

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

FORM 10-Q

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

For the quarterly period ended **March 31, 2023**

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: 001-35007



Knight-Swift Transportation Holdings Inc.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

20-5589597

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

2002 West Waballa Lane

Phoenix, Arizona 85027

(Address of principal executive offices and zip code)

(602) 269-2000

(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 Securities Exchange Act of 1934:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock \$0.01 Par Value	KNX	New York Stock Exchange

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 (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See 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 ☒
Non-accelerated Filer ☐

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 ☒

There were approximately 161,030,000 shares of the registrant's common stock outstanding as of April 26, 2023.

KNIGHT-SWIFT TRANSPORTATION HOLDINGS INC.

QUARTERLY REPORT ON FORM 10-Q

TABLE OF CONTENTS

PART I FINANCIAL INFORMATION	PAGE
<u>Item 1. Financial Statements</u>	<u>4</u>
<u>Condensed Consolidated Balance Sheets (Unaudited) — March 31, 2023 and December 31, 2022</u>	<u>4</u>
<u>Condensed Consolidated Statements of Comprehensive Income (Unaudited) — Quarters ended March 31, 2023 and 2022</u>	<u>5</u>
<u>Condensed Consolidated Statements of Cash Flows (Unaudited) — Quarters ended March 31, 2023 and 2022</u>	<u>6</u>
<u>Condensed Consolidated Statements of Stockholders' Equity (Unaudited) — Quarters ended March 31, 2023 and 2022</u>	<u>8</u>
<u>Note 1 — Introduction and Basis of Presentation</u>	<u>9</u>
<u>Note 2 — Recently Issued Accounting Pronouncements</u>	<u>10</u>
<u>Note 3 — Acquisitions</u>	<u>10</u>
<u>Note 4 — Income Taxes</u>	<u>10</u>
<u>Note 5 — Accounts Receivable Securitization</u>	<u>11</u>
<u>Note 6 — Debt and Financing</u>	<u>12</u>
<u>Note 7 — Defined Benefit Pension Plan</u>	<u>14</u>
<u>Note 8 — Purchase Commitments</u>	<u>14</u>
<u>Note 9 — Contingencies and Legal Proceedings</u>	<u>14</u>
<u>Note 10 — Share Repurchase Plans</u>	<u>15</u>
<u>Note 11 — Weighted Average Shares Outstanding</u>	<u>16</u>
<u>Note 12 — Fair Value Measurement</u>	<u>16</u>
<u>Note 13 — Related Party Transactions</u>	<u>19</u>
<u>Note 14 — Financial Information by Segment and Geography</u>	<u>19</u>
<u>Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>21</u>
<u>Item 3. Quantitative and Qualitative Disclosures About Market Risk</u>	<u>50</u>
<u>Item 4. Controls and Procedures</u>	<u>50</u>
PART II OTHER INFORMATION	
<u>Item 1. Legal Proceedings</u>	<u>51</u>
<u>Item 1A. Risk Factors</u>	<u>51</u>
<u>Item 2. Unregistered Sales of Equity Securities and Use of Proceeds</u>	<u>52</u>
<u>Item 3. Defaults Upon Senior Securities</u>	<u>52</u>
<u>Item 4. Mine Safety Disclosures</u>	<u>53</u>
<u>Item 5. Other Information</u>	<u>53</u>
<u>Item 6. Exhibits</u>	<u>54</u>
<u>Signatures</u>	<u>55</u>

KNIGHT-SWIFT TRANSPORTATION HOLDINGS INC.

GLOSSARY OF TERMS

The following glossary defines certain acronyms and terms used in this Quarterly Report on Form 10-Q. These acronyms and terms are specific to our company, commonly used in our industry, or are otherwise frequently used throughout our document.

Term	Definition
<i>Knight-Swift/the Company/Management/We/Us/Our</i>	Unless otherwise indicated or the context otherwise requires, these terms represent Knight-Swift Transportation Holdings Inc. and its subsidiaries.
<i>2017 Merger</i>	The September 8, 2017 merger of Knight Transportation, Inc. and its subsidiaries and Swift Transportation Company and its subsidiaries, pursuant to which we became Knight-Swift Transportation Holdings Inc.
<i>2017 Debt Agreement</i>	The Company's unsecured credit agreement, entered into on September 29, 2017, as amended on October 2, 2020
<i>2021 Debt Agreement</i>	The Company's unsecured credit agreement, entered into on September 3, 2021, consisting of the 2021 Revolver and 2021 Term Loans, which are defined below
<i>2021 Prudential Notes</i>	Third amended and restated note purchase and private shelf agreement, entered into on September 3, 2021 by ACT with unrelated financial entities
<i>2021 Revolver</i>	Revolving line of credit under the 2021 Debt Agreement
<i>2021 Term Loans</i>	The Company's term loans under the 2021 Debt Agreement, collectively consisting of the 2021 Term Loan A-1, 2021 Term Loan A-2 and 2021 Term Loan A-3
<i>2021 Term Loan A-1</i>	The Company's term loan under the 2021 Debt Agreement, which matured on December 3, 2022
<i>2021 Term Loan A-2</i>	The Company's term loan under the 2021 Debt Agreement, maturing on September 3, 2024
<i>2021 Term Loan A-3</i>	The Company's term loan under the 2021 Debt Agreement, maturing on September 3, 2026
<i>2021 RSA</i>	Fifth Amendment to the Amended and Restated Receivables Sales Agreement, entered into on April 23, 2021 by Swift Receivables Company II, LLC with unrelated financial entities.
<i>2022 RSA</i>	Sixth Amendment to the Amended and Restated Receivables Sales Agreement, entered into on October 3, 2022 by Swift Receivables Company II, LLC with unrelated financial entities.
<i>July 2021 Term Loan</i>	The Company's term loan entered into on July 6, 2021
<i>ACT</i>	AAA Cooper Transportation, and its affiliated entity
<i>ACT Acquisition</i>	The Company's acquisition of 100% of the securities of ACT on July 5, 2021
<i>Annual Report</i>	Annual Report on Form 10-K
<i>ASC</i>	Accounting Standards Codification
<i>ASU</i>	Accounting Standards Update
<i>Board</i>	Knight-Swift's Board of Directors
<i>BSBY</i>	Bloomberg Short-Term Bank Yield Index
<i>DOE</i>	United States Department of Energy
<i>EPS</i>	Earnings Per Share
<i>Embark</i>	Embark Technology Inc. and its related entities
<i>ESPP</i>	Knight-Swift Transportation Holdings Inc. Amended and Restated 2012 Employee Stock Purchase Plan
<i>GAAP</i>	United States Generally Accepted Accounting Principles
<i>NYSE</i>	New York Stock Exchange
<i>LTL</i>	Less-than-truckload
<i>MME</i>	RAC MME Holdings, LLC. and its subsidiaries, MME, Inc. and Midwest Motor Express, Inc.
<i>Quarterly Report</i>	Quarterly Report on Form 10-Q
<i>RSU</i>	Restricted Stock Unit
<i>SEC</i>	United States Securities and Exchange Commission
<i>SOFR</i>	Secured overnight financing rate as administered by the Federal Reserve Bank of New York
<i>US</i>	The United States of America
<i>U.S. Xpress</i>	U.S. Xpress Enterprises, Inc.
<i>UTXL</i>	UTXL Enterprises, Inc.

KNIGHT-SWIFT TRANSPORTATION HOLDINGS INC.
PART I FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS
Condensed Consolidated Balance Sheets (Unaudited)

	March 31, 2023	December 31, 2022
	(In thousands, except per share data)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 191,245	\$ 196,770
Cash and cash equivalents – restricted	204,348	185,792
Restricted investments, held-to-maturity, amortized cost	4,076	7,175
Trade receivables, net of allowance for doubtful accounts of \$27,836 and \$22,980, respectively	800,415	842,294
Contract balance – revenue in transit	15,097	15,859
Prepaid expenses	105,429	108,081
Assets held for sale	48,259	40,602
Income tax receivable	30,221	58,974
Other current assets	43,546	38,025
Total current assets	1,442,636	1,493,572
Gross property and equipment	5,840,683	5,740,383
Less: accumulated depreciation and amortization	(1,960,593)	(1,905,340)
Property and equipment, net	3,880,090	3,835,043
Operating lease right-of-use-assets	197,950	192,358
Goodwill	3,519,339	3,519,339
Intangible assets, net	1,760,561	1,776,569
Other long-term assets	142,428	134,785
Total assets	\$ 10,943,004	\$ 10,951,666
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 214,574	\$ 220,849
Accrued payroll and purchased transportation	154,471	171,381
Accrued liabilities	81,952	81,528
Claims accruals – current portion	342,530	311,822
Finance lease liabilities and long-term debt – current portion	72,875	71,466
Operating lease liabilities – current portion	39,409	36,961
Total current liabilities	905,811	894,007
Revolving line of credit	—	43,000
Long-term debt – less current portion	1,016,261	1,024,668
Finance lease liabilities – less current portion	335,582	344,377
Operating lease liabilities – less current portion	153,336	149,992
Accounts receivable securitization	383,601	418,561
Claims accruals – less current portion	196,045	201,838
Deferred tax liabilities	906,577	907,893
Other long-term liabilities	10,197	12,049
Total liabilities	3,907,410	3,996,385
Commitments and contingencies (Notes 3, 7, 8, and 9)		
Stockholders' equity:		
Preferred stock, par value \$0.01 per share; 10,000 shares authorized; none issued	—	—
Common stock, par value \$0.01 per share; 500,000 shares authorized; 161,009 and 160,706 shares issued and outstanding as of March 31, 2023 and December 31, 2022, respectively.	1,610	1,607
Accumulated other comprehensive loss	(1,346)	(2,436)
Additional paid-in capital	4,401,276	4,392,266
Retained earnings	2,623,373	2,553,567
Total Knight-Swift stockholders' equity	7,024,913	6,945,004
Noncontrolling interest	10,681	10,277
Total stockholders' equity	7,035,594	6,955,281
Total liabilities and stockholders' equity	\$ 10,943,004	\$ 10,951,666

See accompanying notes to condensed consolidated financial statements (unaudited).

KNIGHT-SWIFT TRANSPORTATION HOLDINGS INC.
**Condensed Consolidated Statements of Comprehensive Income
(Unaudited)**

	Quarter Ended March 31,	
	2023	2022
	(In thousands, except per share data)	
Revenue:		
Revenue, excluding truckload and LTL fuel surcharge	\$ 1,450,293	\$ 1,647,878
Truckload and LTL fuel surcharge	186,639	179,111
Total revenue	1,636,932	1,826,989
Operating expenses:		
Salaries, wages, and benefits	536,742	536,056
Fuel	187,759	190,489
Operations and maintenance	99,311	95,883
Insurance and claims	138,039	98,192
Operating taxes and licenses	25,890	29,037
Communications	5,749	5,870
Depreciation and amortization of property and equipment	155,966	145,044
Amortization of intangibles	16,183	16,166
Rental expense	15,068	13,401
Purchased transportation	280,729	386,446
Impairments	—	810
Miscellaneous operating expenses	30,709	11,509
Total operating expenses	1,492,145	1,528,903
Operating income	144,787	298,086
Other (expenses) income:		
Interest income	5,049	461
Interest expense	(23,091)	(6,680)
Other income (expenses), net	9,703	(14,405)
Total other (expenses) income, net	(8,339)	(20,624)
Income before income taxes	136,448	277,462
Income tax expense	32,735	69,174
Net income	103,713	208,288
Net loss attributable to noncontrolling interest	571	49
Net income attributable to Knight-Swift	104,284	208,337
Other comprehensive income (loss)	1,090	(372)
Comprehensive income	\$ 105,374	\$ 207,965
Earnings per share:		
Basic	\$ 0.65	\$ 1.26
Diluted	\$ 0.64	\$ 1.25
Dividends declared per share:	\$ 0.14	\$ 0.12
Weighted average shares outstanding:		
Basic	160,915	165,377
Diluted	161,900	166,499

See accompanying notes to the condensed consolidated financial statements (unaudited).

KNIGHT-SWIFT TRANSPORTATION HOLDINGS INC.
Condensed Consolidated Statements of Cash Flows (Unaudited)

	Quarter Ended March 31,	
	2023	2022
	(In thousands)	
Cash flows from operating activities:		
Net income	\$ 103,713	\$ 208,288
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization of property, equipment, and intangibles	172,149	161,210
Gain on sale of property and equipment	(20,879)	(34,801)
Impairments	—	810
Deferred income taxes	(1,316)	4,246
Non-cash lease expense	10,651	9,490
(Gain) loss on equity securities	(1,364)	20,849
Other adjustments to reconcile net income to net cash provided by operating activities	14,777	11,380
Increase (decrease) in cash resulting from changes in:		
Trade receivables	35,614	(28,007)
Income tax receivable	28,753	692
Accounts payable	11,960	22,074
Accrued liabilities and claims accrual	8,194	89,289
Operating lease liabilities	(10,489)	(9,267)
Other assets and liabilities	(6,604)	607
Net cash provided by operating activities	345,159	456,860
Cash flows from investing activities:		
Proceeds from maturities of held-to-maturity investments	3,620	1,881
Purchases of held-to-maturity investments	(525)	(4,372)
Proceeds from sale of property and equipment, including assets held for sale	59,345	60,532
Purchases of property and equipment	(260,339)	(164,974)
Expenditures on assets held for sale	(360)	(43)
Net cash, restricted cash, and equivalents invested in acquisitions	(275)	(1,291)
Other cash flows from investing activities	1,229	(1,920)
Net cash used in investing activities	(197,305)	(110,187)
Cash flows from financing activities:		
Repayment of finance leases and long-term debt	(22,946)	(48,843)
Repayments on revolving lines of credit, net	(43,000)	(95,000)
Repayment of accounts receivable securitization	(35,000)	—
Proceeds from common stock issued	1,086	1,220
Repurchases of the Company's common stock	—	(144,881)
Dividends paid	(22,983)	(20,137)
Other cash flows from financing activities	(11,748)	(15,608)
Net cash used in financing activities	(134,591)	(323,249)
Net increase in cash, restricted cash, and equivalents	13,263	23,424
Cash, restricted cash, and equivalents at beginning of period	385,345	350,023
Cash, restricted cash, and equivalents at end of period	\$ 398,608	\$ 373,447

See accompanying notes to condensed consolidated financial statements (unaudited).

KNIGHT-SWIFT TRANSPORTATION HOLDINGS INC.
Condensed Consolidated Statements of Cash Flows (Unaudited) — Continued

	Quarter Ended March 31,			
	2023	2022		
	(In thousands)			
Supplemental disclosures of cash flow information:				
Cash paid during the period for:				
Interest	\$ 21,920	\$ 5,928		
Income taxes	1,295	1,778		
Non-cash investing and financing activities:				
Equipment acquired included in accounts payable	\$ 15,232	\$ 11,643		
Financing provided to independent contractors for equipment sold	2,349	1,536		
Transfers from property and equipment to assets held for sale	40,666	16,986		
Purchase price adjustment on acquisition	—	2,163		
Right-of-use assets obtained in exchange for operating lease liabilities	16,281	3,314		
Property and equipment obtained in exchange for finance lease liabilities	7,174	—		
Reconciliation of Cash, Restricted Cash, and Equivalents:				
	March 31, 2023	December 31, 2022	March 31, 2022	December 31, 2021
	(In thousands)			
Consolidated Balance Sheets				
Cash and cash equivalents	\$ 191,245	\$ 196,770	\$ 242,860	\$ 261,001
Cash and cash equivalents – restricted ¹	204,348	185,792	128,774	87,241
Other long-term assets ¹	3,015	2,783	1,813	1,781
Consolidated Statements of Cash Flows				
Cash, restricted cash, and equivalents	\$ 398,608	\$ 385,345	\$ 373,447	\$ 350,023

¹ Reflects cash and cash equivalents that are primarily restricted for claims payments.

See accompanying notes to condensed consolidated financial statements (unaudited).

