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 September 28, 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	**38-3640097**
(State or other jurisdiction of incorporation or organization)	**(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	☐	Accelerated filer	☒
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

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

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

The number of shares of the registrant's common stock, no par value, outstanding as of November 4, 2024, was 26,317,797.

PART I – FINANCIAL INFORMATION

ITEM 1: FINANCIAL STATEMENTS

UNIVERSAL LOGISTICS HOLDINGS, INC.

Unaudited Consolidated Balance Sheets
(In thousands, except share data)

		September 28, 2024		December 31, 2023
Assets				
Current assets:				
Cash and cash equivalents	$	11,834	$	12,511
Marketable securities		11,689		10,772
Accounts receivable – net of allowance for credit losses of $9,303 and $11,229, respectively		300,150		287,946
Contract assets		26,079		729
Other receivables		30,004		22,633
Prepaid expenses and other		24,704		30,171
Due from affiliates		1,286		710
Total current assets		405,746		365,472
Property and equipment – net of accumulated depreciation of $423,530 and $370,273, respectively		697,939		561,089
Operating lease right-of-use asset		69,034		87,208
Goodwill		167,264		170,730
Intangible assets – net of accumulated amortization of $148,095 and $134,514, respectively		54,992		61,296
Contract assets, net of current portion		154,592		—
Deferred income taxes		1,225		1,225
Other assets		4,102		6,503
Total assets	$	1,554,894	$	1,253,523
Liabilities and Shareholders' Equity				
Current liabilities:				
Accounts payable	$	78,443	$	64,102
Current portion of long-term debt		85,749		70,689
Current portion of operating lease liabilities		28,174		29,998
Accrued expenses and other current liabilities		49,996		43,062
Insurance and claims		32,756		25,464
Due to affiliates		18,519		20,737
Income taxes payable		3,726		6,364
Total current liabilities		297,363		260,416
Long-term liabilities:				
Long-term debt, net of current portion		471,700		311,235
Operating lease liabilities, net of current portion		46,646		63,620
Deferred income taxes		103,788		79,567
Other long-term liabilities		4,415		6,487
Total long-term liabilities		626,549		460,909
Shareholders' equity:				
Common stock, no par value. Authorized 100,000,000 shares; 26,319,754 and 31,007,100 shares issued; 26,317,797 and 26,284,223 shares outstanding, respectively		26,320		31,008
Paid-in capital		5,016		5,103
Treasury stock, at cost; 1,957 and 4,722,877 shares		(83)		(96,840)
Retained earnings		605,606		595,450
Accumulated other comprehensive income (loss):				
Interest rate swaps, net of income taxes of $161 and $457, respectively		475		1,350
Foreign currency translation adjustments		(6,352)		(3,873)
Total shareholders' equity		630,982		532,198
Total liabilities and shareholders' equity	$	1,554,894	$	1,253,523

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		Thirty-nine Weeks Ended	
	September 28, 2024	September 30, 2023	September 28, 2024	September 30, 2023
Operating revenues:				
Truckload services	$ 63,641	$ 69,598	$ 172,547	$ 167,858
Brokerage services	42,440	56,894	155,714	185,892
Intermodal services	75,558	86,630	230,342	289,241
Dedicated services	87,357	86,701	266,389	258,003
Value-added services	157,837	121,428	555,912	370,225
Total operating revenues	426,833	421,251	1,380,904	1,271,219
Operating expenses:				
Purchased transportation and equipment rent	120,700	147,470	382,628	443,434
Direct personnel and related benefits	132,081	134,866	408,381	412,004
Operating supplies and expenses	60,532	43,060	216,914	130,351
Commission expense	6,985	8,334	22,485	24,149
Occupancy expense	11,179	10,913	32,189	33,106
General and administrative	13,037	13,633	41,242	38,967
Insurance and claims	5,681	6,828	20,722	20,795
Depreciation and amortization	30,284	19,386	87,795	57,061
Impairment expense	3,720	—	3,720	—
Total operating expenses	384,199	384,490	1,216,076	1,159,867
Income from operations	42,634	36,761	164,828	111,352
Interest income	1,130	45	2,257	1,419
Interest expense	(8,546)	(6,540)	(22,635)	(18,009)
Other non-operating income	4	588	2,007	885
Income before income taxes	35,222	30,854	146,457	95,647
Income tax expense	8,682	7,807	36,726	24,159
Net income	$ 26,540	$ 23,047	$ 109,731	$ 71,488
Earnings per common share:				
Basic	$ 1.01	$ 0.88	$ 4.17	$ 2.72
Diluted	$ 1.01	$ 0.88	$ 4.17	$ 2.72
Weighted average number of common shares outstanding:				
Basic	26,318	26,286	26,314	26,284
Diluted	26,353	26,310	26,345	26,311
Dividends declared per common share	$ 0.105	$ 0.105	$ 0.315	$ 0.315

See accompanying notes to consolidated financial statements.

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

	Thirteen Weeks Ended		Thirty-nine Weeks Ended	
	September 28, 2024	**September 30, 2023**	**September 28, 2024**	**September 30, 2023**
Net Income	$ 26,540	$ 23,047	$ 109,731	$ 71,488
Other comprehensive income (loss):				
Unrealized changes in fair value of interest rate swaps, net of income taxes of $(480), $131, $(296) and $221, respectively	(1,424)	385	(875)	647
Foreign currency translation adjustments	(276)	217	(2,479)	(758)
Total other comprehensive income (loss)	(1,700)	602	(3,354)	(111)
Total comprehensive income	$ 24,840	$ 23,649	$ 106,377	$ 71,377

See accompanying notes to consolidated financial statements.

