

The Radiant logo features the word "RADIANT" in a bold, red, sans-serif font. To the right of the text is a stylized, metallic-looking swoosh that curves upwards and to the right, ending in a sharp point.

RADIANT.[®]

It's the Network that Delivers![®]

A faint, dark blue silhouette of a world map is centered in the lower half of the page, showing the outlines of continents.

2017

ANNUAL REPORT

THE PREFERRED PLATFORM FOR LOGISTICS ENTREPRENEURS

To Our Shareholders:



We are proud to say that we now enjoy more than a 10-year first-to-market advantage in our focused approach and commitment to the agent-based forwarding community: leveraging our status as a public company to provide our strategic operating partners with an opportunity to work as shareholders and share in the value

that they help create; and providing a unique opportunity in terms of succession planning and liquidity for logistics entrepreneurs both inside and outside of the Radiant network. Today we enjoy one of the most robust platforms in our industry, which provides domestic and international freight forwarding services, truck and rail brokerage services and an array of other value-added supply chain management services from over 100 operating locations across North America, including a significant presence in Canada. As we continue to grow and scale the business, our multi-brand strategy has translated into a unique and differentiated platform from which to service our end customers, including better purchasing power with our vendors, more sophisticated technology solutions and an extensive global network of service partners to support our customers around the world.

We continue to grow our business through a combination of organic and acquisition initiatives. Over this past year, we continued to make good progress on the acquisition front, acquiring Canada-based Lomas Logistics to expand our contract logistics capabilities (April 2017) and converting one of our strategic operating partners, Dedicated Logistics Technologies ("Dedicated"), to a Company-owned operation (June 2017). Most recently we acquired Sandifer-Valley Transportation and Logistics ("Sandifer-Valley"), a strategic operating partner coming to us from a competing network (September 2017). We believe supporting our strategic operating partners in their exit strategies represents one of our best opportunities to drive further expansion of our EBITDA margins and create durable long-term shareholder value. The Dedicated and Sandifer-Valley transactions are indicative of the broader opportunity available to us in the marketplace and leads us to believe that there will be more logistics entrepreneurs, both inside and outside of our network, that will look to join our ranks.

We also made good progress in our technology strategy over the course of 2017 with the upgrade of our SAP-based accounting system. This not only provides a platform to streamline internal financial reporting and other customer data, but also enables us to integrate SBA's back-office operations into our centralized shared services organization in Bellevue and capture an estimated \$2.0 million in annualized cost-savings. Our technology improvements do not end there. Our next major milestone will be the deployment of a new SAP-based transportation management system which we expect to launch over the course of calendar 2018. Our ultimate goal is to migrate all of our operations on to a singular SAP-based system for both accounting and operations. Getting our various operations placed on a singular platform will not happen overnight, but we believe we have the right strategy to drive long-term shareholder value in terms of maximizing

our opportunity to capture revenue and cost synergies while positioning ourselves to support future growth through acquisition.

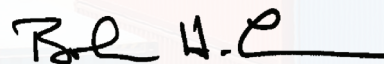
Even without the benefit of a full year's contributions from our recent acquisitions and the cost synergies from the SBA integration, we continued to deliver profitable growth for fiscal 2017, setting new records across several key metrics including net revenues of \$194.6 million, up \$7.9 million or 4.2% over the comparable prior year period and Adjusted EBITDA⁽¹⁾ of \$29.6 million, up \$5.2 million, or 21.3% over the comparable prior year period. In addition, we also set a new record in terms of our Adjusted EBITDA margins⁽¹⁾ up 210 basis points to 15.2%, up from 13.1% over the comparable prior year period. Having built a scalable back-office infrastructure, our incremental cost of supporting our next dollar of gross margin is very small and we are very excited about our opportunity to drive further expansion of our Adjusted EBITDA margin as we continue to grow the business and leverage the benefits of our on-going technology investments.

In addition to our strong financial results, during fiscal 2017 we were also able to secure additional flexibility in our capital structure. In June of 2017, we extended our senior credit facility for a new 5-year term and expanded its size from \$65.0 million to \$75.0 million, while also adding a \$50.0 million accordion feature to support our future M&A activities. The facility is available to fund future acquisitions, capital expenditures, or for other corporate purposes, including, if warranted at the time, the repurchase of the Company's common stock and/or redemption of the Company's \$21.0 million redeemable perpetual preferred stock, which is redeemable at our option, beginning in December 2018. As of as of June 30, we had over \$50.0 million in availability under our senior credit facility and estimate an after-tax tax savings of approximately \$1.5 million per year, if we elect to retire our preferred stock.

Our 10-year first to market advantage in executing our multi-brand strategy in consolidating agent-based forwarding networks, ongoing investment in technology and low leverage on our balance sheet puts us in a unique position to support further consolidation in the marketplace. We head into the new year confident in our long-standing strategy to deliver profitable growth through a combination of organic and acquisition growth initiatives. We are patiently persistent in the pursuit of this long-term vision which we believe, over time, will deliver meaningful value for shareholders, our operating partners and the end customers that we serve.

Thanks for your continued support and the opportunity to represent you at Radiant Logistics.

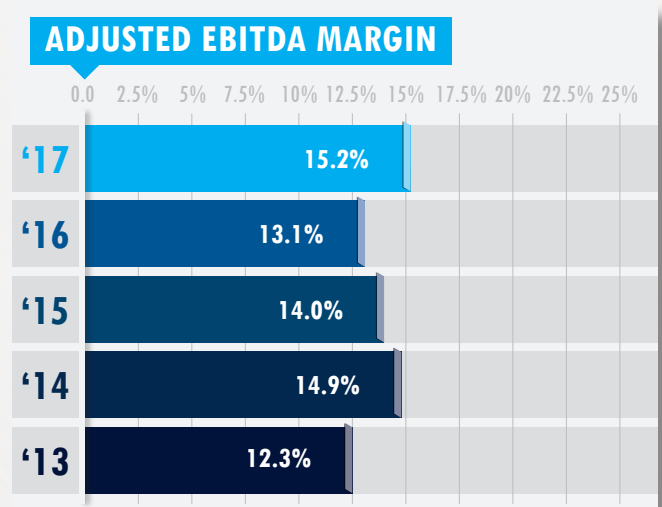
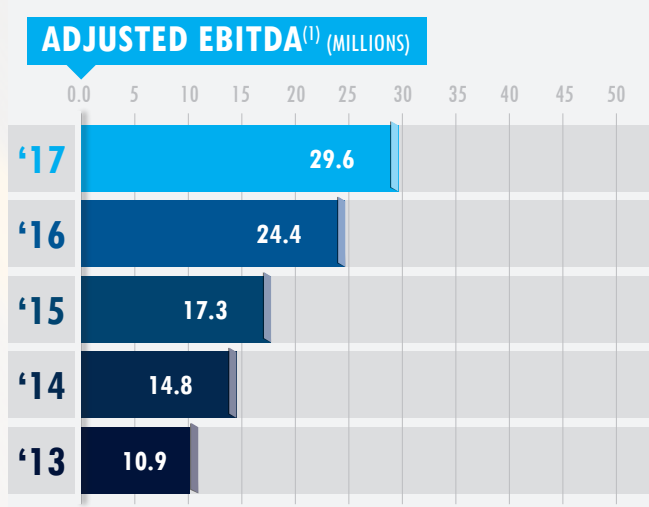
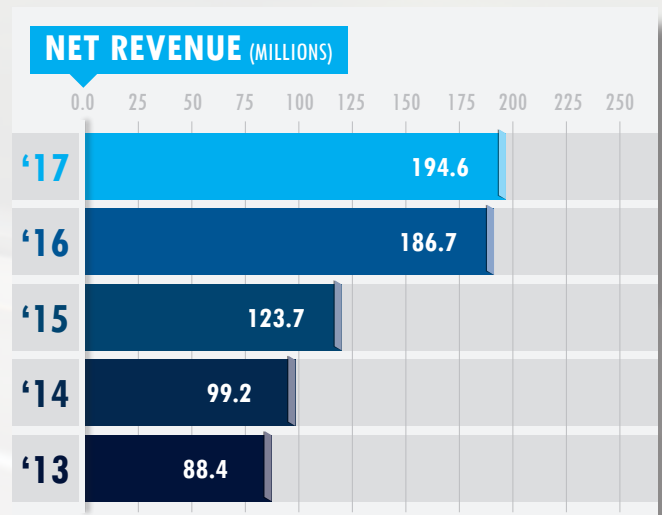
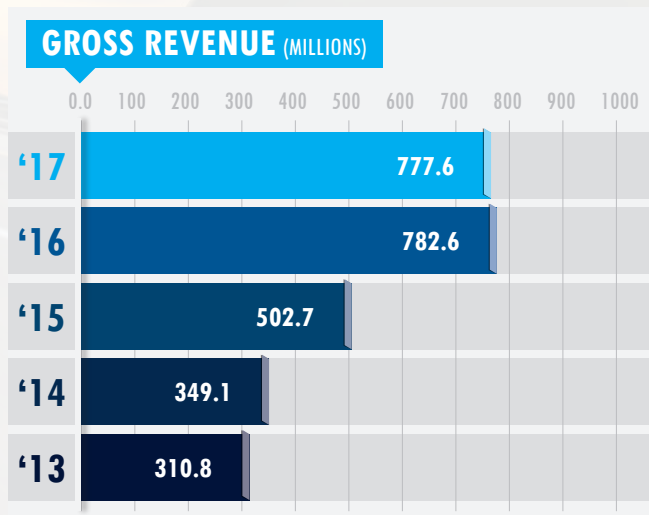
It's the Network that Delivers!®



Bohn H. Crain
Founder, Chairman & CEO



FINANCIAL HIGHLIGHTS



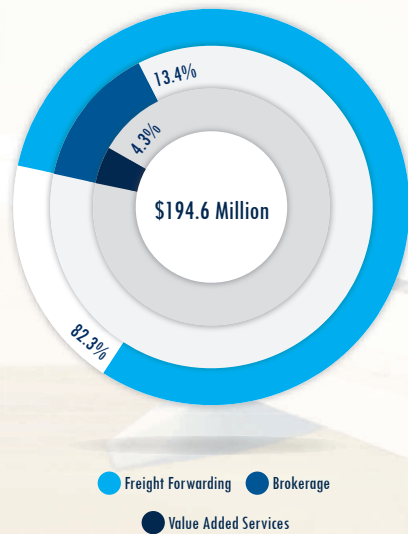
It's the Network that Delivers!®

⁽¹⁾ Reflects a non-GAAP measure of income management considered useful in analyzing our results. A reconciliation of our non-GAAP financial measures presented to our GAAP-based net income, as well as a description of our non-GAAP measures, is included on the last page of this Annual Report. Our non-GAAP measures are not intended to replace any presentation included in our consolidated financial statements.

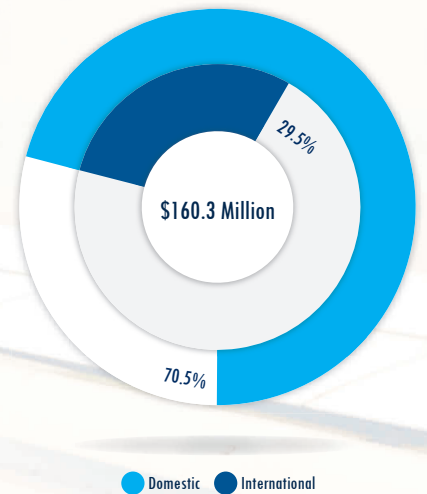
OUR OPERATIONS

RADIANT and its operating partners provide a unique and comprehensive service platform offering domestic and international freight forwarding, truck and rail brokerage and an array of value added supply chain management services primarily to customers in the United States and Canada who operate across North America and around the world.

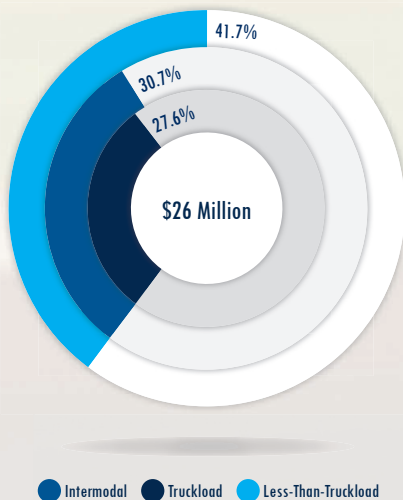
NET REVENUE BY SERVICE OFFERING



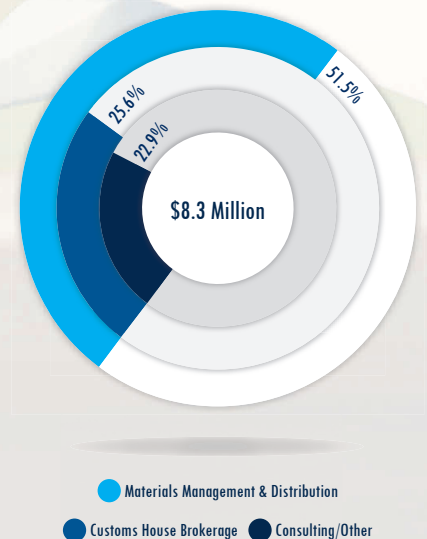
FREIGHT FORWARDING - NET REVENUES



BROKERAGE - NET REVENUES



VALUE ADDED SERVICES - NET REVENUES



U.S. SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the fiscal year ended **June 30, 2017**

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 **001-35392**

RADIANT LOGISTICS, INC.

(Exact name of Registrant as Specified in Its Charter)

Delaware
(State or other jurisdiction
of incorporation or organization)

04-3625550
(IRS Employer
Identification Number)

405 114th Avenue S.E., Third Floor
Bellevue, WA 98004
(Address of Principal Executive Offices)

(425) 943-4599

(Registrant's Telephone Number, Including Area Code)

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

Title of Each Class

Name of Exchange on which Registered

Common Stock, \$.001 Par Value

NYSE American

Securities registered under Section 12(g) of the Exchange Act:

None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. Yes No

Indicate by check mark whether the registrant (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 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 and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark if the disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this form 10-K.

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 definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer

Non-accelerated filer Smaller reporting company

Emerging growth company

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

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

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the registrant based on the closing share price of the registrant's common stock on December 31, 2016 as reported on the NYSE American was \$148,429,519. Shares of common stock held by each current executive officer and director and by each person who is known by the registrant to own 10% or more of the outstanding common stock have been excluded from this computation in that such persons may be deemed to be affiliates of the registrant. This determination of affiliate status is not a conclusive determination for other purposes.

As of September 1, 2017, 49,085,951 shares of the registrant's common stock were outstanding.

Documents Incorporated by Reference: Portions of the registrant's proxy statement for the 2017 Annual Meeting of Stockholders are incorporated herein by reference in Part III of this Annual Report on Form 10-K. Such proxy statement will be filed with the Securities and Exchange Commission within 120 days of the registrant's fiscal year ended June 30, 2017.

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CAUTIONARY STATEMENT ABOUT FORWARD-LOOKING STATEMENTS

Cautionary Statement for Forward-Looking Statements

This report contains “forward-looking statements” within the meaning set forth in United States securities laws and regulations – that is, statements related to future, not past, events. In this context, forward-looking statements often address our expected future business, financial performance and financial condition, and often contain words such as “anticipate,” “believe,” “estimates,” “expect,” “future,” “intend,” “may,” “plan,” “see,” “seek,” “strategy,” or “will” or the negative thereof or any variation thereon or similar terminology or expressions. These forward-looking statements are not guarantees and are subject to known and unknown risks, uncertainties and assumptions about us that may cause our actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by such forward-looking statements. We have developed our forward-looking statements based on management’s beliefs and assumptions, which in turn rely upon information available to them at the time such statements were made. Such forward-looking statements reflect our current perspectives on our business, future performance, existing trends and information as of the date of this report. These include, but are not limited to, our beliefs about future revenue and expense levels, growth rates, prospects related to our strategic initiatives and business strategies, along with express or implied assumptions about, among other things: our continued relationships with our strategic operating partners; the performance of our historic business, as well as the businesses we have recently acquired, at levels consistent with recent trends and reflective of the synergies we believe will be available to us as a result of such acquisitions; our ability to successfully integrate our recently acquired businesses; our ability to locate suitable acquisition opportunities and secure the financing necessary to complete such acquisitions; the occurrence of no adverse developments affecting domestic and international economic, political or competitive conditions within our industry; transportation costs remaining in-line with recent levels and expected trends; our ability to mitigate, to the best extent possible, our dependence on current management and certain of our larger strategic operating partners; our compliance with financial and other covenants under our indebtedness; the absence of any adverse laws or governmental regulations affecting the transportation industry in general, and our operations in particular; and such other factors that may be identified from time to time in our Securities and Exchange Commission (“SEC”) filings and other public announcements including those set forth under the caption “Risk Factors” in Part I Item 1A of this report. All subsequent written and oral forward-looking statements attributable to us, or persons acting on our behalf, are expressly qualified in their entirety by the foregoing. Readers are cautioned not to place undue reliance on our forward-looking statements, as they speak only as of the date made. We disclaim any obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

PART I

ITEM 1. BUSINESS

Our Company

Radiant Logistics, Inc. (the “Company”, “we” or “us”), operates as a third-party logistics company, providing multi-modal transportation and logistics services primarily to customers based in the United States and Canada. We service a large and diversified account base which we support from an extensive network of over 100 operating locations across North America as well as an integrated international service partner network located in other key markets around the globe. We provide these services through a multi-brand network which includes 20 Company-owned offices. As a third-party logistics company, we have approximately 10,000 asset-based transportation companies, including motor carriers, railroads, airlines and ocean lines in our carrier network. We believe shippers value our services because we are able to objectively arrange the most efficient and cost-effective means, type and provider of transportation service without undue influence caused by the ownership of transportation assets. In addition, our minimal investment in physical assets affords us the opportunity for a higher return on invested capital and net cash flows than our asset-based competitors.

Through our operating locations across North America, we offer domestic and international air and ocean freight forwarding services and freight brokerage services including truckload services, less than truckload (“LTL”) services, and intermodal services, which is the movement of freight in trailers or containers by combination of truck and rail. Our primary business operations involve arranging the shipment, on behalf of our customers, of materials, products, equipment and other goods that are generally larger than shipments handled by integrated carriers of primarily small parcels, such as FedEx, DHL and UPS. Our services include arranging and monitoring all aspects of material flow activity utilizing advanced information technology systems. We also provide other value-added logistics services, including customs brokerage, order fulfillment, inventory management and warehouse services to complement our core transportation service offering.

We expect to grow our business organically and by completing acquisitions of other companies with complementary geographical and logistics service offerings. Our organic growth strategy will continue to focus on strengthening existing and expanding new customer relationships leveraging the benefit of our truck brokerage and intermodal service offerings, while continuing our efforts on the organic build-out of our network of strategic operating partner locations. In addition, as we continue to grow and scale the business, we believe that we are creating density in our trade lanes which creates opportunities for us to more efficiently source and manage our transportation capacity. In addition to our focus on organic growth, we will continue to search for acquisition candidates that bring critical mass from a geographic and purchasing power standpoint along with providing complementary service offerings to the current platform. As we continue to grow and scale the business, we also remain focused on leveraging our back-office infrastructure and technology systems to drive productivity improvement across the organization.

Competitive Strengths

As a non-asset based third-party logistics provider, we believe that we are well-positioned to provide cost-effective and efficient solutions to address the demand in the marketplace for transportation and logistics services. We believe that the most important competitive factors in our industry are quality of service, including reliability, responsiveness, expertise and convenience, scope of operations, geographic coverage, information technology and price. We believe our primary competitive advantages are as follows:

Non-asset based business model

As a non-asset based logistics provider, we own only a minimal amount of equipment. By not owning the transportation equipment used to transport the freight, which results in relatively minimal fixed operating costs, we are able to leverage our network of locations to offer competitive pricing and flexible solutions to our customers. Moreover, our balanced product offering provides us with revenue streams from multiple sources and enables us to retain customers even as they shift across various modes of transportation. We believe our low capital intensity model allows us to provide low-cost solutions to our customers, operate our business with strong cash flow characteristics, and retain significant flexibility in responding to changing industries and economic conditions.

Offer significant advantages to our strategic operating partners

Our current network is predominantly represented by independent agents, who we also refer to as our “strategic operating partners”, who rely on us for operating authority, technology, sales and marketing support, access to working capital, our carrier and international partner networks, and collective purchasing power. Through this collaboration, our strategic operating partners have the ability to focus on the operational and sales support aspects of their business without diverting costs or expertise to the structural aspect of their operations, thus, providing our strategic operating partners with the regional, national and global brand recognition that they would not otherwise be able to achieve acting alone.

Lower-risk operation of network of strategic operating partners

We derive a substantial portion of our revenue pursuant to agreements with our strategic operating partners operating under our various brands. These arrangements afford us with a relatively low risk growth model as each strategic operating partner is responsible for its own sales and costs of operations. Under shared economic arrangements, we are responsible to provide to our strategic operating partners centralized back-office infrastructure, transportation and accounting systems, billing and collection services.

Diverse customer base

We service a large and diversified account base of over 12,000 accounts consisting of consumer goods, food and beverage, manufacturing and retail customers. As of the date of this report, no single customer and no strategic operating partner represented more than 5% of our net revenues, reducing risks associated with any particular industry, geographic or customer concentration.

Information technology resources

A primary component of our business strategy is the continued development of advanced information systems to provide accurate and timely information to our management, strategic operating partners and customers. We believe that the ability to provide accurate real-time information on the status of shipments has and will become increasingly important in our industry. Our customer delivery tools enable connectivity with our customers' and trading partners' systems, which leads to more accurate and up-to-date information on the status of shipments. Our centralized transportation management system (rating, routing, tender and financial settlement process) drives significant efficiency across our network.

Global network of transportation providers

We provide worldwide supply chain services, which include international air and ocean services that complement our domestic service offerings. Our offerings include heavyweight and small package air services, providing same day (next flight out) air charters, next day a.m./p.m., second day a.m./p.m. as well as time definite surface transport moves. Our non-asset based business model allows us to use commercial passenger and cargo flights. Thus, we have thousands of daily flight options to choose from, and our pickup and delivery network provides us with zip code to zip code coverage throughout North America.

Sourcing and managing transportation

As we continue to grow and scale the business, we believe that we are developing density in our trade lanes which creates opportunities for us to more efficiently source and manage our transportation capacity. With our acquisition of Wheels in 2015, our network now has access to truck brokerage and intermodal capabilities. We believe the benefit of our relative purchasing power along with our recent service line expansion will serve as a competitive differentiator in the marketplace to help us secure new customers and attract additional strategic operating partners to our network.

Value-added services

In addition to our core transportation service offerings, we also provide value-added supply chain services including customs brokerage, order fulfillment, inventory management and warehouse and distribution services. We believe that our value-added services allow us to leverage our transportation services in order to generate additional revenue and provide additional convenience to our customers.

Industry Overview

The logistics industry is highly fragmented with thousands of companies of various sizes competing in the domestic and international markets. As business requirements for efficient and cost-effective logistics services have increased, so has the importance and complexity of effectively managing freight transportation. Businesses increasingly strive to minimize inventory levels, perform manufacturing and assembly operations in the lowest cost locations, and distribute their products in numerous global markets. As a result, companies are increasingly looking to third-party logistics providers to help them execute their supply chain strategies.

Shippers typically manage their supply chains using some combination of asset and non-asset based service providers. We operate principally as a non-asset based third-party logistics provider focused on freight forwarding, truck brokerage and intermodal transportation services along with associated value-added services. According to Armstrong and Associates, the market for third-party logistics services in the United States and Canada is estimated at approximately \$175.5 billion.

Because non-asset based companies select from various transportation options in routing customer shipments, they are often able to serve customers less expensively and with greater flexibility than their asset based competitors, who are typically focused on maximizing the utilization of their own captive fleets of trucks, aircraft and ships rather than the specific needs of the customer.

We believe there are several factors that are increasing demand for global logistics solutions. These factors include:

- outsourcing of non-core activities;
- globalization of trade;
- increased need for time-definite delivery;
- consolidation of global logistics providers; and
- increasing influence of e-business and the Internet.

Our Growth Strategy

Our objective is to provide customers with comprehensive multi-modal transportation and logistics solutions offered by us through our Radiant®, Wheels™, Airgroup®, Adcom®, DBA™ and Service By Air™ brands. Since inception of our business in 2006, we have executed a strategy to expand operations through a combination of organic growth and the strategic acquisition of non-asset based transportation and logistics providers meeting our acquisition criteria. We have successfully completed 17 acquisitions since our initial acquisition of Airgroup in January of 2006, including:

- Automotive Services Group, expanding our services into the automotive industry, in 2007;
- Adcom Express, Inc., (“Adcom”) adding domestic operating partner locations, in 2008;
- DBA Distribution Services, Inc., (“DBA”) adding two Company-owned locations and operating partner locations, in 2011;
- ISLA International Ltd., (“ISLA”) adding a Company-owned location in Laredo, Texas, providing us with bilingual expertise in both north and south bound cross-border transportation and logistics services, in 2011;
- Brunswicks Logistics, Inc., (“ALBS”) adding a strategic Company-owned location in New York-JFK, in 2012;
- Marvir Logistics, Inc., (“Marvir”) adding a Company location in Los Angeles from the conversion of a former operating partner since 2006, in 2012;
- International Freight Systems of Oregon, Inc., (“IFS”) adding a Company location in Portland, Oregon, from the conversion of a former operating partner since 2007, in 2012;
- On Time Express, Inc., (“On Time”) adding three Company-owned locations in Phoenix, Arizona, Dallas, Texas and Atlanta, Georgia, to providing additional line-haul and time critical logistics capabilities, in 2013;
- Phoenix Cartage and Air Freight, LLC, (“PCA”) opening a Company-owned location in Philadelphia, Pennsylvania, in 2014;
- Trans-NET, Inc. (“TNI”) expanding Company-owned operations in Seattle, Washington and providing a gateway of services to the Russian Far East, in 2014;
- Don Cameron and Associates, Inc. (“DCA”), a Minnesota based, privately held company that provides a full range of domestic and international transportation and logistics services across North America, in 2014;
- Wheels Group, Inc. (“Wheels”), one of the largest third-party logistics providers in Canada, offering truck brokerage services and intermodal service offering throughout the United States and Canada along with value-added warehouse and distribution service offerings in support of U.S. shippers looking to access the Canadian markets, in 2015;
- Service By Air, Inc. (“SBA”), a privately-held corporation based in New York, adding three Company-owned operating locations and forty strategic operating partner locations across North America, in 2015;
- Highways and Skyways, Inc. (“Highways”), a privately held Kentucky-based company, adding a Company-owned location near the Cincinnati airport from the conversion of a former SBA operating partner in 2015;
- Copper Logistics, Incorporated (“Copper”), a Minneapolis, Minnesota based privately held company that provides a full range of domestic and international transportation and logistics services across North America, in 2015;

- Lomas Logistics (“Lomas”), a division of L.V. Lomas Limited, a Canada based third-party logistics provider that operates in Ontario and British Columbia, in 2017; and
- Dedicated Logistics Technologies, Inc. (“DLT”), a privately held company that has historically operated under the Company’s SBA brand in Newark, New Jersey and Los Angeles, California, in 2017; and
- Sandifer-Valley Transportation and Logistics, Ltd. (“SVT”), a privately held company providing a full range of domestic and international cross-border services with Mexico, in 2017.

We expect to grow our business organically and by completing acquisitions of other companies with complementary geographical and logistics service offerings. We will continue to make enhancements to our back-office infrastructure, transportation management, and accounting systems to support this growth. Our organic growth strategy will continue to focus on strengthening existing and expanding new customer relationships, while continuing our efforts on the organic build-out of our network of strategic operating partner locations. In addition, we will also be working to drive further productivity improvements enabled through our value-added truck brokerage and customs house brokerage service capabilities.

Our acquisition strategy has been designed to take advantage of shifting market dynamics. The third-party logistics industry continues to grow as an increasing number of businesses outsource their logistics functions to more cost effectively manage and extract value from their supply chains. The industry is positioned for further consolidation as it remains highly fragmented, and as customers are demanding the types of sophisticated and broad reaching service offerings that can more effectively be handled by larger more diverse organizations. We believe the highly fragmented composition of the marketplace, the industry participants’ need for capital, and their owners’ desire for liquidity has and will continue to produce a large number of attractive acquisition candidates. For the most part, our target acquisition candidates are generally smaller than those identified as acquisition targets of larger public companies and have limited ability to conduct their own public offerings or obtain financing that will provide them with capital for liquidity or rapid growth. We believe that many of these “smaller” companies are receptive to our acquisition program as a vehicle for liquidation or growth. We intend to be opportunistic in executing our acquisition strategy with a goal of expanding both our domestic and international capabilities.

Our Operating Strategy

Leverage the People, Process and Technology Available through a Central Platform. A key element of our operating strategy is to maximize our operational efficiencies by integrating general and administrative functions into our back-office operations and reducing or eliminating redundant functions and facilities at acquired companies. This is designed to enable us to quickly realize potential savings and synergies, efficiently control and monitor operations of acquired companies, and allow acquired companies to focus on growing their sales and operations.

Develop and Maintain Strong Customer Relationships. We seek to develop and maintain strong interactive customer relationships by anticipating and focusing on our customers’ needs. We emphasize a relationship-oriented approach to business, rather than the transaction or assignment-oriented approach used by many of our competitors. To develop close customer relationships, we and our network of operating partners regularly meet with both existing and prospective customers to help design solutions for, and identify the resources needed to execute, their supply chain strategies. We believe that this relationship-oriented approach results in greater customer satisfaction and reduced business development expense.

Operations

Through our operating locations across North America, we offer domestic and international air and ocean freight forwarding services and freight brokerage services including truckload services, LTL services, and intermodal services, which is the movement of freight in trailers or containers by combination of truck and rail. As a third-party logistics provider, our primary business operations involve arranging the shipment, on behalf of our customers, of materials, products, equipment and other goods that are generally larger than shipments handled by integrated carriers of primarily small parcels, such as FedEx, DHL and UPS, including arranging and monitoring all aspects of material flow activity utilizing advanced information technology systems. We also provide other value-added logistics services, including customs brokerage, order fulfillment, inventory management and warehousing services to complement our core transportation service offering.

As a non-asset based provider we generally do not own the transportation equipment used to transport the freight. We generally expect to neither own nor operate any material transportation assets and, consequently, arrange for transportation of our customers’ shipments via trucking companies, commercial airlines, air cargo carriers, railroads, ocean carriers and other non-asset based third-party providers. We select the carrier for a shipment based on route, departure time, available cargo capacity and cost. We may charter cargo aircraft and/or ocean vessel’s from time to time depending upon seasonality, freight volumes and other factors. We generate our gross margin on the difference between what we charge to our customers for the services provided to them, and what we pay to the transportation providers to transport the freight.

We are organized functionally in two geographic operating segments: U.S. and Canada. Our transportation services for both the U.S. and Canada segments can be broadly placed into the categories of freight forwarding and freight brokerage services:

Freight forwarding. As a freight forwarder, we operate as a non-asset based carrier providing domestic and international air and ocean freight forwarding services. Our freight forwarding operations involve obtaining shipment or material orders from customers, creating and delivering a wide range of logistics solutions to meet customers' specific requirements for transportation and related services, and arranging and monitoring all aspects of material flow activity utilizing advanced information technology systems. We arrange for transportation of our customers' shipments via trucking companies, commercial airlines, air cargo carriers, ocean carriers and other asset and non-asset based third-party providers. We select the carrier for a shipment based on route, departure time, available cargo capacity and cost. We charter cargo aircraft from time to time depending upon seasonality, freight volumes and other factors.

Freight brokerage. We also provide significant bi-modal brokerage capabilities providing truck load, LTL and intermodal services throughout the United States and Canada, which is managed through our centralized service centers in Chicago, Illinois and Toronto, Ontario. We offer temperature-controlled, dry van, intermodal drayage, and flatbed services and specialize in the transport of food and beverage, consumer packaged goods and frozen food and refrigerated products.

As a truck broker, we match the customers' needs with carriers' capacity to provide the most effective combination of service and price. We have contracts with a substantial number of carriers allowing us to meet the varied needs of our customers. As part of the truck brokerage services, we negotiate rates, track shipments in transit and handle claims for freight loss and damage on behalf of our customers. For our LTL service, we employ a point-to-point model that we believe serves as a competitive advantage over the traditional hub and spoke LTL model in terms of faster transit times, lower incidence of damage, and reduced fuel consumption.

As an intermodal services company, we arrange for the movement of our customers' freight in containers, trailers and rail boxcars, typically over long distances of at least 750 miles. We contract with railroads to provide transportation for the long-haul portion of the shipment and with local trucking companies, known as "drayage companies," for pickup and delivery. As part of our intermodal services, we negotiate rail and drayage rates, electronically track shipments in transit, consolidate billing and handle claims for freight loss or damage on behalf of our customers.

To complement our core transportation service offerings, we also provide a number of value-added services, including customs brokerage and materials management and distribution solutions.

Information Services

The regular enhancement of our information systems and ultimate migration of acquired companies and additional strategic operating partners to a common set of back-office and customer facing applications is a key component of our growth strategy. We believe that the ability to provide accurate real-time information on the status of shipments has become increasingly important and that our efforts in this area will result in competitive service advantages. In addition, we believe that centralizing our transportation management system (rating, routing, tender and financial settlement processes) will continue to drive significant productivity improvement across our network.

In our forwarding operations, we use a web-enabled third-party transportation management system (Cargowise) that is integrated to our third-party accounting system (SAP). These systems combine to form the foundation of our supply-chain technologies, which we call "Globalvision", and which provides us with a common set of back-office operating, accounting and customer facing applications used across our network. In our brokerage operations, we utilize Wheels' TEDS system for transportation management and Megatrans for intermodal services. In our warehousing operations, we use Microsoft's Navision. These systems are connected to Epicor for accounting and financial reporting. All brokerage systems are integrated with "Wheelslink", our online customer facing application providing information and reporting across all services. We are in the initial stages of migrating these various operating and financial reporting systems to a singular SAP-based platform. We are taking a phased approach to these migrations and are currently working to transition our domestic freight forwarding services to our new SAP-based transportation management system. Future phases will include the transition of our international freight forwarding services and our legacy brokerage transportation management and financial reporting systems to SAP.

Sales and Marketing

We principally market our services through our network of Company-owned and strategic operating partner locations across North America. Each office is staffed with operational employees to provide support for the sales team, develop frequent contact with the customer's traffic department, and maintain customer service. Our current network is predominantly represented by strategic operating partners that rely on us for operating authority, technology, sales and marketing support, access to working capital, our carrier and international partners networks, and collective purchasing power. Through this collaboration, our strategic operating partners have the ability to focus on the operational and sales support aspects of the business without diverting costs or expertise to the structural aspect

of their operations, providing our partners with the regional, national and global brand recognition that they would not otherwise be able to achieve by solely serving their local market. We have no customers or strategic operating partners that separately account for more than 5% of our consolidated net revenues, although we do have a number of significant customers and strategic operating partner locations with volume and stature, the loss of one or more of which could negatively impact our ability to retain and service our customers.