KNIGHT-SWIFT TRANSPORTATION HOLDINGS INC.
Condensed Consolidated Statements of Stockholders' Equity (Unaudited)

	Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total Knight- Swift Stockholders' Equity	Noncontrolling Interest	Total Stockholders' Equity
	Shares	Par Value						
	(In thousands, except per share data)							
Balances – December 31, 2022	160,706	\$ 1,607	\$ 4,392,266	\$ 2,553,567	\$ (2,436)	\$ 6,945,004	\$ 10,277	\$ 6,955,281
Common stock issued to employees	282	3	43			46		46
Common stock issued under ESPP	21	—	1,040			1,040		1,040
Shares withheld – RSU settlement				(11,748)		(11,748)		(11,748)
Employee stock-based compensation expense			7,927			7,927		7,927
Cash dividends paid and dividends accrued (\$0.14 per share)				(22,730)		(22,730)		(22,730)
Net income				104,284		104,284	(571)	103,713
Other comprehensive income					1,090	1,090		1,090
Investment in noncontrolling interest							975	975
Balances – March 31, 2023	161,009	\$ 1,610	\$ 4,401,276	\$ 2,623,373	\$ (1,346)	\$ 7,024,913	\$ 10,681	\$ 7,035,594
	Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total Knight- Swift Stockholders' Equity	Noncontrolling Interest	Total Stockholders' Equity
	Shares	Par Value						
	(In thousands, except per share data)							
Balances – December 31, 2021	165,980	\$ 1,660	\$ 4,350,913	\$ 2,181,142	\$ (563)	\$ 6,533,152	\$ 10,298	\$ 6,543,450
Common stock issued to employees	364	3	408			411		411
Common stock issued under ESPP	14	—	809			809		809
Company shares repurchased	(2,723)	(27)		(144,854)		(144,881)		(144,881)
Shares withheld – RSU settlement				(15,608)		(15,608)		(15,608)
Employee stock-based compensation expense			8,759			8,759		8,759
Cash dividends paid and dividends accrued (\$0.12 per share)				(19,913)		(19,913)		(19,913)
Net income				208,337		208,337	(49)	208,288
Other comprehensive loss					(372)	(372)		(372)
Balances – March 31, 2022	163,635	\$ 1,636	\$ 4,360,889	\$ 2,209,104	\$ (935)	\$ 6,570,694	\$ 10,249	\$ 6,580,943

See accompanying notes to condensed consolidated financial statements (unaudited).

Notes to Condensed Consolidated Financial Statements (Unaudited)

Note 1 — Introduction and Basis of Presentation

Certain acronyms and terms used throughout this Quarterly Report are specific to the Company, commonly used in the trucking industry, or are otherwise frequently used throughout this document. Definitions for these acronyms and terms are provided in the "Glossary of Terms," available in the front of this document.

Description of Business

Knight-Swift is a transportation solutions provider, headquartered in Phoenix, Arizona. During the quarter ended March 31, 2023, the Company operated an average of 18,152 tractors (comprised of 16,262 company tractors and 1,890 independent contractor tractors) and 79,490 trailers within the Truckload segment and leasing activities within the non-reportable segments. The LTL segment operated an average of 3,163 tractors and 8,387 trailers. Additionally, the Intermodal segment operated an average of 607 tractors and 12,829 intermodal containers. As of March 31, 2023, the Company's four reportable segments were Truckload, LTL, Logistics, and Intermodal.

Basis of Presentation

The condensed consolidated financial statements and footnotes included in this Quarterly Report include the accounts of Knight-Swift Transportation Holdings Inc. and its subsidiaries and should be read in conjunction with the consolidated financial statements and footnotes included in Knight-Swift's 2022 Annual Report. In management's opinion, these condensed consolidated financial statements were prepared in accordance with GAAP and include all adjustments necessary (consisting of normal recurring adjustments) for the fair statement of the periods presented.

With respect to transactional/durational data, references to years pertain to calendar years. Similarly, references to quarters pertain to calendar quarters.

Changes in Presentation

Beginning in the second quarter of 2022, the Company separately disclosed "(Gain) loss on equity securities" in the condensed consolidated statement of cash flows. Accordingly, the amounts presented in the Company's year-to-date March 31, 2022 condensed consolidated statement of cash flows were reclassified from "Other adjustments to reconcile net income to net cash provided by operating activities" to "(Gain) loss on equity securities" to align with the current year presentation.

Seasonality

In the full truckload transportation industry, results of operations generally follow a seasonal pattern. Freight volumes in the first quarter are typically lower due to less consumer demand, customers reducing shipments following the holiday season, and inclement weather. At the same time, operating expenses generally increase, and tractor productivity of the Company's Truckload fleet, independent contractors and third-party carriers decreases during the winter months due to decreased fuel efficiency, increased cold weather-related equipment maintenance and repairs, and increased insurance claims and costs attributed to higher accident frequency from harsh weather. These factors typically lead to lower operating profitability, as compared to other parts of the year. Additionally, beginning in the latter half of the third quarter and continuing into the fourth quarter, the Company typically experiences surges pertaining to holiday shopping trends toward delivery of gifts purchased over the Internet, as well as the length of the holiday season (consumer shopping days between Thanksgiving and Christmas). However, as the Company continues to diversify its business through expansion into the LTL industry, warehousing, and other activities, seasonal volatility is becoming more tempered. Additionally, macroeconomic trends and cyclical changes in the trucking industry, including imbalances in supply and demand, can override the seasonality faced in the industry.

KNIGHT-SWIFT TRANSPORTATION HOLDINGS INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) — CONTINUED

Note 2 — Recently Issued Accounting Pronouncements

Date Issued	Reference	Description	Expected Adoption Date and Method	Financial Statement Impact
March 2023	ASU No. 2023-01: Leases (ASC 842), <i>Common Control Arrangements</i>	The amendments in this ASU require that leasehold improvements associated with common control leases be amortized by the lessee over the useful life of the leasehold improvements and that leasehold improvements associated with common control leases be accounted for as a transfer between entities under common control through an adjustment to equity if the lessee no longer controls the use of the asset.	January 2024, Prospective or retrospective	Currently under evaluation, but not expected to be material

Note 3 — Acquisitions***U.S. Xpress***

On March 21, 2023, the Company announced an agreement under which Knight-Swift will acquire U.S. Xpress for a total enterprise value of approximately \$808 million, excluding transaction costs. The transaction has been unanimously approved by the Board and a special committee of the independent directors of the U.S. Xpress board of directors. Work continues to complete this process, with closing now anticipated to occur early third quarter of 2023, subject to customary closing conditions.

The Company did not complete any other material acquisitions during the quarter ended March 31, 2023.

Note 4 — Income Taxes

Effective Tax Rate — The quarter ended March 31, 2023 and March 31, 2022 effective tax rates were 24.0% and 24.9%, respectively.

Valuation Allowance — The Company has not established a valuation allowance as it has been determined that, based upon available evidence, a valuation allowance is not required. Management believes that it is more likely than not that the results of future operations will generate sufficient taxable income to realize the deferred tax assets.

Unrecognized Tax Benefits — Management believes it is reasonably possible that a decrease of up to \$1.7 million in unrecognized tax benefits relating to federal deductions may be necessary within the next twelve months.

Interest and Penalties — Accrued interest and penalties related to unrecognized tax benefits were approximately \$0.2 million as of March 31, 2023 and December 31, 2022.

Tax Examinations — Certain of the Company's subsidiaries are currently under examination by Federal and various state jurisdictions for tax years ranging from 2014 to 2021. At the completion of these examinations, management does not expect any adjustments that would have a material impact on the Company's effective tax rate. Years subsequent to 2017 remain subject to examination.

KNIGHT-SWIFT TRANSPORTATION HOLDINGS INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) — CONTINUED
Note 5 — Accounts Receivable Securitization

On October 3, 2022, the Company entered into the 2022 RSA, which further amended the 2021 RSA. The 2022 RSA is a secured borrowing that is collateralized by the Company's eligible receivables, for which the Company is the servicing agent. The Company's receivable originator subsidiaries sell, on a revolving basis, undivided interests in all of their eligible accounts receivable to Swift Receivables Company II, LLC ("SRCII") who in turn sells a variable percentage ownership in those receivables to the various purchasers. The Company's eligible receivables are included in "Trade receivables, net of allowance for doubtful accounts" in the consolidated balance sheets. As of March 31, 2023, the Company's eligible receivables generally have high credit quality, as determined by the obligor's corporate credit rating.

The 2022 RSA is subject to fees, various affirmative and negative covenants, representations and warranties, and default and termination provisions customary for facilities of this type. The Company was in compliance with these covenants as of March 31, 2023. Collections on the underlying receivables by the Company are held for the benefit of SRCII and the various purchasers and are unavailable to satisfy claims of the Company and its subsidiaries.

The following table summarizes the key terms of the 2022 RSA (dollars in thousands):

	2022 RSA
	(Dollars in thousands)
Effective date	October 3, 2022
Final maturity date	October 1, 2025
Borrowing capacity	\$475,000
Accordion option ¹	\$100,000
Unused commitment fee rate ²	20 to 40 basis points
Program fees on outstanding balances ³	one month SOFR + credit adjustment spread 10 basis points + 82.5 basis points

1 The accordion option increases the maximum borrowing capacity, subject to participation of the purchasers.

2 The 2022 RSA commitment fees rate are based on the percentage of the maximum borrowing capacity utilized.

3 As identified within the 2022 RSA, the lender can trigger an amendment by identifying and deciding upon a replacement for SOFR.

Availability under the 2022 RSA is calculated as follows:

	March 31, 2023	December 31, 2022
	(In thousands)	
Borrowing base, based on eligible receivables	\$ 396,700	\$ 456,400
Less: outstanding borrowings ¹	(384,000)	(419,000)
Availability under accounts receivable securitization facilities	<u>\$ 12,700</u>	<u>\$ 37,400</u>

1 Outstanding borrowings are included in "Accounts receivable securitization" in the condensed consolidated balance sheets and are offset by deferred loan costs of \$0.4 million as of March 31, 2023 and December 31, 2022. Interest accrued on the aggregate principal balance at a rate of 5.6% and 5.1% as of March 31, 2023 and December 31, 2022, respectively.

Refer to Note 12 for information regarding the fair value of the 2022 RSA.

KNIGHT-SWIFT TRANSPORTATION HOLDINGS INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) — CONTINUED
Note 6 — Debt and Financing

Other than the Company's accounts receivable securitization as discussed in Note 5, the Company's long-term debt consisted of the following:

	March 31, 2023	December 31, 2022
	(In thousands)	
2021 Term Loan A-2, due September 3, 2024, net ^{1 2}	199,792	199,755
2021 Term Loan A-3, due September 3, 2026, net ^{1 2}	798,793	798,705
Prudential Notes, net ¹	27,955	35,960
Other	2,527	3,042
Total long-term debt, including current portion	1,029,067	1,037,462
Less: current portion of long-term debt	(12,806)	(12,794)
Long-term debt, less current portion	<u>\$ 1,016,261</u>	<u>\$ 1,024,668</u>

	March 31, 2023	December 31, 2022
	(In thousands)	
Total long-term debt, including current portion	\$ 1,029,067	\$ 1,037,462
2021 Revolver, due September 3, 2026 ^{1 3}	—	43,000
Long-term debt, including revolving line of credit	<u>\$ 1,029,067</u>	<u>\$ 1,080,462</u>

1 Refer to Note 12 for information regarding the fair value of debt.

2 As of March 31, 2023, the carrying amounts of the 2021 Term Loan A-2 and 2021 Term Loan A-3 were net of \$0.2 million and \$1.2 million in deferred loan costs, respectively. As of December 31, 2022, the carrying amounts of the 2021 Term Loan A-2 and 2021 Term Loan A-3 were net of \$0.2 million and \$1.3 million in deferred loan costs, respectively.

3 The Company also had outstanding letters of credit of \$11.4 million and \$15.8 million under the 2021 Revolver, primarily related to workers' compensation and self-insurance liabilities at March 31, 2023 and December 31, 2022, respectively. The Company also had outstanding letters of credit of \$177.9 million and \$173.1 million under a separate bilateral agreement which do not impact the availability of the 2021 Revolver as of March 31, 2023 and December 31, 2022, respectively.

KNIGHT-SWIFT TRANSPORTATION HOLDINGS INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) — CONTINUED

Credit Agreements

2021 Debt Agreement — On September 3, 2021, the Company entered into the \$2.3 billion 2021 Debt Agreement (an unsecured credit facility), with a group of banks, replacing the 2017 Debt Agreement and the July 2021 Term Loan. The following table presents the key terms of the 2021 Debt Agreement:

	2021 Term Loan A-2	2021 Term Loan A-3	2021 Revolver ²
2021 Debt Agreement Terms	(Dollars in thousands)		
Maximum borrowing capacity	\$200,000	\$800,000	\$1,100,000
Final maturity date	September 3, 2024	September 3, 2026	September 3, 2026
Interest rate margin reference rate	BSBY	BSBY	BSBY
Interest rate minimum margin ¹	0.75%	0.88%	0.88%
Interest rate maximum margin ¹	1.38%	1.50%	1.50%
Minimum principal payment — amount	\$—	\$10,000	\$—
Minimum principal payment — frequency	Once	Quarterly	Once
Minimum principal payment — commencement date	September 3, 2024	September 30, 2024	September 3, 2026

- 1 The interest rate margin for the 2021 Term Loans and 2021 Revolver is based on the Company's consolidated leverage ratio. As of March 31, 2023, interest accrued at 5.46% on the 2021 Term Loan A-2 and 5.59% on the 2021 Term Loan A-3 and 2021 Revolver.
- 2 The commitment fee for the unused portion of the 2021 Revolver is based on the Company's consolidated leverage ratio, and ranges from 0.1% to 0.2%. As of March 31, 2023, commitment fees on the unused portion of the 2021 Revolver accrued at 0.1% and outstanding letter of credit fees accrued at 1.0%.

Pursuant to the 2021 Debt Agreement, the 2021 Revolver and the 2021 Term Loans contain certain financial covenants with respect to a maximum net leverage ratio and a minimum consolidated interest coverage ratio. The 2021 Debt Agreement provides flexibility regarding the use of proceeds from asset sales, payment of dividends, stock repurchases, and equipment financing. In addition to the financial covenants, the 2021 Debt Agreement includes usual and customary events of default for a facility of this nature and provides that, upon the occurrence and continuation of an event of default, payment of all amounts payable under the 2021 Debt Agreement may be accelerated, and the lenders' commitments may be terminated. The 2021 Debt Agreement contains certain usual and customary restrictions and covenants relating to, among other things, dividends (which are restricted only if a default or event of default occurs and is continuing or would result therefrom), liens, affiliate transactions, and other indebtedness. As of March 31, 2023, the Company was in compliance with the covenants under the 2021 Debt Agreement.

Borrowings under the 2021 Debt Agreement are made by Knight-Swift Transportation Holdings Inc. and are guaranteed by certain of the Company's material domestic subsidiaries (other than its captive insurance subsidiaries, driving academy subsidiary, and bankruptcy-remote special purpose subsidiary).

ACT's Prudential Notes — The 2021 Prudential Notes allow ACT to borrow up to \$125.0 million, less amounts currently outstanding with Prudential Capital Group, provided that certain financial ratios are maintained. The 2021 Prudential Notes have interest rates ranging from 4.05% to 4.40% and various maturity dates ranging from October 2023 through January 2028. The 2021 Prudential Notes are unsecured and contain usual and customary restrictions on, among other things, the ability to make certain payments to stockholders, similar to the provisions of the Company's 2021 Debt Agreement. As of March 31, 2023, ACT had \$98.6 million available for issuance under the agreement.

Fair Value Measurement — See Note 12 for fair value disclosures regarding the Company's debt instruments.

KNIGHT-SWIFT TRANSPORTATION HOLDINGS INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) — CONTINUED

Note 7 — Defined Benefit Pension Plan

Net periodic pension income and benefits paid during the quarters ended March 31, 2023 and 2022 were immaterial.

Assumptions

A weighted-average discount rate of 4.65% was used to determine benefit obligations as of March 31, 2023.

The following weighted-average assumptions were used to determine net periodic pension cost:

	Quarter Ended March 31,	
	2023	2022
Discount rate	4.92%	2.55%
Expected long-term rate of return on pension plan assets	6.00%	6.00%

Refer to Note 12 for additional information regarding fair value measurements of the Company's investments.

Note 8 — Purchase Commitments

As of March 31, 2023, the Company had outstanding commitments to purchase revenue equipment of \$912.9 million in the remainder of 2023 (\$622.1 million of which were tractor commitments), and none thereafter. These purchases may be financed through any combination of finance leases, operating leases, debt, proceeds from sales of existing equipment, and cash flows from operations.

As of March 31, 2023, the Company had outstanding commitments to purchase facilities and non-revenue equipment of \$40.0 million in the remainder of 2023, \$14.7 million from 2024 through 2025, \$0.9 million from 2026 through 2027, and none thereafter. Factors such as costs and opportunities for future terminal expansions may change the amount of such expenditures.

Note 9 — Contingencies and Legal Proceedings**Legal Proceedings**

The Company is party to certain legal proceedings incidental to its business. The majority of these claims relate to bodily injury, property damage, cargo and workers' compensation incurred in the transportation of freight, as well as certain class action litigation related to personnel and employment matters. We record a liability when we believe that it is probable that a loss has been incurred and the amount can be reasonably estimated.

Information is provided below regarding the nature, status, and contingent loss amounts, if any, associated with pending legal matters that may be material to the Company. There are inherent uncertainties in these legal matters, some of which are beyond management's control, making the ultimate outcomes difficult to predict. Moreover, management's views and estimates related to these matters may change in the future, as new events and circumstances arise and the matters continue to develop. Cash flows or results of operations could be materially affected in any particular period by the resolution of one or more of these contingencies.

The Company has made accruals with respect to its legal matters where appropriate, which are included in "Accrued liabilities" in the condensed consolidated balance sheets. The Company has recorded an aggregate accrual of approximately \$9.6 million, relating to the Company's outstanding legal proceedings as of March 31, 2023.