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

	Thirty-nine Weeks Ended	
	September 28, 2024	**September 30, 2023**
Cash flows from operating activities:		
Net income	$ 109,731	$ 71,488
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	87,795	57,061
Noncash lease expense	22,686	22,941
Impairment expense	3,720	—
Gain on marketable equity securities	(936)	(693)
Loss (gain) on disposal of property and equipment	678	(1,511)
Amortization of debt issuance costs	723	568
Stock-based compensation	779	261
Provision for credit losses	1,425	4,334
Deferred income taxes	24,220	—
Change in assets and liabilities:		
Trade and other accounts receivable	(18,164)	40,853
Contract assets, prepaid expenses and other assets	(172,890)	(2,121)
Principal reduction in operating lease liabilities	(23,521)	(22,910)
Accounts payable, accrued expenses, income taxes payable, insurance and claims and other current liabilities	21,253	1,772
Due to/from affiliates, net	(2,795)	(6,737)
Other long-term liabilities	(2,071)	(4,098)
Net cash provided by operating activities	52,633	161,208
Cash flows from investing activities:		
Capital expenditures	(210,813)	(192,098)
Proceeds from the sale of property and equipment	1,795	3,290
Proceeds from the sale of marketable securities	19	202
Acquisition of business	(10,000)	—
Net cash used in investing activities	(218,999)	(188,606)
Cash flows from financing activities:		
Proceeds from borrowing - revolving debt	365,470	113,860
Repayments of debt - revolving debt	(273,405)	(87,790)
Proceeds from borrowing - term debt	162,653	38,999
Repayments of debt - term debt	(79,917)	(55,981)
Dividends paid	(8,289)	(8,280)
Capitalized financing costs	—	(947)
Purchases of treasury stock	(83)	(134)
Net cash provided by (used in) financing activities	166,429	(273)
Effect of exchange rate changes on cash and cash equivalents	(740)	(2,699)
Net decrease in cash	(677)	(30,370)
Cash and cash equivalents – beginning of period	12,511	47,181
Cash and cash equivalents – end of period	$ 11,834	$ 16,811
Supplemental cash flow information:		
Cash paid for interest	$ 20,390	$ 17,062
Cash paid for income taxes	$ 14,796	$ 20,479

See accompanying notes to consolidated financial statements.

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

	Common stock	Paid-in capital	Treasury stock	Retained earnings	Accumulated other comprehensive 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
Net income	—	—	—	23,047	—	23,047
Comprehensive income (loss)	—	—	—	—	602	602
Purchases of treasury stock	—	—	(134)	—	—	(134)
Dividends ($0.105 per share)	—	—	—	(2,760)	—	(2,760)
Stock based compensation	1	9	—	—	—	10
Balances – September 30, 2023	$ 31,007	$ 5,103	$ (96,840)	$ 576,798	$ (5,913)	$ 510,155
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
Net income	—	—	—	26,540	—	26,540
Comprehensive income (loss)	—	—	—	—	(1,700)	(1,700)
Dividends ($0.105 per share)	—	—	—	(2,763)	—	(2,763)
Stock based compensation	1	9	—	—	—	10
Balances – September 28, 2024	$ 26,320	$ 5,016	$ (83)	$ 605,606	$ (5,877)	$ 630,982

See accompanying notes to 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 September 28, 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 August 2024, the Company closed its company-managed brokerage operations in Nashville, TN. In connection with the closure, the Company recorded pre-tax losses of approximately $8.6 million ($6.4 million net of tax, or $0.24 per basic and diluted share) during the quarter ended September 28, 2024, including $2.8 million of non-cash impairment charges.

During the third quarter of 2024, the Company identified certain triggering events related to a component of its former company-managed brokerage 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, and recorded an additional goodwill impairment charge of $0.9 million during the quarter ended September 28, 2024. Total goodwill impairment charges recorded during the third quarter of 2024 were $3.5 million ($2.6 million net of tax, or $0.10 per basic and diluted share).

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 September 28, 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 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, June 29, 2024 and September 28, 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 also provide customers with freight brokerage services by utilizing third-party transportation providers to move freight.

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. 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 do not include financing components.

(3) Revenue Recognition - continued

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.

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

	September 28, 2024	December 31, 2023
Contract assets	$ 26,079	$ 729
Contract assets, net of current portion	154,592	—
Total	$ 180,671	$ 729

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 9.

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

	September 28, 2024	December 31, 2023
Fair value	$ 11,689	$ 10,772
Cost basis	7,264	7,316
Unrealized gain	$ 4,425	$ 3,456

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

	September 28, 2024	December 31, 2023
Gross unrealized gains	$ 5,008	$ 4,124
Gross unrealized losses	(583)	(668)
Net unrealized gains	$ 4,425	$ 3,456

(4) Marketable Securities – continued

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

	Thirteen Weeks Ended		Thirty-nine Weeks Ended	
	September 28, 2024	September 30, 2023	September 28, 2024	September 30, 2023
Realized gain				
Sale proceeds	$ 19	$ 110	$ 19	$ 202
Cost basis of securities sold	17	26	17	27
Realized gain	$ 2	$ 84	$ 2	$ 175
Realized gain, net of taxes	$ 1	$ 63	$ 1	$ 131

During the thirteen-week and thirty-nine week periods ended September 28, 2024, our marketable equity securities portfolio experienced a net unrealized pre-tax gain (loss) in market value of approximately $139,000 and $934,000, respectively, which was reported in other non-operating income for the period.