Research and Development

During the past three years, we have not spent any material amount on research and development activities.

Competition and Business Conditions

The logistics business is directly impacted by the volume of domestic and international trade. The volume of such trade is influenced by many factors, including economic and political conditions in the United States and abroad, major work stoppages, currency fluctuations, acts of war, terrorism and other armed conflicts, United States and international laws relating to tariffs, trade restrictions, foreign investments and taxation.

The global transportation and logistics services industry is intensively competitive and is expected to remain so for the foreseeable future. We will compete against asset based and other non-asset based third-party logistics companies, consultants, information technology vendors and shippers' transportation departments. This competition is based primarily on rates, quality of service (such as damage-free shipments, on-time delivery and consistent transit times), reliable pickup and delivery and scope of operations. Certain of our competitors have substantially greater financial resources than we do. However, we believe the incremental service offerings enabled through our acquisition strategy (e.g. Wheels' truck brokerage and intermodal capabilities) will serve as a catalyst for margin expansion in our existing business and a competitive differentiator in the marketplace to help us secure new customers and attract additional strategic operating partners to our network.

Business Organization

We have two geographic operating segments: United States and Canada. Further information regarding our geographic operating segments may be found in Part II, Item 7 of this Form 10-K under the subheading "Results of Operations," and in the "Notes to the consolidated financial statements" in Note 13, "Operating and Geographic Segment Information."

Regulation

Interstate and international transportation of freight is highly regulated. Failure to comply with applicable state and federal regulations, or to maintain required permits or licenses, can result in substantial fines or revocation of operating permits or authorities imposed on both transportation intermediaries and their shipper customers. We cannot give assurance as to the degree or cost of future regulations on our business. Some of the regulations affecting our current and prospective operations are described below.

Air freight forwarding operations are subject to regulation, as an indirect air cargo carrier, under the Federal Aviation Act as enforced by the Federal Aviation Administration of the U.S. Department of Transportation, and the Transportation Security Administration of the Department of Homeland Security. While air freight forwarders are exempted from most of the Federal Aviation Act's requirements by the Economic Aviation Regulations, the industry is subject to ongoing regulatory and legislative developments that can impact the economics of the industry by requiring changes to operating practices or influencing the demand for, and the costs of, providing services to customers.

Surface freight forwarding operations are subject to various state and federal statutes, and are regulated by the Federal Motor Carrier Safety Administration of the U.S. Department of Transportation and, to a very limited extent, the Surface Transportation Board. These federal agencies have broad investigatory and regulatory powers, including the power to issue a certificate of authority or license to engage in the business, to approve specified mergers, consolidations and acquisitions, and to regulate the delivery of some types of domestic shipments and operations within particular geographic areas.

The Federal Motor Carrier Safety Administration also has the authority to regulate interstate motor carrier operations, including the regulation of certain rates, charges and accounting systems, to require periodic financial reporting, and to regulate insurance, driver qualifications, operation of motor vehicles, parts and accessories for motor vehicle equipment, hours of service of drivers, inspection, repair, maintenance standards and other safety related matters. The federal laws governing interstate motor carriers have both direct and indirect application to the Company. The breadth and scope of the federal regulations may affect our operations and the motor carriers that are used in the provisioning of the transportation services. In certain locations, state or local permits or registrations may also be required to provide or obtain intrastate motor carrier services.

The Federal Maritime Commission, or FMC, regulates and licenses ocean forwarding operations. Non-vessel operating common carriers are subject to FMC regulation, under the FMC tariff filing and surety bond requirements, and under the Shipping Act of 1984, particularly those terms proscribing rebating practices.

United States customs brokerage operations are subject to the licensing requirements of the Bureau of Customs and Border Protection of the Department of Homeland Security. As we broaden our capabilities to include customs brokerage operations, we will be subject to regulation by the Bureau of Customs and Border Protection. Likewise, any customs brokerage operations must also be licensed in and subject to the regulations of countries into which freight is imported.

Personnel

As of the date of this report, we have 758 employees, of which 714 are full time. None of these employees are covered by a collective bargaining agreement. We have experienced no work stoppages and consider our relations with our employees to be good.

ITEM 1A. RISK FACTORS

RISKS PARTICULAR TO OUR BUSINESS

You should carefully consider the risk factors set forth below as well as the other information contained in or incorporated by reference into this Form 10-K before investing in our common stock. Any of the following risks could materially and adversely affect our business, financial condition or results of operations. In such a case, you may lose all or part of your investment. The risks described below are not the only risks facing us. Additional risks and uncertainties not currently known to us or those we currently view to be immaterial may also materially adversely affect our business, financial condition or results of operations. The future trading price of shares of our common stock will be affected by the performance of our business relative to, among other things, competition, market conditions and general economic and industry conditions.

Risks Related to our Business

We need to maintain and expand our existing strategic operating partner network to increase revenues.

We sell our services through Company-owned locations operating under the Radiant and Wheels brands and through a network of independently-owned strategic operating partners throughout North America operating under the Airgroup, Adcom, DBA and Service by Air brands. For the years ended June 30, 2017 and 2016, approximately 62% and 59% of our consolidated net revenues were derived through our strategic operating partners. We believe our strategic operating partners will remain critical to our success for the foreseeable future. Although the terms of our strategic operating partner agreements vary widely, they generally cover the manner and amount of payments, the services to be performed, the length of the contract, and provide us with certain protections such as partner-funded reserves and indemnification obligations, and in certain instances include a personal guaranty of the independent owner. Additionally, certain of our strategic operating partner agreements may impose restrictions on us, including our ability to provide services in certain territories or to certain customers and our ability to hire employees of our strategic operating partners. Certain of our strategic operating partner agreements are for defined terms, while others are subject to “evergreen” terms, or contain automatic renewal provisions or are at-will on a month-to-month basis. Regardless of stated term, in most situations the agreements can be terminated by the strategic operating partner with prior notice. As certain agreements expire, there can be no assurance that we will be able to enter into new agreements that provide for the same terms and economics as those previously agreed upon, if at all. Thus, we are subject to the risk of strategic operating partner terminations and the failure or refusal of certain of our strategic operating partners to renew their existing agreements. This risk is often accentuated upon the acquisition of a new agency-based network as, for example, we experienced the loss of certain strategic operating partners when we acquired DBA in 2011 and SBA in 2015. We have a number of customers and strategic operating partner locations with significant volume and stature, although with the benefit of our recent acquisitions, no single customer or strategic operating partner location represents more than 5% of our net revenues. We cannot be certain that we will be able to maintain and expand our existing strategic operating partner relationships or enter into new strategic operating partner relationships, or that new or renewed strategic operating partner relationships will be available on commercially reasonable terms. If we are unable to maintain and expand our existing strategic operating partner relationships, renew existing strategic operating partner relationships, or enter into new strategic operating partner relationships, we may lose customers, customer introductions and co-marketing benefits, and our operating results may be negatively impacted. We may also be restricted from growing in certain territories or with certain customers, except through our strategic operating partners.

If our strategic operating partners fail to maintain adequate reserves against unpaid customer invoices, or if we are unable to offset against commissions earned and payable by us to our strategic operating partners for unpaid customer invoices, our results of operations and financial condition may be adversely affected.

We derive a substantial portion of our revenue pursuant to agreements with strategic operating partners operating under our various brands. Under these agreements, each individual strategic operating partner is responsible for some or all of the bad debt expense related to the underlying customers being serviced by such strategic operating partner. Certain of our strategic operating partners are required to maintain a security deposit with us that is recognized as a liability in our financial statements and used as a bad debt reserve for each strategic operating partner. We charge each of the strategic operating partners' bad debt reserve accounts for any accounts receivable aged beyond 90 days. The bad debt reserve account may carry a deficit balance when amounts charged to this reserve exceed amounts otherwise available in the bad debt reserve account. In these circumstances, deficit bad debt reserve accounts as well as other deficit balances owed to us by our strategic operating partners are recognized as a receivable in our financial statements. Other strategic operating partners are not required to establish a bad debt reserve, however, they are still responsible for deficits and their strategic operating partner agreements provide that we may withhold all or a portion of future commission checks payable to the strategic operating partner in satisfaction of any deficit balance. As of June 30, 2017, a number of our strategic operating partners had a deficit balance in their bad debt reserve account totaling approximately \$3.2 million. To the extent any of these strategic operating partners cease operations or are otherwise unable to replenish these deficit accounts or repay the deficit balances, we would be at risk of loss for any such amount.

Failure to comply with obligations as an "indirect air carrier" could result in penalties and fines and limit our ability to ship freight.

We are regulated, among other things, as "indirect air carriers" by the Transportation Security Administration of the Department of Homeland Security. These agencies provide requirements, guidance and, in some cases, administer licensing requirements and processes applicable to the freight forwarding industry. We monitor our compliance and the compliance of our subsidiaries with such agency requirements. We rely on our strategic operating partners to monitor their own compliance, except when we are notified of a violation, when we may become involved. Failure to comply with these requirements, policies and procedures could result in penalties and fines. To date, a limited number of our strategic operating partners have been out of compliance with the "indirect air carrier" regulations, resulting in fines to us, which we attempt to collect from the strategic operating partners. There is no assurance that additional violations will not take place, which could result in penalties or fines or, in the extreme case, limits on our ability to ship freight.

Our business will be seriously harmed if we fail to develop, implement, maintain, upgrade, enhance, protect and integrate information technology systems.

We rely heavily on our information technology systems to efficiently run our business, and they are a key component of our growth strategy. To keep pace with changing technologies and customer demands, we must correctly interpret and address market trends and enhance the features and functionality of our technology platform in response to these trends, which may lead to significant ongoing software development or licensing costs. We may be unable to accurately determine the needs of our customers and strategic operating partners and the trends in the transportation services industry, or to design or license and implement the appropriate features and functionality of our technology platform in a timely and cost-effective manner, which could result in decreased demand for our services and a corresponding decrease in our revenues. Despite testing, external and internal risks, such as malware, insecure coding, "Acts of God," data leakage and human error pose a direct threat to our information technology systems and operations. We may also be subject to cybersecurity attacks and other intentional hacking. Any failure to identify and address such defects or errors or prevent a cyber-attack could result in service interruptions, operational difficulties, loss of revenues or market share, liability to customers or others, diversion of resources, injury to our reputation and increased service and maintenance costs. Addressing such issues could prove to be impossible or very costly and responding to resulting claims or liability could similarly involve substantial cost. We must maintain and enhance the reliability and speed of our information technology systems to remain competitive and effectively handle higher volumes of freight through our network and the various service modes we offer. If our information technology systems are unable to manage additional volume for our operations as our business grows, or if such systems are not suited to manage the various service modes we offer or businesses we acquire, our service levels and operating efficiency could decline. We expect customers and strategic operating partners to continue to demand more sophisticated, fully integrated information systems from their supply chain services providers. If we fail to hire and retain qualified personnel to implement, protect and maintain our information technology systems or if we fail to upgrade our systems to meet our customers' and strategic operating partners' demands, our business and results of operations could be seriously harmed. This could result in a loss of customers or a decline in the volume of freight we receive from customers.

In addition, acquired companies will need to be integrated with our information technology systems, which may cause additional training or licensing cost, along with potential delays and disruption. In such event, our revenue, financial results and ability to operate profitably could be negatively impacted. The challenges associated with integration of our acquisitions may increase these risks.

Our management information and financial reporting systems are spread across diverse platforms and geographies.

The growth of our business through acquisitions has resulted in our reliance on the accounting, business information, and other computer systems of these acquired entities to capture and transmit information concerning customer orders, carrier payment, payroll, and other critical business data. We are in the initial stages of migrating our various legacy operating and accounting systems to a new singular SAP-based system. As long as an acquired business remains on another information technology system, we face additional manual calculations, training costs, delays, and an increased possibility of inaccuracies in the data we use to manage our business and report our financial results. Any delay in compiling, assessing, and reporting information could adversely impact our business, our ability to timely react to changes in volumes, prices, or other trends, or to take actions to comply with financial covenants, all of which could negatively impact our stock price.

We depend on third-party carriers to transport our customers' cargo.

We rely on commercial airfreight carriers and air charter operators, ocean freight carriers, trucking companies, major U.S. railroads, other transportation companies, draymen and longshoremens for the movement of our customers' cargo. Consequently, our ability to provide services for our customers could be adversely impacted by, among other things: shortages in available cargo capacity; changes by carriers and transportation companies in policies and practices such as scheduling, pricing, payment terms and frequency of service, increases in the cost of fuel, taxes and labor, changes in the financial stability or operating capabilities of carriers, and other factors not within our control. Reductions in airfreight or ocean freight capacity could negatively impact our yields. Material interruptions in service or stoppages in transportation, whether caused by strike, work stoppage, lock-out, slowdown or otherwise, could adversely impact our business, results of operations and financial condition.

In addition, any determination that our third-party carriers have violated laws and regulations could seriously damage our reputation and brands, resulting in diminished revenue and profit and increased operating costs.

Our profitability depends on our ability to effectively manage our cost structure as we grow the business.

We have increased, and intend to further increase, our revenue through organic growth, adding strategic operating partners, and acquisitions. We believe that certain of our costs, such as those related to information technology, physical locations, senior management, and sales and general operations, and excluding non-cash amortization, should grow more slowly than our net revenue, which would lead to improved cash flow margins over time. Historically, our cash flow margins have fluctuated, and have not always improved as we have grown. To the extent we fail to manage our costs, including purchased transportation, strategic operating partner commissions, personnel expenses, and sales and general expenses, our profitability may not improve or may decrease. This could adversely impact our business, results of operation, financial condition, and the trading price of our common stock.

Our business is subject to seasonal trends.

Historically, our operating results have been subject to seasonal trends when measured on a quarterly basis. Our first and fourth fiscal quarters are traditionally weaker compared with our second and third fiscal quarters. As a result, our quarterly operating results are likely to continue to fluctuate. This trend is dependent on numerous factors, including the markets in which we operate, holiday seasons, climate, economic conditions and numerous other factors. A substantial portion of our revenue is derived from customers in industries whose shipping patterns are tied closely to consumer demand which can sometimes be difficult to predict or are based on just-in-time production schedules. Therefore, our revenue is, to a large degree, affected by factors that are outside of our control. There can be no assurance that our historic operating patterns will continue in future periods as we cannot influence or forecast many of these factors.

Comparisons of our operating results from period to period are not necessarily meaningful and should not be relied upon as an indicator of future performance.

Our operating results have fluctuated in the past and likely will continue to fluctuate in the future because of a variety of factors, many of which are beyond our control. A substantial portion of our revenue is derived from customers in industries whose shipping patterns are tied closely to economic trends and consumer demand that can be difficult to predict, or are based on just-in-time production schedules. Because our quarterly revenues and operating results vary significantly, comparisons of our results from period to period are not necessarily meaningful and should not be relied upon as an indicator of future performance. Additionally, the timing of acquisitions, as well as the revenue and expenses of the acquired operations, the transaction expenses, amortization of intangibles, and interest expense associated with acquisitions can make our operating results from period to period difficult to compare. Accordingly, there can be no assurance that our historical operating patterns will continue in future periods or that comparisons to prior periods will be meaningful.

Economic recessions and other factors that reduce freight volumes could have a material adverse impact on our business.

The transportation industry historically has experienced cyclical fluctuations in financial results due to economic recession, downturns in business cycles of our customers, interest rate fluctuations and other economic factors beyond our control. Deterioration in the economic environment subjects our business to various risks that may have a material impact on our operating results and cause us to not reach our long-term growth goals, and which may include the following:

- a reduction in overall freight volumes in the marketplace reduces our opportunities for growth. In addition, if a downturn in our customers' business cycles causes a reduction in the volume of freight shipped by those customers, our operating results could be adversely affected;
- some of our customers may face economic difficulties and may not be able to pay us, and some may go out of business. In addition, some customers may not pay us as quickly as they have in the past, causing our working capital needs to increase;
- a significant number of our transportation providers may go out of business and we may be unable to secure sufficient equipment or other transportation services to meet our commitments to our customers; and
- we may not be able to appropriately adjust our expenses to changing market demands. In order to maintain high variability in our business model, it is necessary to adjust staffing levels to changing market demands. In periods of rapid change, it is more difficult to match our staffing level to our business needs. In addition, we have other primarily variable expenses that are fixed for a period of time, and we may not be able to adequately adjust them in a period of rapid change in market demand.

Higher carrier prices may result in decreased net revenue margin.

Carriers can be expected to charge higher prices if market conditions warrant, or to cover higher operating expenses. Our net revenues and income from operations may decrease if we are unable to increase our pricing to our customers. Increased demand for truckload services and pending changes in regulations may reduce available capacity and increase carrier pricing.

We face intense competition in the freight forwarding, freight brokerage, logistics and supply chain management industry.

The freight forwarding, freight brokerage, logistics and supply chain management industry is intensely competitive and is expected to remain so for the foreseeable future. We face competition from a number of companies, including many that have significantly greater financial, technical and marketing resources. Customers increasingly are turning to competitive bidding processes, in which they solicit bids from a number of competitors, including competitors that are larger than us. Increased competition may lead to revenue reductions, reduced profit margins, or a loss of market share, any one of which could harm our business. There are many factors that could impair our profitability, including the following:

- competition with other transportation services companies, some of which have a broader coverage network, a wider range of services, more fully developed information technology systems and greater capital resources than we do;
- reduction by our competitors of their rates to gain business, especially during times of declining growth rates in the economy, which reductions may limit our ability to maintain or increase rates, maintain our operating margins or maintain significant growth in our business;
- shift in the business of shippers to asset-based trucking companies that also offer brokerage services in order to secure access to those companies' trucking capacity, particularly in times of tight industry-wide capacity;
- solicitation by shippers of bids from multiple transportation providers for their shipping needs and the resulting depression of freight rates or loss of business to competitors; and
- establishment by our competitors of cooperative relationships to increase their ability to address shipper needs.

Our industry is consolidating and if we cannot gain sufficient market presence, we may not be able to compete successfully against larger companies in our industry.

There currently is a trend within our industry towards consolidation of the niche players into larger companies that are attempting to increase global operations through the acquisition of regional and local freight forwarders, brokers, and other freight logistics providers. If we cannot gain sufficient market presence or otherwise establish a successful strategy in our industry, we may not be able to compete successfully against larger companies in our industry.

If we are not able to limit our liability for customers' claims for loss or damage to their goods through contract terms and limit our exposure through the purchase of insurance, we could be required to pay large amounts to our customers as compensation for their claims and our results of operations could be materially adversely affected.

In our freight forwarding operations, we have liability under law to our customers for loss or damage to their goods. We attempt to limit our exposure through release limits, indemnification by the air, ocean, and ground carriers that transport the freight, and insurance. Moreover, because a freight forwarder relationship to an airline or ocean carrier is that of a shipper to a carrier, the airline or ocean carrier generally assumes the same responsibility to us as we assume to our customers. When we act in the capacity of an authorized agent for an air or ocean carrier, the carrier, rather than us, assumes liability for the safe delivery of the customer's cargo to its ultimate destination, unless due to our own errors and omissions. However, these efforts may prove unsuccessful and we may be liable for loss and damage to the goods.

In addition to legal liability, from time to time customers exert economic pressure when the underlying carrier fails to cover the costs of loss or damage. We have, from time to time, made payments to our customers for claims related to our services and may make such payments in the future. Should we experience an increase in the number or size of such claims or an increase in liability pursuant to claims or unfavorable resolutions of claims, our results could be adversely affected.

There can be no assurance that our insurance coverage will provide us with adequate coverage for such claims or that the maximum amounts for which we are liable in connection with our services will not change in the future or exceed our insurance levels. As with every insurance policy, there are limits, exclusions and deductibles that apply and we could be subject to claims for which insurance coverage may be inadequate or even disputed and such claims could adversely impact our financial condition and results of operations. In addition, significant increases in insurance costs could reduce our profitability.

We may be subject to claims arising from transportation of freight by the carriers with which we contract.

We use the services of thousands of transportation companies in connection with our transportation operations. From time to time, the drivers employed and engaged by the carriers we contract with are involved in accidents which may result in death or serious personal injuries. The resulting types and/or amounts of damages may be excluded from or exceed the amount of insurance coverage maintained by the contracted carrier. Although these drivers are not our employees and all of these drivers are employees, owner-operators, or independent contractors working for carriers, from time to time, claims may be asserted against us for their actions, or for our actions in retaining them. Claims against us may exceed the amount of our insurance coverage, or may not be covered by insurance at all. A material increase in the frequency or severity of accidents, liability claims or workers' compensation claims, or unfavorable resolutions of claims could materially and adversely affect our operating results. In addition, significant increases in insurance costs or the inability to purchase insurance as a result of these claims could reduce our profitability. Our involvement in the transportation of certain goods, including but not limited to hazardous materials, could also increase our exposure in the event one of our contracted carriers is involved in an accident resulting in injuries or contamination.

We are subject to various claims and lawsuits that could result in significant expenditures.

Our business exposes us to claims and litigation related to damage to cargo, labor and employment practices (including wage-and-hour, employment classification of independent contractor drivers, sales representatives, brokerage agents and other individuals, and other federal and state claims), personal injury, property damage, business practices, environmental liability and other matters. We carry insurance to cover most exposures, subject to specific coverage exceptions, aggregate limits, and self-insured retentions that we negotiate from time to time. However, not all claims are covered, and there can be no assurance that our coverage limits will be adequate to cover all amounts in dispute. For example, we are currently defending an employment-based claim with a wage and hour component that would not be covered by our insurance (description included in this report). Based on the early stages of both of these proceedings, we are unable to determine the likelihood of a successful defense or the ultimate amount of any damages that would be awarded. To the extent we experience claims that are uninsured, exceed our coverage limits, or involve significant aggregate use of our self-insured retention amounts, the expenses could have a material adverse effect on our business, results of operations, financial condition or cash flows, particularly in the quarter in which the amounts are accrued. In addition, in the future, we may be subject to higher insurance premiums or increase our self-insured retention amounts, which could increase our overall costs or the volatility of claims expense.

Our failure to comply with, or the costs of complying with, government regulation could negatively affect our results of operation.

Our business is subject to evolving, complex and increasing regulation by national and international sources. Regulatory changes could affect the economics of our industry by requiring changes in operating practices or influencing the demand for, and the costs of providing, services to customers. Future regulation and our failure to comply with any applicable regulations could have a material adverse effect on our business.

If we are unable to maintain our brand images and corporate reputation, our business may suffer.

Our success depends in part on our ability to maintain the image of the Radiant, Wheels, Airgroup, Adcom, DBA and Service By Air brands and our reputation for providing excellent service to our customers. Service quality issues, actual or perceived, even when false or unfounded, could tarnish the image of our brand and may cause customers to use other freight-forwarding companies. Damage to our reputation and loss of brand equity could reduce demand for our services and thus have an adverse effect on our business, financial position and results of operations, and could require additional resources to rebuild our reputation and restore the value of our brands.

Issues related to the intellectual property rights on which our business depends, whether related to our failure to enforce our own rights or infringement claims brought by others, could have a material adverse effect on our business, financial condition and results of operations.

We use both internally developed and purchased technology in conducting our business. Whether internally developed or purchased, it is possible that the user of these technologies could be claimed to infringe upon or violate the intellectual property rights of third-parties. In the event that a claim is made against us by a third-party for the infringement of intellectual property rights, any settlement or adverse judgment against us either in the form of increased costs of licensing or a cease and desist order in using the technology could have an adverse effect on us and our results of operations.

We also rely on a combination of intellectual property rights, including copyrights, trademarks, domain names, trade secrets, intellectual property licenses and other contractual rights, to establish and protect our intellectual property and technology. Any of our owned or licensed intellectual property rights could be challenged, invalidated, circumvented, infringed or misappropriated; our trade secrets and other confidential information could be disclosed in an unauthorized manner to third-parties or we may fail to secure the rights to intellectual property developed by our employees, contractors and others. Given our international operations, we seek to register our trademarks and other intellectual property domestically and internationally. The laws of certain foreign countries may not protect trademarks to the same extent as do the laws of the United States. Efforts to enforce our intellectual property rights may be time consuming and costly, distract management's attention and resources and ultimately be unsuccessful. Moreover, our failure to develop and properly manage new intellectual property could adversely affect our market positions and business opportunities.

Our failure to obtain, maintain and enforce our intellectual property rights could therefore have a material adverse effect on our business, financial condition and results of operations.

We may not successfully manage our growth.

We intend to grow rapidly and substantially, including by expanding our internal resources, by making acquisitions and entering into new markets. We may experience difficulties and higher-than-expected expenses in executing this strategy as a result of unfamiliarity with new markets, and change in revenue and business models.

Our growth will place a significant strain on our management, operational and financial resources. We will need to continually improve existing procedures and controls as well as implement new transaction processing, operational and financial systems, and procedures and controls to expand, train and manage our employee base. Our working capital needs will increase substantially as our operations grow. Failure to manage growth effectively, or obtain necessary working capital, could have a material adverse effect on our business, results of operations, cash flows, stock price and financial condition.

Our loans and credit facilities contain financial covenants that may limit current availability and impose ongoing operational limitations and risk of compliance.

We currently maintain (i) a USD\$75.0 million revolving credit facility (the "Senior Credit Facility") with Bank of America, N.A., on its own behalf and as agent to the other lenders named therein, currently consisting of the Bank of Montreal (as the initial member of the syndicate under such loan), pursuant to an Amended and Restated Loan and Security Agreement, as amended, (ii) a CAD\$29.0 million senior secured Canadian term loan from Integrated Private Debt Fund IV LP ("IPD IV") pursuant to a CAD\$29,000,000 Credit Facilities Loan Agreement (the "IPD IV Loan Agreement"), and (iii) a CAD\$10.0 million senior secured Canadian term loan from Integrated Private Debt Fund V LP ("IPD V") pursuant to a CAD\$10,000,000 Credit Facilities Loan Agreement (the "IPD V Loan Agreement" and, together with the IPD IV Loan Agreement, the "IPD Loan Agreements"). Repayment of the foregoing credit facilities is secured by our assets and the assets of our subsidiaries, including, without limitation, all of the capital stock of our subsidiaries.

Under the terms of the foregoing credit facilities, we are required to comply with certain financial covenants, depending on the type of loan facility and whether certain conditions are triggered. In addition, under the IPD Loan Agreements, we are required to maintain (i)

a fixed charge coverage ratio of 1.1 to 1.0, (ii) a debt service coverage ratio of at least 1.2 to 1.0 and (iii) a senior debt to EBITDA ratio of at least 3.0 to 1.0.

Our compliance with the financial covenants of our credit facilities is particularly important given the materiality of such facilities to our day-to-day operations and overall acquisition strategy. If we fail to comply with these covenants and are unable to secure a waiver or other relief, our financial condition would be materially weakened and our ability to fund day-to-day operations would be materially and adversely affected. Accordingly, we intend to employ EBITDA and adjusted EBITDA as management tools to measure our historical financial performance and as a benchmark for future financial flexibility.

Under our credit facilities, we are prohibited from declaring and paying dividends unless: (i) there are no existing events of default under the credit facility or an event of default would not be caused by the declaration or payment of such dividend, and (ii) upon giving pro forma effect to the dividend, (1) the amount available under the credit facility after the pro forma effect of such dividend is equal to the greater of 15% of the U.S. borrowing base under the Senior Credit Facility or \$15.0 million, and (2) U.S. availability is at least \$10.0 million.

We operate with a significant amount of indebtedness, which is secured by substantially all of our assets and subject to variable interest rates and restrictive covenants.

Our substantial indebtedness could have adverse consequences, such as:

- require us to dedicate a substantial portion of our cash flow from operations to payments on our indebtedness with our lenders, which could reduce the availability of our cash flow to fund future operating capital, capital expenditures, acquisitions and other general corporate purposes;
- expose us to the risk of increased interest rates, as a substantial portion of our borrowings are at variable rates of interest;
- require us to sell assets to reduce indebtedness or influence our decisions about whether to do so;
- increase our vulnerability to general adverse economic and industry conditions;
- limit our flexibility in planning for, or reacting to, changes in our business and our industry;
- restrict us from making strategic acquisitions, buying assets or pursuing business opportunities; and
- limit, along with the financial and other restrictive covenants in our indebtedness, among other things, our ability to borrow additional funds.

In addition, violating covenants in these agreements could have a material adverse effect on our business, financial condition and results of operations. Consequences if the violations are not cured or waived could include substantially increasing our cost of borrowing, restricting our future operations, termination of our lenders' commitments to supply us with further funds, cross defaults to other obligations, or acceleration of our obligations. If some or all of our obligations are accelerated, we may not be able to fully repay them.

Dependence on key personnel.

For the foreseeable future, our success will depend largely on the continued services of our Chairman and Chief Executive Officer, Bohn H. Crain, as well as certain of our other key executives and executives of our acquired businesses because of their collective industry knowledge, marketing skills and relationships with vendors, customers and strategic operating partners. Should any of these individuals leave us, we could have difficulty replacing them with qualified individuals and it could have a material adverse effect on our future results of operations.

Our results of operations could vary as a result of the methods, estimates, and judgments that we use in applying our accounting policies.

The methods, estimates, and judgments that we use in applying our accounting policies have a significant impact on our results of operations (see "Critical Accounting Policies" in Part II, Item 7 of this report). Such methods, estimates, and judgments are, by their nature, subject to substantial risks, uncertainties, and assumptions, and factors may arise over time that lead us to change our methods, estimates, and judgments. Changes in those methods, estimates, and judgments could significantly affect our results of operations.

Terrorist attacks and other acts of violence, anti-terrorism measures or war may affect our operations and our profitability.

As a result of the potential for terrorist attacks, federal, state and municipal authorities have implemented and continue to follow various security measures, including checkpoints and travel restrictions on large trucks. Such measures may reduce the productivity of our independent contractors and transportation providers or increase the costs associated with their operations, which we could be forced to bear. For example, security measures imposed at bridges, tunnels, border crossings and other points on key trucking routes may cause delays and increase the non-driving time of our independent contractors and transportation providers, which could have an adverse effect on our results of operations. We also have higher costs due to mandated security screening of air cargo traveling on passenger airlines and ocean freight. War, risk of war, or a terrorist attack also may have an adverse effect on the economy. A decline in economic activity could adversely affect our revenues or restrict our future growth. Instability in the financial markets as a result of terrorism or war also could impact our ability to raise capital. In addition, the insurance premiums charged for some or all of the coverage currently maintained by us could increase dramatically or such coverage could be unavailable in the future.

We intend to continue growing our international operations and will become increasingly subject to variations in the international trade market.

We provide services to customers engaged in international commerce, and intend to grow our international business in the coming years. For the years ended June 30, 2017 and 2016, international transportation revenue accounted for 35% and 38% of our net revenue, respectively. All factors that affect international trade have the potential to expand or contract our international business and impact our operating results. For example, international trade is influenced by, among other things:

- currency exchange rates and currency control regulations;
- interest rate fluctuations;
- changes in governmental policies, such as taxation, quota restrictions, tariffs, other forms of trade barriers and/or restrictions and trade accords;
- changes in and application of international and domestic customs, trade and security regulations;
- wars, strikes, civil unrest, acts of terrorism, and other conflicts, such as the recent conflict in the Ukraine that has led to the imposition of economic sanctions by the United States and the European Union against Russia;
- natural disasters and pandemics;
- changes in consumer attitudes regarding goods made in countries other than their own;
- changes in availability of credit;
- economic conditions in other countries and regions;
- changes in supply chain design including those resulting from near shoring, widening and deepening of canals, and port congestion or disruption;
- changes in the price and readily available quantities of oil and other petroleum-related products; and
- increased global concerns regarding environmental sustainability.

If any of the foregoing factors have a negative effect on the international trade market, we could suffer a decrease in our international business, which could have a material adverse effect on our results of operations and financial condition.

In connection with our international business, we are subject to certain foreign regulatory requirements, and any failure to comply with these requirements could be detrimental to our business.

We provide services in parts of the world where common business practices could constitute violations of the anticorruption laws, rules, regulations and decrees of the United States, including the U.S. Foreign Corrupt Practices Act, the U.K. Bribery Act and of all other countries in which we conduct business; as well as trade control laws, or laws, regulations and Executive Orders imposing embargoes and sanctions; and anti-boycott laws and regulations. Compliance with these laws, rules, regulations and decrees is dependent on our employees, subcontractors, consultants, agents, third-party brokers and customers, whose individual actions could violate these laws, rules, regulations and decrees. Failure to comply could result in substantial penalties, damages to our reputation and restrictions on our ability to conduct business. In addition, any investigation or litigation related to such violations may require significant management time and could cause us to incur extensive legal and related costs, all of which may have a material adverse effect on our results of operations and operating cash flows.

International operations expose us to currency exchange risk and we cannot predict the effect of future exchange rate fluctuations on our business and operating results.

After giving effect to our recent acquisition of Wheels, we generate significant revenues from international operations, including a substantial amount in Canada. During the year ended June 30, 2017, approximately 35% of our net revenues were generated from international operations, 29% of which is attributable to Wheels. Our international operations are sensitive to currency exchange risks. We have currency exposure arising from both sales and purchases denominated in foreign currencies, as well as intercompany transactions. Significant changes in exchange rates between foreign currencies in which we transact business and the U.S. dollar may adversely affect our results of operations and financial condition. Historically, we have not entered into any hedging activities, and, to the extent that we continue not to do so in the future, we may be vulnerable to the effects of currency exchange-rate fluctuations.

In addition, our international operations also expose us to currency fluctuations as we translate the financial statements of our foreign operations to the U.S. dollar. There can be no guarantee that the effect of currency fluctuations will not be material in the future.

Ineffective internal controls could impact our business and operating results as well as our public reporting and stock price.

We have grown rapidly and face additional challenges of disparate systems and geographically dispersed management. Our internal controls over financial reporting and disclosure are strained at times due to acquisitions and other corporate development activities. From time to time, we have experienced delays in filing certain reports required under the Exchange Act.

Our internal control over financial reporting may not prevent or detect misstatements because of its inherent limitations, including the possibility of human error, 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, our business and operating results could be harmed and we could fail to meet our financial reporting obligations.

Risks Related to our Acquisition Strategy

There is a scarcity of and competition for acquisition opportunities.

There are a limited number of operating companies available for acquisition that we deem to be desirable targets. In addition, there is a very high level of competition among companies seeking to acquire these operating companies. We are and will continue to be a very minor participant in the business of seeking acquisitions of these types of companies. A large number of established and well-financed entities are active in acquiring interests in companies that we may find to be desirable acquisition candidates. Many of these entities have significantly greater financial resources, technical expertise and managerial capabilities than us. Consequently, we will be at a competitive disadvantage in negotiating and executing possible acquisitions of these businesses. Even if we are able to successfully compete with these entities, this competition may affect the terms of completed transactions and, as a result, we may pay more or receive less favorable terms than we expected for potential acquisitions. We may not be able to identify operating companies that complement our strategy, and even if we identify a company that complements our strategy, we may be unable to complete an acquisition of such a company for many reasons, including:

- failure to agree on the terms necessary for a transaction, such as the purchase price;
- incompatibility between our operational strategies or management philosophies with those of the potential acquiree;
- competition from other acquirers of operating companies;
- lack of sufficient capital to acquire a profitable logistics company;
- unwillingness of a potential acquiree to agree to subordinate any future payment of earn-outs or promissory notes to the payments due to our lenders; and
- unwillingness of a potential acquiree to work with our management.