KNIGHT-SWIFT TRANSPORTATION HOLDINGS INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) — CONTINUED

EMPLOYEE COMPENSATION AND PAY PRACTICES MATTERS			
California Wage, Meal, and Rest Class Actions			
The plaintiffs generally allege one or more of the following: that the Company 1) failed to pay the California minimum wage; 2) failed to provide proper meal and rest periods; 3) failed to timely pay wages upon separation from employment; 4) failed to pay for all hours worked; 5) failed to pay overtime; 6) failed to properly reimburse work-related expenses; and 7) failed to provide accurate wage statements.			
Plaintiff(s)	Defendant(s)	Date instituted	Court or agency currently pending in
John Burnell ¹	Swift Transportation Co., Inc	March 22, 2010	United States District Court for the Central District of California
James R. Rudsell ¹	Swift Transportation Co. of Arizona, LLC and Swift Transportation Company	April 5, 2012	United States District Court for the Central District of California
Recent Developments and Current Status			
In April 2019, the parties reached settlement of this matter. In January 2020, the court granted final approval of the settlement. Two objectors appealed the court's decision granting final approval of the settlement. The likelihood that a loss has been incurred is probable and estimable, and the loss has accordingly been accrued as of March 31, 2023.			

¹ Individually and on behalf of all others similarly situated.

Note 10 — Share Repurchase Plans

On April 25, 2022, the Company announced that the Board approved the repurchase of up to \$350.0 million of the Company's outstanding common stock (the "2022 Knight-Swift Share Repurchase Plan"). With the adoption of the 2022 Knight-Swift Share Repurchase Plan, the Company terminated the 2020 Knight-Swift Share Repurchase Plan, which had approximately \$42.8 million of authorized purchases remaining upon termination.

The following table presents the Company's repurchases of its common stock under the respective share repurchase plans, excluding advisory fees:

Share Repurchase Plan		Quarter Ended March 31, 2023	
Board Approval Date	Authorized Amount	Shares	Amount
(shares and dollars in thousands)			
April 19, 2022 ¹	\$350,000	—	\$ —
		Quarter Ended March 31, 2022	
Board Approval Date	Authorized Amount	Shares	Amount
(shares and dollars in thousands)			
November 24, 2020	\$250,000	2,723	\$ 144,881

¹ \$200.0 million remained available under the 2022 Knight-Swift Repurchase Plan as of March 31, 2023 and December 31, 2022.

KNIGHT-SWIFT TRANSPORTATION HOLDINGS INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) — CONTINUED
Note 11 — Weighted Average Shares Outstanding

Earnings per share, basic and diluted, as presented in the condensed consolidated statements of comprehensive income, are calculated by dividing net income attributable to Knight-Swift by the respective weighted average common shares outstanding during the period.

The following table reconciles basic weighted average shares outstanding to diluted weighted average shares outstanding:

	Quarter Ended March 31,	
	2023	2022
	(In thousands)	
Basic weighted average common shares outstanding	160,915	165,377
Dilutive effect of equity awards	985	1,122
Diluted weighted average common shares outstanding	161,900	166,499
Anti-dilutive shares excluded from earnings per diluted share ¹	7	239

- ¹ Shares were excluded from the dilutive-effect calculation because the outstanding awards' exercise prices were greater than the average market price of the Company's common stock for the periods presented.

Note 12 — Fair Value Measurement

The following table presents the carrying amounts and estimated fair values of the Company's major categories of financial assets and liabilities:

		March 31, 2023		December 31, 2022	
		Carrying Value	Estimated Fair Value	Carrying Value	Estimated Fair Value
		(In thousands)			
Financial Assets:					
Equity method investments	Other long-term assets	\$ 104,300	\$ 104,300	\$ 103,517	\$ 103,517
Investments in equity securities	Other long-term assets	2,968	2,968	1,668	1,668
Convertible note	Other current assets	11,637	11,637	11,341	11,341
Financial Liabilities:					
2021 Term Loan A-2, due September, 2024 ¹	Long-term debt – less current portion	199,792	200,000	199,755	200,000
2021 Term Loan A-3, due September 2026 ¹	Long-term debt – less current portion	798,793	800,000	798,705	800,000
2021 Revolver, due September 2026	Revolving line of credit	—	—	43,000	43,000
2021 Prudential Notes ²	Finance lease liabilities and long-term debt – current portion, Long-term debt – less current portion	27,955	28,000	35,960	36,014
2022 RSA, due October 2025 ³	Accounts receivable securitization	383,601	384,000	418,561	419,000
Contingent consideration	Accrued liabilities, Other long-term liabilities	4,217	4,217	4,217	4,217

- ¹ As of March 31, 2023, the carrying amounts of the 2021 Term Loan A-2 and 2021 Term Loan A-3 were net of \$0.2 million and \$1.2 million in deferred loan costs, respectively. As of December 31, 2022, the carrying amounts of the 2021 Term Loan A-2 and 2021 Term Loan A-3 were net of \$0.2 million and \$1.3 million in deferred loan costs, respectively.
- ² As of March 31, 2023, the carrying amount of the 2021 Prudential Notes was net of approximately \$45,000 in deferred loan costs and included \$1.6 million in fair value adjustments. As of December 31, 2022, the carrying amount of the 2021 Prudential Notes was net of \$0.1 million in deferred loan costs and included \$1.7 million in fair value adjustments.
- ³ The carrying amount of the 2022 RSA was net of \$0.4 million in deferred loan costs as of March 31, 2023 and December 31, 2022, respectively.

KNIGHT-SWIFT TRANSPORTATION HOLDINGS INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) — CONTINUED

Recurring Fair Value Measurements (Assets) — The following table depicts the level in the fair value hierarchy of the inputs used to estimate the fair value of assets measured on a recurring basis as of March 31, 2023 and December 31, 2022:

	Estimated Fair Value	Fair Value Measurements at Reporting Date Using			Unrealized Gain (Loss) Position
		Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	
		(In thousands)			
As of March 31, 2023					
Convertible notes ¹	\$ 11,637	\$ —	\$ —	\$ 11,637	\$ 1,637
Investments in equity securities ²	2,968	2,968	—	—	(49,618)
As of December 31, 2022					
Convertible notes ¹	\$ 11,341	\$ —	\$ —	\$ 11,341	\$ 1,341
Investments in equity securities ²	1,668	1,668	—	—	(50,918)

- Convertible notes** — The condensed consolidated statements of comprehensive income include the fair value activities from the Company's convertible notes within "Other income (expenses), net". The estimated fair value is based on probability-weighted discounted cash flow analysis of the corresponding pay-off/redemption. The Company recognized unrealized gains of \$0.3 million during the quarters ended March 31, 2023 and 2022.
- Investments in equity securities** — The condensed consolidated statements of comprehensive income include the fair value activities from the Company's investments in equity securities within "Other income (expenses), net". The estimated fair value is based on quoted prices in active markets that are readily and regularly obtainable. During the quarter ended March 31, 2023, the Company recognized unrealized gains of \$1.3 million from the Company's various investments in equity securities. During the quarter ended March 31, 2022, the Company recognized a loss of \$20.8 million from its investments in equity securities, which consisted of \$20.8 million in unrealized losses and no realized gains.

Recurring Fair Value Measurements (Liabilities) — The following table depicts the level in the fair value hierarchy of the inputs used to estimate the fair value of liabilities measured on a recurring basis as of March 31, 2023 and December 31, 2022:

	Estimated Fair Value	Fair Value Measurements at Reporting Date Using					Total Gain (Loss)
		Level 1 Inputs	Level 2 Inputs	Level 3 Inputs			
		(In thousands)					
As of March 31, 2023							
Contingent consideration ¹	\$ 4,217	\$ —	\$ —	\$ 4,217	\$ —		
As of December 31, 2022							
Contingent consideration ¹	\$ 4,217	\$ —	\$ —	\$ 4,217	\$ —		

- Contingent consideration is associated with acquisitions and investments. The Company did not recognize any gains (losses) during the quarters ended March 31, 2023 and 2022 related to the revaluation of these liabilities. Refer to Note 3 for information regarding material components of these liabilities.

KNIGHT-SWIFT TRANSPORTATION HOLDINGS INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) — CONTINUED

Nonrecurring Fair Value Measurements (Assets) — As of March 31, 2023, the Company had no major categories of assets estimated at fair value that were measured on a nonrecurring basis.

The following table depicts the level in the fair value hierarchy of the inputs used to estimate fair value of assets measured on a nonrecurring basis as of December 31, 2022:

	Estimated Fair Value	Fair Value Measurements at Reporting Date Using				Total Loss
		Level 1 Inputs	Level 2 Inputs	Level 3 Inputs		
		(In thousands)				
<i>As of December 31, 2022</i>						
Buildings ¹	\$ —	\$ —	\$ —	\$ —	\$ —	(810)

¹ Reflects the non-cash impairment of building improvements (within the non-reportable segments).

Nonrecurring Fair Value Measurements (Liabilities) — As of March 31, 2023 and December 31, 2022, the Company had no major categories of liabilities estimated at fair value that were measured on a nonrecurring basis.

Gain on Sale of Revenue Equipment — Net gains on disposals, including disposals of property and equipment classified as assets held for sale, reported in "Miscellaneous operating expenses" in the condensed consolidated statements of comprehensive income, were \$20.9 million and \$34.8 million for the quarters ended March 31, 2023 and 2022, respectively.

Fair Value of Pension Plan Assets — The following table sets forth by level the fair value hierarchy of ACT's pension plan financial assets accounted for at fair value on a recurring basis. Assets are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. ACT's assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the valuation of fair value assets and their placement within the fair value hierarchy levels.

	Estimated Fair Value	Fair Value Measurements at Reporting Date Using:			
		Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	
		(In thousands)			
As of March 31, 2023					
US equity funds	\$ 6,901	\$ 6,901	\$ —	\$ —	
International equity funds	3,588	3,588	—	—	
Fixed income funds	43,564	43,564	—	—	
Cash and cash equivalents	898	898	—	—	
Total pension plan assets	<u>\$ 54,951</u>	<u>\$ 54,951</u>	<u>\$ —</u>	<u>\$ —</u>	
As of December 31, 2022					
US equity funds	\$ 10,901	\$ 10,901	\$ —	\$ —	
International equity funds	4,828	4,828	—	—	
Fixed income funds	34,728	34,728	—	—	
Cash and cash equivalents	2,078	2,078	—	—	
Total pension plan assets	<u>\$ 52,535</u>	<u>\$ 52,535</u>	<u>\$ —</u>	<u>\$ —</u>	

KNIGHT-SWIFT TRANSPORTATION HOLDINGS INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) — CONTINUED
Note 13 — Related Party Transactions

	Quarter Ended March 31,			
	2023		2022	
	Provided by Knight-Swift	Received by Knight-Swift	Provided by Knight-Swift	Received by Knight-Swift
	(In thousands)			
Facility and Equipment Leases	\$ —	\$ 25	\$ —	\$ 78
Other Services	\$ 27	\$ 134	\$ 5	\$ 9

	March 31, 2023		December 31, 2022	
	Receivable	Payable	Receivable	Payable
	(In thousands)			
Certain affiliates ¹	\$ 23	\$ 46	\$ 24	\$ 39

¹ "Certain affiliates" includes entities that are associated with various board members and executives and require approval by the Audit Committee of the Board prior to completing transactions. Transactions with these entities generally include facility and equipment leases, equipment sales, and other services.

Note 14 — Financial Information by Segment and Geography
Segment Information

	Quarter Ended March 31,	
	2023	2022
	(In thousands)	
Revenue:		
Truckload	\$ 1,012,245	\$ 1,080,531
LTL	255,304	255,125
Logistics	138,283	282,039
Intermodal	110,572	109,222
Subtotal	\$ 1,516,404	\$ 1,726,917
Non-reportable segments	141,986	117,639
Intersegment eliminations	(21,458)	(17,567)
Total revenue	\$ 1,636,932	\$ 1,826,989

	Quarter Ended March 31,	
	2023	2022
	(In thousands)	
Operating income (loss):		
Truckload	\$ 115,899	\$ 205,117
LTL	26,582	26,377
Logistics	12,820	39,601
Intermodal	5,102	15,170
Subtotal	\$ 160,403	\$ 286,265
Non-reportable segments	(15,616)	11,821
Operating income	\$ 144,787	\$ 298,086

KNIGHT-SWIFT TRANSPORTATION HOLDINGS INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) — CONTINUED

	Quarter Ended March 31,	
	2023	2022
<i>Depreciation and amortization of property and equipment:</i>	(In thousands)	
Truckload	\$ 116,802	\$ 110,349
LTL	16,188	15,260
Logistics	1,043	596
Intermodal	4,432	3,864
Subtotal	\$ 138,465	\$ 130,069
Non-reportable segments	17,501	14,975
Depreciation and amortization of property and equipment	\$ 155,966	\$ 145,044

Geographical Information

In the aggregate, total revenue from the Company's international operations was less than 5.0% of consolidated total revenue for the quarters ended March 31, 2023 and 2022. Additionally, long-lived assets on the Company's international subsidiary balance sheets were less than 5.0% of consolidated total assets as of March 31, 2023 and December 31, 2022.

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

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report contains certain statements that may be considered "forward-looking statements" within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act") and Section 27A of the Securities Act of 1933, as amended. All statements, other than statements of historical or current fact, are statements that could be deemed forward-looking statements, including without limitation:

- any projections of or guidance regarding earnings, earnings per share, revenues, cash flows, dividends, capital expenditures, or other financial items,
- any statement of plans, strategies, and objectives of management for future operations,
- any statements concerning proposed acquisition plans, new services, or developments,
- any statements regarding future economic conditions or performance, and
- any statements of belief and any statements of assumptions underlying any of the foregoing.

In this Quarterly Report, forward-looking statements include, but are not limited to, statements we make concerning:

- our ability to gain market share and adapt to market conditions, the ability of our infrastructure to support future growth, and the ability, desire, and effects of expanding our service offerings, whether we grow organically or through potential acquisitions,
- our ability to recruit and retain qualified driving associates,
- future safety performance,
- future performance of our segments or businesses,
- future capital expenditures, equipment prices and availability, our equipment purchasing or leasing plans (including containers in our Intermodal segment), and mix of our owned versus leased revenue equipment, and our equipment turnover,
- the impact of pending legal proceedings,
- future insurance claims, coverage, coverage limits, premiums, and retention limits,
- the expected freight environment, including freight demand, capacity, seasonality, and volumes,
- economic conditions and growth, including future inflation, consumer spending, supply chain conditions, labor supply and relations, and US Gross Domestic Product ("GDP") changes,
- expected liquidity and methods for achieving sufficient liquidity, including our expected need or desire to incur indebtedness and our ability to comply with debt covenants,
- future fuel prices and availability and the expected impact of fuel efficiency initiatives,
- future expenses, including depreciation and amortizations, interest rates, cost structure, and our ability to control costs,
- future rates, operating profitability and margin, asset utilization, and return on capital,
- future third-party service provider relationships and availability, including pricing terms,
- future contracted pay rates with independent contractors, ability to lease equipment to independent contractors, and compensation arrangements with driving associates,
- future capital allocation, capital structure, capital requirements, and growth strategies and opportunities,
- future share repurchases and dividends,
- future tax rates,
- expected tractor and trailer fleet age, fleet size, and demand for trailer fleet,
- future investment in and deployment of new or updated technology or services,

KNIGHT-SWIFT TRANSPORTATION HOLDINGS INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS — CONTINUED

- political conditions and regulations, including conflicts, trade regulation, quotas, duties, or tariffs, and any future changes to the foregoing,
- future purchased transportation expense
- the proposed U.S. Xpress transaction, including the expected timing and closing of the transaction, integration efforts, and any future effects of the acquisition, and
- others.

Such statements may be identified by their use of terms or phrases such as "believe," "may," "could," "will," "would," "should," "expects," "estimates," "designed," "likely," "foresee," "goals," "seek," "target," "forecast," "projects," "anticipates," "plans," "intends," "hopes," "strategy," "potential," "objective," "mission," "continue," "outlook," "feel," and similar terms and phrases. Forward-looking statements are based on currently available operating, financial, and competitive information. Forward-looking statements are inherently subject to risks and uncertainties, some of which cannot be predicted or quantified, which could cause future events and actual results to materially differ from those set forth in, contemplated by, or underlying the forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, those discussed in Part II, Item 1A "Risk Factors" of this Quarterly Report, Part I, Item 1A "Risk Factors" in our 2022 Annual Report, and various disclosures in our press releases, stockholder reports, and other filings with the SEC.

All such forward-looking statements speak only as of the date of this Quarterly Report. You are cautioned not to place undue reliance on such forward-looking statements. We expressly disclaim any obligation or undertaking to publicly release any updates or revisions to any forward-looking statements contained herein, to reflect any change in our expectations with regard thereto, or any change in the events, conditions, or circumstances on which any such statement is based.