During the thirteen-week and thirty-nine week periods ended September 30, 2023, our marketable equity securities portfolio experienced a net unrealized pre-tax gain (loss) in market value of approximately $410,000 and $518,000, respectively, which was reported in other non-operating income for the period.

(5) Acquisitions

On September 13, 2024, the Company acquired certain assets of East Texas Heavy Haul, Inc. (“ETHH”), through a limited asset purchase agreement. We expect the acquisition of ETHH to strategically enhance our specialized heavy-haul wind transportation business and provide for a direct relationship with ETHH’s customer base. The total cash purchase price was $10.0 million. The Company used available cash and borrowings on its revolving credit facility to finance the acquisition. Approximately $0.1 million of transaction related costs were incurred in the acquisition.

The Company accounted for the acquisition in accordance with ASC 805 “Business Combinations.” We recorded the assets acquired at their estimated fair value as of September 13, 2024. The pro forma effect of this acquisition has been omitted, as the effect is immaterial to the Company’s consolidated results of operations, financial position and cash flows. These values are based, in part, upon preliminary appraisals for certain assets and are subject to change when additional information concerning final asset values is obtained. The final purchase price allocations may result in adjustments to certain assets, including the residual amount allocated to goodwill, which would be deductible for income tax purposes. The preliminary allocation of the purchase price is as follows (in thousands):

Property and equipment	$ 2,000
Intangible assets	8,000
	$ 10,000

The intangible assets acquired represent non-competition agreements that are being amortized over a period of seven years. The Company used the discounted cash flow method to estimate the fair value of these acquired intangible assets.

(6) Goodwill

The changes in the carrying amount of goodwill during the thirty-nine weeks ended September 28, 2024 are as follows (in thousands):

Balance as of January 1, 2024	$	170,730
Goodwill impairment		(3,466)
Balance as of September 28, 2024	$	167,264

As described in Note 1, "Basis of Presentation", we recorded aggregate impairment charges of $3.5 million during the thirteen weeks ended September 28, 2024 related to reporting units within our former company-managed brokerage segment.

At both September 28, 2024 and December 31, 2023, $56.3 million of goodwill was recorded in our contract logistics segment, $101.1 million in our intermodal segment and $9.8 million in our trucking segment, respectively. At September 28, 2024 and December 31, 2023, $0 and $3.5 million of goodwill was recorded in our former company-managed brokerage segment, respectively.

(7) Accrued Expenses and Other Current Liabilities

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

	September 28, 2024		December 31, 2023	
Accrued payroll	$	21,669	$	18,047
Accrued payroll taxes		3,767		3,149
Driver escrow liabilities		2,812		3,275
Legal settlements and claims		2,900		4,050
Commissions, other taxes and other		18,848		14,541
Total	$	49,996	$	43,062

(8) Debt

Debt is comprised of the following (in thousands):

	Interest Rates at September 28, 2024	September 28, 2024		December 31, 2023	
Outstanding Debt:					
Revolving Credit Facility (1) (2)	6.44%	$	109,000	$	21,934
UACL Credit Agreement (2)					
Term Loan	6.69%		54,000		69,000
Revolver	6.69%		5,000		—
Equipment Financing (3)	2.25% to 7.31%		266,478		156,341
Real Estate Facility (4)	6.96%		126,768		139,170
Margin Facility (5)	5.94%		—		—
Unamortized debt issuance costs			(3,797)		(4,521)
			557,449		381,924
Less current portion of long-term debt			85,749		70,689
Total long-term debt, net of current portion		$	471,700	$	311,235

(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 September 28, 2024, we were in compliance with all covenants under the facility, and $291.0 million was available for borrowing on the revolver.

(8) Debt – continued

(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 September 28, 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%.

(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 September 28, 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 September 28, 2024, the maximum available borrowings under the line of credit were $5.9 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 $75.8 million. At September 28, 2024, the fair value of the swap agreement was an asset of $0.6 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 9 for additional information pertaining to interest rate swaps.

(9) 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.

(9) 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):

	September 28, 2024			
	Level 1	Level 2	Level 3	Fair Value Measurement
Assets				
Cash equivalents	$ 8	$ —	$ —	$ 8
Marketable securities	11,689	—	—	11,689
Interest rate swap	—	636	—	636
Total	$ 11,697	$ 636	$ —	$ 12,333

	December 31, 2023			
	Level 1	Level 2	Level 3	Fair Value Measurement
Assets				
Cash equivalents	$ 168	$ —	$ —	$ 168
Marketable securities	10,772	—	—	10,772
Interest rate swap	—	1,807	—	1,807
Total	$ 10,940	$ 1,807	$ —	$ 12,747

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 September 28, 2024 is summarized as follows (in thousands):

	Carrying Value	Estimated Fair Value
Equipment promissory notes	$ 266,478	$ 265,629

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

(10) Leases

As of September 28, 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 September 28, 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 thirty-nine weeks ended September 28, 2024 and September 30, 2023 (in thousands):

	Thirteen Weeks Ended September 28, 2024		
	With Affiliates	With Third Parties	Total
Lease cost			
Operating lease cost	$ 2,474	$ 6,428	$ 8,902
Short-term lease cost	212	2,727	2,939
Variable lease cost	237	1,104	1,341
Sublease income	—	—	—
Total lease cost	$ 2,923	$ 10,259	$ 13,182