Risks related to acquisition financing.

We have a limited amount of financial resources and our ability to make additional acquisitions without securing additional financing from outside sources is limited. In order to continue to pursue our acquisition strategy, we may be required to obtain additional financing. We intend to obtain such financing through a combination of traditional debt financing or the placement of debt and equity securities. We may finance some portion of our future acquisitions by either issuing equity or by using shares of our common stock for all or a portion of the purchase price for such businesses. In the event that our common stock does not attain or maintain a sufficient market value, or potential acquisition candidates are otherwise unwilling to accept our common stock as part of the purchase price for

the sale of their businesses, we may be required to use more of our cash resources, if available, in order to maintain our acquisition program. If we do not have sufficient cash resources, we will not be able to complete acquisitions and our growth could be limited unless we are able to obtain additional capital through debt or equity financings. The terms of our credit facility require that we obtain the consent of our lenders prior to securing additional debt financing. There could be circumstances in which our ability to obtain additional debt financing could be constrained if we are unable to secure such consent.

Our credit facilities place certain limits on the acquisitions we may make.

Under the terms of our credit facilities, we may be required to obtain the consent of each of our lenders prior to making any additional acquisitions.

We are permitted to make additional acquisitions without the consent of the lenders only if certain conditions are satisfied. These conditions include the following: (i) the absence of an event of default under the Senior Credit Facility, (ii) the acquisition must be consensual; (iii) the company to be acquired must be in the transportation and logistics industry, located in the United States, Canada or certain other approved jurisdictions, and have a positive EBITDA for the 12 month period most recently ended prior to such acquisition, (iv) no debt or liens may be incurred, assumed or result from the acquisition, subject to limited exceptions, (v), the pro forma fixed charge coverage ratio is greater than or equal to 1.1 to 1.0, and (vi) after giving effect for the funding of the acquisition, we must have availability under the Senior Credit Facility of at least the greater of 15% of the U.S.-based borrowing base and Canadian-based borrowing base or \$15.0 million, and U.S. availability of at least \$10.0 million. In addition, under the IPD Loan Agreements, the aggregate cash consideration shall not exceed \$10.0 million for any single transaction and \$25.0 million in the aggregate in any fiscal year.

In the event we are not able to satisfy the conditions of our credit facilities in connection with a proposed acquisition, we must either forego the acquisition, obtain the consent of the lenders, or retire the credit facility. This may prevent us from completing acquisitions that we determine are desirable from a business perspective and limit or slow our ability to achieve the critical mass we need to achieve our strategic objectives.

To the extent we make any material acquisitions, our earnings will be adversely affected by non-cash charges relating to the amortization of intangibles, which may cause our stock price to decline.

Under applicable accounting standards, purchasers are required to allocate the total consideration paid in a business combination to the identified acquired assets and liabilities based on their fair values at the time of acquisition. The excess of the consideration paid to acquire a business over the fair value of the identifiable tangible assets acquired must be allocated among identifiable intangible assets including goodwill. The amount allocated to goodwill is not subject to amortization. However, it is tested at least annually for impairment. The amount allocated to identifiable intangibles, such as customer relationships and the like, is amortized over the life of these intangible assets. We expect that this will subject us to periodic charges against our earnings to the extent of the amortization incurred for that period. Because our business strategy focuses, in part, on growth through acquisitions, our future earnings will be subject to greater non-cash amortization charges than a company whose earnings are derived solely from organic growth. As a result, we will experience an increase in non-cash charges related to the amortization of intangible assets acquired in our acquisitions. Our financial statements will show that our intangible assets are diminishing in value, even if the acquired businesses are increasing (or not diminishing) in value. Because of this discrepancy, we believe our EBITDA, a measure of financial performance that does not conform to generally accepted accounting principles (“GAAP”), provides a meaningful measure of our financial performance. However, the investment community generally measures a public company’s performance by its net income. Further, the financial covenants of our credit facility adjust EBITDA to exclude costs related to share-based compensation and other non-cash charges. Thus, we believe that EBITDA and adjusted EBITDA provide a meaningful measure of our financial performance. If the investment community elects to place more emphasis on net income, the future price of our common stock could be adversely affected.

We are not obligated to follow any particular criteria or standards for identifying acquisition candidates.

Other than as required under the credit facility, we are not obligated to follow any particular operating, financial, geographic or other criteria in evaluating candidates for potential acquisitions or business combinations. We will determine the purchase price and other terms and conditions of acquisitions. Our stockholders will not have the opportunity to evaluate the relevant economic, financial and other information that our management team will use and consider in deciding whether or not to enter into a particular transaction.

We may be required to incur a significant amount of indebtedness in order to successfully implement our acquisition strategy.

Subject to the restrictions contained under our current credit facilities, we may be required to incur a significant amount of indebtedness in order to complete future acquisitions. If we are not able to generate sufficient cash flow from the operations of acquired businesses to make scheduled payments of principal and interest on the indebtedness, then we will be required to use our capital for such payments. This will restrict our ability to make additional acquisitions. We may also be forced to sell an acquired business in order to satisfy indebtedness. We cannot be certain that we will be able to operate profitably once we incur this indebtedness or that we will be able to generate a sufficient amount of proceeds from the ultimate disposition of such acquired businesses to repay the indebtedness incurred to make these acquisitions.

We may experience difficulties in integrating the operations, personnel and assets of acquired businesses that may disrupt our business, dilute stockholder value and adversely affect our operating results.

A core component of our business plan is to acquire businesses and assets in the transportation and logistics industry. There can be no assurance that we will be able to identify, acquire or profitably manage businesses or successfully integrate acquired businesses into the Company without substantial costs, delays or other operational or financial problems. Such acquisitions also involve numerous operational risks, including:

- difficulties in integrating operations, technologies, services and personnel;
- the diversion of financial and management resources from existing operations;
- the risk of entering new markets;
- the potential loss of existing or acquired strategic operating partners following an acquisition;
- the potential loss of key employees following an acquisition and the associated risk of competitive efforts from such departed personnel;
- possible legal disputes with the acquired company following an acquisition; and
- the inability to generate sufficient revenue to offset acquisition or investment costs.

As a result, if we fail to properly evaluate and execute any acquisitions or investments, our business and prospects may be seriously harmed.

In certain acquisitions, we may recognize non-cash gains or losses on changes in contingent consideration. We include contingent consideration based on future financial performance as a portion of the purchase price of certain acquisitions. To the extent that an acquired operation underperforms relative to anticipated earnings levels, we are able to set-off certain levels of future unpaid purchase price for such acquired operations. This will result in the recognition of a non-cash gain on the change in contingent consideration. In the alternative, to the extent an acquired operation outperforms anticipated earnings levels, we will recognize a non-cash expense on the change in contingent consideration. These non-cash gains and expenses may have a material impact on our financial results, and the impact could be opposite to the underlying results of the acquired operation.

Not every acquisition is structured utilizing contingent consideration. Our 2015 acquisitions of Wheels and SBA and our 2017 acquisition of Lomas were structured without using contingent consideration. We will be unable to reduce the purchase price of these entities if they underperform relative to anticipated earnings levels.

We acquired Wheels, SBA, and Lomas and are currently integrating their businesses into our operations.

In April 2015, we acquired all of the capital stock of Wheels through a court-approved plan of arrangement. Wheels now operates as our wholly-owned subsidiary. There can be no assurance of Wheels' ability following the acquisition to maintain and grow its revenues and operating margins in a manner consistent with its most recent operating results. Moreover, Wheels was our largest acquisition to date, and our ability to integrate Wheels' operations with our historic operations, to realize cost synergies with Wheels, and manage the effects of the acquisition on Wheels' existing customers and employees may be challenging.

In June 2015, we acquired SBA. This acquisition was smaller than Wheels, but on a combined basis, the acquisitions may strain our resources and ability to effectively integrate the companies into our operations. If we fail to integrate any or all of these companies effectively, or fail to achieve our revenue and cost expectations, our financial condition, results of operations, and stock price could be adversely affected.

In April 2017, Wheels acquired the assets and operations of Lomas. Lomas will transition to operate as Wheels and the integration is expected to take place quickly.

Claims against us or other liabilities we incur relating to any acquisition or business combination may necessitate our seeking claims against the seller for which the seller may not indemnify us or that may exceed the seller's indemnification obligations.

There may be liabilities we assume in any acquisition or business combination that we did not discover or underestimated in the course of performing our due diligence investigation. A seller will normally have indemnification obligations to us under an acquisition or merger agreement, but these obligations will be subject to financial limitations, such as general deductibles and a cap, as well as time limitations. There can be no assurance that our right to indemnification from any seller will be enforceable, collectible or sufficient in amount, scope or duration to fully offset the amount of any undiscovered or underestimated liabilities. Any such liabilities, individually or in the aggregate, could have a material adverse effect on our business, results of operations or financial condition.

We may face competition from parties who sell us their businesses and from professionals who cease working for us.

In connection with our acquisitions, we generally obtain non-solicitation agreements from the professionals we hire, as well as non-competition agreements from senior managers and professionals. The agreements prohibit such individuals from competing with us during the term of their employment and for a fixed period afterwards and seeking to solicit our employees or clients. In some cases, but not all, we may obtain non-competition or non-solicitation agreements from parties who sell us their business or assets. Certain activities may be carved out of or otherwise may not be prohibited by these arrangements. We cannot assure that one or more of the parties from whom we acquire assets or a business or who do not join us or leave our employment will not compete with us or solicit our employees or clients in the future. Even if ultimately resolved in our favor, any litigation associated with the non-competition or non-solicitation agreements could be time consuming, costly and distract management's focus from locating suitable acquisition candidates and operating our business. Moreover, states and foreign jurisdictions may interpret restrictions on competition narrowly and in favor of employees.

Therefore, certain restrictions on competition or solicitation may be unenforceable. In addition, we may not pursue legal remedies if we determine that preserving cooperation and a professional relationship with the former employee or his clients, or other concerns, outweigh the benefits of any possible legal recourse or the likelihood of success does not justify the costs of pursuing a legal remedy. Such persons, because they have worked for us or a business that we acquire, may be able to compete more effectively with us, or be more successful in soliciting our employees and clients, than unaffiliated third-parties.

Risks Related to our Common Stock

The market price of our common stock may fluctuate significantly, and this may make it difficult for you to resell our common stock at times or at prices you find attractive.

The market price of our common stock may fluctuate significantly as a result of a number of factors, many of which are outside our control. The current market price of our common stock may not be indicative of future market prices. Fluctuations may occur in response to the other risk factors listed in this prospectus supplement and for many other reasons, including:

- actual or anticipated variations in earnings, financial or operating performance or liquidity, including those resulting from the seasonality of our business;
- our financial performance or the performance of our competitors and similar companies;
- the public's reaction to our press releases, other public announcements and filings with the SEC;
- changes in estimates of our performance or recommendations by securities analysts;
- failure to meet securities analysts' quarterly and annual projections;
- the impact of new federal or state regulations;
- changes in accounting standards, policies, guidance, interpretations or principles;
- the introduction of new services by us or our competitors;
- the arrival or departure of key personnel;
- acquisitions, strategic alliances or joint ventures involving us or our competitors;
- technological innovations or other trends in our industry;

- news affecting our customers;
- operating and stock performance of other companies deemed to be peers;
- regulatory or labor conditions applicable to us, our industry or the industries we serve;
- market conditions in our industry, the industries we serve, the financial markets and the economy as a whole;
- changes in our capital structure; and
- sales of our common stock by us or members of our management team.

In addition, the stock market historically has experienced significant price and volume fluctuations. These fluctuations are often unrelated to the operating performance of a particular company. These broad market fluctuations may cause declines in the market price of our common stock.

Volatility in the market price of our common stock may make it difficult for you to resell shares of our common stock when you want or at attractive prices. In addition, when the market price of a company's common stock drops significantly, stockholders often institute securities class action lawsuits against the company. A lawsuit against us could cause us to incur substantial costs, including settlement costs or awards for legal damages, and could divert the time and attention of our management and other resources.

Provisions of our certificate of incorporation, bylaws and Delaware law may make a contested takeover more difficult.

Certain provisions of our certificate of incorporation, bylaws and the General Corporation Law of the State of Delaware ("DGCL") could deter a change in our management or render more difficult an attempt to obtain control of us, even if such a proposal is favored by a majority of our stockholders. For example, we are subject to the provisions of the DGCL that prohibit a public Delaware corporation from engaging in a broad range of business combinations with a person who, together with affiliates and associates, owns 15% or more of such corporation's outstanding voting shares (an "interested stockholder") for three years after the person became an interested stockholder, unless the business combination is approved in a prescribed manner. Our certificate of incorporation provides that directors may only be removed for cause by the affirmative vote of 75% of our outstanding shares and that amendments to our bylaws require the affirmative vote of holders of two-thirds of our outstanding shares. Our certificate of incorporation also includes undesignated preferred stock, which may enable our board of directors to discourage an attempt to obtain control of us by means of a tender offer, proxy contest, merger or otherwise. Finally, our bylaws include an advance notice procedure for stockholders to nominate directors or submit proposals at a stockholders meeting.

Our Chairman and Chief Executive Officer controls a large portion of our common stock and has substantial control over us, which could limit other stockholders' ability to influence the outcome of key transactions, including changes of control.

Under applicable SEC rules, our Chairman and Chief Executive Officer, Bohn H. Crain, beneficially owns approximately 20% of our outstanding common stock as of June 30, 2017. Accordingly, Mr. Crain can exert substantial influence over our management and affairs and matters requiring stockholder approval, including the election of directors and the approval of significant corporate transactions, such as mergers, consolidations or the sale of substantially all of our assets. Consequently, this concentration of ownership may have the effect of delaying or preventing a change of control, including a merger, consolidation, or other business combination involving us, or discouraging a potential acquirer from making a tender offer or otherwise attempting to obtain control, even if that change of control would benefit our other stockholders. Further, this concentration of share ownership may adversely affect the trading price for our common stock because investors may perceive disadvantages in owning stock in companies with concentrated stockholders.

Trading in our common stock has been limited.

Although our common stock is traded on the NYSE American, it remains relatively illiquid, or "thinly traded", as compared to the volume of trading activity associated with larger companies whose shares trade on the larger national exchanges. Because of this limited liquidity, stockholders may be unable to sell their shares at the prices or volumes they desire. The trading price of our shares may from time to time fluctuate widely. The trading price may be affected by a number of factors including events described in the risk factors set forth in this report as well as our operating results, financial condition, announcements, general conditions in the industry and the financial markets, and other events or factors. In recent years, broad stock market indices, in general, and smaller capitalization companies, in particular, have experienced substantial price fluctuations. In a volatile market, we may experience wide fluctuations in the market price of our common stock. These fluctuations may have a negative effect on the market price of our common stock.

The influx of additional shares of our common stock onto the market may create downward pressure on the trading price of our common stock.

We have completed many acquisitions which often include the issuance of additional shares pursuant to the purchase agreements. During the fiscal year ended June 30, 2017, we issued approximately 160,000 unregistered shares of our common stock as part of the purchase price, or associated with the financing of a transaction. In addition, we may issue additional shares in connection with such acquisitions upon the achievement of certain earn-out thresholds or in connection with future acquisitions as part of the purchase consideration. The availability of additional shares for sale to the public under Rule 144 of the Securities Act of 1933, as amended (the "Securities Act") and sale of such shares in public markets could have an adverse effect on the market price of our common stock. Such an adverse effect on the market price would make it more difficult for us to sell our equity securities in the future at prices we deem appropriate or to use our shares as currency for future acquisitions which will make it more difficult to execute our acquisition strategy.

The issuance of additional shares may result in additional dilution to our existing stockholders.

We have filed a universal shelf registration statement that allows us to publicly issue up to \$100.0 million of additional securities, including debt, common stock, preferred stock, and warrants. After giving effect to our July 2015 public offering of common stock, approximately \$48.3 million remains available under the shelf registration statement. The shelf registration is intended to provide greater flexibility to us in financing growth or changing our capital structure.

At any time we may make private offerings of our securities. We have issued, and may be required to issue, additional shares of common stock or common stock equivalents in payment of the purchase price of businesses we have acquired. This will have the effect of further increasing the number of shares outstanding. In connection with future acquisitions, we may undertake the issuance of more shares of common stock without notice to our then existing stockholders. We may also issue additional shares in order to, among other things, compensate employees or consultants or for other valid business reasons in the discretion of our board of directors, which could result in diluting the interests of our existing stockholders.

The exercise or conversion of our outstanding options, warrants or other convertible securities or any derivative securities we issue in the future will result in the dilution of the ownership interests of our existing stockholders and may create downward pressure on the trading price of our common stock. We are currently authorized to issue 100 million shares of common stock. As of September 1, 2017, we had 49,085,951 outstanding shares of common stock. We may in the future issue up to 3,346,594 additional shares of our common stock upon exercise of existing options.

We may issue shares of preferred stock with greater rights than our common stock.

Our certificate of incorporation authorizes our board of directors to issue shares of preferred stock and to determine the price and other terms for those shares without the approval of our stockholders. Any such preferred stock we may issue in the future could rank ahead of our common stock in many ways, including in terms of dividends, liquidation rights, and voting rights.

As we do not anticipate paying dividends on our common stock, investors in our shares of common stock will not receive any dividend income.

We have not paid any cash dividends on our common stock since our inception and we do not anticipate paying cash dividends on our common stock in the foreseeable future. Any dividends that we may pay in the future will be at the discretion of our board of directors, and will depend on our future earnings, any applicable regulatory considerations, our financial requirements and other similarly unpredictable factors. Our ability to pay dividends on our common stock is further limited by the terms of our credit facilities and outstanding 9.75% Series A Cumulative Redeemable Perpetual Preferred Stock ("Series A Preferred Shares"). Accordingly, investors seeking dividend income should not purchase our common stock.

If we are unable to pay quarterly dividends to the holders of our Series A Preferred Shares, we may be subject to additional penalties and requirements, all of which could have a negative effect on the holders of our common stock.

We are required to pay quarterly dividends on the shares of our Series A Preferred Shares equal to 9.75% per annum per \$25.00 stated liquidation preference per Series A Preferred Share. If we do not pay dividends in full on the Series A Preferred Shares on any two dividend payment dates (whether consecutive or not), then the per annum dividend rate will increase by an additional 2.00% per \$25.00 stated liquidation preference, or \$0.50 per annum per Series A Preferred Share, commencing on and after the day following such second dividend payment date. On each subsequent dividend payment date on which cash dividends on the Series A Preferred Shares are not declared and paid, the annual dividend rate on the Series A Preferred Shares payable shall increase by an additional 2.00% per annum per \$25.00 stated liquidation preference per Series A Preferred Share, up to a maximum annual dividend rate on the Series A Preferred Shares of 19.00%. The increase in dividend rates would have a detrimental effect on the value of the Company and the holders of its common stock.

In addition, while the voting rights of Series A Preferred Shares is extremely limited, in the event that we fail to pay six quarterly dividends, whether consecutive or not, on the Series A Preferred Shares or fail to maintain a listing on a national securities exchange, the holders of Series A Preferred Shares will have the right, voting together as a class with all other classes or series of parity securities upon which like voting rights have conferred and are exercisable, to elect two additional directors to serve on our board of directors. The appointment of such two designees to our board of directors could inhibit our ability to execute our business plan and pursue additional acquisitions.

If securities or industry analysts do not publish research about our business, or publish negative reports about our business, our stock price and trading volume could decline.

The trading market for our common stock, to some extent, depends on the research and reports that securities or industry analysts publish about our business. We do not have any control over these analysts. If one or more of the analysts who cover us downgrade our shares or lower their opinion of our shares, our share price may decline. If one or more of these analysts ceases coverage of our business or fails to regularly publish reports on us, we could lose visibility in the financial markets, which could cause our share price or trading volume to decline.

Risks Related to our Series A Preferred Shares.

We cannot assure you that quarterly dividends on, or any other payments in respect of, the Series A Preferred Shares will be made timely or at all.

We cannot assure you that we will be able to pay quarterly dividends on the Series A Preferred Shares or to redeem the Series A Preferred Shares, if we wanted to do so. Quarterly dividends on our Series A Preferred Shares will be paid from funds legally available for such purpose when, as and if declared by our board of directors. You should be aware that certain factors may influence our decision, or adversely affect our ability, to pay dividends on, or make other payments in respect of, our Series A Preferred Shares, including, among other things:

- the amount of our available cash or other liquid assets, including the impact of any liquidity shortfalls caused by the below-described restrictions on the ability of our subsidiaries to generate and transfer cash to us;
- any of the events described our filings with the SEC or the documents incorporated by reference herein or therein that impact our future financial position or performance;
- our ability to service and refinance our current and future indebtedness;
- changes in our cash requirements to fund capital expenditures, acquisitions or other operational or strategic initiatives;
- our ability to borrow or raise additional capital to satisfy our capital needs;
- restrictions imposed by our existing, or any future, credit facilities, debt securities or leases, including restricted payment and leverage covenants that could limit our ability to make payments to holders of the Series A Preferred Shares; and
- limitations on cash payments to stockholders under Delaware law, including limitations that require dividend payments be made out of surplus or, subject to certain limitations, out of net profits for the then-current or preceding year in the event there is no surplus.

Based on its evaluation of these and other relevant factors, our board of directors may, in its sole discretion, decide not to declare a dividend on the Series A Preferred Shares for any quarterly period for any reason, regardless of whether we have funds legally available for such purpose. In such event, the sole recourse will be the rights as a holder of Series A Preferred Shares specified in the certificate of designation for such shares, including the right to cumulative dividends and the further right under certain specified circumstances to additional interest and limited conditional voting rights.

In addition, under our Senior Credit Facility, we are prohibited from declaring and paying dividends unless: (i) there are no existing events of default under the Senior Credit Facility or an event of default would not be caused by the declaration or payment of such dividend, and (ii) the amount available under the credit facility after the pro forma effect of such dividend is at least \$20.0 million and the U.S. availability is at least \$12.5 million; or availability is at least the greater of 15% of the U.S. borrowing base under the credit facility, U.S. availability is at least \$10.0 million and the pro forma fixed charge coverage ratio is at least 1.1 to 1.0.

The Series A Preferred Shares represent perpetual equity interests.

The Series A Preferred Shares represent perpetual equity interests in us and, unlike our indebtedness, will not entitle the holders thereof to receive payment of a principal amount at a particular date. As a result, holders of the Series A Preferred Shares may be

required to bear the financial risks of an investment in the Series A Preferred Shares for an indefinite period of time. In addition, the Series A Preferred Shares will rank junior to all our indebtedness and other liabilities, and to any other senior securities we may issue in the future with respect to assets available to satisfy claims against us.

Increases in market interest rates may adversely affect the trading price of our Series A Preferred Shares.

One of the factors that will influence the trading price of our Series A Preferred Shares will be the dividend yield on the Series A Preferred Shares relative to market interest rates. An increase in market interest rates, which are currently at low levels relative to historical rates, may reduce demand for our Series A Preferred Shares and would likely increase our borrowing costs and potentially decrease funds available for distribution. Accordingly, higher market interest rates could cause the market price of our Series A Preferred Shares to decrease.

The Series A Preferred Shares have not been rated, and the lack of a rating may adversely affect the trading price of the Series A Preferred Shares.

We have not sought to obtain a rating for the Series A Preferred Shares, and the shares may never be rated. It is possible, however, that one or more rating agencies might independently determine to assign a rating to the Series A Preferred Shares or that we may elect to obtain a rating of our Series A Preferred Shares in the future. In addition, we may elect to issue other securities for which we may seek to obtain a rating. The market value of the Series A Preferred Shares could be adversely affected if:

- any ratings assigned to the Series A Preferred Shares in the future or to other securities we issue in the future are lower than market expectations or are subsequently lowered or withdrawn, or
- ratings for such other securities would imply a lower relative value for the Series A Preferred Shares.

Our Series A Preferred Shares are junior to our debt liabilities and lease obligations, the debt and other liabilities of our subsidiaries and third-party holders' of equity interests in our subsidiaries and the interests could be diluted by our issuance of additional shares of preferred stock, including additional Series A Preferred Shares, and by other transactions.

Our Series A Preferred Shares are subordinated to all of our existing and future indebtedness and lease obligations. As of June 30, 2017, we and our subsidiaries had outstanding indebtedness and liabilities of approximately \$166.1 million, all of which is senior in right of payment to the Series A Preferred Shares. Our existing indebtedness restricts, and our future indebtedness may include restrictions on our ability to pay dividends to preferred stockholders.

Our certificate of incorporation currently authorizes the issuance of up to five million shares of preferred stock in one or more classes or series, and we will be permitted, without notice to or consent of the holders of Series A Preferred Shares, to issue additional Series A Preferred Shares or other securities that have rights junior to such shares, up to the maximum aggregate number of authorized shares of our preferred stock. The issuance of additional preferred stock on a parity with or senior to our Series A Preferred Shares would dilute the interests of the holders of our Series A Preferred Shares, and any issuance of preferred stock senior to or on a parity with our Series A Preferred Shares or of additional indebtedness could adversely affect our ability to pay dividends on, redeem or pay the liquidation preference on our Series A Preferred Shares.

Except in limited circumstances, no provisions relating to our Series A Preferred Shares protect the holders of our Series A Preferred Shares in the event of a highly leveraged or other transaction, including a merger or the sale, lease or conveyance of all or substantially all our assets or business, any of which might adversely affect the holders of our Series A Preferred Shares.

Holders of Series A Preferred Shares have extremely limited voting rights.

The voting rights of Series A Preferred Shares is extremely limited. However, in the event that six quarterly dividends, whether consecutive or not, payable on Series A Preferred Shares are in arrears or a listing failure has occurred and is continuing, the holders of Series A Preferred Shares will have the right, voting together as a class with all other classes or series of parity securities upon which like voting rights have conferred and are exercisable, to elect two additional directors to serve on our board of directors.

Investors should not expect us to redeem the Series A Preferred Shares on the date the Series A Preferred Shares becomes redeemable by the Company or on any particular date afterwards.

The shares of Series A Preferred Shares have no maturity or mandatory redemption date and are not redeemable at the option of investors under any circumstances. By their terms, the Series A Preferred Shares may be redeemed by us at our option either in whole or in part at any time on or after December 20, 2018 or, under certain circumstances, may be redeemed by us at our option, in whole,

sooner than that date. Any decision we may make at any time regarding whether to redeem the Series A Preferred Shares will depend upon a wide variety of factors, including our evaluation of our capital position, our capital requirements and general market conditions at that time. You should not assume that we will redeem the Series A Preferred Shares at any particular time, or at all.

The Series A Preferred Shares are not convertible and purchasers may not realize a corresponding benefit if the trading price of our common stock rises.

The Series A Preferred Shares will not be convertible into common shares or other of our securities and will not have exchange rights or be entitled or subject to any preemptive or similar rights. In addition, the Series A Preferred Shares will earn dividends at a fixed rate (subject to adjustment). Accordingly, as noted in greater detail above, the market value of the Series A Preferred Shares may depend on, among other things, dividend and interest rates for other securities and other investment alternatives and our actual and perceived ability to make dividend or other payments in respect of our Series A Preferred Shares. Moreover, our right to redeem the Series A Preferred Shares on or after December 20, 2018 or in the event of a change in control could impose a ceiling on their value.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

Our principal executive offices are located in Bellevue, Washington. We also conduct business from Company-owned offices and warehouses operating from the following leased locations:

United States:

- Tempe, Arizona
- Carson, California
- Woodridge, Illinois
- Hebron, Kentucky
- Louisville, Kentucky
- Taylor, Michigan
- Bloomington, Minnesota
- Southaven, Mississippi
- Edison, New Jersey
- Woodbridge, New Jersey
- Jamaica, New York
- Woodbury, New York
- Portland, Oregon
- Folcroft, Pennsylvania
- Laredo, Texas

Canada:

- Delta, British Columbia
- Brampton, Ontario
- Mississauga, Ontario
- Laval, Québec

We believe our current offices and warehouses are adequately covered by insurance and are sufficient to support our operations for the foreseeable future.

ITEM 3. LEGAL PROCEEDINGS

From time to time, we and our operating subsidiaries are involved in claims, proceedings and litigation arising in the ordinary course of business, some of which are in the very early stages of litigation and therefore difficult to judge their potential materiality. For those claims for which we can judge the materiality, in the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on our consolidated financial position, results of operations or liquidity. Legal expenses are expensed as incurred. A summary of potential material litigation is as follows:

Ingrid Barahona v. Accountabilities, Inc. d/b/a Accountabilities Staffing, Inc., Radiant Global Logistics, Inc. and DBA Distribution Services, Superior Court of the State of California, Los Angeles County, Case No. BC525802

On October 25, 2013, plaintiff Ingrid Barahona filed a purported class action lawsuit against Radiant Global Logistics, Inc. (“Radiant”), DBA and two third-party staffing companies (collectively, the “Staffing Defendants”) with whom Radiant and DBA contracted for temporary employees. In the lawsuit, Ms. Barahona, on behalf of herself and the putative class, seeks damages and penalties under California law, plus interest, attorneys’ fees, and costs, along with equitable remedies, alleging that she and the putative class were the subject of unfair and unlawful business practices, including certain wage and hour violations relating to, among others, failure to provide meal and rest periods, failure to pay minimum wages and overtime, and failure to reimburse employees for work-related expenses. Ms. Barahona alleges that she was jointly employed by the staffing companies and Radiant and DBA. Radiant

and DBA deny Ms. Barahona's allegations in their entirety, deny that we are liable to Ms. Barahona or the putative class members in any way, and are vigorously defending against these allegations based upon our preliminary evaluation of applicable records and legal standards.

If Ms. Barahona's allegations were to prevail on all claims we, as well as our co-defendants, could be liable for uninsured damages in an amount that, while not significant when evaluated against either our assets or current and expected level of annual earnings, could be material when judged against our earnings in the particular quarter in which any such damages arose, if at all. However, based upon our preliminary evaluation of the matter, we do not believe we are likely to incur material damages, if at all, since, among others: (i) the amount of any potential damages remains highly speculative at this stage of the proceedings; (ii) we do not believe as a matter of law we should be characterized as Ms. Barahona's employer and codefendant Accountabilities admitted to being the employer of record; (iii) wage and hour class actions of this nature typically settle for amounts significantly less than plaintiffs' demands because of the uncertainty with litigation and the difficulty in taking these types of cases to trial; and (iv) Ms. Barahona has indicated her desire to resolve this matter through a mediated settlement. Ms. Barahona admitted in a report to the court that she is unable to prosecute the case because the payroll and personnel records she needs are in the possession of Tri-State and/or Accountabilities ("Debtors"), and the case has been stayed as to them pending resolution of their chapter 11 bankruptcy proceedings. In January 2016, the court held a status conference, which was continued multiple times so that the parties could attempt to obtain the necessary documents. DBA and the Company informally obtained all records within co-defendants' bankruptcy estate through their trustee's counsel; however, those records were incomplete and did not contain the requisite time, payroll and personnel records. Based on its belief that the debtors have additional records and in an effort to lift the bankruptcy "stay", Ms. Barahona obtained the dismissal of the debtors without prejudice from the state court action. The court set a deadline of November 30, 2017, for Ms. Barahona to file her motion for class certification, and set a further status conference for December 14, 2017, to set a briefing schedule for the motion for class certification. The court has also ordered the parties to participate in mediation by August 31, 2017. We have been awaiting further action from Ms. Barahona with respect to the foregoing. The mediation has not taken place and we are unsure whether the court will issue another order requiring the parties to mediate this matter in the future. At this time, we are unable to express an opinion as to the likely outcome of the matter.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Market Information

Our common stock trades on the NYSE American under the symbol "RLGT." The following table states the range of the high and low sales price per share, as applicable, of our common stock for each calendar quarter during our past two fiscal years as reported by the NYSE American. The last price of our common stock as reported on the NYSE American on September 1, 2017, was \$5.07 per share.

| | | High | | Low |
|---------------------------------------|----|------|----|------|
| <u>Year ended June 30, 2017:</u> | | | | |
| Quarter ended June 30, 2017..... | \$ | 6.65 | \$ | 4.80 |
| Quarter ended March 31, 2017..... | | 5.96 | | 3.39 |
| Quarter ended December 31, 2016..... | | 4.15 | | 2.48 |
| Quarter ended September 30, 2016..... | | 3.32 | | 2.45 |
| <u>Year ended June 30, 2016:</u> | | | | |
| Quarter ended June 30, 2016..... | \$ | 4.19 | \$ | 2.98 |
| Quarter ended March 31, 2016..... | | 3.78 | | 2.95 |
| Quarter ended December 31, 2015..... | | 4.57 | | 3.32 |
| Quarter ended September 30, 2015..... | | 7.75 | | 4.21 |

Holders

As of September 1, 2017, the number of stockholders of record of our common stock was 111. This figure does not include a greater number of beneficial holders of our common stock, whose shares are held of record by banks, brokers and other financial institutions.

Dividend Policy

We have never declared or paid cash dividends on our common stock. In addition, we and our subsidiaries are subject to certain restrictions on declaring dividends under our existing credit facilities and the Certificate of Designation of our 9.75% Series A Cumulative Redeemable Perpetual Preferred Stock. We currently do not anticipate declaring or paying any cash dividends in the foreseeable future on our common stock. Any future determination to declare cash dividends will be made at the discretion of our board of directors, subject to applicable laws and contractual restrictions, and will depend on our financial condition, results of operations, capital requirements, general business conditions and other factors that our board of directors may deem relevant.

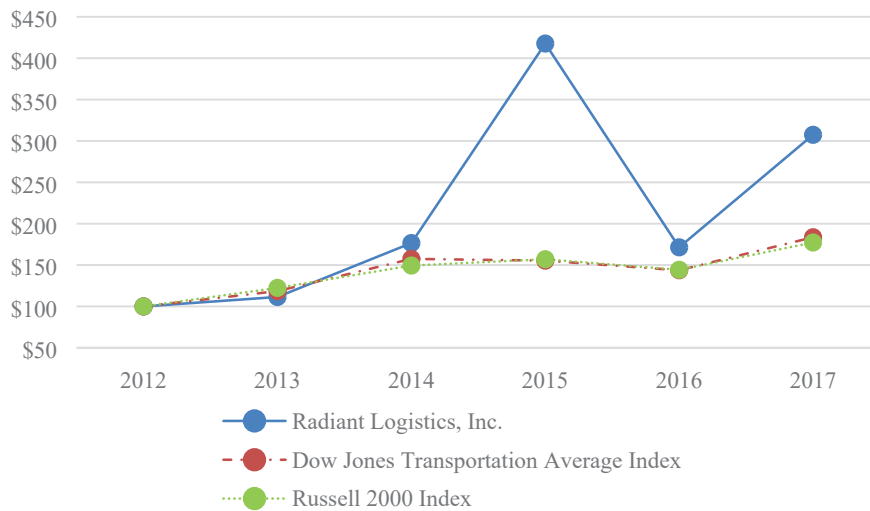
Transfer Agent

The transfer agent and registrar for our common stock is Broadridge Corporate Issuer Solutions, Inc. The transfer agent and registrar's address is 1717 Arch Street, Suite 1300, Philadelphia, Pennsylvania 19103.