Reference to Glossary of Terms

Certain acronyms and terms used throughout this Quarterly Report are specific to our company, commonly used in our industry, or are otherwise frequently used throughout our document. Definitions for these acronyms and terms are provided in the "Glossary of Terms," available in the front of this document.

Reference to Annual Report

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with the condensed consolidated financial statements (unaudited) and footnotes included in this Quarterly Report, as well as the consolidated financial statements and footnotes included in our 2022 Annual Report.

KNIGHT-SWIFT TRANSPORTATION HOLDINGS INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF
OPERATIONS — CONTINUED

Executive Summary

Company Overview

Knight-Swift Transportation Holdings Inc. is one of North America's largest and most diversified freight transportation companies, providing multiple full truckload, LTL, intermodal, and other complementary services. Our objective is to operate our business with industry-leading margins and continued organic growth and growth through acquisitions while providing safe, high-quality, cost-effective solutions for our customers. Knight-Swift uses a nationwide network of business units and terminals in the US and Mexico to serve customers throughout North America. In addition to operating the country's largest truckload fleet, Knight-Swift also contracts with third-party equipment providers to provide a broad range of transportation services to our customers while creating quality driving jobs for our driving associates and successful business opportunities for independent contractors. Our four reportable segments are Truckload, LTL, Logistics, and Intermodal. Additionally, we have various non-reportable segments.

Key Financial Highlights — Year-to-Date March 31, 2023

Consolidated operating income decreased 51.4% to \$144.8 million in the quarter ended March 31, 2023, as compared to the same period last year. Net income attributable to Knight-Swift decreased 49.9% to \$104.3 million.

- **Truckload** — 88.6% operating ratio during the quarter ended March 31, 2023. The Adjusted Operating Ratio¹ was 86.6%, with an 8.0% quarter-over-quarter decrease in revenue, excluding fuel surcharge and intersegment transactions. These results were impacted by negative developments on certain large prior year insurance claims totaling \$8.5 million pre-tax (or \$0.04 per diluted share), primarily related to an unfavorable jury verdict during the first quarter of 2023.
- **LTL** — 89.6% operating ratio during the quarter ended March 31, 2023. The Adjusted Operating Ratio¹ was 85.7%, a 20 basis point improvement quarter-over-quarter, as a result of continued improvements in yields and efficiencies.
- **Logistics** — 90.7% operating ratio during the quarter ended March 31, 2023. The Adjusted Operating Ratio¹ was 90.4%, while load count decreased 23.2%.
- **Intermodal** — 95.4% operating ratio during the quarter ended March 31, 2023, with load count up 8.5% quarter-over-quarter.
- **Non-reportable Segments** — Revenue grew 20.7% quarter-over-quarter, though operating income fell to a loss of \$15.6 million driven by a \$22.8 million operating loss (or \$0.11 per diluted share) in our third-party insurance business primarily as a result of increased frequency and unfavorable claim development during the quarter and premium collection issues associated with small carriers.
- **Acquisition of U.S. Xpress** — On March 21, 2023, we announced an agreement under which Knight-Swift will acquire U.S. Xpress for a total enterprise value of approximately \$808 million, excluding transaction costs. The transaction has been unanimously approved by the board of directors of Knight-Swift and a special committee of the independent directors of the U.S. Xpress board of directors. Work continues to complete this process, with closing now anticipated to occur early third quarter of 2023, subject to customary closing conditions. We expect to apply a similar approach to integration as we used successfully in the Knight-Swift merger, using cross-functional teams composed of leaders from Knight, Swift, and U.S. Xpress, and we remain encouraged given the positive outcome of the Knight-Swift merger and certain similarities in this transaction.
- **Liquidity and Capital** — During the quarter ended March 31, 2023, we generated \$345.2 million in operating cash flows. Our Free Cash Flow¹ was \$144.2 million. We paid down \$8.4 million in long-term debt, \$43.0 million on our revolving line of credit, \$14.6 million in finance lease liabilities, and \$10.5 million in cash on our operating lease liabilities. We also issued \$23.0 million in dividends to our stockholders. Gain on sale of revenue equipment decreased to \$20.9 million in the quarter ended March 31, 2023, compared to \$34.8 million this time last year.

As of March 31, 2023, we had a balance of \$191.2 million in unrestricted cash and cash equivalents, \$1.0 billion face value outstanding on the 2021 Term Loans, and \$7.0 billion of stockholders' equity. We do not foresee

KNIGHT-SWIFT TRANSPORTATION HOLDINGS INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS — CONTINUED

material liquidity constraints or any issues with our ongoing ability to meet our debt covenants. See discussion under "Liquidity and Capital Resources" for additional information.

¹ Refer to "Non-GAAP Financial Measures" below.

Key Financial Data and Operating Metrics

	Quarter Ended March 31,	
	2023	2022
GAAP financial data:		
	(Dollars in thousands, except per share data)	
Total revenue	\$ 1,636,932	\$ 1,826,989
Revenue, excluding truckload and LTL fuel surcharge	\$ 1,450,293	\$ 1,647,878
Net income attributable to Knight-Swift	\$ 104,284	\$ 208,337
Earnings per diluted share	\$ 0.64	\$ 1.25
Operating ratio	91.2 %	83.7 %
Non-GAAP financial data:		
Adjusted Net Income Attributable to Knight-Swift ¹	\$ 118,491	\$ 224,863
Adjusted EPS ¹	\$ 0.73	\$ 1.35
Adjusted Operating Ratio ¹	88.7 %	80.6 %
Revenue equipment statistics by segment:		
Truckload		
Average tractors ²	18,152	17,965
Average trailers ³	79,490	71,310
LTL		
Average tractors ⁴	3,163	3,091
Average trailers ⁵	8,387	8,302
Intermodal		
Average tractors	607	584
Average containers	12,829	11,027

- Adjusted Net Income Attributable to Knight-Swift, Adjusted EPS, and Adjusted Operating Ratio are non-GAAP financial measures and should not be considered alternatives, or superior to, the most directly comparable GAAP financial measures. However, management believes that presentation of these non-GAAP financial measures provides useful information to investors regarding the Company's results of operations. Adjusted Net Income Attributable to Knight-Swift, Adjusted EPS, and Adjusted Operating Ratio are reconciled to the most directly comparable GAAP financial measures under "Non-GAAP Financial Measures," below.
- Our tractor fleet within the Truckload segment had a weighted average age of 2.7 years and 2.6 years as of March 31, 2023 and 2022, respectively.
- Our average trailers includes 8,988 and 7,561 trailers related to leasing activities recorded within our non-reportable segments for the quarters ended March 31, 2023 and 2022, respectively. Our trailer fleet within the Truckload segment had a weighted average age of 10.2 years and 8.4 years as of March 31, 2023 and 2022, respectively.
- Our LTL tractor fleet had a weighted average age of 4.2 years and 4.5 years as of March 31, 2023 and 2022, respectively. Our LTL tractor fleet includes 619 and 695 tractors from ACT's and MME's dedicated and other businesses for the quarters ended March 31, 2023 and 2022, respectively.

KNIGHT-SWIFT TRANSPORTATION HOLDINGS INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS — CONTINUED

- 5 Our LTL trailer fleet had a weighted average age of 8.3 years and 8.0 years as of March 31, 2023 and 2022, respectively. Our LTL trailer fleet includes 778 and 907 trailers from ACT's and MME's dedicated and other businesses for the quarters ended March 31, 2023 and 2022, respectively.

Market Trends and Outlook

The national unemployment rate was 3.5%¹ as of March 31, 2023, as compared to 3.6%¹ as of March 31, 2022. The US gross domestic product, which is the broadest measure of goods and services produced across the economy, increased by 1.1%² on a quarter-over-quarter basis, per preliminary third-party forecasts. The increase, compared to the fourth quarter increase of 2.6%, reflected a downturn in private inventory investment and a slowdown in nonresidential fixed investment. These movements were partly offset by an acceleration in consumer spending, an upturn in exports, and a smaller decrease in residential fixed investment. Early estimates of the first quarter 2023 US employment cost index indicate a quarter-over-quarter increase of 4.8%¹ and a sequential increase of 1.2%¹.

The freight market outlook for the remainder of 2023 includes the following:

- Continued softness in freight demand with few non-contract opportunities through the first half of 2023 as shippers work through higher inventory levels;
- Capacity continues to exit at an accelerating rate;
- Freight volumes begin to improve in the second half of the year with a more typical peak season;
- The combinations of demand recovery and supply reduction should lead to improving freight market conditions by the end of the third quarter;
- Spot pricing bottoms out in the second quarter and begins recovering in the second half of 2023;
- Expect trailer pool service to continue to be a differentiator when demand recovers;
- LTL demand pressured but remains more stable than truckload;
- LTL year-over-year improvement in revenue, excluding fuel surcharge per hundredweight;
- Inflationary pressures ease in many cost areas but remain elevated on a year-over-year basis;
- Insurance and claims remain volatile;
- Equipment and labor availability continues to improve, particularly for large carriers; and
- Demand for used tractors remains steady given production limitations that are impacting the refresh rate.

Based on the above market factors, our Company outlook for the remainder of 2023 includes the following and does not reflect the inclusion of U.S. Xpress pending the close of the acquisition:

- Truckload rates continue to be pressured, with a year-over-year decrease in overall revenue per mile of high single digits for the year;
- Truckload tractor count stable with miles per tractor improving on a year-over-year basis in the second half of the year;
- LTL revenue, excluding fuel surcharge increases modestly year-over-year with relatively stable margin profile and typical seasonality;
- Logistics volume and revenue per load remains under pressure into the second quarter before improving in the back half of the year, with an operating ratio of approximately 90 for the year;
- Intermodal operating ratio in the mid 90's for the full year with volumes up year over year;
- Non-reportable segments to have modest revenue growth for the year and quarterly operating income run rate in the low to mid teens for the balance of year;
 - Reflecting reduced exposure to third party insurance risk, easing trailer lease demand from lower inventory overhang and muted freight conditions, and continued revenue and margin growth in warehousing;
- Equipment gains to be in the range of \$15 million to \$20 million quarterly;
- Expect modest increase in interest expense from the first quarter of 2023, assuming Fed hiking cycle is nearly complete;
- Net cash capital expenditures for the full year 2023 expected range of \$640 – \$690 million;
- Approximate tax rate of 25% for the full year 2023.

KNIGHT-SWIFT TRANSPORTATION HOLDINGS INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS — CONTINUED

In addition to the above, we expect the Truckload segment will remain resilient and continue to operate efficiently and the Logistics segment will continue to provide value to our customers through our power-only and traditional brokerage service offerings. Our ACT and MME teams are working together to further build out a super-regional network that we expect will provide additional yield and revenue opportunities. As of the fourth quarter of 2022, ACT and MME are on the same platform. We experienced some challenges in the integration, but believe the material challenges were addressed during the first quarter of 2023. The Intermodal segment continues to build out its network that aligns with our new rail partners. Our non-reportable segments are further expanding to complement our other service offerings even as we work to improve the underwriting profitability of our insurance program as well as reduce our exposure to small carrier risk in the current market.

We anticipate that depreciation and amortization expense will increase and rental expense will correspondingly decrease, as a percentage of revenue, excluding truckload and LTL fuel surcharge, as we intend to purchase, rather than enter into operating leases, for a majority of our revenue equipment, terminal improvements, or terminal expansions in the remainder of 2023. With significant tightening in the insurance markets, we may also experience changes in premiums, retention limits, and excess coverage limits in the remainder of 2023. While fuel expense is generally offset by fuel surcharge revenue, our fuel expense, net of truckload and LTL fuel surcharge revenue, may increase in the future, particularly during periods of sharply rising fuel prices. Overall, we remain committed to long-term profitability as we continue to leverage opportunities across the Knight-Swift brands, and efficiently deploy our assets, while maintaining a relentless focus on cost control. This includes seeking acquisition opportunities to improve earnings, gain customers, and reach more professional drivers, as illustrated by the planned acquisition of U.S. Xpress and our intention to expand the geographic footprint of our LTL network.

1 Source: bls.gov

2 Source: bea.gov

Results of Operations — Summary

Operating Results: First Quarter 2023 Compared to First Quarter 2022

The \$104.1 million decrease in net income attributable to Knight-Swift to \$104.3 million during the first quarter of 2023 from \$208.3 million during the same period last year includes the following:

- **Contributor** — \$89.2 million decrease in operating income within our Truckload segment. Quarter-over-quarter miles per tractor decreased 2.7% during the first quarter of 2023, and revenue, excluding fuel surcharge and intersegment transactions declined by 8.0%. These results include \$8.5 million pre-tax (\$0.04 per diluted share) insurance and claims expense for development on large losses from claim years 2018-2020, primarily related to an unfavorable jury verdict during the first quarter of 2023.
- **Contributor** — \$26.8 million decrease in operating income within our Logistics segment due to 23.2% decline in load count.
- **Contributor** — \$10.1 million decrease in operating income within our Intermodal segment, driven by a 6.7% decrease in revenue per load.
- **Contributor** — \$27.4 million decrease in operating income within the non-reportable segments, primarily due to a \$22.8 million operating loss from our Iron Insurance line of business.
- **Contributor** — \$16.4 million increase in consolidated interest expense primarily driven by higher interest rates.
- **Offset** — \$24.1 million increase in "Other income (expenses), net," primarily driven by a \$14.4 million unrealized loss on our investment in Embark recorded in the first quarter of 2022 and a net gain recorded within our portfolio of investments during the first quarter of 2023.
- **Offset** — \$36.4 million decrease in consolidated income tax expense was primarily due to a reduction of pre-tax income. The results in an effective tax rate of 24.0% for the first quarter of 2023, and 24.9% for the first quarter of 2022.

KNIGHT-SWIFT TRANSPORTATION HOLDINGS INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF
OPERATIONS — CONTINUED

Results of Operations — Segment Review

The Company has four reportable segments: Truckload, LTL, Logistics, and Intermodal, as well as certain non-reportable segments.

Consolidating Tables for Total Revenue and Operating Income (Loss)

	Quarter Ended March 31,	
	2023	2022
	(In thousands)	
Revenue:		
Truckload	\$ 1,012,245	\$ 1,080,531
LTL	255,304	255,125
Logistics	138,283	282,039
Intermodal	110,572	109,222
Subtotal	\$ 1,516,404	\$ 1,726,917
Non-reportable segments	141,986	117,639
Intersegment eliminations	(21,458)	(17,567)
Total revenue	<u>\$ 1,636,932</u>	<u>\$ 1,826,989</u>

	Quarter Ended March 31,	
	2023	2022
	(In thousands)	
Operating income (loss)		
Truckload	\$ 115,899	\$ 205,117
LTL	26,582	26,377
Logistics	12,820	39,601
Intermodal	5,102	15,170
Subtotal	\$ 160,403	\$ 286,265
Non-reportable segments	(15,616)	11,821
Operating income	<u>\$ 144,787</u>	<u>\$ 298,086</u>

KNIGHT-SWIFT TRANSPORTATION HOLDINGS INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF
OPERATIONS — CONTINUED

Revenue

- Our truckload services include irregular route and dedicated, refrigerated, expedited, flatbed, and cross-border transportation of various products, goods, and materials for our diverse customer base with approximately 13,600 irregular route and 4,600 dedicated tractors.
- Our LTL business, which was initially established in 2021 through the ACT acquisition and later the MME acquisition, provides our customers with regional LTL transportation service through our growing network of approximately 110 facilities and a door count of approximately 4,400. Our LTL segment operates approximately 3,200 tractors and approximately 8,400 trailers and also provides national coverage to our customers by utilizing partner carriers for areas outside of our direct network.
- Our Logistics and Intermodal segments provide a multitude of shipping solutions, including additional sources of truckload capacity and alternative transportation modes, by utilizing our vast network of third-party capacity providers and rail providers, as well as certain logistics and freight management services. We continue to offer power-only services through our Logistics segment leveraging our fleet of over 79,000 trailers.
- Our non-reportable segments include support services provided to our customers and third-party carriers including insurance, equipment maintenance, equipment leasing, warehousing, trailer parts manufacturing, and warranty services. Our non-reportable segments also include certain corporate expenses (such as legal settlements and accruals, certain impairments, and amortization of intangibles related to the 2017 Merger and various acquisitions).
- In addition to the revenues earned from our customers for the trucking and non-trucking services discussed above, we also earn fuel surcharge revenue from our customers through our fuel surcharge programs, which serve to recover a majority of our fuel costs. This generally applies only to loaded miles for our Truckload and LTL segments and typically does not offset non-paid empty miles, idle time, and out-of-route miles driven. Fuel surcharge programs involve a computation based on the change in national or regional fuel prices. These programs may update as often as weekly, but typically require a specified minimum change in fuel cost to prompt a change in fuel surcharge revenue. Therefore, many of these programs have a time lag between when fuel costs change and when the change is reflected in fuel surcharge revenue for our Truckload and LTL segments.