	Thirteen Weeks Ended September 30, 2023		
	With Affiliates	With Third Parties	Total
Lease cost			
Operating lease cost	$ 2,387	$ 6,742	$ 9,129
Short-term lease cost	24	4,039	4,063
Variable lease cost	236	693	929
Sublease income	—	—	—
Total lease cost	$ 2,647	$ 11,474	$ 14,121

(10) Leases – continued

	Thirty-nine Weeks Ended September 29, 2024		
	With Affiliates	With Third Parties	Total
Lease cost			
Operating lease cost	$ 7,578	$ 19,163	$ 26,741
Short-term lease cost	301	8,090	8,391
Variable lease cost	718	3,380	4,098
Sublease income	—	—	—
Total lease cost	$ 8,597	$ 30,633	$ 39,230

	Thirty-nine Weeks Ended September 30, 2023		
	With Affiliates	With Third Parties	Total
Lease cost			
Operating lease cost	$ 7,166	$ 20,197	$ 27,363
Short-term lease cost	50	12,989	13,039
Variable lease cost	658	2,126	2,784
Sublease income	—	—	—
Total lease cost	$ 7,874	$ 35,312	$ 43,186

The following table summarizes other lease related information as of and for the thirty-nine week periods ended September 28, 2024 and September 30, 2023 (in thousands):

	September 28, 2024		
	With Affiliates	With Third Parties	Total
Other information			
Cash paid for amounts included in the measurement of operating leases	$ 7,589	$ 19,777	$ 27,366
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)	3.7	3.0	3.3
Weighted-average discount rate	7.8 %	6.0 %	6.5 %

	September 30, 2023		
	With Affiliates	With Third Parties	Total
Other information			
Cash paid for amounts included in the measurement of operating leases	$ 7,051	$ 20,163	$ 27,214
Right-of-use assets obtained in exchange for new operating lease liabilities	$ 321	$ 14,138	$ 14,459
Right-of-use assets change due to lease termination	$ (64)	$ (145)	$ (209)
Weighted-average remaining lease term (in years)	4.4	3.4	3.7
Weighted-average discount rate	7.3 %	5.3 %	6.0 %

(10) Leases – continued

Future minimum lease payments under these operating leases as of September 28, 2024, are as follows (in thousands):

	With Affiliates	With Third Parties	Total
2024 (remaining)	$ 2,396	$ 6,414	$ 8,810
2025	7,911	21,848	29,759
2026	5,317	17,895	23,212
2027	4,206	8,670	12,876
2028	4,013	1,333	5,346
Thereafter	3,101	—	3,101
Total required lease payments	$ 26,944	$ 56,160	$ 83,104
Less amounts representing interest			(8,284)
Present value of lease liabilities			$ 74,820

(11) 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. The following is a schedule of cost incurred and included in operating expenses for services provided by affiliates for the thirteen weeks and thirty-nine weeks ended September 28, 2024 and September 30, 2023, respectively (in thousands):

	Thirteen Weeks Ended		Thirty-nine Weeks Ended	
	September 28, 2024	September 30, 2023	September 28, 2024	September 30, 2023
Insurance	$ 22,758	$ 19,611	$ 64,747	$ 58,739
Real estate rent and related costs	4,987	3,250	14,866	9,789
Administrative support services	1,878	2,994	6,745	5,222
Truck fuel, maintenance and other operating costs	3,242	2,434	11,469	6,228
Contracted transportation services	72	93	147	264
Total	$ 32,937	$ 28,382	$ 97,974	$ 80,242

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 10, "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 September 28, 2024 and December 31, 2023, there were $17.7 million and $14.3 million, respectively, included in each of these accounts for insured claims.

(11) 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 September 28, 2024 and December 31, 2023, amounts due to affiliates were $18.5 million and $20.7 million, respectively.

During the thirty-nine weeks ended September 28, 2024, we purchased trailers from an affiliate totaling $3.1 million. During the thirty-nine weeks ended September 30, 2023, we purchased used tractors from an affiliate totaling $6.3 million. During the thirty-nine weeks ended September 30, 2023, we contracted with an affiliate to provide real property improvements for us totaling $1.9 million. There were no such purchases made during the thirty-nine weeks ended September 28, 2024.

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 companies that are owned by our controlling shareholder by providing selected transportation and logistics services in connection with their specific customer contracts or purchase orders. 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 thirty-nine weeks ended September 28, 2024 and September 30, 2023 (in thousands):

	Thirteen Weeks Ended		Thirty-nine Weeks Ended	
	September 28, 2024	September 30, 2023	September 28, 2024	September 30, 2023
Contracted transportation services	$ 534	$ 1,878	$ 932	$ 3,746
Facilities and related support	645	800	1,735	920
Total	$ 1,179	$ 2,678	$ 2,667	$ 4,666

At September 28, 2024 and December 31, 2023, amounts due from affiliates were $1.3 million and $0.7 million, respectively.

(12) 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.

(12) Stock Based Compensation – continued

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.

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

	Shares	Weighted Average Grant Date Fair Value
Non-vested at January 1, 2024	100,458	$ 21.76
Granted	22,650	$ 31.96
Vested	(35,531)	$ 21.94
Forfeited	—	$ —
Balance at September 28, 2024	87,577	$ 24.56

In the thirty-nine week periods ended September 28, 2024 and September 30, 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 thirty-nine week periods ended September 28, 2024 and September 30, 2023 was approximately $0.1 million recognized as a result shares of stock granted to non-employee directors. As of September 28, 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.