Investment Value

The graph below compares the cumulative 5-year total return of holders of our common stock with the cumulative total returns of the Dow Jones Transportation Average Index and the Russell 2000 Index. The graph tracks the performance of a \$100 investment in our common stock and in each index from June 30, 2012 to June 30, 2017.

| | Investment value as of June 30, | | | | | |
|--|---------------------------------|--------|--------|--------|--------|--------|
| | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
| Radiant Logistics, Inc. | \$ 100 | \$ 111 | \$ 177 | \$ 418 | \$ 171 | \$ 307 |
| Dow Jones Transportation Average Index | 100 | 119 | 157 | 155 | 144 | 184 |
| Russell 2000 Index | 100 | 122 | 149 | 157 | 144 | 177 |



Recent Issuance of Unregistered Securities

From July 1, 2016 through the date of this report we issued the following unregistered securities:

- In June 2017, we issued 84,735 shares of common stock to the former shareholders of DLT in satisfaction of \$500,000 of the purchase price for DLT; and
- In June 2017, we issued 75,594 shares of common stock to the former shareholders of PCA in satisfaction of \$404,429 of the earn-out payment for the period ended February 28, 2017.

We did not utilize or engage a principal underwriter in connection with the above securities transactions. The above securities were only offered, sold to or transacted with earn-outs to “accredited investors” as that term is defined in Rule 501 of Regulation D, promulgated under the Securities Act of 1933, as amended. Management believes the above shares of common stock were issued pursuant to the exemption from registration under Section 4(a)(2) of the Securities Act of 1933, as amended.

ITEM 6. SELECTED FINANCIAL DATA

This table includes selected financial data for the last five years. This financial data should be read together with our Consolidated Financial Statements and related notes, Management's Discussion and Analysis of Financial Condition and Results of Operations, and other financial data appearing elsewhere in this Annual Report.

| (In thousands, except share and per share data) | Year ended June 30, | | | | |
|---|---------------------|------------|------------|------------|------------|
| | 2017 | 2016 | 2015 | 2014 | 2013 |
| Operating Results: | | | | | |
| Revenue..... | \$ 777,613 | \$ 782,579 | \$ 502,665 | \$ 349,133 | \$ 310,835 |
| Net revenue..... | 194,636 | 186,661 | 123,723 | 99,235 | 88,433 |
| Income (loss) from operations..... | 10,488 | (337) | 10,550 | 10,524 | 7,422 |
| Net income (loss) attributable to Radiant Logistics, Inc..... | 4,862 | (3,519) | 5,875 | 5,118 | 3,657 |
| Preferred stock dividends..... | 2,046 | 2,046 | 2,046 | 1,091 | — |
| Net income (loss) attributable to common stockholders..... | 2,816 | (5,565) | 3,829 | 4,027 | 3,657 |
| Per Share Data: | | | | | |
| Net income (loss) per common share: | | | | | |
| Basic..... | \$ 0.06 | \$ (0.11) | \$ 0.11 | \$ 0.12 | \$ 0.11 |
| Diluted..... | \$ 0.06 | \$ (0.11) | \$ 0.10 | \$ 0.11 | \$ 0.10 |
| Weighted average shares outstanding: | | | | | |
| Basic..... | 48,840,797 | 48,413,361 | 36,446,778 | 33,716,367 | 33,120,767 |
| Diluted..... | 49,993,595 | 48,413,361 | 38,021,511 | 35,458,401 | 35,690,119 |
| Financial Position: | | | | | |
| Technology and equipment, net..... | \$ 15,227 | \$ 12,453 | \$ 13,176 | \$ 1,265 | \$ 1,290 |
| Total assets..... | 289,540 | 263,469 | 305,038 | 120,014 | 83,753 |
| Notes payable..... | 40,422 | 31,319 | 84,745 | 7,243 | 17,981 |
| Contingent consideration..... | 9,920 | 7,485 | 7,613 | 11,167 | 4,025 |
| Total stockholders' equity..... | 123,465 | 119,181 | 84,493 | 40,925 | 15,885 |

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our financial condition and result of operations should be read in conjunction with the consolidated financial statements and the related notes and other information included elsewhere in this report.

Overview

We operate as a third-party logistics company, providing multi-modal transportation and logistics services primarily in the United States and Canada. We service a large and diversified account base consisting of consumer goods, food and beverage, manufacturing and retail customers which we support from an extensive network of over 100 operating locations across North America as well as an integrated international service partner network located in other key markets around the globe. We provide these services through a multi-brand network including 20 Company-owned offices. As a third-party logistics company, we have approximately 10,000 asset-based transportation companies, including motor carriers, railroads, airlines and ocean lines in our carrier network. We believe shippers value our services because we are able to objectively arrange the most efficient and cost-effective means, type and provider of transportation service without undue influence caused by the ownership of transportation assets. In addition, our minimal investment in physical assets affords us the opportunity for a higher return on invested capital and net cash flows than our asset-based competitors.

Through our operating locations across North America, we offer domestic and international air and ocean freight forwarding services and freight brokerage services including truckload services, LTL services, and intermodal services, which is the movement of freight in trailers or containers by combination of truck and rail. Our primary business operations involve arranging the shipment, on behalf of our customers, of materials, products, equipment and other goods that are generally larger than shipments handled by integrated carriers of primarily small parcels, such as FedEx, DHL and UPS. Our services include arranging and monitoring all aspects of material flow activity utilizing advanced information technology systems. We also provide other value-added logistics services, including customs brokerage and materials management and distribution solutions to complement our core transportation service offering.

We expect to grow our business organically and by completing acquisitions of other companies with complementary geographic and logistics service offerings. Our organic growth strategy will continue to focus on strengthening existing and expanding new customer relationships leveraging the benefit of our truck brokerage and intermodal service offerings, while continuing our efforts on the organic build-out of our network of strategic operating partner locations. In addition to our focus on organic growth, we continue to search for acquisition candidates that bring to our current platform a critical mass from a geographic and/or purchasing power standpoint along with complementary service offerings. As we continue to grow and scale our business, we believe that we are creating density in our trade lanes which creates opportunities for us to more efficiently source and manage our transportation capacity. In addition, we remain focused on leveraging our back-office infrastructure to drive productivity improvement across the organization.

Performance Metrics

Our principal source of income is derived from freight forwarding and freight brokerage services we provide to our customers. As a third-party logistics provider, we arrange for the shipment of our customers' freight from point of origin to point of destination. Generally, we quote our customers a turnkey cost for the movement of their freight. Our price quote will often depend upon the customer's time-definite needs (first day through fifth day delivery), special handling needs (heavy equipment, delicate items, environmentally sensitive goods, electronic components, etc.), and the means of transport (motor carrier, air, ocean or rail). In turn, we assume the responsibility for arranging and paying for the underlying means of transportation.

Our transportation revenue represents the total dollar value of services we sell to our customers. Our cost of transportation includes direct costs of transportation, including motor carrier, air, ocean and rail services. Our net transportation revenue (gross transportation revenue less the direct cost of transportation) is the primary indicator of our ability to source, add value and resell services provided by third-parties, and is considered by management to be a key performance measure. In addition, management believes measuring its operating costs as a function of net transportation revenue provides a useful metric, as our ability to control costs as a function of net transportation revenue directly impacts operating earnings.

Our operating results will be affected as acquisitions occur. Since all acquisitions are made using the purchase method of accounting for business combinations, our financial statements will only include the results of operations and cash flows of acquired companies for periods subsequent to the date of acquisition.

Our GAAP-based net income will be affected by non-cash charges relating to the amortization of customer related intangible assets and other intangible assets attributable to completed acquisitions. Under applicable accounting standards, purchasers are required to

allocate the total consideration in a business combination to the identified assets acquired and liabilities assumed based on their fair values at the time of acquisition. The excess of the consideration paid over the fair value of the identifiable net assets acquired is to be allocated to goodwill, which is tested at least annually for impairment. Applicable accounting standards require that we separately account for and value certain identifiable intangible assets based on the unique facts and circumstances of each acquisition. As a result of our acquisition strategy, our net income will include material non-cash charges relating to the amortization of customer related intangible assets and other intangible assets acquired in our acquisitions. Although these charges may increase as we complete more acquisitions, we believe we will be growing the value of our intangible assets (e.g., customer relationships). Thus, we believe that earnings before interest, taxes, depreciation and amortization, or EBITDA, is a useful financial measure for investors because it eliminates the effect of these non-cash costs and provides an important metric for our business.

EBITDA is a non-GAAP measure of income and does not include the effects of preferred stock dividends, interest and taxes, and excludes the “non-cash” effects of depreciation and amortization on long-term assets. Companies have some discretion as to which elements of depreciation and amortization are excluded in the EBITDA calculation. We exclude all depreciation charges related to technology and equipment, all amortization charges (including amortization of leasehold improvements), and other intangible assets. We then further adjust EBITDA to exclude changes in contingent consideration, expenses specifically attributable to acquisitions, severance and lease termination costs, foreign exchange gains and losses, extraordinary items, share-based compensation expense, non-recurring litigation expenses, and other non-cash charges. Adjusted EBITDA is then normalized by excluding non-recurring transition costs. While management considers EBITDA, adjusted EBITDA, and normalized adjusted EBITDA useful in analyzing our results, it is not intended to replace any presentation included in our consolidated financial statements.

Our operating results are also subject to seasonal trends when measured on a quarterly basis. The impact of seasonality on our business will depend on numerous factors, including the markets in which we operate, holiday seasons, consumer demand and economic conditions. Since our revenue is largely derived from customers whose shipments are dependent upon consumer demand and just-in-time production schedules, the timing of our revenue is often beyond our control. Factors such as shifting demand for retail goods and/or manufacturing production delays could unexpectedly affect the timing of our revenue. As we increase the scale of our operations, seasonal trends in one area of our business may be offset to an extent by opposite trends in another area. We cannot accurately predict the timing of these factors, nor can we accurately estimate the impact of any particular factor, and thus we can give no assurance any historical seasonal patterns will continue in future periods.

Critical Accounting Policies

Accounting policies, methods and estimates are an integral part of the consolidated financial statements prepared by management and are based upon management’s current judgments. These judgments are normally based on knowledge and experience regarding to past and current events and assumptions about future events. Certain accounting policies, methods and estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ from management’s current judgments. While there are a number of accounting policies, methods and estimates that affect our financial statements, the areas that are particularly significant include revenue recognition, accruals for the cost of purchased transportation, the fair value of acquired assets and liabilities, changes in contingent consideration, accounting for the issuance of shares and share-based compensation, the assessment of the recoverability of long-lived assets, acquired intangible assets, goodwill, and the establishment of an allowance for doubtful accounts.

We perform an annual impairment test for goodwill as of April 1 of each year, unless events or circumstances indicate impairment may have occurred before that time. We assess qualitative factors to determine whether it is more likely than not that the fair value of the reporting unit is less than the carrying amount. After assessing qualitative factors, if further testing is necessary we would determine the fair value of each reporting unit, and compare the fair value to the reporting unit’s carrying amount.

Acquired intangibles consist of customer related intangibles, trade names and trademarks, and non-compete agreements arising from our acquisitions. Customer related intangibles are amortized using the straight-line method over a period of up to 10 years, trademarks and trade names are amortized using the straight line method over 15 years, and non-compete agreements are amortized using the straight line method over the term of the underlying agreements.

We review long-lived assets to be held-and-used for impairment whenever events or changes in circumstances indicate the carrying amount of the assets may not be recoverable. If the sum of the undiscounted expected future cash flows over the remaining useful life of a long-lived asset is less than its carrying amount, the asset is considered to be impaired. Impairment losses are measured as the amount by which the carrying amount of the asset exceeds the fair value of the asset. When fair values are not available, we estimate fair value using the expected future cash flows discounted at a rate commensurate with the risks associated with the recovery of the asset. Assets to be disposed of are reported at the lower of carrying amount or fair value less costs to sell.

As a non-asset based carrier, we do not generally own transportation assets. We do, however, own certain trailers and refrigerated trailers that we use in our business. We generate the majority of our air and ocean freight forwarding and freight brokerage revenues by purchasing transportation services from direct (asset-based) carriers and reselling those services to our customers. Based upon the terms in the contract of carriage, freight forwarding revenues related to shipments where we issue a House Airway Bill or a House Ocean Bill of Lading are recognized at the time the freight is tendered to the direct carrier at origin. Costs related to the shipments are also recognized at this same time based upon anticipated margins, contractual arrangements with direct carriers, and other known factors. The estimates are routinely monitored and compared to actual invoiced costs. The estimates are adjusted as deemed necessary by us to reflect differences between the original accruals and actual costs of purchased transportation. This method generally results in recognition of revenues and purchased transportation costs earlier than the preferred methods under GAAP which do not recognize revenue until a proof of delivery is received or which recognize revenue as progress on the transit is made. Our method of revenue and cost recognition does not result in a material difference from amounts that would be reported under such other methods.

All other revenue, including revenue from other value-added services including freight brokerage services, customs brokerage services and warehousing and fulfillment services, is recognized upon completion of the service.

Results of Operations

Fiscal year ended June 30, 2017, compared to fiscal year ended June 30, 2016

The following table summarizes transportation revenue, cost of transportation and net transportation revenue by geographic operating segments for the fiscal years ended June 30, 2017 and 2016 (in thousands):

| | Year Ended June 30, 2017 | | | | Year Ended June 30, 2016 | | | |
|----------------------------------|--------------------------|------------------|----------------------------|-------------------|--------------------------|------------------|----------------------------|-------------------|
| | United States | Canada | Corporate/ Eliminations | Total | United States | Canada | Corporate/ Eliminations | Total |
| Transportation revenue | | | | | | | | |
| Forwarding | \$ 558,422 | \$ 3,982 | \$ (377) | \$ 562,027 | \$ 543,155 | \$ 4,156 | \$ (358) | \$ 546,953 |
| Brokerage | 122,646 | 88,600 | (3,934) | 207,312 | 134,387 | 97,338 | (4,316) | 227,409 |
| | <u>681,068</u> | <u>92,582</u> | <u>(4,311)</u> | <u>769,339</u> | <u>677,542</u> | <u>101,494</u> | <u>(4,674)</u> | <u>774,362</u> |
| Cost of transportation | | | | | | | | |
| Forwarding | 398,857 | 3,252 | (377) | 401,732 | 392,612 | 3,425 | (358) | 395,679 |
| Brokerage | 112,574 | 72,605 | (3,934) | 181,245 | 122,277 | 82,278 | (4,316) | 200,239 |
| | <u>511,431</u> | <u>75,857</u> | <u>(4,311)</u> | <u>582,977</u> | <u>514,889</u> | <u>85,703</u> | <u>(4,674)</u> | <u>595,918</u> |
| Net transportation revenue | | | | | | | | |
| Forwarding | 159,565 | 730 | — | 160,295 | 150,543 | 731 | — | 151,274 |
| Brokerage | 10,072 | 15,995 | — | 26,067 | 12,110 | 15,060 | — | 27,170 |
| | <u>169,637</u> | <u>16,725</u> | <u>—</u> | <u>186,362</u> | <u>162,653</u> | <u>15,791</u> | <u>—</u> | <u>178,444</u> |
| Net transportation margins | 24.9% | 18.1% | | 24.2% | 24.0% | 15.6% | | 23.0% |
| Other value-added services | 4,105 | 4,169 | — | 8,274 | 4,949 | 3,268 | — | 8,217 |
| Net revenues | <u>\$ 173,742</u> | <u>\$ 20,894</u> | <u>\$ —</u> | <u>\$ 194,636</u> | <u>\$ 167,602</u> | <u>\$ 19,059</u> | <u>\$ —</u> | <u>\$ 186,661</u> |

Forwarding revenue was \$562.0 million and \$547.0 million for the years ended June 30, 2017 and 2016, respectively. The increase of \$15.0 million, or 2.7%, is primarily attributable to increased revenues by certain strategic operating partners. Forwarding net transportation revenue was \$160.3 million and \$151.3 million for the years ended June 30, 2017 and 2016, respectively. Net forwarding transportation margins increased from 27.7% to 28.5%, primarily due to lower costs of purchased transportation.

Brokerage revenue was \$207.3 million and \$227.4 for the years ended June 30, 2017 and 2016, respectively. The decrease of \$20.1 million, or 8.8%, is primarily attributable to general softness in the brokerage markets. Brokerage net transportation revenue was \$26.1 million and \$27.2 million for the years ended June 30, 2017 and 2016, respectively. Net brokerage transportation margins increased from 11.9% to 12.6%, primarily as a result of slightly lower costs of purchased transportation.

Other value-added services were \$8.3 million and \$8.2 million for the years ended June 30, 2017 and 2016, respectively.

The following table compares condensed consolidated statements of operations data by geographic operating segments for the fiscal years ended June 30, 2017 and 2016 (in thousands):

| | Year Ended June 30, 2017 | | | | Year Ended June 30, 2016 | | | |
|---|--------------------------|-----------|----------------------------|------------|--------------------------|-----------|----------------------------|------------|
| | United States | Canada | Corporate/ Eliminations | Total | United States | Canada | Corporate/ Eliminations | Total |
| Net revenues..... | \$ 173,742 | \$ 20,894 | \$ — | \$ 194,636 | \$ 167,602 | \$ 19,059 | \$ — | \$ 186,661 |
| Operating partner commissions | 90,207 | — | — | 90,207 | 84,475 | — | — | 84,475 |
| Personnel costs..... | 37,803 | 11,110 | 3,017 | 51,930 | 40,296 | 10,812 | 3,023 | 54,131 |
| Selling, general and administrative expenses | 16,053 | 4,699 | 3,219 | 23,971 | 15,493 | 4,874 | 5,364 | 25,731 |
| Depreciation and amortization..... | 2,371 | 734 | 9,244 | 12,349 | 1,890 | 671 | 9,472 | 12,033 |
| Transition and lease termination costs..... | 1,582 | 541 | 137 | 2,260 | 3,339 | 2,606 | — | 5,945 |
| Impairment of acquired intangible assets | — | — | — | — | — | — | 3,680 | 3,680 |
| Change in contingent consideration..... | — | — | 3,431 | 3,431 | — | — | 1,003 | 1,003 |
| Total operating expenses..... | 148,016 | 17,084 | 19,048 | 184,148 | 145,493 | 18,963 | 22,542 | 186,998 |
| Income (loss) from operations | 25,726 | 3,810 | (19,048) | 10,488 | 22,109 | 96 | (22,542) | (337) |
| Other income (expense)..... | 561 | 40 | (2,497) | (1,896) | 1,220 | (170) | (6,052) | (5,002) |
| Income (loss) before income tax expense | 26,287 | 3,850 | (21,545) | 8,592 | 23,329 | (74) | (28,594) | (5,339) |
| Income tax benefit (expense)..... | — | — | (3,673) | (3,673) | — | — | 1,886 | 1,886 |
| Net income (loss) | 26,287 | 3,850 | (25,218) | 4,919 | 23,329 | (74) | (26,708) | (3,453) |
| Less: Net income attributable to non-controlling interest | (57) | — | — | (57) | (66) | — | — | (66) |
| Net income (loss) attributable to Radiant Logistics, Inc..... | 26,230 | 3,850 | (25,218) | 4,862 | 23,263 | (74) | (26,708) | (3,519) |
| Less: Preferred stock dividends | — | — | (2,046) | (2,046) | — | — | (2,046) | (2,046) |
| Net income (loss) attributable to common stockholders | \$ 26,230 | \$ 3,850 | \$ (27,264) | \$ 2,816 | \$ 23,263 | \$ (74) | \$ (28,754) | \$ (5,565) |

| Selected operating expenses as a percent of net revenue: | Year Ended June 30, 2017 | | | | Year Ended June 30, 2016 | | | |
|--|--------------------------|--------|----------------------------|-------|--------------------------|--------|----------------------------|-------|
| | United States | Canada | Corporate/ Eliminations | Total | United States | Canada | Corporate/ Eliminations | Total |
| Operating partner commissions | 51.9% | 0.0% | N/A | 46.3% | 50.4% | 0.0% | N/A | 45.3% |
| Personnel costs | 21.8% | 53.2% | N/A | 26.7% | 24.0% | 56.7% | N/A | 29.0% |
| Selling, general and administrative expenses..... | 9.2% | 22.5% | N/A | 12.3% | 9.2% | 25.6% | N/A | 13.8% |

Operating partner commissions increased \$5.7 million, or 6.8%, to \$90.2 million for the year ended June 30, 2017 primarily due to increased commissions resulting from increases in net revenues from strategic operating partners.

Personnel costs decreased \$2.2 million, or 4.1%, to \$51.9 million for the year ended June 30, 2017. The decrease is attributable to workforce reduction at On Time made in connection with the loss of a significant customer in the prior fiscal year along with a reduction in headcount due to a consolidation of operating locations.

Selling, general and administrative (“SG&A”) expenses decreased \$1.7 million, or 6.8%, to \$24.0 million for the year ended June 30, 2017. The decrease is primarily due to decreases in professional service fees associated with litigation and acquisitions in the prior year, partially offset by increased facilities and office expenses associated with the Lomas and DLT acquisitions.

Depreciation and amortization costs increased \$0.3 million, or 2.6%, to \$12.3 million for the year ended June 30, 2017, primarily due to increased amortization associated with recent acquisitions.

Transition and lease termination costs decreased \$3.6 million, or 62.0%, to \$2.3 million for the year ended June 30, 2017. The United States amount in the current period primarily represents non-recurring personnel costs for SBA that are being eliminated in connection with the winding down of SBA’s historical back-office operations. The comparable prior period consists of consolidation efforts in our New York locations, as well as non-recurring personnel costs for SBA. The Canada amounts represent consolidation and lease termination at the Wheels Toronto location.

Impairment of acquired intangible assets is attributable to the customer related intangibles associated with On Time.

Change in contingent consideration represents the change in the fair value of contingent consideration due to former shareholders of acquired operations. Change in contingent consideration increased \$2.4 million, or 242.1%, to \$3.4 million for the year ended June 30, 2017. The change is primarily attributable to a net increase in management's estimates of future earn-out payments through the remainder of the respective earn-out periods.

Other expenses decreased \$3.1 million, or 62.1%, to \$1.9 million for the year ended June 30, 2017 primarily due to the loss on write off of loan fees following the early repayment of indebtedness used to acquire Wheels, resulting in lower interest expense in the current year, partially offset by foreign exchange gains.

Our change in net income (loss) is driven principally by increased net revenues and decreased operating and interest expenses compared to the prior year, partially offset by an increase in income taxes.

Our future financial results may be impacted by amortization of intangibles resulting from acquisitions as well as gains or losses from changes in contingent consideration that are difficult to predict.

The following table provides a reconciliation for the fiscal years ended June 30, 2017 and 2016 of normalized adjusted EBITDA to net income (loss), the most directly comparable GAAP measure in accordance with SEC Regulation G (in thousands):

| | Year Ended June 30, 2017 | | | | Year Ended June 30, 2016 | | | |
|---|--------------------------|-----------|-------------------------|------------|--------------------------|-----------|-------------------------|------------|
| | United States | Canada | Corporate/ Eliminations | Total | United States | Canada | Corporate/ Eliminations | Total |
| Net revenues..... | \$ 173,742 | \$ 20,894 | \$ — | \$ 194,636 | \$ 167,602 | \$ 19,059 | \$ — | \$ 186,661 |
| Net income (loss) attributable to common stockholders | \$ 26,230 | \$ 3,850 | \$ (27,264) | \$ 2,816 | \$ 23,263 | \$ (74) | \$ (28,754) | \$ (5,565) |
| Plus: Preferred stock dividends..... | — | — | 2,046 | 2,046 | — | — | 2,046 | 2,046 |
| Net income (loss) attributable to Radiant Logistics, Inc..... | 26,230 | 3,850 | (25,218) | 4,862 | 23,263 | (74) | (26,708) | (3,519) |
| Income tax expense (benefit) | — | — | 3,673 | 3,673 | — | — | (1,886) | (1,886) |
| Depreciation and amortization | 2,371 | 734 | 9,244 | 12,349 | 1,890 | 671 | 9,472 | 12,033 |
| Net interest expense | — | — | 2,497 | 2,497 | — | — | 4,872 | 4,872 |
| EBITDA..... | 28,601 | 4,584 | (9,804) | 23,381 | 25,153 | 597 | (14,250) | 11,500 |
| Share-based compensation..... | 897 | 19 | 388 | 1,304 | 798 | 209 | 400 | 1,407 |
| Change in contingent consideration..... | — | — | 3,431 | 3,431 | — | — | 1,003 | 1,003 |
| Acquisition related costs | — | — | 944 | 944 | — | 407 | 2,039 | 2,446 |
| Legal costs..... | — | — | 177 | 177 | — | — | 1,066 | 1,066 |
| Non-recurring costs..... | — | — | 14 | 14 | — | — | 279 | 279 |
| Lease termination costs..... | (112) | 541 | 137 | 566 | 211 | 2,334 | — | 2,545 |
| Impairment of acquired intangible assets | — | — | — | — | — | — | 3,680 | 3,680 |
| Loss on write-off of loan fees | — | — | — | — | — | — | 1,180 | 1,180 |
| Foreign exchange loss (gain) | (241) | 19 | — | (222) | (950) | 250 | — | (700) |
| Adjusted EBITDA | 29,145 | 5,163 | (4,713) | 29,595 | 25,212 | 3,797 | (4,603) | 24,406 |
| Transition costs..... | 1,539 | — | — | 1,539 | 2,408 | — | — | 2,408 |
| Normalized Adjusted EBITDA..... | \$ 30,684 | \$ 5,163 | \$ (4,713) | \$ 31,134 | \$ 27,620 | \$ 3,797 | \$ (4,603) | \$ 26,814 |
| Adjusted EBITDA as a % of Net Revenues | 16.8% | 24.7% | N/A | 15.2% | 15.0% | 19.9% | N/A | 13.1% |
| Normalized Adjusted EBITDA as a % of Net Revenues | 17.7% | 24.7% | N/A | 16.0% | 16.5% | 19.9% | N/A | 14.4% |

Fiscal year ended June 30, 2016, compared to fiscal year ended June 30, 2015

The following table summarizes transportation revenue, cost of transportation and net transportation revenue by geographic operating segments for the fiscal years ended June 30, 2016 and 2015 (in thousands):

| | Year Ended June 30, 2016 | | | | Year Ended June 30, 2015 | | | |
|----------------------------------|--------------------------|------------------|----------------------------|-------------------|--------------------------|-----------------|----------------------------|-------------------|
| | United States | Canada | Corporate/ Eliminations | Total | United States | Canada | Corporate/ Eliminations | Total |
| Transportation revenue | | | | | | | | |
| Forwarding | \$ 543,155 | \$ 4,156 | \$ (358) | \$ 546,953 | \$ 434,976 | \$ 3,427 | \$ — | \$ 438,403 |
| Brokerage | 134,387 | 97,338 | (4,316) | 227,409 | 37,575 | 25,881 | (941) | 62,515 |
| | <u>677,542</u> | <u>101,494</u> | <u>(4,674)</u> | <u>774,362</u> | <u>472,551</u> | <u>29,308</u> | <u>(941)</u> | <u>500,918</u> |
| Cost of transportation | | | | | | | | |
| Forwarding | 392,612 | 3,425 | (358) | 395,679 | 321,704 | 2,112 | — | 323,816 |
| Brokerage | 122,277 | 82,278 | (4,316) | 200,239 | 33,805 | 22,262 | (941) | 55,126 |
| | <u>514,889</u> | <u>85,703</u> | <u>(4,674)</u> | <u>595,918</u> | <u>355,509</u> | <u>24,374</u> | <u>(941)</u> | <u>378,942</u> |
| Net transportation revenue | | | | | | | | |
| Forwarding | 150,543 | 731 | — | 151,274 | 113,272 | 1,315 | — | 114,587 |
| Brokerage | 12,110 | 15,060 | — | 27,170 | 3,770 | 3,619 | — | 7,389 |
| | <u>162,653</u> | <u>15,791</u> | <u>—</u> | <u>178,444</u> | <u>117,042</u> | <u>4,934</u> | <u>—</u> | <u>121,976</u> |
| Net transportation margins | 24.0% | 15.6% | | 23.0% | 24.8% | 16.8% | | 24.4% |
| Other value-added services | 4,949 | 3,268 | — | 8,217 | 1,132 | 615 | — | 1,747 |
| Net revenues | <u>\$ 167,602</u> | <u>\$ 19,059</u> | <u>\$ —</u> | <u>\$ 186,661</u> | <u>\$ 118,174</u> | <u>\$ 5,549</u> | <u>\$ —</u> | <u>\$ 123,723</u> |

Forwarding revenue was \$547.0 million and \$438.4 million for the years ended June 30, 2016 and 2015, respectively. The increase of \$108.6 million, or 24.8%, is primarily attributable to the acquisition of Wheels and SBA, a full year of revenues for DCA and the addition of several new strategic operating partner locations. Forwarding net transportation revenue was \$151.3 million and \$114.6 million for the years ended June 30, 2016 and 2015, respectively. Net forwarding transportation margins increased from 26.1% to 27.7%, primarily due to changes in product mix.

Brokerage revenue was \$227.4 million and \$62.5 million for the years ended June 30, 2016 and 2015, respectively. The increase of \$164.9 million, or 263.8%, is primarily attributable a full year of revenues for Wheels. Brokerage net transportation revenue was \$27.2 million and \$7.4 million for the years ended June 30, 2016 and 2015, respectively. Net brokerage transportation margins increased from 11.8% to 11.9%.

Other value-added services were \$8.2 million and \$1.7 million for the years ended June 30, 2016 and 2015, respectively.

The following table compares condensed consolidated statements of operations data by geographic operating segments for the fiscal years ended June 30, 2016 and 2015 (in thousands):

| | Year Ended June 30, 2016 | | | | Year Ended June 30, 2015 | | | |
|---|--------------------------|-----------|----------------------------|------------|--------------------------|----------|----------------------------|------------|
| | United States | Canada | Corporate/ Eliminations | Total | United States | Canada | Corporate/ Eliminations | Total |
| Net revenues..... | \$ 167,602 | \$ 19,059 | \$ — | \$ 186,661 | \$ 118,174 | \$ 5,549 | \$ — | \$ 123,723 |
| Operating partner commissions | 84,475 | — | — | 84,475 | 60,356 | — | — | 60,356 |
| Personnel costs..... | 40,296 | 10,812 | 3,023 | 54,131 | 28,608 | 3,155 | 2,462 | 34,225 |
| Selling, general and administrative expenses | 15,493 | 4,874 | 5,364 | 25,731 | 9,786 | 1,548 | 4,050 | 15,384 |
| Depreciation and amortization..... | 1,890 | 671 | 9,472 | 12,033 | 798 | 167 | 5,394 | 6,359 |
| Transition and lease termination costs..... | 3,339 | 2,606 | — | 5,945 | 678 | 92 | — | 770 |
| Impairment of acquired intangible assets | — | — | 3,680 | 3,680 | — | — | — | — |
| Change in contingent consideration..... | — | — | 1,003 | 1,003 | (3,921) | — | — | (3,921) |
| Total operating expenses..... | 145,493 | 18,963 | 22,542 | 186,998 | 96,305 | 4,962 | 11,906 | 113,173 |
| Income (loss) from operations | 22,109 | 96 | (22,542) | (337) | 21,869 | 587 | (11,906) | 10,550 |
| Other income (expense)..... | 1,220 | (170) | (6,052) | (5,002) | (471) | (252) | (1,856) | (2,579) |
| Income (loss) before income tax expense | 23,329 | (74) | (28,594) | (5,339) | 21,398 | 335 | (13,762) | 7,971 |
| Income tax benefit (expense)..... | — | — | 1,886 | 1,886 | — | — | (2,016) | (2,016) |
| Net income (loss) | 23,329 | (74) | (26,708) | (3,453) | 21,398 | 335 | (15,778) | 5,955 |
| Less: Net income attributable to non-controlling interest | (66) | — | — | (66) | (80) | — | — | (80) |
| Net income (loss) attributable to Radiant Logistics, Inc..... | 23,263 | (74) | (26,708) | (3,519) | 21,318 | 335 | (15,778) | 5,875 |
| Less: Preferred stock dividends | — | — | (2,046) | (2,046) | — | — | (2,046) | (2,046) |
| Net income (loss) attributable to common stockholders | \$ 23,263 | \$ (74) | \$ (28,754) | \$ (5,565) | \$ 21,318 | \$ 335 | \$ (17,824) | \$ 3,829 |

| | Year Ended June 30, 2016 | | | | Year Ended June 30, 2015 | | | |
|--|--------------------------|--------|----------------------------|-------|--------------------------|--------|----------------------------|-------|
| | United States | Canada | Corporate/ Eliminations | Total | United States | Canada | Corporate/ Eliminations | Total |
| Selected operating expenses as a percent of net revenue: | | | | | | | | |
| Operating partner commissions | 50.4% | 0.0% | N/A | 45.3% | 51.1% | 0.0% | N/A | 48.8% |
| Personnel costs | 24.0% | 56.7% | N/A | 29.0% | 24.2% | 56.9% | N/A | 27.7% |
| Selling, general and administrative expenses..... | 9.2% | 25.6% | N/A | 13.8% | 8.3% | 27.9% | N/A | 12.4% |

Operating partner commissions increased \$24.1 million, or 40.0%, to \$84.5 million for the year ended June 30, 2016 primarily due to a full year of operations of SBA which added approximately 40 strategic operating partner locations whom are paid commissions, changes in sales mix with a higher percentage of domestic revenues, which tend to create higher commissions, compared to international revenues, and new strategic operating partners who joined the Radiant network.

Personnel costs increased \$19.9 million, or 58.2%, to \$54.1 million for the year ended June 30, 2016 primarily due to a full year of operations associated with the acquisitions of Wheels, SBA, DCA and Highways, as well as increased investment in the management structure of the organization.

SG&A expenses increased \$10.3 million, or 67.3%, to \$25.7 million for the year ended June 30, 2016 primarily due to normal expenses associated with the acquisitions of Wheels, SBA, DCA and Highways which included increased costs for facilities, IT, communication and travel. Additionally, increased professional fees, insurance and claims were incurred due to an overall larger organization after recent acquisitions, offset partially by lower legal fees.

