commission expense increased due to increased revenue in our agency-based truckload business.

*Occupancy expense.* The decrease in occupancy expense was attributable to a decrease in building rents. This was partially offset by an increase in property taxes.

*General and administrative.* The increase in general and administrative expense was primarily due to an increase in salaries, wages, and benefits as well as professional fees.

*Insurance and claims.* The increase in insurance and claims expense was primarily due to an increase in auto liability premiums as well as an increase in cargo claims expense.

*Depreciation and amortization.* The increase in depreciation and amortization expense resulted from a \$16.1 million increase in depreciation expense and a \$1.6 million increase in amortization expense. During the second quarter 2024, Universal revised the estimated useful life and salvage value of certain equipment, and these adjustments resulted in additional depreciation expense of \$11.3 million during the period.

*Interest expense, net.* The increase in net interest expense reflects an increase in our outstanding borrowings. As of June 29, 2024, our outstanding borrowings were \$487.8 million compared to \$382.0 million at July 1, 2023.

*Other non-operating income.* Other non-operating income increased by \$0.6 million in second quarter 2024 and includes a \$0.8 million favorable legal settlement.

*Income tax expense.* Our effective income tax rate was 25.3% in both the second quarter 2024 and 2023. The increase in income taxes is primarily the result of an increase in taxable income.

**Twenty-six Weeks Ended June 29, 2024 Compared to Thirteen Weeks Ended July 1, 2023**

The following table sets forth items derived from our consolidated statements of income for the twenty-six weeks ended June 29, 2024 and July 1, 2023, presented as a percentage of operating revenues:

| <i>(Dollars in millions)</i>                | Twenty-six Weeks Ended |        |                 |        |                                       |  |
|---|------------------------|--------|-----------------|--------|---------------------------------------|--|
|   | June 29,<br>2024       |        | July 1,<br>2023 |        | Percent<br>Change in<br>Dollar Amount |  |
|   | \$                     | %      | \$              | %      | %                                     |  |
| Operating revenues                          | \$ 954,070             | 100.0% | \$ 849,968      | 100.0% | 12.2%                                 |  |
| Operating expenses:                         |                        |        |                 |        |                                       |  |
| Purchased transportation and equipment rent | 261,928                | 27.5   | 295,964         | 34.8   | (11.5)                                |  |
| Direct personnel and related benefits       | 276,300                | 29.0   | 277,138         | 32.6   | (0.3)                                 |  |
| Operating supplies and expenses             | 156,382                | 16.4   | 87,290          | 10.3   | 79.2                                  |  |
| Commission expense                          | 15,500                 | 1.6    | 15,815          | 1.9    | (2.0)                                 |  |
| Occupancy expense                           | 21,010                 | 2.2    | 22,193          | 2.6    | (5.3)                                 |  |
| General and administrative                  | 28,205                 | 3.0    | 25,334          | 3.0    | 11.3                                  |  |
| Insurance and claims                        | 15,041                 | 1.6    | 13,968          | 1.6    | 7.7                                   |  |
| Depreciation and amortization               | 57,510                 | 6.0    | 37,675          | 4.4    | 52.6                                  |  |
| Total operating expenses                    | 831,876                | 87.2   | 775,377         | 91.2   | 7.3                                   |  |
| Income from operations                      | 122,194                | 12.8   | 74,591          | 8.8    | 63.8                                  |  |
| Interest expense, net                       | (12,962)               | (1.4)  | (10,096)        | (1.2)  | 28.4                                  |  |
| Other non-operating income                  | 2,003                  | 0.2    | 299             | 0.0    | 569.9                                 |  |
| Income before income taxes                  | 111,235                | 11.6   | 64,794          | 7.6    | 71.7                                  |  |
| Income tax expense                          | 28,044                 | 2.9    | 16,352          | 1.9    | 71.5                                  |  |
| Net income                                  | \$ 83,191              | 8.7%   | \$ 48,442       | 5.7%   | 71.7%                                 |  |

**Operating revenues.** The overall increase in operating revenues was primarily due to an increase in our contract logistics segment revenues. This increase was partially offset by decreases in our transactional transportation-related services. The primary driver in our contract logistics segment was the recently awarded specialty development project. Operating revenues included separately-identified fuel surcharges of \$49.3 million in the first half 2024, compared to \$62.6 million in the first half 2023. Also included in operating revenues were other accessorial charges such as detention, demurrage and storage, which totaled \$16.6 million during the first half 2024 compared to \$39.4 million one year earlier.

