

## Risk Factors Comparison 2025-02-20 to 2024-02-22 Form: 10-K

Legend: **New Text** ~~Removed Text~~ Unchanged Text **Moved Text Section**

Increased prices for new revenue equipment, design changes of new engines, decreased availability of new revenue equipment, future use of autonomous trucks, and the failure of manufacturers to meet their sale or trade-back obligations to us could have a materially adverse effect on our business, financial condition, results of operations, and profitability. We are subject to risk with respect to higher prices for new equipment for our full truckload and LTL operations. We have experienced an increase in prices for new tractors and trailers ~~over the past few years, a significant increase in costs~~ in recent ~~quarters~~ **periods**, and the resale value of the tractors and trailers has not increased to the same extent. Increased regulation has increased the cost of our new tractors and could impair equipment productivity, in some cases, resulting in lower fuel mileage, and increasing our operating expenses. Future use of autonomous and alternative fuel tractors could increase the price of new tractors and decrease the value of used, non-autonomous tractors. We expect **equipment prices** to continue to **rise** ~~pay increased prices for equipment and incur additional expenses~~ for the foreseeable future. **Tractor and trailer vendors may reduce their manufacturing output in response to lower demand for their products in economic downturns or shortages of component parts. Lower output from manufacturers could** have a materially adverse effect on our ability to purchase or take possession of a quantity of new revenue equipment that is sufficient to sustain our desired growth rate and to maintain a late-model fleet. ~~Tractor and trailer vendors may reduce their manufacturing output in response to lower demand for their products in economic downturns or shortages of component parts. Tractor and trailer manufacturers have recently~~ experienced periodic shortages of certain components and supplies, **particularly during the COVID-19 pandemic**, including semiconductor chips, forcing some manufacturers to curtail or suspend their production, which ~~has led to a lower supply of tractors and trailers~~ ~~and higher prices~~, **An inability to obtain and an lengthened trade cycles, which adequate supply of new tractors or trailers** could have a material adverse effect on our business, financial condition, and results of operations, particularly our maintenance expense **, the length of our trade cycle**, and driver retention. We have certain revenue equipment leases and financing arrangements with balloon payments at the end of the lease term ~~equal~~ **similar** to the residual value we are contracted to receive from certain equipment manufacturers upon sale or trade back to the manufacturers. If we do not purchase new equipment that triggers the trade-back obligation, or the equipment manufacturers do not pay the contracted value at the end of the lease term, we could be exposed to losses ~~equal if and to the extent~~ **excess of** the balloon payment owed to the lease or finance company ~~over exceeds~~ the proceeds from selling the equipment on the open market. We have trade-in and repurchase commitments that specify, among other things, what our primary equipment vendors will pay us for disposal of a substantial portion of our revenue equipment. The prices we expect to receive under these arrangements may be higher than the prices we would receive in the open market. We may suffer a financial loss upon disposition of our equipment if these vendors refuse or are unable to meet their financial obligations under these agreements. Declines in demand for our used revenue equipment could result in decreased equipment sales, resale values, and gains on sales of assets. We are sensitive to the used equipment market and fluctuations in prices and demand for tractors and trailers. The market for used equipment is affected by several factors, including the demand for freight, the supply of new and used equipment, the availability and terms of financing, the presence of buyers for export to foreign countries, and commodity prices for scrap metal. Declines in demand for the used equipment we sell could result in diminished sales volumes or lower used equipment sales prices, either of which could negatively affect our gains on sales of assets. We have seen a softening of the used equipment market recently, which has led to lower gain on sale in recent quarters. **Glossary of Terms KNIGHT- SWIFT TRANSPORTATION HOLDINGS INC.** If fuel prices increase significantly or fuel availability becomes scarce, our results of operations could be adversely affected. Our full truckload and LTL operations are dependent upon diesel fuel, and accordingly, significant increases in diesel fuel costs or decreases in availability of fuel could materially and adversely affect our results of operations ~~Glossary of Terms KNIGHT- SWIFT TRANSPORTATION HOLDINGS INC.~~ and financial condition if we are unable to pass increased costs on to customers through rate increases or fuel surcharges. The price and availability of diesel fuel are subject to fluctuations due to changes in the level of global oil production, seasonality, weather, global politics, **tariffs**, and other market factors. Fuel is subject to regional pricing differences and often costs more on the West Coast and in the Northeast, where we have significant operations. While we use a fuel surcharge program to recapture a portion of the increases in fuel prices it does not protect us against the full effect of increases in fuel prices. Because our fuel surcharge recovery lags behind changes in fuel prices our fuel surcharge recovery may not capture the increased costs we pay for fuel, especially when prices are rising. Our results of operations would be negatively affected and more volatile to the extent we cannot recover higher fuel costs or fail to improve our fuel price protection through our fuel surcharge program. Any widespread or long-term shortage or rationing of diesel fuel could materially and adversely affect our results of operations. **Global** ~~The conflicts in Ukraine and the Middle East, expansion of such conflicts to other areas or countries, or similar~~ **conflicts** could adversely impact our business and financial results. Although we do not have any direct operations in **Russia, Belarus, Ukraine, the current areas of conflict Middle East, China, or Taiwan**, we may be affected by the broader consequences of such conflicts or their expansion to other areas or countries or similar conflicts elsewhere, such as increased inflation, supply chain issues, including shortages of new revenue equipment, access to parts for our revenue equipment, embargoes, **tariffs**, geopolitical shift, access to **or increased prices for** diesel fuel, higher energy prices, potential retaliatory action by **foreign** ~~the Russian or other~~ governments, including cyber-attacks, and the extent of ~~the an armed~~ **conflict's** effect on the global economy. The magnitude of these risks cannot be predicted, including the extent to which the conflict may heighten other risks disclosed herein. Ultimately, these or other factors could materially and