Expenses

Our most significant expenses typically vary with miles traveled and include fuel, driving associate-related expenses (such as wages and benefits), and services purchased from third-party service providers (including other trucking companies, railroad and drayage providers, and independent contractors). Maintenance and tire expenses, as well as the cost of insurance and claims generally vary with the miles we travel, but also have a controllable component based on safety performance, fleet age, operating efficiency, and other factors. Our primary fixed costs are depreciation and lease expense for revenue equipment and terminals, non-driver employee compensation, amortization of intangible assets, and interest expenses.

KNIGHT-SWIFT TRANSPORTATION HOLDINGS INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS — CONTINUED

Operating Statistics

We measure our consolidated and segment results through the operating statistics listed in the table below. Our chief operating decision makers monitor the GAAP results of our reportable segments, supplemented by certain non-GAAP information. Refer to "Non-GAAP Financial Measures" for more details. Additionally, we use a number of primary indicators to monitor our revenue and expense performance and efficiency.

Operating Statistic	Relevant Segment(s)	Description
Average Revenue per Tractor	Truckload	Measures productivity and represents revenue (excluding fuel surcharge and intersegment transactions) divided by average tractor count
Total Miles per Tractor	Truckload	Total miles (including loaded and empty miles) a tractor travels on average
Average Length of Haul	Truckload, LTL	For our Truckload segment this is calculated as average miles traveled with loaded trailer cargo per order. For our LTL segment this is calculated as average miles traveled from the origin service center to the destination service center.
Non-paid Empty Miles Percentage	Truckload	Percentage of miles without trailer cargo
Shipments per Day	LTL	Average number of shipments completed each business day
Weight per Shipment	LTL	Total weight (in pounds) divided by total shipments
Revenue per shipment	LTL	Total revenue divided by total shipments
Revenue xFSC per shipment	LTL	Total revenue, excluding fuel surcharge, divided by total shipments
Revenue per hundredweight	LTL	Measures yield and is calculated as total revenue divided by total weight (in pounds) times 100
Revenue xFSC per hundredweight	LTL	Total revenue, excluding fuel surcharge, divided by total weight (in pounds) times 100
Average Tractors	Truckload, LTL, Intermodal	Average tractors in operation during the period including company tractors and tractors provided by independent contractors
Average Trailers	Truckload, LTL	Average trailers in operation during the period
Average Revenue per Load	Logistics, Intermodal	Total revenue (excluding intersegment transactions) divided by load count
Gross Margin Percentage	Logistics	Logistics gross margin (revenue, excluding intersegment transactions, less purchased transportation expense, excluding intersegment transactions) as a percentage of logistics revenue, excluding intersegment transactions
Average Containers	Intermodal	Average containers in operation during the period
GAAP Operating Ratio	Truckload, LTL, Logistics, Intermodal	Measures operating efficiency and is widely used in our industry as an assessment of management's effectiveness in controlling all categories of operating expenses. Calculated as operating expenses as a percentage of total revenue, or the inverse of operating margin.
Non-GAAP Adjusted Operating Ratio	Truckload, LTL, Logistics, Intermodal	Measures operating efficiency and is widely used in our industry as an assessment of management's effectiveness in controlling all categories of operating expenses. Consolidated and segment Adjusted Operating Ratios are reconciled to their corresponding GAAP operating ratios under "Non-GAAP Financial Measures," below.

KNIGHT-SWIFT TRANSPORTATION HOLDINGS INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS — CONTINUED

Segment Review

Truckload Segment

We generate revenue in the Truckload segment primarily through irregular route, dedicated, refrigerated, expedited, flatbed, and cross-border service operations across our brands. We operated approximately 13,600 irregular route tractors and approximately 4,600 dedicated route tractors in use during the quarter ended March 31, 2023. Generally, we are paid a predetermined rate per mile or per load for our truckload services. Additional revenues are generated by charging for tractor and trailer detention, loading and unloading activities, dedicated services, and other specialized services, as well as through the collection of fuel surcharge revenue to mitigate the impact of increases in the cost of fuel. The main factors that affect the revenue generated by our Truckload segment are rate per mile from our customers, the percentage of miles for which we are compensated, and the number of loaded miles we generate with our equipment.

The most significant expenses in the Truckload segment are primarily variable and include fuel and fuel taxes, driving associate-related expenses (such as wages, benefits, training, and recruitment), and costs associated with independent contractors primarily included in "Purchased transportation" in the condensed consolidated statements of comprehensive income. Maintenance expense (which includes costs for replacement tires for our revenue equipment) and insurance and claims expenses have both fixed and variable components. These expenses generally vary with the miles we travel, but also have a controllable component based on safety, fleet age, efficiency, and other factors. The main fixed costs in the Truckload segment are depreciation and rent expense from tractors, trailers, and terminals, as well as compensating our non-driver employees.

	Quarter Ended March 31,		Increase (Decrease)
	2023	2022	
	(Dollars in thousands, except per tractor data)		
Total revenue	\$ 1,012,245	\$ 1,080,531	(6.3 %)
Revenue, excluding fuel surcharge and intersegment transactions	\$ 865,980	\$ 941,534	(8.0 %)
GAAP: Operating income	\$ 115,899	\$ 205,117	(43.5 %)
Non-GAAP: Adjusted Operating Income ¹	\$ 116,242	\$ 205,441	(43.4 %)
Average revenue per tractor ²	\$ 47,707	\$ 52,409	(9.0 %)
GAAP: Operating ratio ²	88.6 %	81.0 %	760 bps
Non-GAAP: Adjusted Operating Ratio ^{1 2}	86.6 %	78.2 %	840 bps
Non-paid empty miles percentage ²	15.0 %	14.1 %	90 bps
Average length of haul (miles) ²	391	394	(0.8 %)
Total miles per tractor ²	18,405	18,916	(2.7 %)
Average tractors ^{2 3}	18,152	17,965	1.0 %
Average trailers ^{2 4}	79,490	71,310	11.5 %

1 Refer to "Non-GAAP Financial Measures" below.

2 Defined under "Operating Statistics," above.

3 Includes 16,262 and 16,159 average company-owned tractors for the first quarter of 2023 and 2022, respectively.

4 Our average trailers includes 8,988 and 7,561 trailers related to leasing activities recorded within our non-reportable segments for the quarters ended March 31, 2023 and 2022, respectively.

KNIGHT-SWIFT TRANSPORTATION HOLDINGS INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS — CONTINUED

Comparison Between the Quarters Ended March 31, 2023 and 2022 — The Truckload segment performed well in an extremely difficult environment, operating with an 86.6% Adjusted Operating Ratio. These results include \$8.5 million pre-tax (\$0.04 per diluted share) insurance and claims expense for development on large losses from claim years 2018-2020, primarily related to an unfavorable jury verdict during the first quarter of 2023. Revenue, excluding fuel surcharge and intersegment transactions, was \$866.0 million, a decrease of 8.0% quarter-over-quarter. Miles per tractor decreased by 2.7%, while revenue per loaded mile, excluding fuel surcharge and intersegment transactions, was pressured throughout the quarter, posting a 5.3% average decline quarter-over-quarter. These factors ultimately led to a 9.0% quarter-over-quarter increase in average revenue per tractor as the improving revenue per tractor in our dedicated division was more than offset by declines in the over-the-road business.

LTL Segment

Dothan, Alabama-based ACT and Bismarck, North Dakota-based MME, both acquired in 2021, comprise our LTL segment. We provide regional direct service and serve our customers' national transportation needs by utilizing key partner carriers for coverage areas outside of our network. We primarily generate revenue by transporting freight for our customers through our core LTL services.

Our revenues are impacted by shipment volume and tonnage levels that flow through our network. Additional revenues are generated through fuel surcharges and accessorial services provided during transit from shipment origin to destination. We focus on the following multiple revenue generation factors when reviewing revenue yield: revenue per hundredweight, revenue per shipment, weight per shipment, and length of haul. Fluctuations within each of these metrics are analyzed when determining the revenue quality of our customers' shipment density.

Our most significant expense is related to direct costs associated with the transportation of our freight moves including; direct salary, wage and benefit costs, fuel expense, and depreciation expense associated with revenue equipment costs. Other expenses associated with revenue generation that can fluctuate and impact operating results are insurance and claims expenses, as well as maintenance costs of our revenue equipment. These expenses can be influenced by multiple factors including our safety performance, equipment age, and other factors. A key component of lowering our operating costs is labor efficiency within our network. We continue to focus on technological advances to improve the customer experience and reduce our operating costs.

	Quarter Ended March 31,		Increase (Decrease)
	2023	2022	
	(Dollars in thousands, except per tractor data)		
Total revenue	\$ 255,304	\$ 255,125	0.1 %
Revenue, excluding fuel surcharge and intersegment transactions	\$ 213,929	\$ 214,675	(0.3 %)
GAAP: Operating income	\$ 26,582	\$ 26,377	0.8 %
Non-GAAP: Adjusted Operating Income ¹	\$ 30,502	\$ 30,322	0.6 %
GAAP: Operating ratio ²	89.6 %	89.7 %	(10 bps)
Non-GAAP: Adjusted Operating Ratio ^{1 2}	85.7 %	85.9 %	(20 bps)
LTL shipments per day ²	17,717	18,783	(5.7 %)
LTL weight per shipment ²	1,061	1,098	(3.4 %)
LTL average length of haul (miles) ²	535	522	2.5 %
LTL revenue per shipment ²	\$ 189.31	\$ 178.43	6.1 %
LTL revenue xFSC per shipment ²	\$ 158.45	\$ 150.70	5.1 %
LTL revenue per hundredweight ²	\$ 17.84	\$ 16.25	9.8 %
LTL revenue xFSC per hundredweight ²	\$ 14.93	\$ 13.73	8.7 %
LTL average tractors ^{2 3}	3,163	3,091	2.3 %
LTL average trailers ^{2 4}	8,387	8,302	1.0 %

KNIGHT-SWIFT TRANSPORTATION HOLDINGS INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS — CONTINUED

- 1 Refer to "Non-GAAP Financial Measures" below.
- 2 Defined under "Operating Statistics," above.
- 3 Our LTL tractor fleet includes 619 and 695 tractors from ACT's and MME's dedicated and other businesses for the first quarter of 2023 and 2022, respectively.
- 4 Our LTL trailer fleet includes 778 and 907 trailers from ACT's and MME's dedicated and other businesses for the first quarter of 2023 and 2022, respectively.

Comparison Between the Quarters Ended March 31, 2023 and 2022 — Our LTL segment operated well, producing an 85.7% Adjusted Operating Ratio during the first quarter of 2023, a 20 basis point improvement over the first quarter of 2022. Shipment counts decreased 5.7% quarter-over-quarter with softer demand. Revenue per hundredweight increased 8.7% excluding fuel surcharge, while revenue per shipment increased by 5.1%, excluding fuel surcharge, reflecting a 3.4% decrease in weight per shipment. We expect our connected LTL network and the expanded use of shipment dimensioning technology will provide additional opportunities for revenue growth. During the first quarter, we increased our door count by 50, and we expect door capacity to continue to grow by an additional 150 through the remainder of 2023. We remain encouraged by the strong performance within our LTL segment, and we continue to look for both organic and inorganic opportunities to geographically expand our footprint within the LTL market.

Logistics Segment

The Logistics segment is less asset-intensive than the Truckload and LTL segments and is dependent upon capable non-driver employees, modern and effective information technology, and third-party capacity providers. Logistics revenue is generated by its brokerage operations. We generate additional revenue by offering specialized logistics solutions (including, but not limited to, trailing equipment, origin management, surge volume, disaster relief, special projects, and other logistic needs). Logistics revenue is mainly affected by the rates we obtain from customers, the freight volumes we ship through third-party capacity providers, and our ability to secure third-party capacity providers to transport customer freight.

The most significant expense in the Logistics segment is purchased transportation that we pay to third-party capacity providers, which is primarily a variable cost and is included in "Purchased transportation" in the condensed consolidated statements of comprehensive income. Variability in this expense depends on truckload capacity, availability of third-party capacity providers, rates charged to customers, current freight demand, and customer shipping needs. Fixed Logistics operating expenses primarily include non-driver employee compensation and benefits recorded in "Salaries, wages, and benefits" and depreciation and amortization expense recorded in "Depreciation and amortization of property and equipment" in the condensed consolidated statements of comprehensive income.

	Quarter Ended March 31,		Increase (Decrease)
	2023	2022	
	(Dollars in thousands, except per load data)		
Total revenue	\$ 138,283	\$ 282,039	(51.0 %)
Revenue, excluding intersegment transactions	\$ 136,777	\$ 280,171	(51.2 %)
GAAP: Operating income	\$ 12,820	\$ 39,601	(67.6 %)
Non-GAAP: Adjusted Operating Income ^{1 2}	\$ 13,154	\$ 39,935	(67.1 %)
Revenue per load ²	\$ 1,715	\$ 2,697	(36.4 %)
Gross margin percentage ²	19.8 %	20.2 %	(40 bps)
GAAP: Operating ratio ²	90.7 %	86.0 %	470 bps
Non-GAAP: Adjusted Operating Ratio ^{1 2}	90.4 %	85.7 %	470 bps

- 1 Refer to "Non-GAAP Financial Measures" below.
- 2 Defined under "Operating Statistics," above.

KNIGHT-SWIFT TRANSPORTATION HOLDINGS INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS — CONTINUED

Comparison Between the Quarters Ended March 31, 2023 and 2022 — The Logistics segment Adjusted Operating Ratio was 90.4%, with a gross margin of 19.8% in the first quarter of 2023, down slightly from 20.2% in the first quarter of 2022. The brokerage space continues to be pressured by soft demand, causing our load count to decline by 23.2% quarter-over-quarter. This lack of demand resulted in revenue per load decreasing by 36.4% quarter-over-quarter. Despite the difficult environment, the Logistics business remained nimble and produced near double-digit margin for the quarter. We continue to leverage our consolidated fleet of approximately 79,000 trailers as we build out our power-only service. We continue to innovate with technology intended to remove friction and allow seamless connectivity, leading to services that we expect will capture new opportunities for revenue growth.

Intermodal Segment

The Intermodal segment complements our regional operating model, allows us to better serve customers in longer haul lanes, and reduces our investment in fixed assets. Through the Intermodal segment, we generate revenue by moving freight over the rail in our containers and other trailing equipment, combined with revenue for drayage to transport loads between railheads and customer locations. The most significant expense in the Intermodal segment is the cost of purchased transportation that we pay to third-party capacity providers (including rail providers), which is primarily variable and included in "Purchased transportation" in the condensed consolidated statements of comprehensive income. While rail pricing is determined on an annual basis, purchased transportation varies as it relates to rail capacity, freight demand, and customer shipping needs. The main fixed costs in the Intermodal segment are depreciation of our company tractors related to drayage, containers, and chassis, as well as non-driver employee compensation and benefits.

	Quarter Ended March 31,		Increase (Decrease)
	2023	2022	
	(Dollars in thousands, except per load data)		
Total revenue	\$ 110,572	\$ 109,222	1.2 %
Revenue, excluding intersegment transactions	\$ 110,572	\$ 109,192	1.3 %
GAAP: Operating income	\$ 5,102	\$ 15,170	(66.4 %)
Average revenue per load ¹	\$ 3,234	\$ 3,465	(6.7 %)
GAAP: Operating ratio ¹	95.4 %	86.1 %	930 bps
Load count	34,193	31,515	8.5 %
Average tractors ²	607	584	3.9 %
Average containers ²	12,829	11,027	16.3 %

¹ Defined under "Operating Statistics," above.

² Includes 542 and 533 company-owned tractors for the first quarter of 2023 and 2022, respectively.

Comparison Between the Quarters Ended March 31, 2023 and 2022 — The Intermodal segment operated with a 95.4% operating ratio while revenue excluding intersegment transactions increased 1.3% to \$110.6 million. We are pleased that load count increased quarter-over-quarter by 8.5%, reflecting the first quarter-over-quarter increase in load count since transitioning western rail partners in January 2022. With rail service continuing to make progress and bid activity yielding promising new volume awards, we are encouraged for the near term opportunities for volumes to improve in this business. There is still opportunity for more consistent rail service to allow for improved equipment utilization and additional freight opportunities.

KNIGHT-SWIFT TRANSPORTATION HOLDINGS INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF
OPERATIONS — CONTINUED

We expect to continue to grow with new customers and expand with existing customers. Our average container count increased by over 300 units sequentially as we have taken delivery of nearly all containers on order as of the end of the quarter. With our container fleet count now approximately 13,000, we do not expect to order additional containers until we achieve meaningful improvement in our turns per container. Our capex strategy is shifting to chassis moving forward as we work to better optimize our operation and reduce equipment costs. We remain focused on growing our load count and improving the efficiency of our assets as Intermodal continues to provide value to our customers and is complementary to the many services we offer.

Non-reportable Segments

Our non-reportable segments include support services provided to our customers and third-party carriers including insurance, equipment maintenance, equipment leasing, warehousing, trailer parts manufacturing, and warranty services. Our non-reportable segments also include certain corporate expenses (such as legal settlements and accruals, certain impairments, and \$11.6 million in quarterly amortization of intangibles related to the 2017 Merger and various acquisitions).