(13) 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 thirty-nine weeks ended September 28, 2024, there were 35,546 and 31,106 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 thirty-nine weeks ended September 30, 2023, we included 24,021 and 26,553 weighted average non-vested shares of restricted stock, respectively, 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 due to anti-dilution during the thirteen weeks or thirty-nine weeks ended September 28, 2024 or September 30, 2023.

(14) Dividends

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.

(15) Segment Reporting

During the third quarter of 2024, we changed the way we aggregate our business units and adopted a new segment reporting structure. In connection with this change, the historical results of the terminated company-managed brokerage business is included in other non-reportable segments. As a result, we now report our financial results in three distinct reportable segments: contract logistics, intermodal and trucking, 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 or dedicated transportation services to support in-bound logistics to industrial customers 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. Other non-reportable segments are comprised of legacy company-managed brokerage operations and 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 thirty-nine week periods ended September 28, 2024 and September 30, 2023 (in thousands):

	Operating Revenues			
	Thirteen Weeks Ended		Thirty-nine Weeks Ended	
	September 28, 2024	September 30, 2023	September 28, 2024	September 30, 2023
Contract logistics	$ 245,194	$ 208,129	$ 822,301	$ 628,228
Intermodal	77,632	87,974	235,649	295,736
Trucking	87,047	97,085	248,142	258,043
Other	16,960	28,063	74,812	89,212
Total operating revenues	$ 426,833	$ 421,251	$ 1,380,904	$ 1,271,219

	Eliminated Inter-segment Revenues			
	Thirteen Weeks Ended		Thirty-nine Weeks Ended	
	September 28, 2024	September 30, 2023	September 28, 2024	September 30, 2023
Contract logistics	$ 42	$ 32	$ 113	$ 82
Intermodal	791	769	1,943	3,609
Trucking	12	4	12	72
Total eliminated inter-segment revenues	$ 845	$ 805	$ 2,068	$ 3,763

	Income from Operations			
	Thirteen Weeks Ended		Thirty-nine Weeks Ended	
	September 28, 2024	September 30, 2023	September 28, 2024	September 30, 2023
Contract logistics	$ 45,623	$ 35,103	$ 179,990	$ 95,673
Intermodal	(1,127)	(4,470)	(18,058)	2,568
Trucking	7,122	6,558	15,175	14,770
Other	(8,984)	(430)	(12,279)	(1,659)
Total income from operations	$ 42,634	$ 36,761	$ 164,828	$ 111,352

(16) Commitments and Contingencies

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

The Company is involved in certain other claims and pending litigation arising from 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 the Company’s 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 September 28, 2024, approximately 34% of our employees were subject to collective bargaining agreements that are renegotiated periodically, 29% of which are subject to contracts that expire in 2024.

(17) Subsequent Events

On October 24, 2024, our Board of Directors declared a cash dividend of $0.105 per share of common stock, payable on January 2, 2025 to shareholders of record at the close of business on December 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.

On September 30, 2024, the Company acquired all of the outstanding shares of Parsec, LLC, OB Leasing, LLC, and Parsec Intermodal of Canada Ltd. (collectively, “Parsec”). Parsec is a provider of terminal management services to Class I, regional, and short-line railroads across North America. The cash purchase price was $193.6 million, subject to customary post-closing adjustments. Parsec is expected to operate within the Company's contract logistics segment. The Company borrowed funds from its existing Revolving Credit Facility to finance the acquisition and is in the process of preparing the preliminary purchase accounting for this transaction.

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 that owns subsidiaries engaged in providing a variety of customized transportation and logistics solutions throughout the United States, and in Mexico, Canada and Colombia. Our operating subsidiaries provide customers with a broad array of services across their entire supply chain, including value-added, dedicated, intermodal and trucking 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 both our company-managed operations and through a network of agents who solicit freight business directly from shippers. 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 contract logistics segment deliver value-added and/or dedicated transportation services to support in-bound logistics to industrial customers 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 predominately 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 by our agents and company-managed terminals using a mix of owner-operators, company equipment and broker carriers.

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 thirty-nine weeks ended September 28, 2024 and September 30, 2023, presented as a percentage of total operating revenues:

	Thirteen Weeks Ended		Thirty-nine Weeks Ended	
	September 28, 2024	September 30, 2023	September 28, 2024	September 30, 2023
Operating revenues:				
Truckload services	14.9 %	16.5 %	12.5 %	13.2 %
Brokerage services	9.9	13.5	11.3	14.6
Intermodal services	17.7	20.6	16.7	22.8
Dedicated services	20.5	20.6	19.3	20.3
Value-added services	37.0	28.8	40.2	29.1
Total operating revenues	100.0 %	100.0 %	100.0 %	100.0 %

Results of Operations

Thirteen Weeks Ended September 28, 2024 Compared to Thirteen Weeks Ended September 30, 2023

The following table sets forth items derived from our consolidated statements of income for the thirteen weeks ended September 28, 2024 and September 30, 2023:

	Thirteen Weeks Ended				
	September 28, 2024		September 30, 2023		Percent Change in Dollar Amount
(Dollars in millions)	$	%	$	%	%
Operating revenues	$ 426,833	100.0 %	$ 421,251	100.0 %	1.3 %
Operating expenses:					
Purchased transportation and equipment rent	120,700	28.3	147,470	35.0	(18.2)
Direct personnel and related benefits	132,081	30.9	134,866	32.0	(2.1)
Operating supplies and expenses	60,532	14.2	43,060	10.2	40.6
Commission expense	6,985	1.6	8,334	2.0	(16.2)
Occupancy expense	11,179	2.6	10,913	2.6	2.4
General and administrative	13,037	3.1	13,633	3.2	(4.4)
Insurance and claims	5,681	1.3	6,828	1.6	(16.8)
Depreciation and amortization	30,284	7.1	19,386	4.6	56.2
Impairment expense	3,720	0.9	—	—	n/m
Total operating expenses	384,199	90.0	384,490	91.3	(0.1)
Income from operations	42,634	10.0	36,761	8.7	16.0
Interest income (expense), net	(7,416)	(1.7)	(6,495)	(1.5)	14.2
Other non-operating income	4	0.0	588	0.1	(99.3)
Income before income taxes	35,222	8.3	30,854	7.3	14.2
Income tax expense	8,682	2.1	7,807	1.8	11.2
Net income	$ 26,540	6.2 %	$ 23,047	5.5 %	15.2 %

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 $21.9 million in the third quarter 2024, compared to $28.2 million in the third quarter 2023. Also included in operating revenues were other accessorial charges such as detention, demurrage and storage, which totaled $8.9 million during the third quarter 2024 compared to $9.9 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 third quarter 2024, transactional transportation-related service revenues decreased 14.8% 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 third quarter 2024 was due to a decrease in headcount in our intermodal 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 revenue in our agency-based truckload business.

Occupancy expense. The increase in occupancy expense was attributable to an increase in building rents and property taxes.

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

Insurance and claims. The decrease in insurance and claims expense was primarily due to a decrease in cargo claims expense.

Depreciation and amortization. The increase in depreciation and amortization expense resulted from a $9.3 million increase in depreciation expense and a $1.6 million increase in amortization expense.

Impairment expense. The increase in impairment expense primarily relates to the goodwill impairment charges resulting from the closure of our company-managed brokerage operations.

Interest expense, net. The increase in net interest expense reflects an increase in our outstanding borrowings. As of September 28, 2024, our outstanding borrowings were $561.2 million compared to $392.0 million at September 30, 2023.

Other non-operating income. Other non-operating income decreased by $0.6 million in third quarter 2024.

Income tax expense. Our effective income tax rate was 24.6% in the third quarter 2024 compared to 25.3% in the third quarter 2023. The increase in income taxes is primarily the result of an increase in taxable income.

Thirty-nine Weeks Ended September 28, 2024 Compared to Thirty-nine Weeks Ended September 30, 2023

The following table sets forth items derived from our consolidated statements of income for the thirty-nine weeks ended September 28, 2024 and September 30, 2023:

	Thirty-nine Weeks Ended				
	September 28, 2024		September 30, 2023		Percent Change in Dollar Amount
(Dollars in millions)	$	%	$	%	%
Operating revenues	$ 1,380,904	100.0 %	$ 1,271,219	100.0 %	8.6 %
Operating expenses:					
Purchased transportation and equipment rent	382,628	27.7	443,434	34.9	(13.7)
Direct personnel and related benefits	408,381	29.6	412,004	32.4	(0.9)
Operating supplies and expenses	216,914	15.7	130,351	10.3	66.4
Commission expense	22,485	1.6	24,149	1.9	(6.9)
Occupancy expense	32,189	2.3	33,106	2.6	(2.8)
General and administrative	41,242	3.0	38,967	3.1	5.8
Insurance and claims	20,722	1.5	20,795	1.6	(0.4)
Depreciation and amortization	87,795	6.4	57,061	4.5	53.9
Impairment expense	3,720	0.3	—	—	n/m
Total operating expenses	1,216,076	88.1	1,159,867	91.2	4.8
Income from operations	164,828	11.9	111,352	8.8	48.0
Interest income (expense), net	(20,378)	(1.5)	(16,590)	(1.3)	22.8
Other non-operating income	2,007	0.1	885	(0.0)	126.8
Income before income taxes	146,457	10.5	95,647	7.5	53.1
Income tax expense	36,726	2.6	24,159	1.9	52.0
Net income	$ 109,731	7.9 %	$ 71,488	5.6 %	53.5 %

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 $71.1 million in the thirty-nine weeks ended September 28, 2024, compared to $90.7 million in the thirty-nine weeks ended September 30, 2023. Also included in operating revenues were other accessorial charges such as detention, demurrage and storage, which totaled $23.3 million during the thirty-nine weeks ended September 28, 2024, compared to $47.5 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 thirty-nine weeks ended September 28, 2024, transactional transportation-related service revenues decreased 13.1% 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 thirty-nine weeks ended September 28, 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 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 decrease in insurance and claims expense was primarily due to an increase in auto liability claims expense.

Depreciation and amortization. The increase in depreciation and amortization expense resulted from a $26.0 million increase in depreciation expense and a $4.8 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.

Impairment expense. The increase in impairment expense primarily relates to the goodwill impairment charges resulting from the closure of our company-managed brokerage operations.

Interest expense, net. The increase in net interest expense reflects an increase in our outstanding borrowings. As of September 28, 2024, our outstanding borrowings were $561.2 million compared to $392.0 million at September 30, 2023.

Other non-operating income. Other non-operating income increased by $1.1 million in the thirty-nine weeks ended September 28, 2024 and includes a $0.9 million pre-tax holding gain on marketable securities due to changes in fair value recognized in income.