adversely affect our results of operations. We are subject to certain risks arising from doing business in Mexico. We have ~~growing~~ operations in Mexico, which subjects us to general international business risks, including: • foreign currency fluctuation; • changes in Mexico's economic strength; • disruptions related to port of entry restrictions; • difficulties in enforcing contractual obligations and intellectual property rights; • burdens of complying with a wide variety of international and US export, import, business procurement, transparency, and corruption laws, including the US Foreign Corrupt Practices Act; • changes in trade agreements ~~and~~, US- Mexico trade relations, **or the imposition of tariffs on imports from Mexico and related retaliatory tariffs that may be imposed by the Mexican government**; • theft or vandalism of our revenue equipment; and • social, political, and economic instability. We may not make acquisitions in the future, or if we do, we may not be successful in our acquisition strategy. Historically, acquisitions have been a part of our growth strategy. There is no assurance that we will be successful in identifying, negotiating, or consummating any future acquisitions. If we do not make any future acquisitions, our growth rate could be materially and adversely affected. Any future acquisitions we undertake could involve issuing dilutive equity securities or incurring indebtedness, the terms of which may be less favorable to us than anticipated. In addition, acquisitions (including our recent acquisition of U. S. Xpress ~~and DHE~~) involve numerous risks, any of which could have a materially adverse effect on our business and results of operations, including: • the acquired company may not achieve anticipated revenue, earnings, or cash flow; • we may assume liabilities beyond our estimates or what was disclosed to us; • we may be unable to successfully assimilate or integrate the acquired company's operations or assets into our business and realize the anticipated economic, operational, and other benefits in a timely manner, which could result in substantial costs and delays or other operational, technical, or financial problems; • transaction costs and acquisition- related integration costs could adversely affect our results of operations in the period in which such costs are recorded; • the potential for deficiencies in internal controls at the acquired business, as well as implementing our own management information systems, operating systems and internal controls for the acquired operations; • the timing and impact of purchase accounting adjustments; • diverting our management's attention from other business concerns; • risks of entering into new markets or business offerings in which we have had no or only limited prior experience; and • the potential loss of customers, key employees, or driving associates of the acquired company. Operational Risk We may not grow substantially in the future and we may not be successful in sustaining or improving our profitability. There is no assurance that in the future, our business will grow substantially or without volatility, nor can we assure you that we will be able to effectively adapt our management, administrative, and operational systems to respond to any future growth. ~~Our~~ **Furthermore, there is no assurance that our** operating margins **may** ~~will not~~ be adversely affected by future changes in and expansion of our business or by changes in economic conditions ~~and~~ **or** ~~that we will~~ **may not** be able to sustain or improve our profitability in the future. Furthermore, the continued progression and development of new business offerings are subject to risks, including, but not limited to: • initial unfamiliarity with pricing, service, operational, and liability issues; • the potential need for additional capital, including for terminals and equipment; • customer relationships may be difficult to obtain or retain, or we may have to reduce rates to gain and develop customer relationships; • specialized equipment and information and management systems technology may not be adequately utilized; • insurance and claims may exceed our past experience or estimations; and • we may be unable to recruit and retain qualified personnel and management with requisite experience or knowledge of ~~our logistics services, LTL operations, and other~~ developing service offerings. We derive a significant portion of our revenues from our major customers, the loss of one or more of which could have a materially adverse effect on our business. A significant portion of our operating revenue is generated from a number of major customers, the loss of one or more of which could have a materially adverse effect on our business. Refer to Part I, Item 1, "Business" for information regarding our customer concentrations. Aside from our dedicated operations, we generally do not have long- term contractual relationships, rate agreements, or minimum volume guarantees with our customers. There is no assurance any of our customers will continue to utilize our services, renew our existing contracts, continue at the same volume levels, or not seek to modify terms of existing contracts, including rates. A reduction in or termination of our services by one or more of our major customers could have a materially adverse effect on our business, financial condition, and results of operations. Retail and discount retail customers account for a substantial portion of our freight. Accordingly, our results may be more susceptible to trends in unemployment and retail sales than carriers that do not have this concentration. In addition, our customers' financial difficulties could negatively impact our results of operations and financial condition, especially if these customers were to delay or default on payments to us. For our multi- year and dedicated contracts, the rates we charge may not remain advantageous. Further, despite the existence of contractual arrangements, certain of our customers may nonetheless engage in competitive bidding processes that could negatively impact our contractual relationship. We depend on third- party capacity providers, and service instability from these transportation providers could increase our operating costs and reduce our ability to offer intermodal and brokerage services, which could adversely affect our revenue, results of operations, and customer relationships. Our intermodal operations use railroads and some third- party drayage carriers to transport freight for our customers, and intermodal dependence on railroads could increase if we expand our intermodal services. In certain markets, rail service is limited to a few railroads or even a single railroad. Intermodal providers have experienced poor service from providers of rail- based services in the past. Our ability to provide intermodal services in certain traffic lanes would be reduced or eliminated if the railroads' services became unstable. Railroads could reduce their services in the future for various reasons, which may include work stoppages, insufficient network capacity, adverse weather conditions, accidents, or other factors, which could increase the cost of the rail- based services we provide, could create cargo claims, and could reduce the reliability, timeliness, efficiency, and overall attractiveness of our rail- based intermodal services. Our intermodal operations ~~were~~ **have been** negatively impacted by labor difficulties in **recent periods** ~~the rail industry in 2022~~. Although labor challenges in the rail industry have softened, the future threat or occurrence of a work stoppage ~~or~~, **strike**, **or other labor disruption** among rail employees could significantly reduce or even halt operating capacity of our intermodal operations, which could have a materially adverse effect on our business, financial condition, and results of operations. Furthermore, price increases could