**Purchased transportation and equipment rent.** Purchased transportation and equipment rent generally increases or decreases in proportion to the revenues generated through owner-operators and other third party providers. These fluctuations are generally correlated with changes in demand for transactional transportation-related services. The absolute decrease in purchased transportation and equipment rental costs was primarily the result of an overall decrease in transactional transportation-related services. In the first half 2024, transactional transportation-related service revenues decreased 12.3% compared to the prior year.

**Direct personnel and related benefits.** Trends in direct personnel and benefit costs are generally correlated with changes in operating facilities and headcount requirements and, therefore, fluctuate correspondingly with the level of demand for our staffing needs in our contract logistics segment, which includes value-added services and dedicated transportation, as well as the use of employee drivers in certain of our intermodal operations. The decrease in the first half 2024 was due to a decrease in headcount in our value-added business. While generalizations about the impact of personnel and related benefits costs are difficult, we manage compensation and staffing levels, including the use of contract labor, to maintain target economics based on near-term projections of demand for our services.

**Operating supplies and expenses.** Operating supplies and expenses include items such as fuel, maintenance, cost of materials, communications, utilities and other operating expenses, and generally relate to fluctuations in customer demand. The main element driving the change was an increase in the expenses incurred in connection with the recently awarded contract logistics specialty development project.

**Commission expense.** Commission expense decreased due to decreased brokerage revenue in our agency-based truckload business.

**Occupancy expense.** The decrease in occupancy expense was attributable to a decrease in building rents. This was partially offset by an increase in property taxes.

**General and administrative.** The increase in general and administrative expense was primarily due to an increase in salaries, wages, and benefits as well as professional fees.

**Insurance and claims.** The increase in insurance and claims expense was primarily due to an increase in auto liability premiums as well as an increase in cargo claims expense. This was partially offset by a decrease in auto liability claims expense.

*Depreciation and amortization.* The increase in depreciation and amortization expense resulted from a \$16.6 million increase in depreciation expense and a \$3.2 million increase in amortization expense. During the first half 2024, Universal revised the estimated useful life and salvage value of certain equipment, and these adjustments resulted in additional depreciation expense of \$11.3 million during the period.

*Interest expense, net.* The increase in net interest expense reflects an increase in our outstanding borrowings. As of June 29, 2024, our outstanding borrowings were \$487.8 million compared to \$382.0 million at July 1, 2023.

*Other non-operating income.* Other non-operating income increased by \$1.7 million in first half 2024 and includes a \$0.8 million pre-tax holding gain on marketable securities due to changes in fair value recognized in income and a \$0.8 million favorable legal settlement.

*Income tax expense.* Our effective income tax rate was 25.2% in both the first half 2024 and 2023. The increase in income taxes is primarily the result of an increase in taxable income.

## Segment Financial Results

We report our financial results in four distinct reportable segments: contract logistics, intermodal, trucking, and company-managed brokerage, which are based primarily on the services each segment provides. This presentation reflects the manner in which management evaluates our operating segments, including an evaluation of economic characteristics and applicable aggregation criteria.

The following tables summarize information about our reportable segments for the thirteen week and twenty-six week periods ended June 29, 2024 and July 1, 2023 (in thousands):

|                           | Operating Revenues   |                   |                        |                   |
|---------------------------|----------------------|-------------------|------------------------|-------------------|
|                           | Thirteen Weeks Ended |                   | Twenty-six Weeks Ended |                   |
|                           | June 29, 2024        | July 1, 2023      | June 29, 2024          | July 1, 2023      |
| Contract logistics        | \$ 263,558           | \$ 208,802        | \$ 577,106             | \$ 420,098        |
| Intermodal                | 78,069               | 91,585            | 154,784                | 202,611           |
| Trucking                  | 91,440               | 81,243            | 161,095                | 160,958           |
| Company-managed brokerage | 28,142               | 29,595            | 59,142                 | 63,551            |
| Other                     | 955                  | 1,347             | 1,943                  | 2,750             |
| Total operating revenues  | <u>\$ 462,164</u>    | <u>\$ 412,572</u> | <u>\$ 954,070</u>      | <u>\$ 849,968</u> |