	Quarter Ended March 31,		Increase (Decrease)
	2023	2022	
	(Dollars in thousands)		
Total revenue	\$ 141,986	\$ 117,639	20.7 %
Operating (loss) income	\$ (15,616)	\$ 11,821	(232.1 %)

Revenue growth of 20.7% was offset by challenges within our third-party insurance program, resulting in a \$15.6 million operating loss within our non-reportable segments. Overall, our Iron Insurance line of business produced a \$22.8 million operating loss (or \$0.11 per diluted share) during the first quarter of 2023, primarily due to increased frequency and unfavorable claim development during the quarter as well as insurance premium collection issues associated with small carriers who are struggling given the soft freight market conditions. We are continuing to execute our plan to improve the underwriting profitability of the insurance program, and we have decided to reduce our exposure to small carrier risk in the current market as we believe the extreme pressure small carriers are under is producing undesirable risk characteristics. This decision will be a headwind to growth in the near term, but we believe it is the prudent move for our business at this point in the cycle. We have applied rate increases to various lines of coverage, which will improve underwriting results on the risk that we elect to retain.

It will take some time for this pivot to materialize in the results, but we expect sequential income growth and a positive contribution for these segments by the middle of the year, supported by continued revenue growth from the other activities within our non-reportable segments moving forward.

KNIGHT-SWIFT TRANSPORTATION HOLDINGS INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS — CONTINUED

Results of Operations — Consolidated Operating and Other Expenses

Consolidated Operating Expenses

The following tables present certain operating expenses from our condensed consolidated statements of comprehensive income, including each operating expense as a percentage of total revenue and as a percentage of revenue, excluding truckload and LTL fuel surcharge. Truckload and LTL fuel surcharge revenue can be volatile and is primarily dependent upon the cost of fuel, rather than operating expenses unrelated to fuel. Therefore, we believe that revenue, excluding truckload and LTL fuel surcharge is a better measure for analyzing many of our expenses and operating metrics.

	Quarter Ended March 31,		Increase (Decrease)
	2023	2022	
	(Dollars in thousands)		
Salaries, wages, and benefits	\$ 536,742	\$ 536,056	0.1 %
% of total revenue	32.8 %	29.3 %	350 bps
% of revenue, excluding truckload and LTL fuel surcharge	37.0 %	32.5 %	450 bps

Salaries, wages, and benefits expense is primarily affected by the total number of miles driven by and rates we pay to our company driving associates, and employee benefits including healthcare, workers' compensation, and other benefits. To a lesser extent, non-driver employee headcount, compensation, and benefits affect this expense. Driving associate wages represent the largest component of salaries, wages, and benefits expense.

Several ongoing market factors have reduced the pool of available driving associates, contributing to a challenging driver sourcing market, which we believe will continue. Having a sufficient number of qualified driving associates is a significant headwind, although we continue to seek ways to attract and retain qualified driving associates, including heavily investing in our recruiting efforts, our driving academies, technology, our equipment, and our terminals that improve the experience of driving associates. We expect labor costs (related to both driving associates and non-driver employees) to remain inflationary, which we expect will result in additional pay increases in the future, thereby increasing our salaries, wages, and benefits expense.

Comparison Between the Quarters Ended March 31, 2023 and 2022 — Consolidated salaries, wages, and benefits increased by \$0.7 million for the first quarter of 2023, as compared to the first quarter of 2022. This increase pertained to driving associate pay rates and non-driver salaries and wages, partially offset by a 2.5% decrease in miles driven by company driving associates.

	Quarter Ended March 31,		Increase (Decrease)
	2023	2022	
	(Dollars in thousands)		
Fuel	\$ 187,759	\$ 190,489	(1.4 %)
% of total revenue	11.5 %	10.4 %	110 bps
% of revenue, excluding truckload and LTL fuel surcharge	12.9 %	11.6 %	130 bps

Fuel expense consists primarily of diesel fuel expense for our company-owned tractors. The primary factors affecting our fuel expense are the cost of diesel fuel, the fuel economy of our equipment, and the miles driven by company driving associates.

KNIGHT-SWIFT TRANSPORTATION HOLDINGS INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF
OPERATIONS — CONTINUED

Our fuel surcharge programs help to offset increases in fuel prices, but generally apply only to loaded miles for our Truckload and LTL segments and typically do not offset non-paid empty miles, idle time, or out-of-route miles driven. Typical fuel surcharge programs involve a computation based on the change in national or regional fuel prices. These programs may update as often as weekly, but typically require a specified minimum change in fuel cost to prompt a change in fuel surcharge revenue for our Truckload and LTL segments. Therefore, many of these programs have a time lag between when fuel costs change and when the change is reflected in fuel surcharge revenue. Due to this time lag, our fuel expense, net of fuel surcharge, negatively impacts our operating income during periods of sharply rising fuel costs and positively impacts our operating income during periods of falling fuel costs. We continue to utilize our fuel efficiency initiatives such as trailer blades, idle-control, management of tractor speeds, fleet updates for more fuel-efficient engines, management of fuel procurement, and driving associate training programs that we believe contribute to controlling our fuel expense.

Comparison Between Quarters Ended March 31, 2023 and 2022 — The \$2.7 million decrease in consolidated fuel expense for the first quarter is due to a decrease in total miles driven by company driving associates and was partially offset by higher average DOE fuel prices for the first quarter of 2023 as compared to the first quarter of 2022. Average DOE fuel prices were \$4.40 per gallon for the first quarter of 2023 and \$4.36 per gallon for the first quarter of 2022.

	Quarter Ended March 31,		Increase (Decrease)
	2023	2022	
	(Dollars in thousands)		
Operations and maintenance	\$ 99,311	\$ 95,883	3.6 %
% of total revenue	6.1 %	5.2 %	90 bps
% of revenue, excluding truckload and LTL fuel surcharge	6.8 %	5.8 %	100 bps

Operations and maintenance expense consists of direct operating expenses, such as driving associate hiring and recruiting expenses, equipment maintenance, and tire expense. Operations and maintenance expenses are typically affected by the age of our company-owned fleet of tractors and trailers and the miles driven. We expect the driver market to remain competitive throughout 2023, which could increase future driving associate development and recruiting costs and negatively affect our operations and maintenance expense. We expect to continue refreshing our tractor and trailer fleet in the coming quarters, subject to availability of new revenue equipment, to maintain the average age of our equipment.

Comparison Between the Quarters Ended March 31, 2023 and 2022 — The increase of \$3.4 million for the first quarter of 2023 was attributed to higher maintenance expenses due to inflation and was partially offset by lower chassis expense and road expense due to the decrease in total miles discussed above.

KNIGHT-SWIFT TRANSPORTATION HOLDINGS INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF
OPERATIONS — CONTINUED

	Quarter Ended March 31,		Increase (Decrease)
	2023	2022	
	(Dollars in thousands)		
Insurance and claims	\$ 138,039	\$ 98,192	40.6 %
% of total revenue	8.4 %	5.4 %	300 bps
% of revenue, excluding truckload and LTL fuel surcharge	9.5 %	6.0 %	350 bps

Insurance and claims expense consists of premiums for liability, physical damage, and cargo, and will vary based upon the frequency and severity of claims, our level of self-insurance, and premium expense. In recent years, insurance carriers have raised premiums for many businesses, including transportation companies, and as a result, our insurance and claims expense could increase in the future, or we could raise our self-insured retention limits or reduce excess coverage limits when our policies are renewed or replaced. In addition, our Iron Insurance line of business offers insurance products to third-party carriers, earning additional premium revenues, which are partially offset by increased insurance reserves, but does increase our exposure to claims and inability to collect premiums. Insurance and claims expense also varies based on the number of miles driven by company driving associates and independent contractors, the frequency and severity of accidents, trends in development factors used in actuarial accruals, and developments in large, prior-year claims. In future periods, our higher self-insured retention limits, lower excess coverage limits, and exposure through Iron Insurance may cause increased volatility in our consolidated insurance and claims expense.

Comparison Between the Quarters Ended March 31, 2023 and 2022 — Consolidated insurance and claims expense increased by \$39.8 million for the first quarter of 2023, as compared to the first quarter of 2022. The increase was predominately due to increased frequency and unfavorable claim development during the quarter within our Iron Insurance line of business as well as negative developments within our self-insured retention limits on certain large prior year insurance claims totaling \$8.5 million pre-tax, primarily related to an unfavorable jury verdict during the first quarter of 2023.

	Quarter Ended March 31,		Increase (Decrease)
	2023	2022	
	(Dollars in thousands)		
Operating taxes and licenses	\$ 25,890	\$ 29,037	(10.8 %)
% of total revenue	1.6 %	1.6 %	— bps
% of revenue, excluding truckload and LTL fuel surcharge	1.8 %	1.8 %	— bps

Operating taxes and licenses include state franchise taxes, state and federal highway use taxes, property taxes, vehicle license and registration fees, and fuel and mileage taxes, among others. The expense is impacted by changes in the tax rates and registration fees associated with our tractor fleet and regional operating facilities.

Comparison Between the Quarters Ended March 31, 2023 and 2022 — Operating taxes and licenses expenses decreased by \$3.1 million, but remained flat as a percentage of revenue, excluding truckload and LTL fuel surcharge.

KNIGHT-SWIFT TRANSPORTATION HOLDINGS INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS — CONTINUED

	Quarter Ended March 31,		Increase (Decrease)
	2023	2022	
	(Dollars in thousands)		
Communications	\$ 5,749	\$ 5,870	(2.1 %)
% of total revenue	0.4 %	0.3 %	10 bps
% of revenue, excluding truckload and LTL fuel surcharge	0.4 %	0.4 %	— bps

Communications expense is comprised of costs associated with our tractor and trailer tracking systems, information technology systems, and phone systems.

Comparison Between the Quarters Ended March 31, 2023 and 2022 — Communications expense decreased \$0.1 million, but remained flat as a percentage of revenue, excluding truckload and LTL fuel surcharge.

	Quarter Ended March 31,		Increase (Decrease)
	2023	2022	
	(Dollars in thousands)		
<i>Depreciation and amortization of property and equipment</i>	\$ 155,966	\$ 145,044	7.5 %
% of total revenue	9.5 %	7.9 %	160 bps
% of revenue, excluding truckload and LTL fuel surcharge	10.8 %	8.8 %	200 bps

Depreciation relates primarily to our owned tractors, trailers, buildings, electronic logging devices, other communication units, and other similar assets. Changes to this fixed cost are generally attributed to increases or decreases to company-owned equipment, the relative percentage of owned versus leased equipment, and fluctuations in new equipment purchase prices. Depreciation can also be affected by the cost of used equipment that we sell or trade and the replacement of older used equipment. Management periodically reviews the condition, average age, and reasonableness of estimated useful lives and salvage values of our equipment and considers such factors in light of our experience with similar assets, used equipment market conditions, and prevailing industry practices.

Comparison Between the Quarters Ended March 31, 2023 and 2022 — Consolidated depreciation and amortization of property and equipment increased by \$10.9 million for the first quarter of 2023, as compared to the same period last year. This increase was related to an increase in owned versus leased equipment and higher depreciation for capital improvements made to our terminals.

We expect consolidated depreciation and amortization of property and equipment to increase in total and as a percentage of consolidated revenue, excluding truckload and LTL fuel surcharge, as we currently do not plan to use operating leases as a primary means of funding our equipment purchases, terminal improvements, or terminal expansions in the remainder of 2023.

	Quarter Ended March 31,		Increase (Decrease)
	2023	2022	
	(Dollars in thousands)		
Amortization of intangibles	\$ 16,183	\$ 16,166	0.1 %
% of total revenue	1.0 %	0.9 %	10 bps
% of revenue, excluding truckload and LTL fuel surcharge	1.1 %	1.0 %	10 bps

Amortization of intangibles relates to intangible assets identified with the 2017 Merger and various acquisitions. See Note 3 in Part I, Item 1, of this Quarterly Report for more details regarding details of our acquisitions.

KNIGHT-SWIFT TRANSPORTATION HOLDINGS INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF
OPERATIONS — CONTINUED

	Quarter Ended March 31,		Increase (Decrease)
	2023	2022	
	(Dollars in thousands)		
Rental expense	\$ 15,068	\$ 13,401	12.4 %
% of total revenue	0.9 %	0.7 %	20 bps
% of revenue, excluding truckload and LTL fuel surcharge	1.0 %	0.8 %	20 bps

Rental expense consists primarily of payments for our terminals and other real estate leases and, to a lesser extent, payments for revenue equipment from expiring operating leases. The primary factors affecting the expense are the size and location of our leased properties.

Comparison Between the Quarters Ended March 31, 2023 and 2022 — The quarter-over-quarter increase of \$1.7 million is primarily related to the incorporation of new facilities as we expand our network.

	Quarter Ended March 31,		Increase (Decrease)
	2023	2022	
	(Dollars in thousands)		
<i>Purchased transportation</i>	\$ 280,729	\$ 386,446	(27.4 %)
% of total revenue	17.1 %	21.2 %	(410 bps)
% of revenue, excluding truckload and LTL fuel surcharge	19.4 %	23.5 %	(410 bps)

Purchased transportation expense is comprised of payments to independent contractors in our trucking operations, as well as payments to third-party capacity providers related to logistics, freight management, and non-trucking services in our logistics and intermodal businesses. Purchased transportation is generally affected by capacity in the market as well as changes in fuel prices. As capacity tightens, our payments to third-party capacity providers and to independent contractors tend to increase. Additionally, as fuel prices increase, payments to third-party capacity providers and independent contractors increase.

Comparison Between the Quarters Ended March 31, 2023 and 2022 — Consolidated purchased transportation expense decreased by \$105.7 million for the first quarter of 2023, as compared to the same period last year, primarily due to decreased load volume within our logistics business, partially offset by increased intermodal load volume.

We expect that consolidated purchased transportation will increase as a percentage of revenue if we grow our logistics and intermodal businesses faster than our full truckload and LTL businesses. The increase could be partially offset if independent contractors exit the market due to regulatory changes.

	Quarter Ended March 31,		Increase (Decrease)
	2023	2022	
	(Dollars in thousands)		
Impairments	\$ —	\$ 810	(100.0 %)

In 2022, we incurred impairment charges associated with building improvements (within our non-reportable segments).

KNIGHT-SWIFT TRANSPORTATION HOLDINGS INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF
OPERATIONS — CONTINUED

	Quarter Ended March 31,		Increase (Decrease)
	2023	2022	
	(Dollars in thousands)		
Miscellaneous operating expenses	\$ 30,709	\$ 11,509	166.8 %

Miscellaneous operating expenses primarily consist of legal and professional services fees, general and administrative expenses, other costs, as well as net gain on sales of equipment.

Comparison Between the Quarters Ended March 31, 2023 and 2022 — The \$19.2 million increase in net consolidated miscellaneous operating expenses is primarily due to a \$13.9 million decrease in gain on sales of equipment and \$1.5 million in transaction fees related to the planned acquisition of U.S. Xpress.

Consolidated Other Expenses (Income)

	Quarter Ended March 31,		Increase (Decrease)
	2023	2022	
	(Dollars in thousands)		
Interest expense	\$ 23,091	\$ 6,680	245.7%
Other (income) expenses, net	(9,703)	14,405	(167.4%)
Income tax expense	32,735	69,174	(52.7%)

Interest expense — Interest expense is comprised of debt and finance lease interest expense as well as amortization of deferred loan costs. The increase in interest expense during the quarter ended March 31, 2023 was primarily due to higher interest rates. Additional details regarding our debt are discussed in Note 6 in Part I, Item 1 of this Quarterly Report.

Other (income) expenses, net — Other (income) expenses, net is primarily comprised of losses and (gains) from our various equity investments, including our investment in Embark, as well as certain other non-operating income and expense items that may arise outside of the normal course of business.

Comparison Between the Quarters Ended March 31, 2023 and 2022 — The \$24.1 million increase in other (income) expenses, net is primarily driven by a \$14.4 million unrealized loss on our investment in Embark recorded in the first quarter of 2022 and a net gain recorded within our portfolio of investments during the first quarter of 2023.

Income tax expense — In addition to the discussion below, Note 4 in Part I, Item 1 of this Quarterly Report provides further analysis related to income taxes.

Comparison Between the Quarters Ended March 31, 2023 and 2022 — The \$36.4 million decrease in consolidated income tax expense was primarily due to a reduction of pre-tax income. This resulted in an effective tax rate of 24.0% for the first quarter of 2023, and 24.9% for the first quarter of 2022.