Income tax expense. Our effective income tax rate was 25.1% in thirty-nine weeks ended September 28, 2024, compared to 25.3% in the thirty-nine weeks ended September 30, 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 three distinct reportable segments: contract logistics, intermodal and trucking, 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 thirty-nine week periods ended September 28, 2024 and September 30, 2023 (in thousands):

	Operating Revenues			
	Thirteen Weeks Ended		Thirty-nine Weeks Ended	
	September 28, 2024	September 30, 2023	September 28, 2024	September 30, 2023
Contract logistics	$ 245,194	$ 208,129	$ 822,301	$ 628,228
Intermodal	77,632	87,974	235,649	295,736
Trucking	87,047	97,085	248,142	258,043
Other	16,960	28,063	74,812	89,212
Total operating revenues	$ 426,833	$ 421,251	$ 1,380,904	$ 1,271,219

	Income from Operations			
	Thirteen Weeks Ended		Thirty-nine Weeks Ended	
	September 28, 2024	September 30, 2023	September 28, 2024	September 30, 2023
Contract logistics	$ 45,623	$ 35,103	$ 179,990	$ 95,673
Intermodal	(1,127)	(4,470)	(18,058)	2,568
Trucking	7,122	6,558	15,175	14,770
Other	(8,984)	(430)	(12,279)	(1,659)
Total income from operations	$ 42,634	$ 36,761	$ 164,828	$ 111,352

Thirteen Weeks Ended September 28, 2024 Compared to Thirteen Weeks Ended September 30, 2023

In the contract logistics segment, which includes our value-added and dedicated services, operating revenues increased 17.8%. The increase in operating revenues was primarily due to our recently awarded specialty development project. At the end of the third quarter 2024, we managed 70 value-added programs compared to 73 in the third quarter 2023. Included in contract logistics segment revenues for the thirteen weeks ended September 28, 2024, were $7.0 million in separately identified fuel surcharges from dedicated transportation services, compared to $9.1 million in the same period last year. Income from operations increased $10.5 million and operating margin, as a percentage of revenue was 18.6% for the third quarter 2024, compared to 16.9% in the third quarter 2023.

Operating revenues in the intermodal segment decreased 11.8% primarily due to a decrease in the number of loads hauled. Included in intermodal segment revenues for the third quarter 2024 were $10.0 million in separately identified fuel surcharges, compared to $12.7 million in the same period last year. Intermodal segment revenues also include other accessorial charges such as detention, demurrage and storage, which totaled $8.9 million during the third quarter 2024 compared to $9.9 million in the third quarter 2023. Load volumes declined 13.2%, while the average operating revenue per load, excluding fuel surcharges, increased 1.8% on a year-over-year basis. As a percentage of revenue, operating margin in the intermodal segment for the third quarter 2024 was (1.5)%, compared to (5.1)% one year earlier.

In the trucking segment, operating revenues decreased 10.3% primarily due to a decrease in the number of loads hauled. Third quarter 2024 trucking segment revenues included $24.3 million of brokerage services compared to $28.8 million during the same period last year. Also included in our trucking segment revenues were $4.8 million in separately identified fuel surcharges during the third quarter 2024 compared to $6.3 million in fuel surcharges in the third quarter 2023. On a year-over-year basis, load volumes declined 16.1%; however, the average operating revenue per load, excluding fuel surcharges, increased 9.3%, supported by our specialty, heavy-haul wind business. As a percentage of revenue, operating margin in the trucking segment for the thirteen weeks ended September 28, 2024, was 8.2% compared to 6.8% for the thirteen weeks ended September 30, 2023.

Thirty-nine Weeks Ended September 28, 2024 Compared to Thirty-nine Weeks Ended September 30, 2023

In the contract logistics segment, which includes our value-added and dedicated services, operating revenues increased 30.9%. The increase in operating revenues was primarily due to our recently awarded specialty development project. At the end of the third quarter 2024, we managed 70 value-added programs compared to 73 in the prior year. Included in contract logistics segment revenues for the thirty-nine weeks ended September 28, 2024, were $23.7 million in separately identified fuel surcharges from dedicated transportation services, compared to $27.4 million in the same period last year. Income from operations increased $84.3 million and operating margin, as a percentage of revenue was 21.9% for the thirty-nine weeks ended September 28, 2024, compared to 15.2% in the thirty-nine weeks ended September 30, 2023.

Operating revenues in the intermodal segment decreased 20.3% 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 thirty-nine weeks ended September 28, 2024 were $31.5 million in separately identified fuel surcharges, compared to $43.4 million in the same period last year. Intermodal segment revenues also include other accessorial charges such as detention, demurrage and storage, which totaled $23.3 million during the thirty-nine weeks ended September 28, 2024 compared to $47.5 million in the thirty-nine weeks ended September 30, 2023. Load volumes declined 10.6%, while the average operating revenue per load, excluding fuel surcharges, fell 1.4% on a year-over-year basis. As a percentage of revenue, operating margin in the intermodal segment for the thirty-nine weeks ended September 28, 2024 was (7.7)%, compared to 0.9% one year earlier.

In the trucking segment, operating revenues decreased 3.8% primarily due to a decrease in the number of loads hauled. Trucking segment revenues included $78.4 million of brokerage services compared to $94.2 million during the same period last year. Also included in our trucking segment revenues were $15.9 million in separately identified fuel surcharges during the thirty-nine weeks ended September 28, 2024 compared to $19.9 million in fuel surcharges in the thirty-nine weeks ended September 30, 2023. On a year-over-year basis, load volumes declined 11.4%; however, the average operating revenue per load, excluding fuel surcharges, increased 10.1%, supported by our specialty, heavy-haul wind business. As a percentage of revenue, operating margin in the trucking segment for the thirty-nine weeks ended September 28, 2024, was 6.1% compared to 5.7% for the thirty-nine weeks ended September 30, 2023.