|                              | Income from Operations |                  |                        |                  |
|------------------------------|------------------------|------------------|------------------------|------------------|
|                              | Thirteen Weeks Ended   |                  | Twenty-six Weeks Ended |                  |
|                              | June 29, 2024          | July 1, 2023     | June 29, 2024          | July 1, 2023     |
| Contract logistics           | \$ 52,901              | \$ 32,789        | \$ 134,367             | \$ 60,570        |
| Intermodal                   | (8,301)                | (246)            | (16,347)               | 6,565            |
| Trucking                     | 4,384                  | 4,423            | 8,053                  | 8,212            |
| Company-managed brokerage    | (2,237)                | (786)            | (4,725)                | (1,160)          |
| Other                        | 356                    | 215              | 846                    | 404              |
| Total income from operations | <u>\$ 47,103</u>       | <u>\$ 36,395</u> | <u>\$ 122,194</u>      | <u>\$ 74,591</u> |

### Thirteen Weeks Ended June 29, 2024 Compared to Thirteen Weeks Ended July 1, 2023

In the contract logistics segment, which includes our value-added and dedicated services, operating revenues increased 26.2%. The increase in operating revenues was primarily due to our recently awarded specialty development project. At the end of the second quarter 2024, we managed 68 value-added programs, unchanged from the second quarter 2023. Included in contract logistics segment revenues for the thirteen weeks ended June 29, 2024, were \$8.0 million in separately identified fuel surcharges from dedicated transportation services, compared to \$8.6 million in the same period last year. Income from operations increased \$20.1 million and operating margin, as a percentage of revenue was 20.1% for the second quarter 2024, compared to 15.7% in the second quarter 2023.

Operating revenues in the intermodal segment decreased 14.8% primarily due to a decrease in the average operating revenue per load and the number of loads hauled. Included in intermodal segment revenues for the second quarter 2024 were \$10.9 million in separately identified fuel surcharges, compared to \$13.6 million in the same period last year. Intermodal segment revenues also include other accessorial charges such as detention, demurrage and storage, which totaled \$8.1 million during the second quarter 2024 compared to \$13.4 million in the second quarter 2023. Load volumes declined 4.1%, while the average operating revenue per load, excluding fuel surcharges, fell 5.9% on a year-over-year basis. As a percentage of revenue, operating margin in the intermodal segment for the second quarter 2024 was (10.6)%, compared to (0.3)% one year earlier.



In the trucking segment, operating revenues increased 12.6% primarily due to an increase in the average revenue per load, excluding fuel surcharges. Second quarter 2024 trucking segment revenues included \$25.5 million of brokerage services compared to \$30.7 million during the same period last year. Also included in our trucking segment revenues were \$5.7 million in separately identified fuel surcharges during the second quarter 2024 compared to \$6.4 million in fuel surcharges in the second quarter 2023. On a year-over-year basis, load volumes declined 11.1%; however, the average operating revenue per load, excluding fuel surcharges, increased 28.5%, supported by our specialty, heavy-haul wind business. As a percentage of revenue, operating margin in the trucking segment for the thirteen weeks ended June 29, 2024, was 4.8% compared to 5.4% for the thirteen weeks ended July 1, 2023.

Operating revenues in the company-managed brokerage segment decreased 4.9% primarily due to a decrease in the average operating revenue per load. On a year-over-year basis, average operating revenue per load in the company-managed brokerage segment decreased 21.9%. This was partially offset by a 20.1% increase in load volumes. As a percentage of revenue, operating margin for the second quarter 2024 was (7.9)% compared to (2.7)% during the same period last year.

#### ***Twenty-six Weeks Ended June 29, 2024 Compared to Twenty-six Weeks Ended July 1, 2023***

In the contract logistics segment, which includes our value-added and dedicated services, operating revenues increased 37.4%. The increase in operating revenues was primarily due to our recently awarded specialty development project. At the end of the first half 2024, we managed 68 value-added programs, unchanged from the first half 2023. Included in contract logistics segment revenues for the twenty-six weeks ended June 29, 2024, were \$16.6 million in separately identified fuel surcharges from dedicated transportation services, compared to \$18.3 million in the same period last year. Income from operations increased \$73.8 million and operating margin, as a percentage of revenue was 23.3% for the first half 2024, compared to 14.4% in the first half 2023.