KNIGHT-SWIFT TRANSPORTATION HOLDINGS INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF
OPERATIONS — CONTINUED

Non-GAAP Financial Measures

The terms "Adjusted Net Income Attributable to Knight-Swift," "Adjusted EPS," "Adjusted Operating Income," "Adjusted Operating Ratio," and "Free Cash Flow," as we define them, are not presented in accordance with GAAP. These financial measures supplement our GAAP results in evaluating certain aspects of our business. We believe that using these measures improves comparability in analyzing our performance because they remove the impact of items from our operating results that, in our opinion, do not reflect our core operating performance. Management and the Board focus on Adjusted Net Income Attributable to Knight-Swift, Adjusted EPS, Adjusted Operating Income, and Adjusted Operating Ratio as key measures of our performance, all of which are reconciled to the most comparable GAAP financial measures and further discussed below. Management and the Board use Free Cash Flow as a key measure of our liquidity. Free Cash Flow does not represent residual cash flow available for discretionary expenditures. We believe our presentation of these non-GAAP financial measures is useful because it provides investors and securities analysts the same information that we use internally for purposes of assessing our core operating performance.

Adjusted Net Income Attributable to Knight-Swift, Adjusted EPS, Adjusted Operating Income, Adjusted Operating Ratio, and Free Cash Flow are not substitutes for their comparable GAAP financial measures, such as net income, cash flows from operating activities, operating income, or other measures prescribed by GAAP. There are limitations to using non-GAAP financial measures. Although we believe that they improve comparability in analyzing our period to period performance, they could limit comparability to other companies in our industry if those companies define these measures differently. Because of these limitations, our non-GAAP financial measures should not be considered measures of income generated by our business or discretionary cash available to us to invest in the growth of our business. Management compensates for these limitations by primarily relying on GAAP results and using non-GAAP financial measures on a supplemental basis.

Pursuant to the requirements of Regulation G, the following tables reconcile GAAP consolidated net income attributable to Knight-Swift to non-GAAP consolidated Adjusted Net Income attributable to Knight-Swift, GAAP consolidated earnings per diluted share to non-GAAP consolidated Adjusted EPS, GAAP consolidated operating ratio to non-GAAP consolidated Adjusted Operating Ratio, GAAP reportable segment operating income to non-GAAP reportable segment Adjusted Operating Income, GAAP reportable segment operating ratio to non-GAAP reportable segment Adjusted Operating Ratio, and GAAP cash flow from operations to non-GAAP Free Cash Flow.

KNIGHT-SWIFT TRANSPORTATION HOLDINGS INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS — CONTINUED

Non-GAAP Reconciliation: Consolidated Adjusted Net Income Attributable to Knight-Swift and Adjusted EPS

	Quarter Ended March 31,	
	2023	2022
	(In thousands)	
GAAP: Net income attributable to Knight-Swift	\$ 104,284	\$ 208,337
Adjusted for:		
Income tax expense attributable to Knight-Swift	32,735	69,174
Income before income taxes attributable to Knight-Swift	137,019	277,511
Amortization of intangibles ¹	16,183	16,166
Impairments ²	—	810
Legal accruals ³	(300)	5,055
Transaction fees ⁴	1,536	—
Severance expense ⁵	1,452	—
Adjusted income before income taxes	155,890	299,542
Provision for income tax expense at effective rate	(37,399)	(74,679)
Non-GAAP: Adjusted Net Income Attributable to Knight-Swift	<u>\$ 118,491</u>	<u>\$ 224,863</u>

Note: Since the numbers reflected in the table below are calculated on a per share basis, they may not foot due to rounding.

	Quarter Ended March 31,	
	2023	2022
GAAP: Earnings per diluted share	\$ 0.64	\$ 1.25
Adjusted for:		
Income tax expense attributable to Knight-Swift	0.20	0.42
Income before income taxes attributable to Knight-Swift	0.85	1.67
Amortization of intangibles ¹	0.10	0.10
Impairments ²	—	—
Legal accruals ³	—	0.03
Transaction fees ⁴	0.01	—
Severance expense ⁵	0.01	—
Adjusted income before income taxes	0.96	1.80
Provision for income tax expense at effective rate	(0.23)	(0.45)
Non-GAAP: Adjusted EPS	<u>\$ 0.73</u>	<u>\$ 1.35</u>

- 1 "Amortization of intangibles" reflects the non-cash amortization expense relating to intangible assets identified in the 2017 Merger, the ACT Acquisition, and other acquisitions. Refer to Note 3 in Part I, Item 1 of this Quarterly Report for additional details regarding our acquisitions.
- 2 "Impairments" reflects the non-cash impairment of building improvements (within our non-reportable segments).
- 3 "Legal accruals" are included in "Miscellaneous operating expenses" in the condensed consolidated statements of comprehensive income and reflect the following:
 - First quarter 2023 legal expense reflects a decrease in the estimated exposure related to an accrued legal matter previously identified as probable and estimable in prior periods based on a recent settlement agreement.
 - First quarter 2022 legal expense reflects costs related to certain settlements and class action lawsuits arising from employee and contract related matters.
- 4 "Transaction fees" reflects consisted of legal and professional fees associated with the planned acquisition of U.S. Xpress. The transaction fees are included within "Miscellaneous operating expenses" in the condensed statements of comprehensive income.
- 5 "Severance expense" is included within "Salaries, wages, and benefits" in the condensed statements of comprehensive income.

KNIGHT-SWIFT TRANSPORTATION HOLDINGS INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF
OPERATIONS — CONTINUED

Non-GAAP Reconciliation: Consolidated Adjusted Operating Income and Adjusted Operating Ratio

	Quarter Ended March 31,	
	2023	2022
GAAP Presentation		
	(Dollars in thousands)	
Total revenue	\$ 1,636,932	\$ 1,826,989
Total operating expenses	(1,492,145)	(1,528,903)
Operating income	\$ 144,787	\$ 298,086
Operating ratio	91.2 %	83.7 %
Non-GAAP Presentation		
Total revenue	\$ 1,636,932	\$ 1,826,989
Truckload and LTL fuel surcharge	(186,639)	(179,111)
Revenue, excluding truckload and LTL fuel surcharge	1,450,293	1,647,878
Total operating expenses	1,492,145	1,528,903
Adjusted for:		
Truckload and LTL fuel surcharge	(186,639)	(179,111)
Amortization of intangibles ¹	(16,183)	(16,166)
Impairments ²	—	(810)
Legal accruals ³	300	(5,055)
Transaction fees ⁴	(1,536)	—
Severance expense ⁵	(1,452)	—
Adjusted Operating Expenses	1,286,635	1,327,761
Adjusted Operating Income	\$ 163,658	\$ 320,117
Adjusted Operating Ratio	88.7 %	80.6 %

1 See Non-GAAP Reconciliation: Consolidated Adjusted Net Income Attributable to Knight-Swift and Adjusted EPS footnote 1.

2 See Non-GAAP Reconciliation: Consolidated Adjusted Net Income Attributable to Knight-Swift and Adjusted EPS footnote 2.

3 See Non-GAAP Reconciliation: Consolidated Adjusted Net Income Attributable to Knight-Swift and Adjusted EPS footnote 3.

4 See Non-GAAP Reconciliation: Consolidated Adjusted Net Income Attributable to Knight-Swift and Adjusted EPS footnote 4.

5 See Non-GAAP Reconciliation: Consolidated Adjusted Net Income Attributable to Knight-Swift and Adjusted EPS footnote 5.

KNIGHT-SWIFT TRANSPORTATION HOLDINGS INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF
OPERATIONS — CONTINUED

Non-GAAP Reconciliation: Reportable Segment Adjusted Operating Income and Adjusted Operating Ratio

Truckload Segment

	Quarter Ended March 31,	
	2023	2022
	(Dollars in thousands)	
GAAP Presentation		
Total revenue	\$ 1,012,245	\$ 1,080,531
Total operating expenses	(896,346)	(875,414)
Operating income	<u>\$ 115,899</u>	<u>\$ 205,117</u>
Operating ratio	88.6 %	81.0 %
Non-GAAP Presentation		
Total revenue	\$ 1,012,245	\$ 1,080,531
Fuel surcharge	(145,264)	(138,661)
Intersegment transactions	(1,001)	(336)
Revenue, excluding fuel surcharge and intersegment transactions	<u>865,980</u>	<u>941,534</u>
Total operating expenses	896,346	875,414
Adjusted for:		
Fuel surcharge	(145,264)	(138,661)
Intersegment transactions	(1,001)	(336)
Amortization of intangibles ¹	(343)	(324)
Adjusted Operating Expenses	<u>749,738</u>	<u>736,093</u>
Adjusted Operating Income	<u>\$ 116,242</u>	<u>\$ 205,441</u>
Adjusted Operating Ratio	86.6 %	78.2 %

1 "Amortization of intangibles" reflects the non-cash amortization expense relating to intangible assets identified in historical Knight acquisitions.

KNIGHT-SWIFT TRANSPORTATION HOLDINGS INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF
OPERATIONS — CONTINUED

LTL Segment

	Quarter Ended March 31,	
	2023	2022
(Dollars in thousands)		
GAAP Presentation		
Total revenue	\$ 255,304	\$ 255,125
Total operating expenses	(228,722)	(228,748)
Operating income	\$ 26,582	\$ 26,377
Operating ratio	89.6 %	89.7 %
Non-GAAP Presentation		
Total revenue	\$ 255,304	\$ 255,125
Fuel surcharge	(41,375)	(40,450)
Revenue, excluding fuel surcharge and intersegment transactions	213,929	214,675
Total operating expenses	228,722	228,748
Adjusted for:		
Fuel surcharge	(41,375)	(40,450)
Amortization of intangibles ¹	(3,920)	(3,945)
Adjusted Operating Expenses	183,427	184,353
Adjusted Operating Income	\$ 30,502	\$ 30,322
Adjusted Operating Ratio	85.7 %	85.9 %

1 "Amortization of intangibles" reflects the non-cash amortization expense relating to intangible assets identified with the ACT and MME acquisitions.

Logistics Segment

	Quarter Ended March 31,	
	2023	2022
(Dollars in thousands)		
GAAP Presentation		
Total revenue	\$ 138,283	\$ 282,039
Total operating expenses	(125,463)	(242,438)
Operating income	\$ 12,820	\$ 39,601
Operating ratio	90.7 %	86.0 %
Non-GAAP Presentation		
Total revenue	\$ 138,283	\$ 282,039
Intersegment transactions	(1,506)	(1,868)
Revenue, excluding intersegment transactions	136,777	280,171
Total operating expenses	125,463	242,438
Adjusted for:		
Intersegment transactions	(1,506)	(1,868)
Amortization of intangibles ¹	(334)	(334)
Adjusted Operating Expenses	123,623	240,236
Adjusted Operating Income	\$ 13,154	\$ 39,935
Adjusted Operating Ratio	90.4 %	85.7 %

1 "Amortization of intangibles" reflects the non-cash amortization expense relating to intangible assets identified in the UTXL acquisition.

KNIGHT-SWIFT TRANSPORTATION HOLDINGS INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF
OPERATIONS — CONTINUED

Intermodal Segment

	Quarter Ended March 31,	
	2023	2022
GAAP Presentation		
	(Dollars in thousands)	
Total revenue	\$ 110,572	\$ 109,222
Total operating expenses	(105,470)	(94,052)
Operating income	\$ 5,102	\$ 15,170
Operating ratio	95.4 %	86.1 %
Non-GAAP Presentation		
Total revenue	\$ 110,572	\$ 109,222
Intersegment transactions	—	(30)
Revenue, excluding intersegment transactions	110,572	109,192
Total operating expenses	105,470	94,052
Adjusted for:		
Intersegment transactions	—	(30)
Adjusted Operating Expenses	105,470	94,022
Adjusted Operating Income	\$ 5,102	\$ 15,170
Adjusted Operating Ratio	95.4 %	86.1 %

Non-GAAP Reconciliation: Free Cash Flow

	Quarter Ended March 31, 2023
GAAP: Cash flows from operations	\$ 345,159
Adjusted for:	
Proceeds from sale of property and equipment, including assets held for sale	59,345
Purchases of property and equipment	(260,339)
Non-GAAP: Free Cash Flow	\$ 144,165

KNIGHT-SWIFT TRANSPORTATION HOLDINGS INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF
OPERATIONS — CONTINUED

Liquidity and Capital Resources

Sources of Liquidity

Our primary sources of liquidity are funds provided by operations and the following:

Source	March 31, 2023 (In thousands)
Cash and cash equivalents, excluding restricted cash	\$ 191,245
Availability under 2021 Revolver, due September 2026 ¹	1,088,615
Availability under 2022 RSA, due April 2024 ²	12,700
Total unrestricted liquidity	\$ 1,292,560
Cash and cash equivalents – restricted ³	207,363
Restricted investments, held-to-maturity, amortized cost ³	4,076
Total liquidity, including restricted cash and restricted investments	\$ 1,503,999

- As of March 31, 2023, we had no borrowings under our \$1.1 billion 2021 Revolver. We additionally had \$11.4 million in outstanding letters of credit (discussed below) issued under the 2021 Revolver, leaving \$1.1 billion available under 2021 the Revolver.
- Based on eligible receivables at March 31, 2023, our borrowing base for the 2022 RSA was \$396.7 million, while outstanding borrowings were \$384.0 million, leaving \$12.7 million available under the 2022 RSA. Refer to Note 5 in Part I, Item 1 of this Quarterly Report for more information regarding the 2022 RSA.
- Restricted cash and restricted investments are primarily held by our captive insurance companies for claims payments. "Cash and cash equivalents – restricted" consists of \$204.3 million, included in "Cash and cash equivalents – restricted" on the condensed consolidated balance sheet and held by Mohave and Red Rock for claims payments. The remaining \$3.0 million is included in "Other long-term assets" and is held in escrow accounts to meet statutory requirements.

Uses of Liquidity

Our business requires substantial amounts of cash for operating activities, including salaries and wages paid to our employees, contract payments to independent contractors, insurance and claims payments, tax payments, and others. We also use large amounts of cash and credit for the following activities:

Capital Expenditures — When justified by customer demand, as well as our liquidity and our ability to generate acceptable returns, we make substantial cash capital expenditures to maintain a modern company tractor fleet, refresh and expand our trailer fleet, expand our network of LTL service centers, and, to a lesser extent, fund upgrades to our terminals and technology in our various service offerings. In connection with our business strategy, we regularly evaluate acquisition and strategic partnership opportunities. We expect net cash capital expenditures, will be in the range of \$640.0 – \$690.0 million for full-year 2023. This range excludes cash outlays for potential acquisitions. We believe we have ample flexibility in our trade cycle and purchase agreements to alter our current plans if economic and other conditions warrant.

Over the long-term, we will continue to have significant capital requirements, which may require us to seek additional borrowing, lease financing, or equity capital. 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 2021 Revolver (if not then fully drawn), extend the maturity of then-outstanding debt, rely on alternative financing arrangements, engage in asset sales, limit our fleet size, or operate our revenue equipment for longer periods.

KNIGHT-SWIFT TRANSPORTATION HOLDINGS INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF
OPERATIONS — CONTINUED

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 the combination of our expected cash flows, financing available through operating and finance leases, available funds under our accounts receivable securitization, and availability under the 2021 Revolver will be sufficient to fund our expected capital expenditures for at least the next twelve months.

Principal and Interest Payments — As of March 31, 2023, we had debt, accounts receivable securitization, and finance lease obligations of \$1.8 billion, which are discussed under "Material Debt Agreements," below. Certain cash flows from operations are committed to minimum payments of principal and interest on our debt and lease obligations. Additionally, when our financial position allows, we periodically make voluntary prepayments on our outstanding debt balances.

Letters of Credit — Pursuant to the terms of the 2021 Debt Agreement and the 2022 RSA, our lenders may issue standby letters of credit on our behalf. When we have certain letters of credit outstanding, the availability under the 2021 Revolver or 2022 RSA is reduced accordingly. As of March 31, 2023, we also had outstanding letters of credit of \$177.9 million pursuant to a bilateral agreement which do not impact the availability of the 2021 Revolver and 2022 RSA. Standby letters of credit are typically issued for the benefit of regulatory authorities, insurance companies and state departments of insurance for the purpose of satisfying certain collateral requirements, primarily related to our automobile, workers' compensation, and general insurance liabilities.

Share Repurchases — From time to time, and depending on Free Cash Flow¹ availability, debt levels, common stock prices, general economic and market conditions, as well as internal approval requirements, we may repurchase shares of our outstanding common stock. As of March 31, 2023, the Company had \$200.0 million remaining under the 2022 Knight-Swift Share Repurchase Plan. Additional details regarding our share repurchase plans are discussed in Note 10 in Part I, Item 1 of this Quarterly Report.

Working Capital

We had a working capital surplus of \$536.8 million as of March 31, 2023 and \$599.6 million as of December 31, 2022.