Depreciation and amortization costs increased \$5.6 million, or 89.2%, to \$12.0 million for the year ended June 30, 2016 primarily due to increased amortization associated with a full year of the Wheels, SBA, DCA and Highways acquisitions from fiscal year 2015.

Transition and lease termination costs increased \$5.1 million, or 672.1%, to \$5.9 million for the year ended June 30, 2016. Transition and lease termination costs for the year ended June 30, 2016 were due to consolidation at the Wheels Toronto location and non-recurring personnel costs in connection with the winding-down of SBA's historical back-office operations.

Transition and lease termination costs for the year ended June 30, 2015 were due to the exit and downsizing of the former DBA warehouse and corporate headquarters in New Jersey to a smaller location, similar costs associated with a consolidation effort at the Wheels Toronto location, and non-recurring personnel costs in connection with the winding-down of SBA's historical back-office operations.

Impairment of acquired intangible assets is attributable to the customer related intangibles associated with On Time.

Change in contingent consideration represents the change in the fair value of contingent consideration due to former shareholders of acquired operations. Change in contingent consideration increased \$4.9 million, or 125.6%, to \$1.0 million for the year ended June 30, 2016. The change is primarily attributable to an increase in management's estimates of future payouts with respect to DCA, PCA, and Highways, offset by a decrease in management's estimated future payouts for On Time, as it did not achieve its specified operating objectives.

Other expenses increased \$2.4 million, or 94.0%, to \$5.0 million for the year ended June 30, 2016 primarily due to higher interest expense on indebtedness used to acquire Wheels and a loss on write off of loan fees, partially offset by foreign exchange gains.

Our net loss is principally due to increased depreciation, amortization, and interest expenses compared to the prior year, partially offset by an income tax benefit.

The following table provides a reconciliation for the fiscal years ended June 30, 2016 and 2015 of normalized adjusted EBITDA to net income (loss), the most directly comparable GAAP measure in accordance with SEC Regulation G (in thousands):

| | Year Ended June 30, 2016 | | | | Year Ended June 30, 2015 | | | |
|--|--------------------------|-----------|-------------------------|------------|--------------------------|----------|-------------------------|------------|
| | United States | Canada | Corporate/ Eliminations | Total | United States | Canada | Corporate/ Eliminations | Total |
| Net revenues..... | \$ 167,602 | \$ 19,059 | \$ — | \$ 186,661 | \$ 118,174 | \$ 5,549 | \$ — | \$ 123,723 |
| Net income (loss) attributable to common stockholders | \$ 23,263 | \$ (74) | \$ (28,754) | \$ (5,565) | \$ 21,318 | \$ 335 | \$ (17,824) | \$ 3,829 |
| Plus: Preferred stock dividends..... | — | — | 2,046 | 2,046 | — | — | 2,046 | 2,046 |
| Net income (loss) attributable to Radiant Logistics, Inc. | 23,263 | (74) | (26,708) | (3,519) | 21,318 | 335 | (15,778) | 5,875 |
| Income tax expense (benefit) | — | — | (1,886) | (1,886) | — | — | 2,016 | 2,016 |
| Depreciation and amortization | 1,890 | 671 | 9,472 | 12,033 | 798 | 167 | 5,394 | 6,359 |
| Net interest expense | — | — | 4,872 | 4,872 | — | — | 1,856 | 1,856 |
| EBITDA..... | 25,153 | 597 | (14,250) | 11,500 | 22,116 | 502 | (6,512) | 16,106 |
| Share-based compensation..... | 798 | 209 | 400 | 1,407 | 790 | 62 | 263 | 1,115 |
| Change in contingent consideration..... | — | — | 1,003 | 1,003 | (3,921) | — | — | (3,921) |
| Acquisition related costs..... | — | 407 | 2,039 | 2,446 | — | 243 | 1,802 | 2,045 |
| Legal costs..... | — | — | 1,066 | 1,066 | — | — | 601 | 601 |
| Non-recurring costs..... | — | — | 279 | 279 | — | — | — | — |
| Lease termination costs..... | 211 | 2,334 | — | 2,545 | 491 | 92 | — | 583 |
| Impairment of acquired intangible assets..... | — | — | 3,680 | 3,680 | — | — | — | — |
| Loss on write-off of loan fees..... | — | — | 1,180 | 1,180 | — | — | — | — |
| Foreign exchange loss (gain) | (950) | 250 | — | (700) | 471 | 268 | — | 739 |
| Adjusted EBITDA | 25,212 | 3,797 | (4,603) | 24,406 | 19,947 | 1,167 | (3,846) | 17,268 |
| Transition costs..... | 2,408 | — | — | 2,408 | 158 | — | — | 158 |
| Normalized Adjusted EBITDA..... | \$ 27,620 | \$ 3,797 | \$ (4,603) | \$ 26,814 | \$ 20,105 | \$ 1,167 | \$ (3,846) | \$ 17,426 |
| Adjusted EBITDA as a % of Net Revenues | 15.0% | 19.9% | N/A | 13.1% | 16.9% | 21.0% | N/A | 14.0% |
| Normalized Adjusted EBITDA as a % of Net Revenues | 16.5% | 19.9% | N/A | 14.4% | 17.0% | 21.0% | N/A | 14.1% |

Liquidity and Capital Resources

Fiscal year ended June 30, 2017 compared to fiscal year ended June 30, 2016

Net cash provided by operating activities was \$14.9 million and \$21.4 million for the years ended June 30, 2017 and 2016, respectively. The cash provided primarily consisted of net income or loss adjusted for depreciation and amortization and changes in accounts payable and accounts receivable.

Net cash used for investing activities was \$16.3 million and \$4.4 million for the years ended June 30, 2017 and 2016, respectively. The primary uses of cash were for acquisitions and purchases of technology and equipment. Cash paid for acquisitions was \$11.5 million and \$0.8 million for the years ended June 30, 2017 and 2016, respectively. Cash paid for purchases of technology and equipment was \$4.9 million and \$3.7 million for the years ended June 30, 2017 and 2016, respectively.

Net cash provided by financing activities was \$2.5 million for the year ended June 30, 2017 and net cash used for financing activities was \$19.6 million for the year ended June 30, 2016. The cash provided or used by financing activities primarily consisted of proceeds from or repayments to the credit facility, borrowings and repayment of notes payable, common stock offering, payments of contingent consideration and payments of preferred stock dividends. Proceeds from the credit facility were \$4.0 million for the year ended June 30, 2017 and repayments to the credit facility were \$27.9 million for the year ended June 30, 2016. Repayments of notes payable were \$2.4 million and \$26.3 million for the years ended June 30, 2017 and 2016 respectively, and proceeds from notes payable was \$7.6 million for the year ended June 30, 2017. Net proceeds from the common stock offering was \$38.4 million for the year ended June 30, 2016. Payments of contingent consideration were \$3.4 million and \$1.5 million for the years ended June 30, 2017 and 2016, respectively. Payments of preferred stock dividends were \$2.0 million for each of the years ended June 30, 2017 and 2016.

Fiscal year ended June 30, 2016 compared to fiscal year ended June 30, 2015

Net cash provided by operating activities was \$21.4 million and \$2.1 million for the years ended June 30, 2016 and 2015, respectively. The cash provided primarily consisted of net income or loss adjusted for amortization, contingent consideration, loss on the write-off of loan fees, lease termination costs, and changes in operating assets and liabilities (primarily the changes in accounts receivable and accounts payable).

Net cash used for investing activities was \$4.4 million and \$47.9 million for the years ended June 30, 2016 and 2015, respectively. The primary uses of cash were for acquisitions and purchases of technology and equipment. Cash paid for acquisitions was \$0.8 million and \$44.0 million for the years ended June 30, 2016 and 2015, respectively. Cash paid for purchases of technology and equipment was \$3.7 million and \$4.1 million for the years ended June 30, 2016 and 2015, respectively.

Net cash used for financing activities was \$19.6 million for the year ended June 30, 2016, compared to net cash provided of \$50.6 million for the year ended June 30, 2015. The cash provided or used by financing activities primarily consisted of proceeds from or repayments to the credit facility, borrowings and repayment of notes payable, common stock offering, payments of contingent consideration and payments of preferred stock dividends. Repayments to the credit facility were \$27.9 million for the year ended June 30, 2016 and borrowings from the credit facility were \$30.6 million for the year ended June 30, 2015. Repayments of notes payable were \$26.3 million and proceeds from notes payable were \$25.5 million for the years ended June 30, 2016 and 2015, respectively. Net proceeds from the common stock offering was \$38.4 million for the year ended June 30, 2016. Payments of contingent consideration were \$1.5 million and payments of preferred stock dividends were \$2.0 million for each of the years ended June 30, 2016 and 2015.

Given our continued focus on the build-out of our network of operating partner locations, we believe that our current working capital and anticipated cash flow from operations are adequate to fund existing operations for the next 12 months. However, continued growth through strategic acquisitions will require additional sources of financing as our existing working capital is not sufficient to finance our operations and an acquisition program. Thus, our ability to finance future acquisitions will be limited by the availability of additional capital. We may, however, finance acquisitions using our common stock as all or some portion of the consideration. In the event that our common stock does not attain or maintain a sufficient market value or potential acquisition candidates are otherwise unwilling to accept our securities as part of the purchase price for the sale of their businesses, we may be required to utilize more of our cash resources, if available, in order to continue our acquisition program. If we do not have sufficient cash resources through either operations or from debt facilities, our growth could be limited unless we are able to obtain such additional capital.

Acquisitions

Below are descriptions of recent material acquisitions in the last three fiscal years including a breakdown of consideration paid at closing and future potential earn-out payments. We define “material acquisitions” as those with aggregate projected consideration of \$14.0 million or more.

On April 2, 2015, we acquired Wheels Group, Inc., one of the largest 3PL and transportation service providers in Canada, for aggregate consideration of approximately CAD\$33.8 million and 6,900,000 shares of our common stock, in addition to the refinancing of Wheels' outstanding indebtedness of approximately CAD\$32.0 million. Wheels provides 3PL intermodal and truck brokerage services throughout the United States and Canada along with third-party logistics solutions and value-added warehouse and distribution service offerings in support of U.S. shippers looking to access the Canadian markets.

Technology

A primary component of our business strategy is the continued development and implementation of advanced information systems to provide accurate and timely information to our management, strategic operating partners and customers. During the year ended June 30, 2017, we spent approximately \$4.0 million on enhancing our technology and software systems in order to increase our operating efficiency. We intend to spend in excess of \$3.0 million during the fiscal year ended June 30, 2018 in order to continue improving our technology systems, which we expect will include the implementation of a key transportation management system that will, among other things, more fully integrate our systems with our strategic operating partners and any new operations that we may acquire in the future.

Senior Credit Facility

We have the USD\$75.0 million "Senior Credit Facility" with Bank of America, N.A., on its own behalf and as agent to the other lenders named therein, currently consisting of the Bank of Montreal (as the initial member of the syndicate under such loan). The Senior Credit Facility matures on June 14, 2022 and is collateralized by a first-priority security interest in all of the assets of the U.S. co-borrowers, a first-priority security interest in all of the accounts receivable and associated assets of the Canadian co-borrowers (the "Canadian A/R Assets") and a second-priority security interest on the other assets of the Canadian borrowers. Advances under the Senior Credit Facility were used to fund the Wheels acquisition and are available for future acquisitions, certain debt repayment and for other corporate purposes. Borrowings under the Senior Credit Facility accrue interest at a variable rate of interest based upon LIBOR and/or one or more other interest rate indices plus an applicable margin. The Senior Credit Facility provides for advances of up to 85% of our eligible Canadian and domestic accounts receivable, 75% of eligible accrued but unbilled domestic receivables and eligible foreign accounts receivable, all of which are subject to certain sub-limits, reserves and reductions.

The co-borrowers of the Senior Credit Facility include the following: (i) with respect to U.S. obligations under the Senior Credit Facility, Radiant Logistics, Inc., Radiant Global Logistics, Inc., Radiant Transportation Services, Inc., Radiant Logistics Partners LLC, Adcom Express, Inc., Radiant Customs Services, Inc., DBA Distribution Services, Inc., International Freight Systems (of Oregon), Inc., Radiant Off-Shore Holdings LLC, Green Acquisition Company, Inc., On Time Express, Inc., Clipper Express Company, Radiant Global Logistics (CA), Service By Air, Inc., Highways and Skyways, Inc., and Radiant Trade Services, Inc.; and (ii) with respect to Canadian obligations under the Senior Credit Facility, Wheels International Inc., 1371482 Ontario Inc., Wheels MSM Canada Inc., 2062698 Ontario Inc., Associate Carriers Canada Inc. and Wheels Associate Carriers Inc. As co-borrowers under the Senior Credit Facility, the accounts receivable of the foregoing entities are eligible for inclusion within the overall borrowing base of the Company and all borrowers are responsible for repayment of the debt associated with applicable advances (U.S. or Canadian) under the Senior Credit Facility. In addition, we and our U.S. subsidiaries guarantee both the U.S. and Canadian obligations under the Senior Credit Facility, while our Canadian subsidiaries guarantee only the Canadian obligations under the Senior Credit Facility.

The terms of the Senior Credit Facility are subject to a financial covenant which may limit the amount otherwise available under such facility. The covenant requires us to maintain a basic fixed charge coverage ratio of at least 1.0 to 1.0 during any period (the "Trigger Period") in which we are in default under the Senior Credit Facility, if total availability falls below \$10.0 million or if U.S. availability is less than \$6.0 million.

Under the terms of the Senior Credit Facility, we are permitted to make additional acquisitions without the consent of the senior lenders only if certain conditions are satisfied. The conditions imposed by the Senior Credit Facility include the following: (i) the absence of an event of default under the Senior Credit Facility, (ii) the acquisition must be consensual; (iii) the company to be acquired must be in the transportation and logistics industry, located in the United States or certain other approved jurisdictions, and have a positive EBITDA for the 12 month period most recently ended prior to such acquisition, (iv) no debt or liens may be incurred, assumed or result from the acquisition, subject to limited exceptions, (v) after giving effect for the funding of the acquisition, we must have availability under the Senior Credit Facility of at least the greater of 15% of the U.S.-based borrowing base and Canadian-based borrowing base or \$15.0 million, and U.S. availability of at least \$10.0 million, and (vi) the pro forma fixed charge coverage ratio is at least 1.1 to 1.0. In the event that we are not able to satisfy the conditions of the Senior Credit Facility in connection with a proposed acquisition, we must either forego the acquisition, obtain the consent of the senior lenders, or retire the Senior Credit Facility. This may limit or slow our ability to achieve the critical mass we may need to achieve our strategic objectives.

As of June 30, 2017, we have gross availability of \$65.9 million, net of \$13.8 million in advances and letter of credit reserves of approximately \$0.3 million with approximately \$51.8 million in availability under the Senior Credit Facility to support future acquisitions and our ongoing working capital requirements. We expect to structure acquisitions with certain amounts paid at closing, and the balance paid over a number of years in the form of earn-out installments which are payable based upon the future earnings of the acquired businesses payable in cash, stock or some combination thereof. As we continue to execute our acquisition strategy, we will be required to make significant payments in the future if the earn-out installments under our various acquisitions become due. While we believe that a portion of any required cash payments will be generated by the acquired businesses, we may have to secure additional sources of capital to fund the remainder of any cash-based earn-out payments as they become due. This presents us with certain business risks relative to the availability of capacity under our Senior Credit Facility, the availability and pricing of future fund raising, as well as the potential dilution to our stockholders to the extent the earn-outs are satisfied directly, or indirectly, from the sale of equity.

Senior Secured Integrated Private Debt Fund IV LP Term Loan and Fund V Term Loan

On April 2, 2015, Wheels obtained a CAD\$29.0 million senior secured Canadian term loan from IPD IV pursuant to the IPD IV Loan Agreement. The Company and its U.S. and Canadian subsidiaries are guarantors of the Wheels obligations thereunder. The loan matures on April 1, 2024 and accrues interest at a rate of 6.65% per annum. We made interest-only payments for the first 12 months and will make blended principal and interest through maturity. In connection with the loan, we paid an amount equal to five months of interest payments into a debt service reserve account controlled by IPD.

In connection with our acquisition of Lomas, Wheels obtained a CAD\$10.0 million senior secured Canadian term loan from IPD V pursuant to the IPD V Loan Agreement. The Company and its U.S. and Canadian subsidiaries are guarantors of the Wheels obligations thereunder. The loan matures on June 1, 2024 and accrues interest at a rate of 6.65% per annum. The loan repayment consists of monthly blended principal and interest payments.

The loans may be prepaid in whole at any time upon providing at least 30 days prior written notice and paying the difference between (i) the present value of the loan interest and the principal payments foregone discounted at the Government of Canada Bond Yield for the term from the date of prepayment to the maturity date, and (ii) the face value of the principal amount being prepaid.

The loans are collateralized by a (i) first-priority security interest in all of the assets of Wheels except the Canadian A/R Assets, (ii) a second-priority security interest in the Canadian A/R Assets, and (iii) a second-priority security interest on all of our assets.

The terms of the loan are subject to certain financial covenants, which require us to maintain (i) a fixed charge coverage ratio of 1.1 to 1.0 during any Trigger Period, (ii) a debt service coverage ratio of at least 1.2 to 1.0 and (iii) a senior debt to EBITDA ratio of at least 3.0 to 1.0.

Under the terms of the IPD Loan Agreements, we are permitted to make additional acquisitions without IPD's consent only if certain conditions are satisfied, including, among others: (i) the equity interests or property acquired in such acquisition constitute a business reasonably related to our business or the business of Wheels; (ii) no default or event of default shall exist prior to or will be caused as a result of such acquisition; (iii) we or Wheels shall have provided IPD with at least 10 business days prior written notice of such acquisition that must include certain descriptive information and pro forma information regarding the acquisition; (iv) such person whose equity interests or property are being acquired shall have, as of the last day of the most recent fiscal quarter of such person, actual (or pro forma to the extent approved in writing by IPD) positive EBITDA and net income, in each case for the 12 month period ending on such date; (v) the aggregate cash consideration payable at the closing of the acquisition shall not exceed \$10.0 million for any single transaction and \$25.0 million in the aggregate, in any fiscal year or such greater amount approved in writing by IPD; provided, however, that the foregoing limitation shall exclude cash consideration derived from the proceeds of sales of newly issued equity interests of Radiant during the twelve-month period prior to the closing of such acquisition (as described below); (vi) no debt or liens may be incurred, assumed or result from the acquisition, subject to limited exceptions; (vii) the assets subject to the acquisition are free from all liens except those permitted under the IPD Loan Agreements; (viii) the post-closing U.S. availability under the Senior Credit Facility is at least \$10 million on a pro forma basis and (ix) the pro forma fixed charge coverage ratio is at least 1.1 to 1.0.

Contractual Obligations

The following table reflects our contractual obligations as of June 30, 2017:

| (In thousands) | Payments Due by Period | | | | |
|---|------------------------|------------------|------------------|------------------|-------------------|
| | Total | Less than 1 year | 1-3 Years | 3-5 Years | More than 5 years |
| Senior Credit Facility ⁽¹⁾ | \$ 13,780 | \$ — | \$ — | \$ 13,780 | \$ — |
| Long-term debt ⁽²⁾ | 34,512 | 5,099 | 9,990 | 9,990 | 9,433 |
| Contingent consideration ⁽³⁾ | 13,148 | 2,502 | 6,389 | 4,257 | — |
| Lease termination and transition costs | 2,014 | 1,210 | 804 | — | — |
| Operating lease obligations | 34,891 | 8,545 | 15,531 | 10,251 | 564 |
| Preferred dividends ⁽⁴⁾ | 10,228 | 2,046 | 4,091 | 4,091 | — |
| Total contractual obligations..... | <u>\$ 108,573</u> | <u>\$ 19,402</u> | <u>\$ 36,805</u> | <u>\$ 42,369</u> | <u>\$ 9,997</u> |

(1) Credit facility expires in 2022 and interest has not been included.

(2) Amount includes Senior Secured Loans of \$27,514, with a carrying value of CAD\$35,667, and related interest.

(3) Represents the known maximum undiscounted contingent consideration obligations that may become payable in each period.

(4) We have the option to redeem Series A Preferred Shares beginning December 2018. This table assumes no repurchases and payment of dividends for five years as the future amounts cannot be determined.

Actual amounts of contractual obligations may differ from estimated amounts due to changes in foreign currency exchange rates. We do not have any other material commitments that have not been disclosed elsewhere. For additional information regarding our indebtedness and contingent consideration, see Note 6 and Note 9, respectively of the “Notes to the consolidated financial statements” contained elsewhere in this report.

Off Balance Sheet Arrangements

As of June 30, 2017, we did not have any relationships with unconsolidated entities or financial partners, such as entities often referred to as structured finance or special purpose entities, which had been established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes. As such, we are not materially exposed to any financing, liquidity, market or credit risk that could arise if we had engaged in such relationships.

Recent Accounting Pronouncements

The recent accounting pronouncements are discussed in Note 2 of the “Notes to the consolidated financial statements” contained elsewhere in this report.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to market risks in the ordinary course of business. These risks are primarily related to foreign exchange risk. We have currency exposure arising from both sales and purchases denominated in foreign currencies, as well as intercompany transactions. Significant changes in exchange rates between foreign currencies in which we transact business and the U.S. dollar may adversely affect our results of operations and financial condition. Historically, we have not entered into any hedging activities, and, to the extent that we continue not to do so in the future, we may be vulnerable to the effects of currency exchange-rate fluctuations. A portion of our business is conducted in Canada. If foreign exchange rates were 1.0% higher or lower, our net income would have changed by approximately \$20,000.

We are also subject to risks related to an increase in interest rates. For every \$1.0 million outstanding on our Senior Credit Facility, we will incur \$42,500 of interest expense. For every 1.0% increase in interest rates, our interest expense per \$1.0 million in borrowings will increase by approximately \$10,000.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The consolidated financial statements of Radiant Logistics, Inc. including the notes thereto and the report of our independent registered public accounting firm are included in this report commencing at page F-1.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

An evaluation of the effectiveness of our “disclosure controls and procedures” (as such term is defined in Rules 13a-15(e) or 15d-15(e) of the Exchange Act as of June 30, 2017, was carried out by our management under the supervision and with the participation of our Chief Executive Officer (“CEO”) and Chief Financial Officer (“CFO”). Based upon that evaluation, our CEO and CFO concluded that, as of June 30, 2017, our disclosure controls and procedures were effective to provide reasonable assurance that information we are required to disclose in reports that we file or submit under the Exchange Act is (i) recorded, processed, summarized and reported within the time periods specified in the SEC rules and forms and (ii) accumulated and communicated to our management, including our CEO and CFO, as appropriate to allow timely decisions regarding disclosure.

Management’s Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rule 13a-15(f) of the Exchange Act. Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an assessment of the effectiveness of our internal control over financial reporting. In making this assessment, we used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (“COSO”) in Internal Control — Integrated Framework (2013). Based on management’s assessment based on the criteria of the COSO, we concluded that, as of June 30, 2017, our internal control over financial reporting is effective at the reasonable assurance level.

Our internal control system was designed 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 in the U.S. Our internal control over financial reporting includes those policies and procedures which:

- (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets;
- (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with accounting principles generally accepted in the U.S., and that receipts and expenditures of the Company are being made only in accordance with authorization of our management and directors; and
- (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on our consolidated financial statements.

Peterson Sullivan LLP, the independent registered public accounting firm that audited the consolidated financial statements included in this Form 10-K, has issued an attestation report on our internal control over financial reporting as of June 30, 2017, which is set forth on page F-2 of this Form 10-K.

Changes in Internal Control Over Financial Reporting

There have not been any changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during the fiscal quarter ended June 30, 2017 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The following table sets forth information concerning our executive officers and directors. Each of the executive officers will serve until his or her successor is appointed by our Board of Directors or such executive officer's earlier resignation or removal. Each of the directors will serve until the next annual meeting of stockholders or such director's earlier resignation or removal.

| Name | Age | Position |
|---------------------------|-----|--|
| Bohn H. Crain | 53 | Chief Executive Officer and Chairman of the Board of Directors |
| Jack Edwards | 72 | Director |
| Richard P. Palmieri | 64 | Director |
| Michael Gould | 53 | Director |
| Arnold Goldstein..... | 63 | Senior Vice President & Chief Commercial Officer |
| Todd E. Macomber | 53 | Senior Vice President & Chief Financial Officer |
| Joseph Bento..... | 54 | Senior Vice President & Chief Operating Officer of Freight Forwarding Operations |
| Tim Boyce..... | 57 | Senior Vice President & Chief Operating Officer of Rail and Truck Brokerage Operations |

Board of Directors

We believe that our Board should be composed of individuals with sophistication and experience in many substantive areas that impact our business. We believe that experience, qualifications, or skills in the following areas are most important: accounting and finance; strategic planning; logistics and operations, human resources and development practices; and board practices of other corporations. These areas are in addition to the personal qualifications described in this section. We believe that all of our current Board members possess the professional and personal qualifications necessary for board service, and have highlighted particularly noteworthy attributes for each Board member in the individual biographies below. The principal occupation and business experience, for at least the past five years, of each current director is as follows:

Bohn H. Crain. Mr. Crain has served as our Chief Executive Officer and Chairman of our Board of Directors since October 2005. Mr. Crain brings approximately 25 years of industry and capital markets experience in transportation and logistics. Since January 2005, Mr. Crain has served as the Managing Member of Radiant Capital Partners, LLC, an entity he formed to execute a consolidation strategy in the transportation and logistics sector. Prior to founding Radiant, Mr. Crain served as the Executive Vice President and the Chief Financial Officer of Stonepath Group, Inc. from January 2002 until December 2004. In 2001, Mr. Crain served as the Executive Vice President and Chief Financial Officer of Schneider Logistics, Inc., a third-party logistics company, and from 2000 to 2001 he served as the Vice President and Treasurer of Florida East Coast Industries, Inc., a New York Stock Exchange listed company engaged in railroad and real estate businesses. Between 1989 and 2000, Mr. Crain held various vice president and treasury positions for CSX Corp., a Fortune 500 transportation company listed on the New York Stock Exchange, and several of its subsidiaries. He also serves on the Board of Trustees for Eastside Preparatory School in Bellevue, Washington. Mr. Crain earned a Bachelor of Arts in Business Administration with an emphasis in Accounting from the University of Texas. As a result of these and other professional experiences, Mr. Crain possesses particular knowledge and experience in logistics management, industry trends, business operations and accounting that strengthen the Board's collective qualifications, skills, and experience.

Jack Edwards. Mr. Edwards was appointed as a director in December 2011. Mr. Edwards is an independent business executive who since 2002 has been providing strategic, investment and operational advisory services to a broad range of corporate and private equity clients and boards. From 2001 through 2002, he was the President and Chief Executive Officer of American Medical Response, Inc., a provider of private ambulatory services. Prior to this, Mr. Edwards served as the President and Chief Executive Officer at a variety of logistics and freight-forwarding companies, including Danzas Corporation and ITEL Transportation Group. Previously, he held senior executive positions at Circle International, American President Lines and The Southern Pacific Transportation Company. Mr. Edwards has served as a director of several publicly traded corporations, including Laidlaw Inc. (NYSE), ITEL Corp. (NYSE) and Sun Gro Horticulture Canada Ltd. (TSX) where he served as Chairman of the Board. Mr. Edwards currently serves as a director for Adelante Media Group and Zonar Systems. Mr. Edwards received a Bachelor of Science in Food Science and Technology from the University of California, Davis, and a Masters of Business Administration in Marketing from the University of Oregon. As a result of these and other professional experiences, Mr. Edwards possesses particular knowledge and experience in the transportation and logistics industry, along with business combinations and financial management, that strengthen the Board's collective qualifications, skills, and experience.

Richard P. Palmieri. Mr. Palmieri was appointed as a director in March 2014. He has been the Managing Director of ANR Partners, LLC, a Philadelphia-based management and financial consulting firm, since 2012. Prior to this, from 2007 to 2012, Mr. Palmieri served as the President and CEO of Canon Financial Services, Inc., the captive finance subsidiary of Canon USA. From 2003 to 2006, he was the President and CEO of Schneider Financial Services, a financial services subsidiary of a large, privately held transportation

and logistics company. From 1998 to 2003, he served as a Managing Director and co-head of the Transportation and Logistics investment banking group at Credit Suisse Group. From 1993 to 1998, he served as a Managing Director and co-head of the Transportation and Logistics investment banking group at Deutsche Securities. Before this, he served in various finance and management positions at several large companies, including Whirlpool Financial Corporation, PacificCorp Credit, Commercial Credit Company and GE Capital. Mr. Palmieri received a Bachelor of Science in Accounting from Wagner College. As a result of these and other professional experiences, Mr. Palmieri possesses particular knowledge and experience in logistics and financial management that strengthen the Board's collective qualifications, skills, and experience.

Michael Gould. Mr. Gould was appointed as a director in July 2016. Since May 2015, Mr. Gould has served as Senior Vice President, Oracle Consulting in North America at Oracle Corporation. Prior to this, from 2008 to May 2015, Mr. Gould served as the Vice President and General Manager for the Americas Technology Services Consulting Organization for Hewlett-Packard Company ("HP"). Also while at HP, he served as Vice President for Americas Alliances. Prior to HP, Mr. Gould served in various roles at Oracle, BearingPoint and BEA. He holds a Bachelor of Science degree in Mechanical Engineering from Texas A&M University and a Masters in Business Administration from Santa Clara University. As a result of these and other professional experiences, Mr. Gould possesses particular knowledge and experience in management and technology that strengthen the Board's collective qualifications, skills and experience.

Executive Officers

Arnold Goldstein. Mr. Goldstein has served as our Senior Vice President and Chief Commercial Officer since June 30, 2016. Mr. Goldstein also has significant experience within the transportation industry, having served as Chief Operating Officer of Service by Air, which was acquired by the Company in June 2015, and in various leadership roles at Hellman World Wide Logistics from May 2006 to June 2015. Mr. Goldstein earned a Bachelor of Arts in Psychology from the University of Rhode Island and a Masters of Business Administration from Bryant University.

Todd E. Macomber. Mr. Macomber has served as our Senior Vice President and Chief Financial Officer since March 2011, as our Senior Vice President and Chief Accounting Officer since August 2010, and as our Vice President and Corporate Controller since December 2007. Prior to joining us, Mr. Macomber served as Senior Vice President and Chief Financial Officer of Biotrace International, Inc., a subsidiary of Biotrace International PLC, an industrial microbiology company listed on the London Stock Exchange. Mr. Macomber earned a Bachelor of Arts in Business Administration with an emphasis in Accounting from Seattle University.

Joseph Bento. Mr. Bento joined the Company in January 2016 and served as Senior Vice President of Operations until his appointment to Senior Vice President and Chief Operating Officer of Freight Forwarding Operations in mid-2016. Prior to joining the Company, Mr. Bento served in a variety of significant roles within the transportation industry, including, from September 2012 to April 2016, as the Chief Sales Officer of SEKO Logistics; and from 1998 to 2012, in various leadership roles at Eagle Global Logistics and its successor, CEVA Logistics. Mr. Bento earned a Bachelor of Science in Finance from California State University – Long Beach.

Tim Boyce has served as our Senior Vice President and Chief Operating Officer of Rail and Truck Brokerage Operations since our acquisition of Wheels in April 2015. He came to Wheels on February 1, 2012 to serve as the Executive Vice President - Marketing and Sales, and was promoted to Chief Marketing Officer shortly thereafter. From October 2013 until April 2015, he served as President of Wheels' U.S. operations. Prior to joining Wheels, Mr. Boyce was employed by Canadian Pacific Railway where he served in various senior roles including General Manager - Sales and Marketing Domestic Intermodal. Prior to this, he was the Vice President - Sales and Marketing with Canpar Transport Ltd, a leading Canadian courier company, and TST (formerly TNT) Overland Express, a leading Canadian based LTL company serving customers across North America.

The information in the Proxy Statement set forth under the captions "Corporate Governance" and "Section 16(a) Beneficial Ownership Reporting Compliance" is incorporated herein by reference.

ITEM 11. EXECUTIVE COMPENSATION

The information in the Proxy Statement set forth under the captions "Executive Compensation" is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information in the Proxy Statement set forth under the captions "Principal Stockholders" and "Executive Compensation — Securities authorized for Issuance under Equity Compensation Plans" is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS AND DIRECTOR INDEPENDENCE

The information in the Proxy Statement set forth under the captions “Corporate Governance” is incorporated herein by reference.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

The information in the Proxy Statement set forth under the captions “Principal Accounting Fees and Services” is incorporated herein by reference.

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) *List of Documents Filed as part of this Report*

(1) *Index to Consolidated Financial Statements:*

Report of Independent Registered Public Accounting Firm

Consolidated Balance Sheets as of June 30, 2017 and 2016

Consolidated Statements of Operations and Comprehensive Income (Loss) for the years ended June 30, 2017, 2016 and 2015

Consolidated Statements of Stockholders’ Equity for the years ended June 30, 2017, 2016 and 2015

Consolidated Statements of Cash Flows for the years ended June 30, 2017, 2016 and 2015

Notes to the Consolidated Financial Statements

(2) *Index to Financial Statement Schedules:*

All schedules have been omitted because the required information is included in the consolidated financial statements or the notes thereto, or because it is not required.

(3) *Index to Exhibits*

See exhibits listed under the Exhibit Index below.