Operating revenues in the intermodal segment decreased 23.6% primarily due to a decrease in the average operating revenue per load and the number of loads hauled. Included in intermodal segment revenues for the first half 2024 were \$21.5 million in separately identified fuel surcharges, compared to \$30.7 million in the same period last year. Intermodal segment revenues also include other accessorial charges such as detention, demurrage and storage, which totaled \$16.6 million during the first half 2024 compared to \$39.4 million in the first half 2023. Load volumes declined 9.3%, while the average operating revenue per load, excluding fuel surcharges, fell 3.1% on a year-over-year basis. As a percentage of revenue, operating margin in the intermodal segment for the first half 2024 was (10.6)%, compared to (3.2)% one year earlier.

In the trucking segment, operating revenues increased 0.1% primarily due to an increase in the average revenue per load, excluding fuel surcharges. First half 2024 trucking segment revenues included \$54.1 million of brokerage services compared to \$65.4 million during the same period last year. Also included in our trucking segment revenues were \$11.1 million in separately identified fuel surcharges during the first half 2024 compared to \$13.5 million in fuel surcharges in the first half 2023. On a year-over-year basis, load volumes declined 9.1%; however, the average operating revenue per load, excluding fuel surcharges, increased 11.1%, supported by our specialty, heavy-haul wind business. As a percentage of revenue, operating margin in the trucking segment for the twenty-six weeks ended June 29, 2024, was 5.0% compared to 5.1% for the twenty-six weeks ended July 1, 2023.

Operating revenues in the company-managed brokerage segment decreased 6.9% primarily due to a decrease in the average operating revenue per load. On a year-over-year basis, average operating revenue per load in the company-managed brokerage segment decreased 20.3%. This was partially offset by a 13.7% increase in load volumes. As a percentage of revenue, operating margin for the first half 2024 was (8.0)% compared to (1.8)% during the same period last year.

## **Liquidity and Capital Resources**

Our primary sources of liquidity are funds generated by operations, loans and extensions of credit under our credit facilities, on margin against our marketable securities and from installment notes, and proceeds from the sales of marketable securities. We use secured asset lending to fund a substantial portion of purchases of tractors, trailers and material handling equipment.

We employ a flexible operating strategy which we believe lowers our capital expenditure requirements. In general, our facilities used in our value-added services are leased on terms that are either substantially matched to our customer's contracts, are month-to-month or are provided to us by our customers. We also utilize owner-operators and third-party carriers to provide a significant portion of our transportation and specialized services. A significant portion of the tractors and trailers used in our business are provided by our owner-operators. In addition, our use of agents reduces our overall need for large terminals. As a result, our capital expenditure requirements are limited in comparison to most large transportation and logistics service providers, which maintain significant properties and sizable fleets of owned tractors and trailers.

During the twenty-six weeks ended June 29, 2024, our capital expenditures totaled \$145.7 million. These expenditures primarily consisted of transportation equipment, investments in support of our value-added service operations and the expansion of our terminal network. Our flexible business model depends somewhat on the customized solutions we implement for specific customers. As a result, our capital expenditures will depend on specific new contracts and the overall age and condition of our owned transportation equipment. Through the remainder of 2024, we expect our capital expenditures to be in the range of \$170 million to \$185 million. We expect to make these capital expenditures for the acquisition of transportation equipment, to support new and existing value-added service operations, to expand our owned terminal network, and for improvements to our existing terminal yard and container facilities.

We have a cash dividend policy that anticipates a regular dividend of \$0.42 per share of common stock, payable in quarterly increments of \$0.105 per share of common stock. After considering the regular quarterly dividends made during the year, the Board of Directors also evaluates the potential declaration of an annual special dividend payable in the first quarter of each year. The Board of Directors did not declare a special dividend in the first quarter of 2024. On July 25, 2024, our Board of Directors did declare the regular quarterly cash dividend of \$0.105 per share of common stock payable October 1, 2024 to shareholders of record at the close of business on September 2, 2024. During the year ended December 31, 2023, we paid a total of \$0.42 per common share, or \$11.0 million. Future dividend policy and the payment of dividends, if any, will be determined by the Board of Directors in light of circumstances then existing, including our earnings, financial condition and other factors deemed relevant by the Board of Directors.