result in higher costs to us, which we may be unable to pass on to our customers and could result in the reduction or elimination of our ability to offer intermodal services. In addition, we may not be able to negotiate additional contracts with railroads to expand our capacity, add additional routes, obtain multiple providers, or obtain railroad services at current cost levels, any of which could limit our ability to provide this service. Our logistics operations are dependent upon the services of third- party capacity providers, including other truckload and LTL capacity providers. These third- party providers may seek other freight opportunities and may require increased compensation in times of improved freight demand or tight full truckload and LTL capacity. Most of our third- party capacity provider transportation services contracts are cancelable on 30 days' notice or less. If we are unable to secure the services of these third- parties, or if we become subject to increases in the prices we must pay to secure such services, and we are not able to obtain corresponding customer rate increases, our business, financial condition, and results of operations may be materially adversely affected. 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 ~~12-10~~ 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. 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. Insuring risk through our captive insurance companies could adversely impact our operations. We insure certain affiliated risks through our captive insurance company, Mohave, and through our risk retention group, Red Rock. Additionally, Mohave provides reinsurance to third- party insurance companies **who provide insurance coverage for independent contractors, as well as affiliated carriers through risks insured by those -- the first quarter of 2024. Based on results of operations of this business, including the continued unfavorable development of insurance reserves, the Company ceased all third- party insurance companies operations and canceled any remaining policies as of March 31, 2024.** Red Rock insures a share of our automobile liability risk. The insurance and reinsurance markets are subject to market pressures. Our captive insurance companies' ~~abilities or needs to access~~ **to** the reinsurance markets may **be restricted or** involve the retention of additional risk, which could expose us to volatility in claims expenses. Our captive insurance companies are regulated by state authorities. State regulations generally provide protection to policy holders, rather than stockholders. These regulations may increase our costs of regulatory compliance, limit our ability to change premiums, restrict our ability to access cash held in our captive insurance companies, and otherwise impede our ability to take actions we deem advisable. In the future, we may continue to insure our automobile liability risk through our captive insurance subsidiaries, which will cause increases in the required amount of our restricted cash or other collateral, such as letters of credit. Significant increases in the amount of collateral required by third- party insurance carriers and regulators would reduce our liquidity. If we are unable to recruit, develop, and retain our key employees, our business, financial condition, and results of operations could be adversely affected. We are highly dependent upon the services of certain key employees and we believe their valuable knowledge about the **trucking transportation** industry and relationships with our key customers and vendors would be difficult to replicate. We currently do not have employment agreements with our key employees, and the loss of any of their services or inadequate succession planning could negatively impact our operations and future profitability. ~~Increases in driving associate compensation or difficulties~~ **Difficulties** attracting and retaining qualified driving associates **or increases in driving associate compensation** could have a materially adverse effect on our profitability and the ability to maintain or grow our fleet. Difficulty in attracting and retaining sufficient numbers of qualified driving associates, independent contractors, and third- party capacity providers ~~could~~ have a materially adverse effect on our growth and profitability. The ~~full~~ truckload and LTL transportation industries are subject to a shortage of qualified driving associates. Such shortage is exacerbated during periods of economic expansion, in which there may be alternative employment opportunities, or during periods of economic downturns, in which unemployment benefits might be extended and financing is limited for independent contractors who seek to purchase equipment or for students who seek financial aid for driving school. Furthermore, capacity at driving schools may be limited by future outbreaks of ~~COVID-19 or other~~ contagious diseases and any governmental imposed lockdown or other attempts to reduce the spread of such an outbreak may reduce the pool of potential drivers available to us. Regulatory requirements could further reduce the number of eligible driving associates. We believe our employee screening process, which includes **extensive** background checks and hair follicle drug testing, is more rigorous than generally employed in our industry and has decreased the pool of qualified applicants available to us. Our inability to engage a sufficient number of driving associates and independent contractors may negatively affect our operations. In addition, we suffer from a high turnover rate of driving associates and independent contractors. This high turnover rate requires us to spend significant resources on recruiting and retention. Further, our driving associate compensation and independent contractor expenses are subject to market conditions and we may find it necessary to increase driving associate and independent contractor contracted rates in future periods. Our **leasing** arrangements with independent contractors expose us to risks that we do not face with our company driving associates. Our financing