(b) *Exhibits*

| Exhibit Number | Description | Filed Herewith | Incorporated by Reference | | | |
|----------------|---|----------------|---------------------------|---------------|---------|-------------|
| | | | Form | Period Ending | Exhibit | Filing Date |
| 2.1 | Arrangement Agreement among Radiant Logistics, Inc., Radiant Global Logistics ULC and Wheels Group Inc. | | 8-K | | 2.1 | 1/23/15 |
| 2.2 | Stock Purchase Agreement by and between Radiant Logistics, Inc. and Service by Air, Inc. | | 8-K | | 2.1 | 6/8/15 |
| 3.1 | Certificate of Incorporation | | SB-2 | | 3.1 | 9/20/02 |
| 3.2 | Amendment to Registrant’s Certificate of Incorporation (Certificate of Ownership and Merger Merging Radiant Logistics, Inc. into Golf Two, Inc. dated October 18, 2005) | | 8-K | | 3.1 | 10/18/05 |
| 3.3 | Amended and Restated Bylaws | | 8-K | | 3.1 | 7/19/11 |
| 3.4 | Certificate of Amendment of Certificate of Incorporation | | 10-Q | 12/31/12 | 3.1 | 2/12/13 |
| 3.5 | Certificate of Designations, Preferences and Rights of 9.75% cumulative Redeemable Perpetual Preferred Stock | | 10-K/A | 6/30/14 | 3.6 | 7/15/15 |
| 10.1 | Executive Employment Agreement dated January 13, 2006 by and between Radiant Logistics, Inc. and Bohn H. Crain | | 8-K | | 10.7 | 1/18/06 |
| 10.2 | Letter Agreement dated June 10, 2011; amending the Employment Agreement between Radiant Logistics, Inc. and Bohn H. Crain+ | | 8-K | | 10.1 | 6/10/11 |
| 10.3 | Employment Agreement dated May 14, 2012 by and between Radiant Logistics, Inc. and Todd Macomber+ | | 8-K | | 10.2 | 5/14/12 |

| Exhibit Number | Description | Filed Herewith | Incorporated by Reference | | | |
|----------------|---|----------------|---------------------------|---------------|---------|-------------|
| | | | Form | Period Ending | Exhibit | Filing Date |
| 10.4 | Employment Agreement dated February 1, 2012 by and between Wheels Group Inc. and Tim Boyce+ | | 8-K | | 10.4 | 4/8/15 |
| 10.5 | Employment Agreement dated November 20, 2015 by and between Radiant Logistics, Inc. and Joseph Bento+ | | 10-K | 6/30/16 | 10.5 | 9/13/16 |
| 10.6 | Employment Agreement dated February 2, 2015 by and between Radiant Logistics, Inc. and Arnold Goldstein+ | | 10-K | 6/30/16 | 10.6 | 9/13/16 |
| 10.7 | Operating Agreement of Radiant Logistics Partners, LLC dated June 28, 2006 | | 8-K | | 10.4 | 5/14/12 |
| 10.8 | Discretionary Management Incentive Compensation Plan effective July 1, 2012+ | | 8-K | | 10.5 | 5/14/12 |
| 10.9 | Amendment and Restated Loan and Security Agreement dated April 2, 2015 by and among Radiant Logistics, Inc., Radiant Global Logistics, Inc., Radiant Transportation Services, Inc., Radiant Logistics Partners, LLC, Adcom Express, Inc., Radiant Customs Services, Inc., DBA Distribution Services, Inc., International Freight Systems Inc., Radiant Off-Shore Holdings LLC, Green Acquisition Company, Inc., On Time Express, Inc., Clipper Exxpress Company, Bluenose Finance LLC, Wheels MSM US, Inc., Radiant Trade Services, Inc. Radiant Global Logistics LTD., Wheels Group Inc., 1371482 Ontario Inc., Wheels MSM Canada Inc., 2062698 Ontario Inc., Associate Carriers Canada Inc., Wheels Associate Carriers Inc. and Bank of America, N.A. | | 8-K | | 10.1 | 4/8/15 |
| 10.10 | Second Amendment and Restated Loan and Security Agreement dated June 14, 2017 by and among Radiant Logistics, Inc., Radiant Global Logistics, Inc., Radiant Transportation Services, Inc., Radiant Logistics Partners, LLC, Adcom Express, Inc., Radiant Customs Services, Inc., DBA Distribution Services, Inc., International Freight Systems Inc., Radiant Off-Shore Holdings LLC, Green Acquisition Company, Inc., On Time Express, Inc., Clipper Exxpress Company, Radiant Global Logistics (CA), Inc., Radiant Trade Services, Inc., Service by Air, Inc., Highways & Skyways Inc., Wheels International Inc., 1371482 Ontario Inc., Wheels MSM Canada Inc., 2062698 Ontario Inc., Associate Carriers Canada Inc., Wheels Associate Carriers Inc. and Bank of America, N.A. | | 8-K | | 10.1 | 6/20/17 |
| 10.11 | \$29,000,000 Credit Facilities Loan Agreement dated April 2, 2015 by and among Wheels Group Inc. and Integrated Private Debt Fund IV LP. | | 8-K | | 10.2 | 4/8/15 |
| 10.12 | Radiant Logistics, Inc. 2012 Stock Option and Performance Award Plan+ | | DEF 14A | | Annex A | 10/9/12 |
| 10.13 | Form of Incentive Stock Option Award Agreement under the Radiant Logistics, Inc. 2012 Stock Option and Performance Award Plan+ | | 10-Q | 12/31/12 | 10.5 | 2/12/13 |
| 10.14 | Form of Restricted Stock Award Agreement under the Radiant Logistics, Inc. 2012 Stock Option and Performance Award Plan+ | | 10-Q | 12/31/12 | 10.7 | 2/12/13 |
| 10.15 | Form of SAR Award Agreement under the Radiant Logistics, Inc. 2012 Stock Option and Performance Award Plan+ | | 10-Q | 12/31/12 | 10.8 | 2/12/13 |

| Exhibit Number | Description | Filed Herewith | Incorporated by Reference | | | |
|----------------|---|----------------|---------------------------|---------------|---------|-------------|
| | | | Form | Period Ending | Exhibit | Filing Date |
| 10.16 | Form of Non-qualified Stock Option Award Agreement under the Radiant Logistics, Inc. 2012 Stock Option and Performance Award Plan+ | | 10-Q | 9/30/16 | 10.1 | 11/9/16 |
| 10.17 | Form of Restricted Stock Unit Award Agreement under the Radiant Logistics, Inc. 2012 Stock Option and Performance Award Plan+ | | 10-Q | 9/30/16 | 10.2 | 11/9/16 |
| 10.18 | Form of Non-qualified Stock Option Award Agreement (Director) under the Radiant Logistics, Inc. 2012 Stock Option and Performance Award Plan+ | | 10-Q | 9/30/16 | 10.3 | 11/9/16 |
| 10.19 | Form of Restricted Stock Unit Award Agreement (Director) under the Radiant Logistics, Inc. 2012 Stock Option and Performance Award Plan+ | | 10-Q | 9/30/16 | 10.4 | 11/9/16 |
| 10.20 | Form of Canadian Restricted Stock Unit Award Agreement under the Radiant Logistics, Inc. 2012 Stock Option and Performance Award Plan+ | | 10-Q | 12/31/16 | 10.1 | 2/8/17 |
| 10.21 | Form of Canadian Non-qualified Stock Option Award Agreement under the Radiant Logistics, Inc. 2012 Stock Option and Performance Award Plan+ | | 10-Q | 12/31/16 | 10.2 | 2/8/17 |
| 14.1 | Code of Business Conduct and Ethics+ | | 10-KSB | | 14.1 | 3/17/06 |
| 21.1 | Subsidiaries of the Registrant | X | | | | |
| 23.1 | Consent of Peterson Sullivan LLP | X | | | | |
| 31.1 | Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 | X | | | | |
| 31.2 | Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 | X | | | | |
| 32.1 | Certification of Chief Executive Officer and Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 | X | | | | |
| 101.INS | XBRL Instance | X | | | | |
| 101.SCH | XBRL Taxonomy Extension Schema | X | | | | |
| 101.CAL | XBRL Taxonomy Extension Calculation | X | | | | |
| 101.DEF | XBRL Taxonomy Extension Definition | X | | | | |
| 101.LAB | XBRL Taxonomy Extension Label | X | | | | |
| 101.PRE | XBRL Taxonomy Extension Presentation | X | | | | |

+Compensatory plans or arrangements

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

RADIANT LOGISTICS, INC.

Date: September 12, 2017

By: /s/ Bohn H. Crain
Bohn H. Crain
Chief Executive Officer
(Principal Executive Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

| Signature | Title | Date |
|---|--|--------------------|
| <u>/s/ Jack Edwards</u> Jack Edwards | Director | September 12, 2017 |
| <u>/s/ Richard P. Palmieri</u> Richard P. Palmieri | Director | September 12, 2017 |
| <u>/s/ Michael Gould</u> Michael Gould | Director | September 12, 2017 |
| <u>/s/ Bohn H. Crain</u> Bohn H. Crain | Chairman and Chief Executive Officer (Principal Executive Officer) | September 12, 2017 |
| <u>/s/ Todd E. Macomber</u> Todd E. Macomber | Senior Vice President and Chief Financial Officer (Principal Financial and Accounting Officer) | September 12, 2017 |

FINANCIAL STATEMENTS
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RADIANT LOGISTICS, INC.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Audit Committee of the Board of Directors
Radiant Logistics, Inc.
Bellevue, Washington

We have audited the accompanying consolidated balance sheet of Radiant Logistics, Inc. (“the Company”) as of June 30, 2017 and 2016, and the related consolidated statements of operations and comprehensive income (loss), stockholders’ equity, and cash flows for each of the years in the three-year period ended June 30, 2017. We also have audited the Company’s internal control over financial reporting as of June 30, 2017, based on criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (“COSO”). The Company’s management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management’s Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on these financial statements and an opinion on the Company’s internal control over financial reporting based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company’s internal control over financial reporting is a process designed 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. A company’s internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Radiant Logistics, Inc. as of June 30, 2017 and 2016, and the results of its operations and its cash flows for each of the years in the three-year period ended June 30, 2017, in conformity with accounting principles generally accepted in the United States. Also, in our opinion, Radiant Logistics, Inc. maintained, in all material respects, effective internal control over financial reporting as of June 30, 2017, based on criteria established in *Internal Control—Integrated Framework* issued by the COSO.

/S/ PETERSON SULLIVAN LLP

Seattle, Washington
September 12, 2017

RADIANT LOGISTICS, INC.
Consolidated Balance Sheets

(In thousands, except share and per share data)

| | June 30, | |
|---|-------------------|-------------------|
| | 2017 | 2016 |
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 5,808 | \$ 4,768 |
| Accounts receivable, net of allowance of \$1,599 and \$1,806, respectively | 116,327 | 101,035 |
| Employee and other receivables | 251 | 635 |
| Income tax deposit | 432 | 1,525 |
| Prepaid expenses and other current assets | 6,902 | 5,410 |
| Total current assets | <u>129,720</u> | <u>113,373</u> |
| Technology and equipment, net..... | <u>15,227</u> | <u>12,453</u> |
| Acquired intangibles, net | 74,729 | 71,941 |
| Goodwill | 66,779 | 62,888 |
| Deposits and other assets | 3,085 | 2,814 |
| Total long-term assets..... | <u>144,593</u> | <u>137,643</u> |
| Total assets | <u>\$ 289,540</u> | <u>\$ 263,469</u> |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| Current liabilities: | | |
| Accounts payable and accrued transportation costs | \$ 85,490 | \$ 75,071 |
| Commissions payable | 10,843 | 8,280 |
| Other accrued costs..... | 4,778 | 5,331 |
| Due to former shareholders of acquired operations..... | — | 50 |
| Current portion of notes payable | 3,382 | 2,416 |
| Current portion of contingent consideration..... | 4,130 | 3,387 |
| Current portion of transition and lease termination liability | 1,210 | 1,838 |
| Other current liabilities | 143 | 138 |
| Total current liabilities..... | <u>109,976</u> | <u>96,511</u> |
| Notes payable, net of current portion..... | 37,040 | 28,903 |
| Contingent consideration, net of current portion | 5,790 | 4,098 |
| Transition and lease termination liability, net of current portion | 804 | 658 |
| Deferred rent liability..... | 857 | 851 |
| Deferred tax liability | 10,826 | 12,525 |
| Other long-term liabilities..... | 782 | 742 |
| Total long-term liabilities | <u>56,099</u> | <u>47,777</u> |
| Total liabilities | <u>166,075</u> | <u>144,288</u> |
| Stockholders' equity: | | |
| Preferred stock, \$0.001 par value, 5,000,000 shares authorized; 839,200 shares issued and outstanding, liquidation preference of \$20,980 | 1 | 1 |
| Common stock, \$0.001 par value, 100,000,000 shares authorized; 49,177,215 and 48,857,506 shares issued, and 49,085,417 and 48,857,506 shares outstanding, respectively | 30 | 30 |
| Additional paid-in capital | 116,172 | 114,392 |
| Treasury stock, at cost, 91,798 and 0 shares, respectively | (253) | — |
| Deferred compensation..... | — | (1) |
| Retained earnings..... | 7,397 | 4,581 |
| Accumulated other comprehensive income..... | 65 | 98 |
| Total Radiant Logistics, Inc. stockholders' equity | <u>123,412</u> | <u>119,101</u> |
| Non-controlling interest..... | 53 | 80 |
| Total stockholders' equity | <u>123,465</u> | <u>119,181</u> |
| Total liabilities and stockholders' equity..... | <u>\$ 289,540</u> | <u>\$ 263,469</u> |

The accompanying notes form an integral part of these consolidated financial statements.

RADIANT LOGISTICS, INC.
Consolidated Statements of Operations and Comprehensive Income (Loss)

(In thousands, except share and per share data)

| | Year Ended June 30, | | |
|---|---------------------|-------------------|-----------------|
| | 2017 | 2016 | 2015 |
| Revenues | \$ 777,613 | \$ 782,579 | \$ 502,665 |
| Cost of transportation | 582,977 | 595,918 | 378,942 |
| Net revenues | <u>194,636</u> | <u>186,661</u> | <u>123,723</u> |
| Operating partner commissions | 90,207 | 84,475 | 60,356 |
| Personnel costs | 51,930 | 54,131 | 34,225 |
| Selling, general and administrative expenses | 23,971 | 25,731 | 15,384 |
| Depreciation and amortization | 12,349 | 12,033 | 6,359 |
| Transition and lease termination costs | 2,260 | 5,945 | 770 |
| Impairment of acquired intangible assets | — | 3,680 | — |
| Change in contingent consideration | 3,431 | 1,003 | (3,921) |
| Total operating expenses | <u>184,148</u> | <u>186,998</u> | <u>113,173</u> |
| Income (loss) from operations | <u>10,488</u> | <u>(337)</u> | <u>10,550</u> |
| Other income (expense): | | | |
| Interest income | 25 | 47 | 17 |
| Interest expense | (2,522) | (4,919) | (1,873) |
| Loss on write-off of loan fees | — | (1,180) | — |
| Foreign exchange gain (loss) | 222 | 700 | (739) |
| Other | 379 | 350 | 16 |
| Total other expense: | <u>(1,896)</u> | <u>(5,002)</u> | <u>(2,579)</u> |
| Income (loss) before income tax expense | 8,592 | (5,339) | 7,971 |
| Income tax benefit (expense) | <u>(3,673)</u> | <u>1,886</u> | <u>(2,016)</u> |
| Net income (loss) | 4,919 | (3,453) | 5,955 |
| Less: Net income attributable to non-controlling interest | <u>(57)</u> | <u>(66)</u> | <u>(80)</u> |
| Net income (loss) attributable to Radiant Logistics, Inc. | 4,862 | (3,519) | 5,875 |
| Less: Preferred stock dividends | <u>(2,046)</u> | <u>(2,046)</u> | <u>(2,046)</u> |
| Net income (loss) attributable to common stockholders | <u>\$ 2,816</u> | <u>\$ (5,565)</u> | <u>\$ 3,829</u> |
| Other comprehensive income (loss): | | | |
| Foreign currency translation gain (loss) | <u>(33)</u> | <u>493</u> | <u>(395)</u> |
| Comprehensive income (loss) | <u>\$ 2,783</u> | <u>\$ (5,072)</u> | <u>\$ 3,434</u> |
| Net income (loss) per common share: | | | |
| Basic | \$ 0.06 | \$ (0.11) | \$ 0.11 |
| Diluted | \$ 0.06 | \$ (0.11) | \$ 0.10 |
| Weighted average shares outstanding: | | | |
| Basic shares | 48,840,797 | 48,413,361 | 36,446,778 |
| Diluted shares | 49,993,595 | 48,413,361 | 38,021,511 |

The accompanying notes form an integral part of these consolidated financial statements.

RADIANT LOGISTICS, INC.
Consolidated Statements of Stockholders' Equity

RADIANT LOGISTICS, INC. STOCKHOLDERS' EQUITY

| (In thousands, except share data) | Preferred Stock | | Common Stock | | Additional Paid-in Capital | Treasury Stock | Deferred Compensation | Retained Earnings | Accumulated Other Comprehensive Income | Non- Controlling Interest | Total Stockholders' Equity |
|---|-----------------|-------------|-------------------|--------------|----------------------------------|-------------------|--------------------------|----------------------|---|---------------------------------|----------------------------------|
| | Shares | Amount | Shares | Amount | | | | | | | |
| Balance as of June 30, 2014..... | 839,200 | \$ 1 | 34,326,308 | \$ 16 | \$ 34,559 | \$ — | \$ (9) | \$ 6,317 | \$ — | \$ 41 | \$ 40,925 |
| Issuance of common stock to former shareholders of acquired operations..... | — | — | 7,039,690 | 7 | 39,409 | — | — | — | — | — | 39,416 |
| Issuance of common stock to Operating Partner | — | — | 56,819 | — | 109 | — | — | — | — | — | 109 |
| Share-based compensation | — | — | — | — | 1,110 | — | — | — | — | — | 1,110 |
| Amortization of deferred compensation..... | — | — | — | — | — | — | 5 | — | — | — | 5 |
| Cashless exercise of stock options | — | — | 1,140,407 | 1 | (3,784) | — | — | — | — | — | (3,783) |
| Tax benefit from exercise of stock options | — | — | — | — | 3,256 | — | — | — | — | — | 3,256 |
| Preferred dividends paid | — | — | — | — | — | — | — | (2,046) | — | — | (2,046) |
| Distribution to non-controlling interest..... | — | — | — | — | — | — | — | — | — | (59) | (59) |
| Net income | — | — | — | — | — | — | — | 5,875 | — | 80 | 5,955 |
| Comprehensive loss | — | — | — | — | — | — | — | — | (395) | — | (395) |
| Balance as of June 30, 2015..... | 839,200 | \$ 1 | 42,563,224 | \$ 24 | \$ 74,659 | \$ — | \$ (4) | \$ 10,146 | \$ (395) | \$ 62 | \$ 84,493 |
| Issuance of common stock at \$6.75 per share, net of underwriting and offering costs of \$2,970 | — | — | 6,133,334 | 6 | 38,424 | — | — | — | — | — | 38,430 |
| Issuance of common stock to former shareholders of acquired operations..... | — | — | 7,385 | — | 31 | — | — | — | — | — | 31 |
| Share-based compensation | — | — | — | — | 1,404 | — | — | — | — | — | 1,404 |
| Amortization of deferred compensation..... | — | — | — | — | — | — | 3 | — | — | — | 3 |
| Cashless exercise of stock options | — | — | 153,949 | — | (264) | — | — | — | — | — | (264) |
| Cancellation of restricted stock awards..... | — | — | (386) | — | — | — | — | — | — | — | — |
| Tax benefit from exercise of stock options | — | — | — | — | 138 | — | — | — | — | — | 138 |
| Preferred dividends paid | — | — | — | — | — | — | — | (2,046) | — | — | (2,046) |
| Distribution to non-controlling interest..... | — | — | — | — | — | — | — | — | — | (48) | (48) |
| Net income (loss) | — | — | — | — | — | — | — | (3,519) | — | 66 | (3,453) |
| Comprehensive income | — | — | — | — | — | — | — | — | 493 | — | 493 |
| Balance as of June 30, 2016..... | 839,200 | \$ 1 | 48,857,506 | \$ 30 | \$ 114,392 | \$ — | \$ (1) | \$ 4,581 | \$ 98 | \$ 80 | \$ 119,181 |
| Issuance of common stock to former shareholders of acquired operations..... | — | — | 160,329 | — | 905 | — | — | — | — | — | 905 |
| Repurchase of common stock | — | — | (91,798) | — | — | (253) | — | — | — | — | (253) |
| Share-based compensation | — | — | — | — | 1,303 | — | — | — | — | — | 1,303 |
| Amortization of deferred compensation..... | — | — | — | — | — | — | 1 | — | — | — | 1 |
| Cashless exercise of stock options | — | — | 159,380 | — | (428) | — | — | — | — | — | (428) |
| Preferred dividends paid | — | — | — | — | — | — | — | (2,046) | — | — | (2,046) |
| Distribution to non-controlling interest..... | — | — | — | — | — | — | — | — | — | (84) | (84) |
| Net income | — | — | — | — | — | — | — | 4,862 | — | 57 | 4,919 |
| Comprehensive income | — | — | — | — | — | — | — | — | (33) | — | (33) |
| Balance as of June 30, 2017..... | <u>839,200</u> | <u>\$ 1</u> | <u>49,085,417</u> | <u>\$ 30</u> | <u>\$ 116,172</u> | <u>\$ (253)</u> | <u>\$ —</u> | <u>\$ 7,397</u> | <u>\$ 65</u> | <u>\$ 53</u> | <u>\$ 123,465</u> |

The accompanying notes form an integral part of these consolidated financial statements.

RADIANT LOGISTICS, INC.
Consolidated Statements of Cash Flows

(In thousands)

| | Year Ended June 30, | | |
|--|---------------------|-----------------|-----------------|
| | 2017 | 2016 | 2015 |
| CASH FLOWS PROVIDED BY OPERATING ACTIVITIES | | | |
| Net income (loss) | \$ 4,919 | \$ (3,453) | \$ 5,955 |
| ADJUSTMENTS TO RECONCILE NET INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES | | | |
| share-based compensation expense | 1,304 | 1,407 | 1,115 |
| amortization of intangibles | 8,512 | 8,560 | 5,394 |
| depreciation and leasehold amortization | 3,837 | 3,473 | 965 |
| deferred income tax benefit | (1,713) | (3,134) | (1,756) |
| amortization of loan fees | 317 | 388 | 145 |
| change in contingent consideration | 3,431 | 1,003 | (3,921) |
| loss on impairment of acquired intangible assets | — | 3,680 | — |
| loss on write-off of loan fees | — | 1,180 | — |
| transition and lease termination costs | 721 | 3,537 | 524 |
| loss (gain) on disposal of technology and equipment | (29) | 42 | 56 |
| change in (recovery of) provision for doubtful accounts | (207) | 255 | (170) |
| CHANGE IN OPERATING ASSETS AND LIABILITIES: | | | |
| accounts receivable | (15,102) | 25,684 | (3,289) |
| employee and other receivables | 384 | (525) | 140 |
| income tax deposit | 1,089 | 710 | (4,252) |
| prepaid expenses, deposits and other assets | (1,463) | 431 | (691) |
| accounts payable and accrued transportation costs | 10,411 | (16,369) | 779 |
| commissions payable | 1,813 | (1,170) | 1,438 |
| other accrued costs | (552) | (2,368) | 464 |
| other liabilities | 17 | (374) | (349) |
| deferred rent liability | 8 | (290) | 247 |
| payments of contingent consideration | (1,645) | (15) | — |
| transition and lease termination liability | (1,201) | (1,246) | (743) |
| Net cash provided by operating activities | <u>14,851</u> | <u>21,406</u> | <u>2,051</u> |
| CASH FLOWS USED FOR INVESTING ACTIVITIES: | | | |
| Acquisitions during the fiscal year, net of cash acquired | (11,515) | (800) | (44,031) |
| Purchases of technology and equipment | (4,935) | (3,697) | (4,092) |
| Proceeds from sale of technology and equipment | 191 | 810 | 233 |
| Payments to former shareholders of acquired operations | (50) | (684) | — |
| Net cash used for investing activities | <u>(16,309)</u> | <u>(4,371)</u> | <u>(47,890)</u> |
| CASH FLOWS PROVIDED BY (USED FOR) FINANCING ACTIVITIES: | | | |
| Proceeds from (repayments to) credit facility, net of credit fees | 3,983 | (27,942) | 30,566 |
| Proceeds from notes payable | 7,575 | — | 25,548 |
| Payments of loan fees | (471) | — | (1,353) |
| Repayments of notes payable | (2,354) | (26,285) | — |
| Proceeds from stock offering, net of offering costs | — | 38,430 | — |
| Proceeds from sale of common stock | — | — | 109 |
| Payments of shelf registration costs | — | — | (158) |
| Purchases of treasury stock | (253) | — | — |
| Payments of contingent consideration | (3,446) | (1,541) | (1,457) |
| Payments of preferred stock dividends | (2,046) | (2,046) | (2,046) |
| Distributions to non-controlling interest | (84) | (48) | (59) |
| Payments of employee tax withholdings related to cashless stock option exercises | (428) | (264) | (3,784) |
| Tax benefit from exercise of stock options | — | 138 | 3,256 |
| Net cash provided by (used for) financing activities | <u>2,476</u> | <u>(19,558)</u> | <u>50,622</u> |
| Effect of exchange rate changes on cash and cash equivalents | 22 | 23 | (395) |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | 1,040 | (2,500) | 4,388 |
| CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD | <u>4,768</u> | <u>7,268</u> | <u>2,880</u> |
| CASH AND CASH EQUIVALENTS, END OF PERIOD | <u>\$ 5,808</u> | <u>\$ 4,768</u> | <u>\$ 7,268</u> |
| SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION: | | | |
| Income taxes paid | \$ 4,720 | \$ 2,506 | \$ 2,764 |
| Interest paid | \$ 2,196 | \$ 4,522 | \$ 1,596 |

RADIANT LOGISTICS, INC.
Consolidated Statements of Cash Flows (continued)

Supplemental disclosure of non-cash investing and financing activities:

In September 2014, the Company issued 16,218 shares of common stock at a fair value of \$3.08 per share in satisfaction of \$50 of the Trans-Net, Inc. purchase price, resulting in an increase to common stock and additional paid-in capital of \$50.

In November 2014, the Company issued 52,452 shares of common stock at a fair value of \$3.84 per share in satisfaction of \$201 of the On Time Express, Inc. earn-out payment for the year ended June 30, 2014, resulting in a decrease to the current portion of contingent consideration, an increase to common stock and additional paid-in capital of \$201.

In December 2014, the Company issued 43,221 shares of common stock at a fair value of \$3.90 per share in satisfaction of \$168 of the Don Cameron & Associates, Inc. purchase price, resulting in an increase to common stock and additional paid-in capital of \$168.

In April 2015, the Company issued 6,900,000 shares of common stock at a fair value of \$5.63 per share in satisfaction of the Wheels Group Inc. purchase price, resulting in an increase to common stock of \$7 and an increase to additional paid-in capital of \$38,840.

In June 2015, the Company issued 27,799 shares of common stock at a fair value of \$5.40 per share in satisfaction of \$150 of the Highways and Skyways, Inc. purchase price, resulting in an increase to common stock and additional paid-in capital of \$150.

In December 2015, the Company issued 7,385 shares of common stock at a fair value of \$4.23 per share in satisfaction of \$31 of the Copper Logistics, Inc. purchase price, resulting in an increase to common stock and additional paid-in capital of \$31.

In June 2017, the Company issued 84,735 shares of common stock at a fair value of \$5.90 per share in satisfaction of \$500 of the Dedicated Logistics Technologies, Inc. purchase price, resulting in an increase to common stock and additional paid-in capital of \$500.

In June 2017, the Company issued 75,594 shares of common stock at a fair value of \$5.35 per share in satisfaction of \$405 of the Phoenix Cartage and Air Freight, LLC, earn-out payment for the period ended February 28, 2017, resulting in a decrease to the current portion of contingent consideration, an increase to common stock and additional paid-in capital of \$405.

The accompanying notes form an integral part of these consolidated financial statements.

RADIANT LOGISTICS, INC.
Notes to the Consolidated Financial Statements

NOTE 1 – THE COMPANY AND BASIS OF PRESENTATION

The Company

Radiant Logistics, Inc. (the “Company”) operates as a third-party logistics company, providing multi-modal transportation and logistics services primarily to customers based in the United States and Canada. The Company services a large and diversified account base which it supports from an extensive network of over 100 operating locations across North America as well as an integrated international service partner network located in other key markets around the globe. The Company provides these services through a multi-brand network which includes 20 Company-owned offices. As a third-party logistics company, the Company has approximately 10,000 asset-based transportation companies, including motor carriers, railroads, airlines and ocean lines in its carrier network. The Company believes shippers value its services because it is able to objectively arrange the most efficient and cost-effective means, type and provider of transportation service since it is not influenced by the ownership of transportation assets. In addition, the Company’s minimal investment in physical assets affords it the opportunity for a higher return on invested capital and net cash flows than the Company’s asset-based competitors.

Through its operating locations across North America, the Company offers domestic and international air and ocean freight forwarding services and freight brokerage services including truckload services, less than truckload services; and intermodal services, which is the movement of freight in trailers or containers by combination of truck and rail. The Company’s primary business operations involve arranging the shipment, on behalf of its customers, of materials, products, equipment and other goods that are generally larger than shipments handled by integrated carriers of primarily small parcels, such as FedEx, DHL and UPS, including arranging and monitoring all aspects of material flow activity utilizing advanced information technology systems. The Company also provides other value-added logistics services, including customs brokerage, order fulfillment, inventory management and warehousing services to complement its core transportation service offering.

The Company expects to grow its business organically and by completing acquisitions of other companies with complementary geographical and logistics service offerings. The Company’s organic growth strategy will continue to focus on strengthening existing and expanding new customer relationships leveraging the benefit of the Company’s new truck brokerage and intermodal service offerings, while continuing its efforts on the organic build-out of the Company’s network of strategic operating partner locations. In addition, as the Company continues to grow and scale its business, the Company believes that it is creating density in its trade lanes which creates opportunities for the Company to more efficiently source and manage its transportation capacity.

In addition to its focus on organic growth, the Company will continue to search for acquisition candidates that bring critical mass from a geographic and purchasing power standpoint, along with providing complementary service offerings to the current platform. As the Company continues to grow and scale its business, it also remains focused on leveraging its back-office infrastructure and technology systems to drive productivity improvement across the organization.

Basis of Presentation

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries as well as a single variable interest entity, Radiant Logistics Partners, LLC (“RLP”), which is 40% owned by Radiant Global Logistics, Inc (“RGL”), and 60% owned by Radiant Capital Partners, LLC (“RCP”, see Note 8), an affiliate of Bohn H. Crain, the Company’s Chief Executive Officer, whose accounts are included in the consolidated financial statements. All significant intercompany balances and transactions have been eliminated. All amounts in the consolidated financial statements are stated in thousands, except share and per share amounts.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Use of Estimates

The preparation of financial statements and related disclosures in accordance with accounting principles generally accepted in the United States (“GAAP”) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Such estimates include revenue recognition, accruals for the cost of purchased transportation, the fair value of acquired assets and liabilities, changes in contingent consideration, accounting for the issuance of shares and share-based compensation, the assessment of the recoverability of long-lived assets and goodwill, and the establishment of an allowance for doubtful accounts. Estimates and assumptions are reviewed periodically and the effects of revisions are reflected in the period that they are determined to be necessary. Actual results could differ from those estimates.

b) Fair Value Measurements

In general, fair values determined by Level 1 inputs utilize quoted prices (unadjusted) in active markets for identical assets or liabilities. Fair values determined by Level 2 inputs utilize observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the related assets or liabilities. Fair values determined by Level 3 inputs are unobservable data points for the asset or liability, and include situations where there is little, if any, market activity for the asset or liability.

c) Fair Value of Financial Instruments

The carrying values of the Company's receivables, accounts payable and accrued transportation costs, commissions payable, other accrued costs, and the income tax deposit approximate the fair values due to the relatively short maturities of these instruments. The carrying value of the Company's credit facility and other long-term liabilities would not differ significantly from fair value (based on Level 2 inputs) if recalculated based on current interest rates. Contingent consideration attributable to the Company's acquisitions are reported at fair value using Level 3 inputs.

d) Cash and Cash Equivalents

For purposes of the statements of cash flows, cash equivalents include all highly liquid investments with original maturities of three months or less that are not securing any corporate obligations. Cash balances may at times exceed federally insured limits. Checks issued by the Company that have not yet been presented to the bank for payment are reported as accounts payable and commissions payable in the accompanying consolidated balance sheets. Accounts payable and commissions payable includes outstanding payments which had not yet been presented to the bank for payment in the amounts of \$9,238 and \$4,434 as of June 30, 2017 and 2016, respectively.

e) Concentrations

The Company maintains its cash in bank deposit accounts that, at times, may exceed federally-insured limits. The Company has not experienced any losses in such accounts.

f) Accounts Receivable

The Company's receivables are recorded when billed and represent claims against third-parties that will be settled in cash. The carrying value of the Company's receivables, net of the allowance for doubtful accounts, represents their estimated net realizable value. The Company evaluates the collectability of accounts receivable on a customer-by-customer basis. The Company records a reserve for bad debts against amounts due in order to reduce the net recognized receivable to an amount the Company believes will be reasonably collected. The reserve is a discretionary amount determined from the analysis of the aging of the accounts receivables, historical experience and knowledge of specific customers.

The Company derives a substantial portion of its revenue through independently-owned strategic operating partner locations operating under various Company brands. Each individual strategic operating partner is responsible for some or all of the bad debt expense related to the underlying customers being serviced by such strategic operating partner. To facilitate this arrangement, certain strategic operating partners are required to maintain a security deposit with the Company that is recognized as a liability in the Company's financial statements. The Company charges each individual strategic operating partner's bad debt reserve account for any accounts receivable aged beyond 90 days. However, the bad debt reserve account may carry a deficit balance when amounts charged to this reserve exceed amounts otherwise available in the bad debt reserve account. In these circumstances, deficit bad debt reserve accounts, as well as other deficit balances owed to us by strategic operating partners, are recognized as a receivable in the Company's financial statements. Other strategic operating partners are not required to establish a bad debt reserve, however, they are still responsible for deficits and their strategic operating partner agreements provide that the Company may withhold all or a portion of future commission checks payable to the individual strategic operating partner in satisfaction of any deficit balance. Currently, a number of the Company's strategic operating partners have a deficit balance in their bad debt reserve account. The Company expects to replenish these funds through the future business operations of these strategic operating partners. However, to the extent any of these strategic operating partners were to cease operations or otherwise be unable to replenish these deficit accounts, the Company would be at risk of loss for any such amount.

g) Technology and Equipment

Technology (computer software, hardware, and communications), vehicles, furniture, and equipment are stated at cost, less accumulated depreciation over the estimated useful lives of the respective assets. Depreciation is computed using three to fifteen year lives for vehicles, communication, office, furniture, and computer equipment using the straight line method of depreciation. Computer software is depreciated over a three to five year life using the straight line method of depreciation. For leasehold improvements, the cost is amortized over the shorter of the lease term or useful life on a straight line basis. Upon retirement or other disposition of these assets, the cost and related accumulated depreciation or amortization are removed from the accounts and the resulting gain or loss, if any, is reflected in other income or expense. Expenditures for maintenance, repairs and renewals of minor items are charged to expense as incurred. Major renewals and improvements are capitalized.

h) Goodwill

Goodwill represents the excess of purchase price over the value assigned to the net tangible and identifiable intangible assets of a business acquired. The Company typically performs its annual goodwill impairment test effective as of April 1 of each year, unless events or circumstances indicate impairment may have occurred before that time. The Company assesses qualitative factors to determine whether it is more likely than not that the fair value of the reporting unit is less than its carrying amount. After assessing qualitative factors, the Company determined that no further testing was necessary. If further testing was necessary, the Company would determine the fair value of each reporting unit, and compare the fair value to the reporting unit's carrying amount. As of June 30, 2017, management believes there are no indications of impairment.