Material Debt Agreements

As of March 31, 2023, we had \$1.8 billion in material debt obligations at the following carrying values:

- \$199.8 million: 2021 Term Loan A-2, due September 2024, net of \$0.2 million in deferred loan costs
- \$798.8 million: 2021 Term Loan A-3, due September 2026, net of \$1.2 million in deferred loan costs
- \$383.6 million: 2022 RSA outstanding borrowings, net of \$0.4 million in deferred loan costs
- \$395.7 million: Finance lease obligations
- \$30.5 million: Other, net of approximately \$45,000 in deferred loan costs

As of December 31, 2022, we had \$1.9 billion in material debt obligations at the following carrying values:

- \$199.8 million: 2021 Term Loan A-2, due September 2024, net of \$0.2 million in deferred loan costs
- \$798.7 million: 2021 Term Loan A-3, due September 2026, net of \$1.3 million in deferred loan costs
- \$418.6 million: 2022 RSA outstanding borrowings, net of \$0.4 million in deferred loan costs
- \$403.0 million: Finance lease obligations
- \$43.0 million: 2021 Revolver, due September 2026
- \$39.0 million: Other, net of \$0.1 million in deferred loan costs

¹ Refer to "Non-GAAP Financial Measures."

KNIGHT-SWIFT TRANSPORTATION HOLDINGS INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS — CONTINUED

Cash Flow Analysis

	Quarter Ended March 31,		Change
	2023	2022	
	(In thousands)		
Net cash provided by operating activities	\$ 345,159	\$ 456,860	\$ (111,701)
Net cash used in investing activities	(197,305)	(110,187)	(87,118)
Net cash used in financing activities	(134,591)	(323,249)	188,658

Net Cash Provided by Operating Activities

Comparison Between Quarter Ended March 31, 2023 and 2022 — The \$111.7 million decrease in net cash provided by operating activities was primarily due to a \$153.3 million decrease in operating income for quarter ended March 31, 2023, and a \$16.0 million increase in cash paid for interest. **Note:** Factors affecting the increase in operating income are discussed in "Results of Operations — Consolidated Operating and Other Expenses."

Net Cash Used in Investing Activities

Comparison Between Quarter Ended March 31, 2023 and 2022 — The \$87.1 million increase in net cash used in investing activities was primarily due to a \$96.6 million increase in net cash capital expenditures.

Net Cash Used in Financing Activities

Comparison Between Quarter Ended March 31, 2023 and 2022 — Net cash used in financing activities decreased by \$188.7 million, primarily due to a \$144.9 million decrease in repurchases of our common stock and a \$52.0 million decrease in net repayments on our 2021 Revolver.

Seasonality

Discussion regarding the impact of seasonality on our business is included in Note 1 in the notes to the condensed consolidated financial statements, included in Part I, Item 1 of this Quarterly Report, incorporated by reference herein.

Inflation

Most of our operating expenses are inflation-sensitive, with inflation generally leading to increased costs of operations. Price increases in manufacturer revenue equipment has impacted the cost for us to acquire new equipment. Cost increases have also impacted the cost of parts for equipment repairs and maintenance. The qualified driver shortage experienced by the trucking industry overall has had the effect of increasing compensation paid to our driving associates. We have also experienced inflation in insurance and claims cost related to health insurance and claims as well as auto liability insurance and claims. Prolonged periods of inflation have recently and could continue to cause interest rates, fuel, wages, and other costs to increase as well. Any of these factors could adversely affect our results of operations unless freight rates correspondingly increase.

Recently Issued Accounting Pronouncements

See Note 2 in Part I, Item 1 of this Quarterly Report, which is incorporated herein by reference, for the impact of recently issued accounting pronouncements on the Company's condensed consolidated financial statements.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Interest Rate Risk

We have exposure from variable interest rates, primarily related to our 2021 Debt Agreement and 2022 RSA. These variable interest rates are impacted by changes in short-term interest rates. We primarily manage interest rate exposure through a mix of variable rate debt (weighted average rate of 5.7% as of March 31, 2023) and fixed rate equipment lease financing. Assuming the level of borrowings as of March 31, 2023, a hypothetical one percentage point increase in interest rates would increase our annual interest expense by \$14.1 million.

Commodity Price Risk

We have commodity exposure with respect to fuel used in company-owned tractors. Increases in fuel prices would continue to raise our operating costs, even after applying fuel surcharge revenue. Historically, we have been able to recover a majority of fuel price increases from our customers in the form of fuel surcharges. The weekly average diesel price per gallon in the US increased to \$4.40 for the first quarter of 2023 from an average of \$4.36 in the first quarter of 2022. We cannot predict the extent or speed of potential changes in fuel price levels in the future, the degree to which the lag effect of our fuel surcharge programs will impact us as a result of the timing and magnitude of such changes, or the extent to which effective fuel surcharges can be maintained and collected to offset such increases. We generally have not used derivative financial instruments to hedge our fuel price exposure in the past, but continue to evaluate this possibility. To mitigate the impact of rising fuel costs, we contract with some of our fuel suppliers to buy fuel at a fixed price or within banded pricing for a specified period, usually not exceeding twelve months. However, these purchase commitments only cover a small portion of our fuel consumption. Accordingly, fuel price fluctuations may still negatively impact us.

ITEM 4. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

We have established disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) to ensure that material information relating to us, including our consolidated subsidiaries, is made known to the officers who certify our financial reports and to other members of senior management and the Board. Our management, with the participation of our principal executive officer and principal financial officer, conducted an evaluation of the effectiveness of our disclosure controls and procedures. Based on this evaluation, as of the end of the period covered by this Quarterly Report on Form 10-Q our principal executive officer and principal financial officer have concluded that our disclosure controls and procedures are effective to ensure that the information required to be disclosed by us in the reports that we file or submit under the Exchange Act is (1) recorded, processed, summarized, and reported within the time periods specified in the SEC rules and forms, and (2) accumulated and communicated to management, including our principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting

There was no change in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the quarter ended March 31, 2023, that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting. We base our internal control over financial reporting on the criteria set forth in the 2013 COSO Internal Control: Integrated Framework.

KNIGHT-SWIFT TRANSPORTATION HOLDINGS INC.

We have confidence in our disclosure controls and procedures and internal control over financial reporting. Nevertheless, our management, including our principal executive officer and principal financial officer, does not expect that our disclosure controls and procedures and internal control over financial reporting will prevent all errors, misstatements, or fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, have been detected.

PART II OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Information about our legal proceedings is included in Note 9 of the notes to our condensed consolidated financial statements, included in Part I, Item 1, of this Quarterly Report for the period ended March 31, 2023, and is incorporated by reference herein.

ITEM 1A. RISK FACTORS

While we attempt to identify, manage, and mitigate risks and uncertainties associated with our business, some level of risk and uncertainty will always be present. Our 2022 Annual Report in the section entitled "Item 1A. Risk Factors," describes some of the risks and uncertainties associated with our business. In addition to the risk factors set forth in our Form 10-K, we believe the following additional risks and uncertainties should be considered in evaluating our business and growth outlook:

Our proposed acquisition of U.S. Xpress presents certain additional risks to our business and operations.

On March 20, 2023, we entered into an Agreement and Plan of Merger (the "Merger Agreement") with U.S. Xpress and Liberty Merger Sub ("Merger Sub"). The Merger Agreement provides, among other things, and subject to the terms and conditions set forth therein, that Merger Sub will be merged with and into U.S. Xpress, with U.S. Xpress surviving as an indirect wholly owned subsidiary of Knight-Swift Transportation Holdings Inc. The proposed transaction with U.S. Xpress entails important risks, including, among others: the occurrence of any event, change or other circumstance that could give rise to the right of us or U.S. Xpress or both to terminate the Merger Agreement, including circumstances requiring U.S. Xpress to pay us a termination fee pursuant to the Merger Agreement; the failure to obtain applicable regulatory or U.S. Xpress stockholder approval in a timely manner or otherwise; the risk that the transaction may not close in the anticipated timeframe or at all due to one or more of the other closing conditions to the transaction not being satisfied or waived; the risk that there may be unexpected costs, charges or expenses resulting from the proposed transaction; risks related to the ability of us and U.S. Xpress to successfully integrate the businesses and achieve the expected synergies and operating efficiencies within the expected timeframes or at all and the possibility that such integration may be more difficult, time consuming or costly than expected; risks that the proposed transaction disrupts our or U.S. Xpress' current plans and operations; the risk that certain restrictions during the pendency of the proposed transaction may impact our or U.S. Xpress' ability to pursue certain business opportunities or strategic transactions; risks related to disruption of each company's management's time and attention from ongoing business operations due to the proposed transaction; continued and sufficient availability of capital and financing; the risk that any announcements relating to the proposed transaction could have adverse effects on the market price of our and/or U.S. Xpress' common stock or operating results; the risk that the proposed transaction and its announcement could have an adverse effect on the ability of us and U.S. Xpress to retain and hire personnel and drivers, to retain customers and to maintain relationships with each of their respective business partners, suppliers and customers and on their respective operating results and businesses generally; and the risk of litigation that could be instituted against the parties to the

KNIGHT-SWIFT TRANSPORTATION HOLDINGS INC.

Merger Agreement or their respective directors, affiliated persons or officers and/or regulatory actions related to the proposed transaction, including the effects of any outcomes related thereto.

In addition, material differences in results as compared with those expected from the acquisition could arise due to those risks and uncertainties described in our Form 10-K Risk Factors, including, among other things, business disruption, operational or technology problems, financial loss, financial reporting and internal controls integration, legal liability to third parties and similar risks, any of which could have a material adverse effect on our business, customer retention, financial condition, results of operations, or liquidity.

In addition, the risk factor from our Form 10-K entitled “Insurance and claims expenses could significantly reduce our earnings” is deleted and replaced in its entirety with the following:

Insurance and claims expenses could significantly reduce our earnings.

Our future insurance and claims expense might exceed historical levels, which could reduce our earnings. We self-insure, or insure through our captive insurance companies, a significant portion of our claims exposure. For a detailed discussion of our self-insurance programs, including self-insurance retention limits, please refer to Note 12 to the consolidated financial statements, included in Part II, Item 8 of this Annual Report. Higher self-insured retention levels may increase the impact of auto liability occurrences on our results of operations. We reserve for anticipated losses and expenses and periodically evaluate and adjust our claims reserves to reflect our experience. Estimating the number and severity of claims, as well as related judgment or settlement amounts, is inherently difficult, and claims may ultimately prove to be more severe than our estimates. This, along with legal expenses, incurred but not reported claims, and other uncertainties can cause unfavorable differences between actual self-insurance costs and our reserve estimates. Accordingly, ultimate results may differ materially from our estimates, which could result in losses over our reserved amounts and could materially adversely affect our financial condition and results of operations.

Although we believe our aggregate insurance limits should be sufficient to cover reasonably expected claims, it is possible that the amount of one or more claims could exceed our aggregate coverage limits. If any claim were to exceed our coverage, we would bear the excess, in addition to our other self-insured amounts. Furthermore, insurance carriers have raised premiums for many businesses, including transportation companies. Additionally, our Iron Insurance line of business offers insurance products to third-party carriers, which exposes us to insurance claims, underwriting risk, and the potential inability to collect premiums from such third-party carriers. Accordingly, this line of business may increase the volatility of our insurance and claims expense and could materially adversely impact our financial condition and results of operations.

In addition, rising healthcare costs could negatively impact financial results or force us to make changes to existing benefit programs, which could negatively impact our ability to attract and retain employees.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value That May Yet be Purchased Under the Plans or Programs ¹
(in thousands, except per share data)				
January 1, 2023 to January 31, 2023	—	\$ —	—	\$ 200,041
February 1, 2023 to February 28, 2023	—	\$ —	—	\$ 200,041
March 1, 2023 to March 31, 2023	—	\$ —	—	\$ 200,041
Total	—	\$ —	—	\$ 200,041

- ¹ On April 25, 2022, we announced that the Board had approved the \$350.0 million 2022 Knight-Swift Share Repurchase Plan, replacing the 2020 Knight-Swift Share Repurchase Plan. There is no expiration date associated with the 2022 Knight-Swift Share Repurchase Plan. See Note 10 in Part I, Item 1 of this Quarterly Report regarding our share repurchase plans.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Not applicable.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

None.

KNIGHT-SWIFT TRANSPORTATION HOLDINGS INC.
ITEM 6. EXHIBITS

Exhibit Number	Description	Page or Method of Filing
2.1*	Agreement and Plan of Merger, dated as of March 20, 2023, by and among Knight-Swift Transportation Holdings Inc., U.S. Xpress Enterprises, Inc. and Liberty Merger Sub Inc.*	Incorporated by reference to Exhibit 2.1 of Form 8-K filed on March 21, 2023
3.1	Fourth Amended and Restated Certificate of Incorporation of Knight-Swift Transportation Holdings Inc.	Incorporated by reference to Exhibit 3.1 of Form 10-Q for the quarter ended June 30, 2020
3.2	Fourth Amended and Restated By-laws of Knight-Swift Transportation Holdings Inc.	Incorporated by reference to Exhibit 3.1 of Form 8-K filed on February 9, 2022
10.1	Rollover Agreement, dated March 20, 2023, by and among Knight-Swift Transportation Holdings Inc., Liberty Holdings Topco LLC, Max L. Fuller, William Eric Fuller, and each of the other Stockholders set forth on Schedule A thereto	Incorporated by reference to Exhibit 99.1 of the Form 8-K filed on March 21, 2023
10.2	Form of Amended and Restated Limited Liability Company Agreement of Liberty Holdings Topco LLC	Incorporated by reference to Exhibit 99.2 of the Form 8-K filed on March 21, 2023
10.3	Irrevocable Proxy and Agreement, dated March 20, 2023, by and among each Stockholder of U.S. Xpress Enterprises, Inc. set forth on Schedule A thereto and U.S. Xpress Enterprises, Inc.	Incorporated by reference to Exhibit 99.3 of the Form 8-K filed on March 21, 2023
31.1	Certification pursuant to Item 601(b)(31) of Regulation S-K, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, by David A. Jackson, the Company's Chief Executive Officer (principal executive officer).	Filed herewith
31.2	Certification pursuant to Item 601(b)(31) of Regulation S-K, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, by Adam W. Miller, the Company's Chief Financial Officer (principal financial officer).	Filed herewith
32.1	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, by David A. Jackson, the Company's Chief Executive Officer.	Furnished herewith
32.2	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, by Adam W. Miller, the Company's Chief Financial Officer.	Furnished herewith
101.INS	Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document	
101.SCH	XBRL Taxonomy Extension Schema Document	Filed herewith
101.CAL	XBRL Taxonomy Calculation Linkbase Document	Filed herewith
101.LAB	XBRL Taxonomy Label Linkbase Document	Filed herewith
101.PRE	XBRL Taxonomy Presentation Linkbase Document	Filed herewith
101.DEF	XBRL Taxonomy Extension Definition Document	Filed herewith
104	Cover Page Interactive Data File (formatted in Inline XBRL and contained in Exhibit 101)	Filed herewith

* Schedules have been omitted pursuant to Item 601(a)(5) of Regulation S-K. The Company hereby undertakes to furnish supplemental copies of any of the omitted schedules upon request by the SEC.

KNIGHT-SWIFT TRANSPORTATION HOLDINGS INC.

SIGNATURES

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

KNIGHT-SWIFT TRANSPORTATION HOLDINGS INC.

Date: May 3, 2023

/s/ David A. Jackson

David A. Jackson

Chief Executive Officer and President, in his capacity as
such and on behalf of the registrant

Date: May 3, 2023

/s/ Adam W. Miller

Adam W. Miller

Chief Financial Officer, in his capacity as such and on
behalf of the registrant

RULE 13a-14(a)/15d-14(a) CERTIFICATION

I, David A. Jackson, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Knight-Swift Transportation 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 (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 3, 2023

/s/ David A. Jackson

David A. Jackson

Chief Executive Officer (principal executive officer)

RULE 13a-14(a)/15d-14(a) CERTIFICATION

I, Adam W. Miller, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Knight-Swift Transportation 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 (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 3, 2023

/s/ Adam W. Miller

Adam W. Miller
Chief Financial Officer
(principal financial officer)

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

In connection with the Quarterly Report of Knight-Swift Transportation Holdings Inc. (the "Company") on Form 10-Q for the quarterly period ended March 31, 2023, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, David A. Jackson, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

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

KNIGHT-SWIFT TRANSPORTATION HOLDINGS INC.

a Delaware corporation

Date: May 3, 2023

By: /s/ David A. Jackson

David A. Jackson

Chief Executive Officer

A signed original of this written statement required by Section 906 has been provided to Knight-Swift Transportation Holdings Inc. and will be retained by Knight-Swift Transportation Holdings Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

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

In connection with the Quarterly Report of Knight-Swift Transportation Holdings Inc. (the "Company") on Form 10-Q for the quarterly period ended March 31, 2023, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Adam W. Miller, Chief Financial Officer, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

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

KNIGHT-SWIFT TRANSPORTATION HOLDINGS INC.

a Delaware corporation

Date: May 3, 2023

By: /s/ Adam W. Miller

Adam W. Miller

Chief Financial Officer

A signed original of this written statement required by Section 906 has been provided to Knight-Swift Transportation Holdings Inc. and will be retained by Knight-Swift Transportation Holdings Inc. and furnished to the Securities and Exchange Commission or its staff upon request.