We continually evaluate our liquidity requirements and capital structure in light of our operating needs, growth initiatives and capital resources. The availability of financing or equity capital will depend upon our financial condition and results of operations as well as prevailing market conditions. If such additional borrowing, lease financing, or equity capital is not available at the time we need it, then we may need to borrow more under the Revolving Credit Facility (if not then fully drawn), extend the maturity of then-outstanding debt, or rely on alternative financing arrangements. There can be no assurance that we will be able to obtain additional debt under our existing financial arrangements to satisfy our ongoing capital requirements. However, we believe that our existing liquidity and sources of capital are sufficient to support our operations over the next 12 months.

We also continually evaluate business development opportunities, including potential acquisitions that fit our strategic plans. There can be no assurance that we will identify any opportunities that fit our strategic plans or will be able to execute any such opportunities on terms acceptable to us. Depending on prospective consideration to be paid for an acquisition, any such opportunities would be financed first from available cash and cash equivalents and availability of borrowings under our credit facilities.

### ***Revolving Credit, Promissory Notes and Term Loan Agreements***

Our Revolving Credit Facility provides for a \$400 million revolver at a variable rate of interest based on index-adjusted SOFR or a base rate and matures on September 30, 2027. The Revolving Credit Facility, which is secured by cash, deposits, accounts receivable, and selected other assets of the applicable borrowers, includes customary affirmative and negative covenants and events of default, as well as financial covenants requiring minimum fixed charge coverage and leverage ratios, and customary mandatory prepayments provisions. Our Revolving Credit Facility includes an accordion feature which allows us to increase availability by up to \$200 million upon our request. At June 29, 2024, we were in compliance with all its covenants, and \$337.0 million was available for borrowing.

Our UACL Credit Agreement provides for maximum borrowings of \$90 million in the form of an \$80 million term loan and a \$10 million revolver at a variable rate of interest based on index-adjusted SOFR or a base rate and matures on September 30, 2027. The UACL Credit Agreement, which is secured by cash, deposits, accounts receivable, and selected other assets of the applicable borrowers, includes customary affirmative and negative covenants and events of default, as well as financial covenants requiring minimum fixed charge coverage and leverage ratios, and customary mandatory prepayments provisions. Our UACL Credit Agreement includes an accordion feature which allows us to increase availability by up to \$30 million upon our request. At June 29, 2024, we were in compliance with all its covenants, and \$5.0 million was available for borrowing.

A wholly owned subsidiary issued a series of promissory notes in order to finance transportation equipment. The notes are secured by liens on specific titled vehicles, are generally payable in 60 monthly installments and bear interest at fixed rates ranging from 2.25% to 7.31%.

Certain wholly owned subsidiaries entered into a \$165.4 million term loan facility to repay outstanding balances under a then-existing term loan and certain other real estate notes. The facility matures on April 29, 2032 and is secured by first-priority mortgages on specific parcels of real estate owned by the Company, including all land and real property improvements, and first-priority assignments of rents and related leases of the loan parties. The facility includes customary affirmative and negative covenants, and principal and interest is payable on the facility on a monthly basis, based on an annual amortization of 10%. The facility bears interest at Term SOFR, plus an applicable margin equal to 2.12%. At June 29, 2024, we were in compliance with all covenants under the facility.

We also maintain a short-term line of credit secured by our portfolio of marketable securities. It bears interest at Term SOFR plus 1.10%. The amount available under the margin facility is based on a percentage of the market value of the underlying securities. We did not have any amounts advanced against the line as of June 29, 2024, and the maximum available borrowings were \$5.8 million.

### **Discussion of Cash Flows**

At June 29, 2024, we had cash and cash equivalents of \$7.5 million compared to \$12.5 million at December 31, 2023. Operating activities provided \$46.4 million in net cash, financing activities provided an additional \$95.8 million, and we used \$144.6 million in investing activities.

The \$46.4 million in net cash provided by operations was primarily attributed to \$83.2 million of net income, which reflects non-cash depreciation and amortization, noncash lease expense, gains on marketable equity securities, gains on equipment sales, amortization of debt issuance costs, stock-based compensation, provisions for credit losses totaling, and a change in deferred income taxes totaling \$93.2 million, net. Net cash provided by operating activities also reflects an aggregate increase in net working capital totaling \$129.9 million. The primary drivers behind the increase in working capital were principal reductions in operating lease liabilities during the period, increases in contract assets, trade and other receivables, and decreases in other long-term liabilities and income taxes payable. These were partially offset increases in trade accounts payable, accrued expenses and other current liabilities, and accruals for insurance and claims. Affiliate transactions decreased net cash provided by operating activities by \$0.4 million. The decrease in net cash resulted from a decrease in accounts payable to affiliates of \$0.3 million and an increase in accounts receivable from affiliates of \$0.1 million.