The table below reflects changes in goodwill for the years ending June 30:

| (In thousands) | June 30, | |
|-----------------------------------|------------------|------------------|
| | 2017 | 2016 |
| Goodwill, beginning of year | \$ 62,888 | \$ 63,089 |
| Wheels acquisition | — | 85 |
| SBA acquisition | — | (316) |
| Other acquisitions | 3,891 | 30 |
| Goodwill, end of year | <u>\$ 66,779</u> | <u>\$ 62,888</u> |

i) Long-Lived Assets

Acquired intangibles consist of customer related intangibles, trade names and trademarks, and non-compete agreements arising from the Company's acquisitions. Customer related intangibles are amortized using the straight-line method over a period of up to 10 years, trademarks and trade names are amortized using the straight line method over 15 years, and non-compete agreements are amortized using the straight line method over the term of the underlying agreements.

The Company reviews long-lived assets to be held-and-used for impairment whenever events or changes in circumstances indicate the carrying amount of the assets may not be recoverable. If the sum of the undiscounted expected future cash flows over the remaining useful life of a long-lived asset is less than its carrying amount, the asset is considered to be impaired. Impairment losses are measured as the amount by which the carrying amount of the asset exceeds the fair value of the asset. When fair values are not available, the Company estimates fair value using the expected future cash flows discounted at a rate commensurate with the risks associated with the recovery of the asset. Assets to be disposed of are reported at the lower of carrying amount or fair value less costs to sell. During the fiscal year ended June 30, 2016, the Company concluded it had a triggering event requiring assessment of customer related intangibles associated with the On-Time Express, Inc. ("On Time") acquisition due to loss of customers. As a result, the Company reviewed the customer related intangibles and recorded an impairment loss of \$3,680 during the second fiscal quarter. The impairment was measured using future discounted cash flows using Level 3 inputs in the fair market hierarchy. Management has performed a review of all long-lived assets and has determined no impairment of the respective carrying value has occurred as of June 30, 2017.

j) Business Combinations

The Company accounts for business combinations using the purchase method of accounting and allocates the purchase price to the tangible and intangible assets acquired and the liabilities assumed based upon their estimated fair values at the acquisition date. The difference between the purchase price and the fair value of the net assets acquired is recorded as goodwill. While the Company uses its best estimates and assumptions to accurately value assets acquired and liabilities assumed at the acquisition date, the estimates are inherently uncertain and subject to refinement. As a result, during the measurement period, which may be up to one year from the acquisition date, the Company records adjustments to the assets acquired and liabilities assumed with the corresponding offset to

goodwill. Upon the conclusion of the measurement period or final determination of the values of assets acquired or liabilities assumed, whichever comes first, any subsequent adjustments are recorded in the consolidated statements of operations.

The fair values of intangible assets acquired are estimated using a discounted cash flow approach with Level 3 inputs. Under this method, an intangible asset's fair value is equal to the present value of the incremental after-tax cash flows (excess earnings) attributable solely to the intangible asset over its remaining useful life. To calculate fair value, the Company uses risk-adjusted cash flows discounted at rates considered appropriate given the inherent risks associated with each type of asset. The Company believes the level and timing of cash flows appropriately reflects market participant assumptions.

The Company determines the acquisition date fair value of the contingent consideration payable based on the likelihood of paying the contingent consideration as part of the consideration transferred. The fair value is estimated using projected future operating results and the corresponding future earn-out payments that can be earned upon the achievement of specified operating objectives and financial results by acquired companies using Level 3 inputs and the amounts are then discounted to present value. These liabilities are measured quarterly at fair value, and any change in the contingent liability is included in the consolidated statements of operations.

k) Commitments

The Company has operating lease commitments for equipment rentals, office space, and warehouse space under non-cancelable operating leases expiring at various dates through November 2022. Rent expense is recognized straight line over the term of the lease. Minimum future lease payments (excluding the lease payments included in the transition and lease termination liability) under these non-cancelable operating leases for each of the next five fiscal years ending June 30 and thereafter are as follows:

| | |
|-----------------------------------|------------------|
| (In thousands) | |
| 2018 | \$ 8,545 |
| 2019 | 7,901 |
| 2020 | 7,630 |
| 2021 | 6,340 |
| 2022 | 3,911 |
| Thereafter | 564 |
| Total minimum lease payments..... | <u>\$ 34,891</u> |

Rent expense amounted to \$5,342, \$4,932 and \$2,750 for the years ended June 30, 2017, 2016 and 2015, respectively.

l) Lease Termination and Transition Costs

Lease termination costs consist of expenses related to future rent payments for which the Company no longer intends to receive any economic benefit. A liability is recorded when the Company ceases to use leased space. Lease termination costs are calculated as the present value of lease payments, net of expected sublease income, and the loss on disposition of assets. Transition costs consist of non-recurring personnel costs that will be eliminated in connection with the winding-down of the historical back-office of Service by Air, Inc. ("SBA") and other operating locations.

The transition and lease termination liability consists of the following:

| (In thousands) | Lease Termination Costs | Retention and Severance Costs | Non-recurring Personnel Costs | Total |
|---|----------------------------|----------------------------------|----------------------------------|-----------------|
| Balance as of June 30, 2015 | \$ 255 | \$ 29 | \$ — | \$ 284 |
| Lease termination and transitions costs | 2,545 | 992 | 2,408 | 5,945 |
| Payments and other | (985) | (340) | (2,408) | (3,733) |
| Balance as of June 30, 2016 | \$ 1,815 | \$ 681 | \$ — | \$ 2,496 |
| Lease termination and transitions costs | 566 | 155 | 1,539 | 2,260 |
| Payments and other | (767) | (436) | (1,539) | (2,742) |
| Balance as of June 30, 2017 | <u>\$ 1,614</u> | <u>\$ 400</u> | <u>\$ —</u> | <u>\$ 2,014</u> |

m) 401(k) Savings Plans

The Company has an employee savings plan under which the Company provides safe harbor matching contributions. For the years ended June 30, 2017, 2016 and 2015, the Company's contributions under the plan were \$764, \$700 and \$495, respectively.

n) Income Taxes

Deferred income taxes are reported using the asset and liability method. Deferred tax assets are recognized for deductible temporary differences and deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax bases. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment.

The Company reports a liability for unrecognized tax benefits resulting from uncertain income tax positions taken or expected to be taken in an income tax return. Estimated interest and penalties, if any, are recorded as a component of interest expense or other expense, respectively.

o) Revenue Recognition and Purchased Transportation Costs

The Company is the primary obligor responsible for providing the service desired by the customer and is responsible for fulfillment, including the acceptability of the service(s) ordered or purchased by the customer. At the Company's sole discretion, it sets the prices charged to its customers, and is not required to obtain approval or consent from any other party in establishing its prices. The Company has multiple suppliers for the services it sells to its customers, and has the absolute and complete discretion and right to select the supplier that will provide the product(s) or service(s) ordered by a customer, including changing the supplier on a shipment-by-shipment basis. In most cases, the Company determines the nature, type, characteristics, and specifications of the service(s) ordered by the customer. The Company also assumes credit risk for the amount billed to the customer.

As a non-asset based carrier, the Company generally does not own transportation assets. The Company generates the major portion of its freight forwarding revenues by purchasing transportation services from direct (asset-based) carriers and reselling those services to its customers. Based upon the terms in the contract of carriage, revenues related to shipments where the Company issues a House Airway Bill or a House Ocean Bill of Lading are recognized at the time the freight is tendered to the direct carrier at origin net of duties and taxes. Costs related to the shipments are also recognized at this same time based upon anticipated margins, contractual arrangements with direct carriers, and other known factors. The estimates are routinely monitored and compared to actual invoiced costs. The estimates are adjusted as deemed necessary by the Company to reflect differences between the original accruals and actual costs of purchased transportation.

This method generally results in recognition of revenues and purchased transportation costs earlier than the preferred methods under GAAP which does not recognize revenue until a proof of delivery is received or which recognizes revenue as progress on the transit is made. The Company's method of revenue and cost recognition does not result in a material difference from amounts that would be reported under such other methods.

All other revenue, including revenue from other value-added services including brokerage services, warehousing and fulfillment services, is recognized upon completion of the service.

p) Share-Based Compensation

The Company has issued restricted stock awards, restricted stock units and stock options to certain directors, officers and employees. The Company accounts for share-based compensation under the fair value recognition provisions such that compensation cost is measured at the grant date based on the value of the award and is expensed ratably over the vesting period. Determining the fair value of share-based awards at the grant date requires judgment about, among other things, stock volatility, the expected life of the award, and other inputs. The Company accounts for forfeitures as they occur. The Company issues new shares of common stock to satisfy exercises and vesting of awards granted under its stock plans.

The Company recorded share-based compensation expense of \$1,304, \$1,407 and \$1,115 for the years ended June 30, 2017, 2016 and 2015, respectively.

q) Basic and Diluted Income Per Share

Basic income per share is computed by dividing net income attributable to common stockholders by the weighted average number of common shares outstanding. Diluted income per share is computed similar to basic income per share except that the denominator is increased to include the number of additional common shares that would have been outstanding if the potential common shares, such as stock awards and stock options, had been issued and if the additional common shares were dilutive. Net income attributable to common stockholders is calculated after earned preferred stock dividends, whether or not declared.

The following table reconciles the numerator and denominator of the basic and diluted per share computations for earnings per share as follows:

| | Year Ended June 30, | | |
|---|---------------------|-------------------|-------------------|
| | 2017 | 2016 | 2015 |
| Weighted average basic shares outstanding..... | 48,840,797 | 48,413,361 | 36,446,778 |
| Dilutive effect of share-based awards..... | 1,152,798 | — | 1,574,733 |
| Weighted average dilutive shares outstanding..... | <u>49,993,595</u> | <u>48,413,361</u> | <u>38,021,511</u> |
| Potentially dilutive common shares excluded..... | <u>1,592,897</u> | <u>3,856,368</u> | <u>918,290</u> |

r) Foreign Currency Translation

For the Company’s significant foreign subsidiaries that prepare financial statements in currencies other than U.S. dollars, the local currency is the functional currency. All assets and liabilities are translated at year-end exchange rates and all income statement amounts are translated at the weighted average rates for the period. Translation adjustments are recorded in accumulated other comprehensive (loss) income. Gains and losses on transactions of monetary items are recognized in the consolidated statements of operations.

s) Reclassifications

Certain amounts for prior periods have been reclassified in the Company’s consolidated financial statements to conform to the classification used in fiscal year 2017.

t) Recent Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2014-09, Revenue from Contracts with Customers, to clarify the principles used to recognize revenue for all entities. In March 2016, the FASB issued ASU 2016-08 to further clarify the implementation guidance on principal versus agent considerations. The guidance is effective for the Company beginning July 1, 2018 and permits the use of either a retrospective or cumulative effect transition method. The Company is in the process of evaluating the adoption impact for each of the Company’s products and services, including any impact on gross versus net revenue recognition. As the Company completes the overall evaluation, it is identifying and preparing to implement changes to the Company’s accounting policies, practices, and controls to support the new standard.

In February 2016, the FASB issued ASU 2016-02, Leases, to replace existing guidance. The guidance requires the recognition of right-of-use assets and lease liabilities for operating leases with terms more than 12 months on the balance sheet. Guidance is also provided for the presentation of leases within the statement of operations and cash flows. The guidance is effective for annual and interim periods beginning after December 15, 2018, and early adoption is permitted. The adoption of this standard will impact the Company’s consolidated financial statements as future minimum lease payments under noncancelable leases totaled approximately \$34.9 million as of June 30, 2017. The Company is currently evaluating the impact that the adoption of this guidance will have on the Company’s consolidated financial statements and related disclosures.

In October 2016, the FASB issued ASU 2016-16, Income Taxes, allowing the recognition of income tax consequences on intra-entity asset transfers. Current GAAP prohibits recognizing current and deferred income tax consequences for an intra-entity asset transfer until the asset has been sold to an outside party. The guidance is effective for annual and interim periods beginning after December 15, 2017, and early adoption is permitted. The Company has approximately \$1.7 million of such assets recorded in deposits and other assets in the consolidated balance sheets and is currently evaluating the impact and timing that the adoption of this guidance will have on the Company’s consolidated financial statements and related disclosures.

u) Recently Adopted Accounting Pronouncements

In March 2016, the FASB issued ASU 2016-09, Stock Compensation, to improve the accounting for share-based compensation. The guidance changes how companies account for certain aspects of share-based compensation and the related financial statement presentation. The ASU includes a requirement that the tax effect related to settled share-based awards be recorded as a component of income tax expense or benefit rather than as a component of changes to additional paid-in capital. Cash flows related to excess tax benefits are now reflected as an operating activity. In addition, this ASU simplifies accounting of forfeitures and allows a company to make an accounting policy to estimate the number of share-based awards that are expected to vest and develop a forfeiture rate or to recognize forfeitures as they occur. The Company has elected to account for forfeitures as they occur. The guidance is effective for annual and interim periods beginning after December 15, 2016, and early adoption is permitted. The Company elected early adoption as of July 1, 2016, applied on a prospective basis. As such, there were no changes to prior periods presented. The presentation requirements for cash flows related to employee taxes paid for withheld shares had no impact to the periods presented on the Company's Condensed Consolidated Statements of Cash Flows since such cash flows have historically been presented as a financing activity.

In August 2016, the FASB issued ASU 2016-15, Statement of Cash Flows, to address eight specific cash flow issues to reduce existing divergence in practice. The guidance is effective for annual and interim periods beginning after December 15, 2017, and early adoption is permitted. The Company elected early adoption as of July 1, 2016, applied on a retrospective basis. The primary impact to the Company from this ASU is: 1) cash payments for debt prepayment or debt extinguishment are classified as cash outflows for financing activities; 2) cash payments made soon after an acquisition are classified as cash outflows for investing activities. Cash payments made after a business combination up to the amount of contingent consideration initially recorded are classified as cash outflows for financing activities. Any payments in excess of the amount initially recorded are classified as cash outflows from operating activities. For the year ended June 30, 2016, there was a reclassification of \$15 from payments of contingent consideration from financing activities to operating activities.

In January 2017, the FASB issued ASU 2017-04, Intangibles—Goodwill and Other, to supersede the current guidance by replacing the current two-step impairment test with a one-step impairment test. The guidance is effective for annual and interim goodwill impairment tests in fiscal years beginning after December 15, 2019. Early adoption is permitted for goodwill impairment tests performed after January 1, 2017. The Company elected early adoption as of January 1, 2017.

In the prior fiscal year, the Company adopted ASU 2015-03, Imputation of Interest, and ASU 2015-17, Balance Sheet Classification of Deferred Taxes.

NOTE 3 – BUSINESS ACQUISITIONS

Fiscal Year 2017 Acquisitions

On April 1, 2017, the Company, through a wholly-owned subsidiary acquired Lomas Logistics (“Lomas”), a division of L.V. Lomas Limited. Lomas operates as a third-party logistics provider serving companies across a range of industries including consumer goods, healthcare, food, chemicals and technology and operates from locations in Ontario and British Columbia, Canada. The Lomas acquisition was financed with proceeds from the Integrated Private Debt Fund V LP loan (as defined in Note 6).

On June 1, 2017 the Company, through a wholly-owned subsidiary acquired the assets and operations of its strategic operating partner Dedicated Logistics Technologies, Inc. (“DLT”), a Newark, New Jersey based company. DLT is expected to transition to the Radiant brand and will combine with existing company owned operations in Newark while maintaining separate facilities in Los Angeles, California. The DLT acquisition was financed with proceeds from the Company's Credit Facility (as defined in Note 6). The Company has structured the transaction similar to previous acquisitions, with a portion of the expected purchase price payable in subsequent periods based on future performance of the acquired operation. The fair value of the contingent consideration was estimated using future projected earnings relative to the corresponding future earn-out payments. To calculate fair value, the future earn-out payments were then discounted using Level 3 inputs. The Company believes the discount rate used to discount the earn-out payments reflect market participant assumptions.

The acquisition date fair value of the consideration transferred for the acquisitions consisted of the following:

| | |
|--|------------------|
| (In thousands): | |
| Cash, net of cash acquired..... | \$ 11,515 |
| Common stock..... | 500 |
| Working capital and other holdbacks..... | 750 |
| Contingent consideration..... | <u>4,500</u> |
| | <u>\$ 17,265</u> |

The purchase price allocation for the acquisitions is as follows:

| | |
|--------------------------------|------------------|
| (In thousands) | |
| Technology and equipment..... | \$ 1,810 |
| Other assets..... | 295 |
| Intangibles..... | 11,300 |
| Goodwill..... | <u>3,891</u> |
| Total assets acquired..... | <u>17,296</u> |
| Other liabilities..... | <u>31</u> |
| Total liabilities assumed..... | <u>31</u> |
| Net assets acquired..... | <u>\$ 17,265</u> |

The fair values of the intangible assets were estimated using a discounted cash flow approach with Level 3 inputs. Under this method, an intangible asset's fair value is equal to the present value of the incremental after-tax cash flows (excess earnings) attributable solely to the intangible asset over its remaining useful life. To calculate fair value, the Company used risk-adjusted cash flows discounted at rates considered appropriate given the inherent risks associated with each type of asset. The Company believes the level and timing of cash flows appropriately reflect market participant assumptions.

The goodwill recorded is expected to be deductible for income tax purposes over a period of 15 years. The pro forma results of operations have not been presented because the effect of these acquisitions was not material to the consolidated financial statements.

The results of operations for the businesses acquired are included in the Company's consolidated financial statements as of the date of purchase. The preliminary fair value estimates for the assets acquired and liabilities assumed are based upon preliminary calculations and valuations. The estimates and assumptions are subject to change as additional information is obtained for the estimates during the respective measurement periods (up to one year from the acquisition date). The primary areas of the preliminary estimates not yet finalized relate to certain tangible assets and liabilities acquired, goodwill and identifiable intangible assets.

Fiscal Year 2016 Acquisition

Copper Logistics, Incorporated

On November 2, 2015, the Company acquired the operations and assets of Copper Logistics, Incorporated ("Copper"), a Minneapolis, Minnesota based company that provides a full range of domestic and international transportation and logistics services across North America. The Company has structured the transaction similar to previous acquisitions, with a portion of the expected purchase price payable in subsequent periods based on future performance of the acquired operation. The consideration paid, purchase price, and pro forma results of operations have not been presented because the effect of this acquisition was not material to the consolidated financial statements. The results of operations for the business acquired are included in the Company's financial statements as of the date of purchase.

Fiscal Year 2015 Acquisitions

Wheels Group, Inc.

On April 2, 2015, the Company acquired the outstanding stock of Wheels Group, Inc. (“Wheels”). Under an Arrangement Agreement (the “Arrangement”), the Company purchased Wheels for approximately \$26.9 million in cash and 6,900,000 shares of the Company’s common stock. The Company was also responsible for a portion of Wheels’ transaction costs, in addition to its own costs. Wheels, founded in 1988, provides truck brokerage and intermodal services throughout the United States and Canada along with value-added warehouse and distribution service offerings in support of U.S. shippers looking to access the Canadian markets. Wheels is one of the largest third-party logistics providers in Canada. Wheels, now formally amalgamated into Wheels International, Inc., provides these services primarily to the food and beverage, consumer packaged goods, frozen foods and refrigerated product, and building products industries. The goodwill recognized is attributable to a larger geographic footprint and an increased service line expansion and is not deductible for tax purposes. The results of operations for Wheels are included in the Company’s consolidated financial statements as of the date of purchase.

Service by Air, Inc.

On June 8, 2015, the Company acquired the outstanding stock of Service by Air, Inc. (“SBA”), a privately-held New York corporation founded in 1976. SBA is a domestic and international freight forwarder serving manufacturers, distributors and retailers through a combination of three company-owned operating locations and forty independent strategic operating partners across North America. The base purchase price was approximately \$12.25 million, consisting of \$11.4 million paid in cash at closing, and \$0.85 million payable net of working capital and other holdbacks. The goodwill recognized is attributable primarily to the expected cost synergies associated with eliminating redundancies and migrating back-office operations of SBA to the Company and is not deductible for tax purposes. The results of operations for SBA are included in the Company’s consolidated financial statements as of the date of purchase.

Other Acquisitions

On September 1, 2014, through a wholly-owned subsidiary, the Company acquired the assets and operations of Trans-Net, Inc. (“TNI”), a privately-held company based in Issaquah, Washington. TNI has extensive experience providing integrated project logistics solutions in key Russian oil, gas, mining and infrastructure development markets. On December 15, 2014, through a wholly-owned subsidiary, the Company acquired the assets and operations of Don Cameron & Associates, Inc. (“DCA”), a privately-held company based in Minneapolis, Minnesota. DCA has extensive experience providing a full range of domestic and international transportation and logistics services across North America to the med-tech, advertising/marketing, pharmaceutical, and trade show industries. Effective as of June 1, 2015, through a wholly-owned subsidiary, the company acquired the stock of Highways and Skyways, Inc. (“Highways”), a privately-held company based near Cincinnati, Ohio. Highways services a full range of domestic and international transportation and logistics services to manufacturing, apparel, paper products, medical devices, consumer products and technology industries. Each of the TNI, DCA and Highways acquisitions include earn-out payments that are payable upon achieving certain earnings up to a maximum contingent consideration of \$6.5 million, although there are no maximums on certain of the earn-out payments.

Each of the TNI, DCA, Highways, and Copper acquisitions were financed with proceeds from the Company’s Credit Facility (as defined in Note 6), and the transactions were structured using cash, stock, and earn-out payments. The goodwill recorded is expected to be deductible for income tax purposes over a period of 15 years. The consideration paid, purchase price, and pro forma results of operations have not been presented because the effect of these acquisitions was not material to the consolidated financial statements.

The acquisition date fair value of the consideration transferred consisted of the following:

| (In thousands) | Wheels | SBA | Other |
|---|------------------|------------------|-----------------|
| Cash, net of cash acquired | \$ 26,948 | \$ 10,903 | \$ 5,719 |
| Common stock | 38,847 | — | 369 |
| Working capital and other holdbacks | — | 573 | 733 |
| Contingent consideration | — | — | 2,025 |
| | <u>\$ 65,795</u> | <u>\$ 11,476</u> | <u>\$ 8,846</u> |

The fair value of the contingent consideration was estimated using future projected earnings relative to the corresponding future earn-out payments. To calculate fair value, the future earn-out payments were then discounted using Level 3 inputs. The Company believes the discount rate used to discount the earn-out payments reflect market participant assumptions.

The purchase price allocation for the acquisitions is as follows:

| (In thousands) | Wheels | SBA | Other |
|--|------------------|------------------|-----------------|
| Current assets | \$ 36,800 | \$ 23,556 | \$ 807 |
| Technology and equipment..... | 8,672 | 112 | 117 |
| Deferred tax asset..... | 7,880 | 96 | — |
| Other assets | 1,020 | 1,130 | — |
| Intangibles..... | 59,700 | 7,082 | 6,525 |
| Goodwill..... | 28,610 | 4,310 | 1,691 |
| | | | |
| Total assets acquired..... | 142,682 | 36,286 | 9,140 |
| | | | |
| Other liabilities..... | 34,356 | 22,083 | 294 |
| Notes payable..... | 23,078 | — | — |
| Long-term deferred tax liability..... | 19,453 | 2,727 | — |
| | | | |
| Total liabilities assumed | 76,887 | 24,810 | 294 |
| | | | |
| Net assets acquired | <u>\$ 65,795</u> | <u>\$ 11,476</u> | <u>\$ 8,846</u> |
| | | | |
| Fair value of acquired receivables (in thousands): | Wheels | SBA | Other |
| Gross amount due | \$ 34,903 | \$ 18,959 | \$ 834 |
| Estimated uncollectible amounts | (268) | (376) | (27) |
| | | | |
| | <u>\$ 34,635</u> | <u>\$ 18,583</u> | <u>\$ 807</u> |

The fair values of the intangible assets were estimated using a discounted cash flow approach with Level 3 inputs. Under this method, an intangible asset's fair value is equal to the present value of the incremental after-tax cash flows (excess earnings) attributable solely to the intangible asset over its remaining useful life. To calculate fair value, the Company used risk-adjusted cash flows discounted at rates considered appropriate given the inherent risks associated with each type of asset. The Company believes the level and timing of cash flows appropriately reflect market participant assumptions.

The results of operations for the businesses acquired are included in the Company's consolidated financial statements as of the date of purchase. The fair value estimates for the assets acquired and liabilities assumed recorded in fiscal year 2015 were based upon preliminary calculations and valuations. During fiscal year 2016, certain preliminary fair value estimates changed by an immaterial amount as additional information was obtained causing the Company to modify the amount of recognized goodwill for Wheels and SBA, as well as the estimated working capital holdback for SBA.

NOTE 4 – TECHNOLOGY AND EQUIPMENT

| (In thousands) | June 30, | |
|---|------------------|------------------|
| | 2017 | 2016 |
| Computer software..... | \$ 12,848 | \$ 8,596 |
| Trailers and related equipment..... | 4,682 | 4,890 |
| Leasehold improvements | 2,363 | 1,648 |
| Office and warehouse equipment..... | 2,005 | 794 |
| Computer equipment..... | 1,745 | 1,416 |
| Furniture and fixtures..... | 788 | 581 |
| | | |
| | 24,431 | 17,925 |
| Less: Accumulated depreciation and amortization | (9,204) | (5,472) |
| | | |
| | <u>\$ 15,227</u> | <u>\$ 12,453</u> |

Depreciation and amortization expense related to technology and equipment was \$3,837, \$3,473 and \$965 for the years ended June 30, 2017, 2016 and 2015, respectively. Computer software includes approximately \$4,021 of software currently in development as of June 30, 2017.

NOTE 5 – ACQUIRED INTANGIBLE ASSETS

The table below reflects acquired intangible assets related to all acquisitions:

| (In thousands) | June 30, | | Weighted-Average Life |
|--------------------------------------|------------------|------------------|--------------------------|
| | 2017 | 2016 | |
| Customer related | \$ 96,106 | \$ 85,824 | 7.21 years |
| Trade names and trademarks | 14,977 | 14,069 | 11.24 years |
| Covenants not to compete | 850 | 740 | 2.43 years |
| | 111,933 | 100,633 | |
| Less: Accumulated amortization | (37,204) | (28,692) | |
| | <u>\$ 74,729</u> | <u>\$ 71,941</u> | |

Amortization expense amounted to \$8,512, \$8,560 and \$5,394 for the years ended June 30, 2017, 2016 and 2015, respectively. Future amortization expense for each of the next five fiscal years ending June 30 and thereafter are as follows:

| (In thousands) | |
|------------------|------------------|
| 2018 | \$ 9,683 |
| 2019 | 9,543 |
| 2020 | 9,431 |
| 2021 | 9,368 |
| 2022 | 8,900 |
| Thereafter | 27,804 |
| | <u>\$ 74,729</u> |

NOTE 6 – NOTES PAYABLE AND OTHER LONG-TERM DEBT

Notes payable and other long-term debt consist of the following:

| (In thousands) | June 30, | |
|---|------------------|------------------|
| | 2017 | 2016 |
| Long-term Credit Facility | \$ 13,780 | \$ 9,766 |
| Senior Secured Loans | 27,514 | 22,081 |
| Other notes payable | 149 | 338 |
| Less: Loan issuance costs | (1,021) | (866) |
| Total notes payable | 40,422 | 31,319 |
| Less: Current portion | (3,382) | (2,416) |
| Total notes payable, net of current portion | <u>\$ 37,040</u> | <u>\$ 28,903</u> |

Future maturities of notes payable and other long-term debt for each of the next five years ending June 30 and thereafter are as follows:

| | | |
|------------------|----|---------------|
| (In thousands) | | |
| 2018..... | \$ | 3,382 |
| 2019..... | | 3,485 |
| 2020..... | | 3,724 |
| 2021..... | | 3,979 |
| 2022..... | | 18,032 |
| Thereafter | | <u>8,841</u> |
| | \$ | <u>41,443</u> |

Bank of America Credit Facility

The Company has a \$75.0 million senior credit facility (the “Senior Credit Facility”) with Bank of America, N.A. (the “Lender”) on its own behalf and as agent to the other lenders named therein, currently consisting of the Bank of Montreal (as the initial member of the syndicate under such loan), pursuant to a Second Amendment to Amended and Restated Loan and Security Agreement. The Senior Credit Facility includes a \$3.5 million sublimit to support letters of credit and matures June 14, 2022.

Borrowings accrue interest based on the Company’s average daily availability at the Lender’s base rate plus 0.25% to 0.75% or for a LIBOR rate contract, LIBOR plus 1.25% to 1.75%. The Senior Credit Facility provides for advances of up to 85% of the eligible Canadian and domestic accounts receivable, 75% of eligible accrued but unbilled domestic receivables and eligible foreign accounts receivable, all of which are subject to certain sub-limits, reserves and reductions. The Senior Credit Facility is collateralized by a first-priority security interest in all of the assets of the U.S. co-borrowers, a first-priority security interest in all of the accounts receivable and associated assets of the Canadian co-borrowers (the “Canadian A/R Assets”) and a second-priority security interest on the other assets of the Canadian borrowers.

Borrowings are available to fund future acquisitions, capital expenditures, repurchase of Company stock or for other corporate purposes. The terms of the Senior Credit Facility are subject to customary financial and operational covenants, including covenants that may limit or restrict the ability to, among other things, borrow under the Senior Credit Facility, incur indebtedness from other lenders, and make acquisitions. As of June 30, 2017, the Company was in compliance with all of its covenants.

As of June 30, 2017, based on available collateral and \$0.3 million in outstanding letter of credit commitments, there was \$51.8 million available for borrowing under the Senior Credit Facility.

Senior Secured Loan

In connection with the Company’s acquisition of Wheels, Wheels obtained a CAD\$29.0 million senior secured Canadian term loan from Integrated Private Debt Fund IV LP (“IPD IV”) pursuant to a CAD\$29,000,000 Credit Facilities Loan Agreement. The Company and its U.S. and Canadian subsidiaries are guarantors of the Wheels obligations thereunder. The loan matures on April 1, 2024 and accrues interest at a rate of 6.65% per annum. The Company is required to maintain five months interest in a debt service reserve account to be controlled by IPD IV. This amount is recorded as deposits and other assets in the accompanying consolidated financial statements. The Company made interest-only payments for the first 12 months followed by blended principal and interest payments that will be paid through maturity.

In connection with the Company’s acquisition of Lomas, Wheels obtained a CAD\$10.0 million senior secured Canadian term loan from Integrated Private Debt Fund V LP pursuant to a CAD\$10,000,000 Credit Facilities Loan Agreement. The Company and its U.S. and Canadian subsidiaries are guarantors of the Wheels obligations thereunder. The loan matures on June 1, 2024 and accrues interest at a rate of 6.65% per annum. The loan repayment consists of monthly blended principal and interest payments.

The loans may be prepaid in whole at any time upon providing at least 30 days prior written notice and paying the difference between (i) the present value of the loan interest and the principal payments foregone discounted at the Government of Canada Bond Yield for the term from the date of prepayment to the maturity date, and (ii) the face value of the principal amount being prepaid.

The loans are collateralized by a (i) first-priority security interest in all of the assets of Wheels except the Canadian A/R Assets, (ii) a second-priority security interest in the Canadian A/R Assets, and (iii) a second-priority security interest on all of the Company's assets. As of June 30, 2017, the Company was in compliance with all of its covenants.

Subordinated Secured Loan

In connection with its acquisition of Wheels, the Company obtained a \$25.0 million subordinated secured term loan from Alcentra Capital Corporation (\$10.0 million) and Triangle Capital Corporation (\$15.0 million) (collectively, the "Subordinated Lenders") pursuant to a Loan and Security Agreement (the "Alcentra/Triangle Subordinated Loan Agreement"). The loan matured on April 2, 2021 and accrued interest at a rate of 12% per annum during the first six months of the loan, followed by a variable rate of LIBOR plus 9.5%-12% (all with a 1% LIBOR floor), depending on the Company's total leverage ratio.

In April 2016, the Company repaid in full all amounts outstanding, including accrued and unpaid interest, under the \$25.0 million Alcentra/Triangle Subordinated Loan Agreement. The total repayment amount was approximately \$25.9 million, consisting of outstanding principal of \$25.0 million, accrued and unpaid interest of \$0.16 million, a prepayment premium of \$0.75 million and other related fees and expenses. As a result of the voluntary payment, the Company has satisfied all obligations under the subordinated secured loan. The Company also wrote off approximately \$0.4 million of unamortized loan fees.

NOTE 7 – STOCKHOLDERS' EQUITY

The Company is authorized to issue 5,000,000 shares of preferred stock, par value at \$0.001 per share and 100,000,000 shares of common stock, \$0.001 per share.

Series A Preferred Stock

The Company has 839,200 shares of 9.75% Series A Cumulative Redeemable Perpetual Preferred Stock ("Series A Preferred Shares"), which have a liquidation preference of \$25.00 per share.

Dividends on the Series A Preferred Shares are cumulative from the date of original issue and are payable on January 31, April 30, July 31 and October 31, as and if declared by the Company's board of directors. If the Company does not pay dividends in full on any two payment dates (whether consecutive or not), the per annum dividend rate will increase an additional 2.0% per annum per \$25.00 stated liquidation preference, up to a maximum of 19.0% per annum. If the Company fails to maintain the listing of the Series A Preferred Shares on the NYSE American or other exchange for 30 days or more, the per annum dividend rate will increase by an additional 2.0% per annum so long as the listing failure continues. The Series A Preferred Shares require the Company to maintain a Fixed Charge Coverage Ratio of at least 2.0. If the Company is not in compliance with this ratio, then it cannot pay any dividend on its common stock. As of June 30, 2017, the Company was in compliance with this ratio.

Commencing on December 20, 2018, the Company may redeem, at its option, the Series A Preferred Shares, in whole or in part, at a cash redemption price of \$25.00 per share plus accrued and unpaid dividends (whether or not declared). Among other things, the Series A Preferred Shares have no stated maturity, are not subject to any sinking fund or other mandatory redemption, and are not convertible into or exchangeable for any of the Company's other securities. Holders of Series A Preferred Shares generally have no voting rights, except if the Company fails to pay dividends on the Series A Preferred Shares for six or more quarterly periods (whether consecutive or not). Under such circumstances, holders of Series A Preferred Shares will be entitled to vote to elect two additional directors to the Company's board of directors, until all unpaid dividends have been paid or declared and set aside for payment. In addition, certain changes to the terms of the Series A Preferred Shares cannot be made without the affirmative vote of the holders of two-thirds of the outstanding Series A Preferred Shares, voting as a separate class. The Series A Preferred Shares are senior to the Company's common stock with respect to dividends and distributions, including distributions upon liquidation, dissolution or winding up. The Series A Preferred Shares are listed on the NYSE American under the symbol "RLGT-PA."

For the year ended June 30, 2017, the Company's board of directors declared and paid cash dividends to holders of Series A Preferred Shares in the amount of \$2.4375 per share, totaling \$2,046.

Common Stock

On July 16, 2015, the Company closed a registered underwritten public offering of 6,133,334 shares of common stock, including the full exercise of the underwriters' overallotment option. Proceeds from the offering totaled \$38,430 after deducting the underwriting discount of \$2,484 and offering costs of \$486. The proceeds were used to reduce the borrowings under the Credit Facility.