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 thirty-nine weeks ended September 28, 2024, our capital expenditures totaled $210.8 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 $105 million to $120 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 October 24, 2024, our Board of Directors did declare the regular quarterly cash dividend of $0.105 per share of common stock payable January 2, 2025 to shareholders of record at the close of business on December 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.

On September 30, 2024, we acquired all of the outstanding shares of Parsec, LLC, OB Leasing, LLC, and Parsec Intermodal of Canada Ltd. (collectively, "Parsec"). The cash purchase price was $193.6 million, subject to customary post-closing adjustments. We borrowed funds from our existing Revolving Credit Facility to finance the acquisition. After giving effect to the borrowings under the credit facility, the Company's subsidiaries were in compliance with all of the facility's covenants and approximately $81.7 million was available for borrowing on the revolver.

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 September 28, 2024, we were in compliance with all its covenants, and $291.0 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 September 28, 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 September 28, 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 September 28, 2024, and the maximum available borrowings were $5.9 million.

Discussion of Cash Flows

At September 28, 2024, we had cash and cash equivalents of $11.8 million compared to $12.5 million at December 31, 2023. Operating activities provided $52.6 million in net cash, financing activities provided an additional $166.4 million, and we used $219.0 million in investing activities.

The $52.6 million in net cash provided by operations was primarily attributed to $109.7 million of net income, which reflects non-cash depreciation and amortization, impairment expense, noncash lease expense, gains on marketable equity securities, losses on equipment sales, amortization of debt issuance costs, stock-based compensation, provisions for credit losses totaling, and a change in deferred income taxes totaling $141.1 million, net. Net cash provided by operating activities also reflects an aggregate increase in net working capital totaling $198.2 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 $2.8 million. The decrease in net cash resulted from a decrease in accounts payable to affiliates of $2.2 million and an increase in accounts receivable from affiliates of $0.6 million.

The $219.0 million in net cash used in investing activities primarily consisted of $210.8 million in capital expenditures and $10.0 million for the acquisition of East Texas Heavy Haul. These expenditures were partially offset by $1.8 million in proceeds from the sale of equipment.

Financing activities provided $166.4 million in net cash during the period. We had outstanding borrowings totaling $561.2 million at September 28, 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 $79.9 million, borrowed $162.7 million for new equipment and had net borrowings on our revolving lines of credit totaling $92.1 million. During the period, we also paid cash dividends of $8.3 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 September 28, 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 September 28, 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

We carried out an evaluation under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures pursuant to paragraph (b) of Rule 13a-15 or 15d-15 of the Securities Exchange Act of 1934, as amended (or the Exchange Act). Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of September 28, 2024, our disclosure controls and procedures were effective in causing the material information required to be disclosed in the reports that it files or submits under the Exchange Act (i) to be recorded, processed, summarized and reported, to the extent applicable, within the time periods required for us to meet the Securities and Exchange Commission's (or SEC) filing deadlines for these reports specified in the SEC's rules and forms and (ii) to be accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

Remediation of Prior Material Weakness in Internal Control Over Financial Reporting

As disclosed in Part II – Item 9A. of the Company's Annual Report on Form 10-K for the year ended December 31, 2023, management identified a material weakness in 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.

During 2024, management executed upon its previously disclosed remediation plan, which included: (i) modifying our applicable policies and procedures for timely review and approval of contracted rates that are entered into the system; (ii) 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 (iii) establishing a reserve on receivables that are within customer pay terms based upon history of rate corrections.

Our management completed testing of the implemented controls during the quarter ended September 28, 2024 and found them to be operating effectively. As a result, management has concluded that the material weakness in internal control over financial reporting has been remediated as of September 28, 2024.

Changes in Internal Control over Financial Reporting

We took 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.

PART II – OTHER INFORMATION

ITEM 1: LEGAL PROCEEDINGS

For information regarding legal proceedings, see Note 16 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 September 28, 2024, as such terms are defined under Item 408(a) of Regulation S-K.

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	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)
3.2	Amendment to Articles of Incorporation (incorporated by reference to Exhibit 3(i)-1 and 3(i)-2 to the Registrant's Current Report on Form 8-K filed on November 1, 2012)
3.3	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)
3.4	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)
4.1	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)
4.2	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)
10.1	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)
10.2	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)
10.3	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)
10.4	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)
10.5	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)
10.6	Equity Purchase Agreement dated September 30, 2024 (incorporated by reference to Exhibit 2.1 to the Registrant's Current Report on Form 8-K filed October 1, 2024)
31.1*	Chief Executive Officer certification, as adopted pursuant to section 302 of the Sarbanes-Oxley Act of 2002
31.2*	Chief Financial Officer certification, as adopted pursuant to section 302 of the Sarbanes-Oxley Act of 2002
32.1**	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
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: November 7, 2024	By:	*/s/ Tim Phillips*
		Tim Phillips Chief Executive Officer
Date: November 7, 2024	By:	*/s/ Jude Beres*
		Jude Beres Chief Financial Officer

Exhibit 31.1

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: November 7, 2024

/s/ Tim Phillips
Tim Phillips
Chief Executive Officer

Exhibit 31.2

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: November 7, 2024

/s/ Jude Beres
Jude Beres
Chief Financial Officer

Exhibit 32.1

**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 September 28, 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: November 7, 2024

/s/ Tim Phillips
Tim Phillips
Chief Executive Officer

/s/ Jude Beres
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.