The \$144.6 million in net cash used in investing activities consisted of \$145.7 million in capital expenditures, which was partially offset by \$1.1 million in proceeds from the sale of equipment.

Financing activities provided \$95.8 million in net cash during the twenty-six weeks ended June 29, 2024. We had outstanding borrowings totaling \$487.8 million at June 29, 2024 compared to \$386.4 million at December 31, 2023. During the period, we made payments on term loan and equipment and real estate notes totaling \$59.6 million, borrowed \$115.0 million for new equipment and had net borrowings on our revolving lines of credit totaling \$46.1 million. During the period, we also paid cash dividends of \$5.5 million and purchased \$0.1 million of treasury stock.

### **Off Balance Sheet Arrangements**

None.

### **Critical Accounting Policies**

A summary of critical accounting policies is presented in Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations - Critical Accounting Policies," of our Form 10-K for the year ended December 31, 2023. There have been no changes in our accounting policies during the thirteen weeks ended June 29, 2024.

### **Seasonality**

Generally, demand for our value-added services delivered to existing customers increases during the second calendar quarter of each year as a result of the automotive industry's spring selling season. Conversely, such demand generally decreases during the third quarter of each year due to the impact of scheduled OEM customer plant shutdowns in July for vacations and changeovers in production lines for new model years.

Our value-added services business is also impacted in the fourth quarter by plant shutdowns during the December holiday period. Prolonged adverse weather conditions, particularly in winter months, can also adversely impact margins due to productivity declines and related challenges meeting customer service requirements.

Additionally, our transportation services business, excluding dedicated transportation tied to specific customer supply chains, is generally impacted by decreased activity during the post-holiday winter season and, in certain states during hurricane season, because some shippers reduce their shipments and inclement weather impedes trucking operations or underlying customer demand.

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

There have not been any material changes to the Company's market risk during the thirteen weeks ended June 29, 2024. For additional information, please see the Company's Annual Report on Form 10-K for the year ended December 31, 2023.

### **ITEM 4: CONTROLS AND PROCEDURES**

#### **Evaluation of Disclosure Controls and Procedures**

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), as of June 29, 2024. Our disclosure controls and procedures are designed to provide reasonable assurance of achieving their objectives of ensuring that information we are required to disclose in the reports we file or submit under the Exchange Act is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosures, and is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms. There is no assurance that our disclosure controls and procedures will operate effectively under all circumstances.

In connection with the preparation of our consolidated financial statements for the year ended December 31, 2023, we concluded there was a material weakness in our internal control over financial reporting to identify potential data-entry errors related to our contracted rates and quantities and their associated invoices and amounts recorded as unbilled revenue. As discussed below, we are taking steps to remediate this material weakness in internal control over financial reporting; however, we are not yet able to determine whether the steps we are taking will fully remediate the material weakness.

Because of the material weakness in our internal control over financial reporting as previously disclosed, our Chief Executive Officer and Chief Financial Officer concluded that, as of June 29, 2024, our disclosure controls and procedures were not effective at the reasonable assurance level. Our management, including our Chief Executive Officer and Chief Financial Officer, has concluded that, notwithstanding the material weakness in our internal control over financial reporting, the condensed consolidated financial statements in this Quarterly Report on Form 10-Q fairly present, in all material respects, our financial position, results of operations and cash flows for the periods presented in conformity with U.S. GAAP.

#### **Management's Remediation Efforts**

Starting in 2024, we commenced measures to remediate the identified material weakness. Those remediation measures are ongoing and include the following:

- Modifying our applicable policies and procedures for timely review and approval of contracted rates that are entered into the system; and
- adding monitoring controls that require a secondary and tertiary review of all contracted rates entered into the system to ensure they are reviewed timely and entered accurately; and
- establishing a reserve on receivables that are within customer pay terms based upon history of rate corrections.

While we believe that these efforts will improve our internal control over financial reporting, the implementation of these measures is ongoing and will require validation and testing of the design and operating effectiveness of internal controls over a sustained period of financial reporting cycles.