subsidiaries offer financing to some of the independent contractors we contract with to purchase or lease tractors from us. If these independent contractors default or experience a lease termination in conjunction with these agreements and we cannot replace them, we may incur losses on amounts owed to us. Also, if liquidity constraints or other restrictions prevent us from providing financing to the independent contractors we contract with in the future, then we could experience a shortage of independent contractors. Our lease contracts with independent contractors are governed by federal leasing regulations, which impose specific requirements on us and the independent contractors. In the past, we have been the subject of lawsuits, alleging violations of lease agreements or failure to follow the contractual terms, some of which resulted in adverse decisions against the Company. We could be subjected to similar lawsuits and decisions in the future, which if determined adversely to us, could have an adverse effect on our financial condition." Other Regulation" in Part I, Item 1 of this Annual Report, discusses how we could be affected by changes in law or regulations regarding our leasing arrangements with independent contractors. We have operations and business lines in ancillary areas that may increase risk or impair our financial position. We have from time to time expanded our business lines into ancillary areas, such as support services provided to our customers and third- party carriers, including insurance coverage, equipment maintenance, equipment leasing, warehousing, trailer parts manufacturing, and warranty services. We may incur significant costs in the development and refinement of these business lines, some of which may be outside of our core competency. In addition, the development and expansion of these areas may result in us incurring unanticipated costs to effectively support the new business lines, the potential for disruption to our core business, the distraction of management, the inability to effectively compete with competitors in the areas of our new lines of business, and the potential that we may need to discontinue operations or business lines and incur significant related costs. We cannot guarantee that these businesses or strategies will be successful and any of these businesses or strategies may not achieve the anticipated financial results and could have an adverse effect on volatility, our business, financial condition and operating results. We **may decide to divest of business lines, which may involve significant challenges and risks, costs, and disruptions, and may result in ongoing financial or legal involvement in the divested business through indemnification, retained liabilities, or other financial arrangements, which could adversely affect our business, results of operations, and financial condition.** We are dependent on management information and communications systems and other information technology assets (including the data contained therein), and a significant systems disruption or failure in the foregoing, including those caused by cybersecurity breaches, whether internally or with third parties, could adversely affect our business. Our business depends on the efficient, stable, and uninterrupted operation of our management information and communications systems and other information technology assets (including the data contained therein). Our management information and communication systems are used in various aspects of our business, **including accepting and planning loads, dispatching equipment and drivers, billing and collecting for our services, and producing financial statements.** If any of our critical information or communications systems fail or become unavailable, it could temporarily affect the efficiency and effectiveness of our operations. Our operations and those of our providers are vulnerable to interruption by natural disasters, such as fires, storms, and floods, which may increase in frequency and severity due to climate change. We **and our service providers** are also vulnerable to interruption by power loss, telecommunications failure, cyber- attacks, **computer viruses, denial- of- service attacks on websites,** terrorist attacks, internet failures, and other events beyond our control. **More sophisticated and frequent cyber- attacks in recent years have increased security risks associated with information technology systems. The expansion of remote and flexible work arrangements, including those available to our employees, has introduced additional cybersecurity risks, including heightened exposure to phishing and social engineering attacks, potential unauthorized access to sensitive information due to remote access vulnerabilities, and increased compliance considerations. The use of personal devices and videoconferencing applications in remote work environments may further contribute to these risks, potentially increasing the exposure to data breaches or unauthorized disclosure of sensitive information.** Our business and operations could be adversely affected in the event of a system failure, disruption, or security breach that causes a delay, interruption, or impairment of our services and operations. Although we carry insurance to help protect us from losses due to an interruption of our systems, ~~the risk of a system failure, especially due to a cyber- attack, has increased since the commencement of the war between Russia and Ukraine. However, we are unable to quantify the degree which the risk has increased due to the conflict. In addition, there is no guarantee such an attack-interruption will fall within the coverage limits of our insurance.~~ Any such failure, inability to upgrade or update, disruption, or security breach (including cyberattacks) related to our systems and technological assets may also impact third- parties upon which we rely in our business, and could hinder our services or such third- parties, which could have a materially adverse effect on our business. We receive and transmit confidential data in the normal course of business. Despite our implementation of safeguards, our information and communication systems are vulnerable to disruption, unauthorized access and viewing, misappropriation, altering, or deleting of information. A security breach could damage our business operations and reputation and could cause us to incur costs associated with repairing our systems, increased security, customer notifications, lost operating revenue, litigation, regulatory action, and reputational damage. **Further, data privacy laws may result in increased liability and compliance and monitoring costs, which could have a material adverse effect on our financial performance and business operations.** In addition, the adoption of artificial intelligence (" AI") and other emerging technologies may become significant to operating results in the future, **including in areas such as brokerage, pickup and delivery appointments, and other areas where automation is possible.** While AI and other technologies may offer substantial benefits, they may also introduce additional risk, **including those relating to errors or inaccuracies in work product developed through the use of AI and privacy, intellectual property, and legal and regulatory risks.** If we are unable to successfully implement and utilize such emerging technologies as effectively **and as quickly** as competitors, our results of operation may be negatively affected. **The** ~~Some of our employees work remotely, which may increase the cybersecurity risks to our business, including an increased demand for information technology resources, increased risk of phishing, and other cybersecurity attacks. We have, and will continue to have, a portion of our employee~~