In January 2016, the Company’s board of directors authorized the repurchase of up to 5,000,000 shares of the Company’s common stock through December 31, 2016. Under the stock repurchase program, the Company is authorized to repurchase, from time-to-time, shares of its outstanding common stock in the open market at prevailing market prices or through privately negotiated transactions as permitted by securities laws and other legal requirements. The program did not obligate the Company to repurchase any specific number of shares and could be suspended or terminated at any time without prior notice. Under this repurchase program, the Company purchased 91,798 shares of its common stock at an average cost of \$2.75 per share for an aggregate cost of \$253 for the year end June 30, 2017. Prior to this fiscal year, there were no purchases of common stock executed under the repurchase program.

NOTE 8 – VARIABLE INTEREST ENTITY AND RELATED PARTY TRANSACTIONS

RLP is owned 40% by RGL and 60% by RCP, a company for which the Chief Executive Officer of the Company is the sole member. RLP is a certified minority business enterprise that was formed for the purpose of providing the Company with a national accounts strategy to pursue corporate and government accounts with diversity initiatives. RCP’s ownership interest entitles it to a majority of the profits and distributable cash, if any, generated by RLP. The operations of RLP are intended to provide certain benefits to the Company, including expanding the scope of services offered by the Company and participating in supplier diversity programs not otherwise available to the Company. In the course of evaluating and approving the ownership structure, operations and economics emanating from RLP, a committee consisting of the independent Board member of the Company, considered, among other factors, the significant benefits provided to the Company through association with a minority business enterprise, particularly as many of the Company’s largest current and potential customers have a need for diversity offerings. In addition, the committee concluded that the economic relationship with RLP was on terms no less favorable to the Company than terms generally available from unaffiliated third-parties.

Certain entities in which equity investors do not have the characteristics of a controlling financial interest or do not have the sufficient equity at risk for the entity to finance its activities without additional subordinated financial support from other parties are considered “variable interest entities”. RLP qualifies as a variable interest entity and is included in the Company’s consolidated financial statements.

RLP recorded profits of \$95, \$110 and \$134 for the years ended June 30, 2017, 2016 and 2015, respectively. RCP’s distributable share was \$57, \$66 and \$80 for the years ended June 30, 2017, 2016 and 2015, respectively. The non-controlling interest recorded as a reduction of income in the consolidated statements of operations represents RCP’s distributive share.

The following table summarizes the balance sheets of RLP:

| (In thousands) | June 30, | |
|--|----------|--------|
| | 2017 | 2016 |
| ASSETS | | |
| Accounts receivable - Radiant Global Logistics, Inc..... | \$ 94 | \$ 137 |
| Prepaid expenses and other current assets | — | 1 |
| | \$ 94 | \$ 138 |
| LIABILITIES AND PARTNERS’ CAPITAL | | |
| Other accrued costs | \$ 6 | \$ 6 |
| Partners’ capital | 88 | 132 |
| | \$ 94 | \$ 138 |

NOTE 9 – FAIR VALUE MEASUREMENTS

The following table sets forth the Company’s financial liabilities measured at fair value on a recurring basis:

| (In thousands) | Fair Value Measurements as of June 30, | |
|-------------------------------|--|----------|
| | 2017 | |
| | Level 3 | Total |
| Contingent consideration..... | \$ 9,920 | \$ 9,920 |

| | Fair Value Measurements as of June 30, | |
|-------------------------------|--|----------|
| | 2016 | |
| | Level 3 | Total |
| Contingent consideration..... | \$ 7,485 | \$ 7,485 |

The Company has contingent obligations to transfer cash payments and equity shares to former shareholders of acquired operations in conjunction with certain acquisitions if specified operating results and financial objectives are met over the next four fiscal years. Contingent consideration is measured quarterly at fair value, and any change in the contingent liability is included in the consolidated statements of operations. The Company recorded an increase to contingent consideration of \$3,431 and \$1,003 for the years ended June 30, 2017 and 2016, respectively, and a decrease of \$3,921 for the year ended June 30, 2015. The change in the current period is principally attributable to a net increase in management’s estimates of future earn-out payments through the remainder of its earn-out periods.

The Company uses projected future financial results based on recent and historical data to value the anticipated future earn-out payments. To calculate fair value, the future earn-out payments were then discounted using Level 3 inputs. The Company has classified the contingent consideration as Level 3 due to the lack of relevant observable market data over fair value inputs. The Company believes the discount rate used to discount the earn-out payments reflects market participant assumptions. Changes in assumptions and operating results could have a significant impact on the earn-out amount, up to a maximum of \$13.1 million through earn-out periods measured through May 2020, although there are no maximums on certain earn-out payments. Contingent consideration includes approximately \$2.6 million that was earned during fiscal year 2017 and is payable November 2017.

The following table provides a reconciliation of the liabilities measured at fair value using significant unobservable inputs (Level 3):

| (In thousands) | Contingent Consideration | |
|--|--------------------------|---------------------|
| Balance as of June 30, 2015 | \$ | 7,613 |
| Increase related to accounting for acquisition | | 425 |
| Contingent consideration paid | | (1,556) |
| Change in fair value | | <u>1,003</u> |
| Balance as of June 30, 2016 | \$ | 7,485 |
| Increase related to accounting for acquisition | | 4,500 |
| Contingent consideration paid | | (5,496) |
| Change in fair value | | <u>3,431</u> |
| Balance as of June 30, 2017 | \$ | <u><u>9,920</u></u> |

NOTE 10 – PROVISION FOR INCOME TAXES

| (In thousands) | June 30, | |
|---|--------------------|--------------------|
| | 2017 | 2016 |
| Deferred tax assets (liabilities): | | |
| Allowance for doubtful accounts..... | \$ 594 | \$ 654 |
| Accruals | 840 | 878 |
| Share-based compensation | 1,181 | 919 |
| Technology and equipment basis differences..... | (3,436) | (3,095) |
| Goodwill deductible for tax purposes..... | (367) | (101) |
| Intangibles | (12,192) | (15,307) |
| Deferred rent..... | 162 | 346 |
| Net operating loss carry-forward..... | 1,691 | 2,860 |
| Other, net | 701 | 321 |
| | <u>\$ (10,826)</u> | <u>\$ (12,525)</u> |

Income tax expense (benefit) attributable to operations is as follows:

| (In thousands) | Year ended June 30, | | |
|----------------|---------------------|-------------------|-----------------|
| | 2017 | 2016 | 2015 |
| Current: | | | |
| Federal | \$ 4,299 | \$ 1,002 | \$ 3,445 |
| State..... | 879 | 176 | 321 |
| Foreign | 202 | 8 | 6 |
| Deferred: | | | |
| Federal..... | (1,876) | (3,060) | (1,510) |
| State..... | (205) | 193 | (242) |
| Foreign | 374 | (205) | (4) |
| | <u>\$ 3,673</u> | <u>\$ (1,886)</u> | <u>\$ 2,016</u> |

The following table reconciles income taxes based on the U.S. statutory tax rate to the Company's income tax expense (benefit):

| (In thousands) | Year ended June 30, | | |
|-------------------------------------|---------------------|-------------------|-----------------|
| | 2017 | 2016 | 2015 |
| Tax expense at statutory rate | \$ 2,962 | \$ (1,853) | \$ 2,684 |
| Permanent differences | 77 | 86 | 59 |
| State income taxes | 453 | 387 | 18 |
| Foreign income taxes..... | 31 | 371 | 150 |
| Transaction costs | — | 12 | 618 |
| Contingent consideration..... | (2) | (463) | (1,486) |
| Uncertain tax positions | (15) | (165) | — |
| Other | 167 | (261) | (27) |
| | <u>\$ 3,673</u> | <u>\$ (1,886)</u> | <u>\$ 2,016</u> |

The following table reconciles the Company's uncertain income tax positions:

| (In thousands) | Year ended June 30, | |
|---|---------------------|--------------|
| | 2017 | 2016 |
| Balance, beginning of the year..... | \$ 24 | \$ 308 |
| Additions on tax positions related to the current year..... | — | — |
| Additions on tax positions related to the prior year..... | — | 24 |
| Other reductions on tax positions taken in prior years..... | (24) | (148) |
| Settlements..... | — | (160) |
| Balance, end of the year..... | <u>\$ —</u> | <u>\$ 24</u> |

The Company's effective tax rate for the year ended June 30, 2017 is higher than the U.S. federal statutory rate primarily due to state taxes and tax expense on the adjustment of ending deferred tax assets for the U.S. margin tax bracket rate. The Company does not have any uncertain tax positions and a minimal net operating loss carryover, due to expire primarily in the 2027 fiscal year.

The Company and its wholly-owned U.S. subsidiaries file a consolidated Federal income tax return. The Company also files unitary or separate returns in various state, local and non-U.S. jurisdictions based on state, local and non-U.S. filing requirements. Tax years which remain subject to examination by U.S. authorities are the years ended June 30, 2014 through June 30, 2017. Tax years which remain subject to examination by state authorities are the years ended June 30, 2013 through June 30, 2017. Tax years which remain subject to examination by non-U.S. authorities are the periods ended December 31, 2013 through June 30, 2017. Occasionally acquired entities have tax years that differ from the Company and are still open under the relevant statute of limitations and therefore are subject to potential adjustment.

NOTE 11 – SHARE-BASED COMPENSATION

The Company has two stock-based plans: the 2005 Stock Incentive Plan and the 2012 Stock Option and Performance Award Plan. Each plan authorizes the granting of up to 5,000,000 shares of the Company's common stock. The plans provide for the grant of stock options, stock appreciation rights, shares of restricted stock, restricted stock units, performance shares and performance units. Options are granted at exercise prices equal to the fair value of the common stock at the date of the grant and have a term of 10 years. Generally, grants under each plan vest 20% annually over a five year period from the date of grant.

Stock Awards

The Company grants restricted stock awards and restricted stock units. The Company granted restricted stock awards to certain employees in August 2012. The shares are restricted in transferability for a term of up to five years and are forfeited in the event the employee terminates employment prior to the lapse of the restriction and generally vest ratably over a five year period. The Company began granting restricted stock units to certain employees in October 2016. One unit is equivalent to one share of common stock. The restricted stock units generally vest after three years. During the years ended June 30, 2017, 2016 and 2015, the Company recognized share-based compensation expense related to stock awards of \$170, \$3 and \$5, respectively. As of June 30, 2017, the Company had approximately \$571 of total unrecognized share-based compensation costs related to unvested stock awards which is expected to be recognized over a weighted average period of 2.25 years.

The following table summarizes stock award activity under the plans:

| | Number of Shares | Weighted Average Grant- Date Fair Value |
|----------------------------------|---------------------|---|
| Balance as of June 30, 2016..... | 1,078 | \$ 1.62 |
| Vested..... | (1,078) | 1.62 |
| Granted..... | 275,281 | 2.86 |
| Forfeited..... | (16,645) | 2.75 |
| Balance as of June 30, 2017..... | <u>258,636</u> | <u>\$ 2.86</u> |

Stock Options

For the years ended June 30, 2017, 2016 and 2015, the Company recognized share-based compensation expense related to stock options of \$1,134, \$1,404 and \$1,110, respectively. As of June 30, 2017, the Company had approximately \$2,673 of total unrecognized share-based compensation costs relating to unvested stock options which is expected to be recognized over a weighted average period of 2.87 years.

The following table summarizes stock option activity under the plans:

| | Number of Shares | Weighted Average Exercise Price | Weighted Average Remaining Contractual Term (Years) | Aggregate Intrinsic Value (In thousands) |
|--------------------------------------|---------------------|---------------------------------------|---|--|
| Outstanding as of June 30, 2016..... | 3,855,290 | \$ 2.95 | 6.95 | \$ 2,530 |
| Granted..... | 230,000 | 4.02 | — | — |
| Exercised..... | (451,209) | 2.16 | — | 1,224 |
| Forfeited..... | (282,487) | 4.19 | — | — |
| Outstanding as of June 30, 2017..... | <u>3,351,594</u> | <u>\$ 3.02</u> | <u>6.32</u> | <u>\$ 8,035</u> |

For the years ended June 30, 2017, 2016 and 2015, the weighted average fair value per share of employee stock options granted was \$1.96, \$1.96 and \$2.57, respectively. The fair value of each stock option grant is estimated as of the date of grant using the Black-Scholes option pricing model with the following weighted average assumptions:

| | Year ended June 30, | | |
|------------------------------|---------------------|----------------|----------------|
| | 2017 | 2016 | 2015 |
| Risk-free interest rate..... | 1.15 - 2.05% | 1.36 - 1.92% | 1.45 - 2.01% |
| Expected term..... | 6.5 years | 6.5 years | 6.5 years |
| Expected volatility..... | 47.97 - 48.02% | 46.60 - 53.49% | 55.58 - 62.56% |
| Expected dividend yield..... | 0.00% | 0.00% | 0.00% |

The following table summarizes outstanding and exercisable options by price range as of June 30, 2017:

| Exercise Prices | Outstanding Options | | | | Exercisable Options | | | |
|-----------------|---------------------|---|---------------------------------------|--|---------------------|---|---------------------------------------|--|
| | Number of Shares | Weighted Average Remaining Contractual Life (Years) | Weighted Average Exercise Price | Aggregate Intrinsic Value (In thousands) | Number of Shares | Weighted Average Remaining Contractual Life (Years) | Weighted Average Exercise Price | Aggregate Intrinsic Value (In thousands) |
| \$0.00 - \$0.49 | 350,000 | 1.61 | \$ 0.25 | \$ 1,796 | 350,000 | 1.61 | \$ 0.25 | \$ 1,796 |
| \$0.50 - \$0.99 | 14,559 | 3.40 | 0.60 | 70 | 14,559 | 3.40 | 0.60 | 70 |
| \$1.00 - \$1.49 | 115,844 | 3.82 | 1.31 | 471 | 105,844 | 3.67 | 1.30 | 432 |
| \$1.50 - \$1.99 | 356,057 | 5.77 | 1.87 | 1,248 | 265,783 | 5.72 | 1.87 | 933 |
| \$2.00 - \$2.49 | 598,628 | 5.16 | 2.28 | 1,855 | 463,248 | 4.85 | 2.29 | 1,433 |
| \$2.50 - \$2.99 | 120,000 | 6.67 | 2.75 | 316 | 60,000 | 6.67 | 2.75 | 158 |
| \$3.00 - \$3.49 | 608,746 | 8.04 | 3.24 | 1,303 | 134,757 | 7.18 | 3.17 | 297 |
| \$3.50 - \$3.99 | 325,000 | 7.64 | 3.89 | 483 | 119,000 | 7.37 | 3.91 | 175 |
| \$4.00 - \$4.49 | 212,389 | 7.61 | 4.19 | 253 | 74,947 | 7.49 | 4.13 | 94 |
| \$4.50 - \$4.99 | 291,090 | 7.84 | 4.59 | 229 | 104,429 | 7.64 | 4.58 | 84 |
| \$5.00 - \$5.49 | 84,281 | 7.86 | 5.27 | 11 | 33,725 | 7.86 | 5.27 | 4 |
| \$5.50 - \$5.99 | 200,000 | 7.76 | 5.63 | — | 80,000 | 7.76 | 5.63 | — |
| \$6.00 - \$6.49 | 50,000 | 9.86 | 6.18 | — | — | — | — | — |
| \$6.50 - \$6.99 | 25,000 | 8.08 | 6.77 | — | 5,000 | 8.08 | 6.77 | — |
| | <u>3,351,594</u> | <u>6.32</u> | <u>\$ 3.02</u> | <u>\$ 8,035</u> | <u>1,811,292</u> | <u>5.13</u> | <u>\$ 2.37</u> | <u>\$ 5,476</u> |

NOTE 12 – CONTINGENCIES

Legal Proceedings

The Company is involved in various claims and legal actions arising in the ordinary course of business, some of which are in the very early stages of litigation and therefore difficult to judge their potential materiality. For those claims for which the Company can judge the materiality, in the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on the Company's consolidated financial position, results of operations or liquidity. Legal expenses are expensed as incurred. A summary of potential material litigation is as follows.

Ingrid Barahona v. Accountabilities, Inc. d/b/a/ Accountabilities Staffing, Inc., Radiant Global Logistics, Inc. and DBA Distribution Services, Inc. (Ingrid Barahona California Class Action)

On October 25, 2013, plaintiff Ingrid Barahona filed a purported class action lawsuit against RGL, DBA Distribution Services, Inc. ("DBA"), and two third-party staffing companies (collectively, the "Staffing Defendants") with whom Radiant and DBA contracted for temporary employees. In the lawsuit, Ms. Barahona, on behalf of herself and the putative class, seeks damages and penalties under California law, plus interest, attorneys' fees, and costs, along with equitable remedies, alleging that she and the putative class were the subject of unfair and unlawful business practices, including certain wage and hour violations relating to, among others, failure to provide meal and rest periods, failure to pay minimum wages and overtime, and failure to reimburse employees for work-related expenses. Ms. Barahona alleges that she was jointly employed by the staffing companies and Radiant and DBA. Radiant and DBA deny Ms. Barahona's allegations in their entirety, deny that they are liable to Ms. Barahona or the putative class members in any way, and are vigorously defending against these allegations based upon a preliminary evaluation of applicable records and legal standards.

If Ms. Barahona's allegations were to prevail on all claims the Company, as well as its co-defendants, could be liable for uninsured damages in an amount that, while not significant when evaluated against either the Company's assets or current and expected level of annual earnings, could be material when judged against the Company's earnings in the particular quarter in which any such damages arose, if at all. However, based upon the Company's preliminary evaluation of the matter, it does not believe it is likely to incur material damages, if at all, since, among others: (i) the amount of any potential damages remains highly speculative at this stage of the proceedings; (ii) the Company does not believe as a matter of law it should be characterized as Ms. Barahona's employer and codefendant Accountabilities admitted to being the employer of record, (iii) wage and hour class actions of this nature typically settle for amounts significantly less than plaintiffs' demands because of the uncertainty with litigation and the difficulty in taking these types of cases to trial; and (iv) Ms. Barahona has indicated her desire to resolve this matter through a mediated settlement. Ms. Barahona admitted in a report to the court that she is unable to prosecute the case because the payroll and personnel records she needs are in the possession of Tri-State and/or Accountabilities ("Debtors"), and the case has been stayed as to them pending resolution of their chapter 11 bankruptcy proceedings. In January 2016, the court held a status conference, which was continued multiple times so that the parties could attempt to obtain the necessary documents. DBA and the Company informally obtained all records within co-defendants' bankruptcy estate through their trustee's counsel; however, those records were incomplete and did not contain the requisite time, payroll and personnel records. Based on its belief that the debtors have additional records and in an effort to lift the bankruptcy "stay", Ms. Barahona obtained the dismissal of the debtors without prejudice from the state court action. The court set a deadline of November 30, 2017, for Ms. Barahona to file her motion for class certification, and set a further status conference for December 14, 2017, to set a briefing schedule for the motion for class certification. The court has also ordered the parties to participate in mediation by August 31, 2017. The Company has been awaiting further action from Ms. Barahona with respect to the foregoing. The mediation has not taken place and the Company is unsure whether the court will issue another order requiring the parties to mediate this matter in the future. At this time, the Company is unable to express an opinion as to the likely outcome of the matter.

High Protection Company, a Utah Company, Plaintiff v. Professional Air Transportation, LLC, a Utah Limited Liability Company, d/b/a ADCOM, SLC; Radiant Logistics, Inc., a Foreign Corporation; ADCOM World-Wide, an Operating Division of Radiant Logistics, Inc.; Radiant Global Logistics, Inc., a Foreign Corporation, d/b/a Container Lines; Felipe Lake, an individual, Rubens Correa, an individual; and Does 1-100, Defendants, United States District Court of Utah (Central), Civil Docket No. 2:14-cv-00466-TC-BCW (formerly Salt Lake County, Utah, Case # 140902965)

On or about May 27, 2014, the Company, together with its co-defendants, including certain of its subsidiaries, were sued in the Third Judicial District Court, Salt Lake County, State of Utah. The matter was subsequently removed to the Federal Courts in the United States District Court, for the District of Utah. The lawsuit alleges liability and damages arising from the ocean shipment of five (5) armored vehicles from Jordan to the Kandahar Air Base, Afghanistan, commencing in August, 2011.

On April 10, 2011, the Plaintiff, High Protection Company, was awarded a contract from the United States Army in the amount of \$0.7 million for the manufacture and delivery of five armored vehicles. The vehicles were to be delivered to the Kandahar Airfield in Kandahar, Afghanistan, by May 16, 2011. The delivery of the vehicles was delayed into 2013 due to various delays that occurred

during the shipping process, including the closing of the border between Pakistan and Afghanistan from November 2011 to July 2012. In June 2013, the United States Army terminated its contract with the Plaintiff. Plaintiff asserted damages against the Company and its co-defendants in excess of \$1.0 million, including loss of a \$0.7 million contract with the United States Army, demurrage and storage charges now alleged to exceed \$0.2 million, and loss of the vehicles.

A mediation took place in early 2016 and the parties were unable to come to a resolution. Subsequent to the mediation, the Company filed a Motion for Summary Judgment with the Court on the basis that the claim is time barred. Additionally, the Court, of its own accord, asked the parties for briefing on the subject of “Jurisdiction.”

On January 4, 2017, the parties entered into a Settlement Agreement and Mutual Release, pursuant to which the Company and its co-defendants agreed to pay the Plaintiff the aggregate amount of approximately \$0.1 million, which was covered under the Company’s insurance policy, and the parties agreed to release all claims related to the lawsuit. The Court accepted the settlement and the case has been dismissed with prejudice.

Contingent Consideration and Earn-out Payments

The Company’s agreements with respect to previous acquisitions contain future consideration provisions which provide for the selling equity owners to receive additional consideration if specified operating objectives and financial results are achieved in future periods, as defined in their respective agreements. Any changes to the fair value of the contingent consideration are recorded in the consolidated statements of operations. Earn-out payments are generally due annually on November 1, and 90 days following the quarter of the final earn-out period for each respective acquisition.

The following table represents the estimated undiscounted earn-out payments to be paid in each of the following fiscal years:

| (In thousands) | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> | <u>Total</u> |
|--|-----------------|-----------------|-----------------|-----------------|------------------|
| Earn-out payments: | | | | | |
| Cash | \$ 2,902 | \$ 1,548 | \$ 1,502 | \$ 1,468 | \$ 7,420 |
| Equity..... | <u>1,286</u> | <u>516</u> | <u>501</u> | <u>489</u> | <u>2,792</u> |
| Total estimated earn-out payments ⁽¹⁾ | <u>\$ 4,188</u> | <u>\$ 2,064</u> | <u>\$ 2,003</u> | <u>\$ 1,957</u> | <u>\$ 10,212</u> |

⁽¹⁾ The Company generally has the right but not the obligation to satisfy a portion of the earn-out payments in stock.

NOTE 13 – OPERATING AND GEOGRAPHIC SEGMENT INFORMATION

Operating segments are identified as components of an enterprise about which separate discrete financial information is available for evaluation by the chief operating decision-maker, or decision-making group, in making decisions regarding allocation of resources and assessing performance. The Company’s chief operating decision-maker is the Chief Executive Officer. The Company has two operating segments: United States and Canada. Immaterial operations outside of the United States and Canada are reported in the United States segment.

The Company evaluates the performance of the segments primarily based on their respective revenues, net revenues and income from operations. Accordingly, capital expenditures and total assets are not reported in segment results. In addition, the Company has disclosed a corporate segment, which is not an operating segment and includes the costs of the Company's executives, board of directors, professional services such as legal and consulting, amortization of acquired intangible assets and certain other corporate costs associated with operating as a public company. Intercompany transactions have been eliminated in the consolidated balance sheets and statements of operations.

| Year Ended June 30, 2017 (in thousands): | United States | Canada | Corporate/ Eliminations | Total |
|---|---------------|------------|----------------------------|------------|
| Revenues | \$ 685,173 | \$ 96,751 | \$ (4,311) | \$ 777,613 |
| Net revenues..... | 173,742 | 20,894 | — | 194,636 |
| Income (loss) from operations..... | 25,726 | 3,810 | (19,048) | 10,488 |
| Other income (expense) | 561 | 40 | (2,497) | (1,896) |
| Income (loss) before income tax expense | 26,287 | 3,850 | (21,545) | 8,592 |
| Depreciation and amortization | 2,371 | 734 | 9,244 | 12,349 |
| Technology and equipment, net | 13,147 | 1,350 | 730 | 15,227 |
| Transition and lease termination costs | 1,582 | 541 | 137 | 2,260 |
| Transition and lease termination liability..... | 400 | 1,614 | — | 2,014 |
| Goodwill..... | 45,381 | 21,398 | — | 66,779 |
| Year Ended June 30, 2016 (in thousands): | | | | |
| Revenues | \$ 682,491 | \$ 104,762 | \$ (4,674) | \$ 782,579 |
| Net revenues..... | 167,602 | 19,059 | — | 186,661 |
| Income (loss) from operations..... | 22,109 | 96 | (22,542) | (337) |
| Other income (expense) | 1,220 | (170) | (6,052) | (5,002) |
| Income (loss) before income tax expense | 23,329 | (74) | (28,594) | (5,339) |
| Depreciation and amortization | 1,890 | 671 | 9,472 | 12,033 |
| Technology and equipment, net | 9,360 | 1,634 | 1,459 | 12,453 |
| Transition and lease termination costs | 3,339 | 2,606 | — | 5,945 |
| Transition and lease termination liability..... | 714 | 1,782 | — | 2,496 |
| Goodwill..... | 42,984 | 19,904 | — | 62,888 |
| Year ended June 30, 2015 (in thousands) | | | | |
| Revenues | \$ 473,683 | \$ 29,923 | \$ (941) | \$ 502,665 |
| Net revenues..... | 118,174 | 5,549 | — | 123,723 |
| Income (loss) from operations..... | 21,869 | 587 | (11,906) | 10,550 |
| Other expense | (471) | (252) | (1,856) | (2,579) |
| Income (loss) before income tax expense | 21,398 | 335 | (13,762) | 7,971 |
| Depreciation and amortization | 798 | 167 | 5,394 | 6,359 |
| Technology and equipment, net | 9,016 | 1,972 | 2,188 | 13,176 |
| Transition and lease termination costs | 678 | 92 | — | 770 |
| Transition and lease termination liability..... | 284 | — | — | 284 |
| Goodwill..... | 43,185 | 19,904 | — | 63,089 |

NOTE 14 – SUBSEQUENT EVENT

On July 14, 2017, the Company's board of directors declared a cash dividend to holders of the Series A Preferred Shares in the amount of \$0.609375 per share. The total declared dividend totaled \$511 and was paid on July 31, 2017.

On September 1, 2017, the Company, through a wholly-owned subsidiary, RGL, the Company acquired the operations and assets of Sandifer-Valley Transportation & Logistics, Ltd., a Texas based company providing a full range of domestic and international cross-border services with Mexico. The Company has structured the transaction similar to previous acquisitions, with a portion of the expected purchase price payable in subsequent periods based on future performance of the acquired operation. The consideration paid, purchase price, and pro forma results of operations have not been presented because the effect of this acquisition was not material to the financial statements.

NOTE 15 – QUARTERLY FINANCIAL DATA (UNAUDITED)

The Company’s unaudited results of operations for each of the quarters in the years ended June 30, 2017 and 2016 are summarized below:

(In thousands, except per share data)

| | Quarter Ended, | | | |
|--|----------------|----------------|-------------------|--------------------|
| | June 30, 2017 | March 31, 2017 | December 31, 2016 | September 31, 2016 |
| Revenues..... | \$ 201,829 | \$ 181,771 | \$ 198,881 | \$ 195,133 |
| Net revenues | 49,795 | 45,709 | 50,124 | 49,009 |
| Income from operations..... | 677 | 2,020 | 4,425 | 3,366 |
| Net income (loss) attributable to Radiant Logistics, Inc. | (517) | 907 | 2,610 | 1,862 |
| Preferred stock dividends | (511) | (511) | (511) | (511) |
| Net income (loss) attributable to common stockholders | (1,028) | 396 | 2,099 | 1,351 |
| Net income (loss) per common share - basic and diluted..... | \$ (0.02) | \$ 0.01 | \$ 0.04 | \$ 0.03 |

| | Quarter Ended, | | | |
|--|----------------|----------------|-------------------|--------------------|
| | June 30, 2016 | March 31, 2016 | December 31, 2015 | September 31, 2015 |
| Revenues..... | \$ 182,463 | \$ 178,299 | \$ 206,322 | \$ 215,495 |
| Net revenues | 46,550 | 41,801 | 47,596 | 50,713 |
| Income (loss) from operations..... | 1,038 | (472) | (2,557) | 1,653 |
| Net income (loss) attributable to Radiant Logistics, Inc. | (123) | (1,719) | (2,016) | 339 |
| Preferred stock dividends | (511) | (511) | (511) | (511) |
| Net loss attributable to common stockholders..... | (634) | (2,230) | (2,527) | (172) |
| Net loss per common share - basic and diluted..... | \$ (0.01) | \$ (0.05) | \$ (0.05) | \$ — |

Reconciliation of Non-GAAP Financial Measures

The table below is provided to reconcile certain financial disclosures in the letter to Shareholders.

(Dollars in Thousands)

| Year Ended June 30: | 2017 | 2016 | 2015 | 2014 | 2013 |
|---|------------|------------|------------|-----------|-----------|
| Net Revenues | \$ 194,636 | \$ 186,661 | \$ 123,723 | \$ 99,235 | \$ 88,433 |
| Net Income (loss) Attributable to Radiant Logistics, Inc. | \$ 4,862 | \$ (3,519) | \$ 5,874 | \$ 5,118 | \$ 3,658 |
| Taxes | 3,673 | (1,886) | 2,017 | 3,082 | 2,371 |
| Depreciation and Amortization | 12,349 | 12,033 | 6,359 | 4,532 | 3,944 |
| Net Interest Expense | 2,497 | 4,872 | 1,856 | 1,187 | 2,000 |
| EBITDA | 23,381 | 11,500 | 16,106 | 13,919 | 11,973 |
| Share-Based Compensation | 1,304 | 1,407 | 1,115 | 666 | 369 |
| Lease Termination and Related Costs | 566 | 2,545 | 611 | – | 1,439 |
| Foreign Exchange Loss (Gain) ⁽¹⁾ | (222) | (700) | 739 | 27 | (122) |
| Change in Contingent Consideration | 3,431 | 1,003 | (3,921) | (2,041) | (2,825) |
| Expenses Specifically Attributable to Acquisitions | 944 | 2,446 | 2,017 | 353 | 105 |
| Litigation | 177 | 1,066 | 601 | 615 | 305 |
| Non-Recurring Costs | 14 | 279 | – | – | – |
| Loss on Impairment of Acquired Intangible Assets | – | 3,680 | – | – | – |
| Loss on Write-Off of Loan Fees | – | 1,180 | – | 1,238 | – |
| Gain on Litigation Settlement | – | – | – | – | (368) |
| Adjusted EBITDA | 29,595 | 24,406 | 17,268 | 14,777 | 10,876 |
| Transition Costs | 1,539 | 2,408 | 158 | – | 105 |
| Normalized EBITDA | \$ 31,134 | \$ 26,814 | \$ 17,426 | \$ 14,777 | \$ 10,981 |
| Adjusted EBITDA Margin (as a % of Net Revenues) | 15.2% | 13.1% | 14.0% | 14.9% | 12.3% |

(1) Foreign exchange gains and losses for the current and prior periods have been included in the EBITDA reconciliation as a result of the increased volatility associated with foreign exchange gains and losses primarily due to our acquisition of Canada-based Wheels Group Inc.

Our GAAP-based net income will be affected by non-cash charges relating to the amortization of customer-related intangible assets and other intangible assets attributable to completed acquisitions. Under applicable accounting standards, purchasers are required to allocate the total consideration in a business combination to the identified assets acquired and liabilities assumed based on their fair values at the time of acquisition. The excess of the consideration paid over the fair value of the identifiable net assets acquired is to be allocated to goodwill, which is tested at least annually for impairment. Applicable accounting standards require that we separately account for and value certain identifiable intangible assets based on the unique facts and circumstances of each acquisition. As a result of our acquisition strategy, our net income will include material non-cash charges relating to the amortization of customer related intangible assets and other intangible assets acquired in our acquisitions. Although these charges may increase as we complete more acquisitions, we believe we will be growing the value of our intangible assets (e.g., customer relationships). Thus, we believe that earnings before interest, taxes, depreciation and amortization, or EBITDA, is a useful financial measure for investors because it eliminates the effect of these non-cash costs and provides an important metric for our business.

EBITDA is a non-GAAP measure of income and does not include the effects of preferred stock dividends, interest and taxes, and excludes the “non-cash” effects of depreciation and amortization on long-term assets. Companies have some discretion as to which elements of depreciation and amortization are excluded in the EBITDA calculation. We exclude all depreciation charges related to technology and equipment, all amortization charges (including amortization of leasehold improvements), and other intangible assets. We then further adjust EBITDA to exclude changes in contingent consideration, expenses specifically attributable to acquisitions, severance and lease termination costs, foreign exchange gains and losses, extraordinary items, share-based compensation expense, non-recurring litigation expenses, and other non-cash charges. Adjusted EBITDA is then normalized by excluding non-recurring transition costs. While management considers EBITDA, adjusted EBITDA, and normalized adjusted EBITDA useful in analyzing our results, it is not intended to replace any presentation included in our consolidated financial statements.

CORPORATE HEADQUARTERS

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ANNUAL MEETING

November 14, 2017
Corporate Headquarters

CORPORATE GOVERNANCE

Copies of the Company’s 2017 Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, Proxy Statement and this Annual Report are available online at <http://financials.radiantdelivers.com> or to shareholders without charge upon written request to our Secretary at the Company’s principal address or by calling (800) 843-4784.

In addition, on the Company’s Corporate Governance website at <http://governance.radiantdelivers.com>, shareholders can view the Company’s Corporate Governance Principles, the Audit and the Executive

Oversight Committee Charter and the Company’s Code of Ethics. Copies of these documents are available to shareholders without charge upon written request to our Secretary at the Company’s principal address.

The Company is required to file as an Exhibit to its Form 10-K for each fiscal year certifications under the Sarbanes-Oxley Act signed by the Chief Executive Officer and the Chief Financial Officer. In addition, the Company is required to submit a certification signed by the Chief Executive Officer to the NYSE American within 30 days following the Annual Meeting of Shareholders. Copies of the certifications will be posted promptly upon filing.

COMMON STOCK

Listed on NYSE American
Symbol: RLGT

SHAREHOLDER RELATIONS CONTACT

Todd Macomber
Chief Financial Officer
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INVESTOR RELATIONS CONTACT

Ryan McBride
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STOCK TRANSFER AGENT

Questions regarding stock holdings, certificate placement/transfer and address changes should be directed to:

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<http://financials.radiantdelivers.com>



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