We believe we are making progress toward achieving the effectiveness of our internal controls and disclosure controls. The actions that we are taking are subject to ongoing senior management review, as well as audit committee oversight. We will not be able to conclude whether the steps we are taking will fully remediate the material weakness in our internal control over financial reporting until we have completed our remediation efforts and subsequent evaluation of their effectiveness. We may also conclude that additional measures may be required to remediate the material weakness in our internal control over financial reporting, which may necessitate additional implementation and evaluation time. We will continue to assess the effectiveness of our internal control over financial reporting and take steps to remediate the known material weaknesses expeditiously.

**Changes in Internal Control over Financial Reporting**

We are taking actions to remediate the material weakness relating to our internal controls over financial reporting, as described above. Except as otherwise described herein, there was no change in our internal control over financial reporting that occurred during the period covered by this Quarterly Report on Form 10-Q that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

**Inherent Limitations on Effectiveness of Controls**

Management recognizes that a control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud or error, if any, have been detected. These inherent limitations include the realities that judgments in decision making can be faulty, and that breakdowns can occur because of a simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the controls. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions; over time, controls may become inadequate because of changes in conditions, or the degree of compliance with policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

## PART II – OTHER INFORMATION

### ITEM 1: LEGAL PROCEEDINGS

For information regarding legal proceedings, see Note 15 in the Notes to Consolidated Financial Statements (Unaudited) set forth in Part I of this report.

### ITEM 1A: RISK FACTORS

There have been no material changes to our risk factors as previously disclosed in Item 1A to Part 1 of our Form 10-K for the fiscal year ended December 31, 2023.

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

None.

### ITEM 3: DEFAULTS UPON SENIOR SECURITIES

None.

### ITEM 4: MINE SAFETY DISCLOSURES

Not applicable.

### ITEM 5: OTHER INFORMATION

#### *Trading Arrangements*

None of the Company's directors or officers adopted, modified or terminated a Rule 10b5-1 trading arrangement or a non-Rule 10b5-1 trading arrangement during the Company's fiscal quarter ended June 29, 2024, as such terms are defined under Item 408(a) of Regulation S-K.

#### *Share Purchases*

| Fiscal Period                   | Total Number of Shares Purchased | Average Price Paid per Share | Total Number of Shares Purchased as Part of Publicly Announced Program | Maximum Number of Shares that May Yet be Purchased Under the Plans or Program (1) |
|---------------------------------|----------------------------------|------------------------------|--|---|
| March 31, 2024 - April 27, 2024 | —                                | \$ —                         | —  | 513,251   |
| April 28, 2024 - May 25, 2024   | 1,957 (2)                        | \$ 42.53                     | —  | 513,251   |
| May 26, 2024 - June 29, 2024    | —                                | \$ —                         | —  | 513,251   |
| Total                           | 1,957                            | \$ 42.53                     | —  | 513,251   |

(1) On July 29, 2021, the Company announced that it had been authorized to purchase up to 1,000,000 shares of its common stock from time to time in the open market. As of June 29, 2024, 513,251 shares remain available under this authorization. No specific expiration date has been assigned to the authorization.

(2) Consists of 1,957 shares of common stock acquired on May 3, 2024 by the Company from two employees for a total of \$83,230 upon exercising its right of first refusal pursuant to restricted stock bonus award agreements.

## ITEM 6: EXHIBITS

The exhibits listed on the Exhibit Index are furnished as part of this quarterly report on Form 10-Q.