population that works from home full-time or under flexible work arrangements, and we have provided associates with expanded remote network access options which enable them to work outside of our corporate infrastructure and, in some cases, use their own personal devices, which exposes us to additional cybersecurity risks. Our employees working remotely may expose us to cybersecurity risks through: (i) unauthorized access to sensitive information as a result of increased remote access, including our employees' use of Company-owned and personal devices and videoconferencing functions and applications to remotely handle, access, discuss, or transmit confidential information, (ii) increased exposure to phishing and other seams as cybercriminals may, among other things, install malicious software on our systems and equipment and access sensitive information, and (iii) violation of international, federal, or state-specific privacy laws. We believe that the increased number of employees working remotely has incrementally increased our cyber risk profile, but we are unable to predict the extent or impacts of those risks at this time. A significant disruption of our information technology systems, unauthorized access to or loss of confidential information, or legal claims resulting from our violation of privacy laws could each have a material adverse effect on our business. Seasonality and the impact of climate change, weather, and other catastrophic events and seasonality could have a materially adverse effect on our infrastructure, results of operations and profitability or make our results of operations and profitability more volatile. The potential physical effects of climate change, such as increased frequency and severity of storms, floods, fires, fog, mist, freezing conditions, sea-level rise and other climate-related events, could cause loss or damage to our equipment or properties, deteriorate or destroy the infrastructure upon which we rely, increase the likelihood of accidents, disrupt fuel supplies, and / or increase our claims-claim liabilities and our cost or ability to obtain insurance coverage, any of which could impair our operations and financial position. Operational impacts, such as the delay or difficulty-difficult in delivering freight, could result in loss of revenue, decrease the demand for our services, and harm our reputation. In addition, certain warehouses and loading docks that we frequently utilize and certain of our terminals are in locations susceptible to the impacts of storm-related flooding and sea-level rise, which could result in additional costs and loss of revenue. We could incur significant costs to improve the climate resiliency of our equipment and properties and otherwise prepare for, respond to, and mitigate such physical effects of climate change. We are not able to accurately predict the materiality of any potential losses or costs associated with the physical effects of climate change. Concern over "Seasonality" in Part I, Item 1 of this Annual Report, discusses in detail how seasonality and weather could impact our operations. The effects of a widespread outbreak of an illness or disease, or any other public health crisis, as well as regulatory measures implemented in response to such events, could negatively impact the health and safety of our workforce and / or adversely impact our business, results of operations, financial condition, and cash flows. We face a wide variety of risks related to public health crises, epidemics, pandemics or similar events, such as COVID-19. If a new health epidemic or outbreak were to occur, we could experience broad and varied impacts similar to the impact of COVID-19, including adverse impacts to our workforce, our operations, and financial impacts, such as increased costs, tightening of credit markets, market volatility, equipment shortages, and a weakened freight environment. If any of these were to occur, our operations, financial condition, liquidity, results of operations, and cash flows could be adversely impacted. Compliance Risk We operate in a highly regulated industry, and changes in existing regulations or violations of existing or future regulations could have a materially adverse effect on our operations and profitability. We, our drivers, and our equipment are regulated by various federal and state agencies in the states, provinces, and countries in which we operate. Future laws and regulations or changes to existing laws and regulations may be more stringent, require changes in our operating practices, influence the demand for transportation services, or require us to incur significant additional costs, which could materially adversely affect our business, financial condition, and results of operations." Industry Regulation" and "Other Regulation" in Part I, Item 1 of this Annual Report, discusses in detail regulations related to our business that could materially impact our business, financial condition, and operations. Receipt of an unfavorable DOT safety rating or an unfavorable ranking under the CSA program could have a material adverse effect on our profitability and operations. If we, or one of our subsidiaries, received a conditional or unsatisfactory DOT safety rating or an unfavorable ranking under the CSA program, it could lead to increased risk of liability, increased insurance, maintenance and equipment costs, and potential loss of customers, which could materially adversely affect our business, financial condition, and results of operations." Industry Regulation" in Part I, Item 1 of this Annual Report, provides discussion of the DOT safety rating system and the CSA program. Ineffective internal controls could have a negative impact on our business, results of operations, and our reputation. Our internal controls over financial reporting may not prevent or detect misstatements because of its inherent limitations, including the possibility of human error, failure or interruption of information technology systems, the circumvention or overriding of controls, or fraud. Even effective internal controls can provide only reasonable assurance with respect to the preparation and fair presentation of financial statements. If we fail to maintain the adequacy of our internal controls, including any failure to implement required new or improved controls, or if we experience difficulties in their implementation, including with the implementation of our internal controls in acquired companies, our business and operating results could be harmed and we could fail to meet our financial reporting obligations, which also could have a negative impact on our reputation. Compliance with various environmental laws and regulations to which our operations are subject may increase our costs of operations, and non-compliance with such laws and regulations could result in substantial fines or penalties. We are subject to various environmental laws and regulations. We have instituted programs to monitor and control environmental risks and promote compliance with applicable environmental laws and regulations; however, in the event of any of the following, we could be subject to clean-up costs and liabilities, including substantial fines or penalties or civil and criminal liability, any of which could have a materially adverse effect on our business and results of operations: • we are involved in a spill or other accident involving hazardous substances; • there are releases of hazardous substances we transport; • soil or groundwater contamination is found at our facilities or results from our operations; and • we are found to be in violation of or fail to comply with applicable environmental laws or regulations. Certain of our terminals are located on or near environmental Superfund sites designated by the EPA and / or state environmental authorities. We have not been identified as a potentially responsible party with regard to any such site.