| Exhibit No. | Description  |
|-------------|--|
| 3.1         | <a href="#">Amended and Restated Articles of Incorporation (incorporated by reference to Exhibit 3.1 to the Registrant's Registration Statement on Form S-1 filed on November 15, 2004)</a>  |
| 3.2         | Amendment to Articles of Incorporation (incorporated by reference to Exhibit <a href="#">3(i)-1</a> and <a href="#">3(i)-2</a> to the Registrant's Current Report on Form 8-K filed on November 1, 2012)   |
| 3.3         | <a href="#">Certificate of Amendment to Restated Articles of Incorporation (incorporated by reference to Exhibit 3.1 to the Registrant's Current Report on Form 8-K filed on May 2, 2016)</a>  |
| 3.4         | <a href="#">Sixth Amended and Restated Bylaws, effective February 14, 2024 (incorporated by reference to Exhibit 3.1 to the Registrant's Current Report on Form 8-K filed on February 15, 2024)</a>  |
| 4.1         | <a href="#">Second Amended and Restated Registration Rights Agreement dated July 28, 2021 among the Registrant and the Moroun Family Holders (incorporated by reference to Exhibit 4.1 to the Registrant's Current Report on Form 8-K filed July 29, 2021)</a>   |
| 4.2         | <a href="#">Joinder Agreement to Registration Rights Agreement dated August 1, 2023, among Registrant and the Swiftsure Trust (incorporated by reference to Exhibit 4.1 to the Registrant's Report on Form 8-K filed August 3, 2023)</a>   |
| 10.1        | <a href="#">Credit Agreement dated as of April 29, 2022 among UTSI Finance, Inc., UTS Realty, LLC, the lenders party thereto, and Fifth Third Bank, N.A., as agent for the lenders (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed May 2, 2022)</a>  |
| 10.2        | <a href="#">Confirmation of Transaction, dated April 29, 2022, between Fifth Third Bank, N.A. and UTSI Finance, Inc. (incorporated by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K filed May 2, 2022)</a>  |
| 10.3        | <a href="#">Second Amendment Agreement dated April 5, 2024 among Universal Management Services, Inc., certain of its affiliates identified therein as Borrowers, KeyBank National Association, and the Lenders party thereto (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed April 9, 2024)</a>    |
| 10.4        | <a href="#">Credit and Security Agreement dated September 30, 2022 among UACL Logistics Holdings, LLC, certain of its affiliates identified therein as Borrowers, KeyBank National Association, and the Lenders party thereto (incorporated by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K filed October 3, 2022)</a> |
| 10.5        | <a href="#">Form of Indemnification Agreement between the Registrant and each of its directors and executive officers with reporting obligations under Section 16 of the Securities Exchange Act of 1934 (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed July 27, 2023)</a>                        |
| 31.1*       | <a href="#">Chief Executive Officer certification, as adopted pursuant to section 302 of the Sarbanes-Oxley Act of 2002</a>  |
| 31.2*       | <a href="#">Chief Financial Officer certification, as adopted pursuant to section 302 of the Sarbanes-Oxley Act of 2002</a>  |
| 32.1**      | <a href="#">Chief Executive Officer and Chief Financial Officer certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002</a>   |
| 101.INS*    | Inline XBRL Instance Document  |
| 101.SCH*    | Inline XBRL Schema Document  |
| 101.CAL*    | Inline XBRL Calculation Linkbase Document  |
| 101.DEF*    | Inline XBRL Taxonomy Extension Definition Linkbase Document  |
| 101.LAB*    | Inline XBRL Labels Linkbase Document   |
| 101.PRE*    | Inline XBRL Presentation Linkbase Document   |
| 104*        | Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)   |

\* Filed herewith.

\*\* Furnished herewith.

## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report on Form 10-Q to be signed on its behalf by the undersigned, thereunto duly authorized.

**Universal Logistics Holdings, Inc.**  
(Registrant)

Date: August 8, 2024

By: /s/ Tim Phillips  
Tim Phillips  
Chief Executive Officer

Date: August 8, 2024

By: /s/ Jude Beres  
Jude Beres  
Chief Financial Officer



**CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER  
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT**

I, Tim Phillips, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Universal Logistics Holdings, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors:
  - 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 8, 2024

*/s/ Tim Phillips*

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Tim Phillips

Chief Executive Officer

**CERTIFICATION OF THE CHIEF FINANCIAL OFFICER  
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT**

I, Jude Beres, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Universal Logistics Holdings, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors:
  - 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 8, 2024

*/s/ Jude Beres*

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Jude Beres  
Chief Financial Officer

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER AND  
CHIEF 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, or the Report, of Universal Logistics Holdings, Inc., or the Company, on Form 10-Q for the period ended June 29, 2024, as filed with the Securities and Exchange Commission on the date hereof, each of the undersigned, Tim Phillips, as Chief Executive Officer of the Company, and Jude Beres, as Chief Financial Officer of the Company, each certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to the best of his knowledge, respectively, that (1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, 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 8, 2024

*/s/ Tim Phillips*

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Tim Phillips  
Chief Executive Officer

*/s/ Jude Beres*

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Jude Beres  
Chief Financial Officer

The foregoing certification is being furnished solely pursuant to 18 U.S.C. Section 1350 and is not being filed as part of the Report or as a separate disclosure document.

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