Nevertheless, we could be deemed responsible for clean-up costs. In addition, tractors and trailers used in our full truckload and LTL operations are affected by laws and regulations related to air emissions and fuel efficiency. Governmental agencies continue to enact more stringent laws and regulations to reduce engine emissions. These laws and regulations are applicable to engines used in our revenue equipment. We have incurred and continue to incur costs related to the implementation of these more rigorous laws and regulations. Additionally, in certain locations governments have banned or may in the future ban internal combustion engines for some types of vehicles. To the extent these bans affect our revenue equipment, we may be forced to incur substantial expense to retrofit existing engines or make capital expenditures to update our fleet. As a result, our business, results of operations, and financial condition could be negatively affected. As the environmental laws and regulations to which we are subject become more stringent, **and may become further restrictive given concerns over climate change,** we may experience increased costs related to compliance, and if such laws and regulations take effect faster than we anticipate or are prepared for, we may experience difficulty complying. In addition, certain environmental laws and regulations may require us to disclose certain metrics or other data related to our operations that have historically been confidential, **, or impose additional environmental monitoring or reporting requirements.** Failure to comply with these laws and regulations may result in fines or penalties, a decrease in productivity, and other constraints that could impair our financial and operational position and have a negative impact on our stock price and reputation." Environmental Regulation" in Part I, Item 1 of this Annual Report, provides a discussion of the environmental laws and regulations applicable to our business and operations. Developments in labor and employment law and any unionizing efforts by employees could have a materially adverse effect on our results of operations. Although our only collective bargaining agreement exists at our Mexican subsidiary, we always face the risk that our employees will try to unionize. If we entered into a collective bargaining agreement with our domestic employees, it could have a material adverse effect on our business, customer retention, financial condition, results of operations, and liquidity, and could cause significant disruption of, or inefficiencies in, our operations, because: • restrictive work rules could hamper our ability to improve or sustain operating efficiency or could impair our service reputation and limit our ability to provide certain services; • a strike or work stoppage could negatively impact our profitability and could damage customer and employee relationships; • shippers may limit their use of unionized companies because of the threat of strikes and other work stoppages; • unionization of any of our operations could lead to pressure on our LTL and full truckload employees to unionize; • collective agreements could result in material increases in wages and benefits; and • an election and bargaining process could divert management's time and attention from our overall objectives and impose significant expenses. If the independent contractors we contract with were ever re-classified as employees, the magnitude of this risk would increase." Industry Regulation" in Part I, Item 1 of this Annual Report, provides discussion of labor and employment laws applicable to our business and operations. If our independent contractors are deemed by regulators or the judicial process to be employees, our business, financial condition, and results of operations could be adversely affected. Tax and other regulatory authorities, as well as independent contractors themselves, have increasingly asserted that independent contractors in the trucking industry are employees rather than independent contractors. Carriers such as us that operate or have operated lease-purchase programs have been more susceptible to lawsuits seeking to reclassify independent contractors that have engaged in such programs. We have been subject to litigation relating to such matters in the past and continue to be at risk moving forward. If the independent contractors we engage were determined to be our employees, we would incur additional exposure under federal and state tax, workers' compensation, unemployment benefits, labor, employment, insurance, discrimination, and tort laws, including for prior periods, as well as potential liability for employee benefits and tax withholdings. Furthermore, if independent contractors were deemed employees, then certain of our third-party revenue sources, including shop and insurance margins, would be eliminated." Industry Regulation" in Part I, Item 1 of this Annual Report, provides discussion of legislation regarding independent contractors. Litigation may adversely affect our business, financial condition, and results of operations. The nature of our business exposes us to the potential for various claims and litigation, including class-action litigation and other legal proceedings related to personal injury, labor and employment, property damage, cargo claims, safety and contract compliance, environmental liability, and other matters, and we have been subject to litigation regarding these matters in the past. The number and severity of litigation claims may be worsened by various factors, including, among others, weather and distracted driving by both truck drivers and other motorists. These legal proceedings have resulted, and may result in the future, in the payment of substantial settlements or damages and increases in our insurance costs. Recently, trucking companies, including us, have been subject to lawsuits, including class action lawsuits, alleging violations of various federal and state wage and hour laws regarding, among other things, employee meal breaks, rest periods, overtime eligibility, and failure to pay for all hours worked. A number of these lawsuits have resulted in the payment of substantial settlements or damages by the defendants. The outcome of litigation, particularly class action lawsuits and regulatory actions, is difficult to assess or quantify, and the magnitude of the potential loss relating to such lawsuits may remain unknown for substantial periods of time. We establish reserves based on our assessment of known legal matters and contingencies. New legal claims, or subsequent developments related to known claims, may affect our assessment and estimates of our recorded legal reserves and may require us to make payments in excess of our reserves. The cost to defend litigation may also be significant. Because of the potential expenses and uncertainties associated with litigation, we may from time to time settle disputes, even where we believe we have a meritorious position. Further, not all claims are covered by our insurance, and there can be no assurance that our coverage limits will be adequate to cover all amounts in dispute. To the extent we experience claims that are uninsured, exceed our coverage limits, involve significant aggregate use of our self-insured retention amounts, or cause increases in future premiums, the resulting expenses could have a materially adverse effect on our business, results of operations, financial condition, or cash flows, and our involvement in legal proceedings could negatively impact our business reputation and our relationship with our customers, suppliers, **and employees, and stockholders.** Changes to trade regulation, quotas, duties or tariffs, caused by the changing US and geopolitical environments or otherwise, may increase our costs and adversely affect our business. **Recently, the Trump administration has**

**stated its intention to impose new or increased tariff rates on imported goods from a number of countries, including China, Canada, Mexico, and the E. U.** The imposition of additional tariffs or quotas or changes to certain trade agreements, **or retaliatory trade policies** could, among other things, increase the costs of the materials used by our suppliers to produce new revenue equipment, **limit the availability of new revenue equipment,** or increase the price of fuel. Such cost increases for our revenue equipment suppliers would likely be passed on to us, and to the extent fuel prices increase, we may not be able to fully recover such increases through rate increases or our fuel surcharge program, either of which could have an adverse effect on our business. Increasing attention on environmental, social, and governance (ESG) matters may have a negative impact on our business, impose additional costs on us, and expose us to additional risks. **Our implementation reporting on ESG matters present numerous operational, financial, legal, reputational and other risks, many of which are outside of our control, and all of which could have a material negative impact on our business.** Companies ~~are facing increasing~~ **have recently faced** attention from stakeholders relating to ESG matters, including environmental stewardship, social responsibility, and diversity and inclusion. **Failure to satisfy our stakeholders with regard to ESG matters could negatively impact our reputation, our ability to attract or retain employees, and our attractiveness as an investment and business partner.**

Organizations that provide information to investors on corporate governance and related matters have developed ratings processes for evaluating companies on their approach to ESG matters. Such ratings are used by some investors to inform their investment and voting decisions. Unfavorable ESG ratings may lead to negative investor sentiment toward the Company, which could have a negative impact on our stock price. **Our Sustainability Report reflects our current** ~~Further, the Trump administration's~~ **initiatives surrounding ESG matters may** and is not a guarantee that we will be **inconsistent with stakeholder positions on ESG matters** able to achieve them. Our ability to successfully execute these initiatives and accurately report our progress presents numerous operational, financial, legal, reputational and ~~we~~ **other risks, many** ~~may of experience~~ **conflicts between actual or proposed governmental regulations and stakeholder expectations,** which are outside our control, and all of which could have a material negative **negatively** impact on **investor sentiment our** ~~or~~ **business.** Additionally, the implementation of these initiatives imposes additional costs on us. If our ESG initiatives fail to satisfy our stakeholders, then our reputation, our ability to attract or retain employees, and our attractiveness as an investment and business partner could be negatively impacted. Similarly, our failure, or perceived failure, to pursue or fulfill our goals, targets and objectives or to satisfy various reporting standards within the timelines we announce, or at all, could also have similar negative impacts and expose us to government **investigation or** enforcement actions **and private litigation.** We are subject..... of **litigation or governmental investigations or proceedings.**

**Financial Risk** We have significant ongoing capital requirements that could affect our profitability if our capital investments do not match customer demand ~~for invested resources~~, we are unable to generate sufficient cash from operations, or we are unable to obtain financing on favorable terms. Our full truckload and LTL operations are capital intensive, and our policy of operating newer equipment requires us to expend significant amounts on capital annually. If anticipated demand differs materially from actual usage, our capital intensive full truckload and LTL operations may have too many or too few assets. **Continued growth** ~~The recent expansion~~ of our **operations to LTL network** has increased and will continue to increase our capital requirements for real estate associated with LTL operations. During periods of decreased customer demand, our asset utilization may suffer, and we may be forced to sell equipment on the open market or turn in equipment under certain equipment leases in order to right- size our fleet. This could cause us to incur losses on such sales or require payments in connection with such turn- ins, particularly during times of a softer used equipment market, either of which could have a materially adverse effect on our profitability. In the event that we are unable to generate sufficient cash from operations, maintain compliance with financial and other covenants in our financing agreements, or obtain equity capital or financing on favorable terms in the future, we may have to limit our fleet size, enter into less favorable financing, or operate our revenue equipment for longer periods, any of which could have a materially adverse effect on our operations and profitability. If credit markets weaken, it may be difficult for us to access our current sources of credit and may be difficult for our lenders to find the capital to fund us. We may need to incur additional debt, or issue debt or equity securities in the future, to refinance existing debt, fund working capital requirements, make investments, or support other business activities. Declines in consumer confidence, decreases in domestic spending, economic contractions, rating agency actions, and other trends in the credit market may impair our future ability to secure financing on satisfactory terms, or at all. In the future, we may need to obtain additional financing that may not be available or, if it is available, may result in a reduction in the percentage ownership of our then- existing stockholders. We may need to raise additional funds in order to:

- finance unanticipated working capital requirements, capital investments, or refinance existing indebtedness;
- develop or enhance our technological infrastructure and our existing products and services;
- fund strategic relationships;
- respond to competitive pressures; and
- acquire complementary businesses, technologies, products, or services.

If the economy and / or the credit markets weaken, or we are unable to enter into finance or operating leases to acquire revenue equipment on terms favorable to us, our business, financial results, and results of operations could be materially adversely affected, especially if consumer confidence declines and domestic spending decreases. If adequate funds are not available or are not available on acceptable terms, our ability to fund our strategic initiatives, take advantage of unanticipated opportunities, develop or enhance technology or services, or otherwise respond to competitive pressures could be significantly limited. If we raise additional funds by issuing equity or convertible debt securities, the percentage ownership of our then- existing stockholders may be reduced, and holders of these securities may have rights, preferences, or privileges senior to those of our then- existing stockholders. Volatility to equity markets could also impair our financial position in general terms and our ability to effectively capitalize on potential merger and acquisition opportunities. In the event of an economic downturn or disruption in the credit markets, our indebtedness could place us at a competitive disadvantage in terms of our ability to raise additional capital to fund our operations, limit our ability to react to changes in the economy or our industry, and prevent us from meeting our debt obligations compared to our competitors that are less leveraged. This could have negative consequences that include:

- increased vulnerability to adverse economic, industry, or competitive

developments; • cash flows from operations that are committed to payment of principal and interest, thereby reducing our ability to use cash for our operations, capital expenditures, and future business opportunities; • increased interest rates that would affect our variable rate debt or our ability to utilize appropriate leverage in general; • potential noncompliance with financial covenants, borrowing conditions, and other debt obligations (where applicable); • lack of financing for working capital, capital expenditures, product development, debt service requirements, and general corporate or other purposes; • limits on our flexibility to plan for, or react to, changes in our business, market conditions, or in the economy; and • undertaking cost- saving measures that adversely impact ~~on~~ our ability to grow and our long- term financial position. Our debt agreements contain restrictions that limit our flexibility in operating our business. As detailed in Note ~~15-13~~ to the consolidated financial statements, included in Part II, Item 8 of this Annual Report, we must comply with various affirmative, negative, and financial covenants. A breach of any of these covenants could result in default or (when applicable) cross- default. Upon default under our primary credit facility, the lenders could elect to declare all outstanding amounts to be immediately due and payable, as well as terminate all commitments to extend further credit. Such actions by those lenders could cause cross- defaults with our other debt agreements. If we were unable to repay those amounts, the lenders could use any collateral granted to satisfy all or part of the debt owed to them. If the lenders accelerated our debt repayments, we might not have sufficient assets to repay all amounts borrowed. In addition, we have other financing that includes certain affirmative and negative covenants and cross- default provisions. Failure to comply with these covenants and provisions may jeopardize our ability to continue to sell receivables under the facility and could negatively impact our liquidity. Our debt agreements contain variable rate debt that could affect our financial results should interest rates rise. We are subject to exposure from variable interest rates, as described in Item 7A of this Annual Report. We could determine that our goodwill and other indefinite- lived intangibles are impaired, thus recognizing a related impairment loss. We have goodwill and indefinite- lived intangible assets on our balance sheet, which ~~has have~~ increased since our U. S. Xpress ~~and DHE acquisition-acquisitions~~. Given our history of acquisitions and growth objectives, our goodwill and intangible assets could grow. We periodically evaluate our goodwill and indefinite- lived intangible assets for impairment. We could recognize impairments in the future, and we may never realize the full value of our intangible assets. If these events occur, our profitability and financial condition will suffer. If our investments in entities are not successful or decrease in market value, we may be required to write off or lose the value of a portion or all of our investments, which could have a materially adverse effect on our results of operations. Through one of our wholly- owned subsidiaries, we have directly or indirectly invested in certain entities that make privately negotiated equity investments. In the past, the Company has recorded impairment charges to reflect the other- than- temporary decreases in the fair value of its portfolio. If the financial position of any such entity declines, we could be required to write down all or part of our investment in that entity, which could have a materially adverse effect on our results of operations. Changes in taxation could lead to an increase of our tax exposure and could affect the Company' s financial results. **Our effective tax rate may be adversely impacted by changes in tax laws in jurisdictions where we operate.** President ~~Biden-Trump~~ has provided some informal guidance on what ~~indicated a desire to amend the~~ federal tax ~~law laws~~. **Until any** changes ~~are~~ he supports, such as an increase in the corporate tax rate from its current top rate of 21%. **If an increase in the corporate tax rate is passed by Congress and signed into law we will not know if such changes**, ~~it could if any, will~~ have a materially adverse effect on our financial results and financial position. At December 31, ~~2023-2024~~, the Company has a deferred tax liability of \$ ~~951-919~~ **7-8** million. The amount of deferred tax liability is determined by using the enacted tax rates in effect for the year in which differences between the financial statement and tax basis of assets and liabilities are expected to reverse. **Our** Accordingly, our net current tax liability has been determined based on the currently enacted rate of 21%. If the current rate were ~~increased to change~~ due to legislation, it would have an immediate revaluation of our deferred tax assets and liabilities in the year of enactment. ~~For example,~~ **We may change our dividend policy at an any increase in time. We have historically paid quarterly dividends to holders of our common stock. Although we expect to continue to pay dividends to holders of our common stock, the declaration and amount of any future dividends is subject to approval of our Board and various risks and uncertainties, including, but not limited to, our cash flow and cash needs, compliance with applicable law, restrictions on the payment of dividends under existing or future financing arrangements, changes in tax laws relating rate from 21% to 28% would corporate dividends, and deterioration in our financial condition or result results in the immediate increase in of operations. Accordingly, our dividend policy may change at any time without notice, and our Board may determine to terminate payment of dividends, our or reduce net deferred tax liability of approximately \$ 273. 4 million, with a corresponding increase to income tax expense in the year amount or frequency of enactment to reflect the revaluation dividend payments, and we may not pay dividends at our historical rates or at all.**

ITEM 1B. UNRESOLVED STAFF COMMENTS